



DELIVERING SUSTAINABLE RETURNS

ANNUAL REPORT 2019

PNB remains focused on our mandate of delivering sustainable returns to our unit holders despite the challenging economic climate.

Profitability and sustainability can reinforce each other. Business should do well, do right and do good – and it pays beyond just numbers.

We approach investments with a clear forward vision. We focus on sustainable long-term returns, and we believe that for businesses to thrive, the societies in which we operate must thrive too.

INSIDE THIS REPORT

OVERVIEW

- 4 Who We Are
- 5 Corporate Information
- 6 Organisation Structure
- 8 Our Value Chain
- 10 2019 Milestones
- 12 Key Financial Highlights

LEADERSHIP

- 18 Board of Trustees of Yayasan Pelaburan Bumiputra
- 20 Board of Directors
- 28 PNB Leadership Team

MESSAGE

- 34 Message from the Group Chairman
- 40 The President & Group Chief Executive's Review

INVESTMENT PORTFOLIO

- 50 Global Footprint, Investment Philosophy and Process
- 52 Strategic Asset Allocation
- 54 Strategic Investment
- 60 Private Investment
- 62 Fixed Income
- 63 Real Estate
- 65 Merdeka 118



ASNB'S TRANSFORMATION JOURNEY

- 70 ASNB's Strategic Plan 2018-2022
- Expansion of Digital Reach
 - Expansion of Agent Network
 - Branch Transformation
 - Establishment of Outsourced Call Centre
 - Financial Literacy & Education



ORGANISATIONAL CAPABILITY

- 76 Key Statistics: Human Capital
- 77 Training & Development
- 80 5-Year Technology Blueprint
- 81 Cultivating Innovation

SOCIAL OBJECTIVES

- 84 Corporate Social Responsibility Report
- 98 Uplifting the Bumiputera Community

CORPORATE GOVERNANCE

- 102 Statement on Corporate Governance
- 112 Statement on Risk Management and Internal Control
- 121 Statement on Corporate Compliance and Integrity
- 125 Audit Committee Report
- 128 Shariah Advisory Committee Report

FINANCIAL STATEMENTS

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



WHO WE ARE

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

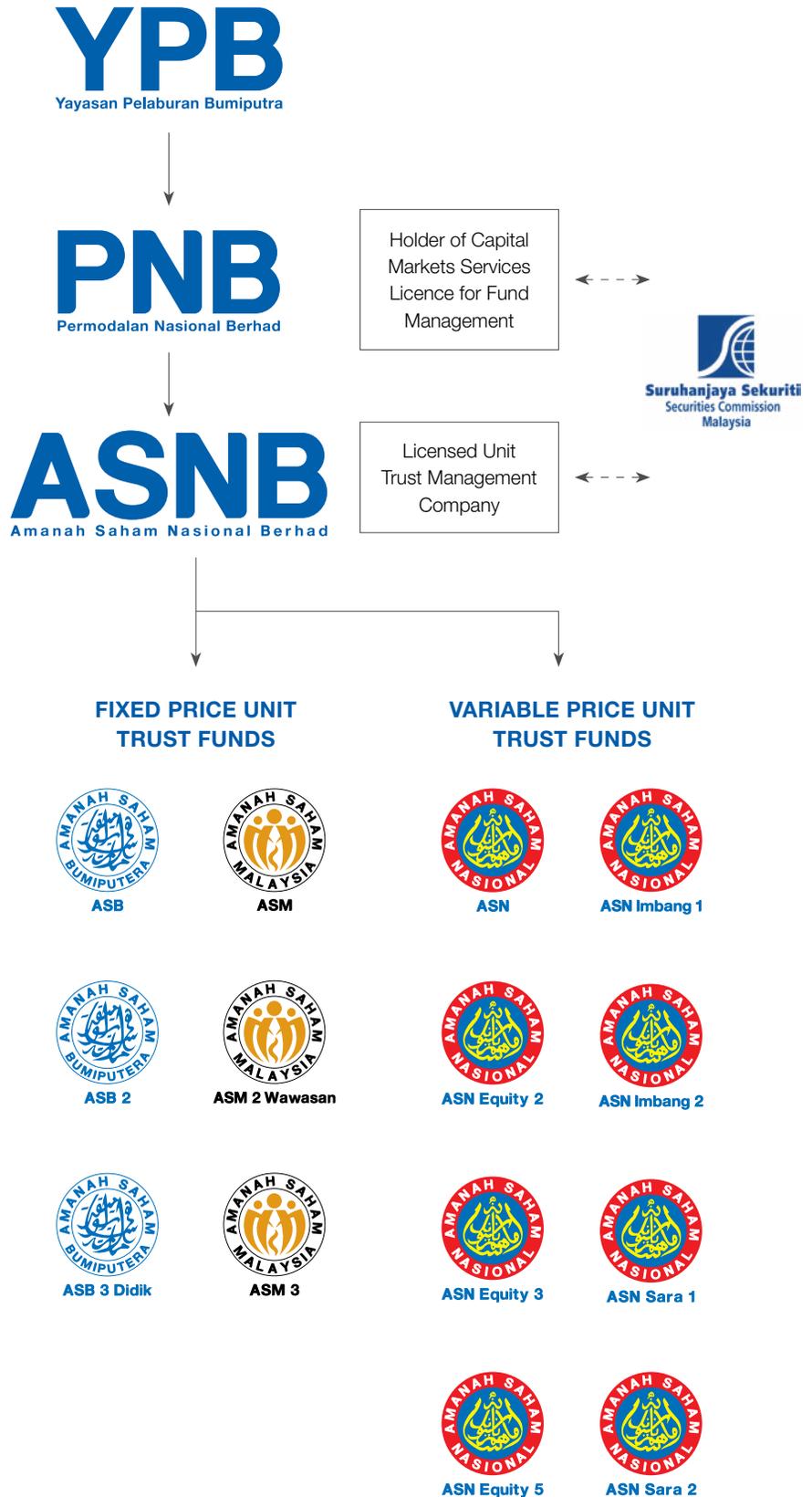
We will not compromise on integrity and we are committed to the highest level of ethical conduct

Prudence

We are focused in safeguarding our unit holders' wealth

Passion

We are passionate in our task to achieve beyond the ordinary



CORPORATE INFORMATION

BOARD OF DIRECTORS

1 Tan Sri Dr. Zeti Akhtar binti Aziz
Group Chairman

2 Encik Abdul Jalil bin Abdul Rasheed
(Appointed with effect from 1 October 2019)

3 Tan Sri Ahmad Badri bin Mohd. Zahir

4 Tan Sri Datuk Zainun binti Ali

5 Datuk Dr. Mohd. Yaakub bin Haji Johari

6 Datu Haji Soedirman bin Haji Aini

7 Dato Dr. Nik Ramlah binti Nik Mahmood

8 Dato' Johan bin Ariffin

9 Dato' Abdul Rahman bin Ahmad
(Resigned on 30 September 2019)

NOMINATION AND REMUNERATION COMMITTEE

1. Tan Sri Dr. Zeti Akhtar binti Aziz
(Chairman)
2. Datuk Dr. Mohd. Yaakub bin Haji Johari
3. Datu Haji Soedirman bin Haji Aini
4. Tan Sri Ahmad Badri bin Mohd. Zahir
(Appointed with effect from 17 January 2019, resigned with effect from 25 November 2019)

INVESTMENT COMMITTEE

1. Tan Sri Dr. Zeti Akhtar binti Aziz
(Chairman)
2. Encik Abdul Jalil bin Abdul Rasheed
(Appointed with effect from 1 October 2019)
3. Datuk Seri Dr. Nik Norzrul Thani bin N. Hassan Thani
4. Datuk Dr. Mohd. Daud bin Bakar
5. Dato' Johan bin Ariffin
6. Dato' Abdul Rahman bin Ahmad
(Resigned on 30 September 2019)

AUDIT COMMITTEE

1. Datuk Mohd. Anwar bin Yahya
(Chairman)
2. Datuk Seri Dr. Nik Norzrul Thani bin N. Hassan Thani
3. Dato Dr. Nik Ramlah binti Nik Mahmood

RISK MANAGEMENT COMMITTEE

1. Dato Dr. Nik Ramlah binti Nik Mahmood
(Chairman)
2. Datuk Seri Dr. Nik Norzrul Thani bin N. Hassan Thani
3. Datuk Mohd. Anwar bin Yahya

COMPLIANCE COMMITTEE

1. Tan Sri Datuk Zainun binti Ali
(Chairman)
2. Encik Abdul Jalil bin Abdul Rasheed
(Appointed with effect from 1 October 2019)
3. Dato Dr. Nik Ramlah binti Nik Mahmood
4. Dato' Abdul Rahman bin Ahmad
(Resigned on 30 September 2019)

TENDER COMMITTEE

1. Datuk Seri Dr. Nik Norzrul Thani bin N. Hassan Thani
(Chairman)
2. Encik Abdul Jalil bin Abdul Rasheed
(Appointed with effect from 1 October 2019)
3. Dato Dr. Nik Ramlah binti Nik Mahmood
4. Dato' Abdul Rahman bin Ahmad
(Resigned on 30 September 2019)

PROPERTY INVESTMENT COMMITTEE

1. Tan Sri Dr. Zeti Akhtar binti Azi
(Chairman)
2. Encik Abdul Jalil bin Abdul Rasheed
(Appointed with effect from 1 October 2019)
3. Datuk Seri Dr. Nik Norzrul Thani bin N. Hassan Thani
4. Datuk Dr. Mohd. Daud bin Bakar
5. Dato' Johan bin Ariffin
6. Dato' Abdul Rahman bin Ahmad
(Resigned on 30 September 2019)

APPEAL COMMITTEE

1. Tan Sri Datuk Zainun binti Ali
(Chairman)
2. Tan Sri Ahmad Badri bin Mohd. Zahir
3. Datuk Dr. Mohd. Yaakub bin Haji Johari
4. Datu Haji Soedirman bin Haji Aini

SHARIAH ADVISORY COMMITTEE

1. Datuk Dr. Mohd. Daud bin Bakar
(Chairman)
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. Prof. Emeritus Dato' Dr. Mahmood Zuhdi bin Ab. Majid
6. Dr. Aida binti Othman
7. Dato' Idris bin Kechot
(Appointed with effect from 7 August 2019)

REGISTERED OFFICE

Permodalan Nasional Berhad
Level 4, Balai PNB
201-A, Jalan Tun Razak
50400 Kuala Lumpur
Tel: 03-2050 5100
Fax: 03-2050 5268

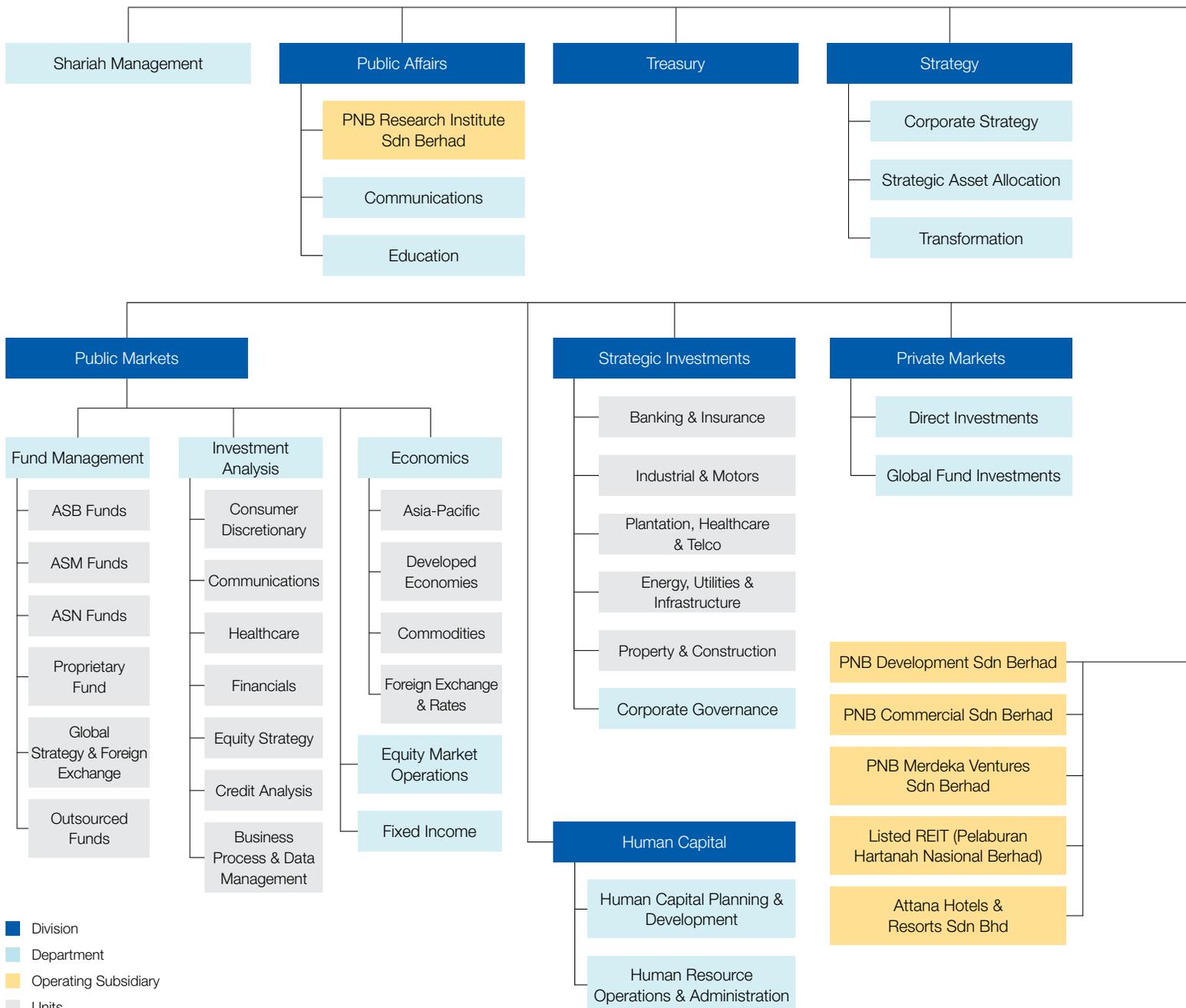
AUDITORS

Messrs Hanafiah Raslan & Mohamad PLT

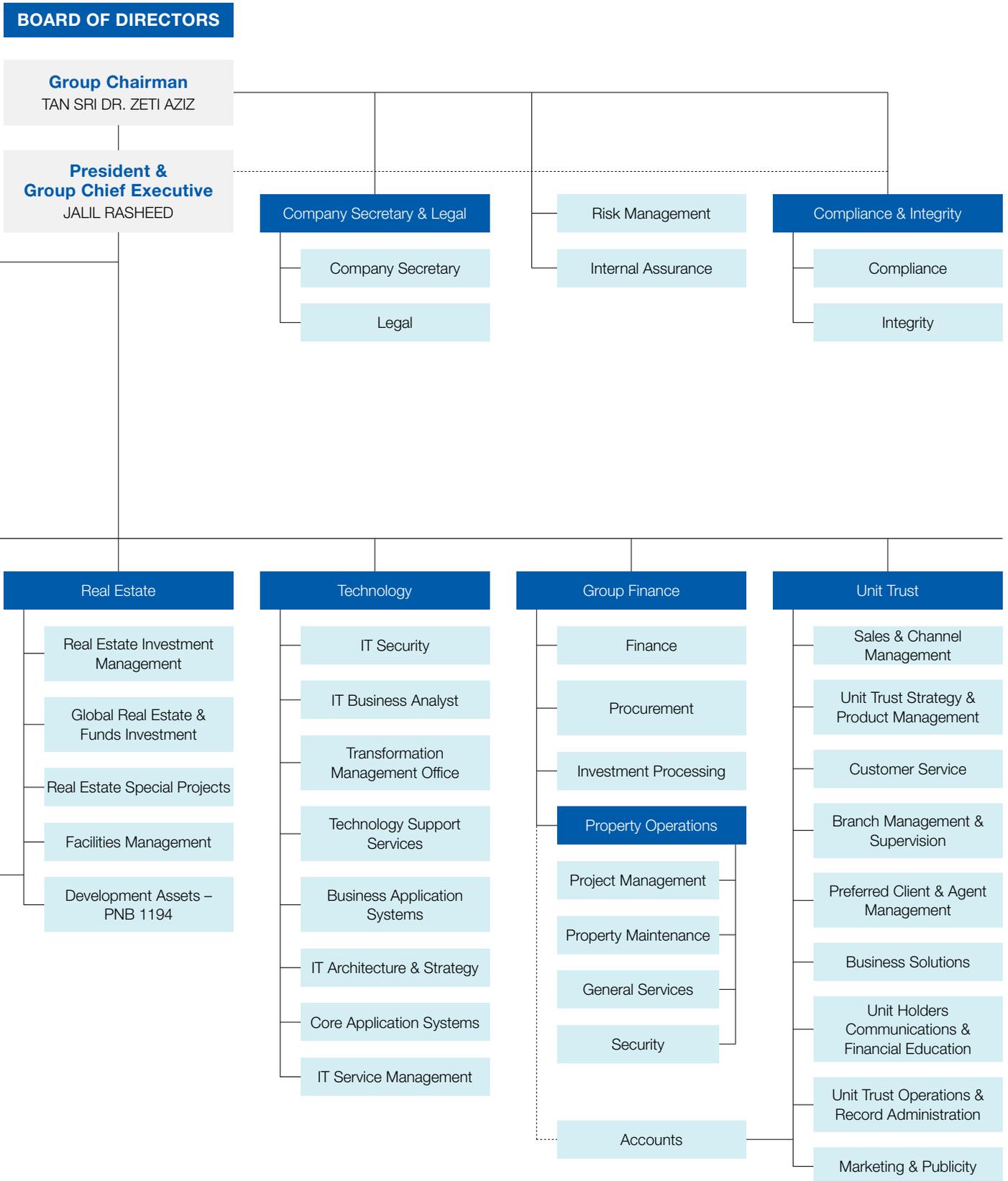
BANKERS

Maybank Islamic Berhad
Malayan Banking Berhad

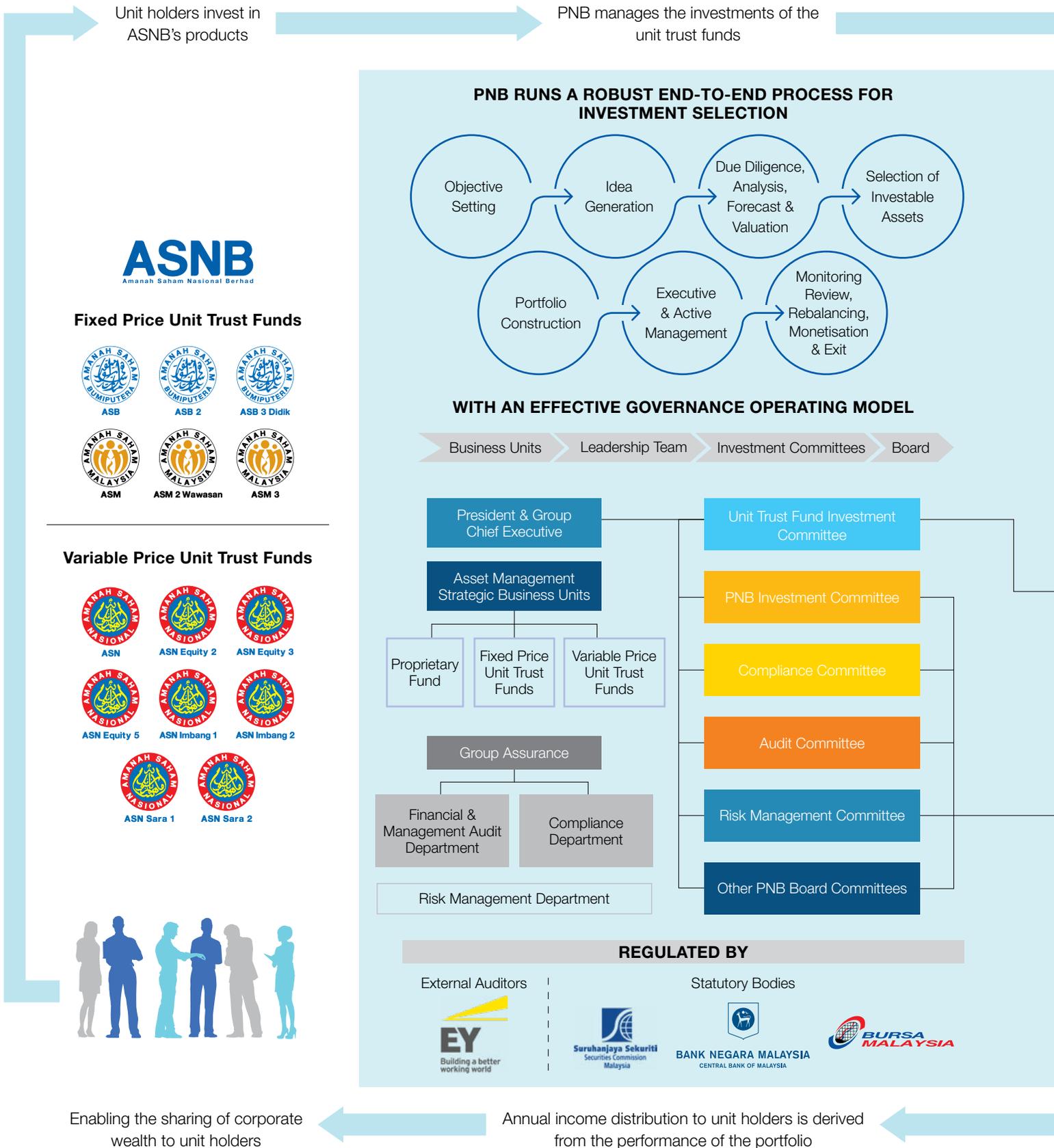
ORGANISATION STRUCTURE



ORGANISATION STRUCTURE

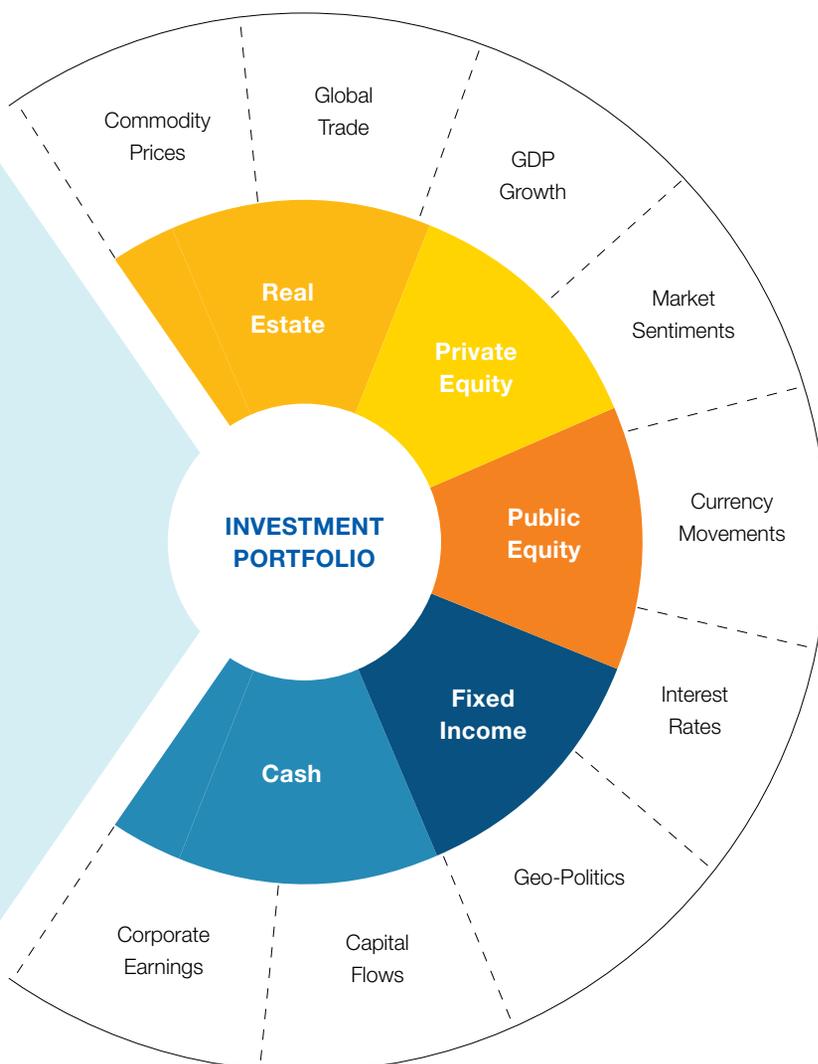
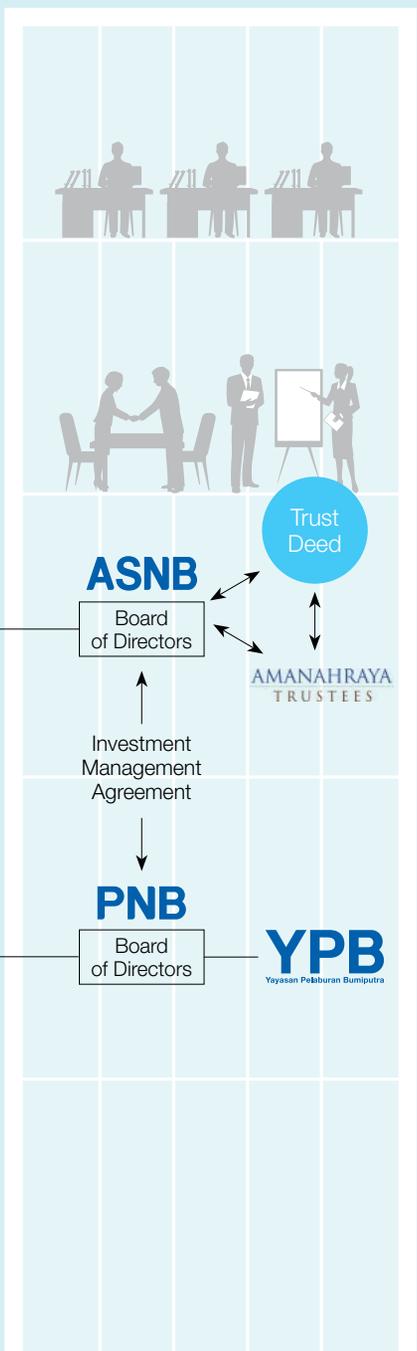


OUR VALUE CHAIN



OUR VALUE CHAIN

Investments are made across a diversified portfolio of asset classes and geographies to manage risk exposure



Performance of assets is driven by a combination of macroeconomic and market factors

The returns of the portfolio are generated from **realised** capital gains and recurring income from each asset class

2019 MILESTONES

JANUARY



Appointment of YBhg Tan Sri Ahmad Badri Mohd. Zahir, YBhg Tan Sri Datuk Zainun Ali, YBhg Dato Dr. Nik Ramlah Nik Mahmood and YBhg Dato' Johan Arifin to the PNB Board of Directors.



PNB Group became the largest shareholder in Sapura Energy with a 40% stake subsequent to the completion of Sapura Energy's capital call in January 2019.

FEBRUARY



Appointment of YBhg Datuk Mohd. Anwar Yahya as ASNB new Board of Director.



The fifth ASNB Starz Awards was held in appreciation and recognition of ASNB agents' contribution and achievements.

MARCH



PNB's inaugural Leadership Forum which centred around key topics of "Organisational Transformation" and "From Governance to Performance".



Completion of the joint acquisition of Battersea Power Station Phase II by PNB and EPF at a total consideration of £1.58 billion (RM8.35 billion).

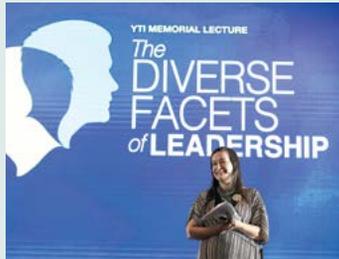
Commencement of outsourced programme for Private Equity and Real Estate as part of the global asset diversification strategy.

DECEMBER



Retirement of YBhg Datin Paduka Kartini Haji Abdul Manaf, Deputy President, Strategic Investment after over 36 years of service.

NOVEMBER



The YTI Memorial Lecture 2019, which was jointly organised by Yayasan Tun Ismail Mohamed Ali (YTI) and PNB Research Institute Sdn Berhad (PNBRI), focused on cultivating and enhancing resilience in a crisis situation, and the importance of foresight skills in modern leadership.



Completion of the disposal of Menara AIMS to Time dotcom Group as part of a capital recycling opportunity and strategic decision to rebalance PNB's overall real estate portfolio.

2019 MILESTONES

▶ APRIL



Official opening of Minggu Saham Amanah Malaysia (MSAM) 2019 in Sungai Petani, Kedah. The annual event which reached its 20th edition in 2019, attracted some 163,000 visitors around Kedah, thereby reaching over 3.9 million visitors since MSAM was first inception.



Launch of myASNB mobile application to cater to the needs of the younger generation and provide greater convenience and ease for unit holders to perform their transactions.

▶ JUNE



Second PNB Leadership Forum with the topic "Positive Autocracy – A Leadership Model for Industry 4.0".

▶ JULY



Perdana Kuala Lumpur City Centre and Perdana Kota Bharu received the "Platinum" rating by the Islamic Tourism Centre, under the Ministry of Tourism, Arts & Culture, for their Muslim-friendly Hospitality Services.



Fiesta Labor PNB in Johor Bahru, Johor was held to encourage unit holders to update personal information, register to be a user of myASNB portal and download myASNB mobile application.

◀ OCTOBER



Appointment of Encik Jalil Rasheed as President & Group Chief Executive.

Completion of Strategic Asset Allocation's Mid-Term Review.

◀ SEPTEMBER



Launch of PNB Kembara 2019 – the nationwide tour was organised to encourage unit holders to update their personal information.



YAB Prime Minister Tun Dr Mahathir Mohamad's official visit to Battersea Power Station, London, UK.



PNB's inaugural thought leadership forum "PNB Corporate Summit 2019" with the theme "Rebooting Corporate Malaysia" was officially opened by the then YAB Prime Minister, Tun Dr. Mahathir Mohamad.



Official launch of Merdeka 118 Show Gallery at Jalan Sultan Ismail, Kuala Lumpur by YBhg Tan Sri Dr. Zeti Aziz.



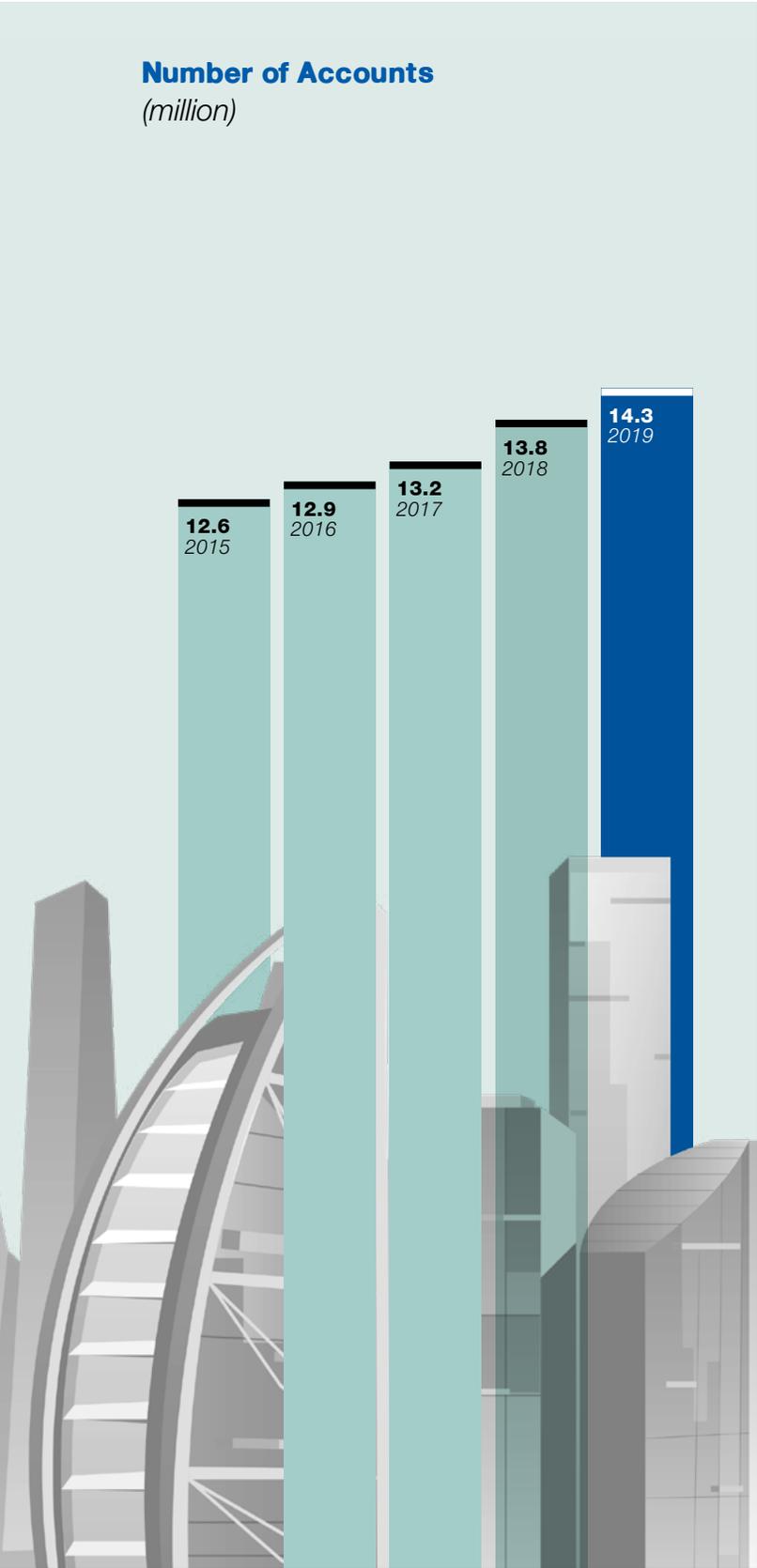
Retirement of YBhg Dato' Abdul Rahman Ahmad as President & Group Chief Executive upon completion of his three-year tenure.

KEY FINANCIAL HIGHLIGHTS

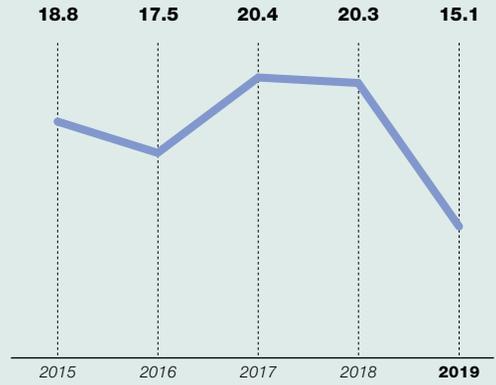


KEY FINANCIAL HIGHLIGHTS

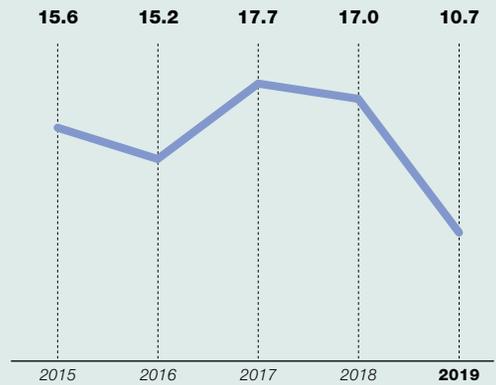
Number of Accounts
(million)



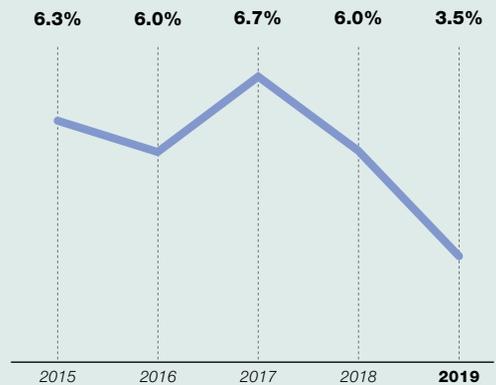
PNB Group 5-Year Consolidated Coterminous Proforma Gross Income
(RM billion)



PNB Group 5-Year Consolidated Coterminous Proforma Net Income
(RM billion)

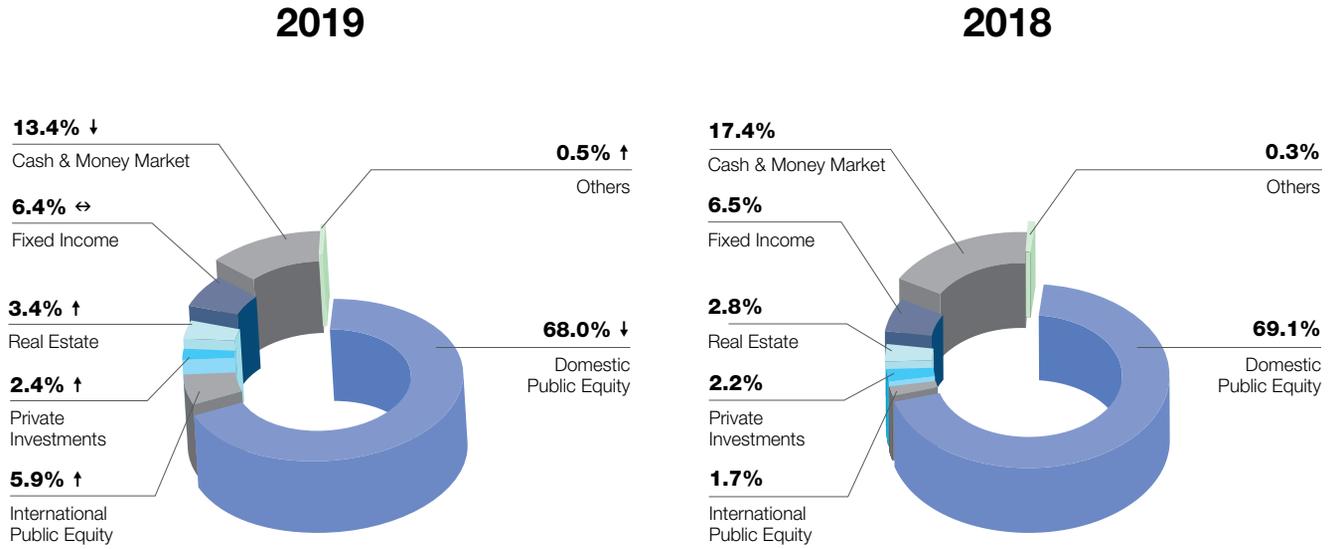


PNB Group 5-Year Consolidated Coterminous Proforma Return on Assets

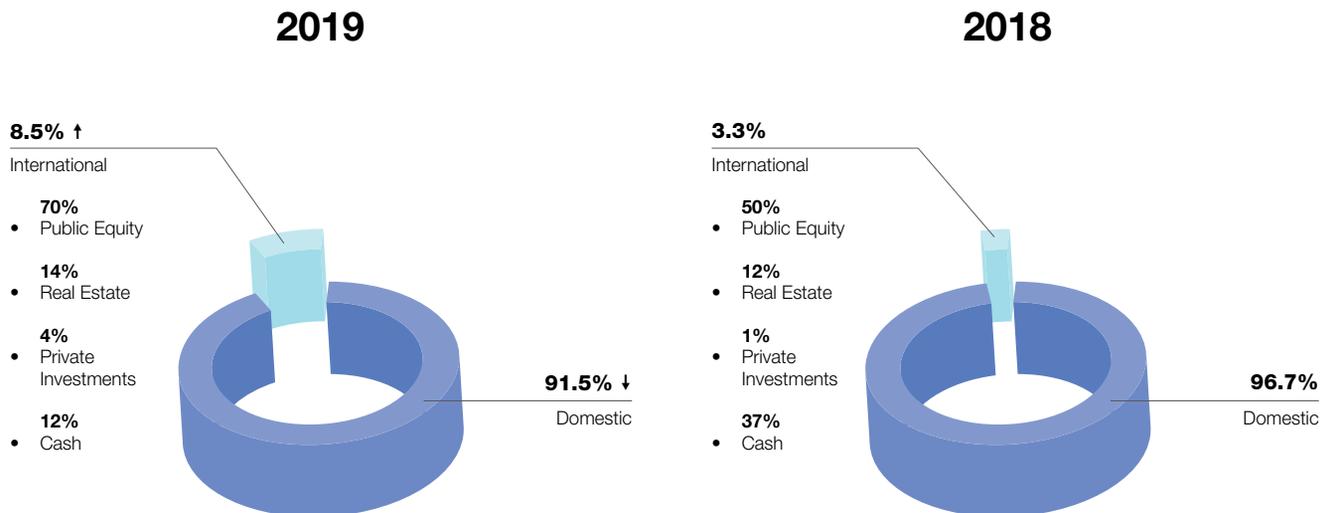


KEY FINANCIAL HIGHLIGHTS

PNB Group Asset Allocation by Asset Class



PNB Group Asset Allocation by Geography



KEY FINANCIAL HIGHLIGHTS

Performance of the Unit Trust Funds

	 ASB	 ASB 2	 ASB 3 Didik	 ASM	 ASM 2 Wawasan	 ASM 3
Financial Year End (FYE)	31 Dec	31 Mar	30 Jun	31 Mar	31 Aug	30 Sep
Distribution (sen per unit)	5.0 + 0.5	6.0	4.85 + 0.4	5.5	5.0	5.0
Net income (RM million)	5,821.5	610.8	233.8	1,076.7	867.0	731.4
Units in circulation FYE (billion units)	167.2	10.4	6.2	19.5	21.7	13.7

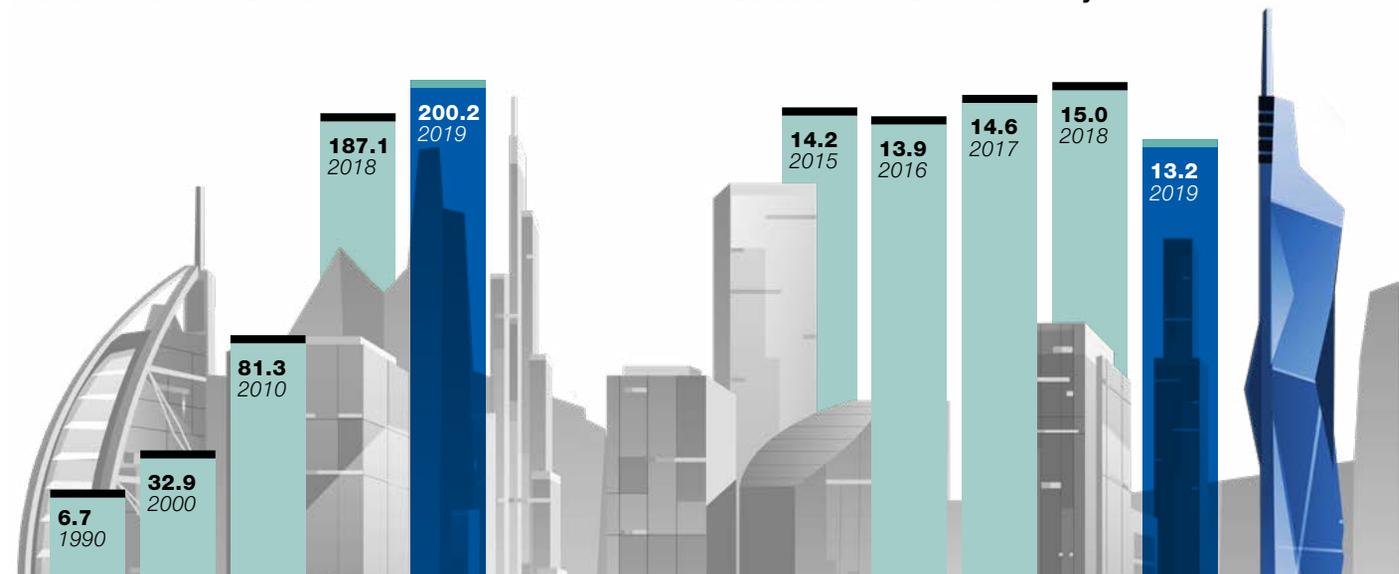
	Equity				Mixed Asset Balanced		Mixed Asset Conservative	
	 ASN	 ASN Equity 2	 ASN Equity 3	 ASN Equity 5	 ASN Imbang 1	 ASN Imbang 2	 ASN Sara 1	 ASN Sara 2
Financial Year End (FYE)	31 Dec	30 Jun	31 Mar	30 Sep	30 Nov	31 Mar	31 Mar	30 Sep
Distribution yield (%)	4.35	5.04	4.44	4.06	4.54	4.59	4.57	4.26
Total return (%)	1.74	1.20	-6.27	-3.89	3.62	-2.25	0.13	2.79
Net income* (RM million)	49.4	43.2	124.2	15.9	58.7	40.5	82.1	49.3
Units in circulation FYE (billion units)	1.8	1.5	2.6	0.4	1.3	1.3	1.6	1.1

* Realised portion of total comprehensive income, including Distribution Equalisation Reserve (DER).

