

PUBLIC BANK BERHAD

MINUTES OF THE FIFTY-SECOND ANNUAL GENERAL MEETING HELD AT THE GRAND BALLROOM, SHANGRI-LA HOTEL, JALAN SULTAN ISMAIL, 50250 KUALA LUMPUR ON MONDAY, 23 APRIL 2018 AT 11.00 A.M.

PRESENT

Board of Directors:

- Tan Sri Dato' Sri Dr. Teh Hong Piow : Non-Independent Non-Executive Chairman
- Tan Sri Dato' Sri Tay Ah Lek : Managing Director/Chief Executive Officer
(Chairman of Meeting)
- Mr Lai Wan : Independent Non-Executive Deputy
Chairman
- Mr Tang Wing Chew : Independent Non-Executive Director
- Ms Lai Wai Keen : Independent Non-Executive Director
- Ms Cheah Kim Ling : Independent Non-Executive Director

In Attendance:

- Dato' Chia Lee Kee : Company Secretary

External Auditors:

- Mr Yap Seng Chong : Engagement Partner of Company's Auditors,
Messrs Ernst & Young

SHAREHOLDERS/PROXIES

A total of 6,034 shareholders/proxies representing a total of 2,755,443,522 shares equivalent to 71.30% of the total issued share capital of Public Bank (PBB), had registered for this Meeting.

QUORUM

There being a quorum, the PBB 52nd Annual General Meeting (AGM) was duly convened.

NOTICE OF MEETING

The Notice convening the Meeting having been served on shareholders, was taken as read.

WELCOME ADDRESS BY CHAIRMAN OF THE BOARD

The Chairman extended a warm welcome to shareholders/proxies/invited guests and members of the press.

The Chairman stated that PBB Group had achieved another milestone results in 2017, with Group pre-tax profit exceeding the RM7 billion mark for the first time.

PBB had also achieved the best return on equity, cost efficiency and asset quality.

The Chairman assured shareholders that PBB Group will continue to deliver its commitment to excellence in its performance.

The Chairman expressed appreciation to customers and shareholders for their strong support, and to the authorities for their guidance.

SPECIAL VIDEO PRESENTATION

A special video on PBB's success story under Tan Sri Dato' Sri Dr. Teh Hong Piow's dynamic leadership since its commencement of business in 1966 was presented to the shareholders/proxies/invitees.

STANDING OVATION FOR THE FOUNDER AND CHAIRMAN, TAN SRI DATO' SRI DR. TEH HONG PIOW

Yang Berbahagia Tan Sri Dato' Sri Dr. Teh Hong Piow was recently named 'The Greatest Malaysian Banker of All Time' by Asia Pacific Brands Foundation.

As featured in the special video presentation, Dr. KK Johan, the President of Asia Pacific Brands Foundation had at the award presentation to Tan Sri Dato' Sri Dr. Teh Hong Piow, said the following in his citation speech:

“For the past 50 years, there is no other banker extraordinaire that has steadfastly grown the Bank to record breaking feats, positive growth year after year and for 2017, achieved a net profit to RM5.47 billion reached through organic growth and brilliant strategic moves.

The brilliant mind of Tan Sri Dato' Sri Dr. Teh Hong Piow has no match and his astounding knowledge of the banking industry puts him ahead of the competition. He defines banking leadership and with his principles and philosophy has set standards of good banking practices, which are emulated and respected by his peers.”

The Chairman of Meeting, Tan Sri Dato' Sri Tay Ah Lek, added that under Tan Sri Dato' Sri Dr. Teh Hong Piow's dynamic leadership, PBB has continued to achieve immense value creation for stakeholders in 2017, as reflected by the outstanding market valuation of PBB, high returns to shareholders, very healthy annual revenue and profit growth and large employment creation.

He then invited shareholders to join the Members of the Board to pay tribute to Tan Sri Dato' Sri Dr. Teh Hong Piow, the Founder and Chairman of PBB Group.

All the Members of the Board, Management, shareholders, proxies and invitees present at the AGM had stood up and given a thunderous applause to honour and pay tribute to Tan Sri Dato' Sri Dr. Teh Hong Piow.

SENTIMENTS EXPRESSED BY SHAREHOLDERS ON PBB'S ANNOUNCEMENT THAT TAN SRI DATO' SRI DR. TEH HONG PIOW WILL RELINQUISH HIS POSITION AS CHAIRMAN OF PBB WITH EFFECT FROM 1 JANUARY 2019

PBB had on 31 July 2017 announced to Bursa Malaysia Securities Berhad that Tan Sri Dato' Sri Dr. Teh Hong Piow will relinquish his position as Chairman of PBB on 1 January 2019 and stay on as Adviser and bestowed the title of Chairman Emeritus.

