

PUBLIC BANK BERHAD

MINUTES OF THE FIFTY-FIFTH ANNUAL GENERAL MEETING HELD VIRTUALLY AT THE BROADCAST VENUE AT 29TH FLOOR, MENARA PUBLIC BANK, 146 JALAN AMPANG, 50450 KUALA LUMPUR ON MONDAY, 24 MAY 2021 AT 11.00 A.M.

PRESENT AT BROADCAST VENUE

Board of Directors:

Mr Lai Wan : Non-Independent Non-Executive Chairman
Tan Sri Dato' Sri Tay Ah Lek : Managing Director/Chief Executive Officer

Member of Senior Management:

Ms Chang Siew Yen : Senior Chief Operating Officer

Company Secretary:

Cik Wan Marhanim bt Wan Muhammad

Representative from External Auditors, Messrs Ernst & Young PLT:

Dato' Megat Iskandar Shah : Engagement Partner
bin Mohamad Nor

PARTICIPATED VIA VIDEO CONFERENCING

Board of Directors:

Tan Sri Dato' Sri Dr. Teh Hong Piow : Founder, Chairman Emeritus,
Non-Independent Non-Executive
Director and Adviser
Mr Tang Wing Chew : Non-Independent Non-Executive Director
Ms Lai Wai Keen : Independent Non-Executive Director

PARTICIPATED VIA VIDEO CONFERENCING

Ms Cheah Kim Ling	:	Independent Non-Executive Director
Mr Lee Chin Guan	:	Non-Independent Non-Executive Director
Dato' Mohd Hanif bin Sher Mohamed	:	Independent Non-Executive Director
Ms Tham Chai Fhong	:	Independent Non-Executive Director
Mr Lim Chao Li	:	Independent Non-Executive Director

WELCOME BY CHAIRMAN ON BEHALF OF THE BOARD

The Chairman, Mr Lai Wan, on behalf of the Board, welcomed the shareholders and proxies who had logged-in to TIIH Online to participate in the Public Bank 55th Annual General Meeting (AGM) which was conducted on a virtual basis through live streaming and online remote participation and voting by shareholders and proxies, pursuant to Section 327(1) of the Companies Act, 2016.

The Chairman informed that in view of the Movement Control Order (MCO) imposed by the Government and as guided by the Securities Commission's Guidance on the Conduct of General Meetings for Listed Issuers, only a few individuals were physically present at the Broadcast Venue.

The Chairman introduced the following Members of the Board who participated in the AGM remotely:

- Tan Sri Dato' Sri Dr. Teh Hong Piow
- Mr Tang Wing Chew
- Ms Lai Wai Keen
- Ms Cheah Kim Ling
- Mr Lee Chin Guan
- Dato' Mohd Hanif bin Sher Mohamed
- Ms Tham Chai Fhong
- Mr Lim Chao Li

The Chairman further introduced the Managing Director/Chief Executive Officer, Tan Sri Dato' Sri Tay Ah Lek, the Senior Chief Operating Officer, Ms Chang Siew Yen, the Company Secretary, Cik Wan Marhanim bt Wan Muhammad, and the representative from the Auditors, Messrs Ernst & Young PLT, Dato' Megat Iskandar Shah bin Mohamad Nor, who were present at the Broadcast Venue.

QUORUM

The Chairman stated at the start of the Meeting that a total of 1,000 shareholders and proxies had registered and logged-in to TIIH Online to participate in the Public Bank 55th AGM.

There being a quorum, the Public Bank 55th AGM was duly convened.

NOTICE OF MEETING

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

VOTING ON ALL RESOLUTIONS BY POLL

The Chairman informed that pursuant to the Company's Constitution and Bursa Malaysia Main Market Listing Requirements, all the resolutions as set out in the Notice of Public Bank 55th AGM dated 23 April 2021 would be voted by poll.

The Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd (Tricor), had been appointed as the Poll Administrator to conduct the online remote voting and Deloitte Risk Advisory Sdn Bhd (Deloitte) had been appointed as the Scrutineers to validate the votes cast at the AGM.

The Chairman explained that the voting session had already commenced from the start of the Meeting and shareholders could therefore proceed to vote remotely on the resolutions until the close of the voting session which he would announce later.

He invited Tricor, the Poll Administrator to give a briefing on the procedures for online remote voting.

ORDINARY BUSINESS

AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 AND REPORTS OF THE DIRECTORS AND AUDITORS

The Company's Audited Financial Statements for the financial year ended 31 December 2020 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 Chairman explained that the Company's Audited Financial Statements for the financial year ended 31 December 2020 were for discussion only as it did not require shareholders' approval. Hence, it would not be put for voting.

The Chairman then invited Tan Sri Dato' Sri Tay Ah Lek, the Managing Director/Chief Executive Officer, to present the highlights of Public Bank Group's performance in 2020, and to present the questions and issues that were raised by the Minority Shareholders Watch Group and shareholders before the AGM, as well as the responses by the Bank.

Highlights of Public Bank Group's Performance in 2020

The Managing Director/Chief Executive Officer presented the highlights of Public Bank Group's performance in 2020 as follows:

Financial Performance in 2020

Despite the extremely challenging operating environment due to the COVID-19 pandemic in 2020, the Public Bank Group achieved steady performance and sustained its profitability. The Group recorded pre-tax profit and net profit attributable to shareholders of RM6.29 billion and RM4.87 billion respectively in 2020, which were 11.9% and 11.6% lower as compared to 2019. The lower profit in 2020 was mainly due to net interest margin compression arising from the overnight policy rate (OPR) reduction of 125 basis points, a one-off modification loss of RM498 million incurred due to COVID-19 relief measures and higher pre-emptive provisions set aside in anticipation of the COVID-19 impact. Earnings per share stood at 25.1 sen in 2020.

The Group's total gross loans and financing grew by 4.6% to RM346 billion in 2020. Total domestic loans grew by 5.4%, which was higher than the industry's growth of 3.4%. The Group's total customer deposits increased by 3.5% to RM366 billion. In particular, the Group's low cost demand and savings deposits recorded a strong growth of 18.9% during the year.

With the stable profitability despite the challenging conditions in 2020, the Public Bank Group continued to outperform its banking peers. The Group is the most cost-efficient bank in Malaysia with the lowest cost to income ratio of 34.6%, as compared to the industry's average cost to income ratio of 43%. The Group's asset quality remained the best amongst all Malaysian banks, with gross impaired loans ratio of 0.4% which was significantly better than the industry's average of 1.6%. The Group continued to sustain a double digit net return on equity of 11.2%, which was well above the industry's average net return on equity of 6.8%.

The Public Bank Group's wholly-owned unit trust management company, Public Mutual, is a major contributor to the Group's non-interest income. In 2020, Public Mutual achieved a commendable profit growth of 10.5% and maintained its leading position in the retail private unit trust industry, capturing a market share of 33.4%. As at the end of 2020, Public Mutual's total assets under management stood at RM100.3 billion, with 164 funds under its management.

Given the challenging operating environment, there will continue to be potential asset quality risk. The Group has prudently set aside pre-emptive provision in anticipation of such risk. As a result, the Group's loan loss coverage ratio increased to 228% as at the end of 2020, which was more than double the industry's loan loss coverage ratio of 108%. Including the Group's regulatory reserves of RM1.2 billion, the Group's loan loss coverage ratio would be even higher at 325%. With the Group's resilient credit profile, prudent lending practices and large loan loss reserves, the Group is in a better position to cushion any potential pressure on the Group's asset quality.

The Group's capital and liquidity position continued to stand at a healthy level, with common equity tier 1 (CET 1) and total capital ratios further improving to 14.0% and 17.1% respectively as at the end of 2020. The Group's liquidity coverage ratio also stood at a healthy and stable level of 138% as at the end of 2020. The Group will continue to be prudent and proactive in its capital and liquidity management to support business growth.

The Public Bank Group is committed to deliver consistent returns to its shareholders, and to enhance the long-term value of its shareholders' investment. This is clearly reflected in the returns enjoyed by the shareholders, both over the medium and long-term.

Despite the challenging economic conditions in 2020, the Public Bank Group was able to maintain a stable dividend. The Group's total dividend for 2020 amounted to 13 sen, translating into RM2.52 billion or 51.8% pay-out of the Group's net profit in 2020.

In January this year, Public Bank successfully completed its bonus issue exercise of four bonus shares for every one existing Public Bank share held. The bonus issue was to reward shareholders as well as to enhance the trading liquidity of the Public Bank shares.