Income Distribution (RM billion)

Cumulative Income Distribution

Annual Income Distribution Payout



LEADERSHIP

18 Board of Trustees of Yayasan Pelaburan Bumiputra

20 Board of Directors

28 PNB Leadership Team

PNB



4Q 2019 Update & Income Distribution



BOARD OF TRUSTEES OF YAYASAN PELABURAN BUMIPUTRA

**YAB TAN SRI
DATO' HJ.
MUHYIDDIN
HJ. MOHD.
YASIN**

CHAIRMAN OF YPB/PRIME
MINISTER OF MALAYSIA



**YBHG TAN SRI
DR. ZETI AZIZ**

GROUP CHAIRMAN OF PNB



BOARD OF TRUSTEES OF
YAYASAN PELABURAN BUMIPUTRA**YB SENATOR
TENGGU DATO'
SRI ZAFRIUL
TENGGU
ABDUL AZIZ**DEPUTY CHAIRMAN OF
YPB/MINISTER OF FINANCE**YBHG TAN SRI
HAJI AMBRIN
BUANG**

BOARD OF DIRECTORS



Qualification

- PhD in Economics from University of Pennsylvania, USA
- Bachelor of Science in Economics from University of Malaya

Directorship

- Chairman of Amanah Saham Nasional Berhad and Sime Darby Property Berhad

Other Information

- Co-chair, Board of Governors of Asia School of Business, established in collaboration with MIT Sloan

Working Experience

Tan Sri Dr. Zeti was appointed as the Group Chairman of PNB on 1 July 2018. Prior to the appointment, Tan Sri Dr. Zeti had served as Governor of Bank Negara Malaysia from May 2000 to April 2016. She had an important role in managing the resolution of the financial system in 1998 during the Asian financial crisis and the consequent strong recovery of the Malaysian economy. She was also instrumental in transforming Malaysia's financial system, including overseeing the enactment of 12 new pieces of legislation for the financial sector. During this period, the Malaysian financial system also underwent a period of progressive liberalisation.

In Asia, Tan Sri Dr. Zeti was active in strengthening cooperation and regional financial integration. In 2006, she chaired the regional task force that prepared the report for the future direction of central bank financial cooperation in the East Asian region. At the Bank for International Settlements (BIS), she was the chair of the BIS Central Bank Governance Group. In the region, she was a founding member of the Bank for International Settlements (BIS) Asian Consultative Council, and was the first Co-chair of the Financial Stability Board Regional Consultative Council Group for Asia. Tan Sri Dr. Zeti also had an extensive role in the global development of Islamic finance, and was active in the global financial inclusion agenda. She has been an important voice for the emerging world on the many issues concerning the international financial system and on financial and economic management.

TAN SRI DR. ZETI AKHTAR AZIZ

Group Chairman

Position: Non-Independent Non-Executive Director

Age: 73

Date of Appointment: 1 July 2018

BOARD OF DIRECTORS



Qualification

- Bachelor of Science (Honours) in Accounting and Finance from the London School of Economics and Political Science, UK

Directorship

- Chairman of Sapura Energy Berhad and Projek Lintasan Kota Holdings Sdn Bhd (PROLINTAS)
- Amanah Saham Nasional Berhad (ASNB) and Pelaburan Hartanah Nasional Berhad (PHNB)

Working Experience

Abdul Jalil was appointed as the President & Group Chief Executive and Director of PNB on 1 October 2019. He joined Invesco in 2013 as Chief Executive Officer (CEO), South East Asia & Head of Emerging Markets Group. He led the firm's business activities across the region and investment strategy in all asset classes across emerging markets. He was also a member of Invesco's Global Investment Committee, responsible for investment strategy, product development, corporate governance and talent development.

Prior to joining Invesco, he spent 10 years with Aberdeen Asset Management in various investment leadership roles. His last position was CEO of Aberdeen Islamic Asset Management, based in Kuala Lumpur, where he established and managed the firm's investment desk and developed the overall Malaysian and global Shariah business.

ABDUL JALIL ABDUL RASHEED

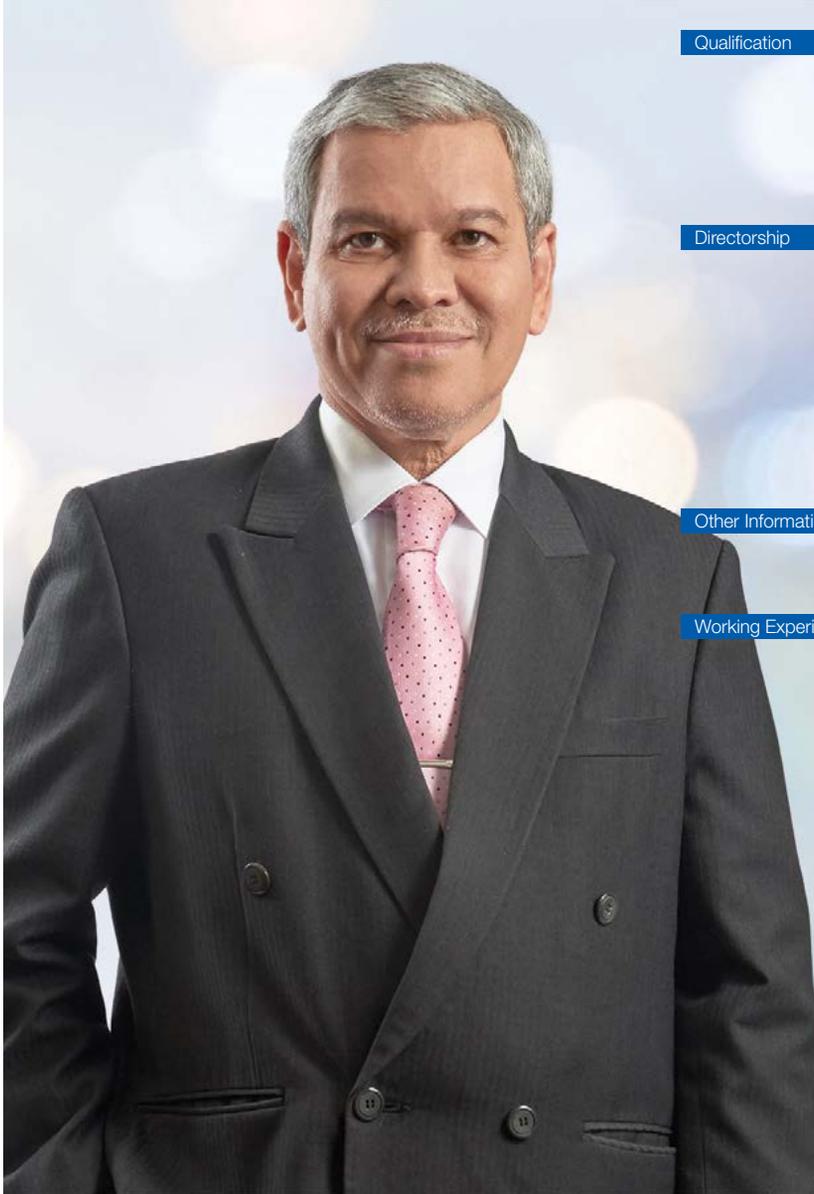
President & Group Chief Executive

Position: Non-Independent Executive Director

Age: 37

Date of Appointment: 1 October 2019

BOARD OF DIRECTORS



Qualification

- Master of Business Administration from University of Hull, United Kingdom.
- Bachelor's Degree (Honours) and Diploma in Land and Property Management from University Technology MARA (UiTM)

Directorship

- Chairman of Lembaga Hasil Dalam Negeri Malaysia (LHDNM), Lembaga Pembiayaan Perumahan Sektor Awam (LPPSA), Kumpulan Wang Persaraan (KWAP), Cyberview Sdn Bhd and Tenaga Nasional Berhad (TNB)
- Bank Negara Malaysia, Lembaga Tabung Haji (LTH) and Perbadanan Insurans Deposit Malaysia (PIDM)

Other Information

- Member of Investment Panel for Kumpulan Wang Simpanan Pekerja (KWSP)

Working Experience

Tan Sri Ahmad Badri was appointed as a member of the Board of Directors of PNB on 1 January 2019. He is currently the Secretary General of Treasury, Ministry of Finance. Prior to this, he was the Deputy Secretary-General (Management) of Treasury.

He has served for almost thirty one (31) years in the Ministry of Finance, holding several senior positions, including the Director of the National Budget Office and Under Secretary of Strategic Investment Division. He had been appointed as an Adviser for Asian Development Bank (ADB) in Manila, the Philippines.

TAN SRI AHMAD BADRI MOHD. ZAHIR

Position: Independent Non-Executive Director

Age: 60

Date of Appointment: 1 January 2019

BOARD OF DIRECTORS



Qualification

- Master of Laws degree (LLM) (Cantab) from University of Cambridge, United Kingdom
- Bachelor of Laws (LLB) (Hons) from University of Malaya

Directorship

- Chairman of Malaysia Airports Holdings Berhad

Other Information

- Member of the United Nations' Advisory Board of the Global Judiciary Integrity Network

Working Experience

Tan Sri Datuk Zainun was appointed as a member of the Board of Directors of PNB on 1 January 2019, after having served the Government in various capacities in the Legal and Judicial Services since 1976. After her stint as Legal Adviser to Ministries which included her service as the Registrar of Companies and Chief Registrar of the Federal Court, she was elevated to the Bench in 1996 as a High Court Judge. She was subsequently promoted to the Court of Appeal Bench and later reached the apex court in 2012, as a Federal Court Judge.

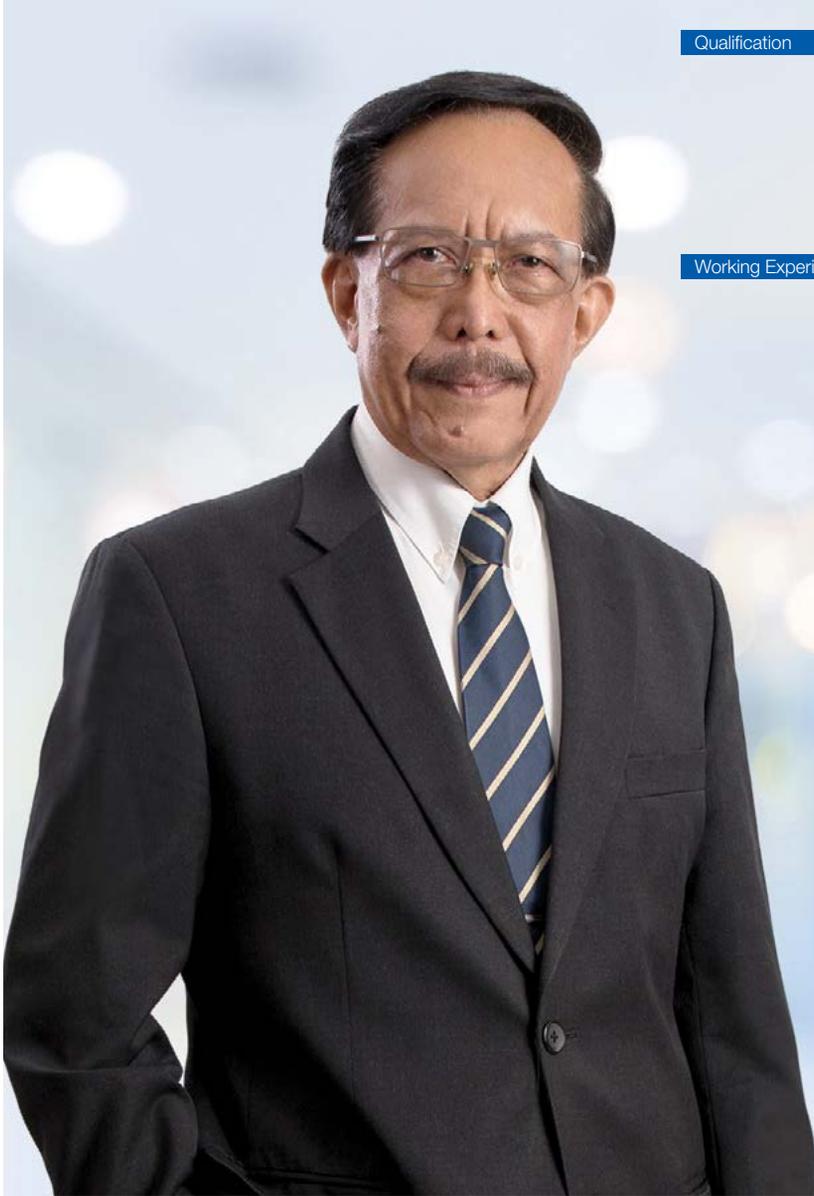
TAN SRI DATUK ZAINUN ALI

Position: Independent Non-Executive Director

Age: 67

Date of Appointment: 1 January 2019

BOARD OF DIRECTORS



Qualification

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

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 of 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 in 1991-1994. He served as the Executive Director/Chief Executive of the IDS for 15 years from 1994-2009 prior to his appointment in 2009, as the Chief Executive of the Sabah Economic Development and Investment Authority (SEDIA).

DATUK DR. MOHD. YAAKUB HAJI JOHARI

Position: Independent Non-Executive Director

Age: 64

Date of Appointment: 1 January 2017

BOARD OF DIRECTORS



Qualification

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

Directorship

- Sarawak Plantation Bhd, Sarawak Consolidated Industries Berhad, Amanah Saham Sarawak Berhad, Sara Worldwide Vacations Berhad and Damai Golf & Country Club Berhad

Working Experience

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

His recent position was as the General Manager of Sarawak Economic Development Corporation (SEDC) prior to his retirement on 31 December 2018. 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. He currently sits on the Board of public listed companies and various Government-Linked Companies and Non-Government Organisations.

DATU HAJI SOEDIRMAN HAJI AINI

Position: Independent Non-Executive Director

Age: 64

Date of Appointment: 1 January 2017

BOARD OF DIRECTORS



Qualification

- PhD in Law from University of London, United Kingdom
- Master of Laws from University of London, United Kingdom
- Bachelor of Laws from University of Malaya

Directorship

- United Malacca Berhad, Axiata Group Berhad, Securities Industry Development Corporation (SIDC), Institute for Capital Market Research Malaysia (ICMR) and International Centre for Education in Islamic Finance (INCEIF)

Working Experience

Dato Dr. Nik Ramlah was appointed to the Board of Directors of PNB on 1 January 2019, and Amanah Saham Nasional Berhad on 1 January 2017. She retired in March 2016, having worked at Securities Commission Malaysia (SC) for almost 23 years holding various positions from Manager for Law Reform to Deputy Chief Executive. Throughout her years in the SC, Dato Dr. Nik Ramlah has been directly involved in most areas of capital market development and regulation, providing strategic and legal guidance in product and market development, bond market, fund management, corporate governance and Islamic Finance. Prior to joining the SC, Dato Dr. Nik Ramlah was an Associate Professor at the Faculty of Law, University of Malaya, where she had also served as Deputy Dean.

DATO DR. NIK RAMLAH NIK MAHMOOD

Position: Independent Non-Executive Director

Age: 64

Date of Appointment: 1 January 2019

BOARD OF DIRECTORS



Qualification

- MBA (Marketing) from University of Miami, Coral Gables, Florida, USA
- Bachelor of Arts Degree in Economics from Indiana University, Bloomington Indiana, USA

Directorship

- Chairman of Pelaburan Hartanah Nasional Berhad (PHNB), Mitraland Group of Companies, Etiqa Insurance Pte Ltd (Singapore) and Etiqa Life Insurance (Cambodia) Plc
- Sime Darby Property Berhad, Etiqa Life Insurance Berhad, Etiqa Family Takaful Berhad, Etiqa General Takaful Berhad and Maybank Ageas Holdings Berhad

Working Experience

Dato' Johan started his career in the real estate division of Citibank. Thereafter, he held various senior positions in several subsidiaries of public listed companies while venturing into his own successful marketing and advertising consultancy and property development business. He then headed Danaharta's Property Division as Senior General Manager before moving on to head TTDI Development Sdn Bhd up to January 2009. He also served on the Board of Maybank Berhad for nine years up to April 2018.

DATO' JOHAN ARIFFIN

Position: Independent Non-Executive Director

Age: 61

Date of Appointment: 1 January 2019

PNB LEADERSHIP TEAM



Sitting from left to right:
Mohamad Idros Mosin, Rick Ramli, Dato' Mohd. Nizam Zainordin

Standing from left to right:
Fairuz Suzana Hj Kamaruddin, Noramly Bachok @ Abdul Aziz, Aida Md Daud, Fadzihan Abbas Mohamed Ramlee,
Dr Ahmad Basri Ibrahim, Hanizan Hood

PNB LEADERSHIP TEAM



Sitting from left to right:
Jalil Rasheed, Mohammad Hussin, Adibah Khairiah Ismail @ Daud

Standing from left to right:
Muzaffar Othman, Hafizuddin Sulaiman, Suzana Ahmad, Aziz Anuar, Mohd Irwan Ahmad Mustafa

PNB LEADERSHIP TEAM

**JALIL RASHEED**

President & Group Chief Executive

Steers the overall investment, financial, operational and strategic direction of PNB to ensure business growth and sustainability in achieving the mandate of enhancing the economic wealth of the Bumiputera community and all Malaysians. Ensures implementation of the company's vision and mission to safeguard the long-term interests of shareholders, unit holders, employees and other stakeholders.

**DATO' MOHD. NIZAM ZAINORDIN**

Deputy President & Group Chief Financial Officer

Leads and directs PNB's financial planning, budgeting, reporting and recovery processes, in addition to overseeing all procurement policies and processes towards ensuring PNB possesses the financial strength and sustainability to execute the company's Strategic Plan and overall business operations.

**HANIZAN HOOD**

Chief Investment Officer, Public Markets

Leads and oversees the investment, research and execution teams managing PNB's proprietary and unit trust portfolios across multiple asset classes namely public equities, fixed income and money market instruments in both domestic and international markets. Designated Fund Manager for the funds under management.

**RICK RAMLI**

Chief Investment Officer, Real Estate

Leads and drives all of PNB's business operations related to property and real estate investments and operations, which include land banking activities, development projects, core investment properties, hospitality, turnaround assets in the country, as well as investments in global real estate assets and funds.

**MOHAMMAD HUSSIN**

Chief Executive Officer & Executive Director, ASNB

Leads ASNB in developing and executing overall business strategy to maintain its industry leadership position by continuing to increase the reach of ASNB's products and services and enhance the experience of its 14 million account holders.

**MOHAMAD IDROS MOSIN**

Group Head, Strategic Investments

Leads engagement with PNB's Strategic and Core companies in relation to the formulation and execution of value creation plans including transactional, operational and organisational initiatives with a view to further strengthen their overall performance and enhance sustainability of returns for PNB's stakeholders.

**MOHD IRWAN AHMAD MUSTAFA**

Group Head, Private Markets

Leads and manages all PNB's private equity investments under a structured Private Investment Framework which enables effective and consistent deployment into this asset class through direct investments and global fund investments.

**FADZIHAN ABBAS MOHAMED RAMLEE**

Chief Strategy Officer

Develops and drives PNB's Strategic Plan as well as monitors its execution to ensure the organisation maintains its strategic focus. Also leads the Strategic Asset Allocation and Transformation functions, which are responsible for overseeing PNB's overall long-term asset allocation, performance evaluation and aligning key management processes to strategy.

PNB LEADERSHIP TEAM

**HAFIZUDDIN SULAIMAN**

Group Head, Treasury

Leads and manages the overall capital and liquidity management of the business and its correlated activities such as liability management, fund raising and implements appropriate Treasury policies with the objective of maintaining an optimum Treasury operations and cost efficient capital structure for the Group.

**ADIBAH KHAIRIAH ISMAIL @ DAUD**

Group Head, Company Secretary & Legal

Oversees and leads PNB's company secretarial and legal functions, provides company secretarial services to PNB and its related companies as well as administers the business processes related to Company Secretary's Department and Legal Department.

**AZIZ ANUAR**

Group Head, Public Affairs

Spearheads the Public Affairs Division which encompasses the departments of Communications and Education, whilst leading research efforts through PNB Research Institute Sdn. Berhad. Wholly responsible for formulating and executing dynamic corporate branding initiatives, building strong stakeholder relations, developing highly-skilled talent pool as well as implementing sustainability programmes for the benefit of the nation.

**MUZZAFFAR OTHMAN**

Chief Technology Officer

Leads the establishment and execution of PNB's enterprise-wide IT strategy and digital transformation, drives the development of enterprise technology standards, governance processes and performance metrics, and ensures alignment of IT strategy with the overall business strategy and the delivery of capabilities required to achieve business success.

**AIDA MD DAUD**

Group Head, Human Capital

Leads and drives PNB's long-term human capital strategies and develops human capital frameworks aimed at building in-house capabilities to enable the delivery of business results. Also implements human resource related initiatives that support organisational strategic goals.

**SUZANA AHMAD**

Chief Risk Officer

Leads the implementation of Enterprise Risk Management (ERM) Framework across PNB Group, by formulating a coherent risk appetite and infrastructure as well as reporting on enterprise-wide risk management issues to support effective decision-making and effective risk oversight.

**FAIRUZ SUZANA HJ KAMARUDDIN**

Group Head, Compliance & Integrity

Leads the Compliance & Integrity Division and assumes the key responsibility in planning and executing the Compliance and Integrity Programme for the PNB Group in ensuring full compliance with all relevant regulatory requirements, internal policies and procedures in business operations while maintaining good corporate governance and highest ethical standards.

**NORAMLY BACHOK @ ABDUL AZIZ**

Head, Internal Assurance

Leads the internal audit functions to provide independent and objective assurance by assessing the adequacy, efficiency and effectiveness of governance processes, risk management and internal controls implemented by the Management.

**DR. AHMAD BASRI IBRAHIM**

Head, Shariah Management

Leads the Shariah Management Department which assumes the role of Secretariat to PNB's Shariah Advisory Committee, and manages all Islamic finance and Shariah-related matters within the PNB Group as well as undertakes initiatives to further enhance the Shariah compliance of ASN's unit trust products.

MESSAGE

34 Message from the Group Chairman

40 The President & Group Chief Executive's Review





MESSAGE FROM THE GROUP CHAIRMAN

DEAR UNIT HOLDERS,

It is with great pleasure to share with you the PNB Annual Report 2019, which provides an account of how we performed in our drive to create sustainable value for our unit holders and stakeholders for the financial year ended 31 December 2019 (FY2019). In order to ensure the sustainability of our returns, our investment horizon focuses on the longer term taking into account the fundamental shifts that are taking place in our environment.

Tan Sri Dr. Zeti Aziz
Group Chairman



AN INTENSELY CHALLENGING LANDSCAPE

The year 2019 saw a moderation in global economic growth which was impacted by a number of non-economic developments. Global geopolitical developments on several fronts resulted in uncertainties that generated greater volatility in the international financial markets. These included the escalating trade tensions between the major economies, uncertainty in Europe and the United Kingdom (UK) over Brexit, and as we entered 2020, the outbreak of the COVID-19 virus that has now reached global proportions. This has also been followed by the collapse in oil prices.

MESSAGE FROM THE GROUP CHAIRMAN

On the domestic front, Malaysia recorded a slower growth, with Gross Domestic Product (GDP) moderating to an average of 4.3% in FY2019, compared to 4.7% in the previous year. In the recent six years, the FTSE Bursa Malaysia KL Composite Index (FBM KLCI) also recorded its fifth yearly decline of 6%, to close at 1,588.76 on 31 December 2019. Following the slide in stock markets in the major economies in the first quarter of 2020, the domestic market has also experienced continued setbacks.

CREATING VALUE FOR OUR UNIT HOLDERS

Despite the challenges, PNB has in 2019, weathered the difficult investment climate and was able to sustain the growth of Assets Under Management (AUM) and to distribute a total of RM13.2 billion in income distribution to our unit holders. This is based on a conservative investment approach that balances the value generated from investments made earlier since our inception, against our more recent diversification into new asset classes and into the global financial markets.

PNB's management of our funds are underpinned and anchored by strong governance practices and effective risk management, to avoid unnecessary risks in delivering our mandate. This consistent approach has ensured that PNB is able to maintain its stability, even during down market cycles. More importantly, PNB investments have a long-term investment horizon to ensure our continued sustainability.

During the year under review, PNB's AUM surpassed the RM300 billion threshold to reach RM312.0 billion. An additional 500,000 new account holders placed their funds with PNB, reflecting a 7.3% increase in our Units in Circulation to reach almost 254 billion units. Our 14 unit trust funds now collectively registered a total of 14.3 million accounts nationwide.

REVIEWING OUR STRATEGIC PLAN

A seminal development in FY2019 was the Mid-Term Review conducted on the Strategic Plan 2017-2022, to gauge its status in relation to our strategic priorities, and to identify how we can raise the bar on our performance to a new level. This has involved formulating and implementing frameworks and initiatives towards enhancing sustainable returns, ensuring effective investment and liquidity management, and driving operational and organisational excellence.

ACCELERATING THE DIVERSIFICATION OF OUR INVESTMENT PORTFOLIO

During the year, we have accelerated the diversification of our investment portfolio, expanding our investments not only into other domestic asset classes but also into the international markets for Fixed Income, Public Equity, Private Equity and Real Estate. Our diversification has thus shifted our investments from predominantly Malaysian equity-centric investments, into a broader global portfolio thereby diversifying our risks. This diversification was conducted in a judicious manner, without affecting our current portfolio of domestic investments and without compromising our commitment to our unit holders.

STRENGTHENING OUR ENTERPRISE RISK MANAGEMENT (ERM)

In tandem with this diversification process, we have also significantly strengthened our ERM to enhance our awareness of domestic and global market risks. This is in alignment with our conservative investment approach and of conducting risk mitigations to protect our unit holders' wealth. PNB's investment decision-making process also involves multiple independent layers, beginning at the working level, and flowing on up through the organisation to the Management Committee, Investment Committee and finally to the Board of Directors.

Assets Under Management grew to
RM312.0 billion

Income distribution to our unit holders
RM13.2 billion

Units in Circulation
254 billion

MESSAGE FROM THE GROUP CHAIRMAN

Since establishing the ERM Framework in 2015, we have continuously reviewed our financial and operational risk appetites and have now identified the respective Key Risk Indicators to ensure alignment with PNB's Strategic Plan and the Strategic Asset Allocation (SAA) Framework. In FY2019, we undertook a Risk Culture Survey to evaluate the current state of risk awareness and understanding of the key challenges associated with implementing the ERM Framework throughout the organisation.

Consequently, PNB has adopted a more unified risk strategy cutting across the various organisational functions that will reduce the duplication of our risk mitigation efforts. Our framework and processes have now been enhanced significantly to effectively manage the concentration of risk exposure of our strategic investments. At the same time, IT enablement measures have been designed to improve our existing technology capabilities to support the risk monitoring processes and to provide real-time insights for faster decision-making. To ensure the abilities to deliver on our unified risk strategy, we are also enhancing competencies and capacities in the risk function throughout the organisation.

EFFECTING ORGANISATIONAL TRANSFORMATION

A structured organisational transformation initiative has also commenced in PNB. The aim is to build the capacity for effectively delivering our identified priorities of a greater diversification of our investments, an optimal liquidity position and an effective risk management process. In FY2019, a Steering Committee was established to oversee the implementation of the key initiatives under our organisational transformation plan, which encompasses 10 key elements that would result in a holistic transformation of PNB.

A key element of our transformation is to become a Knowledge-Based Organisation. Recent breakthroughs in information and communication technologies (ICT)

have resulted in an information revolution that has changed the world. For PNB to retain our edge in this new landscape, we are implementing an organisation-wide Knowledge Management (KM) Framework to enable better-informed decision-making based on the organisation-wide repository of knowledge and high quality information and data.

The KM Framework will enhance staff accessibility to knowledge and information that will enable them to make better informed decisions within their respective functions. The first phase of the KM Framework will be implemented in FY2020, with the putting in place of a portal consisting of common information that will be accessible by all staff, and a confidential information platform that will have restricted accessibility.

INTENSIFIED ENGAGEMENTS WITH OUR STABLE OF COMPANIES

Our Public Equity investments in Malaysia include Strategic and Core Companies that span across a broad spectrum of industries and sectors. Comprising more than 30% of our portfolio, it includes banking, property, plantation, pharmaceutical, oil and gas, and telecommunications. It represents a significant touch point on a substantial part of the Malaysian economy.

PNB is therefore well placed to have a greater role in driving their potential for sustainable growth and development. This is mainly in the form of ensuring stellar corporate stewardship and good corporate governance while also propagating strong ethical values. This is to engender a culture of trust and accountability. While ensuring a performance that is sustainable, also of importance is the consideration of bringing value to the community and to environmental sustainability.

PROGRESSING WITH OUR PROPERTY DEVELOPMENTS

During the year, we have also recorded good progress in our two major property



developments, both of which we believe are heralding in a new era of sustainability-centred property development at PNB.

Merdeka 118

Within Malaysia, the iconic Merdeka 118 development is targeting to achieve a triple-platinum rating - the with Leadership in Energy and Environmental Design (LEED), the GreenRE and the Green Building Index (GBI) certification. This would make it the first project in the country to earn such a rating.

MESSAGE FROM THE GROUP CHAIRMAN



Upon completion, Merdeka 118 will be a distinctive building in the Kuala Lumpur skyline that will also symbolise Malaysia's history, its contemporary environment, and its future aspirations. We look forward to revealing its distinctive and differentiated features to the public at the official launch in 2022. As we near completion, we are working on creating value for the surrounding communities. This is in line with our goals of advancing sustainable development. This includes the development of small businesses and entrepreneurs from the surrounding precinct, as well as to take on board interns

to offer them the experience of working on a large scale project, as part of our efforts in national human capital development.

Battersea Power Station

Abroad in the UK, PNB has progressed with the neighbourhood redevelopment of the Grade II listed Battersea Power Station in London. While encountering challenges in the early stages of the project, these have now been satisfactorily resolved. It is now full steam ahead, demonstrating Malaysia's capabilities on the international stage.

The London Underground's Northern Line extension, which is nearing completion, will feature a new underground station almost at our doorstep thereby providing connectivity with other parts of London city. The area also features green amenities, amongst others, a park, which can be enjoyed by the surrounding community. The Phase II of the project, which we jointly acquired with the Employees Provident Fund (EPF) in 2018, is scheduled to be completed by July 2021. Upon its completion, Apple will be the largest office tenant occupying approximately 500,000 square feet, across 6 floors inside the historic icon.

MESSAGE FROM THE GROUP CHAIRMAN

INVESTING IN OUR PEOPLE

Following the Mid-Term Review, new scopes and functions have been introduced across the investment division, reflecting the new areas of focus in the strategies being adopted. Levelling up the skills and capabilities within the organisation is seen as integral and paramount for this to be achieved.

In FY2019, the number of compulsory training days for all levels of employees throughout the organisation was increased from 2.5 days in FY2018, to 8 days in FY2019. Concurrently, the training budget was increased by 54.6% from RM13.8 million in 2018 to RM21.3 million in 2019. As a result, the average training hours per employee has increased by more than three times to 64 hours in FY2019.

STRENGTHENING GOVERNANCE

Strong governance provides the structural foundation that is vital for the long-term performance of any organisation. PNB has consistently maintained a strong commitment to the highest standards of corporate governance. This is to ensure our potential to deliver our mandate to enhance the wealth of our unit holders. We have a multiplicity of layers in our governance arrangements that ensures oversight, transparency and accountability.

All decisions made are guided by robust internal policies and procedures which are continuously enhanced to be in line with international best practices. Our various Management Steering Committees with their distinct functions are cross functional. This is particularly important for project management and operational management. The entirety of PNB's governance process also ensures our ability to uphold the strictest level of compliance with all the regulations that must be adhered to.

FINANCIAL EDUCATION AND OUTREACH

Since its inception, PNB has championed the cause of financial education and literacy, as well as enhancing access to our unit trusts. This is to promote greater financial inclusion, and to empower communities with the necessary skills to make better informed financial decisions. Over the medium term, it will contribute towards bringing about sustainable and inclusive socio-economic development.

In FY2019, PNB became one of the founding members of the National Strategy of Financial Literacy 2019-2023. With the digitalisation of society as well as the advancement of financial technology (FinTech), efforts are also being directed towards enhancing the digital financial literacy skills of the public.

Moving into 2020, we will remodel our flagship Minggu Saham Amanah Malaysia (MSAM) into a different format which will embrace the increased level of the digital content in consumption. This nationwide event, which also brings together our investee companies, State Governments and Government agencies, has been a

key platform for reaching out to the public. FY2019 saw the 20th edition of MSAM. On behalf of PNB, I would like to record my appreciation to the 3.9 million participants who have supported us since its inception.

Our future focus will thus be on expanding our digital reach, through simple, easily understood and navigable digital applications and platforms. This is to strengthen financial literacy thereby fostering the development of a more financially savvy society. We will continue to engage with Malaysians of all ages, from the tech-savvy millennials, to the pioneering golden generation.

TOWARDS A MORE ROBUST CORPORATE MALAYSIA

In fulfilling our greater role to achieve a more robust Corporate Malaysia, PNB has widened our engagements beyond our stable of companies, by reaching out to all of Corporate Malaysia. The inaugural PNB Corporate Summit in 2019 reflects our efforts in this direction. The event, with the theme of "Rebooting Corporate Malaysia", was officiated by the then Prime Minister, YAB Tun Dr. Mahathir Mohamad. The gathering which focused



MESSAGE FROM THE GROUP CHAIRMAN

on issues relating to leadership, innovation, economics, politics and societal elements was well attended by over 500 high-level participants.

FUTURE FOCUS ON ENVIRONMENTAL SUSTAINABILITY

Our commitment to adopt a more sustainability-driven approach in our investments is evidenced from the fact that PNB was the first to adopt the ASEAN Green Bond Standards. Our Sukuk Programme for the Merdeka 118 development also fully met the Socially Responsible Investment (SRI) Sukuk Requirements. Towards advancing our sustainability journey in the years to come, we will begin formalising a Sustainability Framework that focuses on delivering a positive impact on the economy, the environment, and on the community. PNB's organisational sustainability aspirations are anchored on practising the values of a sustainable environment and the goals of achieving an equitable and inclusive society.

LEADERSHIP TRANSITION

In FY2019, PNB witnessed a smooth leadership transition with the appointment of a new President and Group Chief Executive (PGCE) to drive the institution forward in line with our identified strategies. Dato' Abdul Rahman Ahmad completed his tenure as PGCE on 30 September 2019. On behalf of everyone at PNB, I would like to thank him for his valuable contributions to PNB and its group of companies during his three-year tenure. He continues to remain within the PNB Group in his new role as Chairman at Sime Darby Berhad, and also Chairman at Velesto Energy Berhad.

In succeeding Dato' Abdul Rahman, we welcomed on board Jalil Rasheed, who joined PNB on 1 October 2019. Jalil has returned to Malaysia after serving with international fund managers abroad, and brings with him vast experience in managing global investments.

We are confident that his leadership would steer PNB into becoming a distinctive world-class investment institution.

MOVING FORWARD

As we enter 2020, it is a transition into uncharted territory. The world was not in a state of preparedness to manage such a health pandemic that has now erupted in most parts of the world. The immediate response has to be to do what it takes to contain its spread so as to save lives.

The consequent economic disruption and damage arising from the necessary shutdowns have been less for those countries that took early action, and more for those that delayed since the latter would require a more prolonged shutdown. The massive economic and financial policy response by most countries have aimed at cushioning its impact on employment, earnings and on overall economic activity. While the economic pain of the shutdown may be intense and immense, once lifted, economic activity can be reignited. In the intermediate timeframe, a recession may be felt before the recovery occurs. We therefore need to look beyond the immediate circumstances.

Our position as a major investor in the domestic and international markets will be significantly challenged as markets will continue to be confronted with pressures in 2020. The strategy going forward is to ride out this challenging period and to be well positioned to ride on the recovery when it occurs. In the meantime, in this uncertain environment, our strategic priorities for 2020 will be to continue to pursue our asset diversification strategy and to enhance our engagements with our Strategic and Core companies to contribute towards enhancing their potential. We will also fortify our Risk Management processes, and maintain an upward trajectory in our organisational transformation efforts and our communications with all our stakeholders.

ACKNOWLEDGEMENTS

On behalf of everyone at PNB, I would like to take this opportunity to record our appreciation to the Yayasan Pelaburan Bumiputra (YPB) Board of Trustees, for their trust in PNB to discharge our duties with the highest level of responsibility. I also wish to thank my fellow directors on the Board of PNB for their commitment and support towards ensuring that PNB continues to deliver sustainable returns to our unit holders.

We also wish to thank Datin Paduka Kartini Haji Abdul Manaf for her dedication and commitment to PNB throughout her 36 years of service with PNB. Datin Paduka Kartini, who retired on 31 December 2019, was a longstanding key member of PNB's senior management team, driving PNB's major merger and acquisition exercises and fostering a strong rapport with our investee companies. We wish her all the best with her future.

Our deep gratitude is also extended to all Board members of ASNB and all PNB group of companies, members of the Shariah Advisory Committee and the States' Fatwa Councils, as well as Board members, senior management and employees of PNB's Strategic Companies, for their continuing contributions towards the fulfilment of PNB's mandate.

To everyone at PNB who continue to strive with the company as we face these uncertain times together, I commend and thank you for your hard work and dedication and look forward to braving the challenges of 2020 together.

To our unit holders, we sincerely thank you for your sustained faith and trust in PNB. As we forge ahead into 2020, we reaffirm our commitment to continue to overcome the challenges as best we can and to deliver the best possible outcomes for our unit holders.

Tan Sri Dr. Zeti Aziz

THE PRESIDENT & GROUP CHIEF EXECUTIVE'S REVIEW

DEAR UNIT HOLDERS,

As the President and Group Chief Executive (PGCE) of PNB, I am pleased to present the company's Annual Report for the financial year ended 31 December 2019 (FY2019). During the year, PNB continued to operationalise our strategic objectives and prudently conducted our investments with the aim of delivering sustainable returns to our unit holders in line with our mandate.

Jalil Rasheed

President & Group Chief Executive



2019 PERFORMANCE HIGHLIGHTS

Our Group Chairman, YBhg Tan Sri Dr. Zeti Aziz has explained in her message how FY2019 was a challenging year, with international and domestic growth impacted by various geopolitical and macroeconomic developments. Developed economies recorded moderate growth, with the exception of Japan which had a higher rate of growth on the back of fluctuating crude oil prices. International and domestic markets remained volatile, due to market uncertainties that arose from unresolved trade disputes and geopolitical uncertainties.

Nonetheless, PNB navigated these challenges to deliver stable performance for the year. Our AUM increased by 4.5% to RM312.0 billion in FY2019, reflecting the trust of our unit holders in PNB's ability to deliver sustainable long-term dividends. A total of RM47.9 billion of our AUM consisted of proprietary funds, whilst RM264.1 billion is the unit holders' investments comprising both Fixed Price and Variable Price Funds.

Q&A

AGAINST A SHIFTING BACKDROP AND IN A VOLATILE, UNCERTAIN, COMPLEX AND AMBIGUOUS (VUCA) ENVIRONMENT, HOW WILL PNB ENSURE THAT IT CONTINUES TO DELIVER SUSTAINABLE RETURNS TO ITS UNIT HOLDERS IN THE LONGER TERM?

Keeping True To Our Mandate

We are guided by our mandate of enhancing our unit holders' wealth and believe in maintaining sustainable and stable recurring long-term returns that our unit holders can rely on.

Our central proposition in maintaining sustainable returns is to pay out realistic yields that reflect market conditions, as opposed to those that do not accurately reflect the true circumstances impacting our assets. In providing investment opportunities, PNB undertakes the associated market risks and employs a prudent investment management approach to ensure we consistently deliver on our mandate.

Delivering Realised Gains

The income distributed by PNB's unit trust funds are based on realised gains for the year, which takes into account the impact of tough market conditions. In FY2019, PNB's domestic investment was impacted by the FBM KLCI's weak performance, which posted its fifth yearly decline in the past six years and was one of the weakest performing indices globally. With approximately 68% of our investment portfolio concentrated in the domestic Public Equity market, this significantly impacted our realised gains for the year. However, our global portfolio diversification generated greater returns from our international investments, which offset the lower returns from domestic investments, and enabled us to generate sustainable and stable realised gains.

Conducting Impairments to Reflect Actual Market Performance

All our investments in shares, fixed income securities, properties and receivables are subject to impairment assessments at the end of each financial year, in line with PNB's accounting policy of cost less permanent diminution in value. In FY2019, we conducted an impairment exercise in relation to assets we own to reflect the change in value of the companies, due to the challenging economic and market climate.

We conducted the impairment in line with our conservative impairment policy, which had a

short-term impact on our dividend payout to our unit holders for the year. While the paper impairment was unavoidable, most importantly, by reflecting the current stock value, PNB has paid out clean profit based on the existing market value of these stocks.

Aggressively Pursuing Our Portfolio Diversification Strategy

To ensure we continue to deliver sustainable returns to our unit holders, we have fine-tuned our strategy based on the outcomes of the Mid-Term Strategic Review we conducted in FY2019. We are aggressively pursuing a phased portfolio diversification into international markets and different asset classes, which allows us to spread our risks across various markets, rather than over concentrate it on the domestic Public Equity market. This is being done both internally and through outsourcing.

Effecting Better Liquidity and Financial Management

We have implemented focused measures towards better managing our liquidity by setting up the Treasury Desk, and more effectively managing our risks. These include processes that take into account global market risks that we may be subject to as a result of our international portfolio diversification. The newly-created Treasury Desk oversees PNB's liquidity management, funding, foreign exchange and all aspects of PNB's treasury operations.

Practising Strong Governance

We are engaging more intensely with our Strategic and Core Companies by providing strong corporate stewardship and promoting good corporate governance, to guide our investee companies' sustainable growth and performance. Underpinning this is PNB's robust governance structure and processes, which guide and inform our investment decisions through multiple, independent layers that promote transparency and accountability. To ensure we have the capability to deliver on our promise to our unit holders, we are committed to an organisational transformation journey that will support our value creation efforts for our unit holders.