Many shareholders had taken the opportunity at the AGM to express their gratitude and thanked Tan Sri Teh for his exemplary leadership in guiding PBB to grow from strength to strength. They expressed emphatic pleas to him to reconsider his plan to retire as Chairman of PBB on 1 January 2019, and strongly urged him to remain as Chairman and continue to be at the helm of PBB.

Sentiments expressed by shareholders included the following:

- In any institution, the commitment and the strength of the team is the commitment and strength of its leader. Tan Sri Teh is like a lion leading the team at PBB to deliver bountiful dividends and rewards to stakeholders year after year.
- A 92 years old shareholder commented that Tan Sri Teh is only 88 years old and that age is just a number. He pleaded with Tan Sri Teh to remain as Chairman.
- Several young shareholders expressed the view that being of the younger generation, they need someone to look up to and there is no better role model than Tan Sri Teh.
- Several shareholders complimented Tan Sri Teh for being not just Malaysia's but the world's greatest banker. They echoed the view that Tan Sri Teh is a great role model for all generations.
- A shareholder commented that Tan Sri Teh is the champion of founding fathers, and that he should remain as Chairman to lead PBB to greater heights.
- A shareholder commented that under Tan Sri Teh's leadership, PBB has kept an unbroken record of profitability and rewards shareholders handsomely.

POLL VOTING

In compliance with the requirement of Bursa Malaysia Main Market Listing Requirements for poll voting, the Chairman of Meeting had pursuant to Article 69(1)(a) of PBB's Constitution, exercised his right as Chairman of Meeting to demand that a poll be conducted through electronic voting on all the resolutions set out in the Notice of the PBB 52nd AGM.

ORDINARY BUSINESS

AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 AND REPORTS OF THE DIRECTORS AND AUDITORS

The Company's Audited Financial Statements for the financial year ended 31 December 2017 and the Reports of the Directors and Auditors were laid before the Company at this Meeting pursuant to Section 340(1)(a) of the Companies Act, 2016.

The Managing Director/Chief Executive Officer presented the highlights of PBB Group's performance in 2017 to the Meeting as follows:

“The Public Bank Group achieved yet another profit milestone in 2017 with pre-tax profit of RM7.12 billion, crossing the RM7 billion mark for the first time. This represents a 8.6% growth as compared to pre-tax profit of RM6.55 billion in 2016. Net profit grew by 5.1% to RM5.47 billion in 2017. As a result, earnings per share increased to 141.7 sen in 2017.

In 2017, the Group's gross loans increased by 3.6% to RM304 billion. Domestic loans grew at a faster pace of 4.6% which was higher than the industry's loans growth of 4.1%. The Group's customer deposits grew by 3% to RM319 billion in 2017 with its domestic customer deposits growing at 3.6%.

The Public Bank Group continued to maintain its pole position amongst domestic commercial banking groups in Malaysia in terms of profitability, asset quality and cost efficiency. The Group's net return on equity of 15.8% was significantly higher than the average net return on equity of about 10% achieved by its domestic banking peers. The Group also continued to sustain the most efficient cost to income ratio of 31.9% as compared to industry average cost to income ratio of 44.8%. In terms of asset quality, the Group's gross impaired loans ratio of 0.5% was significantly better than the industry average of 1.5%.

The Group's wholly-owned unit trust management company, Public Mutual, continued to contribute positively to the non-interest income growth of the Group. In 2017, Public Mutual reported an impressive pre-tax profit growth of 15.4% to RM661 million. Public Mutual manages 141 funds with total net asset value of RM81 billion, and remained the market leader with an overall retail market share of 40.9% in the private unit trust business.

In view of the Public Bank Group's favourable performance in 2017, a second interim dividend of 34 sen was paid on 23rd March 2018. Together with the first interim dividend of 27 sen paid in August 2017, shareholders would have received a total dividend of 61 sen per share for 2017. The total dividends paid amounted to RM2.36 billion, representing 43.1% of the Group's net profit for 2017.

The Public Bank Group is committed to delivering consistent returns to its shareholders and enhancing the long term value of its shareholders' investment. This is clearly reflected in the returns enjoyed by our shareholders over the years.