Over the last 15 months since the beginning of 2020 up to 31 March 2021, an investment in Public Bank shares had provided a remarkable total return of 13.4%, including dividends received during the period. This had outperformed the Malaysian equity market, which dropped by 1.0% over the same period.

Over the longer term, Public Bank's shareholders would have enjoyed an even better return. For an investor who had bought 1,000 shares in Public Bank when it was listed in 1967, and assuming that all rights issues were subscribed, he would now have 744,690 Public Bank shares worth RM3.1 million based on Public Bank's share price of RM4.15 today. Together with the total gross dividend of RM1.5 million received, this would translate to an impressive compounded annual rate of return of 19% for each of the 53 years since 1967.

With a total market capitalisation of RM81 billion today, Public Bank is the second largest company and the largest non-government linked company on Bursa Malaysia.

COVID-19 Relief Measures

The COVID-19 pandemic has brought about significant challenges to the global economy and people's livelihood. The Public Bank Group is mindful that many individuals and businesses have faced financial difficulties due to the pandemic.

Since March 2020, in line with the Government's and Bank Negara Malaysia (BNM)'s initiatives, the Group has responded proactively by providing relief assistance to customers in need of financial assistance. In the initial stage of the COVID-19 pandemic, eligible customers had benefitted from the six-month automatic loan moratorium. Thereafter, the Group has been actively engaging its customers for targeted repayment assistance by offering various flexible loan repayment packages to customers who continued to face various financial challenges, in particular the B40, M40 as well as small and medium enterprises (SMEs) and microenterprises.

In addition to the loan repayment assistance, the Group has also actively participated in the various special financing schemes initiated by the Government and BNM. To-date, the Group had approved about RM3.4 billion financing for more than 16,000 SMEs. These include the Special Relief Facility, Penjana SME Financing and other financing schemes to assist SMEs during the COVID-19 pandemic.

All in, about 1.8 million Public Bank customers had benefitted from the Group's financial relief assistance through the various special financing schemes and repayment assistance programmes.

Strategies and Directions for 2021

Public Bank is mindful that its customers will continue to be impacted by the ongoing pandemic. Therefore, Public Bank will continue to provide support and financial relief assistance and structure flexible repayment packages that meet the customers' need during these difficult times.

For many businesses, digitalisation efforts were accelerated owing to the pandemic. This helped to ensure that businesses continue to operate, providing uninterrupted delivery of products and services in a new normal business environment. For the banking industry, digital transactions rose sharply as MCOs were imposed. In response to this digital trend and changes in customer behaviour, Public Bank had responded quickly in enhancing its information technology (IT) capabilities and will continue to strengthen its IT infrastructure. This will improve operational efficiency and business resilience, while providing better customer experience through digital banking solutions.

The Malaysian economy is expected to gradually recover, in tandem with the expectation of global economic recovery ahead. Whilst Public Bank is cautiously optimistic of the economic outlook, Public Bank is also mindful of downside risks to the economy. Public Bank will remain vigilant and agile, balancing growth and risks amid the prevailing business environment. Public Bank will continue to strive for business growth in its core business segments, accelerate non-interest income and maintain prudent credit policies as well as cost efficiency measures. Public Bank stands ready to pursue business opportunities when they arise, and continue to generate value for its stakeholders.

Questions from Minority Shareholders Watch Group (MSWG)

The Managing Director/Chief Executive Officer then proceeded to present the questions which MSWG had raised in their letter to the Board dated 5 May 2021 and Public Bank's reply to them on 12 May 2021, which were as summarised below:

MSWG (Question 1)

Public Bank's total allowance for impairment on loans, advances and financing rose by RM951.8 million to RM1.1 billion as compared to RM154 million in financial year (FY) 2019 due to higher pre-emptive provisioning set aside for potential increase in credit losses arising from the COVID-19 pandemic.

Meanwhile, credit charge ratio jumped to 0.33% from 0.05% in FY2019.

- a) In view of the various MCO implemented in 2021, how will Public Bank's asset quality look like in FY2021? Will the allowance for impairment on loans, advances and financing remain elevated in FY2021?
- b) During an analyst briefing held in February 2021, Public Bank guided a better outlook in FY2021 with a potential 10-12 basis points expansion in net interest margin, and a lower credit charge-off rate of 20 – 25 basis points in FY2021. Is this guidance still valid?

Public Bank's Response (Question 1)

- a) The challenging operating environment arising from the COVID-19 pandemic has continued to pose asset quality risk to the banking sector. However, the various relief and stimulus measures initiated by the Government and BNM are expected to mitigate downside risks on the banking industry's asset quality.

Since FY2020, the Group has prudently set aside pre-emptive provision in anticipation of such potential risk. The Group will closely monitor development surrounding the pandemic and will continue to adopt a more prudent approach in terms of provisioning. As such, allowance for impairment on loans, advances and financing for FY2021 is expected to remain elevated.

- b) The Bank's net interest margin in FY2020 was negatively affected by the one off modification loss arising from the offering of automatic moratorium to individuals and SMEs and the reduction in OPR by 125 basis points to an all-time low of 1.75% in July 2020. With the non-recurrence of these events, coupled with the strong current account and savings account (CASA) deposits growth over the last one year, the Bank expects an estimated margin improvement of about 20 basis point in FY2021.

At this juncture, the credit charge-off rate of 20 – 25 basis point in FY 2021 as guided earlier is expected to still remain valid, subject to changes in the pandemic situation.

MSWG (Question 2)

As at the end of February 2021, the size of Public Bank's COVID-19 Targeted Repayment Assistance (TRA) programme amounted to RM36.94 billion or equivalent to 11.3% of the Bank's total outstanding domestic loans (page 123 of Public Bank 2020 Annual Report).

53.3% of the total loans involved comprised housing loans, followed by SME business loans (29.5%), corporate loans (9.9%) and hire purchase loans (7.3%).

Has the Bank seen improvement in the collection of loans under TRA? Is there an increased default risk for the loans involved in the TRA programme? Is there a need for provisions for these loans?

Public Bank's Response (Question 2)

The Bank is mindful that its customers continue to be impacted by the pandemic situation. The Bank has been, and will continue to, proactively engage its customers to provide assistance with flexible repayment packages that meet their needs during these difficult times. Therefore, the various repayment assistance available under the Bank's COVID-19 TRA programmes will still continue to be available to ease customers' financial burden.

Given the Bank's proactive engagement with customers for repayment assistance and the extensive effort to manage its loan portfolio, the delinquency rate of the Bank's loans under TRA has remained under control. Since FY2020, the Bank has pre-emptively set aside provisions for potential deterioration of credit risk for loans/financing where relief assistance is provided. The Bank will continue to review and closely monitor the adequacy of its provisioning for these loans/financing.

MSWG (Question 3)

Profit before tax from Public Bank's overseas operation decreased by 15.5% year-on-year to RM624.5 million due to the challenging operating environment and the higher loan impairment allowance (page 115 of Public Bank 2020 Annual Report).

How is the overseas operations expected to perform in FY2021? Will there be an improvement in profit contribution from overseas operations this year compared to last year?

Public Bank's Response (Question 3)

With the various fiscal measures and financial support undertaken by the respective governments in stimulating their domestic economies, the economic growth in the countries in which the Group operates are expected to improve, in tandem with the expectation of global recovery ahead.

Nevertheless, the outlook is dependent on the developments related to the COVID-19 pandemic and potential challenges that might affect the roll-out of vaccines globally.

MSWG (Question 4)

Public Bank's CASA ratio spiked to 28.9% in FY2020, as compared to 25.1% in FY2019 thanks to the 18.9% growth in CASA deposits. The growth was due the non-repayment of loans during the automatic moratorium period and the reduced consumer spending during the pandemic.

Is the strong growth in CASA sustainable? What adjustment has the Bank made to its funding strategy due to the increased CASA ratio?

Public Bank's Response (Question 4):

The present strong growth in CASA may not be sustainable in the long run. In FY2020, the Bank's CASA growth benefited from the 6-month loan auto-moratorium which ended on 30 September 2020 and subsequently with targeted repayment assistance. Various assistance programmes such as Bantuan Prihatin National 2.0, Bantuan Prihatin Rakyat, i-Sinar withdrawal under Kumpulan Wang Simpanan Pekerja (KWSP) and Program Subsidi Upah initiated by the Government have indirectly contributed to the industry's CASA deposits growth.

The Bank does not foresee this trend in CASA to continue in 2021 in view of the end of the loan moratorium and resumption of business activities.