**PNB's AUM
in 2019**

**Total AUM
RM312.0
billion**

**Proprietary Funds
RM47.9
billion**

**Unit Holders'
Investments
RM264.1
billion**

**Fixed Price Funds
RM253.2
billion**

**Variable Price
Funds
RM10.9
billion**

THE PRESIDENT & GROUP CHIEF EXECUTIVE'S REVIEW

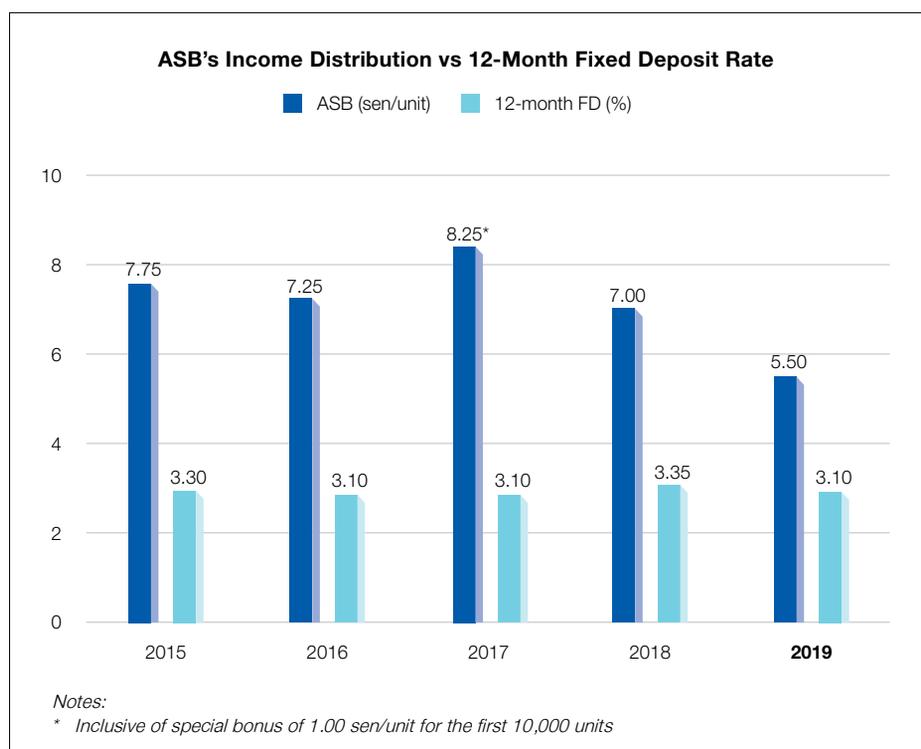
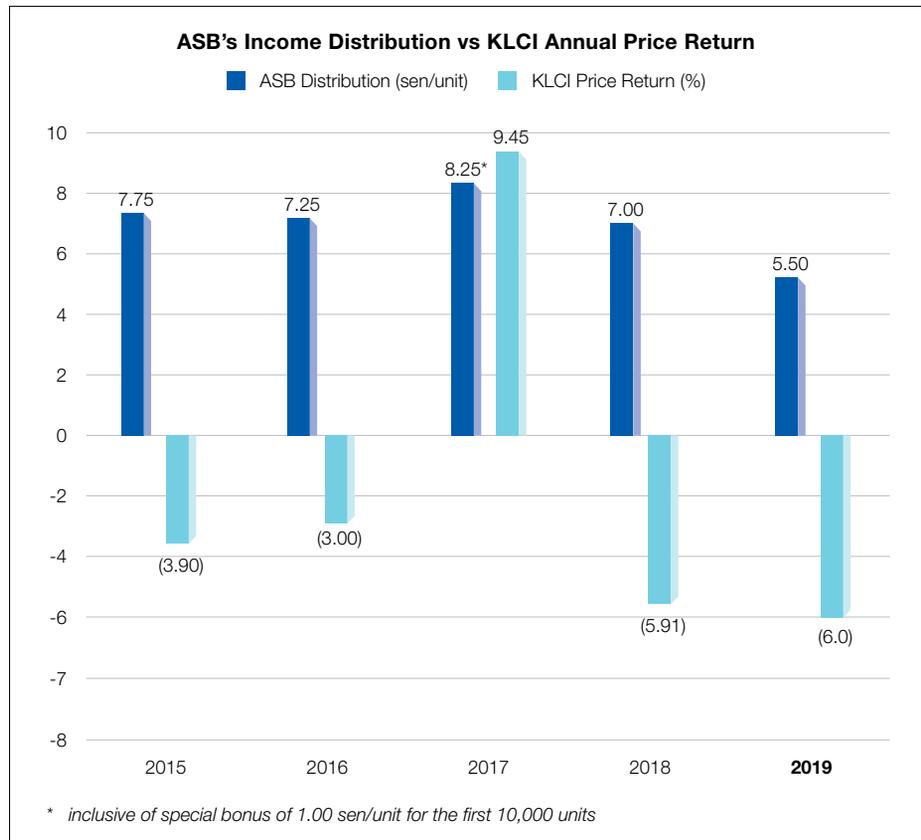
PNB's unit trusts distributed sustainable income to our unit holders based on realised gains from both our domestic and international investments. Our flagship fixed price fund Amanah Saham Bumiputera (ASB), delivered an income distribution of 5.00 sen per unit, with a bonus of 0.50 sen per unit, to give a total distribution of 5.50 sen per unit. This was lower compared to FY2018 income distribution of 6.50 sen per unit, with a bonus of 0.50 sen per unit. However, ASB successfully delivered on its goal of paying unit holders dividends that were more than the Fixed Deposit Rate, which was lower at 3.10% in FY2019, compared to ASB's income distribution of 5.50%.

A similar trend of a reduction in income distribution can be found across all of our unit trust funds. While FY2019 returns are the lowest to date since PNB's inception, they are due to the poor performance of the domestic equity markets.

DOMESTIC INVESTMENTS

The uncertain domestic economic climate, coupled with the difficult investment market, led to PNB's Gross Income contracting by 25.6% to RM15.1 billion in FY2019, from RM20.3 billion the previous year. Net Income reduced by 36.7% to RM10.7 billion in FY2019, from RM16.9 billion in FY2018. Similarly, Return on Assets declined to 3.5% in FY2019, from 5.9% in FY2018.

PNB has been primarily concentrated in the Malaysian equity market, with approximately 68% of our investment holdings held in stocks on Bursa Malaysia. As at end FY2019, FBM KLCI declined by 6%, indicating its lacklustre performance for the fifth year in the past six years as one of the weakest global indices. In market terms, ASB's income distribution of 5.5% means we have outperformed the market by 11.5%. Similarly, ASB's income distribution exceeded the 12-month Fixed Deposit (FD) return by 2.4%, with an FD rate of 3.1% in FY2019.

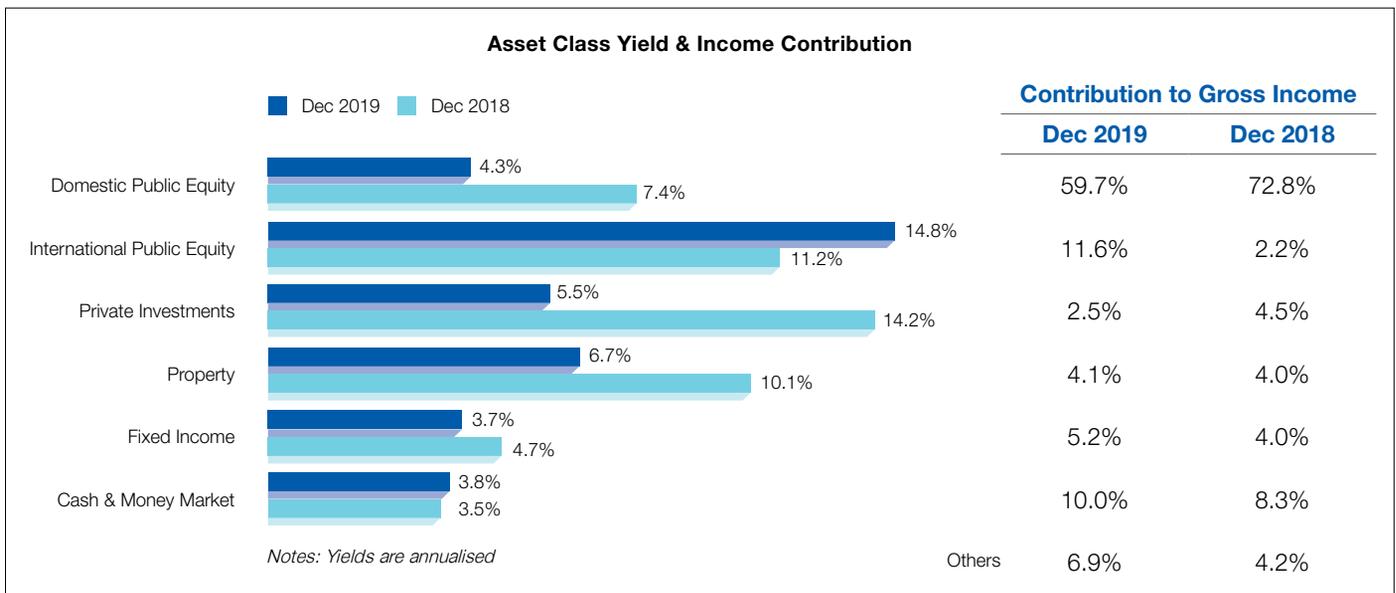
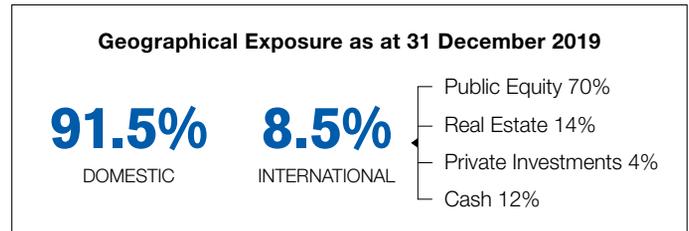


THE PRESIDENT & GROUP CHIEF EXECUTIVE'S REVIEW



INTERNATIONAL INVESTMENTS

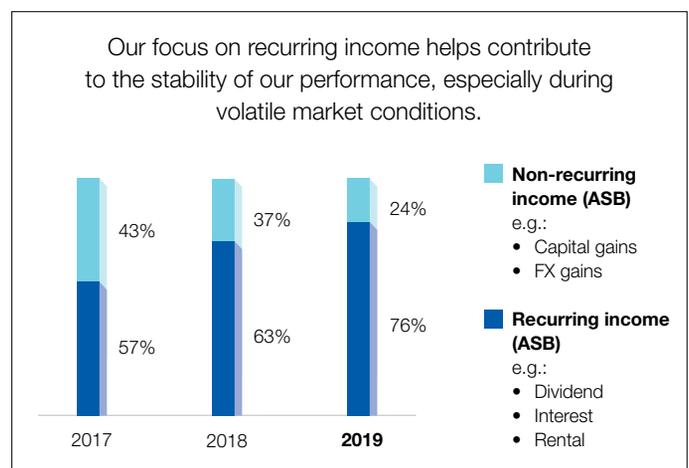
PNB's growing base of international investments delivered a larger contribution to income in FY2019. Our global diversification efforts yielded positive results, with international public equity generating the highest returns, to contribute more than 11.6% to overall Gross Income in FY2019, despite a smaller exposure of 5.9%. We have increased our international geographical exposure to 8.5% in FY2019, from 3.3% in FY2018.



DEPLOYING A NEW APPROACH IN OUR STRATEGIC ASSET ALLOCATION

With prevalent economic and market uncertainties expected to continue, it is imperative for PNB to optimise our Strategic Asset Allocation (SAA) to generate a recurring stable income for our 15 funds, comprising 14 unit trusts, and one proprietary fund. Our longer term objective is to generate a larger portion of recurring income, with a wider representation of asset classes in our portfolio. Each of our 15 funds have their own SAA requirements and guidelines, which guide PNB in all our investment activities.

During the Mid-Term Review conducted in FY2019, our SAA team undertook a comprehensive review of the SAA Framework which had been established in 2017.



THE PRESIDENT & GROUP CHIEF EXECUTIVE'S REVIEW

The review enabled us to identify ways to further enhance our current performance, as well as potential challenges within the three focus areas of SAA, Enterprise Risk Management and Organisational Transformation in meeting our 2022 target AUM of RM350 billion. However, the public market will still remain a big portion of the portfolio because of liquidity. Although returns in other asset classes are higher, this has to be balanced with the ability to realise profits.

Amongst other matters, the team looked into the investment objectives and rationale for each fund, and reviewed the implications of varying scenarios to the expected return, risks and portfolio mix. We also revised each of the Objective Setting Statements (OSS) and guidelines which are specific to our 15 funds' financial return targets, risk tolerances and investment constraints, and thereafter implemented a refined plan covering stakeholder management and redeployment of capital. Concurrently, we established the Treasury Desk to better manage our funding, liquidity and liabilities, thus effecting a more robust treasury management approach, as well as mitigating our operational and financial risks.

Consequently, we have shifted our unit trusts' return target to focus on delivering distributed returns, rather than total and realised returns. This allows for the compounding of reinvestment of distributed return rather than total return. The shift also educates our unit holders on the value of having a longer term view of their investments.

From a portfolio execution perspective, we remain committed to the tactical and staggered portfolio diversification agenda we have set, towards achieving our long-term SAA targets. Over the course of the past three years, we have significantly progressed to increase our global exposure from 1.8% or RM4.7 billion in FY2016, to 8.5% or RM26.4 billion in FY2019.

ACCELERATING THE DIVERSIFICATION OF OUR INVESTMENT PORTFOLIO

In FY2019, PNB made significant headway in diversifying our investment portfolio in a stable manner, into new asset classes in both the domestic and international markets. We reallocated our cash investments into Fixed Income and Real Estate to generate recurring income, as well as into Public Equity in global financial markets. This move contributed significantly to our returns in a year which saw the domestic equity market performing poorly.

BOLSTERING THE PERFORMANCE OF OUR COMPANIES

FY2019 was a challenging year for our Strategic and Core Companies. As the major shareholder, we have an active interest in their long-term business prospects. To this end, we continuously engage with the Board and management of our Strategic Companies in formulating and executing Value Creation Plans to add value and transform the performance of the companies. Given the challenging market environment, our focus in 2019 was mainly on internal improvements such as cost optimisation initiatives and enhancement in operational efficiencies.

We undertook some key collaborations during the year to support our investee companies in their growth agenda. In January 2019, pursuant to Sapura Energy Berhad's recapitalisation exercise, PNB provided the company with the necessary support towards strengthening its balance sheet. PNB also participated in the issuance of the RM320 million Sukuk Murabahah Programme by MNRB Holdings Berhad to further strengthen the company's capital position.

EXPANDING OUR PRIVATE INVESTMENT PORTFOLIO

PNB's private investment strategy is laid out in the Private Investment Framework (PIF) which outlines, amongst others, the investment framework and structure, as well as a five-year asset allocation strategy for Private Equity. Our target is to increase our Private Equity allocation from about 2.0% currently, to 6%-7% of AUM by 2022.

Private Investment has a targeted annual deployment and commitment of close to USD1 billion, with about 40% to be channelled through a Direct/Co-investments Programme, and about 60% through fund commitment in Global Fund Investments (GFI) Programme. In terms of market value, approximately 86% of our Private Investment portfolio in FY2019 comprised domestic investments, and 14% of global investments that were conducted primarily through the GFI Programme.

RESTRUCTURING AND DIVERSIFYING OUR REAL ESTATE PORTFOLIO

Through our Real Estate Investment Framework, PNB continued to restructure our domestic Real Estate portfolio via the monetisation of non-critical assets, namely the sale of Plaza Damansara I and II for a total consideration of RM175 million to various buyers, and Menara AIMS for a total consideration of RM92 million to Time dotcom Group.

As part of our global investment diversification efforts, we continued to deploy our capital into global Real Estate holdings which are highly diversified across various countries and segments. We have progressed well on this front, with PNB's exposure expanding to include approved future commitments to global real estate with 16% in North America, 58% in Europe and 26% in Asia Pacific, outside of Malaysia.

THE PRESIDENT & GROUP CHIEF EXECUTIVE'S REVIEW

ACTUALISING OUR OPERATIONAL TRANSFORMATION

In FY2019, PNB embarked on our Five-Year Technology Blueprint to drive 15 key transformation initiatives across five work streams. Our aim is to enhance our service to the unit holders, by equipping PNB with better data to anticipate unit holders' needs, and increasing PNB's efficiency in investment operations. During the year, our Technology Team successfully executed 47 projects spanning the entire PNB value chain, from the digitalisation of our unit holders' journey, to strengthening internal execution capabilities through automation and deep data analytics.

EXECUTING OUR ORGANISATIONAL TRANSFORMATION

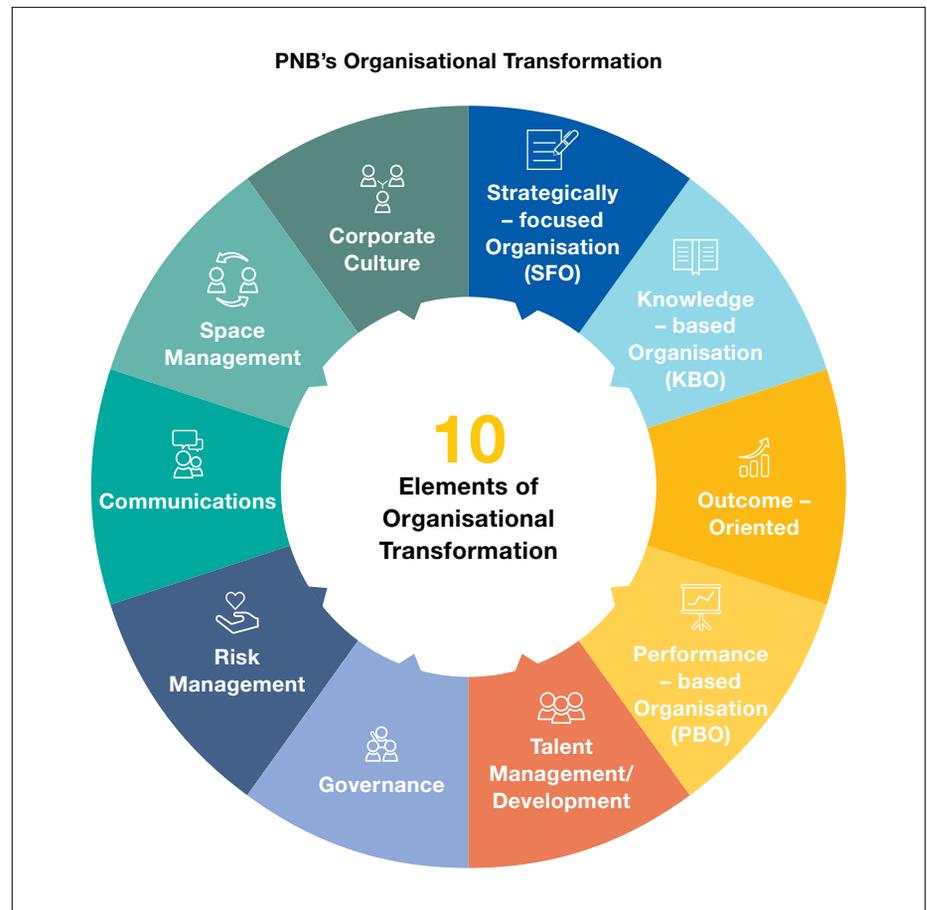
Complementing our operational transformation efforts, is our organisational transformation agenda. We are passionate about transforming the way we work, our organisational culture and thinking, and business and work processes, to keep up with changing times. PNB's organisational transformation is being overseen by a Steering Committee and is based on an all-encompassing method spanning 10 key elements inspired by our Group Chairman.

A key area we focused on was improving the career development of our people, by introducing three main job families of Investment, Unit Trust and Operations. This has effected a more holistic approach in designing our talent development plan and our people's career progression path. With our talent coming from diverse backgrounds, we hope to encourage targeted productivity and flexibility, moving away from a 'one-size-fits-all' approach.

Ensuring transparency at all levels of our organisation is an important aspect of our organisational transformation. To increase our transparency levels, we are have proactively enhanced our external and internal communications.

We have maintained our engagements with various stakeholders, and stepped up on our media briefings to enable the public to better understand PNB. Within PNB, we have improved our internal communications by introducing new employee engagement channels, such as informal Teh Tarik Sessions between the staff and myself in my capacity as PGCE, and email updates which I send out each month.

With progress on Merdeka 118 on track, the PNB team is looking forward to moving into our new office space in 2022. In preparation for the shift, we are working on designing our ideal workspace in the new office that is better suited to PNB's new ways of working. In line with this, we established a working committee comprising staff from various backgrounds to lead this initiative. We also now have regular communications going out to stakeholders on our social media channels including Instagram, Facebook and LinkedIn.



SYNERGISTIC KNOWLEDGE TRANSFER ARRANGEMENTS WITH OUR OUTSOURCED FUND MANAGERS

The global diversification of our investments is being conducted through the Global Fund Investments (GFI) programme, where external international fund managers conduct investments on our behalf. Our decision to outsource our international investments was made to quicken our diversification efforts. However, to ensure that we are not doing so at the expense of developing our own talent, we have emplaced knowledge transfer

THE PRESIDENT & GROUP CHIEF EXECUTIVE'S REVIEW



mandates with all of our outsourced fund managers. These are being effected by sending PNB staff on secondment with external fund managers, where they are able to learn best practices on conducting international investments within the asset classes of Fixed Income, Private Equity, Public Equity and Real Estate.

To ensure that we are learning from the best, we have honed in on identifying fund managers who are acknowledged leaders in their field, and whose skills complement, rather than compete with PNB's. By working with fund managers whose knowledge and skills are ahead of the curve, we can sustainably and effectively develop our own internal capabilities and skills on that front. We believe that enabling our people to gain valuable on-the-job skills will accelerate PNB's organisational learning curve on sustainably managing our international investment portfolio without sacrificing our internal development agenda.

ENHANCING OUR UNIT HOLDERS' EXPERIENCE

At the heart of all we do, is the best interest of our unit holders. As we maintain our efforts to enhance their wealth, we have also focused on finding new ways to enhance their customer experience.

Our two digital financial platforms which we launched in line with our aim to expand digital financial inclusion in Malaysia, the myASNB portal and myASNB mobile application, have been well received by the public. As at end FY2019, the myASNB portal registered approximately 1.5 million users, while the myASNB mobile application, which was launched in April 2019, registered more than 650,000 downloads with total sales on the mobile application reaching RM350 million.

Additionally, we have expanded our agent network and digital reach by appointing Bank Islam Malaysia Berhad as an ASNB agent. Bank Islam's 149 branches nationwide have expanded our sales and service customer touch points significantly. Our network of agents now stands at 11 agents, with over 2,700 branches throughout the country. We have also embarked on the plan to expand real-time ASNB services through additional agents' automated teller machines (ATMs), namely RHB, CIMB, Hong Leong Bank, AmBank and Affin Bank. ASNB real-time services are currently available on Maybank2u and its network of ATMs.

LOOKING AHEAD

As a strategically-focused organisation working towards becoming a distinctive world class investment house, we intend to set the standard for organisational governance and performance. Our investment fundamental remains unchanged as a long-term investor, seeking to deliver sustainable returns to our unit holders.

THE PRESIDENT & GROUP CHIEF EXECUTIVE'S REVIEW

The Board of Directors has been instrumental in guiding and laying down PNB's long-term objectives, and maintaining the Group on its path of prudent investment management practices. The strategic direction PNB will be pursuing in the medium-term future takes into account the changing and demanding investment climate and operating environment. Based on this, we will be training our sights on four focus areas for 2020.

Firstly, the international diversification of our investment portfolio will continue to be the main strategy. Our investment will be deployed under the Global Outsourcing Framework, in alignment with our priority of intensifying our diversification into international equities and global Fixed Income.

Secondly, we will enhance our Strategic Investments Framework by introducing the PNB Stewardship Framework to our Strategic Companies in 2020. Featuring even more granular targets, PNB will be taking a more active role as the major shareholder in these companies, to uplift governance and drive sustainable performance. The Framework will address PNB's involvement in our stable of companies, and how we will strike the balance in seeing through our role as the majority investor, whilst ensuring the company's independence. We believe our approach will augment the sustainable growth and profitability of our companies in the longer term, and provide the catalyst to transform the overall Malaysian capital market.

Thirdly, we will continue to strengthen our approach to Risk Management by strengthening our proactive risk culture across the entire organisation. This will include elements such as managing investment concentration risk to reputational or social risk, and improving existing technological capabilities to support the risk monitoring process for faster decision-making.

Finally, 2020 will also see us harnessing the building blocks of the PNB Organisational

2020 will also see us harnessing the building blocks of the PNB Organisational Transformation plan, especially those that are integral to improving human capital, enhancing our communication capabilities, and orienting PNB towards becoming a performance and outcome-based organisation.

Transformation plan, especially those that are integral to improving human capital, enhancing our communication capabilities, and orienting PNB towards becoming a performance and outcome-based organisation.

ACKNOWLEDGEMENTS

I would like to start by expressing PNB's gratitude and appreciation to the Board of Trustees of Yayasan Pelaburan Bumiputra (YPB), as well as the Board of Directors of PNB and ASNB, for their guidance and leadership over the past year. A warm welcome to the new members of PNB Board of Directors, YBhg Tan Sri Ahmad Badri Mohd. Zahir, YBhg Tan Sri Datuk Zainun Ali, YBhg Dato Dr. Nik Ramlah Nik Mahmood, YBhg Dato' Johan Ariffin and a new member of ASNB Board of Directors, YBhg Datuk Mohd. Anwar Yahya.

On behalf of everyone at PNB, I would like to express our heartfelt appreciation to YBhg Dato' Abdul Rahman Ahmad for his immense contribution over the past three years as PGCE, leaving behind a strong team of high calibre professionals and a strong foundation of structured processes. On a more personal note, I wish to thank YBhg Dato' Abdul Rahman for his invaluable guidance during the leadership transition process. He was always available to discuss all aspects of PNB's operations at the regular meetings and briefings we had, and has been a great help in my relocation back to Malaysia and transitioning into PNB. In succeeding him, I hope to live up to his example to continue PNB's journey forward.

We would also like to extend our deepest appreciation to YBhg Datin Paduka Kartini Haji Abdul Manaf for her contributions and dedication over the past 36 years to PNB, and for being the go-to person with regard to managing our Strategic Companies. We wish her all the best with her future endeavours, although we will still see her regularly in her role as PNB's nominee director in several companies. I also wish to welcome our new Head of Treasury, Encik Hafizuddin Sulaiman.

Our sincere thanks to all stakeholders, comprising Government Ministries and agencies, regulators, Fatwa committees and our Strategic, Core and Controlled Companies.

To my colleagues at PNB, thank you for the warm welcome you have given me, and your dedication and commitment to your jobs. I look forward to working with you and seeing you embrace our new culture of being more open and collaborative, as we prepare to move to our new, open-plan office at Merdeka 118 in the near future.

And finally to our unit holders, thank you for continuing to believe in PNB, and for trusting us as your wealth enhancement partner. Moving into the year ahead, we remain focused on delivering on our commitment to provide sustainable returns to our unit holders, as we uphold our strong principles of ethics, integrity and governance.

Jalil Rasheed

INVESTMENT PORTFOLIO

- 50 Global Footprint, Investment Philosophy and Process
- 52 Strategic Asset Allocation
- 54 Strategic Investment
- 60 Private Investment
- 62 Fixed Income
- 63 Real Estate
- 65 Merdeka 118





GLOBAL FOOTPRINT, INVESTMENT PHILOSOPHY AND PROCESS



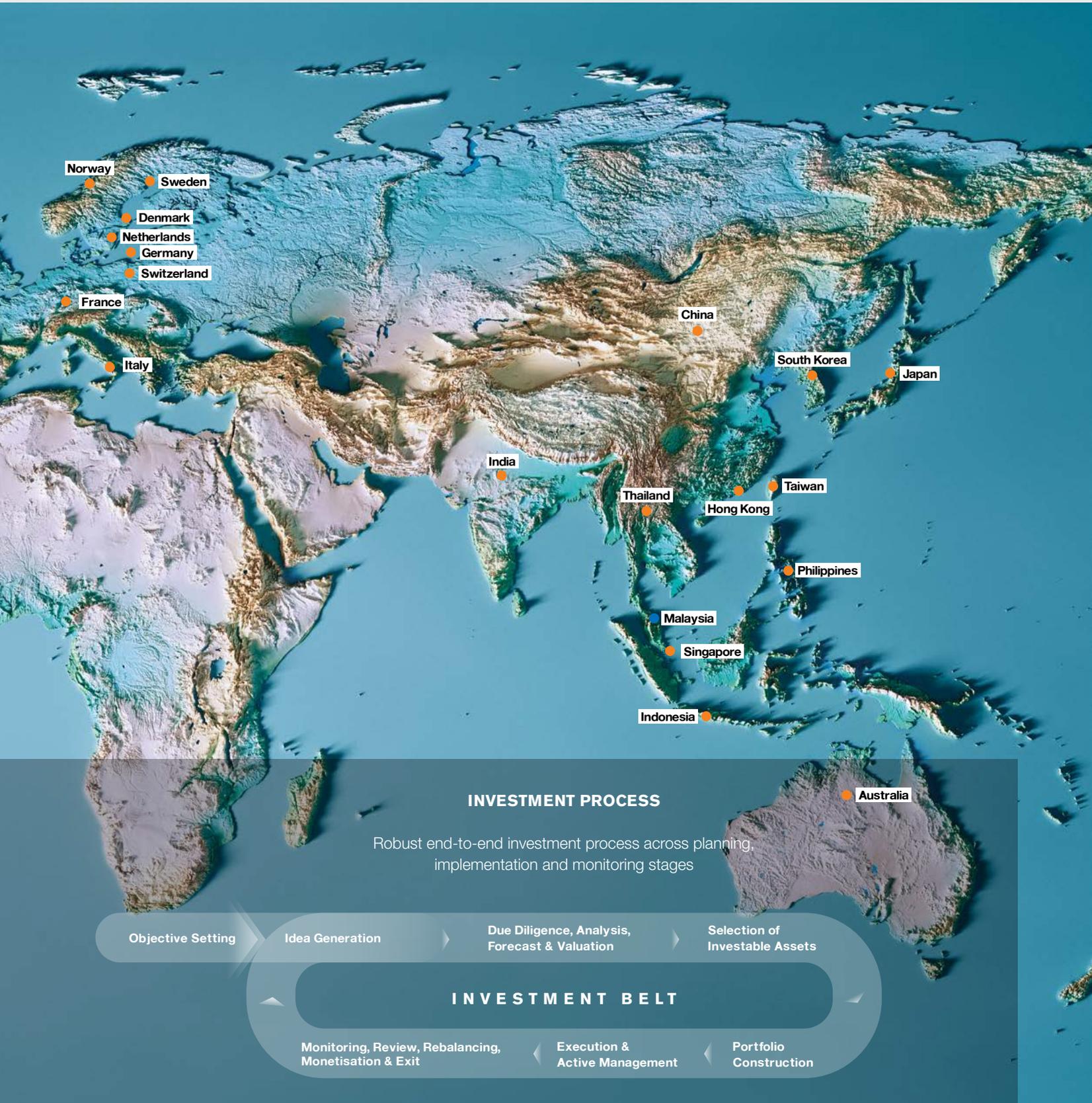
Asset Allocation by Geography



The diversification of our investment portfolio is based on the Strategic Asset Allocation (SAA) perspective of employing a mix of investments to achieve our overarching aim of a sustainable rate of return. Investments in stable, high-yielding companies and diversified asset classes will provide us with a steady recurring yield base. At the same time, we need to identify momentum-driven investments that take advantage of global market conditions and opportunities to generate a higher yield through trading activities. It is vital for us to strike a balance between these two types of investments, which come with different levels of risks. At our core, PNB has never been an organisation that takes unnecessary market risks, and we continue to employ prudent investor management practices in our investment activities.



GLOBAL FOOTPRINT, INVESTMENT PHILOSOPHY AND PROCESS



INVESTMENT PROCESS

Robust end-to-end investment process across planning, implementation and monitoring stages

Objective Setting

Idea Generation

Due Diligence, Analysis, Forecast & Valuation

Selection of Investable Assets

INVESTMENT BELT

Monitoring, Review, Rebalancing, Monetisation & Exit

Execution & Active Management

Portfolio Construction

STRATEGIC ASSET ALLOCATION

STRATEGIC ASSET ALLOCATION (SAA) FRAMEWORK

Established in December 2017, PNB's SAA Framework guides the decision-making process of setting optimal long-term capital allocation targets. It plays an essential part in PNB's initiative to achieve better diversification of risk from its portfolio of investments across different asset classes.

Our SAA approach has shifted our future growth journey towards that of an asset allocator, with the diversification of our investment portfolio as a key driver. We are currently in the first phase of the global diversification of our investment portfolio, where we have identified the asset classes of Public Equity, Private Equity, Fixed Income and Real Estate as our main investment engines. As we mature in our global diversification journey and expand our experience, expertise, knowledge and data repositories, we aim to come up with regional mandates, and thereafter sectoral mandates.

In 2019, a mid-term review of PNB's Strategic Plan was undertaken which included a revisit of the SAA Framework approved by the PNB Board in 2017. The revised SAA Framework affirms our steadfast commitment in accomplishing the objectives of our funds through our ongoing asset diversification strategy. This includes deploying surplus cash into fixed income securities and judiciously increasing our investments in global assets, with a resultant consolidated 25% global exposure target for our current stable of 1 proprietary and 14 unit trust funds, thereby complementing our existing domestic equity holdings.

Altogether, this allows our funds to be 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.

Strategic Asset Allocation

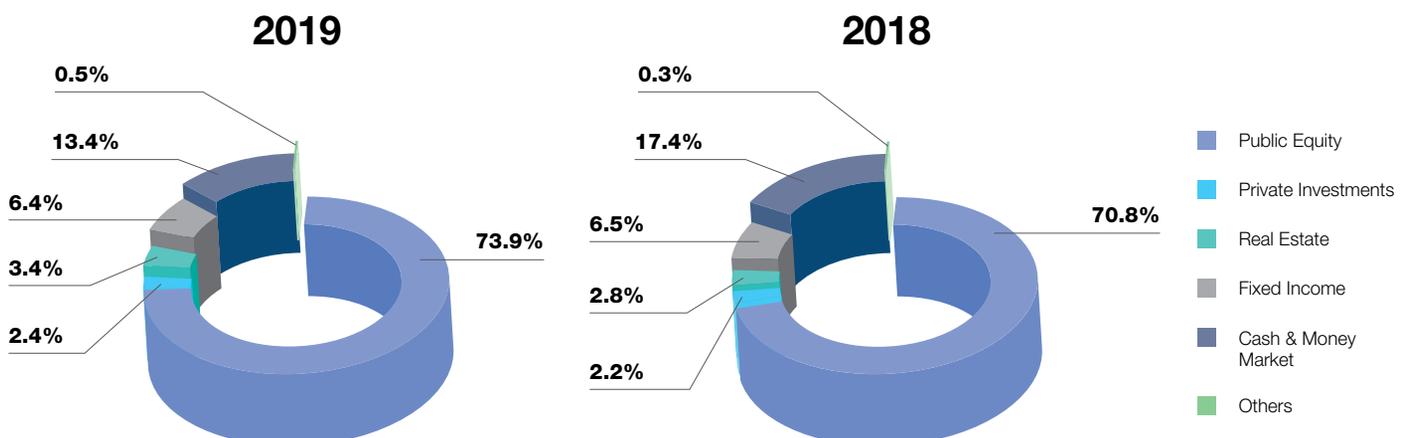
Defines the optimal capital allocation to asset classes based on risk-return expectations of each fund

Dynamic Asset Allocation

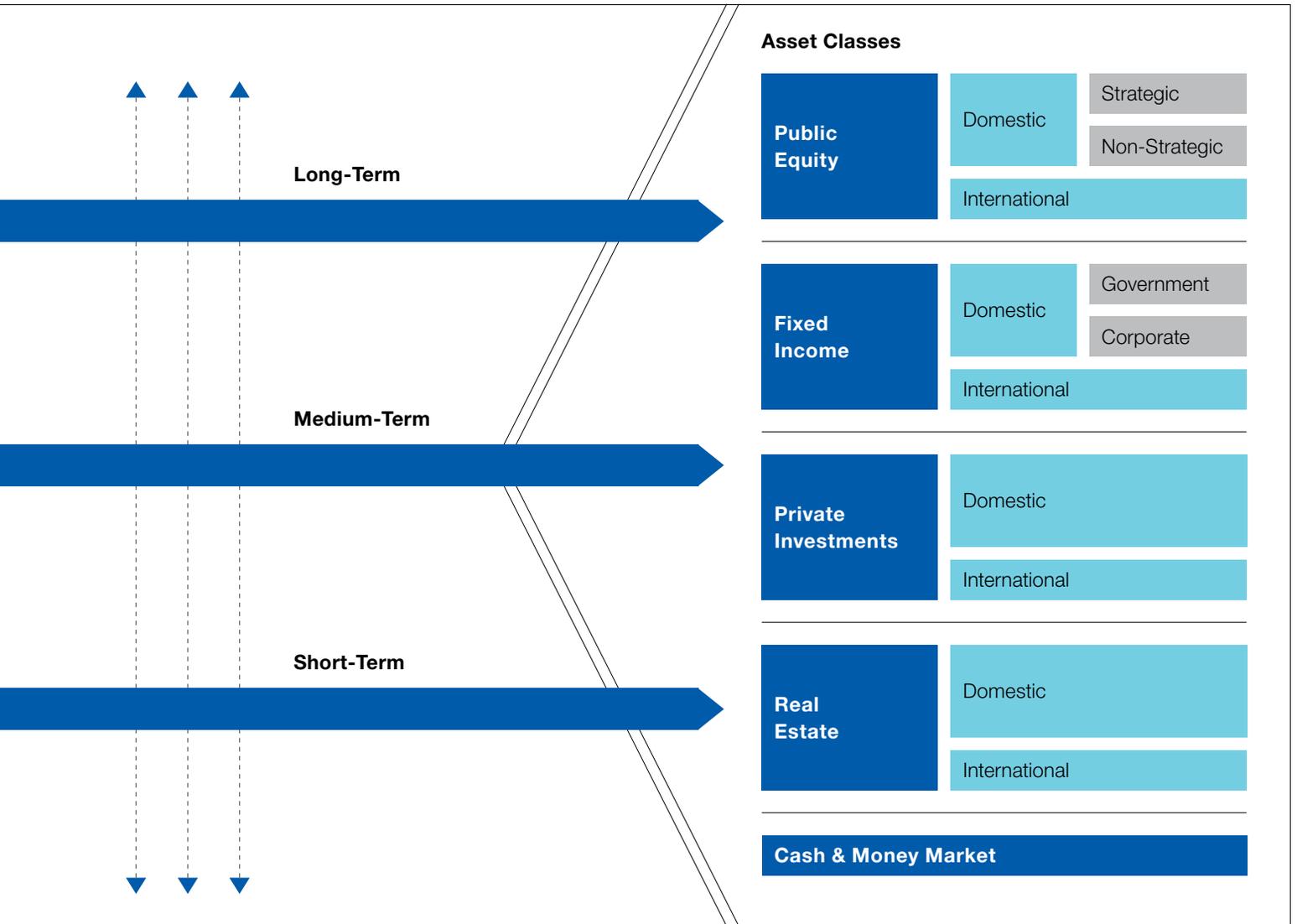
Charts the most balanced path towards achieving SAA targets via yearly capital deployment plans

Tactical Asset Allocation

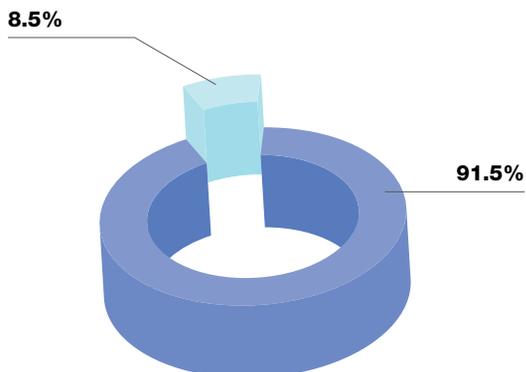
Enables short-term adjustments to capitalise on short-term opportunities



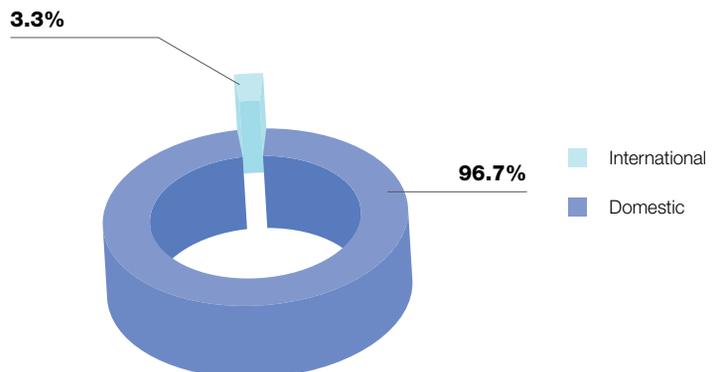
STRATEGIC ASSET ALLOCATION



2019



2018



STRATEGIC INVESTMENT

Guided by our Strategic Investments Framework, we continue to play the role of an active shareholder to add value and transform the performance of our companies.

Following the completion of several major corporate exercises in prior years, our engagements with the boards of directors and managements of our Strategic Companies and Core Companies were focused on internal improvements covering, amongst others:

Identifying & streamlining operational targets

Monitoring and executing value creation initiatives such as cost optimisation & operational efficiency improvement

Stimulating organic growth and increasing market share

We also continued to collaborate with our Strategic Companies in maintaining efficient capital structures and strengthening balance sheets:

Recapitalisation of Sapura Energy Berhad

Sukuk issuance at MNRB Holdings Berhad

Divestment of non-core assets

We strengthened our commitment towards best-in-class corporate governance and consistently promoted compliance with best practices:

Became a signatory to the Malaysian Code for Institutional Investors

All Strategic Companies have more than 50% independent members on the board of directors

STRATEGIC INVESTMENTS

STRATEGIC INVESTMENT

Strategic Companies

Companies in which PNB holds a majority or controlling stake.

PATAMI: Profit After Tax and Minority Interests.
All Market Capitalisation and Shareholding figures are as at 31 December 2019.

**MALAYAN BANKING BERHAD**

FYE19 31 December

Net Operating Income **RM24,741 mil**

Market Capitalisation **RM97,125 mil**

PATAMI **RM8,198 mil**

Shareholding **49%**



Plantation

SIME DARBY PLANTATION BERHAD

FYE19 31 December
(unaudited)

Revenue **RM12,062 mil**

**SIME DARBY BERHAD**

FYE19 30 June

RM36,156 mil



Property

SIME DARBY PROPERTY BERHAD

FYE19 31 December
(unaudited)

RM3,180 mil

PATAMI **RM122 mil**
From Continuing Operations

RM948 mil

RM599 mil

Market Capitalisation **RM37,521 mil**

RM15,099 mil

RM6,223 mil

Shareholding **57%**

51%

57%

**S P SETIA BERHAD**

FYE19 31 December (unaudited)

Revenue **RM3,929 mil**

Market Capitalisation **RM6,468 mil**

PATAMI **RM344 mil**

Shareholding **60%**

STRATEGIC INVESTMENT



UMW HOLDINGS BERHAD
FYE19 31 December (unaudited)

Revenue **RM11,739 mil**

PATAMI **RM454 mil**

Market Capitalisation **RM5,246 mil**

Shareholding **61%**



VELESTO ENERGY BERHAD
FYE19 31 December (unaudited)

Revenue **RM671 mil**

PATAMI **RM33 mil**

Market Capitalisation **RM3,122 mil**

Shareholding **54%**



SAPURA ENERGY BERHAD
FYE19 31 January

Revenue **RM4,568 mil**

PATAMI **RM208 mil**

Market Capitalisation **RM4,314 mil**

Shareholding **39%**



DUOPHARMA BIOTECH BERHAD
FYE19 31 December (unaudited)

Revenue **RM577 mil**

PATAMI **RM55 mil**

Market Capitalisation **RM972 mil**

Shareholding **51%**

STRATEGIC INVESTMENT


MNRB HOLDINGS BERHAD
 FYE19 31 March

Gross Earned Premiums RM1,976 mil
PATAMI RM104 mil
Market Capitalisation RM877 mil
Shareholding 57%

CHEMICAL COMPANY OF MALAYSIA BERHAD
 FYE19 31 December (unaudited)

Revenue RM386 mil
PATAMI RM16 mil
Market Capitalisation RM206 mil
Shareholding 56%
Selected Core Companies

Companies in which PNB has more than 10% shareholding or exposure of more than RM1 billion.

