

PUBLIC BANK BERHAD

MINUTES OF THE FIFTY-SEVENTH ANNUAL GENERAL MEETING HELD VIRTUALLY AT THE BROADCAST VENUE AT 29TH FLOOR, MENARA PUBLIC BANK, 146 JALAN AMPANG, 50450 KUALA LUMPUR ON MONDAY, 15 MAY 2023 AT 11.00 A.M.

PRESENT AT BROADCAST VENUE

Board of Directors:

Mr Lai Wan : Non-Independent Non-Executive Chairman
Tan Sri Dato' Sri Dr. 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:

Ms Cheah Kim Ling : Non-Independent Non-Executive Director
Mr Lee Chin Guan : Non-Independent Non-Executive Director

PARTICIPATED VIA VIDEO CONFERENCING

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
Ms Gladys Leong	:	Independent Non-Executive Director

The attendance of shareholders, corporate representatives and proxies via TIIH Online at <https://tiih.online> was as per the Attendance List.

WELCOME ADDRESS BY CHAIRMAN

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 57th Annual General Meeting (AGM).

The Chairman informed the Meeting that the AGM would be conducted on a virtual basis through live streaming and online remote participation and voting by shareholders and proxies.

The Chairman further informed the Meeting that as guided by the Securities Commission 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:

- Ms Cheah Kim Ling
- Mr Lee Chin Guan
- Dato' Mohd Hanif bin Sher Mohamed
- Ms Tham Chai Fhong
- Mr Lim Chao Li
- Ms Gladys Leong

The Chairman further introduced the Managing Director/Chief Executive Officer, Tan Sri Dato' Sri Dr. 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 1,042 shareholders and proxies had registered and logged-in to TIIH Online to participate in the Public Bank 57th AGM.

There being a quorum, the Public Bank 57th 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 the Meeting 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 57th AGM dated 14 April 2023 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 Business 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 then invited the shareholders/proxies to view a short video on the procedures for online remote voting presented by Tricor, the Poll Administrator.

ORDINARY BUSINESS

AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 AND REPORTS OF THE DIRECTORS AND AUDITORS

The Company's Audited Financial Statements for the financial year ended 31 December 2022 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 2022 were for discussion only as they did not require shareholders' approval. Hence, it would not be put for voting.

The Chairman then invited Tan Sri Dato' Sri Dr. Tay Ah Lek, the Managing Director/Chief Executive Officer, to present the highlights of Public Bank Group's performance in 2022, 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 2022

The Managing Director/Chief Executive Officer presented the highlights of Public Bank Group's performance in 2022 as follows:

Financial Performance in 2022

On the back of the growing economy, the Public Bank Group achieved another profit milestone in 2022. The Group's pre-tax profit of RM8.83 billion in 2022, crossed the RM8 billion mark for the first time. This represented a growth of 19.9% as compared to pre-tax profit of RM7.37 billion in 2021. Net profit grew by 8.2% to RM6.12 billion, after taking into account the one-off impact of prosperity tax. As a result, earnings per share increased to 31.5 sen in 2022.

In 2022, the Public Bank Group's gross loans grew by 5.3% to RM377 billion, with domestic loans growing by 5.2%. The Group continued to maintain its No. 1 position in residential property and commercial property financing with market shares of 20.6% and 33.4% respectively. The Group also sustained a 30.2% market share in hire purchase financing. In the domestic small and medium size enterprises (SME) financing, the Group remained a leading SME financier with 18.6% market share.

In terms of funding, the Public Bank Group's customer deposits grew by 3.8% to RM395 billion in 2022. Domestic deposits increased at a faster pace of 4.1% to RM367 billion. This was mainly supported by current and fixed deposits growth of 5.8% and 4.2% respectively.

In 2022, the Public Bank Group continued to outperform its banking peers. The Group was the most cost-efficient bank in Malaysia with the lowest cost to income ratio of 31.5%, as compared to the industry's average cost to income ratio of 44.2%. In terms of asset quality, the Group remained the best amongst all Malaysian banks, with the lowest gross impaired loans ratio of 0.4%. This was significantly better than the banking industry's gross impaired loans ratio of 1.7%. The Group continued to sustain double digit net return on equity of 12.8%, which was well above the domestic banking peers' average net return on equity of 10.8%.

The Public Bank Group's wholly-owned unit trust management company, Public Mutual, remained a major contributor to the Group's non-interest income. In 2022, Public Mutual recorded a pre-tax profit of RM780.4 million, contributing 8.8% to the Group's pre-tax profit. Public Mutual continued to capture a large retail market share of 35.4%, with a total of 179 funds and total net asset value of RM91.8 billion.

The Public Bank Group had prudently set aside pre-emptive provisions to cushion against potential asset quality risks. As at the end of 2022, the Group's loan loss coverage ratio stood at 272%. This was significantly higher than pre-pandemic level and the current industry's loan loss coverage ratio of 98%. Including regulatory reserves, the Group's loan loss coverage ratio would be even higher at 292%.

The Public Bank Group's capital position remained stable and healthy with Common Equity Tier 1 capital ratio of 14.6% and Total Capital ratio of 17.6% as at the end of 2022. The Group's Liquidity Coverage Ratio also stood at a healthy level of 128%, above the minimum regulatory requirement of 100%.

In view of the Public Bank Group's resilient financial performance in 2022, a third interim dividend of 5.0 sen was paid in March 2023. Together with the first interim dividend of 8.0 sen paid in September 2022 and second interim dividend of 4.0 sen paid in December 2022, shareholders would have received a total dividend of 17.0 sen per share for 2022. This was higher than 15.2 sen paid in 2021. The total dividends paid amounted to RM3.3 billion, representing 53.9% of the Group's net profit for 2022. The 17.0 sen dividend per share also translated to a dividend yield of 3.9% based on Public Bank's share price of RM4.32 as at the end of 2022.

The Public Bank Group continued to deliver consistent and superior returns to its shareholders. The stable performance of Public Bank shares coupled with the consistent dividend payout had further increased the value for a long term shareholder.

With the current total market capitalisation of RM77 billion, Public Bank is the second largest company and the largest non-government linked company on Bursa Malaysia.

Strategies and Directions for 2023

The operating environment is expected to remain challenging. The Malaysian economy is expected to grow moderately supported by resilient domestic demand. Business dynamics continue to evolve in a post pandemic business environment with increasing global economic headwinds. The global headwinds, which include high inflationary pressure and monetary policy tightening, will continue to affect the global and domestic economy. While Public Bank remains mindful of the various headwinds, it will continue to balance between maintaining sustainable growth and managing risks.

In meeting these challenges, Public Bank will continue to operate efficiently and maintain prudent credit risk management. Public Bank will also sustain strong corporate governance and sound risk management practices. Public Bank strives to proactively manage any potential asset quality risks. For customers who may continue to face financial constraints, Public Bank will provide further assistance, including the necessary financial support for individuals and SMEs.

Public Bank is committed to support the national sustainability commitment towards a climate-resilient economy. From establishing Climate-Related Risk Management Policy to setting up a Sustainability Roadmap, Public Bank has been making good progress in embedding environmental, social and governance (ESG) consideration into its operations and strategies. Public Bank has also expanded its green and ESG products and services, such as collaborating with property developers to provide financing for green properties as well as promoting financing of energy efficient vehicles. To this end, Public Bank has set new commitments to drive its sustainability goals. Public Bank targets to achieve RM48 billion ESG-friendly financing by 2025, including RM15 billion financing for affordable homes.

In terms of the financing for energy efficient vehicles, Public Bank had successfully mobilised RM30 billion for such financing as at the end of 2022. This achievement was ahead of its earlier target of RM25 billion by 2025. Therefore, Public Bank has increased its energy efficient vehicle financing target to RM33 billion by 2025.

Driving digital transformation is one of the Group's key focus areas and sustainability agenda. The Group is attentive to digital trends, and changing customer behaviour, yet also mindful of cyber security threats. With significant investments made over the years, the Group has expanded its digital capabilities to provide customers with efficient and convenient banking services. These include implementation of various initiatives for digital payment services such as DuitNow Online Banking/Wallets and PBe QR Cross Border Payment services.

