

PUBLIC BANK BERHAD

**MINUTES OF THE EXTRAORDINARY GENERAL MEETING HELD
VIRTUALLY AT THE BROADCAST VENUE AT 29TH FLOOR, MENARA
PUBLIC BANK, 146 JALAN AMPANG, 50450 KUALA LUMPUR ON
THURSDAY, 28 NOVEMBER 2024 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
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Company Secretary:

Cik Wan Marhanim bt Wan Muhammad

Representative from Principal Adviser, Public Investment Bank Berhad:

Mr Lee Yo-Hunn	:	Chief Executive Officer
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Representative from Independent Adviser, AmInvestment Bank Berhad:

Ms Tan Keng Lin	:	Senior Vice President, Corporate Finance
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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
Dato' Mohd Hanif bin Sher Mohamed	:	Independent Non-Executive Director
Ms Tham Chai Phong	:	Independent Non-Executive Director
Mr Lim Chao Li	:	Independent Non-Executive Director
Ms Gladys Leong	:	Independent Non-Executive Director
Ms Teoh Meow Choo	:	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 Extraordinary General Meeting (EGM).

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

The Chairman introduced the Managing Director & Chief Executive Officer who was present at the Broadcast Venue and the following Members of the Board who participated in the EGM remotely:

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

The Chairman further introduced the following who were present at the Broadcast Venue:

- Ms Chang Siew Yen, Senior Chief Operating Officer
- Cik Wan Marhanim bt Wan Muhammad, Company Secretary
- Mr Lee Yo-Hunn, the representative from the Principal Adviser, Public Investment Bank Berhad
- Ms Tan Keng Lin, the representative from the Independent Adviser, AmInvestment Bank Berhad

QUORUM

The Chairman stated at the start of the Meeting that a total of 450 shareholders and proxies had registered and logged-in to TIIH Online to participate in the EGM.

There being a quorum, the EGM was duly convened.

NOTICE OF MEETING

The Notice convening the Meeting having been served on shareholders in accordance with the regulatory notice period, was taken as read.

VOTING ON THE RESOLUTION BY POLL

The Chairman informed the Meeting that pursuant to the Company's Constitution and Bursa Malaysia Main Market Listing Requirements, the resolution as set out in the Notice of EGM dated 13 November 2024 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 EGM.

The Chairman explained that the voting session had already commenced from the start of the Meeting and shareholders/proxies could therefore proceed to vote remotely on the resolution 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

PROPOSED ACQUISITION BY PUBLIC BANK OF 175,896,000 ORDINARY SHARES IN LPI CAPITAL BHD (“LPI”) (“LPI SHARE(S)”), REPRESENTING 44.15% EQUITY INTEREST IN LPI FROM THE ESTATE OF THE LATE TAN SRI DATO’ SRI DR. TEH HONG PIOW AND CONSOLIDATED TEH HOLDINGS SDN BHD (COLLECTIVELY REFERRED TO AS “VENDORS”), FOR A TOTAL CASH CONSIDERATION OF RM1.72 BILLION (“PROPOSED ACQUISITION”) AND THE RESULTANT PROPOSED MANDATORY GENERAL OFFER (“MGO”) TO ACQUIRE ALL THE REMAINING LPI SHARES NOT ALREADY HELD BY PBB AFTER THE PROPOSED ACQUISITION (“PROPOSED MGO”), COLLECTIVELY REFERRED TO AS “PROPOSALS”

The Chairman informed the Meeting that the agenda of the EGM was to seek the shareholders’ approval on the Proposals. He stated that the details of the Proposals were as set out in the Circular to Shareholders (Circular) dated 13 November 2024.

The Chairman informed the Meeting that the proposed Ordinary Resolution as set out in the Notice of EGM dated 13 November 2024 had been proposed by Dato’ Chang Kat Kiam and seconded by Ms Chang Siew Yen, who were both shareholders of the Company.

He then invited Mr Lee Yo-Hunn, the representative from the Principal Adviser, Public Investment Bank Berhad to present the key highlights of the Proposals.