	Shareholding
 Telekom Malaysia Berhad	22%
 Axiata Group Berhad	19%
 Tenaga Nasional Berhad	18%
 Gamuda Berhad	17%
 CIMB Group Holdings Berhad	12%
 Digi.Com Berhad	11%
 Maxis Berhad	11%
 IOI Corporation Berhad	10%
 PETRONAS Gas Berhad	10%
 Kuala Lumpur Kepong Berhad	9%

STRATEGIC INVESTMENT

Increasing public participation in corporate equity ownership across all major and strategic sectors of the Malaysian economy with our investments.

OIL & GAS

Strategic Companies



- The largest Malaysian and regional jack-up drilling rig operator
- Recipient of multiple rig-of-the-month awards, and Naga 8 awarded the Best Rig Performance in 2019 from Petronas Carigali



- Sapura Energy is a leading global integrated oil and gas services and solutions provider operating across the entire upstream value chain. As a full-fledged upstream player, the Group's spectrum of capabilities covers exploration, development, production, rejuvenation, as well as decommissioning and abandonment
- World's leading tender rig owner and operator with the largest fleet of tender-assist drilling rigs
- Named APAC Company of the Year for energy services, offshore and marine category

Core Company



PLANTATION

Strategic Company



Plantation

- The world's largest oil palm plantation company by planted area
- The world's largest producer of Certified Sustainable Palm Oil

Core Companies



CHEMICAL

Strategic Company



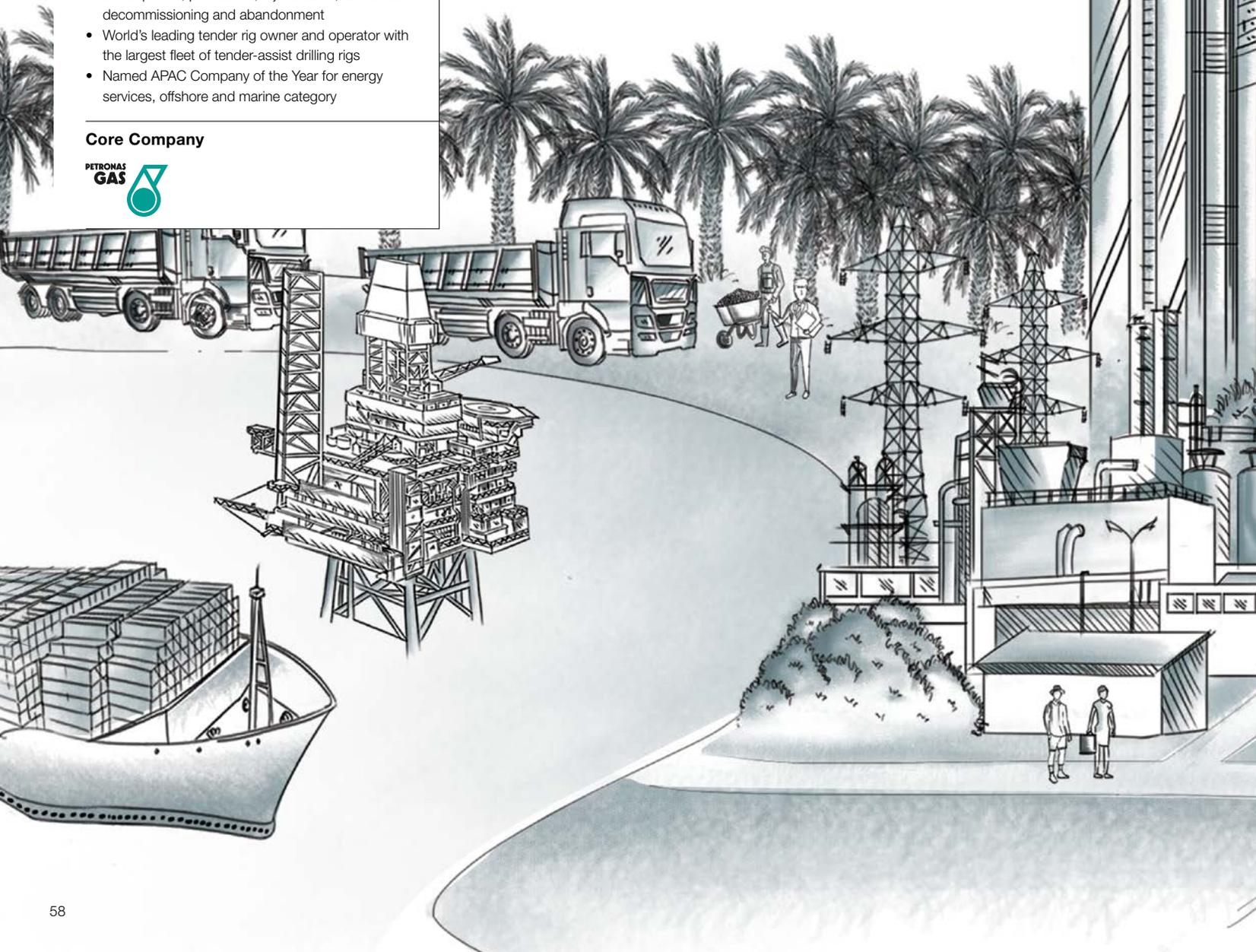
- One of the top three polymer coating solution providers for the global glove industry
- One of the nation's largest chlorine producers, used for the treatment of water supply for millions of Malaysian households

PHARMACEUTICAL

Strategic Company



- One of the nation's largest providers of generic and over-the-counters drugs



STRATEGIC INVESTMENT

PROPERTY

Strategic Companies

Setia

- Ranked as Malaysia's No.1 Developer for an unprecedented 12 times for The Edge Top Property Developers Awards and the only developer in Malaysia to receive a record-breaking 11 FIABCI Prix d'Excellence Awards



Property

- The largest property developer in Malaysia in terms of land bank size with over 20,000 acres of remaining developable land
- The only Malaysian property developer to qualify as an index component of the Dow Jones Sustainability Indices.

CONGLOMERATES

Strategic Companies



- One of the world's largest Caterpillar dealers, offering a comprehensive variety of equipment and services, from the sale of new machines and engines, to the rental of used equipment and to providing the full range of product support and financing services across 16 countries and territories in the Asia Pacific region
- One of the leading automotive groups in Asia Pacific region, representing luxury brands such as BMW, Jaguar, Land Rover and Porsche, and super-luxury names such as Rolls Royce, Lamborghini and McLaren, as well as broad-appeal market brands such as Ford and Hyundai



- One of the leading industrial equipment and automotive players in Malaysia, being the distributor for Toyota and Lexus models

CONSTRUCTION

Core Company



FINANCIAL SERVICES

Strategic Companies



- Malaysia's largest financial services provider and largest-listed company by market capitalisation
- Serving more than 22 million customers through its network of over 2,600 branches across 18 countries including all 10 Southeast Asian nations. Aspiring to be the Digital Bank of Choice, Maybank currently has 6 million Maybank2u users
- Maybank Islamic is the 5th largest Islamic bank in the World by total assets
- Its insurance arm Etiqa is Malaysia's No. 1 general insurance/general takaful provider



- Malaysian Re is the largest national reinsurer by assets in the Southeast Asian region
- Takaful IKHLAS Family and Takaful IKHLAS General serve almost 2 million policy holders

Core Company



TELECOMMUNICATIONS

Core Companies



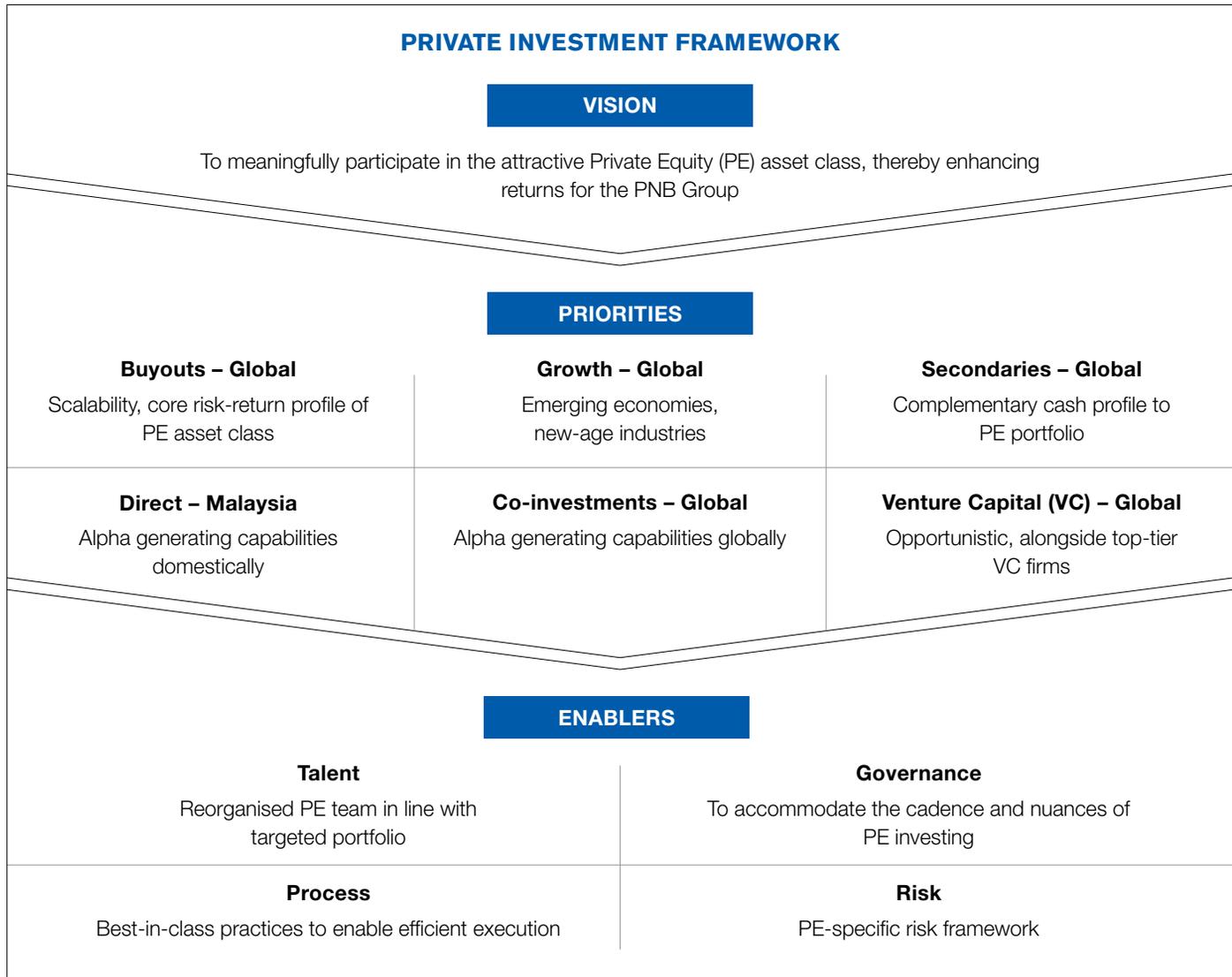
INFRASTRUCTURE & UTILITIES

Core Company



PRIVATE INVESTMENT

In 2019, PNB continued to deploy capital into the Private Equity asset class, in line with our asset allocation strategy to increase our Private Equity allocation of our AUM over the next five years. Marking the second year of the implementation of the PNB Private Investment Framework, the Direct Investments team identifies viable and potentially value accretive investments within companies that exhibit strong fundamentals, high growth potential and clear market positioning, and are supported by an experienced and competent management team. Additionally, PNB leverage on our network of global Private Equity fund managers to increase our exposure in global co-investment deals, in line with our efforts to diversify our portfolio of Direct Investments.



PRIVATE INVESTMENT

Moving forward, PNB will be restructuring the deployment into the Private Equity asset class, whereby it will be conducted by the Private Markets Division comprising two new departments – Direct Investments and Global Fund Investments. This segmentation was designed to enhance our investment focus, and enable the adoption of best-in-class investment processes that are specific and unique to these two departments.

DIRECT INVESTMENTS

Selected Controlled Investments



Malaysian Industrial Development Finance Berhad



Projek Lintasan Kota Sdn Bhd (PROLINTAS)

Selected Minority Investments

 Goodyear Malaysia Berhad		 Maybank Asset Management Group Sdn Bhd		
 BOH Plantations Sdn Bhd	 Rahim & Co International Sdn Bhd		 Akzo Nobel Paints (M) Sdn Bhd	
	 Ansell N. P. Sdn Bhd	 Lam Soon (M) Berhad	 Perusahaan Otomobil Kedua Sdn Bhd	 Aspac Lubricants (Malaysia) Sdn Bhd
 Unilever (Malaysia) Holdings Sdn Bhd				

GLOBAL FUND INVESTMENTS

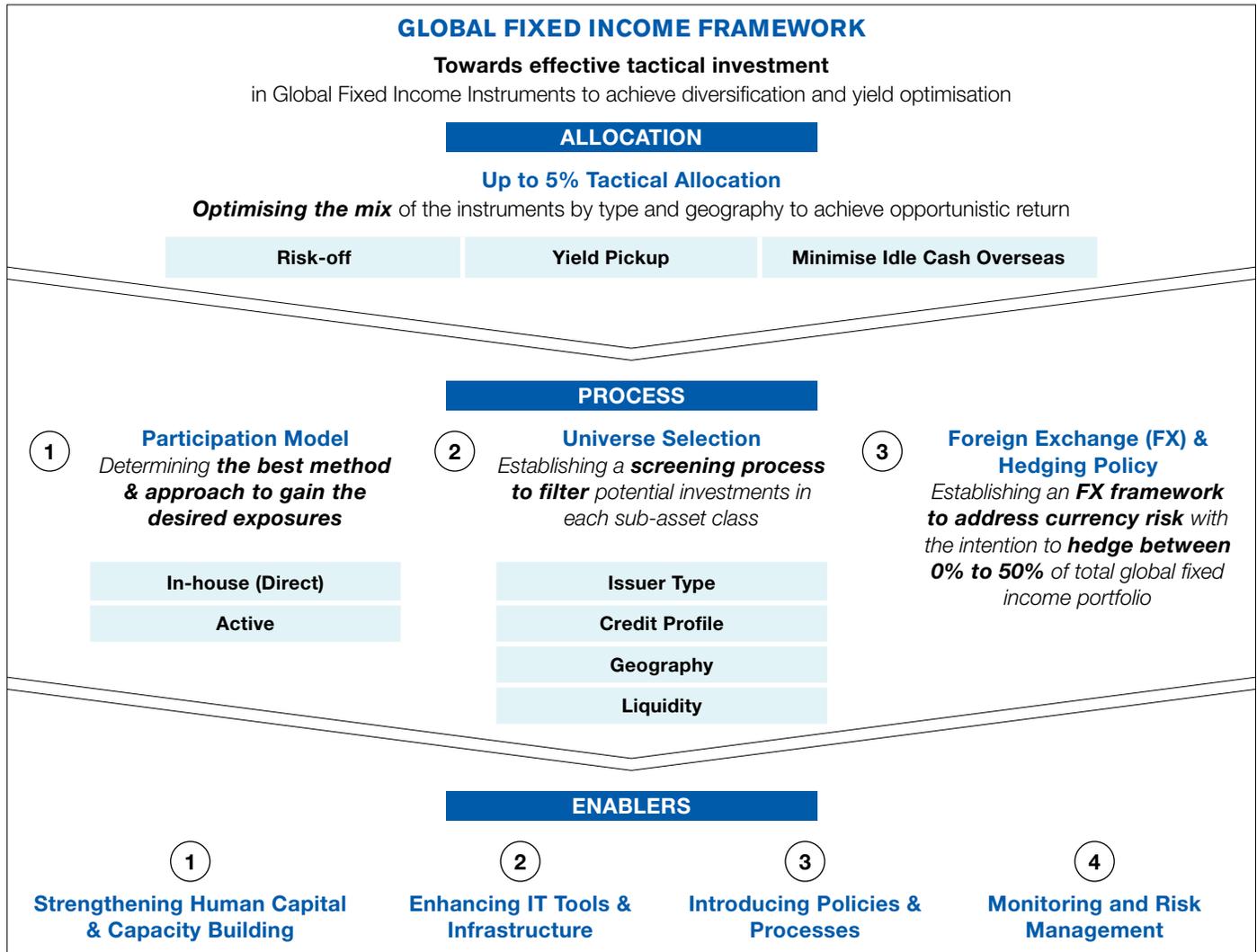
Aside from Direct Investments, our Private Markets efforts also focus on outsourcing capital to renowned global PE fund managers that we have identified based on a rigorous selection process and criteria.

PE Fund Managers Selection Criteria

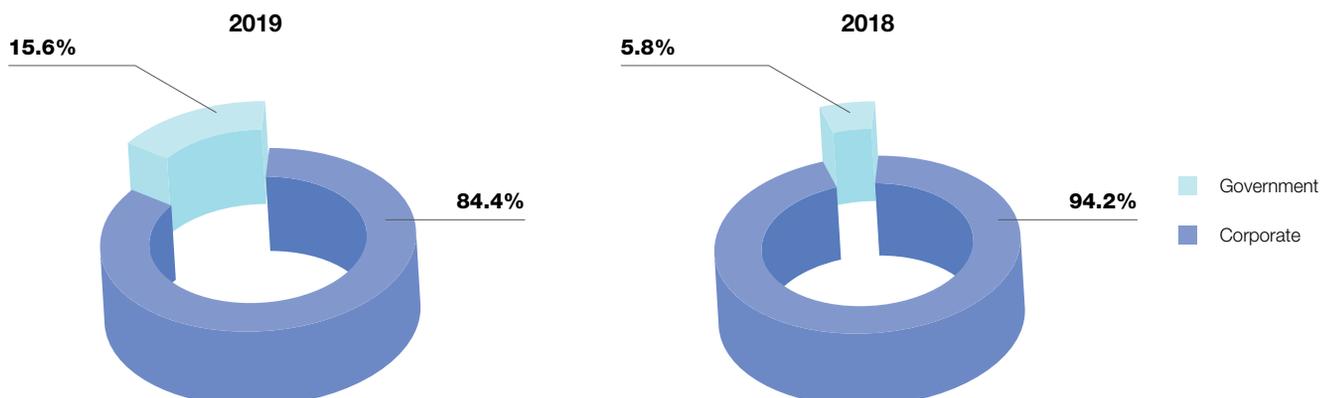
A Fit with PNB Strategy	B Track Record	C Team Capabilities	D Governance and Alignment of Interests
<ul style="list-style-type: none"> ▶ Fund Type ▶ Geography ▶ Sectors 	Excellent track record emphasising: <ul style="list-style-type: none"> ▶ Prior funds top quartile performances ▶ Outsized net returns and distributions 	Stable team with strong capabilities, amongst others in: <ul style="list-style-type: none"> ▶ Deal sourcing ▶ Value creation ▶ Realisation and team track record 	Strong alignment of interest in terms of: <ul style="list-style-type: none"> ▶ Manager’s commitment ▶ Strong Governance ▶ Competitive fee structures

FIXED INCOME

In line with PNB's Strategic Plan in terms of asset diversification and optimising asset class allocation, we initiated a Global Fixed Income Framework to provide the necessary foundations and guiding principles to embark on asset diversification in the global fixed income market.

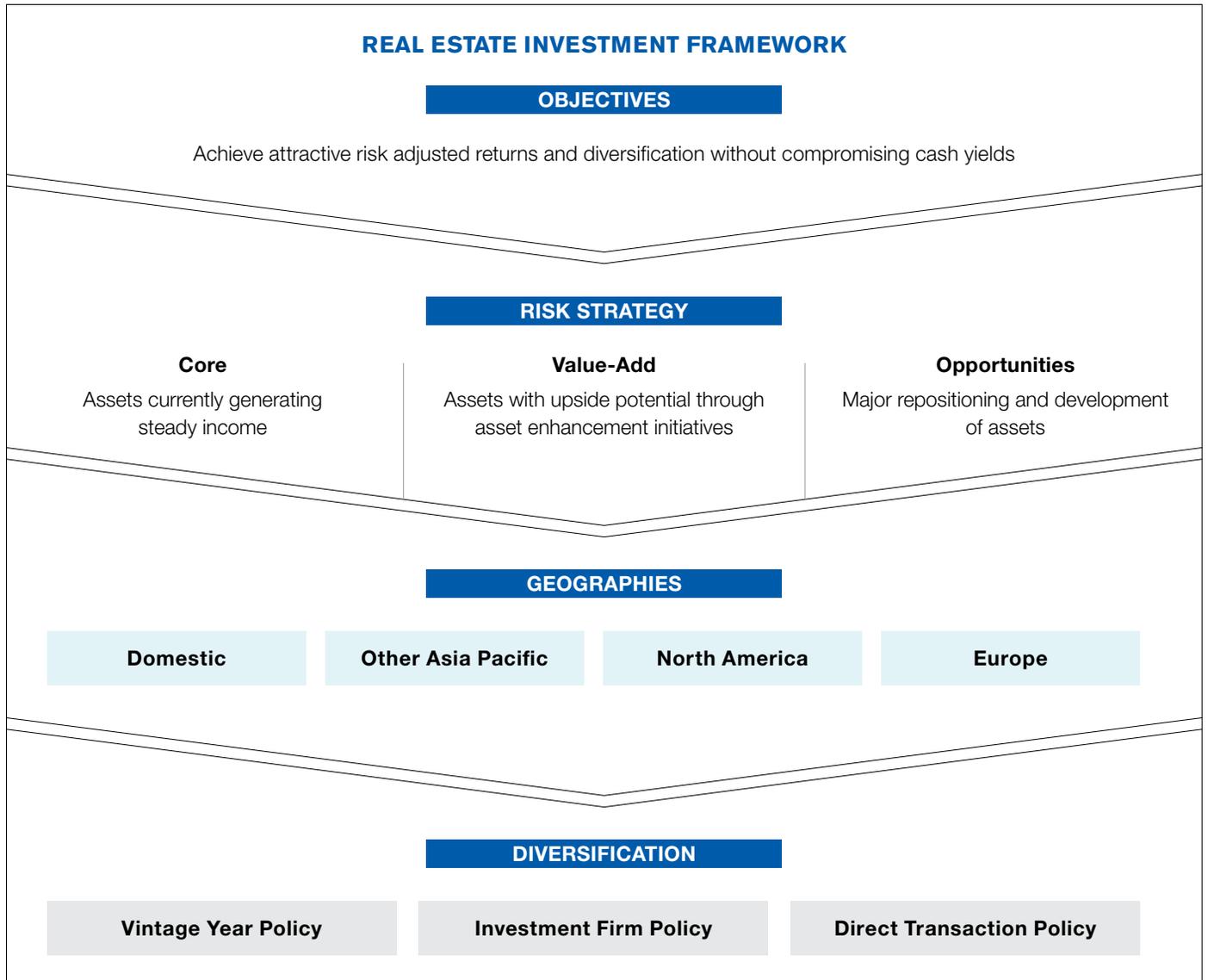


Fixed Income Portfolio Breakdown



REAL ESTATE

PNB's real estate portfolio is diversified across 10 sub-asset classes covering the whole value chain of real estate. With total investments of RM10.6 billion in the asset class and 68.0% allocated in the domestic markets, we have been gradually deploying our investments globally to balance our domestic exposure with international investments to raise overall returns of the portfolio. 2019 saw us embarking on our early-stage deployment plans into global Real Estate Investment Funds for the unit trust funds under PNB's management which was undertaken in a very structured approach and supported by a robust screening framework.



REAL ESTATE

INVESTMENT PROPERTIES

DOMESTIC

34

Properties

2.98 million sq ft

Net Lettable Area



Menara Tun Ismail Mohamed Ali Kuala Lumpur



Construction Progress of Merdeka 118 as at 7 February 2020

INTERNATIONAL

4

Properties

1.05 million sq ft

Net Lettable Area

2 Funds Investment

North America 47%

RM987.64 million

Investment size

Europe 16%

Asia Pacific 37%

HOSPITALITY

8

Hotels & Resorts

3

Golf Courses

1,319

Number of Rooms



Kota Seriemas Golf & Country Club

LANDBANKING



9,500

Acres of Land Across Malaysia

MERDEKA 118

A LANDMARK FOR KUALA LUMPUR. A GLOBAL ICON.

To be completed in 2021 and rising above the historic site of Malaysia's independence, Merdeka 118 is an emblem of national progress, ready for the world stage. It is envisaged that Merdeka 118 will contribute to defining the already distinctive skyline of Kuala Lumpur, through its unique architectural features that reflect Malaysia's historical and multi-cultural heritage.



MERDEKA 118



MERDEKA 118

Merdeka 118 overlooks Stadium Merdeka, the site where our founding father Almarhum Tunku Abdul Rahman Putra Al-Haj proclaimed independence for the nation on 31 August 1957. The silhouette of the tower's spire mirrors the image of Tunku Abdul Rahman stretching his right hand upwards to the skies as he cried out "Merdeka" to proclaim the nation's independence, an iconic reminder of the starting point of our journey as a nation.

PNB purchased the land on which both Stadium Merdeka and Stadium Negara stand in 2000, and we are committed to restore both stadia to their original form. Thus, in 2007, PNB established the Merdeka Heritage Trust to restore, preserve and manage both Stadium Merdeka and Stadium Negara with the aim of promoting culture, sports, arts and heritage in Malaysia, as well as unity among Malaysians. Merdeka 118 is being developed with the same mission of promoting cultural integration as well as advancing national unity through a landmark that showcases engineering prowess and ingenious architecture, which we hope will contribute to the urban regeneration of Kuala Lumpur.

Currently, the Merdeka 118 core stands at 111 floors and is at 50% to completion, scheduled to reach its peak at 118 storeys high in late 2020. Once built, the Merdeka 118 tower will stand 635 metres tall and form the centrepiece of a new work, live and play neighbourhood for Kuala Lumpur. Surmounted by the PNB Observation Deck on level 116, making it the highest in South East Asia, this primarily office tower will also comprise a luxury Park Hyatt Hotel offering stunning views of the KL skyline from its location on the top 17 floors, as well as the 'Merdeka @ 118' retail mall, which will offer a mix of destination retail offerings as well as convenience and essentials for local

residents. The tower is encircled by the 'Merdeka Residences' which are three premium residential towers and the whole development sits within a new 4-acre linear park known as 'Merdeka Boulevard @ 118', which comprises new green open public spaces and attractions. All of these assets sit adjacent to Stadium Merdeka, the most important site in Malaysia as the location of the declaration of national independence in 1957. This area, rich in history and culture, is ready to take the next step in its evolution as a precinct offering a single vision of work, retail, living and public space.

URBAN REJUVENATION

Merdeka 118. A Passionate Community Surrounded by Heritage.

"PNB is passionate about ensuring that the Merdeka 118 Precinct is a place of celebration for every Malaysian and visitor. The combination of the iconic architecture, timeless heritage and carefully curated events will deliver a significant, activated and exciting global destination befitting the significance of this historic site."

- Jalil Rasheed, President & Group Chief Executive, PNB

With this vision in mind, plans are being developed for clear place-making activation and a commercialisation strategy for the Merdeka 118 Precinct, leveraging on the existing urban fabric and immediate community as well as the new neighbourhood PNB is building.

Through collaboration and shared activations with surrounding neighbourhoods such as Petaling Street and Kampung Attap, Merdeka 118 can help drive economic impact to businesses in those areas, while at the same time increasing footfall to and from them. Initiatives already being planned include:

Creating spaces for merchants via pop-up retail and themed retail clusters at Merdeka 118.

Improving amenities and connectivity such as guided walk paths, public signage, taxis/Grabcar stands, covered walkways, underground walkways linking the MRT-mall-tower seamlessly.

Creating cohesive joint-plans to include Merdeka 118 and Stadium Merdeka on the Kuala Lumpur heritage trail, foster closer ties with immediate community and create smart partnerships with heritage and tourism related parties.



INFRASTRUCTURE

World-Class Amenities for all Malaysians.

Merdeka 118 is a destination precinct that is easily accessible from all major landmarks and commercial centres in the city by road or rail. To ensure seamless connectivity to the precinct, PNB has invested approximately RM500million in infrastructure upgrades for surrounding the precinct.

Furthermore, PNB Merdeka Ventures, a wholly-owned subsidiary of PNB and the builders of Merdeka 118 has collaborated with a renowned team of international consultants, architects, engineers, working alongside experts from Malaysia to create major infrastructure plans to improve road accessibility, pedestrian walkways and public transport to the precinct. This joint effort brings together global experience with local expertise to ensure the Merdeka 118 precinct is a world-class and uniquely Malaysian development. Ultimately, these significant infrastructure upgrades will encourage interaction with, and have a greater positive impact on the wider community who will enjoy the benefits it brings.

Direct Connection
Connecting Jalan Istana directly into Basement 4/5 of the development
106,000m²
of road improvements

Pedestrian Access
New covered walkway linked to Bukit Bintang City Centre
800m
of new flyovers in total

Pedestrian Access
New covered walkway linked to Bukit Bintang City Centre
1,470m²
of new tunnelling connecting Federal Highway and DUKE 3

SUSTAINABILITY

Merdeka 118 – Thriving, Responsible Community.

Merdeka 118 aims to be the first tower in Malaysia to achieve a triple-platinum rating with Leadership in Energy and Environmental Design (LEED), GreenRE and Green Building Index certification.

Strategies to reduce energy consumption and/or improve efficiency were adopted during the development phase, having been strategically designed according to the International Green and Efficiency Standards (LEED Platinum), which requires strict energy efficiency controls.

Amongst the numerous green initiatives that Merdeka 118 can boast are solar panels that can cover the entire hot water supply for the hotel, LED lighting throughout the building, rainwater capture for irrigation, and greywater capture for reuse. We will continue to explore further opportunities to implement similar strategies across the remaining phases of the Merdeka 118 development.



- 2 National Heritage Stadiums
- Access to MRT, LRT, Monorail Stations
- Highest Observation Deck in Southeast Asia
- 8,100 Parking Bays
- 4 Acres of Public Park
- Approximately 1 Million Sq. Ft. of Shops and F&B

ASNB'S TRANSFORMATION JOURNEY

70 ASNB's Strategic Plan 2018-2022

- Expansion of Digital Reach
- Expansion of Agent Network
- Branch Transformation
- Establishment of Outsourced Call Centre
- Financial Literacy & Education



Pendaftaran myASNB

myASNB App



ASNB'S STRATEGIC PLAN 2018-2022

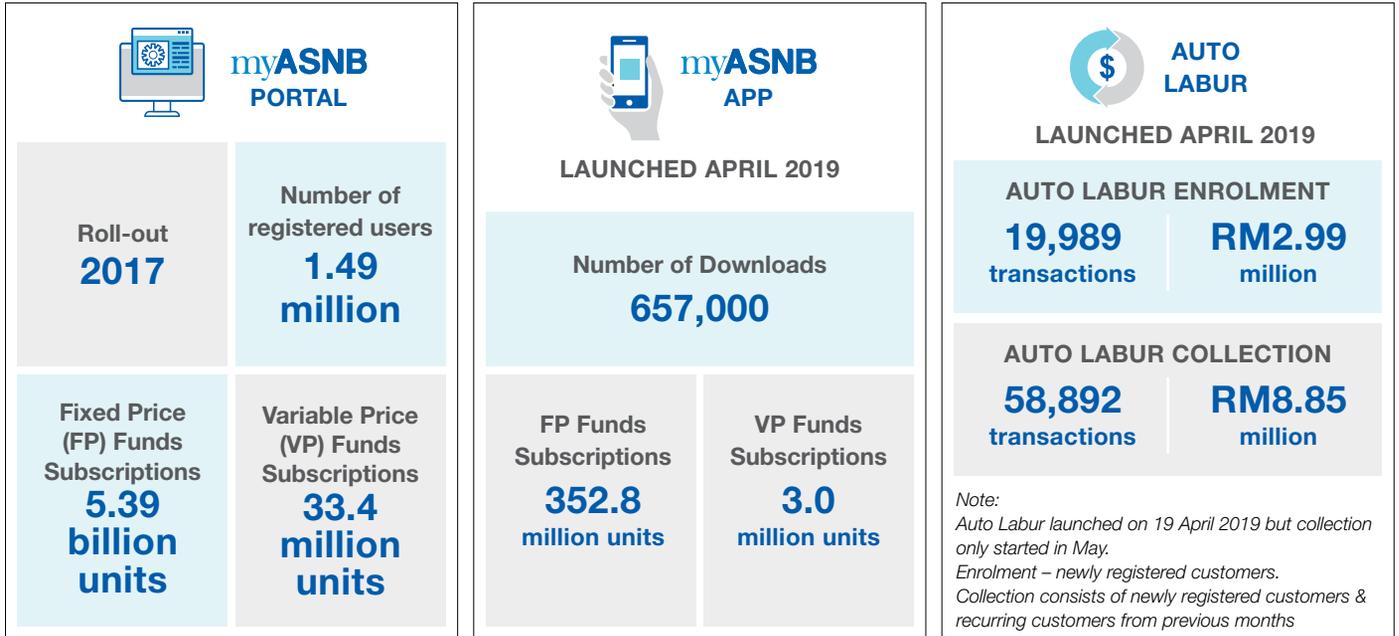
2019 is the second year of the ASNB Strategic Plan 2018-2022 implementation with a focus on continuing its efforts towards enhancing unit holders' experience when dealing with ASNB through digitalised services. To date, five major initiatives have been successfully implemented.



ASNB'S STRATEGIC PLAN 2018-2022

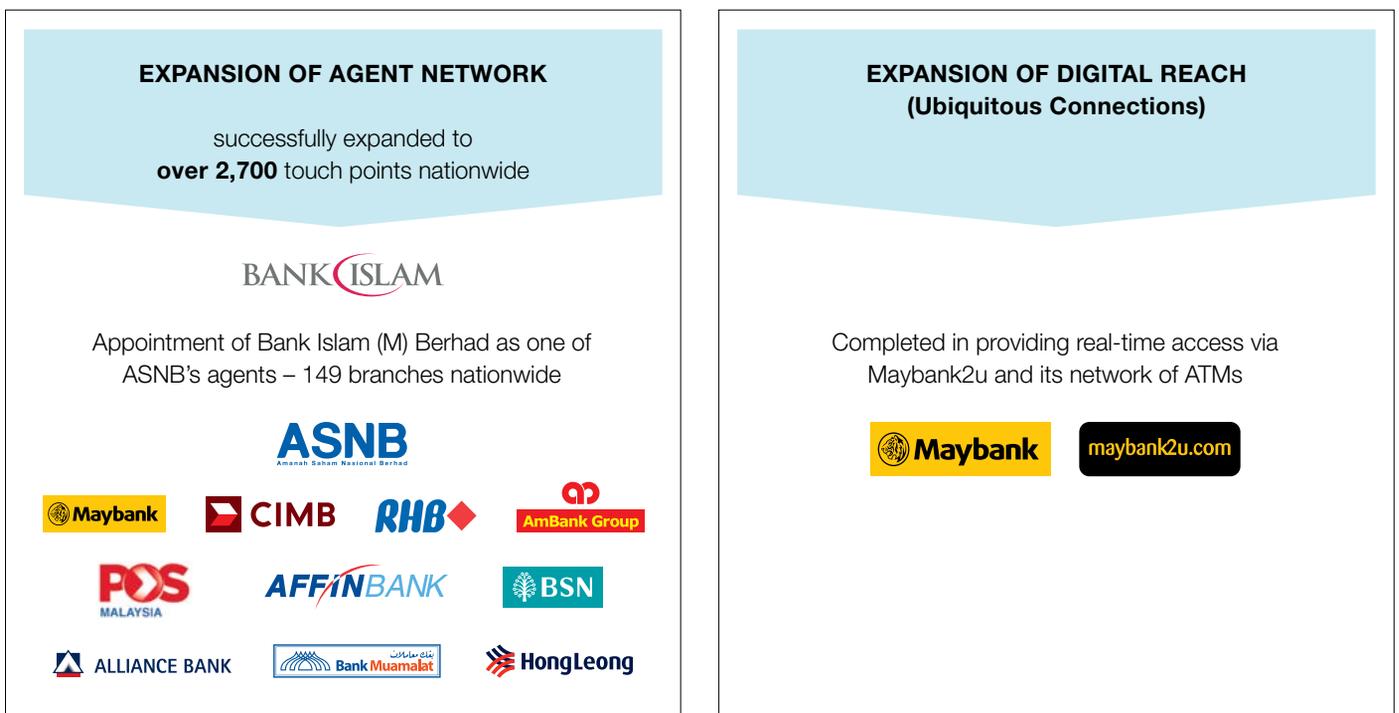
1 Expansion of Digital Reach - myASNB serves as the main platform connecting valued unit holders and ASNB

A convenient solution to unit holders who are always on the go



2 Expansion of Agent Network

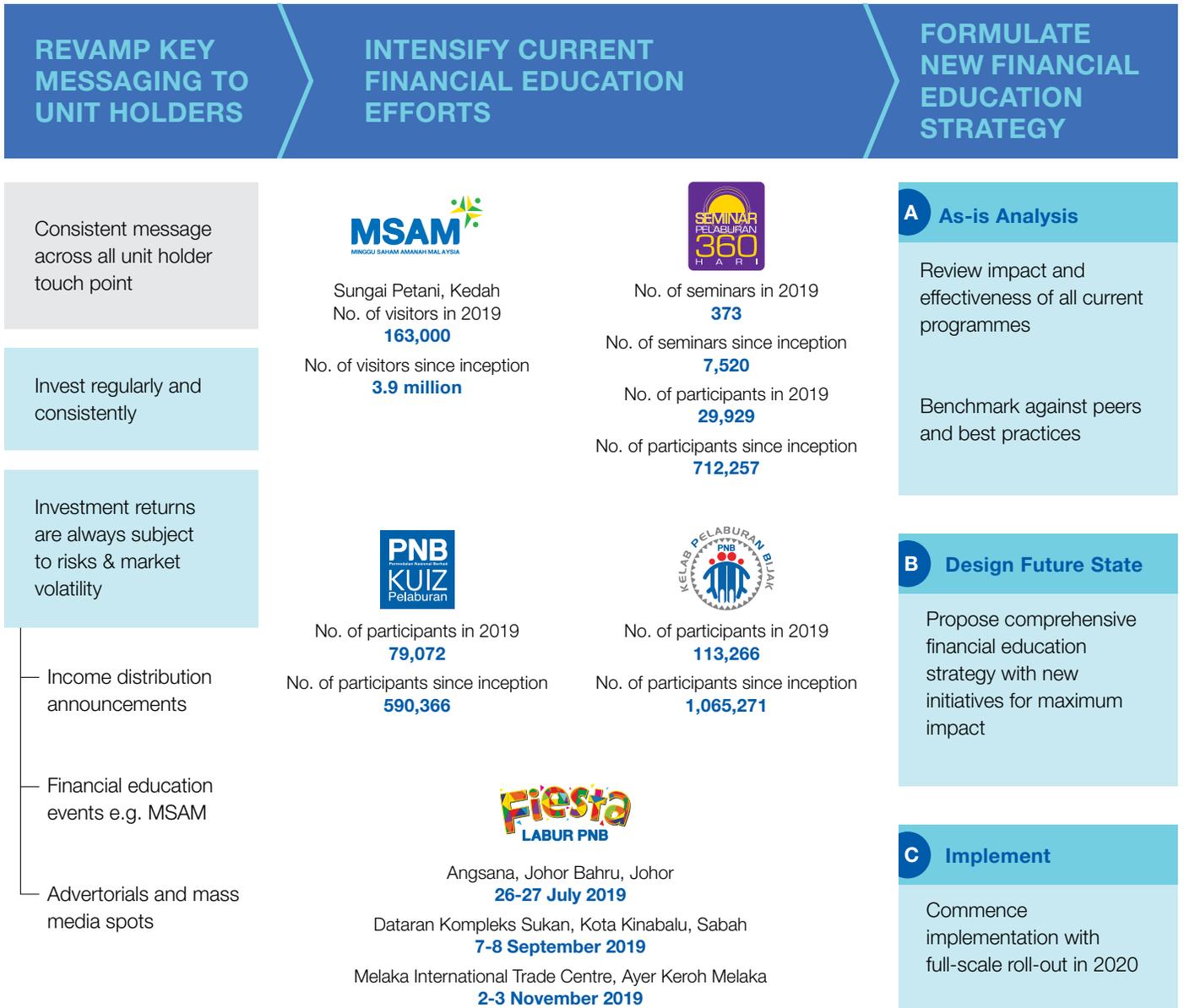
Followed by digital rollout to maximise customer touchpoints beyond office hours



5 Financial Literacy & Education

Financial literacy activities have been a key channel to engage with the masses

New ways of engagement to keep up with changing psychographic and challenges



PNB is part of the Financial Education Network (FEN), an inter-agency effort co-chaired by Bank Negara Malaysia and Securities Commission, to increase the overall impact of financial literacy activities nationwide.