Public Bank's PB engage mobile banking and PBe internet banking continue to be enriched with new features. In 2022, the newly registered users of the Bank's mobile banking, grew by a commendable 29.2%. The number of mobile banking transactions also increased by 20.9%. For the Group's PBe online banking, the number of active users maintained a steady growth of 15.1%. The Group's corporate online banking, the PB enterprise also registered impressive growth. In 2022, total new companies registered on PB enterprise grew by a commendable 72.5%. The number of transactions performed on PB enterprise also increased by 40.0%.

The Group remains vigilant in combating scams. The Group had implemented various measures in line with Bank Negara Malaysia (BNM)'s guidelines. A dedicated complaint channel had been established. The case management operations were also extended to 24 hours for all customers to report online scams and fraud. To raise customers' awareness of cybercrimes, the Group has been very proactive in providing updates through various communication channels. In addition, the Group has almost fully phased out the SMS one-time password for all online financial transactions. This was being replaced with a more secure Digital Token.

The Group had adopted innovative technology to facilitate online customer onboarding. Going forward, the Group will continue to make significant investments in line with its digital roadmap. This will further enhance the Group's information and communication technology (ICT) infrastructure and digital capability.

The operating environment will remain challenging in 2023. Nevertheless, the late Tan Sri Dato' Sri Dr. Teh Hong Piow, the Founder had left behind a strong legacy of banking excellence with solid foundation and strong corporate culture. His legacy will continue to propel the Group to greater heights.

The Group will remain focused on its core business segments and strive to achieve sustainable business growth. The Group will also intensify digital transformation, focus on its sustainability agenda, and continue to sustain its superior asset quality to ensure sustainable earnings growth moving forward. With the Group's track record of stable and resilient financial performance, the Group is positive that its sound fundamentals and prudent credit practices will enable the Group to continue delivering long term value to 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 8 May 2023 and Public Bank's reply to them on 12 May 2023, which were as summarised below:

I. Operational & Financial Matters

MSWG's Question 1

Public Bank's management overlay (forward-looking macroeconomic variables + COVID-19 related management overlay) for potential credit risk deterioration due to the COVID-19 pandemic remains sizeable at RM1.87 billion even after a writeback of RM343.6 million provision under macroeconomic variables in financial year (FY) 2022 (page 88 of Public Bank 2022 Annual Report).

Does the Bank foresee more writeback of pre-emptive provisions in FY2023, thus uplifting its bottomline performance in FY2023?

Public Bank's Response

Public Bank will continue to monitor the operating environment and market uncertainties, and will consider gradually writing back the management overlay, when it is appropriate. Public Bank will continue to adopt a prudent approach and ensure that the remaining management overlay after any write back is still at a conservative level taking into account the potential impact arising from the global economic challenges. These include inflationary pressures, heightened financial market volatility, geopolitical changes, as well as the potential contagion effect of the banking crisis in the US and Europe.

MSWG's Question 2

With rising overnight policy rate (OPR) and industry-wide intensified deposit competition, banks anticipate that net interest margin (NIM) will potentially remain flat or contract in FY2023.

What is the management guidance for NIM in FY2023? As the Central Bank is expected to raise OPR back to the pre-pandemic level, how significantly can the potential rate hike cushion the impact of high funding costs on NIM?

Public Bank's Response

During the COVID-19 pandemic period from 2020 to 2022, the banking industry enjoyed all time high proportion of low cost current account and savings account (CASA). As a result, the banking industry in Malaysia enjoyed NIM improvement from the higher CASA composition as well as the 100 basis point (bps) increase in OPR last year.

For FY2023, Public Bank expects NIM compression by a double digit bps mainly due to the following:

- Positive effect from the OPR increase last year has tapered off substantially this year;
- Progressive normalisation of CASA mix as a proportion to total deposits;
- Intense competition for deposits, resulting in elevated cost of funds; and
- Withdrawal of indulgence on treatment of Statutory Reserve Requirement with effect from 1 January 2023.

On 3 May 2023, BNM raised the OPR by another 25 bps to 3%, back to the level prior to the pandemic. Nevertheless, the 25 bps hike only provided a small cushion against the NIM compression.

MSWG's Question 3

The size of corporate loans under the repayment assistance (RA) programmes remains elevated at RM4.69 billion, where the total cumulative loans approved under RA programmes from 2020 up to 28 February 2023 are equal to the total outstanding loans under RA (page 98 of Public Bank 2022 Annual Report).

From which business sectors did these loans originate? What were the issues faced by the borrowers resulting in their inability to repay the outstanding loan? What is the visibility of recovering these outstanding loans?

Public Bank's Response

The corporate customers who were under the Group's RA programmes were directly impacted by the COVID-19 pandemic, resulting in financial constraints. These corporate customers are mainly from the real estate sector as well as the hotel sector and construction sector.

Following the transition to the endemic phase, the Bank observes a stable repayment trend and most of these customers have since resumed their normal repayments. Customers are expected to meet their normal repayments as the environment further improves in 2024, and thus the Group does not foresee any significant deterioration of credit risk. Additionally, the Group has already made sufficient pre-emptive provisions although these loans are adequately secured.

MSWG's Question 4

For the first time over the past five years, Public Mutual Bhd's total assets under management (AUM) recorded an annual decline in FY2022. Its AUM was lower at RM91.84 billion compared to RM104.58 billion in FY2021, mainly due to the decline in retail equity funds, which accounted for 74.7% of the overall AUM following the retracement in the local and foreign equity markets (pages 119 to 120 of Public Bank 2022 Annual Report).

This resulted in 11.1% decline in profit before tax to RM780 million from RM878 million a year ago.

- a) *Amid rising interest rates globally, will we continue to see fund redemption by investors? Has the Bank seen recovery in AUM in the first quarter of FY2023 in line with an improved macroeconomic outlook?*
- b) *Does the Group foresee fintechs like robo-advisors that stand out due to their competitive fee structure as a valid threat to traditional fund houses like Public Mutual?*

Public Bank's Response

- a) In the first quarter of FY2023, Public Mutual's AUM registered an increase of RM2.56 billion or 2.8% to RM94.40 billion as at end-March 2023, from RM91.84 billion as at end-December 2022. This was driven mainly by the appreciation of the global and regional equity markets during the quarter.

The movement of Public Mutual's AUM is dependent on the equity and bond market movements, as well as net fund flows from sales less redemptions. Despite the volatile financial markets in 2022 and the first quarter of 2023 caused by the rising global interest rates, the net fund flows remained stable.

- b) Public Mutual does not expect fintechs such as robo-advisors to have a significant impact on its unit trust business in the foreseeable future as most retail investors continue to seek personal investment advice from unit trust consultants on selecting a suitable investment portfolio in line with the investors' risk tolerance and investment objectives.

In addition, Public Mutual actively manages the unit trust funds, and its team of professional fund managers regularly provide market updates to its unit trust consultants and investors.

Further, Public Mutual constantly enhances its delivery and engagement channels tapping on digitalisation. The Public Mutual Online (PMO) and mobile application Pocket-PMO provide investors easy access to their investment portfolio, as well as the convenience to perform transactions, request for fund analytics, enquire on investment accounts, as well as perform profile updates through online platforms.

Public Mutual will continue to adapt to the ever-changing investment landscape and leverage on new technologies to enhance its services to investors.

MSWG's Question 5

The Group has launched the pilot implementation of a new mobile banking app, MyPB, which is positioned as a lifestyle-based application that will leverage on third-party service providers to provide complementary services, including micro insurance, loyalty points aggregation, ticketing and travel plans (page 141 of Public Bank 2022 Annual Report).

- a) *When will MyPB be introduced to the public?*
- b) *Will MyPB replace the "PB engage" mobile application focusing primarily on online banking services? If so, is this the right move, as customers may be overwhelmed with aplenty of lifestyle cum banking applications?*

Public Bank's Response

- a) MyPB Mobile App will be introduced to public tentatively in the second half of 2023. The new app is currently undergoing beta testing to ensure a smooth and secured experience.
- b) MyPB Mobile App will be replacing PB engage. However, both mobile applications will be running concurrently for a period of time to support the migration of users from PB engage to the new MyPB Mobile App.