However, in order to sustain the high CASA balances in the challenging market environment, the Bank will continue to optimise its balance sheet and grow CASA deposits by implementing various initiatives, which include launching more CASA promotional campaigns, improving existing product features, implementing online savings account openings and launching mobile applications.

MSWG (Question 5)

In FY2020, the Public Bank Group made several significant initiatives in embedding environmental, social and governance (ESG) consideration into its lending approach and practices (page 202 of Public Bank 2020 Annual Report).

What are the initiatives implemented by the Bank to promote ESG lending in FY2020? Will the Bank consider adopting sector-focused ESG lending guidelines, as adopted by other domestic banks? What actions will be taken on clients who are unable to comply with the Bank's existing ESG lending guidelines?

Public Bank's Response (Question 5)

The Public Bank Group's prudent credit culture is supported by its stringent credit appraisal system. Over the years, the Group has been taking a holistic approach in its credit appraisal process, including taking into consideration the potential ESG related risks as a result of its lending decisions. In 2020, the Group embarked on several initiatives, including documenting and embedding these responsible lending practices into the Group's lending guidelines as well as further enhancing and aligning its lending criteria with industry best practices.

Among the key initiatives taken were adopting and enhancing its efforts in supporting BNM's Climate Change and Principle-based Taxonomy as well as Value-Based Intermediation. Apart from that, the Group also issued its ESG Lending Exclusion List which the Group shall refrain from financing for the well-being of the broader economy.

The Group has always been monitoring closely the industry trend and the global sustainability landscape. The Group will continue to take proactive initiative in working towards adopting other best practices. Despite that responsible lending has long been in practice, the Group will continue to work on incorporating these practices into policies and guidelines to better guide its credit staff in implementing ESG lending, including sector-focused ESG lending guidelines.

The Group's stringent loan origination process and prudent risk profile, which also takes into consideration ESG risks, ensures that customers are in compliance with its lending guidelines and risk profile before credit facilities are extended to them.

MSWG (Question 6)

Based on the Corporate Governance (CG) report of the Company on the application of the Practices under the Malaysian Code on Corporate Governance, please provide clarification on the following:

Practice 5.1: The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For large companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

Public Bank's response: Applied. Each Director evaluates the performance of the Board and conducts a peer assessment of the other Directors. Each Board Committee Member evaluates their respective Board Committees, while each Audit Committee Member conducts a peer assessment of the other Audit Committee members. These assessments are made against evaluation factors pre-established by the Board.

MSWG's comment: Public Bank reported that the Nomination and Remuneration Committee had conducted similar peer assessment to assess and review the performance of individual director in FY2017, FY2018 and FY2019 without engaging independent experts (Public Bank's CG Report FY2017, FY2018 and FY2019).

Being a large company, how frequently does Public Bank intend to engage independent experts to facilitate the evaluation of the Board, the Board committees and its members?

Public Bank's Response (Question 6)

The Board has established an annual performance evaluation process to assess the performance and effectiveness of the Board and Board Committees, as well as the performance of each Director and each Audit Committee Member.

In line with the best practices set out in the Malaysian Code on Corporate Governance 2021 issued by the Securities Commission on 28 April 2021, the Board will identify suitable independent experts to facilitate objective and candid Board evaluations every 3 years.

MSWG (Question 7)

The Securities Commission recently announced the revision on the Malaysian Code on Corporate Governance (MCCG) focusing on board policies, oversight of sustainability risks, engagement between the company and its stakeholders, and improve adoption of best practices with low levels of adoption.

Public Bank will be the first batch of companies that is required to report its application of the revised MCCG.

Will the Bank be able to apply all the practices in the MCCG? Does the Bank foresee issues in applying any of these practices?

Public Bank's Response (Question 7)

For the financial year ended 31 December 2020, the Bank had applied all the best practices and adopted the step-up practices set out in the MCCG except for disclosure on top 5 senior management's remuneration and integrated reporting. Explanation for departure from these 2 practices had been provided in the CG Report.

The Bank shall endeavour to apply all the new best practices introduced in the 2021 update of the MCCG issued by the Securities Commission on 28 April 2021.

Summary of Questions Submitted by Shareholders Before AGM

After presenting the questions from MSWG and Public Bank's reply to them, the Managing Director/Chief Executive Officer proceeded to address the questions submitted by shareholders before the AGM as follows:

- Impact of COVID-19 to Public Bank, as well as the Group's outlook of its business amid this challenging time

The Managing Director/Chief Executive Officer explained that arising from the COVID-19 pandemic, the operating environment for the banking industry has been extremely challenging.

In line with the overall banking industry, Public Bank is not immune from the adverse impact, with profitability affected in 2020, arising from the weak economic environment, compression in net interest margin due to OPR reductions and the one-off modification loss arising from COVID-19 relief repayment assistance to customers as well as the higher provision set aside for loan losses due to the significant economic uncertainties.

However, with the Group's resilient foundation and long term prudent management, Public Bank Group was able to continue to achieve profitability and stability in financial performance, and fulfil its commitment to the shareholders through continued dividend payout in 2020.

In 2021, Public Bank sees the economic environment on a recovery trajectory. While the resurgence in COVID-19 cases and recent tightening of containment measures will continue to pose downside risks, the impact is expected to be less severe than MCO 1.0 in 2020, given that most economic sectors are allowed to continue to operate.

Further, the roll out of vaccine and ongoing policy measures are likely to continue to underpin economic recovery going forward. The economic recovery will be supportive of the Public Bank Group's earnings.

However, as uncertainties to the operating environment remain significant, the Bank's earnings for 2021 will be affected by the cautious market and credit risk outlook, and the still elevated credit cost due to potential asset quality risk.

The asset quality risk is expected to be manageable, given the ongoing relief and stimulus measures by the Government and BNM, and the Bank's very proactive engagement with its customers, coupled with the Public Bank Group's prudent credit culture as well as high pre-emptive provision that had been set aside.

- Public Bank Group's Strategy Amid COVID-19 Pandemic

The Managing Director/Chief Executive Officer explained that the Group will remain focused on organic growth strategy in retail consumer and commercial banking.

Despite the current difficult operating environment, residential property financing and hire purchase will continue to be supported by the economic recovery, coupled with the low interest rate environment as well as the various incentives and promotions offered, such as the home ownership campaign and the sales tax exemption for car purchases.

With regard to SMEs financing, the Bank will continue to play an active role in supporting SMEs by tapping on the various financing schemes initiated by the Government and BNM.

Amid the new norm, Public Bank will continue to strengthen its digital capabilities to ensure that customers have continued access to seamless and integrated banking experiences.

Nevertheless, under the current challenging conditions, Public Bank will be extra cautious and operate within its risk appetite, safeguard its fundamentals and continue to adopt prudent approach in growing business, focusing on managing net interest margin through proactive asset liability management, maintaining cost discipline and productivity and most importantly, preserving the Bank's strong asset quality.

The ultimate goal is to ensure long term earnings sustainability to enhance shareholder value.

- Whether Public Bank has a long term business plan and has it communicated the plan to investors/analysts before?

The Managing Director/Chief Executive Officer explained that Public Bank sets out and constantly reviews its short to long term business plans, to ensure its business strategy always remain relevant and is aligned with the Bank's overall direction to deliver long term values for its stakeholders.

Public Bank's long term business plan has always been focusing on organic growth strategy in the retail banking business, particularly in domestic consumer banking and SME lending.

Nevertheless, the Bank has remained agile and vigilant to the changes in the operating environment.

The Bank has always been actively communicating with investors and analysts through various channels with timely updates on the Bank's new business implementation and strategic plans.

The Bank's overall business strategy and direction are presented in the annual report and also discussed at annual general meeting. The Bank's Investor Relation function holds regular engagements with investors and analysts, such as conference calls and investor roadshows.

- Dividend payout

The Managing Director/Chief Executive Officer informed that Public Bank has always been targeting to maintain a stable dividend payout as per previous year which was around 50%. However, any dividend proposal will be subject to regulatory approval.

- Does Public Bank has any plan to offer dividend reinvestment?

The Managing Director/Chief Executive Officer informed that Public Bank does not have immediate plan to implement dividend reinvestment at the moment.

- Whether Public Bank expects its IT and digitalisation expenditure to drive the increase in cost-to-income ratio going forward and what is the target for FY2021?

The Managing Director/Chief Executive Officer explained that IT and digitalisation expenditure is expected to increase in line with the acceleration in digital trends and changing customer behaviour. Hence, the Bank will continue to invest significant resources in the Bank's IT infrastructure for better and faster digital adoption.