ORGANISATIONAL CAPABILITY

76 Key Statistics: Human Capital

77 Training & Development

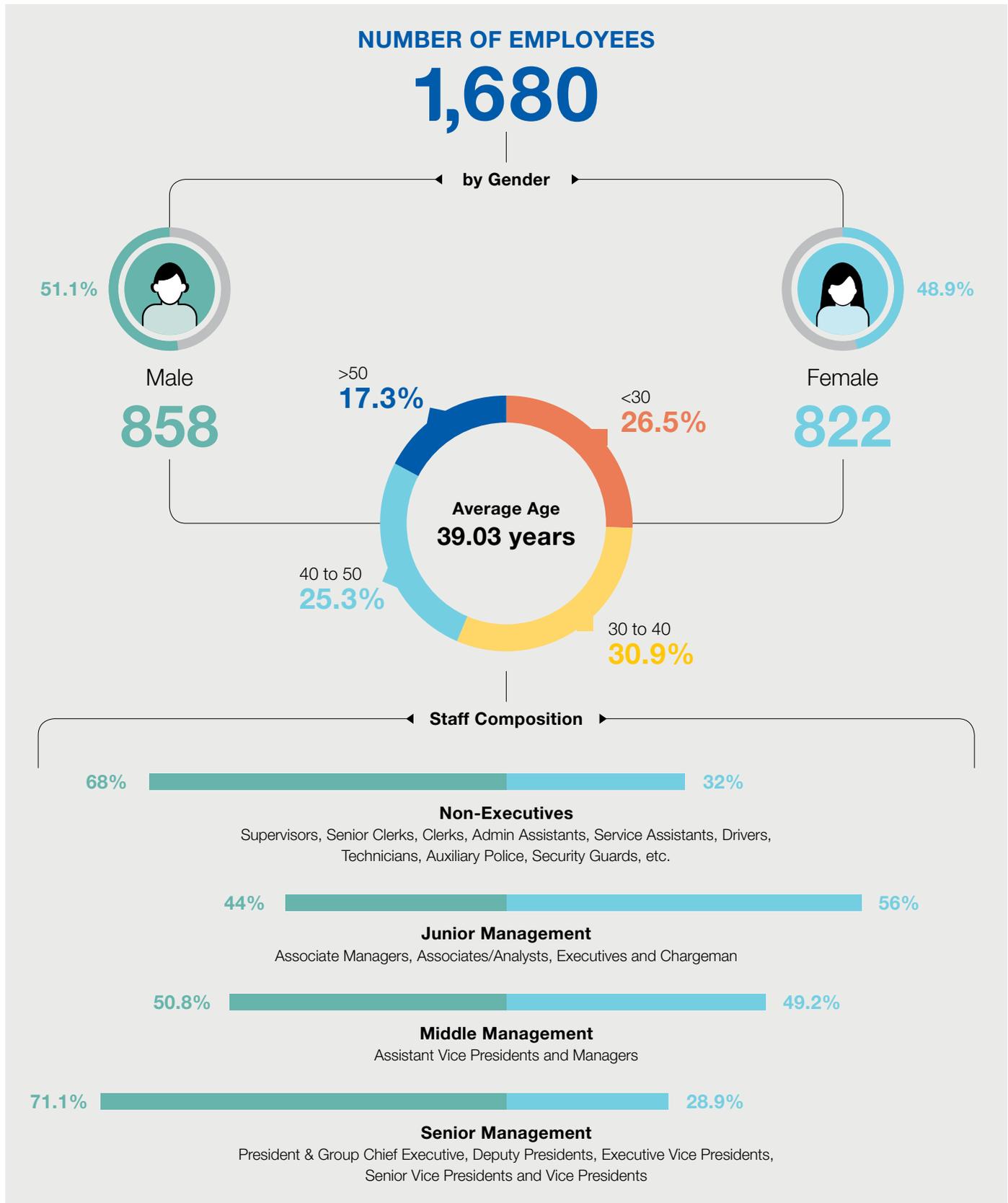
80 5-Year Technology Blueprint

81 Cultivating Innovation





KEY STATISTICS: HUMAN CAPITAL



TRAINING & DEVELOPMENT

PNB has consistently maintained the view that contributing towards sustainable human capital development in Malaysia, presents both the organisation and the nation with tangible long-term benefits.

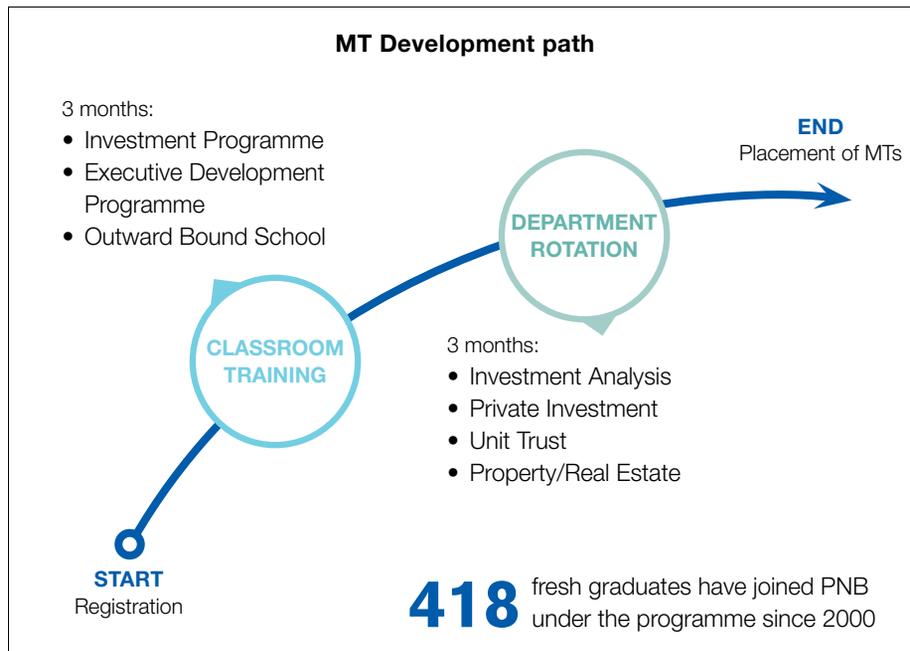
Since 1996, we have been building a sustainable pipeline of future employees and leaders through the PNB scholarship programmes awarded to selected scholars to attend the best universities overseas and selected private universities in Malaysia. Each year, an average of 20 PNB scholars graduate and join us as management trainees and to date, we have more than 200 PNB scholars serving the company in various capacities. Some of these scholars go on to join other companies and sectors in the country, representing our national contribution to human capital development.

Even from inception, PNB has always been a proponent of life-long learning to empower all levels of our employees with the knowledge and skills that are required for them to perform their roles to their best abilities and also as part of their career enhancement.

ONBOARDING

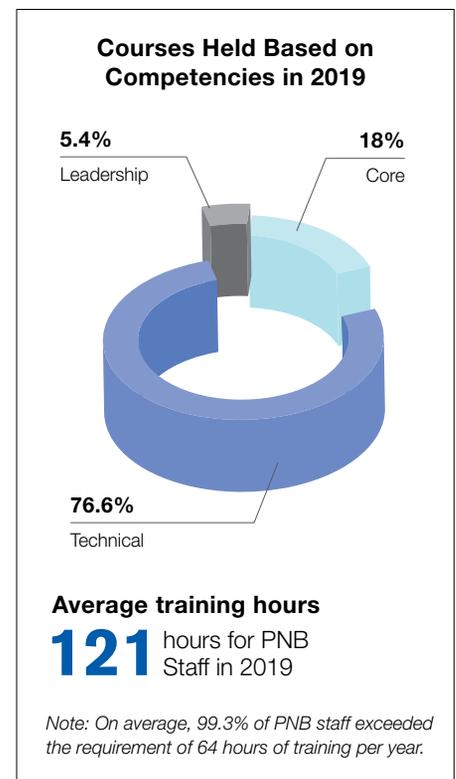
Management Trainee (MT) Programme

The main objective of the programme is to develop talented fresh graduates for their career with PNB, providing basic investment knowledge and general overview of the company's operations to kick-start their journey into becoming the future leaders of the company.



COMPETENCY DEVELOPMENT

Continuous Training



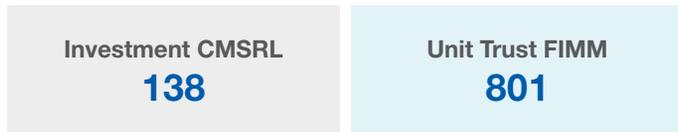
Executive Trainee (ET) for PNB Merdeka Ventures Sdn Bhd

As the developer of Merdeka 118, PNB Merdeka Ventures requires young talents to fill its various executive roles for the development of the whole Precinct. To this end, PNB has organised a six-month structured programme for fresh graduates with diversified backgrounds. The programme develops the necessary skills and provides the exposure to better understand the company's operations.

TRAINING & DEVELOPMENT

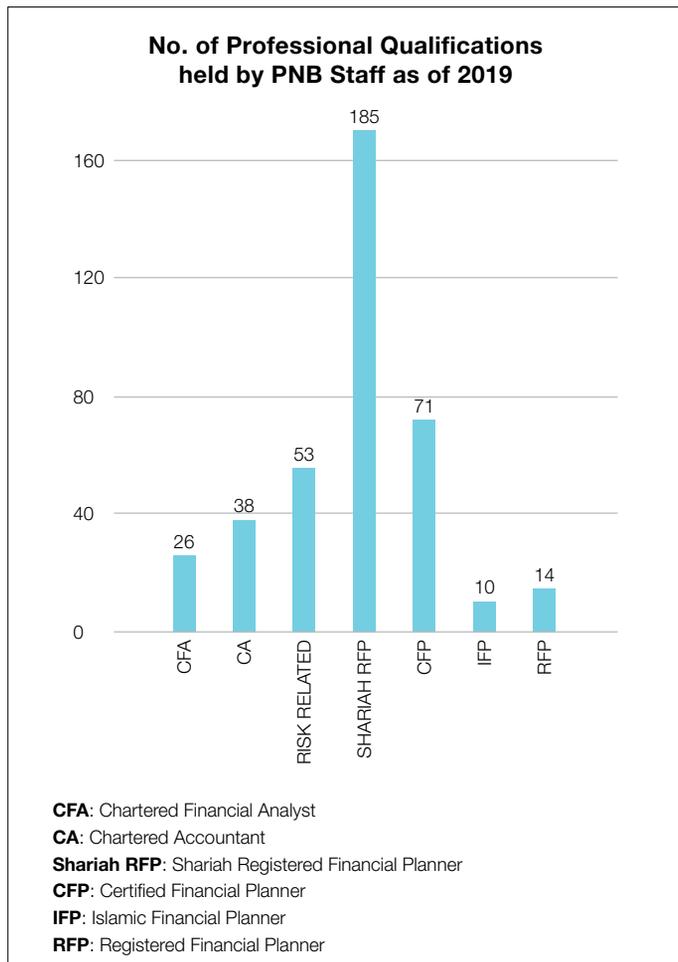
Licensing

The two major principal activities in PNB require the staff to be licensed with the Capital Market Services Representative's Licence (CMSRL) and the Federation of Investment Managers Malaysia (FIMM). These licences enable our designated staff to carry out fund management work in relation to portfolio management, as well as marketing and distribution of our unit trust products.



Professional Certifications

PNB continuously encourages its staff to pursue professional certifications. In alignment with our goal to develop more upskilled, energised and high performing staff, PNB provides Professional Qualification Allowance to staff who have acquired selected certifications.



Staff Education Sponsorship Programmes

As part of the company's effort to improve the education level and career enhancement, PNB sponsors staff to pursue courses which enable them to upgrade their qualifications.

In 2019, PNB provided sponsorship for staff members to pursue diploma, degree and master programmes, as well as professional qualifications locally or overseas as follows:



Leadership Development Programme

The PNB Leadership Development Programme is a talent development initiative to fulfil succession planning goals with the focus to develop the best people through well-targeted talent development efforts.

In 2019, 4 staff were enrolled at the following renowned business schools:



Locally, PNB continues its collaboration with the International Institute for Management Development (IMD), Switzerland and Iclif Leadership and Governance Centre (ICLIF) to conduct in-house leadership training programmes for its high potential young talents and management team on matters related to leadership skills in line with the succession planning goals.



TRAINING & DEVELOPMENT

Upward Mobility Scheme (UMS)

The objective of UMS is to assist staff to have a smooth transition from Non-Executive to Executive positions. The programme aims to build technical acumen and develop a deeper understanding of organisational and business skills. To meet this objective, PNB collaborates with local universities such as Universiti Malaya (UM) and Universiti Teknologi Malaysia (UTM) for the training modules.

Batch	No. of Staff	Status
2017	17	Completed Professional Diploma in Business Administration at UTM in August 2019
2018	46	Will be completing Professional Diploma in Business Administration at UTM in July 2020
	28	Completed Professional Certificate in Business Administration in November 2019
2019	78	Non-Executive staff promoted to Executive on 1 November 2019

223 Non-Executive staff promoted to Executive positions since 2001

Pre-Retirement

True to its commitment to provide life-long learning, as an organisation that values the loyalty and contribution of its staff, PNB provides the opportunity to attend pre-retirement training programmes to staff who are close to retirement age. This opportunity is for all staff who have served the company for at least five years. The key objective is to help them adjust to the transition from working life to retirement, as well as enabling them to acquire new skills and tools that they can apply during their retirement.

In 2019 **16** staff went for various pre-retirement trainings, locally or overseas, based on their areas of interest.

INITIAL EXPOSURE**Internship**

The internship programme is designed to facilitate personal growth and develop skills of undergraduates from various fields such as Accounting, Finance, Marketing, Information Technology and other related fields to gain hands-on work experience across various areas while providing invaluable insights into the roles and daily operations of departments in PNB.

4,069 interns since 2005

PNB Graduate Executive Trainee (PNB GET)

The purpose of PNB Graduate Executive Trainee (PNB GET) programme is to help unemployed graduates bridge the skills gap between academic qualifications and industry requirements. The programme spans two months of intensive development training and six months of on-the-job training.

2,543 graduates trained since inception of the programme in 2011

The internship programme and PNB GET are part of our efforts, as a responsible corporate organisation, to help develop young talents through on-the-job training opportunities.

5-YEAR TECHNOLOGY BLUEPRINT

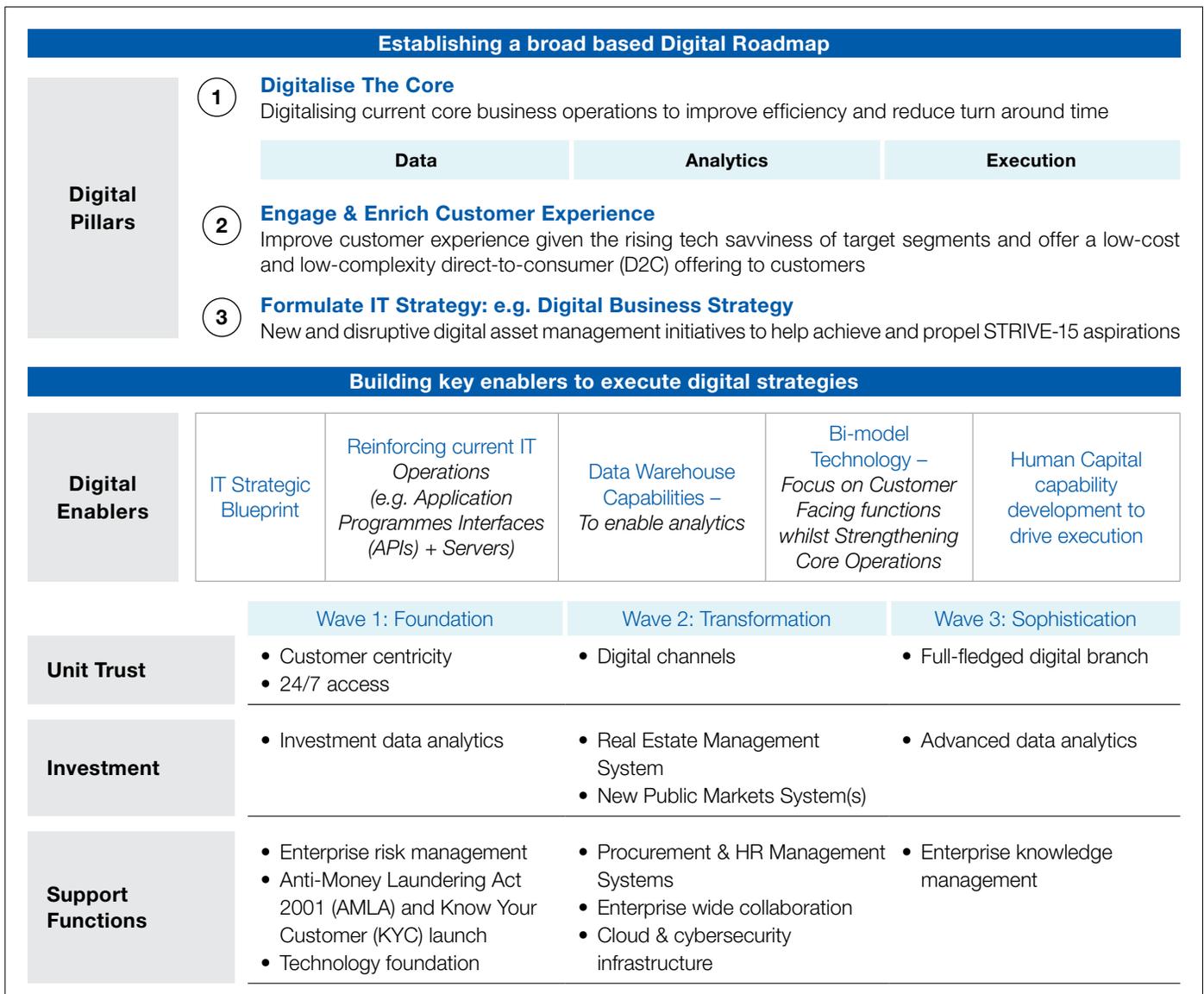
STRENGTHENING OUR ORGANISATIONAL CAPABILITY THROUGH AN ACTIVE DIGITAL TRANSFORMATION

In FY2018, we clearly stated our intention to leverage on digitalisation to enhance the customer journey. To ensure we do this well not just in the immediate term, but in a sustainable manner for the longer term, PNB is effecting a holistic drive towards digitalisation, throughout all aspects of the organisation.

A key move in FY2019 was the implementation of the Five-Year Technology Blueprint to further strengthen the efficiency of PNB's core operating systems. Employing an integrated approach, we rolled out various initiatives relating to Enterprise Architecture, Digital Business Strategy and an IT Security Framework. The Blueprint will guide PNB's IT Transformation journey, covering six key themes we view as critical in light of the rapidly evolving technological advancements and digitalisation that are the hallmarks of the Fourth Industrial Revolution (IR 4.0).

These themes consist of Digital Business Strategy, Customer Experience, Data Analytics, Operational Efficiency and Interconnectivity, Knowledge Based Organisation with Embedded Risk, and Cyber Security. Initiatives are currently under way across PNB's core businesses, including the Unit Trust, Asset Management, Property and Support Services divisions. Our ultimate goal is to enhance PNB's agility to adapt to an increasingly challenging global environment, and enable our businesses to innovate whilst effectively managing IT risks and cost.

We are leveraging on technology and digitalisation to offer our unit holders a better customer experience. Among the areas we are focusing on is expanding into new mobile and digital communication channels to enhance our connection with all our stakeholders.



CULTIVATING INNOVATION

Debuting in 2017, the PNB Innovation Challenge (PIC) entered its third year in 2019 as part of PNB's endeavour to promote and cultivate innovation and creativity among the diverse pool of talents.

Initiatives proposed by the top three winners of PIC 2018 had been developed and launched as prototypes in 2019. Among the initiatives are PNB Points, a platform to recognise and reward hard work with real-time benefits and Smart Inventory Management System, a mechanism that improves and enhances the efficiency of inventory management.

WINNERS OF PIC 2019



Group Name	Technology	Description
i ³	Integrated infographic information	Digitally personalised, interactive and infographic information of unit holder's investment portfolio
SeSI	SeSI Rewards	An option for all debit/credit cardholders as well as loyalty card users to convert their points into investment in ASNB funds

WINNERS OF PNB GROUP INNOVATION CHALLENGE (PGIC) 2019



Group Name	Company	Technology	Description
Waste Busters	CCM Chemicals Sdn Bhd	Zero Waste in Calcium Nitrate Production	Recycling waste produced from plants and reproducing sale-able feedstock for fertiliser manufacturers
AMT Team	Sime Darby Plantation Berhad	Mechanical Buffalo Scissors Lift with Grabber System	Improving and accelerating fresh fruit bunches (FFB) evacuation system in the estates through utilisation of an all-terrain transporter with mechanical loader
Prolintas Revolution 4.0	Projek Lintasan Kota Holdings Sdn Bhd	Revolutionising Structural and Environmental Inspection Solution	Using drones that are equipped with thermal camera for structure and environment inspection works along Prolintas highways

SOCIAL OBJECTIVES

84 Corporate Social Responsibility Report

98 Uplifting the Bumiputera Community





CORPORATE SOCIAL RESPONSIBILITY REPORT

Throughout our 42-year journey as Malaysia's premier investment institution, PNB has kept true to our mandate of enriching the lives of the Bumiputeras and all Malaysians. What started off as an initiative to promote unit trust funds as a wealth creation engine to reduce income disparities amongst the Bumiputeras, has since expanded to include the rest of the Malaysian population.



CORPORATE SOCIAL RESPONSIBILITY REPORT

PNB is a truly unique investment house, one that was purposely built to be a significant nation-building partner in shaping Malaysia's socio-economic transformation. We take great pride in our contributions towards developing the nation, and are delivering on these through our Corporate Social Responsibility (CSR) agenda. We have translated our five core values of Competence, Humility, Integrity, Prudence and Passion into conceptualising and driving through CSR programmes that deliver real and tangible benefits to our stakeholders.

We approach on this through programmes and initiatives that enable and empower individuals, families and businesses with the opportunities, skills, tools and knowledge they require to further the country's inclusive socio-economic development aspirations.

HOW WE CREATE SOCIAL VALUE

Our CSR efforts are geared towards addressing the needs of the community and society, in our bid to create shared social value. It allows for profitability and sustainability to co-exist through a cycle that reinvests PNB's profits to generate outcomes that holistically uplift society.

Our Four CSR Pillars of Education, Financial Literacy, Community Upliftment and Knowledge Sharing Initiatives, employ an impact-based approach towards achieving the following:

- To contribute to the development of human capital and talent, by providing educational opportunities that enable our younger generation to become highly skilled employees and workers of the future;
- To build strong financial literacy amongst communities and enhance their financial savviness, in order to empower them to make financially astute decisions that can increase their livelihoods and improve their quality of life;
- To channel our philanthropic contributions to organisations and initiatives that seek to uplift the lives of communities by providing social support; and
- To facilitate sustainable national development and growth, by providing knowledge sharing platforms that promote innovation, synergistic collaborations and sustainable development.

The Pillars of PNB CSR



HOW WE MANAGE OUR CSR PROGRAMMES

Our CSR programmes are managed by PNB's internal departments and ASNB, collectively tasked with delivering on the impacts we seek to achieve as nation-building partners. Wherever possible, we engage in collaborative partnerships with Government entities and agencies, as well as industry players, to leverage on synergies that create greater value for society at large. As an investment holding company, we encourage the involvement of our strategic companies in sharing meaningful solutions that address socio-economic challenges at various events and activities.

For PNB, our CSR initiatives are a critical engagement platform to connect with our ecosystem of stakeholders, which includes our unit holders, communities, the Government, businesses and non-governmental organisations. As the front liners of our CSR programmes, our diverse base of employees are empowered to give back to society through effective contributions that seek to bring about positive change.

OUR FUTURE FOCUS ON SUSTAINABILITY

Sustainability is of paramount importance, and critical for continuing positive evolution of society and the planet. Thus, we aim to embed our sustainability agenda throughout our operations, in our quest to engender a better future for all Malaysians.

We will be developing our Framework on Sustainability, and are looking into how we can align our strategic thinking with our sustainability aspirations. We believe our new approach will inspire greater trust and confidence in PNB and what we stand for. In the longer term, our aspiration is for the PNB brand to be synonymous with sustainable development and sustainable investment practices, and to lead by example in these fields.

CORPORATE SOCIAL
RESPONSIBILITY REPORT

Pillar

01

Education

Within the sphere of education, our primary motivation is to contribute to the sustainable development of human capital in the nation. By providing scholarships, we are channelling our financial capacities to provide opportunities for deserving students in our country to attain their educational goals and life ambitions.

Underlying our efforts is our desire to build a stable pipeline of future leaders, for both PNB and the nation. Bearing in mind the current scarcity of talent with the right skills and capabilities, our investment in the younger generation's educational development effects a sustainable approach to human capital development in the longer term.

Our scholars begin their career at PNB upon graduation, to contribute towards our equitable and inclusive wealth creation efforts. By identifying students' intellectual and academic capabilities at a young age, we are in a position to groom them, and inculcate our positive values and organisational culture within them.

Total sponsorship
since inceptionTotal
sponsorship
RM239
millionStudents since
inception**4,450**Active
students**1,817**

We have witnessed our scholars advance in their career path at PNB, to become senior employees playing a crucial role in driving our value creation efforts. For scholars who choose to pursue their careers with other organisations, we believe they will make meaningful contributions in the work areas they have chosen and we are contented to have played a role in honing their potential.

Moving forward into 2020, we plan to expand our education sponsorship into Technical and Vocational Education Training (TVET). TVET is one of the key areas the Government has focused on to drive national economic growth under the 11th Malaysia Plan (11MP) 2016-2020. Under the 11MP, approximately 60% of jobs created are expected to require technical and vocational skills.

In the longer term, unqualified manual labourers who obtain TVET training and certification will be able to upskill themselves and increase their income levels, thus expanding the nation's skilled human capital base.

CORPORATE SOCIAL RESPONSIBILITY REPORT



PNB GLOBAL SCHOLARSHIP AWARD AND THE YAYASAN TUN ISMAIL (YTI) PREMIER SCHOLARSHIP AWARD

Since inception for more than 20 years, the PNB Global Scholarship Award and the Yayasan Tun Ismail Premier Scholarship Award are considered among the most prestigious scholarships available in Malaysia. These scholarship awards provide students who have demonstrated excellent academic performance in the Sijil Pelajaran Malaysia (SPM) the opportunity to pursue their tertiary education at top universities abroad. As at end 2019, a total of 398 scholarships have been awarded since the scholarship programme began to outstanding students for them to advance their studies to some of the best universities around the world in selected academic fields. Effective 2018, we allow students to undertake all courses related to PNB core business except Medicine, Dentistry, Pharmacy, Music, Fashion and Theology.

398

Students since inception of the scholarship programme

Selected Courses

- Accounting
- Finance
- Law
- Mathematics
- Actuarial Science
- Engineering

Top Global Universities under PNB's Approved List



United Kingdom



Imperial College London



THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE



United States of America



Stanford University



Australia



CORPORATE SOCIAL RESPONSIBILITY REPORT

PNB CHARTERED ACCOUNTANT INITIATIVE (PCA)

Malaysia's transition towards becoming a developed nation is being fuelled by the rapid growth of various industries and sectors, with businesses at the crux of economic growth and expansion activities. Bearing in mind the central role that accountants play in the financial sustainability of an organisation, we have seen demand for qualified accountants grow exponentially over the past few years.

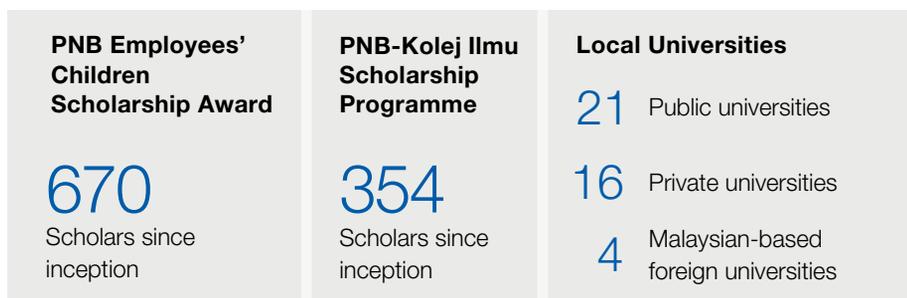
Current projections estimate a demand of 60,000 accountants by 2020. However, presently, there are only 36,798 accountants registered with the Malaysian Institute of Accountants. Additionally, there is a need to ensure an equitable diversity of accountants in the country, one that reflects Malaysia's diversity by promoting greater Bumiputera participation.

Since October 2016, PNB through our Chartered Accountant Initiative (PCA) has been collaborating with Yayasan Peneraju Pendidikan Bumiputera (YPPB), INTEC Education College and Ernst & Young Malaysia to produce more qualified Bumiputera chartered accountants by 2022. PCA provides students with scholarships to pursue their accounting studies at INTEC Education College, Sunway TES Centre for Accountancy and SENTRAL College Penang.



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

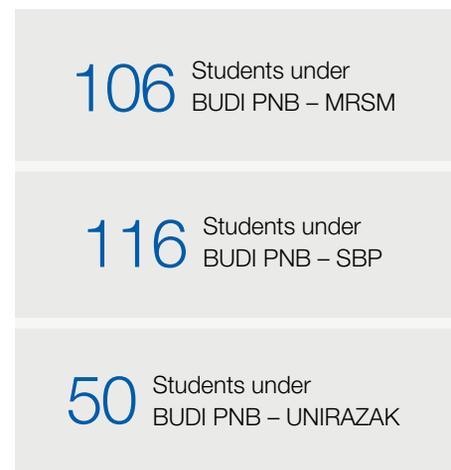
Since 1998, PNB has been offering scholarships to our employees' children to pursue foundation level studies, and diploma or bachelor's degree programmes at local public universities and selected private universities in Malaysia. As a caring employer, our aim is to support our employees with their personal family aspirations. Each staff member is entitled to two scholarships for their children. Additionally, since 2005, we have been offering financial and educational support to past students of Kolej Ilmu PNB to further their studies in selected universities. These students primarily come from underprivileged families living in Kelantan, Terengganu, Pahang, Selangor and Negeri Sembilan. To date, a total of 1,024 scholars have been sponsored through these two programmes.



BANTUAN UNTUK PENDIDIKAN (BUDI)

In 2019, PNB embarked on a new education grant programme, Bantuan Untuk Pendidikan (BUDI), aimed at the B40 (Bottom 40%) income group. This initiative is closely aligned with the Government's initiatives to assist the B40 group and reduce income disparities. Through this programme, we are funding the education of Asnaf students from lower income families, to pursue their secondary education at top-tier or fully residential schools (SBP) under the Ministry of Education Malaysia (MOE) and Maktab Rendah Sains MARA (MRSM or MARA Junior Science College) throughout the country.

Students at fully residential schools are channelled through the BUDI PNB-SBP KPM programme, while those at MRSM are channelled through the BUDI PNB-MRSM programme. These two programme tracks are available for Form One students, who are subject to eligibility criteria set by PNB. A third programme track is available for students pursuing Bachelor's Degree in Accounting with Certified Practising Accountant (CPA) at Universiti Tun Abdul Razak (UNIRAZAK), whom are also subject to criteria set by PNB.



Pillar

02

Financial Literacy

Financial literacy skills are among the basic building blocks people require to make sound investment decisions in the hope of building a better life for themselves and their families. For the majority of people, financial literacy is an area they struggle with, as it requires specific knowledge and skills they may not have access to.

Bearing in mind the Government's Shared Prosperity Vision 2030 which aims to create an equitable wealth distribution ecosystem, PNB is singularly committed to disseminating our knowledge as the country's premier investment institution to Malaysians from all lifecycles. Since introducing our inaugural flagship product, the Amanah Saham Nasional in 1981, PNB has grown in strength and stature to become an investment house with a stable of 14 unit trust funds. As the customer facing entity, our unit trust management company ASNB has been tasked with implementing our financial literacy initiatives.

For the past 39 years, ASNB has been at the forefront of educating our target communities on unit trusts, focusing their efforts on developing a more financially savvy society. ASNB's efforts have fostered greater awareness on how prudent investment decisions provide greater potential returns compared to savings accounts, especially if these returns are allowed to compound over time into a higher rate of return.

Throughout 2019, we have maintained our structured financial education programmes to reach out to members of the public of all ages from all walks of life. Our financial literacy programmes comprise Minggu Saham Amanah Malaysia, Seminar Pelaburan 360 Hari, Kuiz Pelaburan PNB and Kelab Pelaburan Bijak PNB.



Our efforts in this sphere are also borne through our national-level contributions. PNB is an active member of the Financial Education Network (FEN), an inter-agency platform comprising institutions and agencies committed to improving the financial literacy of Malaysians. In 2019, PNB became one of the founding members of FEN's National Strategy of Financial Literacy 2019-2023 which aims to elevate the financial well-being of all Malaysians.

Among the facets of the digital age we live in, is the rapid evolution of digital financial products and services. Financial technology (FinTech) holds great potential in expanding underserved communities' access to the financial wealth creation system. In Malaysia, Bank Negara Malaysia has been at the forefront of driving financial inclusion policies to bring about the sustainable development of a financial system that is inclusive by nature. In the longer term, the provision of suitable, affordable and quality financial services to all segments of society will contribute towards sustainable socio-economic growth and development.

In line with national commitments to financial inclusion, PNB will be expanding and evolving our financial literacy initiatives to include programmes that enhance our communities' digital financial literacy aptitudes. We will be engaging in greater collaborations with other FEN members to contribute towards sustainable digital financial empowerment of communities, in tandem with the rapid digitalisation of society.

CORPORATE SOCIAL RESPONSIBILITY REPORT



KUIZ PELABURAN PNB

Introduced in 2001, Kuiz Pelaburan PNB (PNB Investment Quiz) is a yearly competition held nationwide, testing participants on key investment and financial planning concepts through edutainment approach. Participation is open to four main categories namely Public – open to all Malaysians aged 18 years and above; Secondary School – students from Form One up to Form Five; Higher Learning Institutions - tertiary level students; and Uniformed Bodies – members of uniformed services.

The year under review attracted the participation of 29,007 secondary school students, 336 university students and teacher training institute trainees, 17,729 uniformed personnel and 32,000 public participants.

79,072
participants in 2019

590,366
participants since inception

MINGGU SAHAM AMANAH MALAYSIA

Launched in 2000, Minggu Saham Amanah Malaysia (MSAM or Malaysia Unit Trust Week) has been PNB’s annual financial literacy event, reaching out to people in different states on a rotational basis. Each year, PNB has set up an exhibition with events featuring engaging and interactive financial-based programmes and activities that cater to all stages of an individual’s lifecycle. We have rotated throughout all states in the country and as at end 2019 have held 20 MSAM since its inception.

In 2019, MSAM was held in Sungai Petani, Kedah, from 19 April till 25 April. As per tradition, we brought on board our strategic companies to showcase the strength of their businesses to the public. This has gone a long way towards inspiring the trust and confidence of our unit holders, who essentially have invested in these companies with their unit trust instruments. The multiple platforms and activities at the event allowed people to explore and understand their investment journey, and enhance their awareness of the correlation between risks and returns.

MSAM 2019,
Sungai Petani
163,000
visitors

3.9
million
visitors since
inception

Investee companies
involved – approximately
50 companies,
organisations and
agencies

KELAB PELABURAN BIJAK PNB

In line with our aim to nurture financial savviness from a young age, Kelab Pelaburan Bijak PNB (PNB Smart Investment Club) initiated since 2000 is one of our financial literacy programmes, targeted at secondary school students. In order to reach out to more students, the club expanded its social media presence through a Facebook account. As at end 2019, 155 secondary schools administer these clubs as part of their school programme.

113,266
participants in 2019

1,065,271
participants since
inception



SEMINAR PELABURAN 360 HARI

Seminar Pelaburan 360 Hari (360-Day Investment Seminar) is conducted by certified financial planners from ASNB who educate the public on various aspects of financial planning that can help them elevate their financial position. The seminar teaches financial planning skills by providing investment tips for the public to deepen their understanding on the prevalent investment landscape. The financial planning seminar is available for all age groups, from those as young as six months of age through their parents or guardians, to those who have retired.

373
seminars held in 2019

7,520
seminars since inception

29,929
participants in 2019

712,257
participants since inception

Pillar

03

Community Upliftment



Our philanthropic contributions are focused on providing financial support to organisations that provide services that contribute to the upliftment of communities. As a key part of our nation building efforts, we seek to create positive social impacts that complement our education and financial literacy initiatives with the hope to holistically transform communities by inspiring and empowering them. Our efforts in 2019 focused on the areas of community development, religious activities, education, arts and culture.



CORPORATE SOCIAL RESPONSIBILITY REPORT

COMMUNITY DEVELOPMENT

Medical and Healthcare

Our efforts within this sphere support the Government's aspiration of providing universal access to quality healthcare for all Malaysians. We channel our funding towards medical and healthcare programmes that focus on preventing, eradicating and treating the most critical diseases among Malaysians.

Bearing in mind the increasing healthcare costs, a sizeable portion of the lower and middle income population find it difficult to access private healthcare. This is causing greater pressure on the public healthcare system, as larger segments of the population seek to access affordable quality healthcare. We hope to alleviate this burden through our philanthropic contributions.

Moving into 2020, the Board of Directors have approved our plan of channelling our medical equipment contributions towards the areas of ophthalmology (eye), cardiology (heart) and nephrology (kidney) diseases. We have set aside RM14 million to fund 23 government hospitals and the Institute of Medical Research Malaysia (IMR) work into the causes, treatment and prevention of diseases in the country.

Amongst key activities conducted in 2019:



- **Unit Hemodialisis, Hospital Sultan Abdul Halim, Sungai Petani, Kedah**

In conjunction with MSAM held in Sungai Petani, Kedah on 24 April 2019, PNB donated RM1 million to Unit Hemodialisis in Hospital Sultan Abdul Halim for the upgrading of its facilities and the purchase of new equipment.

- **Unit Hemodialisis Mentakab, Hospital Sultan Haji Ahmad Shah, Temerloh, Pahang**

On 11 July 2019, PNB contributed RM700,000 to Hospital Sultan Haji Ahmad Shah during the launch of its new Unit Hemodialisis Mentakab. This was in conjunction with the 2016 MSAM event in Temerloh, Pahang.



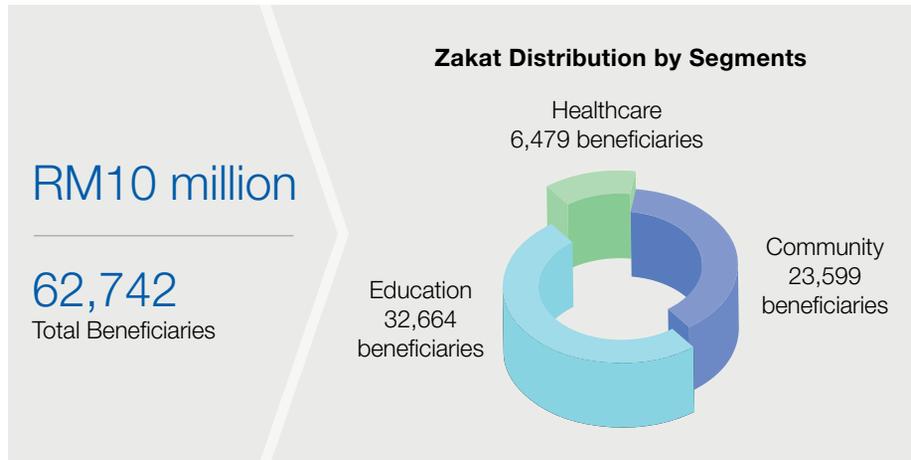
- **Gastroenterology and Hepatology Unit, UiTM Medical Specialist Centre, Sungai Buloh, Selangor**

On 10 July 2019, at the soft launch of the Gastroenterology and Hepatology Unit of UiTM Medical Specialist Centre, PNB donated RM3 million worth of medical equipment to support colorectal cancer screening awareness initiative for Malaysians in obtaining proper colorectal cancer screening.

CORPORATE SOCIAL RESPONSIBILITY REPORT

PNB Zakat CSR Distribution Programme

Through PNB's continued commitment to improve the lives of the Asnaf community through our Zakat distribution, a total of RM10 million was distributed towards this end to 62,742 beneficiaries in education, community and healthcare activities.



Other Initiatives

Our philanthropic efforts in the area of community development also centre on social interventions that fulfil the needs of the communities in overcoming the challenges and difficulties in their lives.

- The National Autism Society of Malaysia (NASOM)**

Although there is no official registry on the number of people with autism in Malaysia, there is a growing trend of more children being diagnosed with the disability each year. The National Autism Society of Malaysia (NASOM) has estimated that between 8,000 and 9,000 children born each year in Malaysia may have autism. The World Health Organisation estimates that 1 in 160 children have autism spectrum disorder (ASD), with its prevalence increasing globally.

NASOM was set up to provide lifespan services to people with autism through various results oriented services and programmes that emphasise the acquisition of skills and changes in behaviour. In 2019, PNB funded the implementation of the NASOM Autism Intervention Programme in Kota Kinabalu, Sabah. Conducted in collaboration with Agensi Inovasi Malaysia (AIM), the programme offers affordable services to children from low-income families who are below 14 years of age, and diagnosed with ASD.

- Dataran Tsunami, Kota Kuala Muda, Kedah**

In conjunction with MSAM 2019 held in Sungai Petani, Kedah, PNB contributed towards the construction of the Dataran Tsunami landmark, as well as other nearby facilities such as a surau and a gallery. Located in the Kota Kuala Muda district, Dataran Tsunami was built in memory of the tsunami tragedy that occurred on 26 December 2004, which claimed many lives and destroyed many buildings and homes.

CORPORATE SOCIAL RESPONSIBILITY REPORT

Pillar

04

Knowledge Sharing Initiatives

Through our knowledge sharing initiatives, we seek to contribute towards finding actionable and collaborative solutions that address pressing national issues. Our knowledge sharing platforms are designed to encourage cross-sectoral discussions and deliberations among thought leaders from various fields of expertise.

YAYASAN TUN ISMAIL MOHAMED ALI

Established on 10 October 1999, Yayasan Tun Ismail Mohamed Ali (YTI) was set up to commemorate Tun Ismail Mohamed Ali's contributions as the first Chairman of PNB, and to the nation as a whole. The foundation undertakes various programmes and activities in line with its mission including:

- Providing scholarships to outstanding students who have a placement in prestigious universities abroad;
- Funding four Professorial Chairs in Tun Ismail Mohamed Ali's name at Universiti Kebangsaan Malaysia (UKM), Universiti Malaya (UM), Universiti Sains Islam Malaysia (USIM) and Universiti Tun Abdul Razak (UNIRAZAK);
- Organising Public Lectures as part of its knowledge sharing initiative with civil society; and
- Awarding grants to fund academic research from time to time, as approved by the Board of Trustees.



In 2019, as part of its continuous efforts to inculcate the values Tun Ismail Mohamed Ali stood for within Corporate Malaysia, the foundation conducted the YTI Memorial Lecture 2019 entitled "The Diverse Facets of Leadership". Held on 18 November 2019 at the Grand Hyatt, Kuala Lumpur, the event was jointly organised by PNB Research Institute and YTI.

The YTI Memorial Lecture 2019 featured interactive sessions where speakers shared exemplary real life examples of resilience in action, to recognise the importance of promoting foresight as a central pillar of modern leadership. Two thought-provoking lectures were presented by Professor Dr. Nicholas H. Barker and Professor Catarina Tully, YTI Professorial Chairholders in Leadership at UNIRAZAK.

YTI Activities since Inception and 2019 Activities at a Glance

YTI PROFESSORIAL CHAIR PROGRAMME

Since Inception

13 Chairholders
At 4 Local Universities in Malaysia

2019

3 Chairholders
At 3 Local Universities in Malaysia

Universiti Sains Islam Malaysia (Islamic Finance & Banking)

 Datuk Dr. Mohd. Daud Bakar

Universiti Kebangsaan Malaysia (Finance & Investment)

 Prof. Robert William Faff

Universiti Tun Abdul Razak (Leadership)

 Prof. Catarina Tully

Universiti Malaya (Corporate Law, Securities & Finance) – Since 2000

 Prof. Dr. John H. Farrar (2007)

 Prof. Tuan Razeen Sappideen (2011-2013)
2 terms

Universiti Kebangsaan Malaysia (Finance & Investment) – Since 2000

 Prof. Dr. Abdul Mansur Mohammed Masih (2004)

 Prof. Dr. Erik S. Reinert (2013)

 Prof. Robert William Faff (2019-2020)

 Prof. Dr. S. Ghon Rhee (2005)

 Prof. Dr. Ben Jacobson (2015)

Universiti Sains Islam Malaysia (Islamic Finance & Banking) – Since 2012

 Dr. Zamir Iqbal (2012-2013)

 Datuk Dr. Mohd. Daud Bakar (2016-2019)
2 terms

 Prof. Dr. Mohamed Obaidullah (2014-2015)

Universiti Tun Abdul Razak (Leadership) – Since 2012

 Prof. Dr. Erik van de Loo (2012-2014)
2 terms

 Prof. Catarina Tully (2018-2019)

 Prof. Dr. Nicholas H. Barker (2015-2017)
2 terms

KNOWLEDGE & EXPERTISE

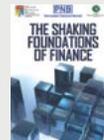
Since Inception

11 Books Published by the YTI Chairholders

 (Lecture Booklet) Board Leadership and Integrity (2013) – Prof. Dr. Erik van de Loo (UNIRAZAK)

 Managing Philanthropy for Social Security and Economic Empowerment (2015) – Prof. Dr. Mohamed Obaidullah (USIM)

 Extending the Boundaries of Islamic Finance (2018) – Datuk Dr. Mohd. Daud Bakar (USIM)

 The Shaking Foundations of Finance (2015) – Prof. Dr. Ben Jacobson (UKM)

 Corporate Governance and Boards (2015) – Prof. Dr. Erik van de Loo (UNIRAZAK)

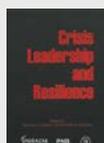
 Critical Readings in Islamic Social Finance (2016) – Prof. Dr. Mohamed Obaidullah & Dr. Nurul Aini Muhamed (USIM)

 Mainstreaming Islamic Finance: Unveiling Critical Success & Failure Factors: An Insider and Global Perspective (2018) – Datuk Dr. Mohd. Daud Bakar (USIM)

 (Lecture Booklet) Critical Success and Failure Factors in the Islamic Financial Industry in the 21st Century (2017) – Datuk Dr. Mohd. Daud Bakar (USIM)

2019

3 Books Published by the YTI Chairholders

 Crisis Leadership & Resilience (2019) – Prof. Dr. Nicholas H. Barker (UNIRAZAK)

 Entrepreneurial Leaders: Shaping the Malaysian Entrepreneurship Ecosystem (2019) – Prof. Dr. Nicholas H. Barker (UNIRAZAK)

 Rethinking Higher Education in Malaysia – Strategic Foresight (2019) – Prof. Catarina Tully (UNIRAZAK)

CORPORATE SOCIAL RESPONSIBILITY REPORT

PNB LEADERSHIP FORUM

Each year, PNB Research Institute organises the PNB Leadership Forum series to facilitate robust, in-depth discussion and debate on topics that are highly relevant to stakeholders of Corporate Malaysia.