The new MyPB app is designed specially to meet the current demand and expectation of customers. Customers will be able to access to lifestyle services through the convenience of a mobile app, while managing and monitoring their banking accounts and transactions in the same app. This will provide customers a comprehensive view of their expenses, while at the same time enjoying the convenience of making lifestyle purchases through seamless payment.

Given the comprehensive features of MyPB, the Bank is also planning to work with business partners to integrate their services with the MyPB app, and thus further enhancing the lifestyle services offered by the app.

II. Sustainability Matters

MSWG's Question 1

Unlike other banking peers and large companies listed on Bursa Malaysia, Public Bank did not publish a standalone sustainability report to detail the Bank's sustainability strategy, principles, initiatives and performance of the Bank in FY2022. Instead, these issues were covered in the Sustainability Statement in Public Bank Annual Report.

Why has the Bank taken a different approach to its sustainability reporting?

Public Bank's Response

While Public Bank's Sustainability Statement is not a standalone report, the Statement covers comprehensive information about the Bank's sustainability strategy, principles, initiatives and performance, in line with peers' standalone sustainability report.

Public Bank's approach to sustainability reporting is also guided by Bursa Malaysia's Main Market Listing Requirements whereby listed issuers must include within the contents of its annual report, a narrative statement of the listed issuer's management of material economic, environmental and social risks and opportunities. (*Reference Paragraph 29, Part A of Appendix 9C, Main Market Listing Requirements*). From a disclosure standpoint, the Bank upholds the principles of balanced, comparable and meaningful disclosures when developing its Sustainability Statement. The Bank's practice is in line with that of peers in relation to content and reporting standards adopted.

Embedding the Sustainability Statement in the annual report also enables readers to easily make cross-section reference within a publication.

MSWG's Question 2

Public Bank's disclosure on Scope 3 carbon emissions has yet to include disclosure of financed emissions which are indirect emissions related to loans, underwriting, investments, and other financial services. The Bank is committed to developing actions to collect information on Scope 3 emissions contributed by financing assets over the medium term (page 178 of Public Bank 2022 Annual Report).

When will the Bank establish the Scope 3 financed emissions baseline, which is critical for the Bank to identify transition strategies to help the Group achieve key commitments like carbon neutral in greenhouse gas emission by 2030 and net zero greenhouse gas emission by 2050? How is the progress of establishing the financed emissions baseline? What are the asset classes/economic sectors included in the measurement?

Public Bank's Response

Public Bank has set two overarching climate targets - Carbon Neutral by 2030 for Scope 1 and 2 as well as Net Zero Carbon by 2050.

The Bank is currently working on establishing its baseline and carbon inventory for Scope 1 and 2 including a decarbonisation roadmap to 2030.

For Scope 3 financed emissions, the Bank is currently working on the emission measurement. The Bank aims to establish the financed emissions baseline by 2024 which includes but not limited to the following asset classes - mortgages, motor vehicle loans, commercial real estate, project finance and business loan and unlisted equity.

III. Corporate Governance Matters

MSWG's Question

On 29 April 2023, Ms Cheah Kim Ling was redesignated from Independent Non-Executive Director (INED) to Non-Independent Non-Executive Director upon reaching the maximum 9 years tenure as INED.

With the change, INEDs comprised just half of Public Bank's Board. In turn, the Bank is departed (in contrast to "Applied" in FY2022) from Practice 5.2 of the Malaysian Code on Corporate Governance (MCCG), which states that the Board of Large Companies comprises a majority of independent directors.

What measures are taken to address this condition and apply the said Practice again?

Public Bank's Response

The Nomination and Remuneration Committee as well as the Board have identified a suitable candidate for proposed appointment as an Independent Director of Public Bank and the application for the proposed appointment is pending regulatory approval.

Upon the appointment of the candidate as an Independent Director of Public Bank, the Board will comprise a majority of Independent Directors

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 on the following areas:

2022 Financial Performance/Business Outlook and Strategy/Dividends

- *Outlook for 2023*

The Managing Director/Chief Executive Officer informed the Meeting that the Malaysian economy grew by 8.7% in 2022 and is expected to grow at a more moderate pace of 4% to 5% in 2023.

Weaknesses in global growth remain the major concern due mainly to persistent inflationary pressure and tighter monetary policy stance.

On the domestic front, while there are challenges, the economy is on a stable growing trajectory. The employment market is improving, tourism is reviving and major infrastructure projects have resumed in operation. Inflation is gradually stabilising. These will continue to provide business opportunities for the banking sector.

- *Public Bank's business strategies for the short and medium term*

The Managing Director/Chief Executive Officer explained that Public Bank's business strategies are premised on four key strategic priorities to optimise value for its key stakeholders, which are delivering sustainable returns to shareholders, enhancing customer experience, developing employees and increased focus on sustainability.

With banking remaining an essential service for a growing economy, Public Bank will continue to focus on its core businesses which are retail and commercial banking. While being mindful of the evolving business environment, the Bank is always agile to the demand and expectation of its stakeholders.

Digitalisation will continue to be a key agenda in the Bank's development plans to further enhance customer experience on seamless banking. Notwithstanding, cyber security remains the Bank's top priority.

As ESG becomes a growing imperative, the Bank has continued to strengthen its capacity and capability on ESG. The Bank has set up plans to drive further efforts to support its stakeholders in the transition to a low carbon economy.

Overall, Public Bank's business strategies will remain focus on maintaining earnings stability and sustaining strong asset quality for the interests of its stakeholders.

- *Dividend payout*

The Managing Director/Chief Executive Officer explained that over the past five years, Public Bank's dividend payout ratio had been on an upward trend, from 47.9% in 2018 to 53.9% in 2022.

The Bank has been maintaining consistent dividend payout to shareholders over the years, despite the challenges posed by the COVID-19 pandemic. Although the Bank does not have a formalised dividend policy, the Bank has always strived to maintain a stable dividend payout ratio of around 50%.

However, any dividend proposal and actual payout will be subject to regulatory approval, and dependent on the Group's financial performance, long term growth plan and capital requirements.

Public Bank's Share Price

- *What is the reason for the recent decline in Public Bank's share price?*

The Managing Director/Chief Executive Officer explained that the share price of Public Bank is determined by the fundamental strengths and financials of the Company as well as market forces.

The recent decline in Public Bank's share price was very much in tandem with market sentiment, especially on the broad-based decline in banking stocks. The share price of Public Bank is always subject to occasional volatility, which has always been temporary in nature based on past trend.

Currently, Public Bank share is trading at about 1.5 to 1.6 times of its book value which is the highest amongst the Malaysian banks, reflecting the strong fundamental of Public Bank.

Impact from US banking crisis

- *Is Public Bank Group affected by the recent banking crisis in US?*

The Managing Director/Chief Executive Officer explained that the Group does not have any exposure to the affected US banks. The Group strictly adheres to the stringent capital and liquidity requirements set out by BNM on maintaining a strong capital and liquidity position.

As at end of December 2022, the Group's Common Equity Tier I Capital ratio and Total Capital ratio stayed resilient at 14.6% and 17.6% respectively, which were well above the minimum regulatory requirements.

The Group also maintained a stable and healthy liquidity coverage ratio of 128%. Coupled with sound asset quality and prudent credit risk management, the Bank is expected to remain in a resilient position to weather any unforeseen macroeconomic or financial shocks.

Business Operations and Management

- *The Company continues to have a strong foothold as financier for the purchase of residential properties, commercial lending to SMEs and passenger vehicles segments. Following the proposed removal of Rule 78 of the Hire Purchase Act, which pre-calculates interest charges on hire purchase contracts, how substantial is the impact to the income from its passenger vehicle segment?*

The Managing Director/Chief Executive Officer explained that the proposed change in the hire purchase interest calculation will only have impact on early settlement cases and is only applicable to newly onboarded hire purchase loans.

There will not be any impact on the Bank's existing hire purchase portfolio. Therefore, the future impact to the Bank's profitability is expected to be minimal.