Over the last 12 months, Public Bank's share price had performed well and appreciated by 20% from RM19.92 a year ago to about RM24.00 today. The total appreciation of share price plus the 61 sen dividend received during the period would have translated to a total return of 24% over the last 12 months.

The good performance of Public Bank shares for the last 12 months had further increased the value for a long term shareholder. For an investor who had bought 1,000 shares in Public Bank when it was listed in 1967, and assuming the shareholder had subscribed for all rights issue, he would now have 148,938 Public Bank shares worth RM3.5 million based on Public Bank's share price of about RM24.00 today. Together with the total gross dividend of RM1.3 million received, it would translate into a total value of RM4.8 million as compared to RM4.1 million a year ago. This represents a remarkable compounded annual rate of return of 19% for each of the 50 years since 1967.

Today, Public Bank has emerged as the second largest company on Bursa Malaysia with a total market capitalisation of RM93 billion.

The operating environment today continues to be challenging and banking business is becoming more complex. Against this backdrop, the Public Bank Group will continue to increase business and digital innovation as well as pursue operational efficiency. The Group is confident that its solid business model focusing on organic growth strategy in the retail banking business coupled with its prudent credit policies will enable the Group to forge ahead for future growth."

Before the Chairman of Meeting invited comments from shareholders on the results for 2017, he mentioned that the Minority Shareholder Watchdog Group (MSWG) had per letter dated 9 April 2018 raised some points on the Group's strategy and financial position. The questions from MSWG and the responses from PBB which were informed by the Chairman of Meeting to those present at the AGM, were as summarised below:

MSWG (Question 1)

Deposit position and growth in support of liquidity is important. Deposit growth for both PBB Group and its domestic segment stood at 3.0% and 3.6% respectively, below the banking industry growth of 3.9% for 2017.

- a) Do you have any plans to address this to be in line or better than the average deposit growth rate in the industry?
- b) The average deposit market share for the last three years were between 16.6% and 16.9%. What are the challenges that you faced to improve the domestic market share position? What is the impact of the recent increase in BNM's OPR in January 2018 on the Group?

PBB Response (Question 1)

The main challenge is the intense deposit market competition. Particularly, banks have been offering preferential rates to compete for new fixed deposits, leading to elevated cost of fixed deposits.

PBB has been consciously and cautiously balancing between deposit growth and cost of funds, while proactively maintaining a healthy funding position to support business growth and regulatory compliance.

Going forward, PBB will continue to focus on growing low-cost deposits, by intensifying its cross selling activities and tapping on its enhanced internet banking platform.

In line with the hike in BNM's OPR in January 2018, PBB has raised the pricing for all floating rate loans and new fixed deposits by 25 basis points. The time lag on the repricing of existing fixed deposits upon maturity, will have some positive impact on net interest margin.

MSWG (Question 2)

We noted that Public Bank Vietnam had increased its branches from 7 in 2016 to 13 in 2017 since it became a 100% fully-owned foreign bank in 2016.

What is the medium to long term plan for Public Bank Vietnam? What is the assigned KPI and challenges and how has it fared against its competitors in the industry?

PBB Response (Question 2)

Since Public Bank Vietnam became a wholly-owned subsidiary of PBB in April 2016, there is on-going plan to expand its branch network and customer reach. Following the opening of six new branches in 2017, Public Bank Vietnam has plan to open another six new branches in 2018. Public Bank Vietnam will continue to adopt parent company's strategy and prudent banking practices to further drive its growth in retail banking.

Given the present operating environment in Vietnam, Public Bank Vietnam will continue to face keen market competition and challenges in building its pool of human resource. Public Bank Vietnam will leverage on its long presence in Vietnam, its well-recognised PB brand and its strong understanding of local business condition and culture to address the challenges. Public Bank Vietnam will further intensify its efforts to attract and train local talents.

MSWG (Question 3)

In the area of Channel Management, we noted that in 2017, efforts were taken to improve the use of technology in its business delivery channels and provide better customers experiences and services.

What is the budget allocation to spur the digital strategy for the next two years? Please share the digital roadmap for the Group (including its foreign operations), going forward?

PBB Response (Question 2)

PBB is watchful of the opportunities arising from financial technology, and is also mindful of the associated risks. The Bank will continue to identify technology innovation which is relevant to the needs of its customers. PBB has put in place a Three-Year Digital Roadmap and a dedicated team to drive digital initiatives. Currently, the Group is developing the e-Know Your Customer, and exploring big data analytics and artificial intelligence.