Presentation by Principal Adviser, Public Investment Bank Berhad

Mr Lee Yo-Hunn presented the key highlights of the Proposals, highlighting on the following areas:

- Overview of the Proposed Acquisition
- Approvals required for the Proposals
- Overview of the Proposed MGO
- Rationale and benefits of the Proposed Acquisition
- The basis and justification for the purchase consideration
- Overview and prospects of the general insurance industry
- Key performance indicators of the LPI Group
- Financial effects of the Proposals

Mr Lee, in concluding his presentation, highlighted that the Board (save for the interested Directors), having considered all aspects of the Proposals including the rationale and benefits, the salient terms of the conditional sale and purchase agreement dated 10 October 2024 entered into between Public Bank and the Vendors in relation to the Proposed Acquisition (SPA), the basis and justification of arriving at the purchase consideration, and the future prospects of the enlarged Public Bank Group, was of the opinion that the Proposals were in the best interest of the Public Bank Group.

Mr Lee then handed the Chair back to the Chairman.

The Chairman then invited Ms Tan Keng Lin, the representative from the Independent Adviser, AmInvestment Bank Berhad (AmInvestment Bank) to present their independent evaluation and recommendations on the Proposals.

Presentation by Independent Adviser, AmInvestment Bank Berhad

Ms Tan Keng Lin highlighted that in evaluating the Proposals, AmInvestment Bank had considered the following factors:

- Evaluation of the purchase consideration

AmInvestment Bank was of the view that the purchase consideration of RM9.80 per sale share was reasonable.

- Rationale for and benefits of the Proposals

AmInvestment Bank was of the view that the rationale of the Proposals were reasonable taking into consideration the expansion opportunities and synergies between Public Bank Group and LPI Group. The Proposals were also in line with Public Bank's vision to have a "Universal Banking Model".

- Outlook and prospects of LPI Group

AmInvestment Bank was of the view that the prospects of LPI Group should be positive with the encouraging outlook of the general insurance industry in Malaysia and the proven performance track record of LPI Group.

- Effects of the Proposals

AmInvestment Bank was of the view that the Proposals would not have any material impact to the financials of Public Bank Group and the effects of the Proposals were not detrimental to the interests of the non-interested shareholders of Public Bank.

- Salient terms of the SPA

AmInvestment Bank was of the view that the salient terms of the SPA were reasonable and not detrimental to the interests of the non-interested shareholders of Public Bank.

- Risk factors

AmInvestment Bank was of the view that the risks identified were consistent with the usual risk factors related to acquisition ie. non-completion risk, integration risk, goodwill and impairment risk as well as competition risk.

Ms Tan, in concluding her presentation, highlighted that AmInvestment Bank was of the opinion that the Proposals were fair and reasonable and not detrimental to the interests of the non-interested shareholders. AmInvestment Bank recommended that shareholders vote in favour of the ordinary resolution pertaining to the Proposals tabled at the EGM.

Ms Tan handed the Chair back to the Chairman after her presentation.

SUMMARY OF QUESTIONS SUBMITTED BY SHAREHOLDERS AND ANSWERS PROVIDED

The Chairman informed the Meeting that there were several questions submitted by shareholders before the EGM.

The Chairman addressed the request from some shareholders for door gift. He clarified that as stated in the Administrative Details sent to shareholders together with the Notice of EGM on 13 November 2024, there would be no distribution of door gift to shareholders who participated in this EGM.

The Chairman then invited Tan Sri Dato' Sri Dr. Tay Ah Lek, the Managing Director & Chief Executive Officer, to present the questions raised by the Minority Shareholders Watch Group and shareholders before the EGM, as well as the responses by the Bank.

Questions from Minority Shareholders Watch Group (MSWG)

The Managing Director & Chief Executive Officer presented the questions which MSWG had raised in their letter to the Board dated 26 November 2024 and Public Bank's reply to them on 28 November 2024, which were as summarised below:

MSWG's Question 1

Public Bank will be able to consolidate the results of LPI upon Public Bank having management control over the general insurer. For the financial year ended 31 December 2023 (FY2023), Public Bank made RM6.65 billion in net profit.

Under the Minimum and Maximum Scenario (page 24 of the Circular dated 13 November 2024), the Proposed Acquisition is expected to contribute net profit of RM138.52 million and RM313.73 million, representing 2.08% and 4.7% of Public Bank's net profit for FY2023.

Meanwhile, the consolidated net assets of Public Bank after the Proposals are similar with a slight reduction due to the estimated expenses relating to the Proposals of approximately RM4.4 million. Furthermore, the net assets per share after the Proposals remain the same at RM2.82 per share.

While the Proposed Acquisition will be earnings accretive, the expected profit contribution of LPI to Public Bank is minuscule compared to Public Bank's gargantuan net profit.

Instead of spending the RM1.72 billion acquiring the stake in LPI, why did the Bank not distribute the monies, e.g., in the form of a special dividend to shareholders?