- *Strategies to boost fee-based income.*

The Managing Director/Chief Executive Officer explained that Public Bank has a diversified fee-based revenue stream. The Bank offers a wide range of fee-based product and services, which include unit trusts, bancassurance, card and merchant services, cash management services and remittance services.

To boost fee-based business, the Bank is very proactive in cross-selling, leveraging on its large pool of customer base to generate additional fee income. The Bank also monitors the environment closely, ensuring its products and services are catered to the needs and expectations of customers, thus sustain the demand for its fee-based products.

- *The assets under management (AUM) of Public Mutual declined substantially by more than 12% in FY2022 to RM91.84 billion. Given the weaker market conditions, does Public Bank expect this decline to continue and what are the steps that are being taken to mitigate this?*

The Managing Director/Chief Executive Officer explained that in the first quarter of 2023, Public Mutual's AUM rose by RM2.56 billion or 2.8% to RM94.40 billion as at end-March 2023 from RM91.84 billion as at end-December 2022.

The performance of unit trust funds is largely dependent on market condition. Nevertheless, Public Mutual actively manages its unit trust funds and rebalances the equity portfolios accordingly to ensure that they are positioned for the long term.

In addition, Public Mutual also closely monitors investor behaviour and ensures its fund offerings remain relevant to customers' expectation and demand.

- *How does the Bank manage exchange rate fluctuations, as well as underperforming assets and operations?*

The Managing Director/Chief Executive Officer explained that the Group has minimal exposures to foreign exchange risk. Most transactions are executed in the currency in which it operates, which is natural hedge against exchange risk.

Meanwhile, identification of under-performing assets is an on-going process. The Group has always focused on growing assets that complement the Bank's business growth.

Online Scam

- *There are rising concerns on online scams. What are the counter measures taken by the Bank?*

The Managing Director/Chief Executive Officer responded that Public Bank fully understand the public concerns on the evolving online scams.

Public Bank, together with the banking sector, have been taking their roles as the custodian of public funds very seriously and have been very vigilant and proactive in curbing online scams.

The industry jointly with the police, BNM, Malaysian Communications and Multimedia Commission, and telecommunication companies had set up the National Scam Response Centre (NSRC). Customers are advised to immediately call the NSRC 997 hotline, or the banks' hotlines on any suspicious bank transactions.

Public Bank had set up a 24-hour dedicated complaint channel for customers to report scam incidents. Once a suspicious transaction is reported, the Bank's fraud system will immediately block the transaction.

In 2022, Public Bank had helped about 300,000 customers from being scammed, by preventing close to one million transactions totalling approximately RM500 million from being fraudulently transferred to fraudsters' accounts.

Public Bank was able to prevent these fraudulent transactions in a timely manner as a result of the strong system security and robust compliance culture that the Bank has put in place.

Public Bank has also implemented the "Kill-Switch" function, whereby customers are able to immediately deactivate their online banking access through the PBe internet banking.

Since 20 April 2023, Public Bank had ceased the usage of SMS PAC authentication code for all online financial transactions. This had been replaced with the more secured PB SecureSign token. Public Bank had rolled out this added security measure ahead of the required deadline in June this year to provide earlier protection to its customers.

As at to-date, close to 75% of Public Bank's registered online users had activated their PB SecureSign. The Managing Director/Chief Executive Officer urged those customers who have not activated their PB SecureSign to do so as soon as possible. He stated that the Bank took note of the feedbacks from customers that this feature had caused some temporary inconvenience. However, these security measures are necessary to provide additional protection for the customers.

Customer awareness on cyber security is critical. Public Bank had provided various avenues reaching out to its customers to keep them informed on the current banking security matters. Customers must remain vigilant at all times. They should never click on any unknown links, and never disclose their banking credentials to anyone, regardless of any threatenings by any callers. This is of utmost importance.

Digitalisation

- *Public Bank's digital banking development plan.*

The Managing Director/Chief Executive Officer explained that Public Bank constantly explores and embraces digitalisation initiatives that meet the expectation and demand of its customers.

Leveraging on digitalisation, the Bank has been continuously strengthening its online platforms in order to enhance operational efficiency in branch banking, widen client base and offer personalised solutions that tailored to the needs of each individual customers.

The Bank is positive that it can deliver enhanced financial contents and more advance digital banking experiences, as 5G connectivity become more accessible to customers. In-line with the widening 5G coverage, Public Bank has been conducting studies and proof-of-concepts on Artificial Intelligence and Internet of Things, to enhance its banking services and cyber security.

The Bank will be launching an all new MyPB Mobile App in the second half of 2023. This new app will be equipped with enhanced functionalities, lifestyle-banking elements and new technologies to improve overall customer's experience.

In collaboration with fintech partners, the new app will also provide complimentary services relating to financial health, responsible finance, and payment experience.

Public Bank will continue to be digitally agile and adaptable, focusing on future-proofing of its internal talents and capabilities, while continuing to explore partnerships with fintech companies.

Overseas Operations

- *It was mentioned in the Public Bank 2022 Annual Report that “PBB Group continues to expand its business regionally, particularly in Indo-China”. Is Public Bank replicating its business model in Malaysia overseas, or does it have a different approach penetrating the market in Indo-China given its smaller size in these overseas markets?*

The Managing Director/Chief Executive Officer explained that Public Bank Group has strategic regional presence across five countries in Asia, with overseas subsidiaries in Hong Kong, Cambodia and Vietnam, and branches in Laos and Sri Lanka.

The Group proactively grows its regional business, particularly in Indochina. Public Bank Vietnam Ltd and Cambodian Public Bank Plc are focusing on retail consumer and commercial banking, particularly the SME banking.

Given the good growth prospects in this emerging region, the Group is positive about its regional business in Indo-China. Currently, there are 31 branches in Cambodia and 32 branches in Vietnam. Within the next 12 months, the Group plans to open another 8 new branches in Vietnam, bringing the total branches from the present 32 branches to 40 branches.

In addition, the Group will also continue to embrace digital transformation to cater for its business expansion and the provision of more efficient and innovative digital banking services in its Indo-China operations.

- *The gross impaired loans (GIL) ratio for Public Bank Vietnam has been on an increasing trend since 2019 while the industry GIL ratio has been declining. Can Public Bank explain further the reason behind this trend? Does Public Bank foresee this deterioration in asset quality to continue, and if so, what are the steps taken to mitigate this trend?*

The Managing Director/Chief Executive Officer explained that the uptick in Public Bank Vietnam’s GIL ratio during 2020 to 2022 was mainly due to the adverse impact of the COVID-19 pandemic. In addition, a number of borrowers had been classified as impaired loans after the COVID-19 moratorium ended in June 2022.

The declining industry GIL ratio in the last few years was partly due to the operations of Vietnam Asset Management Company, a special-purpose vehicle established by the State Bank of Vietnam to buy and manage impaired loans of Vietnam’s local banks. This measure had lowered the overall industry’s impaired loan ratio.

Despite that, Public Bank Vietnam's GIL ratio has remained lower than the industry GIL ratio throughout the years.

Public Bank Vietnam will continue to closely monitor the borrowers' repayment track records and proactively engage with borrowers with emerging signs of repayment difficulties to restructure their existing repayment.

Additionally, the State Bank of Vietnam had in April 2023, issued a circular to support financially-distressed borrowers. The State Bank of Vietnam's monetary policy measure of lower interest rates is also expected to continue supporting its economic growth and ease borrowers' repayment burden.

- *Profit before tax from Hong Kong declined by almost 30% but was mitigated by better performance from Cambodia and Vietnam. Can Public Bank provide some insight into the operating landscape in Hong Kong which resulted in the decline?*

The Managing Director/Chief Executive Officer explained that arising from the aggressive interest rate hikes by the US Federal Reserve, the funding cost of Hong Kong banks had increased significantly. However, the increase in prime lending rates was not in tandem with the funding cost, and thus, net interest income and profitability were affected.

The COVID-19 pandemic had also weighed on the Hong Kong's economy. Correspondingly, the Bank's business growth was affected by the closure of Hong Kong and China borders due to the COVID-19 pandemic, weak credit demand and slowdown of property market. The Bank's earnings were also further impacted by higher provisioning.