PBB has been actively promoting and enhancing its internet and mobile banking. In 2017, total internet banking customer base and transactions increased by over 25% respectively, while total mobile banking customer base and transactions increased by over 50% respectively.

PBB's efforts in promoting and driving electronic payment have been validated by PayNet, whereby PBB was honoured with the most prestigious inaugural award of Best e-Payment Bank in 2017, alongside numerous other awards in the Malaysian e-Payments Excellence Awards in 2017 and 2018.

The Chairman of Meeting also addressed questions from the floor; the main questions raised and the responses were as summarised below:

- Question

Who is the successor to Tan Sri Dato' Sri Dr. Teh Hong Piow as Chairman of PBB?

Response by Chairman of Meeting

Tan Sri Dato' Sri Dr. Teh Hong Piow will continue to provide guidance, advice, and mentorship to support the continued growth of PBB and the PBB Group. He has built a strong structure with a culture of prudence and discipline within the Group over the years. These fundamentals are well in place and will continue to drive the Bank. The culture will stay as the Bank has a large number of long service staff.

The smooth transition of the succession of the Chairmanship of PBB is in place and the candidate is subject to the approval of Bank Negara Malaysia. The details relating to the appointment of the new Chairman of PBB will be announced at an appropriate time.

- Question

Why are PBB's properties e.g. Bangunan Public Bank at Jalan Sultan Sulaiman and Menara Public Bank at Jalan Ampang not revalued to reflect current market value?

Response by Chairman of Meeting

There is no advantage to conduct a revaluation of properties owned by PBB. The revaluation gains will not qualify as core equity tier 1 capital and will also dilute the return on equity.

- Question

Is PBB involved in cryptocurrency?

Response by Chairman of Meeting

No, PBB is not involved in cryptocurrency.

- Comment from Shareholder

PBB should consider a bonus issue.

Response by Chairman of Meeting

The Board will take note of this comment.

ORDINARY RESOLUTION 1

RE-ELECTION OF MR LAI WAN WHO RETIRED PURSUANT TO ARTICLE 109 OF THE COMPANY'S ARTICLES OF ASSOCIATION (CONSTITUTION)

The Chairman of Meeting informed that Mr Lai Wan would be retiring pursuant to Article 109 of the Company's Constitution, and being eligible, had offered himself for re-election.

The Chairman then moved that Mr Lai Wan be re-elected as Director of the Company and requested for a seconder.

Several shareholders seconded the motion.

The Chairman informed the floor that Ordinary Resolution 1 would be put to vote by way of poll through electronic voting to be conducted after the tabling of the remaining agenda of this Meeting.

ORDINARY RESOLUTION 2

RE-ELECTION OF MR TANG WING CHEW WHO RETIRED PURSUANT TO ARTICLE 109 OF THE COMPANY'S CONSTITUTION

The Chairman of Meeting informed that Mr Tang Wing Chew would be retiring pursuant to Article 109 of the Company's Constitution, and being eligible, had offered himself for re-election.

The Chairman then moved that Mr Tang Wing Chew be re-elected as Director of the Company and requested for a seconder.

Several shareholders seconded the motion.

The Chairman informed the floor that Ordinary Resolution 2 would be put to vote by way of poll through electronic voting to be conducted after the tabling of the remaining agenda of this Meeting.

ORDINARY RESOLUTION 3

RE-ELECTION OF MS CHEAH KIM LING WHO RETIRED BY ROTATION PURSUANT TO ARTICLE 111 OF THE COMPANY'S CONSTITUTION

The Chairman of Meeting informed that Ms Cheah Kim Ling would be retiring by rotation in this Meeting pursuant to Article 111 of the Company's Constitution, and being eligible, had offered herself for re-election.

The Chairman then moved that Ms Cheah Kim Ling be re-elected as Director of the Company and requested for a seconder.

Several shareholders seconded the motion.

The Chairman informed the floor that Ordinary Resolution 3 would be put to vote by way of poll through electronic voting to be conducted after the tabling of the remaining agenda of this Meeting.

ORDINARY RESOLUTION 4

PAYMENT OF DIRECTORS' FEES, BOARD COMMITTEES MEMBERS' FEES, AND ALLOWANCES TO DIRECTORS AMOUNTING TO RM3,848,460 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Pursuant to Section 230(1) of the Companies Act 2016, the fees and any benefits payable to Directors shall be approved at general meeting.

The Chairman of Meeting invited a member of the floor to move that the proposed Directors' fees, Board Committees Members' fees, and allowances to Directors amounting to RM3,848,460 for the financial year ended 31 December 2017 be approved, and requested for a seconder.