Assuming the monies are distributed as dividends, Public Bank shareholders will receive 8.86 sen for each Public Bank share they hold, based on Public Bank's total number of issued shares of 19.41 billion as of the latest practicable date on 18 October 2024.

As a perspective, Public Bank distributed 19 sen of dividends for every share held in FY2023.

Public Bank's Response

The pro forma effects of the Proposals on the earnings and earnings per share of Public Bank had only taken into consideration the historical consolidated profit after taxation (PAT) of LPI for the financial year ended 31 December 2023 as an illustration and not the potential future earnings of the enlarged Public Bank Group after the completion of the Proposed Acquisition.

The Proposed Acquisition is expected to build a more sustainable base of fee-based income and enhance the future earnings of the enlarged Public Bank Group moving forward via the synergies between the Public Bank Group and the LPI Group. This potential sustainable future earnings growth would ultimately increase further value for the Public Bank Group and the shareholders over the long term.

MSWG's Question 2

Public Bank is the primary financial institution partner for LPI.

- a) What financial contributions has Public Bank recognised from its bancassurance arrangement with LPI? Additionally, how does the financial contribution from the bancassurance partnership compare to the projected profit contributions expected from LPI following the Proposed Acquisition?*
- b) Please provide a detailed cost-benefit analysis of the current bancassurance agreement with LPI versus the acquisition of a 44.15% stake in the insurer.*
- c) What was the hurdle rate adopted and approved by the Board when evaluating the investment in LPI?*
- d) What is the expected minimum percentage of return on investment for the Proposed Acquisition?*

Public Bank's Response

Based on the existing bancassurance arrangement between Lonpac Insurance Bhd ("Lonpac") and Public Bank, the Public Bank Group will receive a commission when customers purchase Lonpac's products or services. Such commission represents less than 0.5% of Public Bank's net income for the financial year ended 31 December 2023.

In evaluating the Proposed Acquisition, the following have been considered:

- Synergies between the Public Bank Group and the LPI Group as a subsidiary as detailed in Section 3.1 (page 14) of the Circular, which are expected to contribute positively and enhance the future earnings of the enlarged Public Bank Group moving forward. This is expected to be higher than the financial contribution from the existing bancassurance arrangement with Lonpac;
- Growth and prospects of the general insurance industry in Malaysia as detailed in Section 4.2 (page 16) of the Circular;
- Prospects of the LPI Group as detailed in Section 4.3 (page 19) of the Circular;
- LPI's return on equity ("ROE") for the financial year ended 31 December 2023 of 13.7% is higher than Public Bank's ROE of 13.0%. Further, the operating entity of LPI, Lonpac has a ROE of 22.5%, which is the highest among the 19 general insurance players in Malaysia;
- LPI's dividend payout ratio ranges from 83.8% to 94.8% for the past 5 financial years; and
- Opportunity cost for the Purchase Consideration of RM1.72 billion based on the average interbank rate of 3.0% as compared with the Proposed Acquisition. Based on LPI's consolidated PAT for the financial year ended 31 December 2023, the return on investment ("ROI") for the Proposed Acquisition is 8.04%. The ROI is expected to be higher taking into consideration the potential business synergies created from the acquisition.

MSWG's Question 3

Referring to page 56, Paragraph 7.5.3 of the Circular, AmInvestment Bank in the Independent Advice Letter (IAL) said "We note that upon LPI having management control and consolidating the LPI Group's financial results pursuant to the completion of the Proposed Acquisition, LPI may recognise goodwill arising from the Proposed Acquisition."

Why will LPI have management control, consolidate the financial results and recognise goodwill from the Proposed Acquisition? Please clarify.

Public Bank's Response

As the MSWG's Question 3 was related to a statement made by the Independent Adviser, the Managing Director & Chief Executive Officer invited Ms Tan Keng Lin, the representative from AmInvestment Bank, to provide clarification on the question raised by MSWG.

Ms Tan Keng Lin clarified and apologised that it was an inadvertent typographical error and the statement should be read as "We note that upon Public Bank having management control and consolidating the LPI Group's financial results pursuant to the completion of the Proposed Acquisition, Public Bank may recognise goodwill arising from the Proposed Acquisition."

Ms Tan then handed the Chair back to the Managing Director & Chief Executive Officer.

MSWG's Question 4

Please clarify if the Proposed Acquisition part of the deal for the Estate of the late Tan Sri Dato' Sri Dr. Teh Hong Piow and Consolidated Teh Holdings Sdn Bhd to pare down their effective stake in Public Bank to 10%, as permitted by Bank Negara Malaysia? Otherwise, how does the discussion of the Proposed Acquisition arise? Which party mooted the discussion?