Cost Management

- *Whether the compliance cost and the new ESG-related frameworks affect the Bank's profitability and business operations?*

The Managing Director/Chief Executive Officer explained that compliance costs and ESG-related frameworks may have short-term impact on profitability and business operations, but they have provided long-term benefits which include risk reduction, business opportunities, and competitive advantage.

Compliance practices help in reducing risk of losses from non-compliance, which ultimately protect the Bank's reputation and profitability. Similarly, ESG-related frameworks help in creating business opportunities.

The rising awareness on ESG had created the demand for responsible and sustainable financial solutions, widening business opportunities for banks.

Throughout the years, the cost of complying with regulatory requirements has been well managed by the Bank.

Cukai Makmur

- *How has the Cukai Makmur affected the Company?*

The Managing Director/Chief Executive Officer informed the Meeting that the Cukai Makmur of 33% that was imposed by the Government for year of assessment 2022 had caused a higher tax expense for 2022, as compared with the normal corporate tax rate of 24%. As a result, the Group incurred an additional tax expense of about RM650 million in 2022. Despite that, the Group was still able to achieve 8.2% growth in net profit.

Banking Services

- *The Bank's mobile application is not very stable. What are the plans to resolve this issue?*

The Managing Director/Chief Executive Officer informed the Meeting that Public Bank is constantly enhancing its internet and mobile banking platforms to bring more seamless and efficient online banking to its customers.

Recently, the Bank had released a number of security updates in response to the increasing number of scams and online threats. This may have caused some inconvenience to customers in updating their PB engage mobile app. The Bank sought for customers' understanding as the security updates are of utmost importance to protect the customers.

In the second half of 2023, the Bank will launch the new MyPB Mobile App. Tapping on refreshed back-end technology, the new mobile app will have improved stability, loading time and speed. In addition, the new mobile app will enable instant MyPB account creation, using the latest technology for MyKad verification and validation and liveness test for secure authentication.

- *How does the Bank plan to improve its branch efficiency?*

The Managing Director/Chief Executive Officer explained that the Bank monitors closely its service delivery at the branches. The Bank always explore ways to enhance customer experience at the frontline. All staff are required to go through regular training to enhance their job knowledge and operational efficiency. The Bank also continues to invest in digital technologies to enhance its service efficiency.

- *Why did the Bank close its Share Investment Unit at Cameron Highlands branch? Public Bank could lose out its customers to competitor banks.*

The Managing Director/Chief Executive Officer explained that the Share Investment Unit at Cameron Highlands branch will be rationalised and relocated to Menglembu branch with effect from 1 June 2023. This is to facilitate better cost efficiency and service delivery.

Arrangement is in place, whereby the Bank's experienced share investment executives at Menglembu branch will continue to attend and support customers from Cameron Highlands branch.

In addition, to enhance customer convenience, the Bank will assist customers to perform online share trading via internet share trading platform or mobile application. Public Bank will ensure continuous provision of services and assistance to its customers at all times.

- *Shareholder's feedback to upgrade self-service terminals in Johor.*

The Managing Director/Chief Executive Officer took note of the shareholder's feedback. He informed the Meeting that Public Bank is always committed to achieve the industry uptime requirement by allocating sufficient resources to monitor and ensure the smooth functioning of its self-service terminals.

- *Shareholder's feedback on difficulty in reaching out to Public Bank's customer services support.*

The Managing Director/Chief Executive Officer explained that Public Bank has been experiencing higher than normal volume of e-mails and calls since the requirement for PB SecureSign activation. Public Bank's team will contact the shareholder to provide assistance.

Sustainability

- *The Bank's progress on achieving net zero target and how does the Bank support client in reducing carbon?*

The Managing Director/Chief Executive Officer explained that in line with the global targets, Public Bank has committed to achieve carbon neutral by 2030 for Scope 1 and Scope 2 and net zero carbon by 2050.

The Group has been measuring and reporting its carbon emission since 2016. Currently, Public Bank is developing a decarbonisation roadmap for the Group's direct carbon emission which are Scope 1 and Scope 2 emissions. The plan will guide the Group in working towards carbon neutral in its operational emissions by 2030.

As for net zero carbon by 2050, it will include the Bank's financed emissions, which involve the customers. The Bank is currently working on this and the information will be available in due course. More information on the Bank's progress on achieving carbon neutral is available in the Public Bank 2022 Annual Report.

To support and encourage customers in the transition to low carbon economy, Public Bank offers preferential rate for the financing of solar panel and energy efficient vehicles. The Bank also collaborates with property developers to offer attractive financing packages for sustainable and green-certified properties.

In addition, the Group has established the ESG exclusion list which refrains the Group from financing customers who are involved in harmful activities.

The Bank has also identified 21 economic activities with high positive social values in promoting social agenda financing, as well as 72 green and environmentally-friendly economic activities to encourage ESG lending.

Due diligence is conducted during customer on boarding to check whether the potential business customers are involved in activities that create significant negative impact to the environment.

Engagement is conducted and brochures are distributed to inform customers of the Bank's aspiration and policies in supporting a low carbon economy.

- *1.92% of the Company's total gross financing is classified as High ESG Risk Sectors. From this total, approximately a third is attributed to the transport and storage sectors. Can Public Bank provide more insight into why this sector is considered high risk? Why is its proportion to total High ESG Risk Sectors exposure substantial? What are the steps taken to manage this?*

The Managing Director/Chief Executive Officer explained that the identification of the High ESG Risk Sectors is guided by international standards. Global and industry sustainability standards and practices have recognised the transport and storage sector as a High ESG Risk Sector due to its high reliance on fossil fuels with material contribution to greenhouse gas emissions.

Based on a report by the Ministry of Transport Malaysia, the transport sector in Malaysia is a major user of energy, accounting for about 35% of total energy consumed. The sector also produces about 50 million metric tons of carbon dioxide per year. This has made the sector the major emitter of carbon emissions and one of the largest sources of urban air pollution.

The transport and storage sector is a key activity in the economic supply chain. Thus, the Bank has included all businesses that have direct and indirect reference to the transport and storage sector when identifying the proportion of exposure of the transport and storage sector.

Of the transport and storage exposures, 16% are large business and the balance 84% are SMEs. The Bank has commenced ESG risk assessment on large business borrowers. Large businesses that are assigned with "high" or "medium" risk are subject to further engagement. A time bound plan to low carbon practice is also required to help transitioning these borrowers to "low" risk over time.

For SME borrowers, the Bank is focused on implementing more engagement and education programmes and activities to raise awareness and knowledge that will eventually help them in adopting sustainable practice.

- *The Company has established an ESG Exclusion List since 2020. As stated, Public Bank will help existing borrowers whose activities and sector fall under the Exclusion List to adopt sustainable measures that would support customers' transition towards sustainable practices. How much is the financing exposure to this category of borrowers relative to total financing? Are there any particular sectors which stand out under this Exclusion List? What are the steps taken to transition these borrowers and the expected timeline for such transition?*

The Managing Director/Chief Executive Officer explained that the Bank has very insignificant exposures to this category of borrowers, which is less than 0.1% relative to total financing.

The Bank's primary focus is on the non-financing of coal mining/production activities that have high carbon emission rates and are highly polluting to the environment. Since December 2020, the Bank has ceased financing businesses and economic activities that are involved in coal mining/production.

The Bank takes a nurturing approach in encouraging customers' transitioning to a low carbon and climate resilient economy, particularly the SMEs. For the SMEs, ESG is relatively new and it takes a gradual approach for them to adapt and transition to a low carbon business model.

Public Bank has rolled out the following initiatives in supporting these businesses to embed climate consideration into their business:

- Offering dedicated Green Financing Facilities and Low Carbon Transition Facilities with preferential pricing to promote transitioning and adoption of green practices.

These include offering green capital expenditure financing for all sectors, as well as encouraging customers in the property, agricultural and forestry sectors to apply for related sustainability certification such as Malaysian Sustainable Palm Oil, Certificate for Forest Management, Green Building Index and Green Real Estate.

- Distributing Climate Change Message brochures to create and strengthen the awareness of climate risks among all financing customers, including both individuals and SME customers.