Nevertheless, with the Bank's continuous effort in managing its cost through enhancement of operational efficiency, the Bank expects its cost to-income ratio for financial year 2021 to remain stable at below 35%.

- What is the Bank's optimal internal capital target level for its operations and whether the Bank intends to migrate to internal rating based (IRB) approach?

The Managing Director/Chief Executive Officer explained that after taking into account the current challenging environment as well as the industry benchmark, the Group considers a CET-1 capital ratio of 12% - 13% as optimal for its operations.

At this juncture, there is no plan to adopt the IRB approach. However, Public Bank had invested in credit risk management solutions which tap on IRB tools and analytics. This solution had enabled data analytics to be performed for greater insights into the Bank's credit portfolio for better credit risk management.

- Does the Bank have an internal capital allocation framework and how it determines the allocation of capital across its segments?

The Managing Director/Chief Executive Officer explained that the Public Bank Group's capital management objectives are implemented through the Group's Internal Capital Adequacy Assessment Process (ICAAP).

The Group's ICAAP involves a comprehensive assessment of all material risks that the Group is exposed to as well as an evaluation of the adequacy of the Group's capital to support its business activities in relation to those risks.

The key elements of the Group's ICAAP amongst others, include the Group's risk appetite and the Group's internal capital requirements.

The details of the Group's ICAAP and capital management process are available under the section on Pillar 3 Disclosure in the Public Bank 2020 Annual Report.

- The reason for the increase in statutory audit fee in FY2020 and what is the criteria for appointment /re-appointment of the external auditors?

The Managing Director/Chief Executive Officer explained that the increase in statutory audit fees was mainly due to the appointment of Messrs Ernst & Young as external auditors for the Group's overseas operations.

The criteria considered for the appointment/re-appointment of the external auditors were benchmarked against international best practices and amongst others, included the following:

- Specific qualifying criteria in line with regulatory requirements for the appointment of external auditors.
 - Level of knowledge, capabilities, capacity, experience and quality of the external auditors.
 - Level of independence and objectivity exhibited by the external auditors.
- What is Public Bank's plan to restore its board composition to majority independent directors as guided by Practice 5.2 of the Malaysian Code on Corporate Governance (MCCG)?

The Managing Director/Chief Executive Officer explained that the Board is mindful of Practice 5.2 of the MCCG which states that for large companies, the Board should comprise a majority independent directors.

Following the redesignation of Mr Lai Wan from Independent Non-Executive Chairman to Non-Independent Non-Executive Chairman with effect from 26 April 2021, the PBB Board comprises 50% Independent Non-Executive Directors.

As part of the Board succession planning, the Nomination and Remuneration Committee (NRC)/Board had identified a candidate for proposed appointment as an Independent Non-Executive Director and the proposed appointment of the new Independent Non-Executive Director is currently pending BNM's approval.

The NRC/Board will continue its endeavour to identify fit and proper persons for consideration for appointment as Independent Non-Executive Directors subject to the approval of BNM.

- Based on the Corporate Governance Report 2020 (page 24, Practice 5.1), Public Bank shall appoint independent experts to facilitate evaluations of the Board on a periodic basis. What is the frequency of these evaluations and when was the most recent evaluation undertaken?

The Managing Director/Chief Executive Officer informed that the Board has established an annual performance evaluation process to assess the performance and effectiveness of the Board and Board Committees, as well as the performance of each Director and each Audit Committee Member. The recent evaluation undertaken by the Board was for financial year 2020 whereby assessments were made against evaluation factors pre-established by the Board.

In line with the best practices set out in the MCCG 2021 issued by the Securities Commission on 28 April 2021, the Board will identify suitable independent experts to facilitate objective and candid Board evaluations every 3 years.

- Proposed remuneration of RM20 million to the Founder, Chairman Emeritus, Director and Adviser, Tan Sri Dato' Sri Dr. Teh Hong Piow for financial year ended 31 December 2020

The Managing Director/Chief Executive Officer explained that the 2020 remuneration to be paid to Tan Sri Teh was in deep appreciation and recognition of his continuous and invaluable contribution to the Public Bank Group's success.

Tan Sri Teh who founded Public Bank 54 years ago, had built a very strong foundation and corporate culture for the Bank. With proven business successes over the years, and even during the challenging period of the COVID-19 pandemic, the Bank had remained resilient.

Public Bank Group has steered through many cycles of financial crises, with 54 years of unbroken profitability since its inception. Today, Public Bank is the 2nd largest bank and the most efficient and profitable bank in Malaysia. As a result, shareholders had been consistently receiving superior returns year after year.

Following his redesignation as Founder, Chairman Emeritus, Director and Adviser of Public Bank with effect from 1 January 2019, Tan Sri Teh continues to play an important advisory role to the Public Bank Group. His guidance and insights had continued to contribute to the Group's positive growth trajectory and deliver superior value proposition to the shareholders.

2020, in spite of a very challenging year for the banking sector, Tan Sri Teh's invaluable guidance had enabled the Group to weather through the challenges.

This can only be done when the hearts and minds of every staff is dedicated to fulfilling the vision and mission of the Bank. Tan Sri Teh had established a strong Public Bank culture over the years which continued to inspire employees to continuously do their best for the Bank.

As a result, Public Bank Group still continued to outperform the banking industry in 2020 as reflected in the Group's highest return on equity of 11.2%, most efficient cost-to-income ratio of 34.6% and lowest impaired loan ratio of 0.4%.

Besides, it is also pertinent to note that, compared to RM40.8 million paid in 2018, the remuneration and benefits-in-kind for Tan Sri Teh had reduced to RM20.0 million in 2020.

- Increase in headcount of Public Bank Group and what is the staff cost ratio in 2020?

The Managing Director/Chief Executive Officer explained that the increase of headcount in 2020 was mainly from overseas operations which was due to the expansion of branch network. The staff cost per employee in 2020 had increased by 3.7% as compared to 2019, which was mainly due to inflationary adjustment.

- Senior Management's succession planning and gender diversity.

The Managing Director/Chief Executive Officer informed that a structured and comprehensive succession framework for Senior Management staff which is aligned with the Group's business strategies and mission is well in place to ensure continuous smooth operations and stability of the Group.

The increasing percentage of women representation in the Management and Top Management demonstrates the Group's commitment in promoting gender equality.

Accordingly, women represent close to 50% of the Management in the Public Bank Group.

- Public Bank's achievements of its 3-year Digital Roadmap 2018-2020 and its strategy and budget under the new Digital Roadmap

The Managing Director/Chief Executive Officer explained that Public Bank's 3-Year Digital Roadmap 2018 - 2020 encompasses initiatives to propel the Bank towards more efficient operations by leveraging on discerning technology and balancing it against customer-centricity.

During the 3-year period of this roadmap, the Bank had successfully implemented the following:

- 7 key initiatives under its payments programme, including being the first bank to implement DuitNow QR services.
- 5 key initiatives to drive big data programme, artificial intelligence and open API.

The Bank is also working towards full implementation of eKYC under the new Digital Roadmap 2021-2023. As a testament to the success of its roadmap, Public Bank's digitalisation efforts had been recognised at the Malaysian e-Payments Excellence Awards 2020, whereby the Bank was conferred with 8 awards, being the highest number of awards among banks.

In the new 3-year digital strategy, Public Bank is looking at further expanding, diversifying and enhancing the range and capabilities of its digital products and digital touchpoints, such as online customer onboarding and revamping the user experience and user interface of its digital channels.

The Bank is also planning to further explore strategic partnerships with third parties to expand and enhance its digital platforms.

As for the budget for the new roadmap, there was no specific allocation. The Bank remains agile in meeting the demand for new technologies, through a mix of internal development efforts and sourcing for the best market-ready solutions.

- How digitalisation drive the Bank's direction in service orientation and new products?

The Managing Director/Chief Executive Officer explained that digitalisation of the Bank's existing products and services would allow for automation of processes and better understanding of the customers. Thus, providing the opportunity to create personalised experience to the existing banking products and services that the Bank currently provides.

Besides, it would allow the Bank to provide better advisory services and an interconnected experience to its customers. In addition, as customers are more attuned to online banking, the Bank can provide complimentary services such as personal financial management/financial robo-advisory services on its online platform.

- Any plans to improve the quality of Public Bank's internet banking services to improve PBe apps and Public Bank website experience?