In 2019, the following two forums were held:

PNB Leadership Forum I

Date: 5 March 2019

Venue: Hilton Kuala Lumpur

Key Highlights:

- PNB Group Chairman Tan Sri Dr. Zeti Aziz presented her keynote address entitled “Organisational Transformation” at the forum. Among the 10 elements prescribed for transforming organisations were Strategic Focus, Knowledge-Based, Performance-Driven and the need for a company to move from task-based to an outcome-oriented approach.
- Professor Nabil N. El-Hage of Iclif Leadership and Governance Centre (currently known as ICLIF Executive Education Centre of Asia School of Business), who has also served as Professor of Management Practice at Harvard Business School, presented his paper entitled “From Governance to Performance.” The discussion focused on the importance of good corporate practice. The commitment to ensure good governance is not only limited to shareholders, management or financiers, but extends to all stakeholders including the government, suppliers, consumers and the public at large.



PNB Leadership Forum II

Date: 25 June 2019

Venue: Grand Hyatt Kuala Lumpur



Key Highlights:

- Based on the theme “Positive Autocracy – A Leadership Model for Industry 4.0”, the speaker Mr. Rajeev Peshawaria, CEO and Executive Director of ICLIF, propagated the leadership concept of positive autocracy. This refers to a top-down leadership style driven by the relentless pursuit of a value-based purpose. Autocratic leadership is helpful in situations where a business faces constant change or crisis, but remains committed to the right values and pursues a courtesy purpose. Compared to other leadership styles, autocratic leadership enables swift reactions to situations as the result of a more streamlined organisational structure allowing for quick decision-making, that other leadership styles may lack.

CORPORATE SOCIAL
RESPONSIBILITY REPORT**INAUGURAL PNB CORPORATE SUMMIT**

Held on 30 October 2019 at the Mandarin Oriental, Kuala Lumpur, the inaugural PNB Corporate Summit was organised by PNB Research Institute with the theme “Rebooting Corporate Malaysia”. The objective of the summit was to create a platform for Corporate Malaysia to meet and exchange perspectives and opinions on evolving market dynamics and the impact on Malaysian businesses, whilst at the same time exploring potential opportunities and innovations to fuel the growth of the national economy.

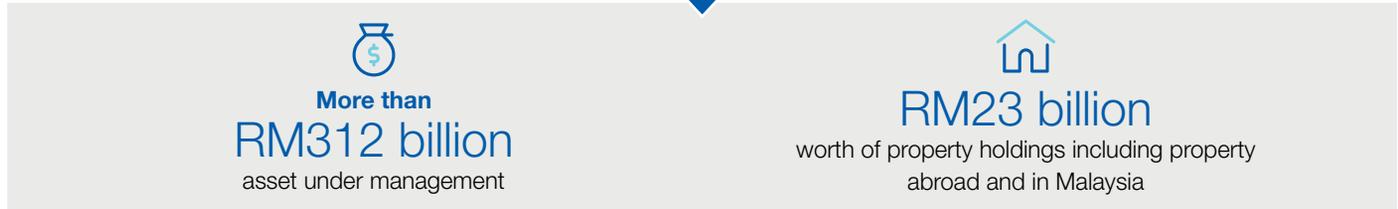
In his special address officiating the opening ceremony, the then Prime Minister of Malaysia YAB Tun Dr. Mahathir Mohamad emphasised Corporate Malaysia’s role as a market changer and economic driver for the nation. PNB Group Chairman Tan Sri Dr. Zeti Aziz’s welcoming speech highlighted the need to surface important issues relevant to Corporate Malaysia, particularly those relating to modernisation and transformation of the corporate sector within a dramatically changing economic and financial landscape that are increasingly affected by geopolitical and social developments, rapid technological advancements and climate change implications.

Thought leaders from diverse fields of expertise also shared their views to inspire Corporate Malaysia to embark on a transformative journey to drive the nation’s sustainable growth and prosperity by leveraging on the technologies of the Fourth Industrial Revolution (IR 4.0) and the burgeoning digital economy.

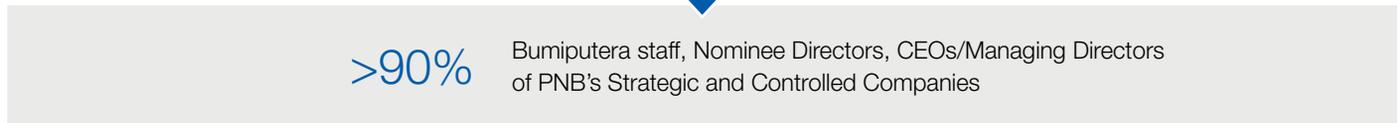
UPLIFTING THE BUMIPUTERA COMMUNITY

PNB's commitment to uplift the Bumiputera community is based on our mandate to holistically enhance the lives of the Bumiputeras. In order to broaden and enhance Bumiputera involvement in Corporate Malaysia, we are driving financial wealth creation initiatives that address income disparities, provide educational opportunities, nurture human capital development and encourage entrepreneurship. Our work in these areas form the crux of our nation building efforts towards realising the national vision of empowering the Bumiputeras.

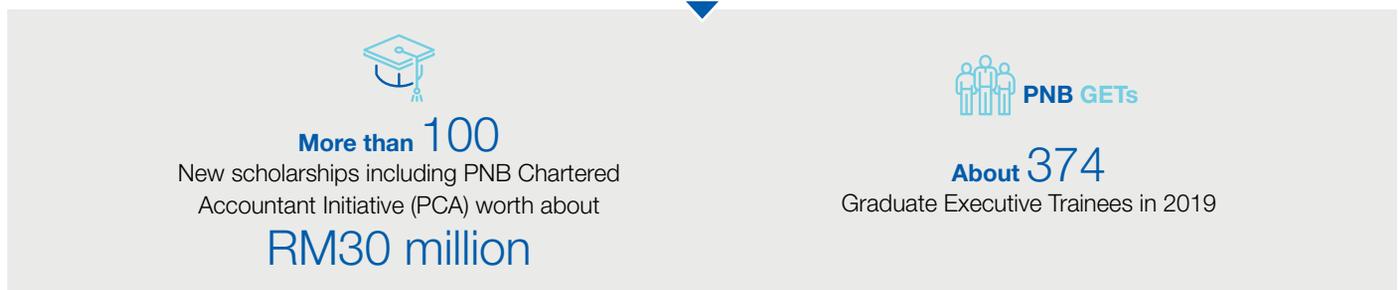
WEALTH



HUMAN CAPITAL



EDUCATION & HUMAN CAPITAL DEVELOPMENT



FINANCIAL LITERACY



ENTREPRENEURSHIP



UPLIFTING THE BUMIPUTERA COMMUNITY

DRIVING SUSTAINABLE BUMIPUTERA DEVELOPMENT TO ACHIEVE EQUITABLE OUTCOMES

As the 11th Malaysia Plan (11MP) reaches the end of its roadmap in 2020, the Government has embarked on the preparation of the 12th Malaysia Plan 2021-2025 (12MP) to formulate a clear strategic direction and framework in line with priorities identified to engender inclusive and meaningful national development. The 12MP will employ a holistic approach of identifying elements of Economic Empowerment, Environmental Sustainability and Social Re-engineering that are critical to bring about the national Shared Prosperity Vision 2030.

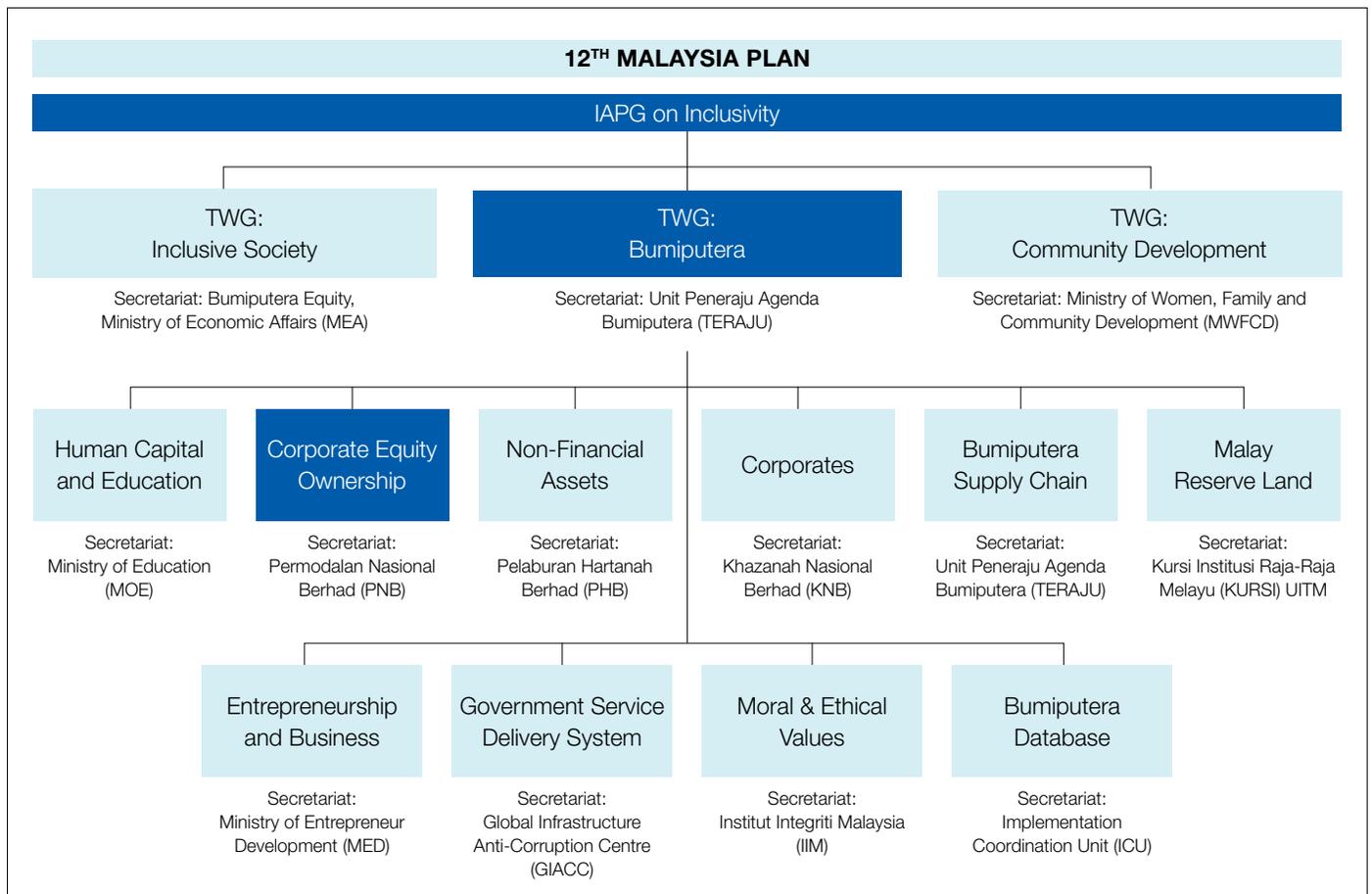
The groundwork for the 12MP was set in 2019, with the formation of 13 Inter-Agency Planning Groups (IAPGs) to evaluate the performance of policies, strategies and programmes implemented under the 11MP, and to develop the approach towards achieving the 12MP targets. The IAPGs have been further cascaded down to 46 Technical Working Groups (TWGs) and 180 Focus Groups (FGs), that were formed to collaboratively chart the roadmap forward.

PNB has been appointed by the Government to lead the FG for Bumiputera Corporate Equity Ownership. The 20-member FG comprises representatives from various stakeholders including Government-Linked Investment Companies (GLICs), Government agencies, development institutions, academic institutions, industry associations and individuals. Through PNB Research Institute, we organised three meetings with the FG members during the year to discuss the achievements of the 11MP, as well as to identify issues, gaps and challenges that will help the group formulate strictly focused strategies for the successful outcome of the 12MP.

The meetings conducted in 2019 were as follows:

- Kick-off Meeting on 23 July 2019
- Core Group Discussion on 29 July 2019
- Brainstorming Session on 31 July 2019

PNB is also a member of other FGs, and we have participated in a number of them such as FG Corporates, FG Non-Financial Assets and FG Bumiputera Database. We look forward to playing our role in sharing our organisational expertise and skills to bring about a better future for the nation.



CORPORATE GOVERNANCE

- 102 Statement on Corporate Governance
- 112 Statement on Risk Management and Internal Control
- 121 Statement on Corporate Compliance and Integrity
- 125 Audit Committee Report
- 128 Shariah Advisory Committee Report



PN
Permodalan N

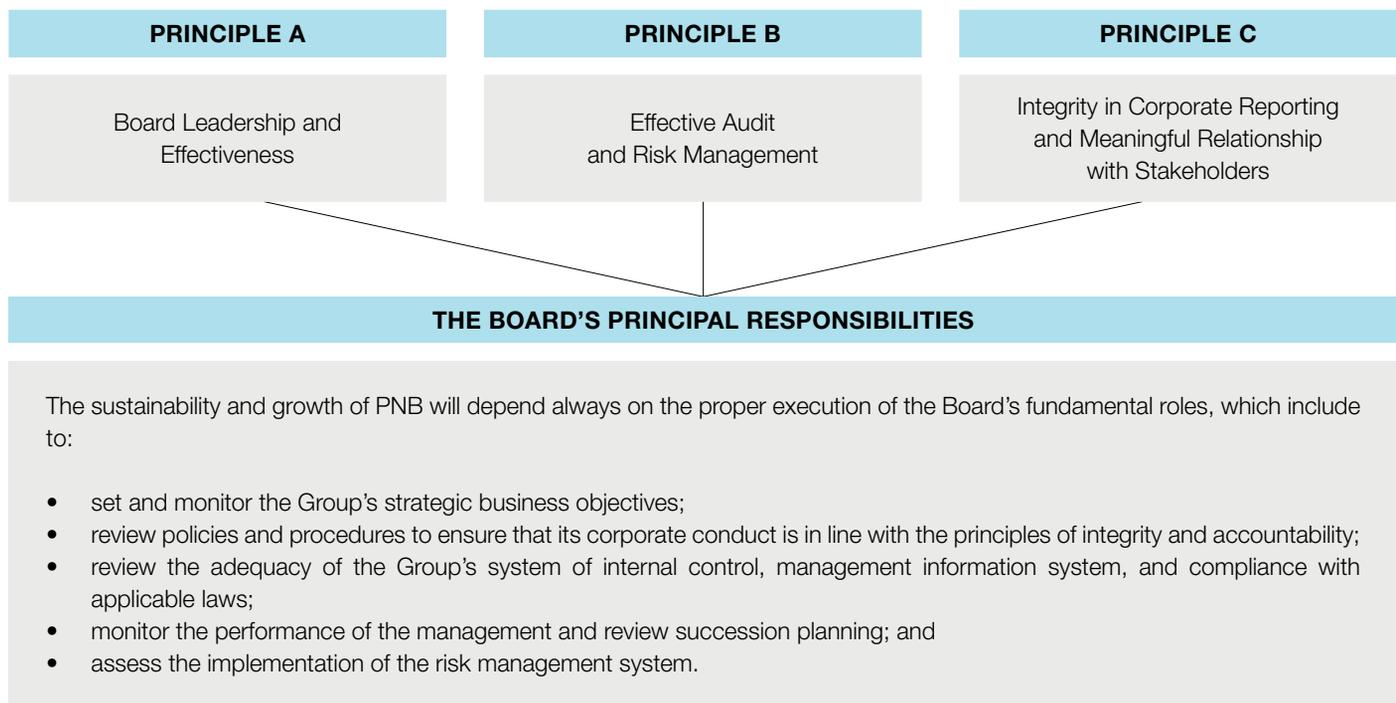
NB
Professional Services



STATEMENT ON CORPORATE GOVERNANCE

INTRODUCTION

PNB believes that a culture of transparency, accountability, and integrity is paramount to 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 standard of Corporate Governance through the effective formulation and application of its internal policies and processes. With that in mind, although PNB is not a public listed company, PNB nonetheless endeavours to achieve the intended outcomes of the three key principles of good corporate governance which form the foundation of the Malaysian Code on Corporate Governance (the Code):



Additionally, the Board takes cognisance of the enforcement of Section 17A of the Malaysian Anti-Corruption Act 2009 (MACC Act) which will come into force on 1 June 2020. PNB, being one of the largest fund management companies, is at the forefront in ensuring that all the adequate procedures in corruption prevention are also in place.

Various initiatives have been undertaken in creating awareness on this new provision by organising talks and seminars by the local and international speakers to the Board, Senior Management and staff members. PNB has also established the Whistleblowing Policy, and the Integrity Charter and Framework. As part of its continuous efforts in ensuring full compliance with this provision under the MACC Act, PNB is strengthening its policies and procedures amongst others involving Anti-Bribery Management System, Corruption Risk Management and Code of Business Ethics.

STATEMENT ON CORPORATE GOVERNANCE

INTEGRITY CHARTER AND FRAMEWORK OF THE PNB GROUP

A Leadership Engagement

- Board & Senior Management fully committed to ensure corruption risks are managed effectively
- Management at all levels engaged in developing integrity culture
- Adequate resources are allocated for integrity awareness programme

B Integrity Culture

- Promote a strong culture of integrity within the PNB Group
- Encourage integrity behaviour
- Zero tolerance policy on corruption

C Training & Communication

- Identify and address integrity competency and training needs for the PNB Group
- Communicate and reinforce integrity knowledge to staff members

5 Integrity Governance

- Proactively assess critical corruption risks and obligations relating to integrity
- Advise on the risk impact of corrupt practices and the necessary actions to be taken to mitigate them

4 Integrity Reporting

- Ensure the necessary reporting are submitted accurately and on-time
- Ensure appropriate corrective actions are taken to resolve non-compliance issues in a timely manner

1 Corruption Risk Assessment

- Proactively assess corruption risk and integrity-related obligations
- Continuously reassess level of corruption risk based on:
 - New or changed activities, product or services
 - New or revised obligations
 - Findings from audit reviews done internally or by regulators

2 Corruption Risk Management

- Establish and ensure effective policies, processes and internal controls are in place to mitigate corruption risk
- Communicate policies and procedures to staff members

3 Corruption Risk Monitoring

- Oversee and ensure controls are operating effectively
- Regularly assess effectiveness of integrity programme and determine areas for improvement where necessary



BOARD OF DIRECTORS

A healthy Board culture which promotes and upholds good governance practices will ensure that our stakeholders' interests and the mandate from Government are protected. It is important for the Board of Directors (Board) to have a clear understanding of their roles and responsibilities. The Board is led by the Chairman of the Board and is supported by the President and Group Chief Executive (PGCE) together with other Board members with a wide range of expertise. The Chairman of the Board is responsible for instilling good governance practices, leadership and effectiveness of the Board. The respective responsibilities of the Chairman and PGCE, as well as the Board, its Committees and management, are clearly demarcated in the Board Charter.

BOARD COMPOSITION

Currently, the Board consists of eight (8) members, comprising one (1) Non-Independent Director, one (1) Non-independent Executive Director, and six (6) Independent Non-Executive Directors. The current Board composition provides adequate mix of knowledge, skills and expertise, and the strong presence of a majority of Independent Non-Executive Directors provides effective checks and balances in the decision making of the Board. The Board members are able to carry out their duties and provide an unfettered and unbiased independent judgement to promote good corporate governance.

STATEMENT ON CORPORATE GOVERNANCE

APPOINTMENT OF DIRECTORS

The Nomination and Remuneration Committee (NRC) is responsible for the nomination of candidates for directorships. 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. Potential candidates are selected from diversified backgrounds 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 effective contribution to the Board's deliberation.

BOARD COMMITTEES

The Board has established several committees to assist it in discharging its oversight function and to ensure appropriate checks and balances in place when dealing with specific functions or areas. There are nine (9) committees under the purview of the Board, as follows:

1.	Nomination & Remuneration Committee;
2.	Investment Committee;
3.	Audit Committee;
4.	Risk Management Committee;
5.	Compliance Committee;
6.	Tender Committee;
7.	Property Investment Committee;
8.	Appeal Committee; and
9.	Shariah Advisory Committee.

These committees have separate and defined written terms of reference, detailing the scope of their authority and responsibilities, which have been approved by the Board. The Chairman of each committee reports on the items discussed and actions taken at their meetings to the Board following each meeting. Each committee reviews 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. Notwithstanding the above, the ultimate responsibility for decision making still lies with the Board.

BOARD OF DIRECTORS MEETINGS

In order to discharge their responsibilities effectively, the Board convenes meetings on a quarterly basis. Additional special meetings are 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. For any matters requiring urgent Board decision and approvals during the intervals between Board meetings, circular resolutions are submitted to the Directors together with all relevant information and explanation required for an informed decision to be made.

CONDUCT OF MEETINGS

At each meeting, the Chairman of the Board and the respective Board Committees brief and outline the agendas for the meetings. The Board members deliberate upon and in the process, access the viability of corporate proposals and the principal risks that may have a significant impact on PNB's business or on its financial position, as well as the mitigating factors.

DISTRIBUTION OF MEETING MATERIALS

Presently, the Board meetings are conducted on a paperless basis with the use of the BoardPac System. The 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 enables 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 INFORMATION AND ADVICE

The Board and its Committees have unrestricted access to the advice and services of 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.

CONFLICT OF INTEREST

The Board and its Committees have no conflict of interest with PNB and have not been convicted for any offences other than traffic offences within the past 10 years.

GROUP COMPANY SECRETARY

The Group Company Secretary is suitably qualified and competent to support the Board in providing sound governance advice, ensuring adherence to rules and procedures and advocating adoption of corporate governance best practices.

STATEMENT ON
CORPORATE GOVERNANCE**BOARD ATTENDANCE**

Particulars of the Board Meetings held in FY2019 are set forth below:

Date	Total Board Members	Attendance by Board Members
16 January 2019	8	7/8
7 March 2019	8	7/8
18 March 2019	8	7/8
24 May 2019	8	8/8
5 July 2019	8	7/8
31 July 2019	8	7/8
27 August 2019	8	8/8
27 September 2019	8	7/8
25 November 2019	8	7/8
4 December 2019	8	7/8

DETAILS OF ATTENDANCE

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

Members of the Board	Status	Attendance
Tan Sri Dr. Zeti Akhtar binti Aziz	Group Chairman/Non-Independent Non-Executive	10/10
Dato' Abdul Rahman bin Ahmad <i>(Resigned with effect from 1 October 2019)</i>	President & Group Chief Executive/ Non-Independent Executive	8/8
Encik Abdul Jalil bin Abdul Rasheed <i>(Appointed with effect from 1 October 2019)</i>	President & Group Chief Executive/ Non-Independent Executive	2/2
Tan Sri Ahmad Badri bin Mohd. Zahir	Independent Non-Executive	7/10
Tan Sri Datuk Zainun binti Ali	Independent Non-Executive	9/10
Datuk Dr. Mohd. Yaakub bin Haji Johari	Independent Non-Executive	8/10
Datu Haji Soedirman bin Haji Aini	Independent Non-Executive	10/10
Dato Dr. Nik Ramlah binti Nik Mahmood	Independent Non-Executive	9/10
Dato' Johan bin Ariffin	Independent Non-Executive	10/10

Note: Upon completion of his three year contract as PGCE on 30 September 2019, Dato' Abdul Rahman resigned from the Board on 1 October 2019 and effective thereon the composition of the Board is as follows:

Members of the Board	Status
Tan Sri Dr. Zeti Akhtar binti Aziz	Group Chairman/Non-Independent Non-Executive
Encik Abdul Jalil bin Abdul Rasheed	President & Group Chief Executive/Non-Independent Executive
Tan Sri Ahmad Badri bin Mohd. Zahir	Independent Non-Executive
Tan Sri Datuk Zainun binti Ali	Independent Non-Executive
Datuk Dr. Mohd. Yaakub bin Haji Johari	Independent Non-Executive
Datu Haji Soedirman bin Haji Aini	Independent Non-Executive
Dato Dr. Nik Ramlah binti Nik Mahmood	Independent Non-Executive
Dato' Johan bin Ariffin	Independent Non-Executive

STATEMENT ON CORPORATE GOVERNANCE

The key functions of each committee as well as the membership and attendance at meetings during FY2019 are set out below:

NOMINATION & REMUNERATION COMMITTEE

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

In addition, the Committee assists the Board to ensure the remuneration of Directors and management of PNB and its Operating Subsidiary Companies is fair and competitive whilst giving due regard to the interests of all stakeholders, as well as ensure that the necessary policies on appointment and remuneration for the Directors and staff members of PNB and its Operating Subsidiary Companies are in place.

Members	Status	Attendance
Tan Sri Dr. Zeti Akhtar binti Aziz	Group Chairman/Non-Independent Non-Executive	8/8
Datuk Dr. Mohd. Yaakub bin Johari	Independent Non-Executive	7/8
Datu Haji Soedirman bin Haji Aini	Independent Non-Executive	8/8

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 Dr. Zeti Akhtar binti Aziz (Chairman)	Non-Independent Non-Executive	12/12
Dato' Abdul Rahman bin Ahmad (Resigned with effect 1 October 2019)	Non-Independent Executive	9/9
Encik Abdul Jalil bin Abdul Rasheed (Appointed on 1 October 2019)	Non-Independent Executive	3/3
Datuk Seri Dr. Nik Norzrul Thani bin N. Hassan Thani	Independent Non-Executive	11/12
Datuk Dr. Mohd. Daud bin Bakar	Independent Non-Executive	9/12
Dato' Johan bin Ariffin	Independent Non-Executive	11/12

Note: With the resignation of Dato' Abdul Rahman on 1 October 2019, the composition of the Investment Committee is as follows:

Members	Status
Tan Sri Dr. Zeti Akhtar binti Aziz (Chairman)	Non-Independent Non-Executive
Encik Abdul Jalil bin Abdul Rasheed	Non-Independent Executive
Datuk Seri Dr. Nik Norzrul Thani bin N. Hassan Thani	Independent Non-Executive
Datuk Dr. Mohd. Daud bin Bakar	Independent Non-Executive
Dato' Johan bin Ariffin	Independent Non-Executive

STATEMENT ON
CORPORATE GOVERNANCE**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 reviews the adequacy and integrity of the audit engagement 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 are reviewed periodically to ensure conformance to the applicable Accounting Standards. Further details on the composition and activities of the Audit Committee are set out in the Audit Committee Report on pages 125 to 127 of this Annual Report.

RISK MANAGEMENT COMMITTEE

This Committee reviews and recommends to the Board the risk management philosophies, policies and mitigation strategies as proposed by the 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. Further details on the composition of the Risk Management Committee are set out in the Statement of Risk Management and Internal Control on pages 112 to 120 of this Annual Report.

COMPLIANCE COMMITTEE

This Committee was set up to determine, approve, review and monitor the Compliance and Integrity Work Plan of the Compliance Department and Integrity 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 PNB Group will be reviewed as and when it is deemed necessary. Further details of the composition of the Compliance Committee and PNB's Compliance Programme are set out in the Statement on Corporate Compliance and Integrity on pages 121 to 124 of this Annual Report.

TENDER COMMITTEE

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

Members	Status	Attendance
Datuk Seri Dr. Nik Norzrul Thani bin N. Hassan Thani (Chairman)	Independent Non-Executive	7/7
Dato' Abdul Rahman bin Ahmad <i>(Resigned with effect from 1 October 2019)</i>	Non-Independent Executive	4/4
Encik Abdul Jalil bin Abdul Rasheed <i>(Appointed on 1 October 2019)</i>	Non-Independent Executive	3/3
Dato Dr. Nik Ramlah binti Nik Mahmood	Independent Non-Executive	6/7

Note: With the resignation of Dato' Abdul Rahman on 1 October 2019, the composition of the Tender Committee is as follows:

Members	Status
Datuk Seri Dr. Nik Norzrul Thani bin N. Hassan Thani (Chairman)	Independent Non-Executive
Encik Abdul Jalil bin Abdul Rasheed	Non-Independent Executive
Dato Dr. Nik Ramlah binti Nik Mahmood	Independent Non-Executive

STATEMENT ON CORPORATE GOVERNANCE

PROPERTY INVESTMENT COMMITTEE

The main objective of this Committee is to implement certain duties and responsibilities delegated by the Board pertaining to property-related investment activities and to act as the monitoring body for the Board to ensure that investments are undertaken in accordance with the investment mandate and in line with all relevant rules, laws and regulations.

Members	Status	Attendance
Tan Sri Dr. Zeti Akhtar binti Aziz (Chairman)	Non-Independent Non-Executive	12/12
Dato' Abdul Rahman bin Ahmad <i>(Resigned with effect from 1 October 2019)</i>	Non-Independent Executive	9/9
Encik Abdul Jalil bin Abdul Rasheed <i>(Appointed on 1 October 2019)</i>	Non-Independent Executive	3/3
Datuk Seri Dr. Nik Norzrul Thani bin N. Hassan Thani	Independent Non-Executive	11/12
Datuk Dr. Mohd. Daud bin Bakar	Independent Non-Executive	9/12
Dato' Johan bin Ariffin	Independent Non-Executive	11/12

Note: With the resignation of Dato' Abdul Rahman on 1 October 2019, the composition of the Property Investment Committee is as follows:

Members	Status
Tan Sri Dr. Zeti Akhtar binti Aziz (Chairman)	Non-Independent Non-Executive
Encik Abdul Jalil bin Abdul Rasheed	Non-Independent Executive
Datuk Seri Dr. Nik Norzrul Thani bin N. Hassan Thani	Independent Non-Executive
Datuk Dr. Mohd. Daud bin Bakar	Independent Non-Executive
Dato' Johan bin Ariffin	Independent Non-Executive

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. No meetings of the Committee were held in 2019.

Members	Status
Tan Sri Datuk Zainun binti Ali (Chairman)	Independent Non-Executive
Tan Sri Ahmad Badri bin Mohd. Zahir	Independent Non-Executive
Datuk Dr. Mohd. Yaakub bin Johari	Independent Non-Executive
Datu Haji Soedirman bin Haji Aini	Independent Non-Executive

STATEMENT ON
CORPORATE GOVERNANCE**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
Datuk Dr. Mohd. Daud bin Bakar (Chairman)	Independent Non-Executive	4/4
Tan Sri Dato' Seri (Dr.) Haji Harussani bin Haji Zakaria	Independent Non-Executive	1/4
Dato' Haji Mohamad Shukri bin Mohamad	Independent Non-Executive	2/4
Dato' As-Sheikh Haji Nooh bin Gadot	Independent Non-Executive	3/4
Professor Emeritus Dato' Dr. Mahmood Zuhdi bin Abdul Majid	Independent Non-Executive	4/4
Dr. Aida binti Othman	Independent Non-Executive	4/4
Dato' Idris bin Kechot <i>(Appointed with effect from 7 August 2019)</i>	Independent Non-Executive	2/2

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 its Strategic Plan. Through its official website at www.pnb.com.my, members of the public may also access up-to-date information on PNB.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board maintains a reliable system of risk management and internal control to safeguard the interest of PNB and unit holders. The Statement on Risk Management and Internal Control is set out on pages 112 to 120 of this Annual Report.

WHISTLE BLOWING AND CHINESE WALL POLICY

In line with the Whistleblower Protection Act 2010, and good corporate governance practices, PNB encourages all concerned parties to highlight any improper conduct without fear of detrimental action, victimisation or discriminatory treatment. PNB's Whistleblowing Policy is intended to facilitate disclosures of improper conduct relating to wrongdoings, malpractices, misdemeanours, illicit dealings, offensive behaviour, indiscipline, any violation of established practices or procedures or any action harmful to the reputation and interest of PNB to promote a greater level of transparency and accountability.

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 the 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.

STATEMENT ON CORPORATE GOVERNANCE

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, and therefore continually assesses the training needs of each Director. During the financial year, all the Board members had attended numerous training programmes and workshops on various current issues relevant to PNB, as well to update themselves on new legal and regulatory developments.

Training programmes, conferences and forums attended by the Directors for FY2019 are as follows:

Category	Training/Programme Attended
Accounting	Update on Accounting Standards
Audit	2019 Institute of Internal Auditors (IIA) Malaysia National Conference Evaluating Effective Internal Audit Function: Audit Committee's Guide on How to – A programme for Audit Committee Members
Business	Future Business Ideas Fireside Chat with Azran Osman-Rani
Compliance	Forum on Integrity as the Pillar of Shariah Compliance Culture in Islamic Financial Institutions – Moving Forward
Corporate	PNB Corporate Summit – Rebooting Corporate Malaysia
Corporate Governance	Corporate Governance Watch – How Does Malaysia Rank
Corporate Management	Etiqa Offsite presentation: a) Etiqa Strategic Outlook – Business as Usual and Business Unusual b) Presentation by Credit Suisse
Crisis Management	Reputation Resilience & Crisis Management: Out of Control But in Command – How to Manage the New Realities of Business
Economy	FIDE Forum – Reading the Signs: The Next Financial Crisis and Potential Impact on Asia Economy Update in EU / UK By Ms Sarah Hewin, Chief Economist of Standard Chartered Bank (SCB) Ageas Partnership Days <ul style="list-style-type: none"> • Presentation by Stephane Garelli on “Thinking Globally, Acting Differently, the Key to Competitiveness” • Presentation by Amin Toufani on “Homo Virus, the Path to Human Longevity” • Presentation by Stefan Thomke on “Why Business Experimentation is Essential for Competitive Advantage” • Presentation by Martha Lane Fox on “Responsible Technology” Accelerating the 4 th Industrial Revolution for Malaysia Indonesia's Political Economy – Outlook in ASEAN Khazanah Megatrends – Building Our Collective Brain Cambridge International Symposium on Economic Crime
Financial	Bursa Malaysia Sustainability Advocacy Programme: Workshop on the Recommendations of the Task Force on Climate-Related Financial Disclosures (TFCD) Shifting Tides – The Future of Finance IFSB Summit: Islamic Finance for Sustainable Development in the Era of Technological Innovations

STATEMENT ON
CORPORATE GOVERNANCE

Category	Training/ Programme Attended
Fintech	Fintech Landscape in Malaysia SC x SC Fintech Conference
Fund Management	Strategic Assets Allocation (SAA) Workshop
Information Technology	PNB Board Workshop on IT Blueprint
Leadership	PNB Leadership Forum I <ul style="list-style-type: none"> • Topic 1: Organisational Transformation • Topic 2: From Governance to Performance <hr/> PNB Leadership Forum II <ul style="list-style-type: none"> • Positive Autocracy – A Leadership Model for Industry 4.0 <hr/> Yayasan Tun Ismail Mohamed Ali Berdaftar (YTI) Memorial Lecture 2019 – The Diverse Facets of Leadership
Legal & Compliance	Anti-Money Laundering, Anti-Terrorism – Typologies & Case Studies for Capital Market Intermediaries Briefing on Section 17A MACC Act Capital Market Director Programme for Fund Management (Modules 1, 2B, 3 & 4)
Property	10 th World Congress of Council on Tall Buildings and Urban Habitat (CTBUH) – The Recent History and Essential Future of Sustainable Cities
Risk Management	Enterprise Risk Management – Dealing with the New Wave

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

1.0 OVERVIEW

Given the heightened level of uncertainty and unpredictability prevailing in the global operating environment, PNB is committed to continuously improve our risk management practice across the Group to safeguard the interests of our stakeholders, especially those of our unit holders. In seeking to promote a strong risk culture throughout the organisation, we have initiated high level transformation efforts to continue integrating a strategic and consistent risk management approach in managing all key risks across the Group.

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

- Implement a holistic risk management process which provides a framework for building organisational resilience in ensuring critical business functions are able to continue operating during disruptions;
- Develop and maintain an incident management plan with a 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.

2.0 RISK GOVERNANCE STRUCTURE

PNB has established clear lines of responsibility and accountability for the risk management process by adopting the Three Lines of Defence Model as shown below:

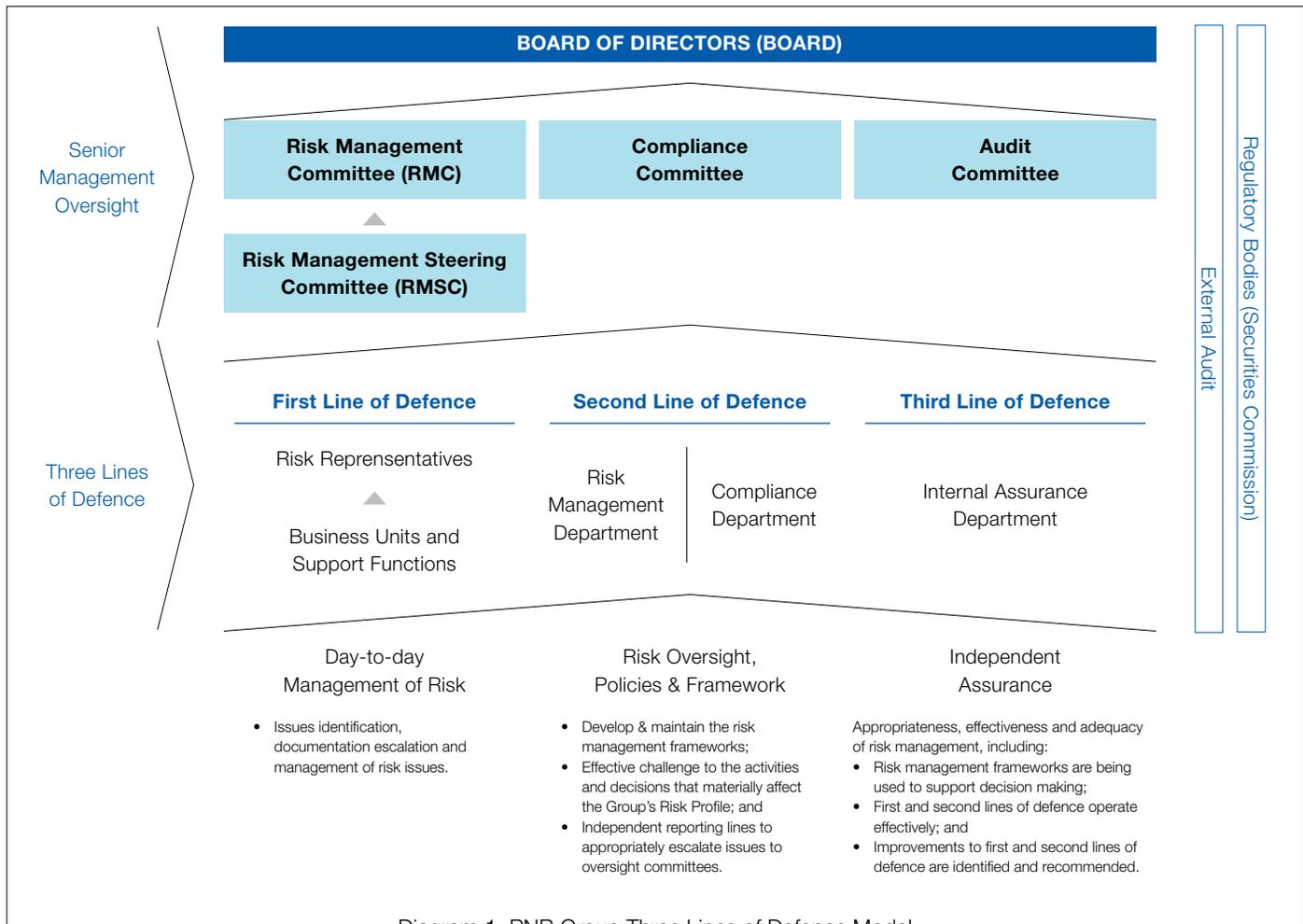


Diagram 1: PNB Group Three Lines of Defence Model

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

2.1 Senior Management Oversight

2.1.1 Board of Directors

The Board 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 Board will ensure that the system of risk management within the Group is adequately robust to respond to changes in the business environment.

The Board has delegated its responsibilities to the Risk Management Committee (RMC), which is assisted by the Risk Management Steering Committee (RMSC). Notwithstanding this, the Board recognises its overall responsibility for the establishment and oversight of PNB's Enterprise Risk Management (ERM) framework.

2.1.2 Risk Management Committee (RMC)

The RMC is responsible to assist the Board 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 ensure that a sufficient level of risk mitigation is in place.

Composition and Attendance

The RMC shall comprise a maximum number of five and a minimum number of three Board members of the PNB Group, all of whom shall be Non-Executive Directors, with a minimum ratio of Independent Non- Executive Directors set at one-third of the Committee. Currently, the Committee comprises three members, all of whom are Independent Non-Executive Directors.

The Committee shall meet as often as it determines appropriate and/or as directed by the Board, but not less than four times a year, each of which shall be convened prior to any meeting of the Board. Additional meetings may be called at any time at the discretion of the Chairman of the Committee. As at 31 December 2019, a total of four meetings were held during the year under review. The composition of the RMC and the record of their attendance are as follows:

Members	Status	Attendance
Dato Dr. Nik Ramlah binti Nik Mahmood (Chairman)	Independent Non-Executive	4/4
Datuk Seri Dr. Nik Norzrul Thani bin N. Hassan Thani	Independent Non-Executive	4/4
Datuk Mohd. Anwar bin Yahya	Independent Non-Executive	4/4

2.1.3 Risk Management Steering Committee (RMSC)

The RMSC is a management committee chaired by the PGCE. The RMSC is directly responsible for endorsing, coordinating and monitoring all risk management programmes of the Group, as delegated by the RMC. The RMSC also forwards any recommendations to the Board, through the RMC, on all matters regarding the risk management activities under its purview or as directed by the Board.

3.0 PNB ERM FRAMEWORK

The ERM framework outlines the process for identifying, assessing, monitoring and managing risks within the PNB Group. This ensures that PNB optimises its returns on risk-taking activities within PNB's Risk Appetite as approved by the Board.