Going forward, the Bank will continue to identify more green financing activities to assist customers in their transitioning journey, particularly the high carbon emission sectors, such as coal-related industries.

The Bank will also roll out more capacity building programmes for the SMEs in selected high risk sectors.

Enquiries pertaining to the late Tan Sri Dato' Sri Dr. Teh Hong Piow's shareholdings in Public Bank and Payment of Remuneration to him

- *Any arrangement by the late Tan Sri Dato' Sri Dr. Teh Hong Piow on his shareholdings in Public Bank? Any updates on shareholding changes following the demise of the Chairman Emeritus?*

The Managing Director/Chief Executive Officer explained that the late Tan Sri Dato' Sri Dr. Teh Hong Piow's interests in PBB shares are administered by the executors and trustees of the estate of the late Tan Sri Teh. Any notice received by the Company relating to substantial shareholding will be announced to Bursa Malaysia.

- *Justification for the payment of remuneration of RM20.0 million to the late Tan Sri Dato' Sri Dr. Teh Hong Piow.*

The Managing Director/Chief Executive Officer explained that the Group is always grateful for all that the late Tan Sri Dato' Sri Dr. Teh Hong Piow had built for the Public Bank Group that had led to the Group's success for over 5 decades.

Before his passing, the late Tan Sri Teh had continued to contribute to the Group. In deep appreciation and recognition of the late Tan Sri Teh's continuous and invaluable contribution to the Group's success year after year, including the challenging period of the COVID-19 pandemic, the same remuneration as the past two years, was proposed to be paid to the late Tan Sri Teh.

This will be the last year the Group is paying remuneration to the late Tan Sri Teh, for his contribution from 1 January 2022 to his date of demise on 12 December 2022.

The late Tan Sri Teh is the Founder of Public Bank Group. He had been hands on in building the Group's talents and capabilities to sustainably achieve unbroken profitability for 56 years. It is a lifelong commitment, until he passed away last year at the age of 92.

The late Tan Sri Teh had built a solid foundation and strong corporate culture that emphasises on accountability and integrity for the Public Bank Group. These can be attested by the Group's consistent profitability throughout the toughest of times, including the Asian financial crisis, global financial crisis and recently, the global pandemic.

The Group has emerged stronger from all these crises and sustained the full 56 years of unbroken track record of profitability since its establishment in 1966.

Following the late Tan Sri Teh's redesignation as the Founder, Chairman Emeritus, Director and Adviser in 2019, his guidance continued unabated to support the continued growth of the Public Bank Group. The Group continued to make commendable achievements in 2022, banking on the strong fundamentals that the late Tan Sri Teh had built throughout the years.

- *Who are the beneficiaries of the payment of RM20 million to the late Tan Sri Dato' Sri Dr. Teh Hong Piow?*

The Managing Director/Chief Executive Officer informed the Meeting that the beneficiary of the late Tan Sri Dato' Sri Dr. Teh Hong Piow's remuneration will be the estate of the late Tan Sri Teh.

Auditors' Remuneration

- *It was noted that the Auditor's remuneration increased year-on-year by approximately 9%. What are the main contributors for this increase? Is this a one-off expense or is it expected to recur/increase going forward?*

The Managing Director/Chief Executive Officer explained that the 9% increase in audit fee was mainly due to higher audit fees to account for inflationary effects and additional engagement for certain audit services during the year.

Generally, statutory audit fees will increase from time to time to account for inflationary effects. Audit fees will also vary from year to year in tandem with audit service engagements, subject to regulator's expectations and requirements.

The audit fees of the auditors are subject to annual review, in line with the Public Bank Group's Policies and Procedures for Appointment or Re-appointment of External Auditors for Audit and Non-Audit Services.

The Audit Committee ensures that proposed audit fees are within allowable thresholds before a recommendation is made to the Board of Directors for consideration and approval.

Human Capital

- *Impact of minimum wage on the Company.*

The Managing Director/Chief Executive Officer informed the Meeting that the minimum wage of RM1,500 which came into effect from 1 May 2022 has minimal impact to the Bank as only about 200 staff were affected, in which their basic salary had been revised accordingly. He added that Public Bank conducts market surveys on staff remuneration annually, to ensure that the staff salary and benefits are competitive.

- *Suggestion on Saturday replacement leaves for employees.*

The Managing Director/Chief Executive Officer took note of the suggestion and informed the Meeting that the Bank will evaluate the suggestion in its regular staff benefit review.

Public Bank has always ensured that it adheres to regulatory requirements in terms of staff rest day, including the MCBA/NUBE Collective Agreement for non-supervisory staff.

Currently, annual leave entitlement for Public Bank's supervisory staff range from 24 to 30 working days, whereas for non-supervisory staff is from 15 to 27 working days. This is well above the provisions of 8 to 16 working days as stated under the Employment Act 1955.

Investor Relations

- *Whether Public Bank will organise one-to-one shareholder engagement activity or briefing about market outlook for shareholders?*

The Managing Director/Chief Executive Officer informed the Meeting that the Bank has put in place various channels for shareholders to engage with the Bank. These include both offline and online channels.

The Bank also ensures that the shareholders are informed of any important information about the Bank in a timely manner. Annual general meetings are held where shareholders can communicate with the Board and provide feedbacks to the Company.

Public Bank ensures its shareholders have the opportunity to engage through the live questions and answers session in its virtual AGM. Public Bank also discuss about market outlook and business strategies during the AGM.

In addition, the Bank has a designated Investor Relations team to conduct one-on-one engagement with institutional shareholders. The Investor Relations team also proactively participates in various investor relations activities, including conference calls, virtual roadshows, telepresence and virtual meetings. This allows the Bank to keep the domestic and international investment communities, as well as potential investors informed of the Bank's performance and prospects.

Upon conclusion of addressing the questions submitted by shareholders before the AGM, the Managing Director/Chief Executive Officer explained that for questions that are received from shareholders during the course of the AGM, the response will be provided after tabling of the proposed ordinary resolutions.

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

- *Requests from shareholders for door gift and e-voucher.*

The Chairman clarified that as stated in the Administrative Details sent to shareholders together with the Notice of Public Bank 57th AGM on 14 April 2023, there would be no distribution of door gift or e-voucher to shareholders who participated in the Public Bank 57th AGM.

- *Why the Company did not conduct the AGM in a hybrid mode and request to resume physical AGM.*

The Chairman informed the meeting that based on Public Bank's past physical AGMs, the turnout of shareholders/proxies had been above 5,000.

The decision to convene the 57th AGM as a virtual meeting was upon consideration of the prevailing guidelines and circumstances as well as to safeguard the health and wellbeing of the shareholders as there is still risk of COVID-19 infection.

The Board will assess and determine the mode of meeting for the next AGM, taking into consideration the guidelines and circumstances then.

- *Whether the Nomination and Remuneration Committee assesses outsider as candidate for appointment as Director and any interview process being carried out?*

The Chairman explained that the Nomination and Remuneration Committee is responsible for assessing potential candidate for appointment as Director and as part of the nomination process, the Nomination and Remuneration Committee will engage with the candidate and thereupon submit their recommendation to the Board for decision.

- *The Board's expectation of the Independent Non-Executive Directors and Executive Director's contributions to the Company and whether any clear key performance indicators made for the Independent Non-Executive Directors.*

The Chairman informed the meeting that the role and responsibilities of the Executive Director and Non-Executive Directors are set out in detail in the Board Charter which is available at the Bank's website.

There is an annual performance evaluation process in place to assess the performance and effectiveness of each individual Director.

After addressing the questions from shareholders, the Chairman proceeded to the next agenda items on the proposed Ordinary Resolutions 1 to 6.

The Chairman informed the Meeting that the proposed Ordinary Resolutions 1 to 6 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 3 pertained to the proposed re-election of 3 Directors. The Nomination and Remuneration Committee had conducted the fitness and propriety assessments and had recommended the re-election of the 3 Directors as they remain effective in their contributions to the Board. BNM's approvals for their re-election are in place.

ORDINARY RESOLUTION 1

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 the Managing Director/Chief Executive Officer to present Ordinary Resolution 1.

The Managing Director/Chief Executive Officer informed the Meeting 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 56 of the Public Bank 2022 Annual Report.