The Managing Director/Chief Executive Officer informed that Public Bank acknowledged that some PB engage users are experiencing slow performance. Nevertheless, the following had been implemented to improve PB engage performance:

- Fine-tuned app loading by reducing file size
- Reduce the load time when customer is on 3G network

The Bank is also targeting to revamp the existing PBe website and roll out a new mobile banking app in 2022 with a more streamlined process flow design, new features and improved performance.

- What are the actions taken by Public Bank with regards to the scam cases affecting banking customers?

The Managing Director/Chief Executive Officer informed that dispute resolution procedures are in place to facilitate customers to resolve any disputed transaction, which includes any error, omission or unauthorised transaction.

Meanwhile, Public Bank had continuously enhanced the security features and refined fraud monitoring parameters of its online banking platform. The Bank had implemented Fraud Prevention System to identify high-risk and suspicious activities on the online banking platform. This will be further upgraded to a more sophisticated system by the third quarter of 2021. Further, the Bank is also proactive in promoting consumer awareness on the threats of payment fraud and financial scam via the Bank's websites, apps, e-mails and social media.

- Citibank had recently announced that it will be exiting the consumer banking segment in several major markets including Malaysia. In view of this announcement, does Public Bank consider such opportunities to grow its retail banking business inorganically?

The Managing Director/Chief Executive Officer informed that the Bank considers this as an opportunity to further grow its retail banking business, particularly targeting high net worth customers for Red Carpet Banking service.

To enhance the banking experience for these high net worth customers, the Bank is currently working on tactical campaigns and several benefits/privileges specially designed for this group of customers.

- Does Public Bank intend to rationalise branches in the near future as the new norm in doing business?

The Managing Director/Chief Executive Officer informed that Public Bank has no intention to rationalise its domestic branches in the near future. Instead, the Bank will look into more efficient use of its branch network to expand its business.

- Would Public Bank provide higher than average fixed deposit rates for shareholders?

The Managing Director/Chief Executive Officer informed that Public Bank acknowledged the support provided by shareholders and the Bank had launched a series of deposit programmes targeting various customer segments.

Public Bank's first priority is the retirees to whom the Bank is offering higher fixed deposits rates with monthly interest payment under the PB Journey Golden Savers Programme and this will be followed by programmes for the children, youth and entire family.

Furthermore, the Bank's on-going fixed deposits campaigns are already offering very competitive fixed deposits promotional rates for various tenures. Customers may also consider other low risk investment products that the Bank is offering as an alternative to fixed deposits.

- Is Public Bank planning to expand further overseas?

The Managing Director/Chief Executive Officer informed that Public Bank Group maintains its strategic regional presence across five countries in Asia, with overseas branches in Laos and Sri Lanka as well as subsidiaries in Hong Kong, Cambodia and Vietnam and had no immediate plans to expand its overseas operations into other countries at this juncture.

The Group will continue with its organic growth strategy in the countries where the Group is operating, by tapping on the market strength that the Group had built up over the years.

Meanwhile, in view of the robust economy and vast growth opportunities in Vietnam, the Public Bank Group will focus its overseas expansion in Public Bank Vietnam. The Bank is targeting to open 6 new branches in Vietnam, thus increasing the branch network from the existing 26 branches to 32 branches by end of this year.

- What are Public Bank's Sustainability Framework's objectives, strategy and targets?

The Managing Director/Chief Executive Officer explained that Public Bank's Sustainability Framework is built on its corporate philosophy, which is to deliver values for its key stakeholders including customers, shareholders, employees and the community it serves.

Building on this concept, the Framework provides guidance and effectively communicate to staff at all levels on how the Bank manages environmental, social and governance (ESG) risks and opportunities, in order to generate economic value to its stakeholders, while ensuring that its business practices preserve the environment for future generations and also add value to society.

The Framework sets out guiding principles which outline processes in embedding sustainability for effective ESG management. It defines the Bank's sustainability governance, structured materiality assessment process, as well as the systems necessary to monitor, manage and disclose sustainability performance. The Framework also sets out a structured stakeholder engagement strategy to effectively identify, understand and manage stakeholders' expectation.

To better guide and measure the Bank's progress on its sustainability management, the Bank has set performance targets associated with materiality matters such as customer satisfaction as well as employee education and development. The Bank is also supportive of the Sustainability Development Goals (SDG), and is actively making effort to make further progress in the SDG targets which the Bank can contribute most.

- What is the total expenditure allocated for ESG activities?

The Managing Director/Chief Executive Officer informed that there is no specific budget or allocation for ESG activities.

ESG covers a broad range of activities. The Group allocates its resources in ESG programmes and activities that create long-term benefits to its stakeholders and is aligned with the Bank's philosophy and strategy.

- The Public Bank Group's ESG Lending Exclusion List does not have specific commitment in relation to coal related activities. What is Public Bank's view on coal related activities and does Public Bank's current loan portfolio consist of financing of coal related activities?

The Managing Director/Chief Executive Officer explained that Public Bank's ESG Lending Exclusion List is reviewed and updated on an ongoing basis. The Bank is cognisant of the high carbon emission resulted from coal mining and production activities.

The Bank is committed to fully cease the financing of coal mining and production activities. Financing of such activities had also been included in the Bank's updated ESG Exclusion List. Presently, the Bank's financing for coal-related activities is very insignificant.

- What are the key progress made towards ESG integration in the last 12 months and how many of Public Bank's staff are trained on ESG?

The Managing Director/Chief Executive Officer informed that the first part of this question had been addressed earlier in the response to MSWG's question on ESG. Further details can be found on Public Bank's Sustainability Statement which is published in the Public Bank 2020 Annual Report.

In respect of staff training on ESG matters, the Bank had rolled out e-learning courses on ESG, such as value-based intermediation and sustainable financing series to raise staff awareness and upskill their knowledge on ESG. Further, the Bank's Knowledge & Learning Centre rolls out regular training series called "Focus of the Month" to strengthen the staff's awareness on climate change risks and opportunities.

- How does Public Bank support clients who are highly exposed to climate-related risks to develop mitigation plan, and align to objectives of the Paris Agreement?

The Managing Director/Chief Executive Officer explained that Public Bank practises prudent credit risk management, which ensures that the Bank's customers are in compliance with its stringent lending guidelines and risk profile before credit facilities are extended to them. The Bank also adheres to its ESG exclusion list whereby the Bank will not provide financing to business activities with high ESG risks. On the other hand, the Bank supports green financing such as renewable energy, which is in line with the objectives of the Paris Agreement.

- What is Public Bank's exposure to fossil fuel financing? How does Public Bank plan to transition out of financing for fossil fuel, and into renewable energies?

The Managing Director/Chief Executive Officer informed that Public Bank Group's direct loan exposure to the fossil fuel industry is very negligible which only accounted for a very insignificant fraction of the Group's total loans portfolio.

- Request to maintain the legend of Public Bank on the lucrative returns of Public Bank's shares between 1967 and 2007.

The Managing Director/Chief Executive Officer informed that as mentioned earlier, Public Bank's shareholders would have enjoyed better return over the longer term.

For an investor who had started investing in Public Bank's shares when it was listed in 1967, he would have enjoyed a compounded annual rate of return of 19% for each of the 53 years since 1967.

The Bank will continue to strive in safeguarding the Bank's fundamentals, including sustaining its strong asset quality and earning stability to improve its long-term total shareholder returns.

- Request to establish business relationship with Public Bank.

The Managing Director/Chief Executive Officer informed that Public Bank has always given importance on equal treatment to all its business partners. The Group maintains stringent and fair selection criteria of its suppliers and ensure no favouritism amongst suppliers.

Upon conclusion of addressing the questions submitted by shareholders before the AGM, the Managing Director/Chief Executive Officer informed that for questions that are received from shareholders during the course of the AGM, the response will be provided after the next agenda items.

The Chairman then took over the Chair and addressed the questions submitted by shareholders on the following:

- Requests from shareholders for door gift or e-voucher

The Chairman clarified that as stated in the Administrative Details sent to shareholders together with the Notice of Public Bank 55th AGM on 23 April 2021, there would be no distribution of door gift or e-voucher to shareholders who participated in the Public Bank 55th AGM.

- Cost savings from holding virtual AGM

The Chairman explained that the main cost savings in holding a virtual AGM is the cost for renting the physical AGM venue. In the case of Public Bank, because the turnout at physical AGMs had been in the region of 6,000 persons, a big venue is required and therefore the venue rental cost is significant.

- Any plan to hold hybrid AGM in future post COVID-19 pandemic

The Board will definitely review this for the Public Bank 56th AGM next year, taking into consideration the prevailing regulatory requirements and circumstances that will affect this decision.