3.1 Risk Management Process

The key elements of an effective ERM processes 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 Key Risk Indicators (KRIs) are used by the management as a tool to monitor and manage changes in risk exposures over time.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

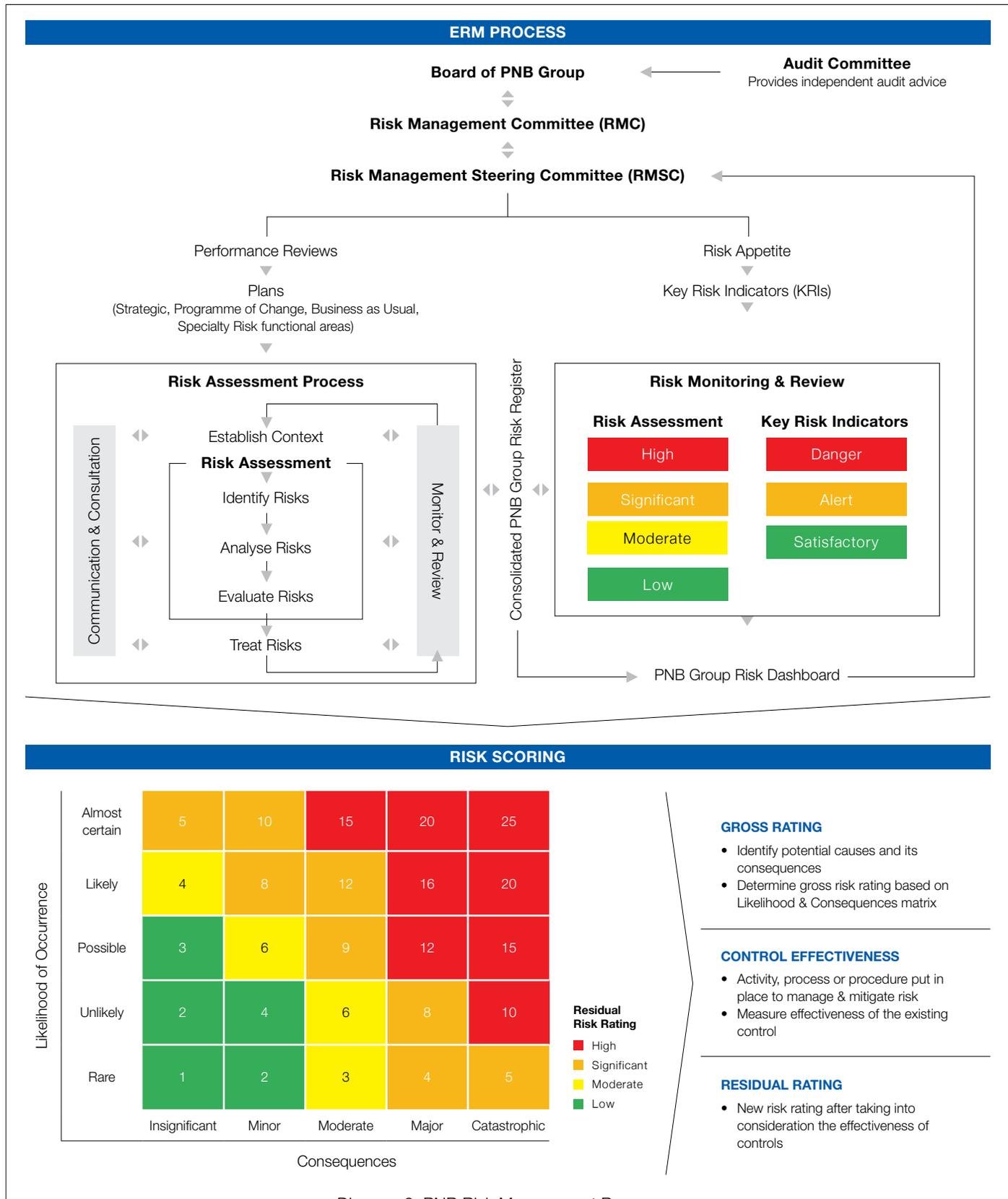


Diagram 2: PNB Risk Management Processes

STATEMENT ON RISK MANAGEMENT AND
INTERNAL CONTROL

3.2 Risk Management Framework

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

- Identifying, analysing and understanding each of the material risks at all levels of the Group;
- Ensuring risks are managed in line with the PNB's Risk Appetite;
- Embedding 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.

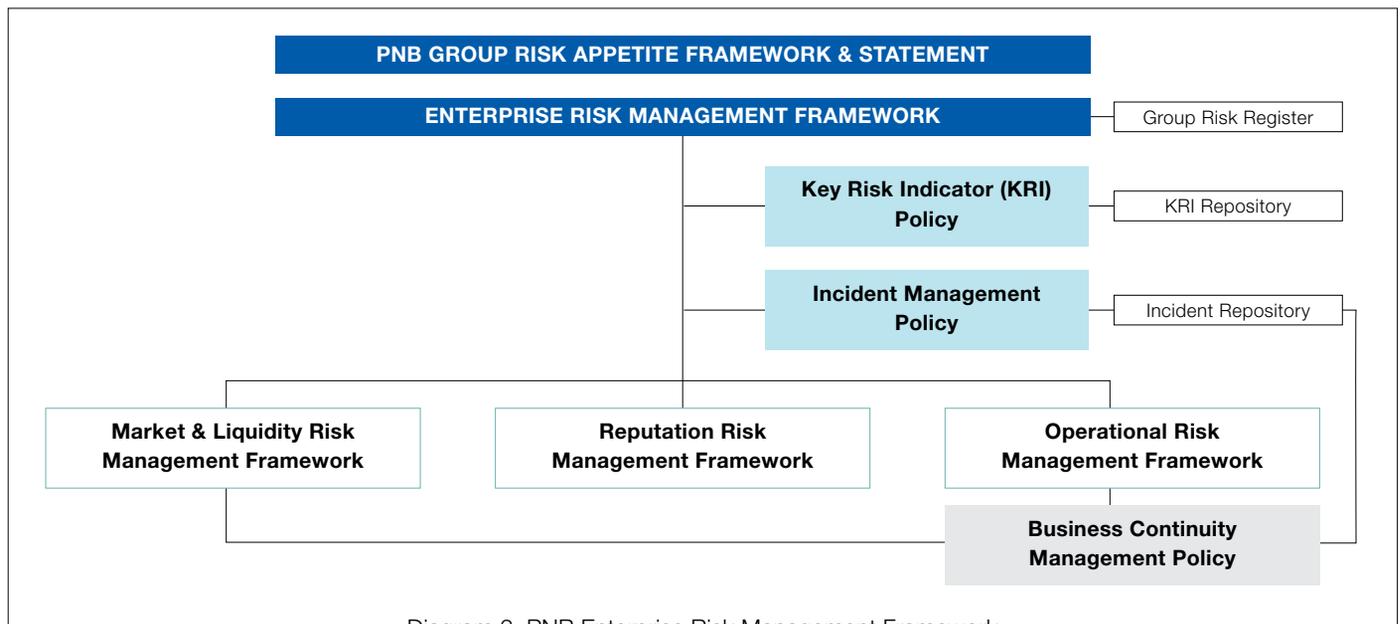


Diagram 3: PNB Enterprise Risk Management Framework

The framework provides a strong control environment through the implementation of appropriate systems and risk assessment processes to manage risks in line with key and relevant guidelines such as:

- Guidelines on Unit Trust Funds issued by the Securities Commission Malaysia;
- International Organisation of Standardisation (ISO) 31000:2018 Risk Management;
- International Organisation of Standardisation (ISO) 22301:2012 for Business Continuity Management System; and
- Bursa Malaysia Main Market Listing Requirements.

3.3 PNB Risk Appetite Framework

Risk appetite is the amount of and types of risk PNB is willing to accept in pursuit of its business objectives. The framework is utilised to articulate PNB's Risk Appetite Statements (RAS) with recommended measures and methodologies. Subsequently, the RAS measures are 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 shareholder's 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.

3.4 Key Risk Indicators (KRI) 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 as well as operational and control weaknesses through the monitoring of main drivers of exposure associated with the key risk. KRIs mainly act as early warning signals for potential risks and control issues that may arise in the current business environment.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Enterprise and Departmental KRI dashboards, which monitor key risks that may lead to serious concerns or issues, are periodically presented to the RMSC and RMC by the Risk Management Department.

3.5 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 the IMP are:

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

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 a financial loss.

The IMP is interrelated and has direct linkage to the Business Continuity Management (BCM) in the event of an incident spurring into a crisis.

Material incidents are registered by business units in the Incident Register and are presented by the Risk Management Department to the RMSC and RMC for notification and/or decision-making.

3.6 Market & Liquidity Risk Management (MLR) Framework

A sound MLR framework will help PNB to hedge against the 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 involves ensuring that the risks are identified and assessed and that appropriate measures are put 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' approaches to actively measure and evaluate sources and application of funds with an understanding of how PNB's approach to liquidity management may affect overall risk and return.

3.7 Reputational Risk Management Framework

The PNB Group defines reputational risk as a risk where the 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 the 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 the PNB Group.

3.8 Operational Risk Management Framework (ORM)

The key elements of ORM framework are as follows:

- Operational Risk Management; and
- Business Continuity Management (BCM) Policy.

3.8.1 Operational Risk Management (ORM)

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 processes, 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 PNB's Risk Appetite statements;
- 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.

3.8.2 Business Continuity Management (BCM) Policy

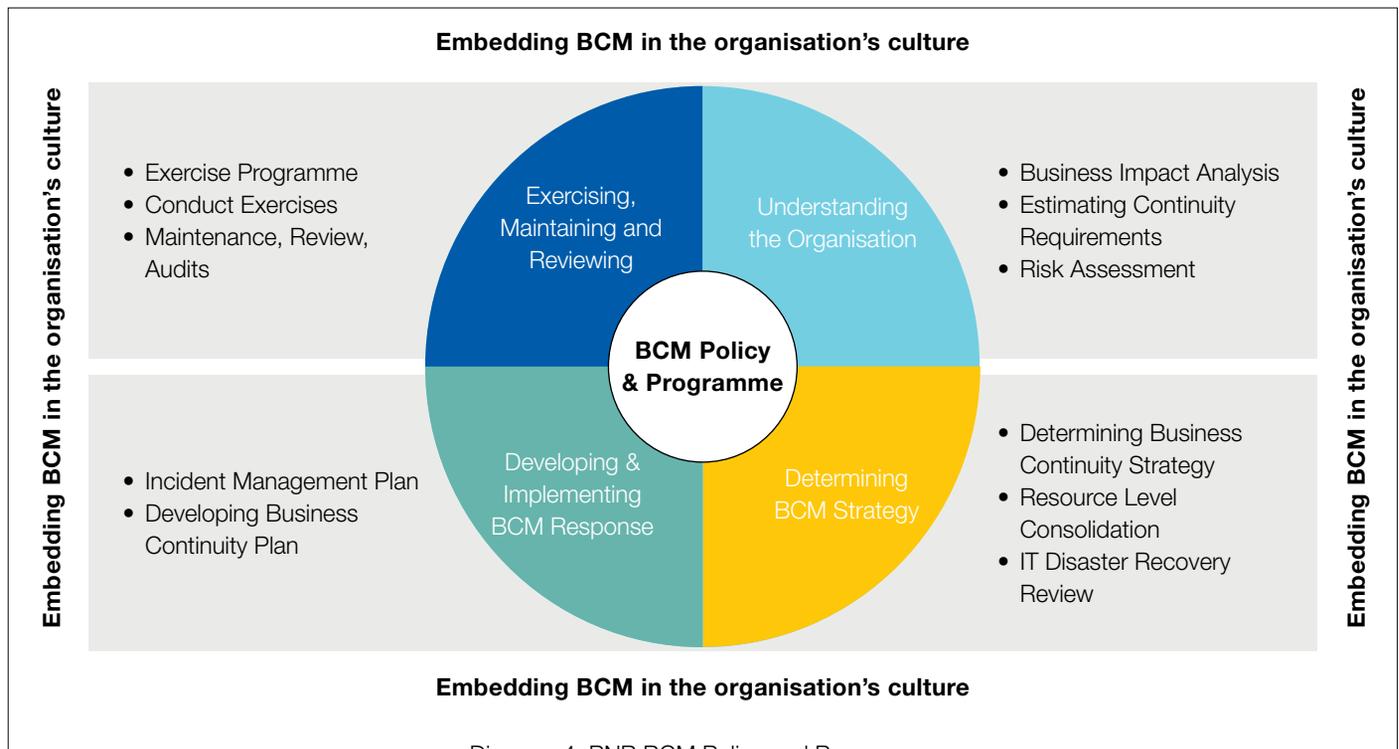
PNB has established a robust and effective Business Continuity Management programme to ensure the continuity of core business functions in the event of significant business disruption or unforeseen circumstances.

STATEMENT ON RISK MANAGEMENT AND
INTERNAL CONTROL

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

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

The BCM policy and its integrated plans is continuously reviewed, enhanced and communicated to all levels to ensure that the Group is prepared in the event of crisis. A BCM Simulation exercise is conducted to identify gaps and assess the effectiveness of the robustness and the comprehensiveness of our crisis plans, processes and capabilities.



4.0 KEY INITIATIVES IMPLEMENTED IN 2019

In providing continuous support towards PNB's objectives and Strategic Plan, the Risk Management Department has endeavoured to:

- Continuously support and promote corporate governance initiatives by ensuring significant risks are identified and assessed, and appropriate measures are in place to mitigate such risks.
- Continuously build and enhance the organisation's resilience towards potential threats by refining the existing frameworks, policies, plans and approaches to be in line with organisational business strategies, regulatory requirements and leading best practices. Some of the significant milestones achieved by the organisation include:
 - Establishing a comprehensive and effective Compliance and Integrity Framework to ensure adherence to all policies, standards and regulatory requirements;
 - Extensive review of the existing Contingency Funding Plan for PNB and Unit Trust Funds under its management to ensure its robustness and operational readiness via a desktop simulation exercise;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- Transforming PNB's technology capabilities as an effective enabler for the business via the 5-year IT Transformation Plan, and continuous assessment on the cyber security maturity in line with the approved Policy on Management of Cyber Risks. These include promoting Cyber Security Response Plan via cyber simulation exercises and continuously building awareness at enterprise level; and
- Continuous improvement on technological capabilities for risk monitoring and reporting purposes to improve efficiency and quality of risk decision making.
- Continuously build a culture of risk awareness through clear and effective communications and formal training such as:
 - Delivering communications from leadership using a common risk management vocabulary;
 - Clarifying risk management responsibilities and accountabilities; and
 - Conducting general education on risk management, customised training programme based on employees' respective roles, as well as one-on-one engagement sessions.
- Continuously benchmark against industry's leading practices, and achieve organisational sustainability by assessing the level of maturity of enterprise-wide risk management practices to withstand both domestic and global challenges.

5.0 MOVING FORWARD FOR 2020

The Risk Management Department will continue to support PNB in its mission to strengthen its risk management approach through a heightened commitment in cultivating a pro-active risk culture across the entire organisation. The Department is embarking on its five-year ERM Blueprint journey which will focus on the following:

- Enhancing risk governance by fostering innovation and strengthening social risk culture within the organisation via a unified risk strategy with the aim to better manage common risks across the organisation;
- Enriching data analytics in investment risk reporting via technological advancement to support risk monitoring process and provide real-time insights for fast decision making; and
- Enhancing existing risk function competencies and capabilities across the organisation via a structured risk programme defined within a risk culture framework.

INTERNAL AUDIT FUNCTION

The internal audit function for the PNB Group is undertaken by the Internal Assurance Department (IAD). Its main responsibility is to provide independent and objective assurance as well as relevant and practical consulting services designed to add value and improve the operational efficiency of PNB Group by ensuring proper adherence to the established procedures, internal controls and risk management framework. This is achieved by carrying out financial, operational and information systems audits on core departments of PNB and subsidiaries, unit trust & REIT, property and hospitality, and the management information system, as well as other support service departments within the PNB Group. These audit activities carried out by IAD complement the department's check and balance role within the organisation and provide the Board of PNB the reasonable assurance with regard to the adequacy and effectiveness of risk management, internal controls and corporate governance. Additionally, IAD also presents to the management opportunities to review and improve the existing systems with a view to assess and mitigate the relevant risks.

The Head of IAD reports directly and functionally to the Audit Committee of the Board, and administratively to the President & Group Chief Executive. The Head of IAD is a Member of the Malaysian Institute of Accountants (MIA) and a Member of the Institute of Internal Auditors Malaysia (IIAM). For the financial year under review, the Head of IAD oversaw 24 internal audit personnel.

IAD operates independently in formulating the scope and extent of its audits, undertaking the audit work and presenting the results and findings to the Audit Committee. The members of IAD are free from any relationships or conflicts of interest which could impair their objectivity and independence.

Scope of Work

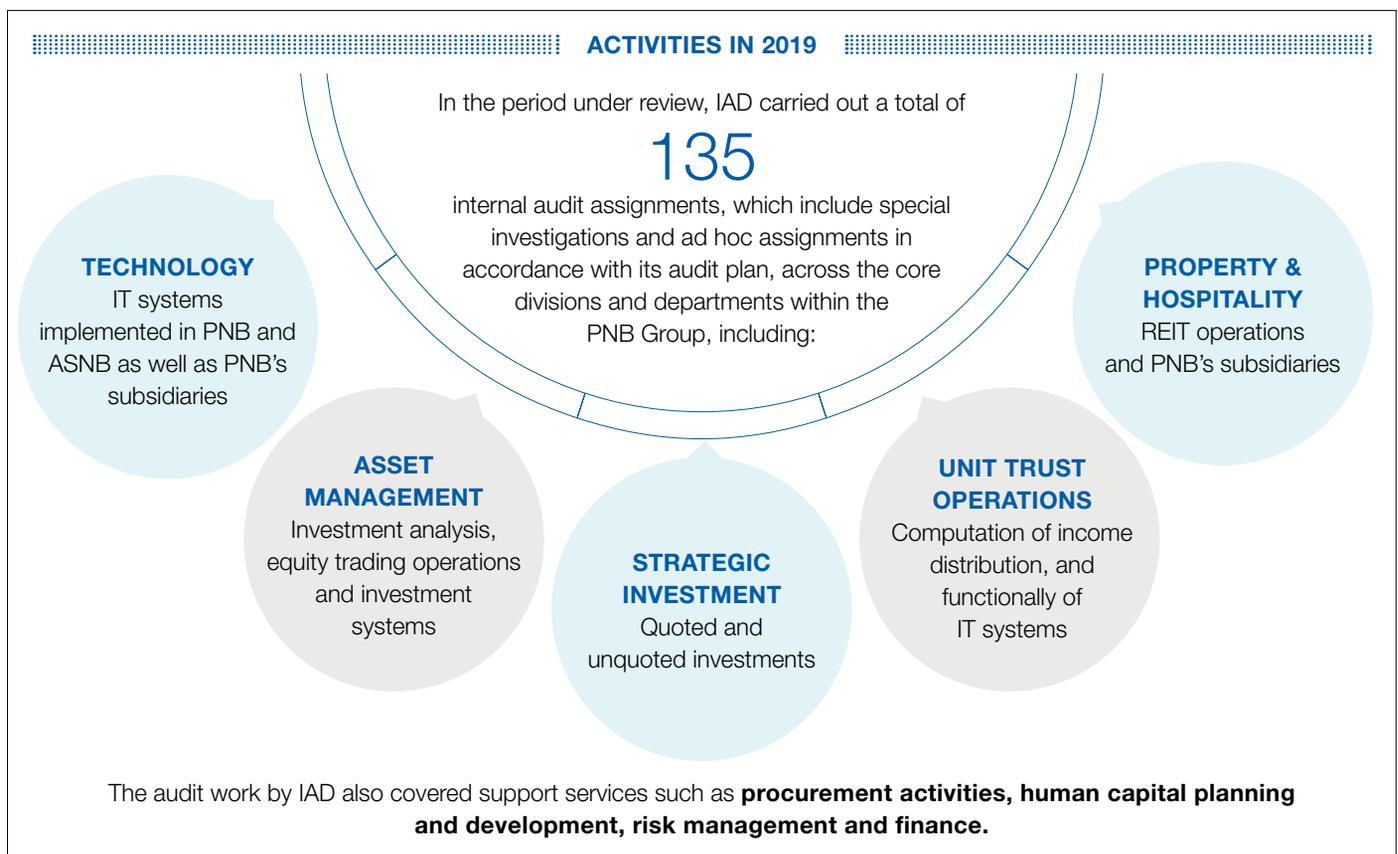
IAD formulates its risk-based audit plan for the year, which is aligned to the overall objectives and business strategies of PNB, focusing on its primary responsibilities of assurance and consulting services, with the purpose of adding value and improving efficiency.

The risk-based approach ensures alignment of audit activities with the key risk areas as identified in PNB's ERM framework. The audit plan, which is reviewed and approved by the Audit Committee of PNB's Board, establishes the scope of audit work to ascertain the operational functionality of the internal controls, risk management, information system and system procedures within the PNB Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The scope of the audit work can be summarised as follows:

Consistently safeguard the assets of the PNB Group	Continuously identify and mitigate risks	Ensure the reliability and integrity of financial and operating information, and the means used to identify, measure, clarify and report such information
Ensure compliance of the systems with policies, plans, procedures and regulations that have a significant impact on operations and reports	Ensure resources are efficiently employed in the relevant areas	Ensure operations or programmes are carried out as planned and the outcomes are consistent with established objectives or goals



IAD's reports were deliberated at senior management level and action plans were put in place to complete the necessary preventive and corrective actions. IAD's findings and management responses were also tabled to the Audit Committee (AC) to ensure that management undertook the agreed remedial actions. Subsequently, IAD conducted follow-up audits on the respective departments or business units to ensure that the necessary action plans have been carried out and have achieved the intended results.

Recognising the importance and criticality of information technology (IT) in the investment sphere, as well as to enhance its IT Audit capabilities, IAD also undertook reviews of various IT initiatives implemented by PNB. These reviews not only provided an independent assessment on the state of PNB's IT systems but also helped IAD to establish relevant benchmarks and best practices in order to improve the overall standard and competency of its IT Audit function. In addition, IAD had completed an IT Audit Control Framework as part of its continuous improvement efforts as well as co-sourcing with a consultant, Deloitte Risk Advisory on the Information System Review on Infrastructure, Cyber Security and Network Management.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

KEY INITIATIVES IN 2020

New initiatives have been planned by IAD for the FY2020. The initiatives are:



Control Self Assessment (CSA)

CSA is one of the tools for the management to review the organisation governance, risk management, and control processes. CSA involves a structured approach to documenting business objectives, risks and controls and having operational management and staff assess the adequacy of controls



Quality Assurance Review (QAR)

Engagement of 3rd party to perform QAR over IAD's. Previous QAR was last conducted by EY in 2016



Co-sourcing IT Audit Activities

Continuation of previous co-sourcing IT activities with Deloitte



Internal Quality Audit (IQA)

Assist Compliance Department in performing IQA on ASNB branches and other units

STANDARD OPERATING PROCEDURES

Standard Operating Procedures (SOPs) are developed to achieve efficiency, quality output, and standardisation of performance, while reducing non-compliance with regulatory requirements. They provide instructions and guidelines for employees to perform their jobs precisely and consistently in order to achieve end-results with the desired quality, and are a crucial element in PNB's system of internal control.

By incorporating the risk-based approach as required in ISO 9001:2015, the departmental-level SOPs established by PNB are in line with the policies approved by the PNB Board, and have efficaciously met the prerequisite requirements towards good corporate governance for all its departments. These risk-based SOPs help employees to be more aware and mindful of the risks associated with their jobs.

The refinement of existing SOPs and the creation of new SOPs are also a crucial element of the implementation phase of Business Process Re-engineering projects, with these SOPs forming the foundation of a successful handover to business owners at the end of each project. PNB has also established an electronic Business Process Database (eBPD) to ensure proper documentation of all SOPs. SOPs used in the eBPD will be adequately protected, and accessible to and understood and implemented by staff members within PNB.

Procurement

The procurement function of PNB is currently centralised to support various stakeholders across the PNB Group. The procurement process is governed by a strict measure of compliance embedded in the Standard Operating Procedure, which is guided by the principle of checks and balances.

The Tender Committee and Leadership Team oversee spending with revised threshold in the Approving Limits of Authority (LOA) and a better visibility of reporting will be implemented to enhance control and governance. To ensure the check and balance, the level of LOA is presented as below:

Approving Authority
Tender Committee
Procurement Committee
Head of Division

Moving forward, the procurement process will be a fully digitalised integrated solution to increase visibility, transparency and improve efficiency.

Conclusion

For the financial year under review, the Board is satisfied with the adequacy and effectiveness of PNB's risk management and internal control systems, with the reasonable assurance from the President and Group Chief Executive and Group Chief Financial Officer.

The Statement is made in accordance with a resolution of the Board of Directors of PNB dated 5 March 2020.

STATEMENT ON CORPORATE COMPLIANCE AND INTEGRITY

PNB as a licensed entity governed by the rules and guidelines set by Securities Commission Malaysia is committed in upholding and safeguarding the interest of more than 14.3 million account 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. Hence, 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 with robust testing and monitoring mechanism 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

The Board is responsible for PNB's compliance with all laws, regulations and guidelines. The Board has established a Compliance Committee to oversee the implementation and operation of the Compliance and Integrity Programme by the Compliance Department and Integrity Department, and also supervises the Compliance Officer. The Compliance Officer assumes the key responsibility for PNB's compliance functions which include to establish, implement, operate and monitor the Compliance Programme for the PNB Group. Reporting of the progress of Compliance Programme is directly made to the Compliance Committee and the Board.

Composition and Attendance of the Compliance Committee

The Compliance Committee shall comprise at least three members, and at least one-third of its total members shall be Independent members. Currently, the Compliance Committee comprises three members, a majority of whom are Independent Non-Executive Directors. The Committee shall meet at least four times a year. Additional meetings may be called at any time at the discretion of the Chairman of the Committee. As at 31 December 2019, a total of four meetings were held during the year under review.

The composition of the Compliance Committee and the record of their attendance are as follows:

Members	Status	Attendance
Tan Sri Datuk Zainun binti Ali (Chairman)	Independent Non-Executive	4/4
Dato' Abdul Rahman bin Ahmad <i>(Resigned on 1 October 2019)</i>	Non-Independent Executive	3/3
Dato Dr. Nik Ramlah binti Nik Mahmood	Independent Non-Executive	4/4
Encik Abdul Jalil bin Abdul Rasheed <i>(Appointed on 1 October 2019)</i>	Non-Independent Executive	1/1

Note: With the resignation of Dato' Abdul Rahman on 1 October 2019, the composition of the Compliance Committee is as follows:

Members	Status
Tan Sri Datuk Zainun binti Ali (Chairman)	Independent Non-Executive
Dato Dr. Nik Ramlah binti Nik Mahmood	Independent Non-Executive
Encik Abdul Jalil bin Abdul Rasheed <i>(Appointed on 1 October 2019)</i>	Non-Independent Executive

STATEMENT ON CORPORATE COMPLIANCE AND INTEGRITY

Scope of the Compliance Committee

The Compliance Committee has the authority of, and acts on behalf of the Board, overseeing, among others, the following:

- Proper supervision and effective compliance monitoring of the relevant laws, regulations, guidelines, licensing conditions and rules; and
- The provision of advice, guidance and direction in relation to the implementation of the Compliance and Integrity Work Plan of the Compliance Department and Integrity Department.

Functions of the Compliance Committee

In general, the functions or duties of the Compliance Committee are as follows:

- Determine, approve, review and monitor the Compliance and Integrity Work Plan of the Compliance Department and Integrity Department;
- Evaluate and review the findings of the compliance report presented by the Compliance Department and to make necessary recommendations when required;
- Evaluate compliance breaches, recommend actions taken to address the breaches and establish necessary disciplinary actions, if any;
- Review and approve the structure of the overall compliance functions of the PNB Group and to delegate compliance responsibilities and authorities to the relevant parties, and to assist the Board in ensuring that a competent Head of Compliance is appointed and provided with appropriate standing, authority and independence;
- Address and take appropriate action on matters, recommendations and concerns expressed by the Head of Compliance, regulators and auditors in relation to internal control weaknesses, client complaints and non-compliance issues; and
- Perform other activities consistent with the Compliance Committee's Terms of Reference, the securities laws, regulations, guidelines, licensing conditions and rules, as deemed necessary or appropriate by the Compliance Committee or the Board of Directors.

Activities of the Compliance Committee in FY2019

In line with the terms of reference of the Compliance Committee, the following activities were carried out during the year under review:

- Approved, reviewed and monitored the Work Plan and Key Performance Indicators of the Compliance Department and Integrity Department;

- Evaluated and reviewed the findings of the compliance report presented by the Compliance Officer and made necessary recommendations when required;
- Evaluated compliance breaches, recommended actions to be taken to address the breaches and established such necessary actions;
- Reviewed the adequacy of resources and competencies of the staff of the Compliance Department and Integrity Department to execute their Work Plan, and the results of their work;
- Reviewed the structure of the overall compliance function of the PNB Group;
- Reviewed matters relating to clients' complaints;
- Reviewed the Compliance Committee's Terms of Reference; and
- Recommended revised Compliance Charter and Framework, and Integrity Charter and Framework, and their implementation roadmap, for approval of the Board.

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 Malaysia. Our Compliance Programme reinforces our commitment to operate in full compliance and achieve the highest standards of corporate conduct. It is designed to foster compliance with applicable laws and regulations, the Capital Markets and Services Act 2007, and other requirements relevant to our business while driving efficiencies and synergies through harmonising processes and approaches in the programme. As our Compliance Programme is dynamic, we regularly review and enhance it to meet the evolving compliance standards and practices. Essentially, our Compliance Programme encompasses policies, procedures and standards of conduct to prevent and detect violations to the rules, regulatory requirements and applicable laws.

As part of our continuous efforts in ensuring that the regulatory compliance risk is effectively managed to support the business growth in line with the aspiration and risk appetite of the PNB Group, we are committed in establishing and implementing comprehensive compliance structure and programme which are aligned with industry best practices and international standards. With the supervision and guidance of the Board, the Compliance Department aims to be at the forefront in key compliance areas towards fulfilling the following aspirations:

- To achieve zero non-compliance target by ensuring compliance to all the relevant laws and regulatory requirements of the Securities Commission Malaysia and other relevant agencies;

STATEMENT ON CORPORATE COMPLIANCE AND INTEGRITY

- (ii) To increase capability and visibility of Compliance Department in the advisory vis-à-vis operational activities to effectively function as a second line of defence; and
- (iii) To instil a strong compliance culture and make compliance a way of life especially in accomplishing the vision and mission of the PNB Group.

ONGOING COMPLIANCE AND INTEGRITY PROGRAMME

During the period under review, we have completed all our activities as per the approved work plan. In accomplishing the above aspirations, our compliance programme in 2019 had focused on the following activities:

1. Strengthening the Roles and Responsibilities of Compliance through Establishment of a Comprehensive Compliance Charter and Framework

In 2019, we revised our Compliance Policy to be in line with local and international standards. The outcome of the revision is a comprehensive and effective policy and guideline for the Compliance Department in performing its functions, roles and responsibilities to meet and exceed these standards. The newly revised guidelines underpin the establishment of the Compliance Charter and Framework, with the aim of strengthening its compliance programme, and providing efficient solution for conducting compliance processes, identifying and assessing risks, implementing and monitoring controls and mitigating/eliminating the gaps across PNB's business and operations.

The Compliance Charter and Framework encompasses the following:

- A revised vision and mandate for Compliance Department that is aligned with PNB's overall business strategy and inclusive of the scope of coverage for compliance and clarified compliance roles and responsibilities;
- Sound and robust governance and reporting framework to enable effective compliance oversight and monitoring through appropriate processes, including escalation processes and supporting infrastructure in place to effectively enable delivery of compliance mandate;
- Fit-for-purpose organisation design and structure with clearly defined roles and responsibilities, capacity and capabilities to deliver compliance mandate;
- Clearly defined compliance roles and responsibilities, capabilities, KPIs and consequence management framework; and
- Commitment and involvement from key stakeholders to support, champion and reinforce compliance objectives.

As part of the integral process to develop the Compliance Charter and Framework, PNB has aligned the gaps and recommendations, to meet the expectation of the regulators. With the shift towards a more comprehensive compliance mandate, the compliance function and programme have embraced a risk management approach. To strengthen the compliance programme, a formal risk-based approach has been developed in designing the compliance programme, which encapsulates the methodology for systemic identification, prioritisation and mitigation of compliance risk.

2. Enhancing Operations through Information Technology System

Over time, compliance functions have adopted innovation-fueled strategies in performing its functions to deliver the outcomes required in an era of digital transformation. The existing PNB Compliance System will be enhanced to be a knowledge-based system that comprises amongst others, the Compliance Manual which serves as a medium for staff members to obtain all the applicable laws, regulations, guidelines and internal policies as their reference in performing daily operations. All the latest revisions in the applicable guidelines and laws are available in the said system to enable them to be updated with the latest regulatory changes in the industry.

In managing end-to-end Money Laundering and Terrorism Financing risk, an AMLA System has been developed to facilitate the PNB Group on the following scope:

- To fulfil the regulatory requirement of relationship-based assessment which includes risk profiling of unit holders and application of risk management and mitigation control measures;
- To assist the PNB Group in managing the on-boarding (Know Your Customers) process diligently to capture and consolidate data for complete analysis; and
- To alert triggering for monitoring purposes and for Suspicious Transaction Report evaluation and submission to Bank Negara Malaysia.

3. Intensifying Compliance Literacy and Awareness Programme

We believe that education and training are the key components in inculcating compliance culture amongst the staff members. This is a critical aspect in ensuring that all new and existing employees of PNB Group are reminded of their behaviours, roles and responsibilities in upholding a righteous code of conduct and integrity values. With the new Compliance Charter and

STATEMENT ON CORPORATE COMPLIANCE AND INTEGRITY

Framework, we are pursuing a more structured approach in educating and facilitating compliance awareness by developing a robust PNB Group wide compliance communications and awareness programme. Periodic briefings on key compliance areas will continue to be conducted to highlight updates on regulatory changes to impacted business units and where possible, to highlight impact to the roles of staff members. Further to the briefings, the summary of regulatory updates are highlighted via e-mail blasts to all staff members. In 2019, we conducted 17 compliance awareness programmes via e-mail blasts to all employees which include sharing of information on core principles of compliance and explanatory notes on key regulatory requirements to be complied with in performing their daily jobs.

Additionally, 13 relevant regulatory updates and their impacts to the relevant business units have been disseminated across the board to ensure that our employees, business units and Board are aware of and comply with the latest regulatory requirements.

4. Sustaining Accreditation on Quality Management System

In 2019, PNB marked another year of successful accreditation of ISO 9001:2015 for all the seven certified companies and divisions namely PNB Asset Management and Related Areas, PNB Property/Real Estate Division, Amanah Saham Nasional Berhad (ASNB), Pelaburan Hartanah Nasional Berhad (PHNB), Perdana Kuala Lumpur City Centre (formerly known as PNB Hotel & Suites on the Park Kuala Lumpur), Perdana Kota Bharu (formerly known as Hotel Perdana Kota Bharu) and Villea Port Dickson (formerly known as PNB Ilham Resort Port Dickson). Besides the ISO 9001:2015 accreditation, PNB also managed to maintain the MS 1900:2014 that is Shariah-based QMS certification for Perdana KLCC, Perdana Kota Bharu and Villea Port Dickson wherein process improvement initiatives were undertaken in compliance with Islamic principles. This is expected to boost customers' satisfaction and confidence, especially for those who are particular about Shariah-compliant related matters.

The accreditation will also be a boost to the customers' confidence as they are ensured that quality internal systems and process controls are in place and regularly monitored.

Internal Quality Audit (IQA) has been working hand-in-hand with the Standards and Industrial Research Institute of Malaysia (SIRIM), the certification body that gives a written assurance that a product, process or service conforms to specified requirements. The success could not be achieved without the strong support, hard work and commitment showed by the appointed IQA auditors, as approved by the Board. Presently, PNB has a total of 85 certified IQA who are employees of PNB Group.

5. Anti-Corruption and Anti-Bribery Statement

The PNB Group is committed to conducting all its business dealings in an honest and ethical manner whilst maintaining the highest standard of integrity and corporate governance. In accordance with the requirements of our regulatory authority i.e. the Securities Commission Malaysia (SC), we implement and enforce robust policies and procedures to safeguard against any illegal behaviour.

The PNB Group acts in an open and transparent manner in all of its dealings with customers, employees, suppliers and all third-party contacts. We have a zero-tolerance approach on corrupt practices and unethical behaviour and will take firm action to eradicate any activities that lead to bribery and corruption.

The PNB Group is committed to creating an environment that enables and encourages its employees and the public to raise any concerns on our conduct. If there is any incident of integrity infringement, especially relating to corruption, employees and the public can and are encouraged to raise their concerns in accordance with our Whistleblowing Policy to the Head of Integrity or the Group Chairman. Genuine complaints will be treated confidentially and investigated in a transparent and fair manner.

To further strengthen this, in 2019, the Board approved the Integrity Charter and Framework which is applicable to all jurisdictions where the PNB Group has its presence, excluding investee companies. PNB also continues the "No-Gift Policy" to deter both employees and external parties from being involved in bribery as well as to avoid any conflict of interest, whether actual or potential.

AUDIT COMMITTEE REPORT

COMPOSITION

The Audit Committee (AC) shall comprise a maximum number of six and a minimum number of three Board members who shall be Non-Executive Directors of the Board of Directors of the PNB Group, a majority of whom are Independent. Currently, the AC comprises three members, all of whom are Independent Non-Executive Directors.

The AC shall meet at least four times a year. Additional meetings may be called at any time at the discretion of the Chairman of the AC.

The composition of the AC is as follows:

Members	Status
Datuk Mohd. Anwar bin Yahya (Chairman)	Independent Non-Executive
Dato Dr. Nik Ramlah binti Nik Mahmood	Independent Non-Executive
Datuk Seri Dr. Nik Norzrul Thani bin N. Hassan Thani	Independent Non-Executive

This is in line with the Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Malaysia) and Malaysian Code of Corporate Governance, which prescribes that the AC must consist of at least three members, with the Chairman and a majority of the members being independent non-executive directors.

The primary role and responsibilities of the AC is to monitor and evaluate the effectiveness of internal controls and to ensure that the financial statements comply with the Malaysian Financial Reporting Standards.

TERMS OF REFERENCE

In performing its duties and discharging its responsibilities, the AC is guided by the Terms of Reference where the membership of the AC shall fulfil the following criteria:

- Each AC member shall be required to have:
 - An understanding of the industry in which PNB Group operates;
 - An understanding of financial statements;
 - An understanding of key business, financial risks, related controls and control processes; and
 - An understanding of business, financial reporting, and regulatory requirements.
- Appointment of Committee members and Chairman of the Committee are to be approved by the Board of Directors of PNB.

Scope/Responsibilities of Committee

- The Committee is authorised to investigate any matter within the Terms of Reference of the AC, to obtain the resources which it needs to do so, and to have full access to information;
- The Committee is authorised to form and delegate authority to sub-committees, which shall be subject to its own Terms of Reference as approved by the AC; and
- The Committee shall provide greater emphasis on the audit functions by increasing the objectivity and independence of external and internal auditors, and providing a forum for discussion that is independent of the management.

Functions

To review, appraise and report on the following:

- The quality and effectiveness of the entire accounting and internal control system;
- The adequacy and integrity of the audit efforts by both the external and internal auditors;
- The propriety of accounting policies adopted by Management and accepted by the external auditors, where alternatives are also acceptable;

AUDIT COMMITTEE REPORT

- The adequacy of the disclosure of information essential to a fair and full presentation of the financial affairs of the PNB Group;
- Any significant difficulty encountered or material discovery made by the external or internal auditors;
- The effects of any change in accounting principles or of any development taking place in the accounting profession or any statutory authority; and
- The firm of external auditors retained by the PNB Group and the AC's recommendation to retain or replace the firm of external auditors for the ensuing year.

Principle Business of the Audit Committee Meetings

- Before the commencement of the annual statutory audit, the following shall be undertaken:
 - To discuss in general the scope of the audit examination and to ensure that adequate tests to verify the accounts and procedures of the PNB Group are performed;
 - To inquire into the adequacy of the number of staff and the competence of the external auditors in performing their work;
 - To review the fees proposed for payment to the external auditors for audit work to be performed;
 - To discuss any significant problem that may be foreseen; and
 - To discuss the impact of any proposed change in accounting principles on future financial statements.
- After the completion of the statutory audit, the AC will undertake the following:
 - To review the results and findings of the audit, with attention to the adequacy of accounting, financial and operating controls, and to monitor the implementations and recommendations made;
 - To review the draft financial statements and audit report, and any significant adjustment required as a result of the audit;
 - To review the nature and impact of any change in accounting policies adopted by the PNB Group during the year; and
 - To review and recommend the draft financial statements be presented to the Board of Directors for approval.
- To arrange for meetings with the Head of Internal Assurance Department of PNB to discuss the following:
 - To review and inquire into the adequacy of the proposed programmes of the Internal Assurance Department of PNB;
 - To inquire into the effectiveness of the internal audit procedures of the PNB Group;
 - To consider significant findings of the internal auditors during the year; and
 - To make an assessment of the adequacy in the number and the quality of staff performing the internal auditing functions.
- To consider any special review or investigation deemed necessary by the Board of Directors of PNB.

ACTIVITIES

As at 31 December 2019, a total of 13 meetings were held during the year under review. Details of meeting attendance are set out below:

Members	Status	Attendance
Datuk Mohd. Anwar bin Yahya (Chairman) <i>(with effect from 16 January 2019)</i>	Independent Non-Executive Director	11/12
Dato Dr. Nik Ramlah binti Nik Mahmood	Independent Non-Executive Director	13/13
Datuk Seri Dr. Nik Norzrul Thani bin N. Hassan Thani	Independent Non-Executive Director	13/13

The President & Group Chief Executive and the Head of IAD are permanent invitees and attend the AC meetings to brief and provide clarification to the Committee on their areas of responsibility. Other members of Management are also invited for specific agenda items to support detailed discussions during the Committee's meetings.

External auditors are invited to attend the AC meetings to discuss and review the annual audited financial statements of Permodalan Nasional Behad, Amanah Saham Nasional Berhad, unit trust funds and PNB Group.

The Chairman of the AC makes a report on each meeting to the Board and minutes of each meeting are kept and distributed to each member of the AC.

AUDIT COMMITTEE REPORT

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the year under review, the AC in discharging its duties and functions, had carried out the following activities:

- i. Reviewed the adequacy and effectiveness of the system of internal control through internal audit activities and compliance monitoring to ensure that the approved policies and procedures were adhered to and risk areas were adequately mitigated;
- ii. Reviewed the adequacy of the scope and objectives of the internal auditor, and deliberated on the audit plans, which were approved by the AC;
- iii. Reviewed with the internal auditor, the presented internal audit reports, and ensured that the agreed action plans were implemented by the Management in a timely and effective manner;
- iv. Reviewed with the external auditor the financial statements, audit issues and matters arising for PNB Group of Companies;
- v. Reviewed the performance, independence and fees of the external auditors;
- vi. Reviewed annual reports and interim reports of unit trust funds before presenting to the Board of Directors for approval;
- vii. Reviewed and noted the Corporate Governance Disclosures for the Permodalan Nasional Berhad 2018 Annual Report;
- viii. Reviewed the Securities Commission Report on Anti-Money Laundering, Anti-Terrorism Financing & Proceeds of Unlawful Activities Act 2001 (AMLATFPUAA) on concerns raised by SC on compliance to AMLA, AMLA policies and quality of audit; and
- ix. Reviewed and approved the Update on 2019 Key Performance Indicators and Proposed Annual Audit Work Plan for 2020 and adequacy of resources.