The Managing Director/Chief Executive Officer then handed the Chair back to the Chairman.

ORDINARY RESOLUTION 2

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

The Chairman informed the Meeting 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 59 of the Public Bank 2022 Annual Report.

ORDINARY RESOLUTION 3

RE-ELECTION OF MS THAM CHAI FHONG WHO RETIRED BY ROTATION PURSUANT TO CLAUSE 107 OF THE COMPANY'S CONSTITUTION

The Chairman informed the Meeting that Ms Tham Chai Fhong would be retiring by rotation pursuant to Clause 107 of the Company's Constitution, and being eligible, had offered herself for re-election.

The profile of Ms Tham Chai Fhong was set out on page 61 of the Public Bank 2022 Annual Report.

ORDINARY RESOLUTION 4

PAYMENT OF DIRECTORS' FEES, BOARD COMMITTEES MEMBERS' FEES, AND ALLOWANCES TO DIRECTORS AMOUNTING TO RM5,839,410 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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 explained that an amount of RM5,839,410 was proposed for payment of Directors' fees, Board Committees Members' fees, and allowances to Directors for the financial year ended 31 December 2022.

ORDINARY RESOLUTION 5

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 2022 TO THE LATE 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 2022 to the late Chairman Emeritus, Director and Adviser, Tan Sri Dato' Sri Dr. Teh Hong Piow, was in deep appreciation and recognition of his invaluable contributions to Public Bank Group's long term success and continued achievement in 2022.

ORDINARY RESOLUTION 6

RE-APPOINTMENT OF AUDITORS

The Chairman informed the Meeting that the Auditors, Messrs Ernst & Young PLT had indicated their willingness to be re-appointed as Auditors of the Company.

The Chairman further informed the Meeting that the Audit Committee had carried out the assessment of the performance as well as independence and objectivity of Messrs Ernst & Young PLT and the Audit Committee was satisfied that Messrs Ernst & Young PLT had met all the criteria for its re-appointment pursuant to the requirements set out in the BNM Policy Document on External Auditors and the Public Bank Group Policies and Procedures for the Appointment/Re-appointment of External Auditors for Audit and Non-Audit Services.

BNM had on 3 March 2023 granted approval for the proposed re-appointment of Messrs Ernst & Young PLT as Auditors of the Company for the financial year ending 31 December 2023.

Summary of Questions Submitted by Shareholders Online During AGM

The Chairman informed the Meeting 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 responses to the questions submitted online by shareholders.

The Managing Director/Chief Executive Officer explained that most of the questions submitted online during the AGM had been addressed earlier. These included questions raised on the following areas:

- 2022 financial performance and dividends
- Business outlook and Group's strategy
- Digitalisation and online scam
- Overseas operations
- ESG management
- Enquiries on the late Tan Sri Dato' Sri Dr. Teh Hong Piow's shareholdings in Public Bank

The Managing Director/Chief Executive Officer then proceeded to respond to the questions which were not covered earlier, which were as summarised below:

- *Enquiry on the Bank's future business strategy.*

The Managing Director/Chief Executive Officer explained that the Bank's business has remained stable and resilient. The late Tan Sri Teh had built a strong corporate culture and developed a strong management team. The Bank will continue to grow its core retail and commercial banking business, with prudent management and sound corporate governance and risk management practices.

- *Will Public Bank continue to sustain its strong cost income ratio?*

The Managing Director/Chief Executive Officer informed the Meeting that the Bank will continue its prudent cost management. As at end of 2022, Public Bank sustained an efficient cost-to-income ratio of 31.5%, much lower than the industry ratio which stood at 44.2%. The Bank will continue to strive to sustain its position as the most efficient bank in terms of cost management.

- *Whether Public Bank has any plan for bonus issue?*

The Managing Director/Chief Executive Officer responded that there is no plan for bonus issue at this point in time.

- *Is there any revision to the dividend policy?*

The Managing Director/Chief Executive Officer explained that although Public Bank has no formal dividend policy, the Bank has always strived to maintain a stable dividend payout ratio of 50%. Any dividend payout will be subject to regulatory approval, the Group's financial performance, capital requirements and long-term growth plan.

- *Many retail shareholders claim that the Company's dividend yield is declining. Can the Board explain on the reason?*

The Managing Director/Chief Executive Officer explained that the Bank had maintained consistent dividend payout over the years. The total dividend payout had steadily increased from RM2.7 billion in 2018 to RM3.3 billion in 2022 despite challenges posed by the COVID-19 pandemic. The dividend yield had also been steadily increasing from 2.8% in 2018 to 3.9% in 2022.

- *The net return on equity of the Bank had declined from 14.8% in financial year 2018 to 12.8% in financial year 2022. While it is still the top among the peers, is it possible to return to above 14%?*

The Managing Director/Chief Executive Officer informed the Meeting that the Bank's guidance for return on equity for 2023 is 12% to 13%.

- *Any increase in net profit for 2023 since OPR rate increase?*

The Managing Director/Chief Executive Officer explained that the OPR hike only provided a small cushion against the impact of net interest margin compression resulting from higher funding cost this year. Hence, in the absence of further rate hikes, the impact of the 25 basis points OPR hike to net profit is negligible.

- *Does the Bank foresee any further OPR rate hike in the second half of 2023?*

The Managing Director/Chief Executive Officer stated that following the recent 25 basis points hike in May 2023, it is unlikely that there will be further OPR hike in the second half of 2023, barring any unforeseen circumstances.

- *For this year's prospect, with the increase in OPR and in the absence of Cukai Makmur, will Public Bank record better revenue and profit in 2023?*

The Managing Director/Chief Executive Officer explained that for 2023, despite the 25 basis points OPR increase in May 2023, Public Bank expects a double digit net interest margin compression due to higher cost of funds. Nevertheless, Public Bank will strive to sustain its revenue and profitability growth in 2023, supported by ongoing economy recovery, absence of Cukai Makmur, continued expansion in loans and deposits and stable asset quality.

He stated that Public Bank has always practised prudent credit management. The Bank has a resilient loan portfolio that is resilient to economic challenges. Despite having the lowest gross impaired loan ratio in the industry, the Bank has consistently maintained a high loan loss coverage ratio. With that, the Bank is expected to continue to sustain a sound asset quality.

- *Request for comment on the Bank's loans and deposits growth which seem to be lower than industry average over the past 2 to 3 years.*

The Managing Director/Chief Executive Officer explained that the Bank actively manages its balance sheet to ensure it is at an optimum level. The Bank continuously strive to balance between maintaining loans and deposits growth as well as managing cost and risk appetite.

- *One of the factors that leads to the recent US banking crisis is the high proportion of uninsured deposits in smaller banks. Enquired on deposits that are not insured under Perbadanan Insurans Deposit Malaysia (PIDM)?*

The Managing Director/Chief Executive Officer responded that all eligible deposits are protected in accordance to PIDM's guidelines.

- *How is the dedollarisation affecting the Bank?*

The Managing Director/Chief Executive Officer explained that no significant impact is expected on the Bank. Transactions in Public Bank are mainly in the respective local currencies with minimal open positions in USD.

- *Request for reduction in debit card annual fee.*

The Managing Director/Chief Executive Officer explained that the handling charge of RM8 is the actual cost incurred in managing debit cards. He stated that customers may consider the opening of basic savings account in order to avoid the said charges.

- *Suggestion to avoid fixing the maturity date of fixed deposits on weekend or public holiday.*

The Managing Director/Chief Executive Officer took note of the suggestion and advised customers who wish to change the maturity date of their fixed deposits to visit the branch on the matter. He stated that interest will be paid accordingly.

- *Will there be any closing down of branches due to digitalisation?*

The Managing Director/Chief Executive Officer explained that branches will not be closed down due to digitalisation. The rationalisation of branches will be based more on business and customer requirements.

- *Public Bank is not seen to have put much effort on innovative banking services. How will the Bank compete in digital banking?*

The Managing Director/Chief Executive Officer explained that the details of Public Bank's digitalisation plan was presented earlier. He reiterated that digitalisation has always been a key agenda in the Bank's development plan. The Bank has been taking appropriate digitalisation measures that meet the demand and expectation of customers. At the same time, the Bank emphasises on cyber resilience to safeguard customers' interest. The Bank will always ensure that it stays in line with the industry in areas of digital banking.