- Justification for payment of Directors' fees for financial year 2020

The Chairman explained that the Bank considers that fees and remuneration to Directors need to be commensurate with the onerous role and responsibilities of the Directors, especially in the light of increasing complexity in the business and operations of the Bank and in the banking industry. Their fees and remuneration should also be commensurate with the Directors' heavy time commitment to the Bank in order to effectively discharge their duties and responsibilities.

The Directors' fees and remuneration are being benchmarked against the fee structure of peer banks to ensure that they remain competitive in order to attract and retain talent, skills and experience at the Board.

- Whether Directors get paid for attending the virtual Public Bank 55th AGM

The Chairman clarified that Directors do not get any fee, allowance or any other form of payment for attending AGMs of the Company.

- Justification for total remuneration paid to the Managing Director/Chief Executive Officer (MD/CEO) for financial year 2020.

The Chairman clarified that the total remuneration paid to the CEO in 2020 was in recognition of his significant continuous efforts and contributions to the Bank. Being a pioneer staff in 1966 working with the Founder and Chairman Emeritus, Tan Sri Dato' Sri Tay Ah Lek had proven his strong commitment and loyalty to the Public Bank Group.

Over the decades, Tan Sri Dato' Sri Tay Ah Lek has been relentlessly and actively supporting Tan Sri Dato' Sri Dr. Teh Hong Piow in steering the Bank to achieving 54 years of unbroken profitability record, even during all the financial crisis.

Tan Sri Tay is a long-standing serving CEO for more than 18 years in the banking industry. He continues to lead the management team in efficiently running the Bank's operations and lead the Group to achieve consistent financial performance, despite the increasingly challenging operating environment in the recent years.

2020 was a very exceptional and tough year. However, Tan Sri Tay, together with his management team had continued to deliver a leading set of financial performance indicators, consistently outperforming its peer banks. This is clearly reflected in the Group's highest return-on-equity (11.2%), most efficient cost-to-income ratio (34.6%) and lowest impaired loan ratio (0.4%)

In addition, during this exceptional time of crisis, the CEO and his team had made tremendous efforts in building business resilience and optimising shareholder's return. Besides, the CEO and his team had also implemented exceptional measures to address difficulties faced by its key stakeholders amidst the pandemic, which included safeguarding the Bank's business continuity and ensuring uninterrupted customer service, intensifying digitalisation initiatives, and proactive implementation of repayment assistance for its customers.

The current remuneration package to the CEO was determined based on a set of complex matrix which took into consideration not just profit growth, but most importantly the sustainability of the Bank's long term performance and its achievements against the industry in terms of returns generated, cost efficiency and asset quality as well as various qualitative KPIs.

The evaluation matrix is being regularly reviewed from time to time to take into consideration the changing economic environment and market developments.

The bonus payment of the CEO will be moderated from time to time. In fact, the bonus was reduced in 2019 and remained flat in 2020.

After addressing the questions from shareholders, the Chairman proceeded to the next agenda items on the proposed Ordinary Resolutions 1 to 7.

The Chairman informed that the proposed Ordinary Resolutions 1 to 7 had been proposed by Dato' Chang Kat Kiam and seconded by Ms Chang Siew Yen, who were both shareholders of the Company.

The Chairman explained that Ordinary Resolutions 1 to 4 pertained to the proposed re-election of 4 Directors. The Nomination and Remuneration Committee had conducted the fitness and propriety assessments and had recommended the re-election of the 4 Directors as they remain effective in their contributions to the Board. Bank Negara Malaysia's approvals for their re-election are in place.

ORDINARY RESOLUTION 1

RE-ELECTION OF MR LIM CHAO LI WHO RETIRED PURSUANT TO CLAUSE 105 OF THE COMPANY'S CONSTITUTION

The Chairman informed that Mr Lim Chao Li, being newly appointed on 5 April 2021, would be retiring pursuant to Clause 105 of the Company's Constitution, and being eligible, had offered himself for re-election.

The profile of Mr Lim Chao Li was set out on page 52 of the Public Bank 2020 Annual Report.

ORDINARY RESOLUTION 2

RE-ELECTION OF MR LAI WAN WHO RETIRED BY ROTATION PURSUANT TO CLAUSE 107 OF THE COMPANY'S CONSTITUTION

The Chairman, being an interested party, had handed over the Chair to Tan Sri Dato' Sri Tay Ah Lek to present Ordinary Resolution 2.

Tan Sri Dato' Sri Tay Ah Lek informed that Mr Lai Wan would be retiring by rotation pursuant to Clause 107 of the Company's Constitution, and being eligible, had offered himself for re-election.

The profile of Mr Lai Wan was set out on page 44 of the Public Bank 2020 Annual Report.

Tan Sri Dato' Sri Tay Ah Lek then handed the Chair back to the Chairman.

ORDINARY RESOLUTION 3

RE-ELECTION OF MR LEE CHIN GUAN WHO RETIRED BY ROTATION PURSUANT TO CLAUSE 107 OF THE COMPANY'S CONSTITUTION

The Chairman informed that Mr Lee Chin Guan would be retiring by rotation pursuant to Clause 107 of the Company's Constitution, and being eligible, had offered himself for re-election.

The profile of Mr Lee Chin Guan was set out on page 49 of the Public Bank 2020 Annual Report.

ORDINARY RESOLUTION 4

RE-ELECTION OF DATO' MOHD HANIF BIN SHER MOHAMED WHO RETIRED BY ROTATION PURSUANT TO CLAUSE 107 OF THE COMPANY'S CONSTITUTION

The Chairman informed that Dato' Mohd Hanif bin Sher Mohamed would be retiring by rotation pursuant to Clause 107 of the Company's Constitution, and being eligible, had offered himself for re-election.

The profile of Dato' Mohd Hanif was set out on page 50 of the Public Bank 2020 Annual Report.

ORDINARY RESOLUTION 5

PAYMENT OF DIRECTORS' FEES, BOARD COMMITTEES MEMBERS' FEES, AND ALLOWANCES TO DIRECTORS AMOUNTING TO RM5,405,580 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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 clarified that the proposed rates of Directors' fees for the financial year ended 31 December 2020 were unchanged from the rates paid for the last 2 years, for the financial years ended 31 December 2018 and 2019.

ORDINARY RESOLUTION 6

PAYMENT OF REMUNERATION AND BENEFITS-IN-KIND (EXCLUDING DIRECTOR'S FEE AND BOARD MEETING ALLOWANCE) AMOUNTING TO RM20,000,000 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 TO THE CHAIRMAN EMERITUS, DIRECTOR AND ADVISER, TAN SRI DATO' SRI DR. TEH HONG PIOW

The Chairman explained that the proposed payment of remuneration and benefits-in-kind (excluding Director's fee and Board meeting allowance) amounting to RM20,000,000 for the financial year ended 31 December 2020 to the Chairman Emeritus, Director and Adviser, Tan Sri Dato' Sri Dr. Teh Hong Piow which remained unchanged from the amount paid for the financial year ended 31 December 2019, was in deep appreciation and recognition of his continuous invaluable contributions to Public Bank Group's success.

The Chairman stated that the outstanding achievements of Tan Sri Dato' Sri Dr. Teh Hong Piow had been aptly highlighted by the Managing Director/Chief Executive Officer earlier.

ORDINARY RESOLUTION 7

RE-APPOINTMENT OF AUDITORS

The Chairman informed that the Auditors, Messrs Ernst & Young PLT had indicated their willingness to be re-appointed as Auditors of the Company. Bank Negara Malaysia had on 2 March 2021 granted approval for the proposed re-appointment of Messrs Ernst & Young PLT as Auditors of the Company for the financial year ending 31 December 2021.

Summary of Questions Submitted by Shareholders Online During AGM

The Chairman informed that there were questions submitted by shareholders online during the course of the AGM. He then invited the Managing Director/Chief Executive Officer to provide the response to the questions submitted online by shareholders, which were as summarised below:

- With the recent imposition of MCO 3.0 and the on-going economic challenges, will Public Bank extend the current targeted repayment assistance?

The Managing Director/Chief Executive Officer informed that the Bank's targeted repayment assistance will continue to be available for the customers. Public Bank has been actively engaging its customers who are in need of financial assistance. The Bank's targeted repayment assistance programme with flexible repayment packages remain available to the customers.

- Amid the increasing asset quality risks, did Public Bank tighten its loan approval requirements to reduce credit risk?