Public Bank's Response

As part of its business strategies, the Group has always explored and seized opportunities with potential business viability. This includes strategic acquisition of suitable companies to further expand the Group's products and service offerings, as reflected in the Group's recent completed acquisition of a stockbroking firm in Vietnam.

In view that the LPI Group would enable Public Bank to provide a comprehensive complementary service to its current financial service offerings and establish a market presence in the general insurance segment in Malaysia, Public Bank had approached the Vendors for the Proposed Acquisition.

Questions Submitted by Shareholders Before EGM

After presenting the questions from MSWG and Public Bank's reply to them, the Managing Director & Chief Executive Officer proceeded to address the following questions submitted by shareholders before the EGM:

- *Why acquire LPI instead of other general insurance companies?*

The Managing Director & Chief Executive Officer informed the Meeting that LPI is an established brand name with a well-established market position. Over the years, it has been delivering resilient performance and has posted uninterrupted positive earnings for the past ten years.

The Managing Director & Chief Executive Officer explained that LPI has the highest ROE in the industry. With the stable financial performance, it has been consistently maintaining high dividend payout. In addition, with the acquisition, Public Bank will have a direct share of the profits generated by LPI.

- *Will the Proposed Acquisition have any impact on Public Bank's future dividend payments?*

The Managing Director & Chief Executive Officer stated that the Bank do not foresee that the proposal will have any impact on future dividend payments to shareholders. Only a marginal impact of about 20 basis points are expected on Public Bank's capital ratios. He added that Public Bank has always aimed to pay stable and consistent dividend. Nonetheless, dividend payout is subject to various factors, which include financial performance, economic environment and regulatory approval.

- *What are the integration synergies expected from the acquisition?*

The Managing Director & Chief Executive Officer explained that the acquisition presents an opportunity for Public Bank to expand into the general insurance segment. With an enlarged product portfolio and wider customer base, the acquisition will add value to Public Bank's business. Also, both LPI and Public Bank have well-established market positions in their respective industries.

He further explained that tapping on the strong market positions of both entities, there are plenty opportunities to cross sell each other's products. In addition, both Public Bank and LPI have a large pool of sales and marketing network, and will create greater synergies in cross-selling without the need for significant additional investments.

- *Whether Public Bank has any plan for share buy-back?*

The Managing Director & Chief Executive Officer informed the Meeting that Public Bank has no immediate plan for any share buy-back at this juncture.

- *Whether Public Bank is planning for any bonus issue?*

The Managing Director & Chief Executive Officer informed the Meeting that there is no plan for bonus issue at this juncture.

Upon conclusion of addressing the questions submitted by MSWG and shareholders before the EGM, the Managing Director & Chief Executive Officer handed the Chair back to the Chairman.

Questions Submitted by Shareholders Online During EGM

The Chairman informed the Meeting that there were questions submitted by shareholders online during the course of the EGM. He then invited the Managing Director & Chief Executive Officer and Mr Lee Yo-Hunn, the representative from the Principal Adviser, Public Investment Bank, to provide the responses to the questions submitted online by shareholders.

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

- Rationale for acquiring LPI
- Synergies from the acquisition
- Financial impact from the acquisition
- Share buy-back
- Bonus issue

The Managing Director & Chief Executive Officer then proceeded to respond to the questions received, which were as summarised below:

- *How is Public Bank going to fund the acquisition with cash consideration of RM1.72 billion? Upon completion of the acquisition, Public Bank is expected to recognise unrealised gain on stock price. Will it report in the future financial report?*

The Managing Director & Chief Executive Officer informed the Meeting that the acquisition will be funded by internally generated funds. The investment in LPI will be carried at cost in Public Bank's financial statements, in line with the Bank's accounting policy.

- *Following the proposed acquisition of a general insurance company, will Public Bank look out to acquire a life insurance company?*

The Managing Director & Chief Executive Officer explained that Public Bank has an existing partnership with AIA Bhd to provide a wide range of life insurance protection and long term savings solutions. This exclusive partnership is a long term tie up until 2039. In addition, Public Bank and AIA Bhd are in a joint venture business to offer family takaful products, with Public Bank having 30% equity interests in the joint venture, namely AIA Public Takaful Bhd.

Over the years, the bancassurance tie up and joint venture with AIA Bhd have been performing well. Hence, at this point in time, Public Bank has no plan to acquire a life insurance company.