- *Whether PBe online users need to upgrade their handphone to minimum Android 10 version?*

The Managing Director/Chief Executive Officer explained that customers are advised to upgrade their handphone to minimum Android 10 as versions below 10 are not supported with security updates making their devices vulnerable to cyber-attacks and malware.

- *Why Public Bank does not have Apple Pay yet?*

The Managing Director/Chief Executive Officer explained that the Bank has launched Google Pay in view that more than 60% of the Bank's customers are Android users.

- *What is the Bank's strategies in respect of the on-going e-wallet trend?*

The Managing Director/Chief Executive Officer explained that the Bank has already launched PBeQR three years ago. Its function is similar to an e-wallet attached to a current account or savings account on PB engage mobile banking.

- *What would be the expected synergy generated from the digitalisation initiatives?*

The Managing Director/Chief Executive Officer explained that the digitalisation initiatives will result in reduction of repetitive manual processes and duplication of functions and accordingly will lower cost incurred in carrying out these tasks.

- *Comments that Public Bank's app is not user-friendly.*

The Managing Director/Chief Executive Officer responded that the Bank will be launching a new app, MyPB Mobile App with better user interface and enriched functionalities in the second half of 2023.

- *Complaints on activation of PB SecureSign.*

The Managing Director/Chief Executive Officer explained that the PB SecureSign is a stronger two-factor authentication to avoid fraud. With the disablement of SMS PAC on 20 April 2023, customers can activate their PB SecureSign via ATM or OTC at branches.

- *What is Public Bank's role in preventing scams? Is there a law to penalise or prevent "mule account" owner? How is PBB able to detect and take action on this?*

The Managing Director/Chief Executive Officer explained that the Bank has in place a fraud prevention system that analyse risk scores of transactions. If the score is considered high risk, a challenge question will be raised for customers to answer before the transaction is allowed.

The Bank also maintain all mule accounts in the fraud prevention system to avoid customers from transferring monies to the mule accounts. The banking industry is also working with the relevant government agencies to impose higher penalties on mule account holders.

- *Commented on the Bank's response to scam prevention which was informative and suggested the Bank to publicise its efforts. Opined that to prevent scam, efforts from all parties in the ecosystem are important and not only banks.*

The Managing Director/Chief Executive Officer thanked the shareholder for acknowledging the Bank's effort. He informed the Meeting that Public Bank will continue its efforts in scam prevention and various awareness campaign. Public Bank will also remain alert and vigilant on cyber resilience and safeguarding customer interest is always the top priority.

- *Public Bank branches' service levels are losing to peers, processes are tedious and apps are not user friendly. The Bank sometimes is perceived as the Bank for older generation. Hope that the top management can walk the ground on the above.*

The Managing Director/Chief Executive Officer explained that customers' satisfaction has always been the Bank's priority. Hence, the Bank constantly reviews its systems and processes so as to ensure operational efficiency and at the same time, ongoing service delivery initiatives are being undertaken in order to remain competitive and relevant in the industry.

- *Request for reserved parking for Red Carpet Banking (RCB) customers at Ayer Keroh branch.*

The Managing Director/Chief Executive Officer explained that currently reserved parking is only available at RCB centres nationwide and the Bank will review the request accordingly for non-RCB centres branches.

- *Request for response to all questions from shareholders.*

The Managing Director/Chief Executive Officer informed the Meeting that the Bank has always appreciated the support of all shareholders and treat all shareholders equally. Relevant questions from shareholders are responded accordingly. He added that apart from the AGM, shareholders may also send in their queries through the Bank's Investor Relations platform throughout the year.

- *Enquiry on the cost of the virtual AGM.*

The Managing Director/Chief Executive Officer informed the Meeting that the cost of conducting the virtual AGM is approximately RM135,000, which includes the cost of the remote participation and voting (RPV) facilities, the audio/video support and fees for engagement of scrutineers.

- *Enquiry on the number of RPV participants.*

The Managing Director/Chief Executive Officer informed the Meeting that more than 2,000 shareholders and proxies had log-in to TIIH Online to participate remotely at today's AGM.

- *Request for record of meeting of shareholders.*

The Managing Director/Chief Executive Officer informed the Meeting 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.

- *Request for all pre-questions and answers to be made available for shareholders on TIIH Online platform.*

The Managing Director/Chief Executive Officer took note and thanked the shareholder for the suggestion.

- *Enquiry on Board Succession Planning.*

The Managing Director/Chief Executive Officer informed the Meeting that the Board will continue to sustain a flexible design in the structure and composition of the Board, and the processes as well as 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 the approval of BNM.

- *Please mandate annual health screening for all Board Members. Prevention is better than cure. With mandated annual health screening, the Management can plan things ahead.*

The Managing Director/Chief Executive Officer took note and thanked the shareholder for the suggestion.

- *Enquiry on Management succession planning.*

The Managing Director/Chief Executive Officer informed the Meeting that Public Bank has in place a robust succession planning programme that identifies talents for the succession pipeline of key leadership positions.

- *Public Bank has been renowned for low attrition rate. What is the Bank's talent acquisition strategy?*

Tan Sri Managing Director/Chief Executive Officer explained that the Bank has various talent acquisition strategies to attract experienced candidates and new talents. The Bank has managed to attract talents from specialised fields such as fintech, risk management, ESG as well as data analytics. At the same time, the Bank also actively recruit new talents with more than 1,000 fresh graduates onboarded in 2022.

- *The recently signed MCBA/NUBE Collective Agreement had resulted in salary adjustment of 15% to 18%. How significant is the impact on the Bank's operating cost?*

The Managing Director/Chief Executive Officer explained that the Bank had already made adequate provision for the salary adjustment which is a standard feature of the MCBA/NUBE Collective Agreement once every 3 years.

- *Request for analysis on length of service and age group of the Bank's employees.*

The Managing Director/Chief Executive Officer informed the Meeting that the information is available on pages 229 and 230 of the Public Bank Annual Report 2022.

- *Compliments on Public Bank's continued commendable financial performance, as well as the payment of dividends in 2022.*

The Managing Director/Chief Executive Officer thanked the shareholder for the compliment and support. He explained that any dividend payout will be subject to regulatory approval, the Group's financial performance, capital requirements and long-term growth plan.

- *Shareholder expressed his appreciation to Public Bank and Tricor for hosting the AGM.*

The Managing Director/Chief Executive Officer thanked the shareholder for the compliment and informed the Meeting that Public Bank will continue to maintain engagement with shareholders, especially during the AGM.

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 the Meeting 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, Encik Kamarul Baharin 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 6 Ordinary Resolutions as set out in the Notice of Public Bank 57th AGM dated 14 April 2023 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

(196501000672 (6463-H))

Annual General Meeting

29th Floor, Menara Public Bank, 146 Jalan Ampang, 50450 Kuala Lumpur

On 15-May-2023 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	12,172,646,525	98.2512	2,838	89.5551	216,659,583	1.7488	331	10.4449	12,389,306,108	100.0000	3,169	100.0000
Ordinary Resolution 2	12,026,382,159	97.0785	2,820	88.9309	361,921,304	2.9215	351	11.0691	12,388,303,463	100.0000	3,171	100.0000
Ordinary Resolution 3	12,367,041,826	99.8207	2,911	92.0620	22,213,397	0.1793	251	7.9380	12,389,255,223	100.0000	3,162	100.0000
Ordinary Resolution 4	12,232,282,600	99.8980	2,756	87.9107	12,491,293	0.1020	379	12.0893	12,244,773,893	100.0000	3,135	100.0000
Ordinary Resolution 5	8,585,907,864	75.0500	1,931	62.1100	2,854,344,699	24.9500	1,178	37.8900	11,440,252,563	100.0000	3,109	100.0000
Ordinary Resolution 6	12,258,879,650	98.8808	2,893	91.3483	138,751,138	1.1192	274	8.6517	12,397,630,788	100.0000	3,167	100.0000