The Managing Director/Chief Executive Officer explained that Public Bank has always been practising the same prudent lending policy with structured credit appraisal system. This has enabled the Bank to sustain a resilient loan portfolio, with a low and stable gross impaired loan ratio, even in challenging times.

Nevertheless, the Bank has remained active in its role as a financial intermediary and ensure continued access to financing by customers. Each loan application is always carefully assessed and considered on its merit, based on the suitability of the loan product to customers and their affordability and credit standing.

- Does Public Bank Group have any plan for mergers and acquisitions of businesses?

The Managing Director/Chief Executive Officer clarified that currently, Public Bank Group has no plans for any business mergers or acquisitions. The Group will continue to pursue its organic growth strategy in both its domestic and overseas operations, expanding its businesses in the markets in which the Group is currently operating.

- What are the initiatives taken for the upskilling of staff in the process of digital transformation?

The Managing Director/Chief Executive Officer informed that the Group takes a holistic and comprehensive approach in inculcating a digital mind-set and upskilling digital capability of its staff.

For this purpose, the Group has been actively implementing various initiatives, such as digital training, introducing mobile apps and rolling out staff campaigns. These initiatives are to embed digital in the way the staff work, learn and communicate.

- Does Public Bank have any plan for shares buy back?

The Managing Director/Chief Executive Officer informed that Public Bank has no immediate plan for any shares buyback at this juncture.

- Will Public Bank apply for digital banking licence to complement its business?

The Managing Director/Chief Executive Officer informed that currently, the Bank is allowed to undertake digital banking activities. Public Bank has been actively innovating and embracing digitalisation over the recent years, coupled with its long-established stability and banking expertise, the Bank is in a good position to compete and strive for continued business growth.

- Many countries are facing issue of aging population. What is the profile of Public Bank's customers like, and what is the Bank's strategy in maintaining a healthy demographic of customers?

The Managing Director/Chief Executive Officer explained that the Bank has a diverse group of banking customers with different lifestyles and financial needs. The Bank also has a wide range of banking products and services which cater to the needs of different age group, ranging from senior citizen to pre-school children.

In 2020, the Bank launched the PB Journey Programme which comprises a series of deposits, loans and investment products, specially designed to cater to the specific needs of different groups of individual customers, including students, fresh graduates, families and retirees, as well as the SMEs. This Programme has been successful in attracting various segments of customers.

- What is the plan and direction to grow the Group's Islamic banking business?

The Managing Director/Chief Executive Officer explained that the Group will continue to proactively grow its Islamic banking business. The Bank's wholly-owned subsidiary, Public Islamic Bank has been, and will continue to focus on strengthening and enhancing its business through upskilling the staff's Shariah knowledge, as well as diversifying and enhancing its Islamic products. Value-based intermediation and green financing will also remain its key growth areas. Tapping on Public Bank's strong PB brand, extensive branch network, banking expertise and infrastructure, Public Islamic Bank is in good position to strive for further growth.

- With the pandemic becoming more serious by the day, are there plans to revise the banking hours?

The Managing Director/Chief Executive Officer informed that following the Government's implementation of the MCO, the Bank had revised its banking hours from "9.30 a.m. – 4.00 p.m." to "9.30 a.m - 3.00 p.m."

- Is the Bank applying any high tech applications such as artificial intelligence in its banking operations to improve services?

The Managing Director/Chief Executive Officer informed that at this juncture, the existing banking system is sufficient to cater to the customers' needs and support the banking operations. Nevertheless, the Bank has always been agile in the adoption of technological innovation to improve both digital and physical channels.

Public Bank had conducted several studies and proof-of-concepts on the applications of artificial intelligence and internet-of-things. The Bank is also currently exploring the potential of big data analytics to further improve its products offering.

- The COVID-19 pandemic has weighed heavily on investors' confidence. What is the Bank's plan to keep the shareholders informed and to keep them confident and stay invested?

The Managing Director/Chief Executive Officer explained that the Bank ensures uninterrupted and effective transmission of information to its stakeholders through various platforms such as press statements to the media, analysts briefings and corporate websites.

Amid the new norm, the Bank conducts engagement activities via teleconferencing to keep analysts and shareholders up-to-date with the Bank's performance and strategy. The Bank also engages with its investors and analysts regularly through emails and conference calls to keep them informed of the Bank's latest developments.

- Public Bank Group is a respected institution that had stood the test of time. What would it take to shake this great institution, and how is the Bank preparing itself to prevent that from happening?

The Managing Director/Chief Executive Officer explained that Public Bank has always emphasised on prudent management. Disciplined cost management and prudent risk management over the years had strengthened the buffers for the Bank to navigate any challenges. The Bank will continue to do its best and continue to be a Bank for the people in the years to come.

- In the event of branch closure due to the pandemic, what are the back-up plans if customers need to access services that are not available via mobile banking applications?

The Managing Director/Chief Executive Officer explained that in such circumstances, the customers may approach the Bank's "Partner Branch" to cater to their banking needs. Notice advising customers is made available at the branch premises as well as the Bank's official website. Customers may also perform their banking needs via the Bank's self-service banking terminals.

- E-wallet is gaining popularity due to its convenience and benefits. What is the Bank's view and plan on card business?

The Managing Director/Chief Executive Officer informed that there are still growth opportunities for card business. It is a mature market and many customers still prefer the buy now and pay later concept.

The Bank is also offering cash back rewards to benefit customers. Going forward, the Bank will pivot on digital and promote online purchases and digital billings to further drive its card business.

- Most of the customers who obtained business loans from Public Bank are from which business sectors?

The Managing Director/Chief Executive Officer informed that Public Bank is a major lender to the SMEs in Malaysia and offers lending across all business sectors of the SMEs. Public Bank has also extended various special financing schemes to assist SMEs, approving more than RM3.4 billion for over 16,000 SMEs.

- How much does the company spend on this virtual AGM?

The Managing Director/Chief Executive Officer informed that the cost of conducting the virtual AGM was less than RM100,000. This included the cost for the remote participation and voting facilities, audio/video support and fees for engagement of scrutineers.

- Any bonus issue expected for 2021/2022?

The Managing Director/Chief Executive Officer informed that Public Bank had just completed its bonus issue of 4 bonus shares for every 1 existing ordinary share held in January 2021 and there is no immediate plan for further bonus issue.

- Can Public Bank provide specific programme to help senior citizens by increasing the fixed deposits interest?

The Managing Director/Chief Executive Officer informed that the Bank had launched the PB Journey Golden Savers Campaign which offers senior citizens higher interest rate on their fixed deposit placements. The interest which is paid monthly aims to support their retirement living in the current low interest rate environment.

- What is the Bank's plan/position in the e-wallet business?

The Managing Director/Chief Executive Officer informed that Public Bank is focusing on PBe QR which leverages on PayNet's DuitNow QR to promote cashless payment. The PBe QR works like a wallet where customers can make payment directly from their current and savings accounts to any merchants having the DuitNow QR code.

- To what extent has Public Bank assessed and mitigated ESG risks at portfolio level?

The Managing Director/Chief Executive Officer explained that Public Bank adopts BNM's Climate Change and Principle-based Taxonomy guidelines to facilitate the identification and assessment of risk at loan portfolio level. The guidelines are also being embedded into the Bank's credit assessment processes.

- Is Public Bank planning to support Apple Pay in the future?

The Managing Director/Chief Executive Officer informed that the Bank has always been piloting business alliance with payment partners such as SamsungPay, AliPay, WeChatPay, Boost, Grab, ShopeePay and Deliverat from both issuing and acquiring perspectives. The Bank will continue to explore and evaluate viable new payment acceptance opportunities.

- Earnings per share (EPS) for Public Bank is 25.1 sen. What is the industry benchmark for EPS, both at the local and regional level?

The Managing Director/Chief Executive Officer explained that there is no industry benchmark for EPS as EPS is not comparable amongst banks due to differences in shareholding structure. Hence, return on equity (ROE) is a better benchmark for profitability comparison. In terms of profitability, Public Bank remains the best in the industry with the highest ROE.

- For the first quarter of 2021, marketing expenses had increased from RM33.0 million to RM42.0 million. Please clarify on the increase in the marketing expenses?

The Managing Director/Chief Executive Officer clarified that there was less spending in year 2020 due to the COVID-19 pandemic. However, for year 2021, Public Bank had intensified its marketing activities under the PB Journey Programmes to assist customers to overcome the current challenging situation.

- Will the loan moratorium continue if the COVID-19 pandemic prolongs?