Several members of the floor moved and seconded the motion.

The Chairman informed the floor that Ordinary Resolution 4 would be put to vote by way of poll through electronic voting to be conducted after the tabling of the remaining agenda of this Meeting.

ORDINARY RESOLUTION 5

PAYMENT OF REMUNERATION AND BENEFITS-IN-KIND (EXCLUDING DIRECTOR'S FEE AND BOARD MEETING ALLOWANCE) TO THE FOUNDER AND NON-EXECUTIVE CHAIRMAN AMOUNTING TO RM30,703,180 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

The Chairman of Meeting informed that the proposed payment of remuneration and benefits-in-kind (excluding Director's fee and Board meeting allowance) to the Founder and Non-Executive Chairman was in deep appreciation and recognition of the Founder and Chairman's invaluable contributions to PBB and PBB Group's continued success.

The Chairman then moved that the proposed remuneration and benefits-in-kind (excluding Director's fee and Board meeting allowance) to the Founder and Non-Executive Chairman amounting to RM30,703,180 for the financial year ended 31 December 2017 be approved and requested for a seconder.

Several members of the floor seconded the motion.

The Chairman informed the floor that Ordinary Resolution 5 would be put to vote by way of poll through electronic voting to be conducted after the tabling of the remaining agenda of this Meeting.

ORDINARY RESOLUTION 6

RE-APPOINTMENT OF AUDITORS

The Chairman of Meeting informed that the Auditors, Messrs Ernst & Young had indicated their willingness to be re-appointed as Auditors of the Company and Bank Negara Malaysia had on 2 March 2018 granted approval for the proposed re-appointment of Messrs Ernst & Young as Auditors of the Company for the financial year ending 31 December 2018.

The Chairman then moved that Messrs Ernst & Young be re-appointed as Auditors of the Company for the financial year ending 31 December 2018, and that the Directors be authorised to fix their remuneration, and requested for a seconder.

Several members of the floor seconded the motion.

The Chairman of Meeting informed that Ordinary Resolution 6 would be put to vote by way of poll through electronic voting, which would be conducted after the tabling of this agenda.

POLL VOTING

The poll voting was conducted by Tricor Investor & Issuing House Services Sdn Bhd, the Poll Administrator appointed by PBB.

The votes cast were validated by Deloitte Enterprise Risk Services Sdn Bhd (Deloitte), the Independent Scrutineers appointed by PBB.

POLL RESULTS

The details of results of the poll which were announced by Mr Anthony Tai from Deloitte to the Meeting after the completion of the polling process, were as reflected in the attachment.

Based on the poll results, all the 6 Ordinary Resolutions as set out in the Notice of PBB 52nd AGM dated 22 March 2018 were duly passed by the shareholders.

CLOSE OF MEETING

The Meeting concluded at 2.45 p.m. with a vote of thanks to the Chair.

PUBLIC BANK BERHAD
(Company No. 6463-H)

Results of Voting By Poll at the 52nd Annual General Meeting of Public Bank Held on 23 April 2018

Resolution	VOTES FOR		VOTES AGAINST	
	No. of Shares	%	No. of Shares	%
<u>Ordinary Resolution 1</u> Re-election of Mr Lai Wan as Director.	2,110,650,469	95.944	89,215,887	4.056
<u>Ordinary Resolution 2</u> Re-election of Mr Tang Wing Chew as Director.	2,719,668,924	99.671	8,964,100	0.329
<u>Ordinary Resolution 3</u> Re-election of Ms Cheah Kim Ling as Director.	2,726,231,984	99.910	2,442,950	0.090
<u>Ordinary Resolution 4</u> Approval of payment of Directors' fees, Board Committees Members' fees and allowances to Directors amounting to RM3,848,460 for the financial year ended 31 December 2017.	2,599,266,621	96.473	95,037,755	3.527
<u>Ordinary Resolution 5</u> Approval of payment of remuneration and benefits-in-kind (excluding Director's fee and Board meeting allowance) to the Founder and Non-Executive Chairman amounting to RM30,703,180 for the financial year ended 31 December 2017.	1,838,811,321	68.177	858,300,682	31.823
<u>Ordinary Resolution 6</u> Re-appointment of Messrs Ernst & Young as Auditors of the Company for the financial year ending 31 December 2018 and authorisation to the Directors to fix the Auditors' remuneration.	2,711,135,534	99.433	15,449,157	0.567