SUMMARY OF ACTIVITIES OF THE INTERNAL ASSURANCE DEPARTMENT

- i. IAD conducts the audit based on the Audit Plan approved by the AC, to provide an independent assessment on the adequacy, effectiveness and efficiency of the established internal controls systems and risk management of PNB.
- ii. Prepared the audit report based on the audit reviews, integrated audit observations, validated findings, recommendations and agreed action plans to resolve issues, enhance existing policies & procedures and operational efficiency, and to gain reasonable assurance that identified risks are effectively mitigated.
- iii. The audit reports were discussed with the Management for agreed action plans and timely resolution before being presented to the AC for deliberation.
- iv. Conducted follow-up with the Management to determine the progress of the agreed actions plans in resolving outstanding audit issues until full closure and presented the status of the resolution to the AC.
- v. During the year under review, the AC in discharging its duties executed the following internal audit activities:
 - a. Conducted financial and operational audit on PNB's subsidiaries namely PNB Development Sdn Berhad; PNB Commercial Sdn Berhad; Pelaburan Hartanah Nasional Berhad; and PFM Capital Holdings Sdn Berhad;
 - b. Financial, Operational and Information System Audit on Perdana Kuala Lumpur City Centre (formerly known as PNB Hotel & Suites on the Park Kuala Lumpur);
 - c. Conducted Special Audit on PT Miel Nusantara Development (a subsidiary of PNB Commercial Sdn Berhad) and PNB Development Sdn Berhad;
 - d. Conducted Information Technology (IT) Audit on the Disaster Recovery (DR) Simulation Test 2/2019 for Fund Distribution System (FDS) and Mid-Range Applications report;
 - e. Conducted Financial and Operational Audit on Risk Management Department (RMD) on PNB's Contingency Funding Plan (CFP) and borrowing facilities, BCM Site Access cards and Automation of monitoring Financial Risk and Stress Testing;
 - f. Conducted Financial, Operational and Information System Audit on Income Distribution and Distribution of Annual Report for ten (10) ASNB funds;
 - g. Conducted surprise cash counts on ASNB Branch Offices and Hospitality Businesses;
 - h. Attended the Annual General Meeting of PHNB as verifier and to certify that the minimum quorum was met;
 - i. Conducted Financial and Operational Audit on the Finance, Public Equity, Procurement and Real Estate Special Projects Departments, Fixed Income activities and ASNB's Hibah and Pengisytiharan Amanah;
 - j. Conducted verification of Investments on PNB Group; Federation of Investment Managers Malaysia (FIMM) Annual Compliance Review Checklist for Unit Trust Management Company of ASNB; FIMM Annual Compliance Review Checklist for Institutional Unit Trust Adviser of ASNB; and
 - k. Attended tender activities and asset disposals.

SHARIAH ADVISORY COMMITTEE REPORT

The Shariah Advisory Committee (SAC) was set up to advise and provide guidance to PNB on Shariah compliance matters, ensuring effective implementation and best practices of Shariah principles in PNB at all times. The SAC convened every quarter to review and advise PNB on the efforts to execute more Shariah initiatives.

The Shariah Advisory Committee comprises the following members:

Members	Status
Datuk Dr. Mohd. Daud bin Bakar (Chairman)	Independent Non-Executive
Tan Sri Dato' Seri (Dr.) Haji Harussani bin Haji Zakaria	Independent Non-Executive
Dato' As-Sheikh Haji Nooh bin Gadot	Independent Non-Executive
Dato' Haji Mohamad Shukri bin Mohamad	Independent Non-Executive
Prof. Dato' Dr. Mahmood Zuhdi bin Ab. Majid	Independent Non-Executive
Dato' Idris bin Kechot (Appointed with effect from 7 August 2019)	Independent Non-Executive
Dr. Aida binti Othman	Independent Non-Executive

PNB's SAC hereby declares that the products listed below which are managed by ASNB, a wholly-owned unit trust management company of PNB, conform to the requirements of Shariah, based on Maqasid Al-Shariah and Siyasah Shar'iyah principles.

Fixed Price Funds:

1. Amanah Saham Bumiputera (ASB)	4. Amanah Saham Malaysia (ASM)
2. Amanah Saham Bumiputera 2 (ASB 2)	5. Amanah Saham Malaysia 2 Wawasan (ASM 2 Wawasan)
3. Amanah Saham Bumiputera 3-Didik (ASB 3 Didik)	6. Amanah Saham Malaysia 3 (ASM 3)

Variable Price Funds:

1. Amanah Saham Nasional (ASN)	5. ASN Imbang (Mixed Asset Balanced) 1, (ASN Imbang 1)
2. ASN Equity 2	6. ASN Imbang (Mixed Asset Balanced) 2, (ASN Imbang 2)
3. ASN Equity 3	7. ASN Sara (Mixed Asset Conservative) 1, (ASN Sara 1)
4. ASN Equity 5	8. ASN Sara (Mixed Asset Conservative) 2, (ASN Sara 2)

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 Al-Syariah dan Siyasah Syar'iyah during SAC meetings held in 2019 as follows:

1. 22 February 2019	3. 9 August 2019
2. 19 April 2019	4. 29 October 2019

SHARIAH ADVISORY COMMITTEE REPORT

PNB'S SHARIAH COMMITMENT

PNB continued its commitment to ensure all our business dealings and activities conform to Shariah-compliant requirements. A series of initiatives were conducted in 2019 and we forged ahead in our mission to create more Shariah initiatives and instil greater awareness on Shariah-compliant investment amongst Malaysians.

Continuous Engagements

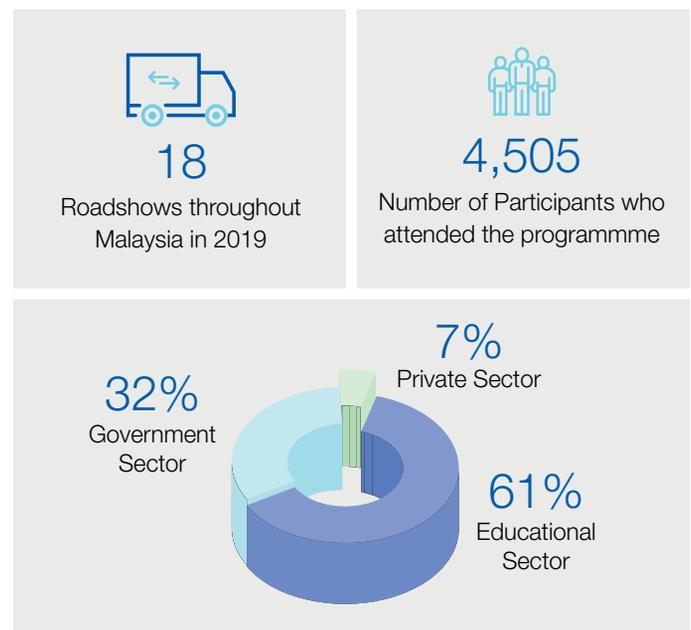
PNB continued to engage actively with States' Religious Councils, Government agencies, Islamic banking players, regulatory bodies, Bursa Malaysia, government-linked investment companies (GLICs) and other institutions. These engagements have helped us understand how well we have fulfilled our responsibilities as a valuable partner to the people and our stakeholders, and enables us to play our role in the Shariah investment industry towards the creation of long-term value.

In 2019, the Shariah Management Department held the following engagement sessions:

11 Feb 2019	: Maybank Islamic Berhad
11 Mar 2019	: Kumpulan Wang Persaraan (KWAP) & Employees Provident Fund (EPF)
7 May 2019	: Bursa Malaysia
17 July 2019	: Securities Commission Malaysia
26-28 July 2019	: Jawatankuasa Perundangan Hukum Syarak Wilayah Persekutuan kali ke-118 & 119
27 Aug 2019	: Jawatankuasa Khas Kewangan Islam, Kementerian Kewangan Malaysia
28 Aug 2019	: Jabatan Agama Islam Perak
12 Sept 2019	: Bank Islam Malaysia Berhad
21 Oct 2019	: Majlis Pengurusan Zakat Negeri-Negeri (MPZN) 2019
30 Oct 2019	: Majlis Jawatankuasa Fatwa Negeri Selangor
6-8 Nov 2019	: Makmal/Manual Taksiran Zakat Institusi Kewangan & Perbankan Islam
21 Nov 2019	: Jabatan Hal Ehwal Agama Islam Negeri Sabah
25 Nov 2019	: Yayasan Islam Kelantan
31 Dec 2019	: Jabatan Wakaf, Zakat Dan Haji (JAWHAR), JAKIM

Maqasid Al-Syariah Awareness Programme

Our Maqasid Al-Syariah awareness programme is our Shariah investment literacy programme which aims to educate our stakeholders on PNB's Maqasid screening process and provide assurance on the Shariah status of ASNB's unit trust funds. Roadshows were held in various locations and involved participants from various sectors.



Through the Maqasid Al-Syariah awareness roadshows, we managed to gauge the level of understanding amongst participants towards PNB's Shariah Initiatives.

95% All states' Majlis Fatwa in Malaysia have classified that investments in ASB/ASN and other unit trust funds as "permissible" investments.

96% ASNB's unit trust products e.g. ASB/ASN and others are deemed 'HARUS' (permissible in accordance with Shariah requirements).

98% PNB is constantly stepping up its efforts to achieve Shariah-compliant status.

96% Most of PNB funds are invested in Shariah-compliant companies.

97% The main objective of the establishment of PNB is to help empower the Bumiputeras' economy.

FINANCIAL STATEMENTS

131 PNB Group 5-Year Consolidated Coterminous Proforma Financials

132 Independent Auditors' Report

133 Unit Trust Funds

PNB GROUP 5-YEAR CONSOLIDATED COTERMINOUS PROFORMA FINANCIALS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER

	2015 RM million	2016 RM million	2017 RM million	2018 RM million	2019 RM million
Gross Income ¹	18,816	17,534	20,350	20,307	15,121
Net Income ¹	15,586	15,160	17,710	17,009	10,732
Total Assets ²	254,608	266,412	279,232	298,517	312,005
Return on Assets ³	6.3%	6.0%	6.7%	6.0%	3.5%

Note:

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 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 2017, 2018 and 2019
- 2 Amanah Saham Bumiputera 2 – 31 March 2017, 2018 and 2019
- 3 Amanah Saham Bumiputera 3 – Didik (*formerly known as Amanah Saham Didik*) – 30 June 2017, 2018 and 2019
- 4 Amanah Saham Malaysia – 31 March 2017, 2018 and 2019
- 5 Amanah Saham Malaysia 2 – Wawasan (*formerly known as Amanah Saham Wawasan 2020*) – 31 August 2017, 2018 and 2019
- 6 Amanah Saham Malaysia 3 (*formerly known as Amanah Saham 1Malaysia*) – 30 September 2017, 2018 and 2019
- 7 Amanah Saham Nasional – 31 December 2017, 2018 and 2019
- 8 ASN Equity 2 (*formerly known as Amanah Saham Nasional 2*) – 30 June 2017, 2018 and 2019
- 9 ASN Imbang (Mixed Asset Balanced) 1 (*formerly known as Amanah Saham Nasional 3 Imbang*) – 30 November 2017, 2018 and 2019
- 10 ASN Umbrella (the umbrella fund for ASN Imbang (Mixed Asset Balanced) 2, ASN Equity 3, and ASN Sara (Mixed Asset Conservative) 1 (*formerly known as Amanah Saham Gemilang, the umbrella fund for Amanah Saham Pendidikan, Amanah Saham Persaraan and Amanah Saham Kesihatan*)) – 31 March 2017, 2018 and 2019
- 11 ASN Equity 5 – 30 September 2019
- 12 ASN Sara (Mixed Asset Conservative) 2 – 30 September 2019

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 146.

SUMMARY FINANCIAL INFORMATION

The summary financial information for Amanah Saham Bumiputera, Amanah Saham Bumiputera 2, Amanah Saham Bumiputera 3 – Didik (*formerly known as Amanah Saham Didik*), Amanah Saham Malaysia, Amanah Saham Malaysia – 2 Wawasan (*formerly known as Amanah Saham Wawasan 2020*) and Amanah Saham Malaysia 3 (*formerly known as Amanah Saham 1Malaysia*) do not contain all the disclosures required by the Malaysian Financial Reporting Standards as modified by applicable specific prescription issued by the Securities Commission's Guidelines on Unit Trust Funds in Malaysia.

The summary financial information for Amanah Saham Nasional, ASN Equity 2 (*formerly known as Amanah Saham Nasional 2*), ASN Imbang (Mixed Asset Balanced) 1 (*formerly known as Amanah Saham Nasional 3 Imbang*), ASN Umbrella (*formerly known as Amanah Saham Gemilang*), ASN Equity 5 and ASN Sara (Mixed Asset Conservative) 2 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 comprises 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 133 to 146.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on whether the summary financial information is 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 Raslan & Mohamad PLT

5 March 2020

Kuala Lumpur

UNIT TRUST FUNDS



Launch Date : 2 January 1990

Fund Type : Income

Fund Category : Mixed Asset

Investment Objective

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

Asset Allocation

- Up to 90% of its Value of Fund (VOF) in equities
- Up to 50% of its VOF in other asset classes
- Minimum 5% of its VOF in cash or liquid asset

Performance Benchmark

Maybank 12-Month Fixed Deposit

Notes:

1. Source: Fund Annual Report 2019.
2. The above Summarised Statements of Comprehensive Income and Summarised Statements of Financial Position are derived from the audited financial statements of the respective unit trust funds.

For balances up to 10,000 unit only.

FUND SNAPSHOT

Financial Year Ended 31 Dec	2017	2018	2019
Units in Circulation (million units)	145,903	155,879	167,159
Number of Accounts	9,302,393	9,664,241	10,023,988

FUND FINANCIALS

Summarised Statements of Comprehensive Income for the year ended 31 Dec (RM'000)	2017	2018	2019
Total investment income	10,805,595	10,868,721	7,698,567
Total expenses	652,590	1,038,758	1,877,076
Net income before taxation	10,153,005	9,829,963	5,821,491
Less: Taxation	-	-	-
Net income after taxation	10,153,005	9,829,963	5,821,491
Other Comprehensive Income	-	-	-
Total Comprehensive Income	10,153,005	9,829,963	5,821,491

FUND PERFORMANCE

Financial Year Ended 31 Dec	2017	2018	2019
Income Distribution (RM million)	10,177.99	9,837.45	8,136.74
Income Distribution (sen per unit)	7.00	6.50	5.00
Bonus (sen per unit)	0.25	0.50	0.50
Special Bonus (sen per unit)#	1.00	-	-
Benchmark Return (%)	3.44	3.35	3.10

ASSET ALLOCATION (% of Net Asset Value)

Financial Year Ended 31 Dec	2017	2018	2019
Equity	77.61	73.58	78.83
Fixed Income	3.40	4.64	5.25
Others	18.99	21.78	15.92
TOTAL	100.00	100.00	100.00

UNIT TRUST FUNDS

**ASB 2**

Launch Date : 2 April 2014

Fund Type : Income

Fund Category : Mixed Asset

Investment Objective

To provide regular income stream whilst preserving unit holders' 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 5% of its VOF in cash or cash equivalent

Performance Benchmark

Maybank 12-Month Fixed Deposit

Notes:

1. Source: Fund Annual Report 2019.
2. The above Summarised Statements of Comprehensive Income and Summarised Statements of Financial Position are derived from the audited financial statements of the respective unit trust funds.

FUND SNAPSHOT

Financial Year Ended 31 Mar	2017	2018	2019
Units in Circulation (million units)	7,386	9,354	10,372
Number of Accounts	266,848	348,574	408,124

FUND FINANCIALS

Summarised Statements of Comprehensive Income for the year ended 31 Mar (RM'000)	2017	2018	2019
Total investment income	406,029	625,858	659,606
Total expenses	13,816	48,015	48,777
Net income before taxation	392,213	577,843	610,829
Less: Taxation	-	-	-
Net income after taxation	392,213	577,843	610,829
Other Comprehensive Income	-	-	-
Total Comprehensive Income	392,213	577,843	610,829

FUND PERFORMANCE

Financial Year Ended 31 Mar	2017	2018	2019
Income Distribution (RM million)	377.86	562.92	603.70
Income Distribution (sen per unit)	6.50	6.75	6.00
Benchmark Return (%)	3.52	3.61	3.35

ASSET ALLOCATION

(% of Net Asset Value)

Financial Year Ended 31 Mar	2017	2018	2019
Equity	77.04	80.76	81.96
Fixed Income	3.43	5.61	8.51
Others	19.53	13.63	9.53
TOTAL	100.00	100.00	100.00

UNIT TRUST FUNDS

**ASB 3 Didik**

(Formerly known as Amanah Saham Didik)

Launch Date : 20 April 2001

Fund Type : Growth

Fund Category : Mixed Asset

Investment Objective

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

Asset Allocation

- Up to 90% of its Value of Fund (VOF) in equities
- Up to 50% of its VOF in other asset classes
- Minimum 5% of its VOF in cash or liquid asset

Performance Benchmark

Maybank 12-Month Fixed Deposit

Notes:

1. Source: Fund Annual Report 2019.
2. The above Summarised Statements of Comprehensive Income and Summarised Statements of Financial Position are derived from the audited financial statements of the respective unit trust funds.

FUND SNAPSHOT

Financial Year Ended 30 Jun	2017	2018	2019
Units in Circulation (million units)	5,545	5,846	6,188
Number of Accounts	299,817	291,286	292,541

FUND FINANCIALS

Summarised Statements of Comprehensive Income for the year ended 30 Jun (RM'000)	2017	2018	2019
Total investment income	314,270	439,785	296,455
Total expenses	73,326	126,193	62,697
Net income before taxation	240,944	313,592	233,758
Less: Taxation	-	-	-
Net income after taxation	240,944	313,592	233,758
Other Comprehensive Income	-	-	-
Total Comprehensive Income	240,944	313,592	233,758

FUND PERFORMANCE

Financial Year Ended 30 Jun	2017	2018	2019
Income Distribution (RM million)	329.53	357.87	296.57
Income Distribution (sen per unit)	6.00	6.25	4.85
Bonus (sen per unit)	-	-	0.40
Benchmark Return (%)	3.43	3.35	3.10

ASSET ALLOCATION
(% of Net Asset Value)

Financial Year Ended 30 Jun	2017	2018	2019
Equity	55.28	77.57	81.20
Fixed Income	7.72	12.64	11.85
Others	37.00	9.79	6.95
TOTAL	100.00	100.00	100.00

UNIT TRUST FUNDS

**ASM**

Launch Date : April 20, 2000

Fund Type : Income

Fund Category : Mixed Asset

Investment Objective

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

Asset Allocation

- Up to 90% of its Value of Fund (VOF) in equities
- Up to 50% of VOF in other asset classes
- Minimum 5% of VOF in cash or liquid asset

Performance Benchmark

Maybank 12-Month Fixed Deposit

Notes:

1. Source: Fund Annual Report 2019.
2. The above Summarised Statements of Comprehensive Income and Summarised Statements of Financial Position are derived from the audited financial statements of the respective unit trust funds.

FUND SNAPSHOT

Financial Year Ended 31 Mar	2017	2018	2019
Units in Circulation (million units)	17,321	18,358	19,502
Number of Accounts	539,581	541,107	541,571

FUND FINANCIALS

Summarised Statements of Comprehensive Income for the year ended 31 Mar (RM'000)	2017	2018	2019
Total investment income	1,277,129	1,373,526	1,239,597
Total expenses	212,292	315,630	162,878
Net income before taxation	1,064,837	1,057,896	1,076,719
Less: Taxation	-	-	-
Net income after taxation	1,064,837	1,057,896	1,076,719
Other Comprehensive Income	-	-	-
Total Comprehensive Income	1,064,837	1,057,896	1,076,719

FUND PERFORMANCE

Financial Year Ended 31 Mar	2017	2018	2019
Income Distribution (RM million)	1,036.84	1,144.59	1,069.06
Income Distribution (sen per unit)	6.00	6.25	5.50
Benchmark Return (%)	3.43	3.69	3.35

ASSET ALLOCATION

(% of Net Asset Value)

Financial Year Ended 31 Mar	2017	2018	2019
Equity	74.89	75.20	73.08
Fixed Income	9.56	13.28	14.59
Others	15.55	11.52	12.33
TOTAL	100.00	100.00	100.00



ASM 2 Wawasan

(Formerly known as Amanah Saham Wawasan 2020)

Launch Date : 28 August 1996

Fund Type : Income

Fund Category : Mixed Asset

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

- Up to 90% of its Value of Fund (VOF) in equities
- Up to 50% of its VOF in other asset classes
- Minimum 5% of its VOF in cash or liquid asset

Performance Benchmark

Maybank 12-Month Fixed Deposit

Notes:

1. Source: Fund Annual Report 2019.
2. The above Summarised Statements of Comprehensive Income and Summarised Statements of Financial Position are derived from the audited financial statements of the respective unit trust funds.

FUND SNAPSHOT

Financial Year Ended 31 Aug	2017	2018	2019
Units in Circulation (million units)	18,977	19,773	21,678
Number of Accounts	873,958	871,503	883,140

FUND FINANCIALS

Summarised Statements of Comprehensive Income for the year ended 31 Aug (RM'000)	2017	2018	2019
Total investment income	1,387,514	1,475,185	1,095,952
Total expenses	230,224	321,702	228,918
Net income before taxation	1,157,290	1,153,483	867,034
Less: Taxation	-	-	-
Net income after taxation	1,157,290	1,153,483	867,034
Other Comprehensive Income	-	-	-
Total Comprehensive Income	1,157,290	1,153,483	867,034

FUND PERFORMANCE

Financial Year Ended 31 Aug	2017	2018	2019
Income Distribution (RM million)	1,131.20	1,180.38	1,051.26
Income Distribution (sen per unit)	6.00	6.00	5.00
Benchmark Return (%)	3.43	3.35	3.10

ASSET ALLOCATION

(% of Net Asset Value)

Financial Year Ended 31 Aug	2017	2018	2019
Equity	70.05	79.39	79.64
Fixed Income	9.76	10.85	14.00
Others	20.19	9.76	6.36
TOTAL	100.00	100.00	100.00

UNIT TRUST FUNDS

**ASM 3**

(Formerly known as Amanah Saham 1Malaysia)

Launch Date : 5 August 2001

Fund Type : Income

Fund Category : Mixed Asset

Investment Objective

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

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 5% of its VOF in cash or liquid asset

Performance Benchmark

Maybank 12-Month Fixed Deposit

Notes:

1. Source: Fund Annual Report 2019.
2. The above Summarised Statements of Comprehensive Income and Summarised Statements of Financial Position are derived from the audited financial statements of the respective unit trust funds.

FUND SNAPSHOT

Financial Year Ended 30 Sep	2017	2018	2019
Units in Circulation (million units)	12,069	12,763	13,692
Number of Accounts	394,357	447,607	491,956

FUND FINANCIALS

Summarised Statements of Comprehensive Income for the year ended 30 Sep (RM'000)	2017	2018	2019
Total investment income	874,805	914,650	886,370
Total expenses	150,724	206,324	154,985
Net income before taxation	724,081	708,326	731,385
Less: Taxation	-	-	-
Net income after taxation	724,081	708,326	731,385
Other Comprehensive Income	-	-	-
Total Comprehensive Income	724,081	708,326	731,385

FUND PERFORMANCE

Financial Year Ended 30 Sep	2017	2018	2019
Income Distribution (RM million)	715.85	749.62	670.48
Income Distribution (sen per unit)	6.00	6.00	5.00
Benchmark Return (%)	3.66	3.35	3.10

ASSET ALLOCATION

(% of Net Asset Value)

Financial Year Ended 30 Sep	2017	2018	2019
Equity and Unit Trust	78.52	73.50	82.01
Fixed Income	10.39	10.99	9.13
Others	11.09	15.51	8.86
TOTAL	100.00	100.00	100.00

UNIT TRUST FUNDS



ASN

Launch Date : 20 April 1981

Fund Type : Growth

Fund Category : Equity

Investment Objective

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

Asset Allocation

- 70% - 90% of its Net Asset Value (NAV) in equities
- Minimum 10% of its NAV in fixed income securities and money market instruments inclusive of liquid assets

Performance Benchmark

80% FTSE Bursa Malaysia 100: 20%
Maybank 12-Month Fixed Deposit

Notes:

1. Source: Fund Annual Report 2019.
2. The above Summarised Statements of Comprehensive Income and Summarised Statements of Financial Position are derived from the audited financial statements of the respective unit trust funds.

FUND SNAPSHOT

Financial Year Ended 31 Dec	2017	2018	2019
Units in Circulation (million units)	1,902	1,837	1,783
Number of Accounts	1,235,720	1,225,979	1,217,821

FUND FINANCIALS

Summarised Statements of Comprehensive Income for the year ended 31 Dec (RM'000)	2017	2018	2019
Total investment income	68,883	12,454	70,809
Total expenses	23,069	18,570	14,967
Net income/(loss) before taxation	45,814	(6,116)	55,842
Less: Taxation	-	-	-
Net income/(loss) after taxation	45,814	(6,116)	55,842
Other Comprehensive Income/(Loss)	188,897	(118,178)	(34,486)
Total Comprehensive Income/(Loss)	234,711	(124,294)	21,356

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

Realised	69,130	63,870	49,295
Unrealised	165,581	(188,164)	(27,939)
	234,711	(124,294)	21,356

Summarised Statements of Financial Position as at 31 Dec (RM'000)

	2017	2018	2019
Investments	1,471,435	1,236,341	1,171,529
Other Assets	27,437	47,141	8,915
Total Assets	1,498,872	1,283,482	1,180,444
Liabilities	(75,436)	(91,705)	(52,274)
Unit Holder Capital/NAV	1,423,435	1,191,777	1,128,170

FUND PERFORMANCE

Financial Year Ended 31 Dec	2017	2018	2019
Distribution Yield (%)	4.88	5.01	4.35
Total Return (%)	18.26	(8.95)	1.74
Benchmark Return (%)	10.86	(6.74)	(1.66)
Financial Year Ended 31 Dec	1 Year	3 Years	5 Years
Annualised Total Return (%)	1.74	3.09	1.99
Benchmark Return (%)	(1.66)	0.55	(0.22)

ASSET ALLOCATION

(% of Net Asset Value)

Financial Year Ended 31 Dec	2017	2018	2019
Equity	79.12	81.24	89.84
Fixed Income	4.01	3.54	8.83
Others	16.87	15.22	1.33
TOTAL	100.00	100.00	100.00

UNIT TRUST FUNDS

**ASN Equity 2**

(Formerly known as 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 and securities law in a diversified portfolio of securities, principally in Malaysian equity securities

Asset Allocation

- 70% - 90% of the fund's Net Asset Value (NAV) in equities
- Minimum 10% in fixed income securities and money market instruments inclusive of liquid assets

Performance Benchmark

80% FTSE Bursa Malaysia 100: 20%
Maybank 12-Month Fixed Deposit

Notes:

1. Source: Fund Annual Report 2019.
2. The above Summarised Statements of Comprehensive Income and Summarised Statements of Financial Position are derived from the audited financial statements of the respective unit trust funds.

FUND SNAPSHOT

Financial Year Ended 30 Jun	2017	2018	2019
Units in Circulation (million units)	1,479	1,512	1,548
Number of Accounts	24,944	29,826	32,477

FUND FINANCIALS

Summarised Statements of Comprehensive Income for the year ended 30 Jun (RM'000)	2017	2018	2019
Total investment income	38,353	38,401	40,310
Total expenses	12,752	12,431	10,979
Net income before taxation	25,601	25,970	29,331
Less: Taxation	-	-	-
Net income after taxation	25,601	25,970	29,331
Other Comprehensive Income/(Loss)	77,346	(38,211)	(18,530)
Total Comprehensive Income/(Loss)	102,947	(12,241)	10,801

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

Realised	45,424	43,052	42,472
Unrealised	57,523	(55,293)	(31,671)
	102,947	(12,241)	10,801

Summarised Statements of Financial Position as at 30 Jun (RM'000)	2017	2018	2019
Investments	955,507	910,897	888,252
Other Assets	4,006	9,030	23,554
Total Assets	959,513	919,927	911,806
Liabilities	(48,960)	(47,925)	(51,824)
Unit Holder Capital/NAV	910,553	872,002	859,982

FUND PERFORMANCE

Financial Year Ended 30 Jun	2017	2018	2019
Distribution Yield (%)	5.04	5.38	5.04
Total Return (%)	11.95	(1.28)	1.20
Benchmark Return (%)	7.80	(2.38)	(0.14)
Financial Year Ended 30 Jun	1 Year	3 Years	5 Years
Annualised Total Return (%)	1.20	3.80	1.43
Benchmark Return (%)	(0.14)	1.67	(0.61)

ASSET ALLOCATION

(% of Net Asset Value)

Financial Year Ended 30 Jun	2017	2018	2019
Equity	83.13	69.35	86.36
Fixed Income	3.31	2.65	7.07
Others	13.56	28.00	6.57
TOTAL	100.00	100.00	100.00

UNIT TRUST FUNDS

**ASN Imbang 1**

(Formerly known as Amanah Saham Nasional 3 Imbang)

Launch Date : 16 October 2001

Fund Type : Balanced

Fund Category : Mixed Assets

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 the fund's Net Asset Value (NAV) in equities
- Minimum 25% in fixed income securities, money market instruments and other instruments inclusive of liquid assets

Performance Benchmark

50% FTSE Bursa Malaysia 100: 50%
Maybank 12-Month Fixed Deposit

Notes:

1. Source: Fund Annual Report 2019.
2. The above Summarised Statements of Comprehensive Income and Summarised Statements of Financial Position are derived from the audited financial statements of the respective unit trust funds.

FUND SNAPSHOT

Financial Year Ended 30 Nov	2017	2018	2019
Units in Circulation (million units)	1,295	1,302	1,312
Number of Accounts	43,613	46,122	46,815

FUND FINANCIALS

Summarised Statements of Comprehensive Income for the year ended 30 Nov (RM'000)	2017	2018	2019
Total investment income	48,526	36,918	74,098
Total expenses	17,559	16,534	14,428
Net income before taxation	30,967	20,384	59,670
Less: Taxation	-	-	-
Net income after taxation	30,967	20,384	59,670
Other Comprehensive Income/(Loss)	44,521	(69,799)	(14,930)
Total Comprehensive Income/(Loss)	75,488	(49,415)	44,740

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

Realised	55,718	60,954	54,107
Unrealised	19,770	(110,369)	(9,367)
	75,488	(49,415)	44,740

Summarised Statements of Financial Position as at 30 Nov (RM'000)

	2017	2018	2019
Investments	1,379,062	1,254,657	1,261,432
Other Assets	39,120	41,538	23,795
Total Assets	1,418,182	1,296,195	1,285,227
Liabilities	(81,368)	(65,641)	(57,038)
Unit Holder Capital/NAV	1,336,814	1,230,554	1,228,189

FUND PERFORMANCE

Financial Year Ended 30 Nov	2017	2018	2019
Distribution Yield (%)	4.84	5.03	4.54
Total Return (%)	6.10	(3.85)	3.62
Benchmark Return (%)	6.14	(0.57)	(0.91)
Financial Year Ended 30 Nov	1 Year	3 Years	5 Years
Annualised Total Return (%)	3.62	1.87	1.28
Benchmark Return (%)	(0.91)	1.50	0.70

ASSET ALLOCATION

(% of Net Asset Value)

Financial Year Ended 30 Nov	2017	2018	2019
Equity	53.15	53.52	52.76
Fixed Income	26.28	33.16	40.13
Others	20.57	13.32	7.11
TOTAL	100.00	100.00	100.00

UNIT TRUST FUNDS

**ASN Imbang 2**

(Formerly known as Amanah Saham Gemilang - Pendidikan)

Launch Date : 17 March 2003

Fund Type : Growth & Income

Fund Category : Mixed Asset Balanced

Investment Objective

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

Asset Allocation

- 25% - 75% of the fund's Net Asset Value (NAV) in equities
- Minimum 25% in fixed income securities and money market instruments inclusive of liquid assets

Performance Benchmark

50% FTSE Bursa Malaysia 100: 50%
Maybank 12-Month Fixed Deposit

Notes:

1. Source: Fund Annual Report 2019.
2. The above Summarised Statements of Comprehensive Income and Summarised Statements of Financial Position are derived from the audited financial statements of the respective unit trust funds.

FUND SNAPSHOT

Financial Year Ended 31 Mar	2017	2018	2019
Units in Circulation (million units)	884	1,135	1,301
Number of Accounts	65,037	74,163	79,282

FUND FINANCIALS

Summarised Statements of Comprehensive Income for the year ended 31 Mar (RM'000)	2017	2018	2019
Total investment income	41,273	46,793	23,094
Total expenses	10,920	13,009	13,511
Net income before taxation	30,353	33,784	9,583
Less: Taxation	-	-	-
Net income after taxation	30,353	33,784	9,583
Other Comprehensive Income/(Loss)	20,835	31,828	(35,636)
Total Comprehensive Income/(Loss)	51,188	65,612	(26,053)

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

Realised	36,330	44,232	50,838
Unrealised	14,858	21,380	(76,891)
	51,188	65,612	(26,053)

Summarised Statements of Financial Position as at 31 Mar (RM'000)	2017	2018	2019
Investments	852,433	1,160,886	1,234,200
Other Assets	37,959	8,396	15,243
Total Assets	890,392	1,169,282	1,249,443
Liabilities	(40,940)	(57,103)	(57,704)
Unit Holder Capital/NAV	849,452	1,112,179	1,191,739

FUND PERFORMANCE

Financial Year Ended 31 Mar	2017	2018	2019
Distribution Yield (%)	4.69	4.90	4.59
Total Return (%)	6.41	7.00	(2.25)
Benchmark Return (%)	3.48	5.66	(4.03)
Financial Year Ended 30 Jun	1 Year	3 Years	5 Years
Annualised Total Return (%)	(2.25)	3.63	2.14
Benchmark Return (%)	(4.03)	1.62	0.76

ASSET ALLOCATION

(% of Net Asset Value)

Financial Year Ended 31 Mar	2017	2018	2019
Equity	62.69	63.67	57.46
Fixed Income	11.57	21.55	32.95
Others	25.74	14.78	9.59
TOTAL	100.00	100.00	100.00



ASN Equity 3

(Formerly known as Amanah Saham Gemilang - Kesihatan)

Launch Date : 17 March 2003

Fund Type : Growth & Income

Fund Category : Equity

Investment Objective

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

Asset Allocation

- 70% - 90% of the fund's Net Asset Value (NAV) in equities
- Minimum 10% in fixed income securities and money market instruments inclusive of liquid assets

Performance Benchmark

80% FTSE Bursa Malaysia 100: 20%
Maybank 12-Month Fixed Deposit

Notes:

1. Source: Fund Annual Report 2019.
2. The above Summarised Statements of Comprehensive Income and Summarised Statements of Financial Position are derived from the audited financial statements of the respective unit trust funds.

FUND SNAPSHOT

Financial Year Ended 31 Mar	2017	2018	2019
Units in Circulation (million units)	1,730	1,912	2,565
Number of Accounts	65,425	74,063	90,703

FUND FINANCIALS

Summarised Statements of Comprehensive Income for the year ended 31 Mar (RM'000)	2017	2018	2019
Total investment income	56,888	79,363	54,027
Total expenses	18,161	23,594	28,440
Net income before taxation	38,727	55,769	25,587
Less: Taxation	-	-	-
Net income after taxation	38,727	55,769	25,587
Other Comprehensive Income/(Loss)	32,353	93,277	(170,554)
Total Comprehensive Income/(Loss)	71,080	149,046	(144,967)

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

Realised	42,905	89,584	98,456
Unrealised	28,175	59,462	(243,423)
	71,080	149,046	(144,967)

Summarised Statements of Financial Position as at 31 Mar (RM'000)

	2017	2018	2019
Investments	1,759,486	2,063,877	2,397,089
Other Assets	86,259	9,071	76,407
Total Assets	1,845,745	2,072,948	2,473,496
Liabilities	(118,666)	(107,189)	(107,408)
Unit Holder Capital/NAV	1,727,079	1,965,759	2,366,088

FUND PERFORMANCE

Financial Year Ended 31 Mar	2017	2018	2019
Distribution Yield (%)	4.26	5.06	4.44
Total Return (%)	4.20	8.18	(6.27)
Benchmark Return (%)	3.45	6.01	(8.33)
Financial Year Ended 31 Mar	1 Year	3 Years	5 Years
Annualised Total Return (%)	(6.27)	1.85	0.96
Benchmark Return (%)	(8.33)	0.17	(0.40)

ASSET ALLOCATION

(% of Net Asset Value)

Financial Year Ended 31 Mar	2017	2018	2019
Equity	72.44	75.73	79.71
Fixed Income	3.89	5.89	4.07
Others	23.67	18.38	16.22
TOTAL	100.00	100.00	100.00

UNIT TRUST FUNDS

**ASN Sara 1**

(Formerly known as Amanah Saham Gemilang - Persaraan)

Launch Date : 17 March 2003

Fund Type : Growth & Income

Fund Category : Mixed Asset
Conservative

Investment Objective

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

Asset Allocation

- 20% - 80% of the fund's Net Asset Value (NAV) in Fixed Income securities and money market instruments inclusive of liquid assets
- Minimum 20% in equities

Performance Benchmark

30% FTSE Bursa Malaysia 100: 70%
Maybank 12-Month Fixed Deposit

Notes:

1. Source: Fund Annual Report 2019.
2. The above Summarised Statements of Comprehensive Income and Summarised Statements of Financial Position are derived from the audited financial statements of the respective unit trust funds.

FUND SNAPSHOT

Financial Year Ended 31 Mar	2017	2018	2019
Units in Circulation (million units)	479	1,119	1,603
Number of Accounts	18,028	37,364	53,050

FUND FINANCIALS

Summarised Statements of Comprehensive Income for the year ended 31 Mar (RM'000)	2017	2018	2019
Total investment income	18,274	37,543	75,776
Total expenses	5,393	11,233	17,831
Net income before taxation	12,881	26,310	57,945
Less: Taxation	-	-	-
Net income after taxation	12,881	26,310	57,945
Other Comprehensive Income/(Loss)	10,725	23,026	(51,457)
Total Comprehensive Income	23,606	49,336	6,488

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

Realised	14,066	24,253	67,694
Unrealised	9,540	25,083	(61,206)
	23,606	49,336	6,488

Summarised Statements of Financial Position as at 31 Mar (RM'000)	2017	2018	2019
Investments	550,477	1,328,827	1,799,533
Other Assets	11,955	11,081	36,813
Total Assets	562,432	1,339,908	1,836,346
Liabilities	(25,847)	(60,395)	(81,804)
Unit Holder Capital/NAV	536,585	1,279,513	1,754,542

FUND PERFORMANCE

Financial Year Ended 31 Mar	2017	2018	2019
Distribution Yield (%)	4.60	4.50	4.57
Total Return (%)	4.80	6.76	0.13
Benchmark Return (%)	3.51	4.97	(1.08)
Financial Year Ended 31 Mar	1 Year	3 Years	5 Years
Annualised Total Return (%)	0.13	3.86	2.76
Benchmark Return (%)	(1.08)	2.44	1.83

ASSET ALLOCATION

(% of Net Asset Value)

Financial Year Ended 31 Mar	2017	2018	2019
Equity	58.60	41.45	24.06
Fixed Income	10.45	32.10	56.85
Others	30.95	26.45	19.09
TOTAL	100.00	100.00	100.00



ASN Equity 5

Launch Date : 24 September 2018

Fund Type : Growth

Fund Category : Equity

Investment Objective

To provide an investment opportunity which generates a reasonable level of capital appreciation and income distribution to unit holders through a diversified portfolio of investments

Asset Allocation

- 70% - 90% of its Net Asset Value (NAV) in equities
- Minimum 10% in fixed income securities and money market instruments inclusive of liquid assets

Performance Benchmark

80% FTSE Bursa Malaysia 100: 20%
Maybank 12-Month Fixed Deposit

Notes:

1. Source: Fund Annual Report 2019.
2. The above Summarised Statements of Comprehensive Income and Summarised Statements of Financial Position are derived from the audited financial statements of the respective unit trust funds.

FUND SNAPSHOT

Financial Year Ended 30 Sep	2019
Units in Circulation (million units)	402
Number of Accounts	10,473

FUND FINANCIALS

Summarised Statements of Comprehensive Income for the year ended 30 Sep (RM'000)	2019
Total investment income	11,506
Total expenses	4,437
Net income before taxation	7,069
Less: Taxation	-
Net income after taxation	7,069
Other Comprehensive Loss	(17,891)
Total Comprehensive Loss	(10,822)

Total comprehensive loss for the year is made up of the following:

Realised	11,936
Unrealised	(22,758)
	(10,822)

Summarised Statements of Financial Position as at 30 Sep (RM'000)	2019
Investments	381,698
Other Assets	5,916
Total Assets	387,614
Liabilities	(16,060)
Unit Holder Capital/NAV	371,554

FUND PERFORMANCE

Financial Year Ended 30 Sep	2019
Distribution Yield (%)	4.06
Total Return (%)	(3.89)
Benchmark Return (%)	(7.95)
Financial Year Ended 30 Sep	1 Year
Annualised Total Return (%)	(3.89)
Benchmark Return (%)	(7.95)

ASSET ALLOCATION

(% of Net Asset Value)

Financial Year Ended 30 Sep	2019
Equity	77.33
Fixed Income	8.43
Others	14.24
TOTAL	100.00

UNIT TRUST FUNDS

**ASN Sara 2**

Launch Date : 24 September 2018

Fund Type : Conservative

Fund Category : Mixed Asset

Investment Objective

To provide investors with liquidity and regular income stream with potential long-term capital growth

Asset Allocation

- 20% - 80% of its Net Asset Value (NAV) in fixed income securities and money market instruments inclusive of liquid assets
- Minimum 20% in equities

Performance Benchmark

30% FTSE Bursa Malaysia 100: 70%
Maybank 12-Month Fixed Deposit

Notes:

1. Source: Fund Annual Report 2019.
2. The above Summarised Statements of Comprehensive Income and Summarised Statements of Financial Position are derived from the audited financial statements of the respective unit trust funds.

FUND SNAPSHOT

Financial Year Ended 30 Sep	2019
Units in Circulation (million units)	1,113
Number of Accounts	27,964

FUND FINANCIALS

Summarised Statements of Comprehensive Income for the year ended 30 Sep (RM'000)	2019
Total investment income	44,341
Total expenses	8,583
Net income before taxation	35,758
Less: Taxation	-
Net income after taxation	35,758
Other Comprehensive Loss	(15,641)
Total Comprehensive Income	20,117

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

Realised	35,123
Unrealised	(15,006)
	20,117

Summarised Statements of Financial Position as at 30 Sep (RM'000)	2019
Investments	1,126,987
Other Assets	18,529
Total Assets	1,145,516
Liabilities	(47,865)
Unit Holder Capital/NAV	1,097,651

FUND PERFORMANCE

Financial Year Ended 30 Sep	2019
Distribution Yield (%)	4.26
Total Return (%)	2.79
Benchmark Return (%)	(0.99)
Financial Year Ended 30 Sep	1 Year
Annualised Total Return (%)	2.79
Benchmark Return (%)	(0.99)

ASSET ALLOCATION

(% of Net Asset Value)

Financial Year Ended 30 Sep	2019
Equity	25.80
Fixed Income	45.54
Others	28.66
TOTAL	100.00

PERMODALAN NASIONAL BERHAD 197801001190 (38218-X)
Level 4, Balai PNB, 201-A, Jalan Tun Razak, 50400 Kuala Lumpur

T +603 - 2050 5500

F +603 - 2050 5268

E info@pnb.com.my

W www.pnb.com.my