- *Is this acquisition a good investment and what is the outlook for LPI? Is there any target for merger and acquisition going forward?*

The Managing Director & Chief Executive Officer explained that the acquisition is expected to build a more sustainable fee-based income. It will enhance the future earnings of the enlarged Public Bank Group via the synergies of both entities. These future earnings will ultimately create sustainable and additional value to all shareholders. As for merger and acquisition target, save for this LPI acquisition, Public Bank does not have any other target at this juncture.

- *How soon can the benefits of the Proposed Acquisition be realised?*

The Managing Director & Chief Executive Officer explained that upon having management control of LPI pursuant to the completion of the Proposed Acquisition, Public Bank will be able to immediately consolidate the financial results of the LPI Group, which is expected to improve the overall financial performance of Public Bank Group.

- *Will there be any staff retrenchment or layoff in LPI upon acquisition?*

The Managing Director & Chief Executive Officer informed the Meeting that there will be no changes in workplace arrangement, as both entities will continue to operate their businesses as usual. In fact, the resources of both entities will collaborate more and complement each other to generate greater growth synergies ahead.

- *How much does the Company spend to hold this virtual EGM plus remote participation and voting?*

The Managing Director & Chief Executive Officer informed the Meeting that the cost of holding this virtual EGM is approximately RM100,000. This includes the cost of the remote participation and voting facilities, the audio/video support and fees for engagement of scrutineers.

- *There was a comment that no Directors' fees and expenses be given to the Board of Directors for attending past and present annual general meetings.*

The Managing Director & Chief Executive Officer informed the Meeting that the Directors do not receive any fee, allowances or any other form of payment for attending general meetings of the Company.

- *In 2025 could the Company do hybrid meeting for more access?*

The Managing Director & Chief Executive Officer informed the Meeting that the Bank will consider holding hybrid or physical general meeting in 2025, in line with requirements set by the Securities Commission and Bursa Malaysia Securities Berhad which mandate all public listed companies to conduct hybrid or physical general meetings starting from 1 March 2025.

Mr Lee Yo-Hunn, the representative from the Principal Adviser, Public Investment Bank, responded to the following questions received from shareholders:

- *What will happen to the Public Bank shares currently held by LPI?*

Mr Lee Yo-Hunn explained that in accordance with Section 22(5)(b) of the Companies Act 2016, Public Bank has 12 months after LPI becomes a subsidiary of Public Bank or such longer period as the Registrar of Companies, Malaysia may allow to address this matter.

As such, it is still premature for Public Bank to make a decision on this matter. Public Bank will explore all possibilities and make a decision at the appropriate time that will not be disruptive to the share price of Public Bank, whilst ensuring the interest of the shareholders of Public Bank and LPI is protected at all times.

- *What is the meaning of MGO?*

Mr Lee Yo-Hunn explained that MGO is defined as mandatory general offer.

Mr Lee further explained that as at to-date, Public Bank does not hold any LPI shares. However, upon completion of the Proposed Acquisition, Public Bank's shareholdings in LPI will increase from nil to 44.15%.

In accordance with Section 218(2) of the Capital Market and Services Act 2007 and Paragraph 4.01(a) of the Rules on Take-overs, Mergers and Compulsory Acquisitions, Public Bank will be obliged to extend a conditional MGO to the LPI shareholders. However, it is the discretion of the LPI shareholders whether they choose to accept the MGO at RM9.80 per LPI share.

Upon conclusion of addressing the questions submitted by shareholders during the course of the EGM, Mr Lee Yo Hunn 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 12.00 noon 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 12.10 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.

ANNOUNCEMENT OF POLL RESULTS

After the conclusion of the Scrutineers' validation of the votes cast, Ms Kasturi Nathan from Deloitte announced the results of the poll as reflected in the attachment.

DECLARATION OF RESOLUTION CARRIED

The Chairman declared that based on the poll result, the Ordinary Resolution as set out in the Notice of Public Bank EGM dated 13 November 2024 was duly passed.

CLOSE OF MEETING

The Meeting concluded at 12.30 p.m. with a vote of thanks to the Chair.

PUBLIC BANK BERHAD

(196501000672 (6463-H))

Extraordinary General Meeting

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

On 28-November-2024 at 11:00AM

Result On Voting By Poll

Resolution(s)	Vote For		Vote Against		Total Votes	
	No of Units	%	No of Units	%	No of Units	%
Ordinary Resolution 1	9,141,089,688	99.5456	41,729,745	0.4544	9,182,819,433	100.0000