The Managing Director/Chief Executive Officer informed that the current on-going targeted repayment assistance has been working very well. It is effective in assisting customers with different financial conditions and repayment capacity.

- Will the playback of this live AGM be made available for shareholders after the AGM?

The Managing Director/Chief Executive Officer informed that the minutes of the AGM including the questions from MSWG/shareholders and answers provided will be posted to Public Bank website within 30 business days after the AGM.

- Can shareholders be allowed to speak during virtual AGM?

The Managing Director/Chief Executive Officer explained that currently, there is no such facility available. Shareholders can submit questions during virtual meetings via the "query box".

- Should there be another round of lockdown, what are the Bank's mitigation strategies?

The Managing Director/Chief Executive Officer explained that the Bank is constantly reviewing its operations in tandem with Majlis Keselamatan Negara's, Health Authority's and State Government's instructions in response to the COVID-19 pandemic situation.

- Why is the ROE of Public Bank showing a decreasing trend every year?

The Managing Director/Chief Executive Officer explained that generally, the banking industry's ROE has been on a decreasing trend for the last few years due to higher capital conservation to meet regulatory requirements, continuous net interest margin compression and higher cost of compliance and IT security.

Nevertheless, Public Bank has been, and is still, the most cost efficient bank, with the best asset quality in the industry. Public Bank will continue to strive to maintain its highest ROE in the industry.

- What is Public Bank's view about crypto-currency and does it affect Public Bank's business?

The Managing Director/Chief Executive Officer explained that the Bank will continue to monitor the development of crypto-currency and stand guided by the prevailing guidelines and regulations in relation to crypto-currency.

- The information on scam tactics and ways to protect consumers is much appreciated. The information was presented in a very user-friendly way and was kept short and simple yet effective.

The Managing Director/Chief Executive Officer thanked the shareholder for the compliment and informed that Public Bank will continue to be pro-active in disseminating alerts, advisories and safe internet banking practices to customers via webpage, app, e-mails, YouTube and social media.

- The compound annual growth rate (CAGR) is 19% for the past 53 years. What is the CAGR over the medium term range?

The Managing Director/Chief Executive Officer explained that over a medium term range of 5 years, an investment in Public Bank shares would have earned a compounded annual rate of return of 5.2%, bucking the trend on Kuala Lumpur Composite Index which dropped by 3.9% over the same period.

- Will the Board of Directors answer every question raised in the AGM?

The Managing Director/Chief Executive Officer informed that the Bank will respond to all relevant questions raised by the shareholders.

- Were there any whistleblower reports on any wrongdoings in year 2020? Any legal action taken against the wrongdoers?

The Managing Director/Chief Executive Officer informed that Public Bank had received whistleblowing reports in 2020 but no major issues were raised and all matters raised had been addressed accordingly.

- Any step for the Bank to go paperless and digitalise to reduce the usage of papers? Any step to improve the e-banking as online fraud is getting serious?

The Managing Director/Chief Executive Officer informed that the Bank has on-going initiatives to go paperless by using online reports, e-documents and e-statements. The Bank will continue its effort via digitalisation on all aspects of its operations and business.

The Bank has implemented the Fraud Prevention System to identify high-risk and suspicious activities on the online banking platform and will continue to ensure that the system is robust. In addition, the Bank is also proactive in disseminating alerts and advisories on fraud and safe internet banking practices to customers.

- Due to COVID-19, is there a downtrend in the usage of cash and the ATM machines?

The Managing Director/Chief Executive Officer informed that generally, there is a reduction in the number of transactions performed over-the-counter due to the COVID-19 pandemic situation. Customers prefer alternative channels such as mobile apps/e-banking/self service terminals for their banking convenience.

- Whether Directors who have several directorships be able to devote their time commitment to Public Bank?

The Managing Director/Chief Executive Officer informed that the Board has established a policy on maximum directorships whereby a Director must not hold more than 5 directorships in public listed companies. All Directors are fully committed and they comply with this policy.

- Would the bonus issue in January 2021 dilute the share price? Is the bonus issue exercise beneficial for shareholders and will it increase shareholders' value?

The Managing Director/Chief Executive Officer explained that after the completion of the bonus issue in January 2021, the price of Public Bank's shares was diluted proportionately based on the number of shares held by shareholders. Hence, there is no impact in terms of total value of investment held. The bonus issue will increase trading liquidity and affordability in Public Bank shares.

- Rotation of auditors as a measure of corporate best practices.

The Managing Director/Chief Executive Officer informed that the appointment of the auditors is subject to an annual assessment. The audit partner will be rotated once every five years. Dato' Megat Iskandar Shah was first appointed as the audit partner for the financial year 2020.

- Does Public Bank have any plan to raise capital during the COVID-19 pandemic?

The Managing Director/Chief Executive Officer informed that there is no plan on new capital issuance as the Group's capital positions remain healthy at this juncture. The Group's total capital ratio of 16.9% as at March 2021 is sufficient to support business growth going forward.

- What is the Board's Succession Planning?

The Managing Director/Chief Executive Officer informed that the Board will continue to sustain a flexible design in the structure and composition of the Board, and the processes as well as the succession planning as the Board deems appropriate. The Board will continue to identify fit and proper persons for consideration for appointment as Director, subject to BNM approval.

- Will the high Malaysia's household debt-to-gross domestic product ratio impact the Group's residential and hire purchase loan businesses? What is the Group's loan growth outlook?

The Managing Director/Chief Executive Officer explained that despite the high household debt ratio, Public Bank had achieved above industry loan growth in 2020. Going forward, given the Bank's leading market share in the residential and hire purchase financing market, coupled with its strong PB brand, and the variety of loan products to cater to different segments of customers, the Bank is well positioned to continue striving for loan growth.

Upon conclusion of addressing questions submitted online by shareholders, the Managing Director/Chief Executive Officer handed the Chair back to the Chairman.

NO OTHER BUSINESS

The Chairman informed that there was no other business to be transacted at this Meeting.

CONTINUATION OF REMOTE POLL VOTING

The Chairman announced at 1.15 p.m. that the online remote voting which had commenced since the start of the Meeting, would continue for another 10 minutes.

CONCLUSION OF REMOTE POLL VOTING

At 1.25 p.m, the Chairman announced that the online remote voting session had closed and the Meeting would resume immediately upon conclusion of the Scrutineers' validation of the votes cast, for the announcement of poll results.

POLL RESULTS

After the conclusion of the Scrutineers' validation of the votes cast, Mr Anthony Tai from Deloitte announced the results of the poll as reflected in the attachment.

DECLARATION RESOLUTIONS CARRIED

The Chairman declared that based on the poll results, all the 7 Ordinary Resolutions as set out in the Notice of Public Bank 55th AGM dated 23 April 2021 were duly passed.

CLOSE OF MEETING

The Meeting concluded at 2.00 p.m. with a vote of thanks to the Chair.

PUBLIC BANK BERHAD
(6463-H)

55th Annual General Meeting
29th Floor, Menara Public Bank
146 Jalan Ampang, 50450 Kuala Lumpur
On 24-May-2021 at 11:00AM

Result On Voting By Poll

Resolution(s)	Vote For				Vote Against				Total Votes			
	No of Units	%	No of P/S	%	No of Units	%	No of P/S	%	No of Units	%	No of P/S	%
Ordinary Resolution 1	13,572,487,029	99.9377	2,681	94.9699	8,466,304	0.0623	142	5.0301	13,580,953,333	100.0000	2,823	100.0000
Ordinary Resolution 2	13,088,710,816	96.4118	2,593	91.8852	487,130,992	3.5882	229	8.1148	13,575,841,808	100.0000	2,822	100.0000
Ordinary Resolution 3	13,125,480,910	96.6464	2,596	91.8938	455,456,423	3.3536	229	8.1062	13,580,937,333	100.0000	2,825	100.0000
Ordinary Resolution 4	13,303,533,807	98.0048	2,540	90.2309	270,832,826	1.9952	275	9.7691	13,574,366,633	100.0000	2,815	100.0000
Ordinary Resolution 5	13,432,978,335	99.9333	2,581	91.9815	8,970,398	0.0667	225	8.0185	13,441,948,733	100.0000	2,806	100.0000
Ordinary Resolution 6	9,351,411,147	74.4383	1,792	64.5999	3,211,220,191	25.5617	982	35.4001	12,562,631,338	100.0000	2,774	100.0000
Ordinary Resolution 7	13,519,783,469	99.5270	2,678	94.8636	64,248,099	0.4730	145	5.1364	13,584,031,568	100.0000	2,823	100.0000

