

## **PUBLIC BANK BERHAD**

**MINUTES OF THE 58TH ANNUAL GENERAL MEETING HELD VIRTUALLY AT THE BROADCAST VENUE AT 29TH FLOOR, MENARA PUBLIC BANK, 146 JALAN AMPANG, 50450 KUALA LUMPUR ON WEDNESDAY, 8 MAY 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

#### **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
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 58th 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 on a virtual basis, only a few individuals were physically present at the Broadcast Venue.

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 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
- Ms Teoh Meow Choo

The Chairman further introduced 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 1,030 shareholders and proxies had registered and logged-in to TIIH Online to participate in the Public Bank 58th AGM.

There being a quorum, the Public Bank 58th AGM 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 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 58th AGM dated 8 April 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 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 2023 AND REPORTS OF THE DIRECTORS AND AUDITORS**

The Company's Audited Financial Statements for the financial year ended 31 December 2023 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 2023 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 2023, 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 2023**

The Managing Director/Chief Executive Officer presented the highlights of Public Bank Group's performance in 2023 as follows:

##### **Performance Review**

Tan Sri Tay said, "In 2023, the Public Bank Group achieved pre-tax profit of RM8.54 billion as compared to RM8.83 billion in the previous year. Net profit attributable to shareholders grew by 8.7% from RM6.12 billion to RM6.65 billion over the same period. As a result, earnings per share also increased to 34.3 sen. The Group's stable profit performance was mainly due to continued growth in loans and deposits, improvement in non-interest income and lower loan loss allowances."

The Public Bank Group's total gross loans and financing grew by 5.9% to RM399 billion as at the end of 2023. Domestic loans grew by 5.9%, which was higher than the domestic banking industry's growth of 5.3%. The Group continued to sustain its leading position in residential property, commercial property and passenger vehicle hire purchase financing with market shares of 20.4%, 32.6% and 30.5% respectively. The Group is also a leading small and medium enterprises (SME) financier with 17.9% market share in domestic SME financing.

In terms of funding, the Public Bank Group's customer deposits grew by 4.6% to RM413 billion in 2023. Domestic deposits increased at a faster pace of 4.8%. Core customer deposits accounted for 82.8% of the Group's total customer deposits in 2023 of which fixed deposits accounted for 54.4%, current accounts contributed 16.9% and savings deposits accounted for 11.5% of the Group's total customer deposits.

Tan Sri Tay highlighted, "In 2023, the Group continued to outperform its banking peers. The Group is the most cost-efficient bank in Malaysia with the lowest cost to income ratio of 33.7%, compared to the industry's average cost to income ratio of 48.3%. In terms of asset quality, the Group's domestic gross impaired loans ratio of 0.4% remained the best among the Malaysian banking groups. This was also significantly better than the banking industry's gross impaired loans ratio of 1.6%. The Group's resilient net return on equity of 13.0% was also well above the domestic banking peers' average net return on equity of 10.0%."

The Public Bank Group's wholly-owned unit trust management subsidiary, Public Mutual, remained the main contributor to the Group's non-interest income. Despite unfavourable market conditions in 2023, Public Mutual recorded pre-tax profit growth of 2.3% to RM798 million, and continued to capture the largest market share of 35.9% in the retail private unit trust industry. As at the end of 2023, Public Mutual's total assets under management stood at RM97.1 billion, with 182 funds under its management.

Given that sufficient pre-emptive provisioning had been made since the COVID-19 pandemic, the Public Bank Group's loan loss coverage ratio remained at a prudent level of 182% as at the end of 2023. This was higher than the pre-pandemic level and also significantly higher than the industry's loan loss coverage ratio of 92%. With the inclusion of regulatory reserves, the Group's loan loss coverage would be higher at 213%.

The Public Bank Group's capital position remained stable and healthy with Common Equity Tier 1 Capital Ratio of 14.7% and Total Capital Ratio of 17.6% as at the end of 2023. The Group's Liquidity Coverage Ratio of 137% also remained well above the regulatory requirement of 100%.

Tan Sri Tay said, "In view of the Public Bank Group's resilient financial performance in 2023, a second interim dividend of 10 sen was paid in March 2024. Together with the first interim dividend of 9 sen paid in September 2023, shareholders would have received a total dividend of 19 sen per share for 2023. This was higher than 17 sen paid in 2022. Total dividends paid amounted to RM3.7 billion, representing 55.5% of the Group's net profit for 2023. The 19 sen dividend per share also translates to a dividend yield of 4.4% based on Public Bank's share price of RM4.29 as at the end of 2023."

The Public Bank Group remains committed to deliver consistent and superior returns to its shareholders. With the stable performance of Public Bank shares coupled with the consistent dividend payout, these will further enhance long-term value of shareholders' investment.

Today, Public Bank is the second largest company and the largest non-government linked company on Bursa Malaysia with total market capitalisation of RM81.7 billion.

#### Strategies and Directions for 2024

Tan Sri Tay commented, "The economic environment is likely to remain challenging and uncertain, with persistent geopolitical risks and headwinds in the global economy. Against this backdrop, we will continue to be vigilant and agile, balancing growth and risks amid the changing business environment. With the Malaysian economy expected to remain stable supported by domestic demand, we will continue to drive business growth riding on potential growth opportunities.

The Public Bank Group will continue to keep up with market development and take strategic initiatives to sustain its leading market share in the financing, deposit and unit trust industry. The Group will continue to ensure that it remains well-capitalised and well-funded. Coupled with its resilient asset quality and prudent loan loss reserves, these will enable the Group to generate sustainable profit moving forward.

In terms of overseas operations, the Public Bank Group had further expanded its business footprint in the fast growing Indochina region. Public Bank Vietnam opened eight new branches in 2023, bringing the total number of branches to 40. Today, with a total of 76 branches in Indochina, the Group is well-positioned to capture business opportunities within the Indo-China region.

The Public Bank Group remains committed to driving sustainable best practices in line with its Sustainability Roadmap. With sustainability in mind, the Group targets to mobilise a total of RM100 billion in sustainable finance by 2030. In this aspect, the Group had mobilised over RM53 billion of sustainable finance since 2020. This covers financing portfolio such as energy efficient vehicles financing, affordable homes financing, corporate loans and green financing facilities.

The Public Bank Group continues to develop and promote financial products and services that integrate environmental, social and governance (ESG) considerations into various aspects of banking. The Group fully supports Bank Negara Malaysia (BNM)'s Value-Based Intermediation initiative. The Group had also proactively incorporated climate risk into its credit assessment process and identified new green financing opportunities. In 2023, the Group joined the Partnership for Carbon Accounting Financials. This will pave the way towards the Group's net zero carbon commitment.

The Public Bank Group continues to contribute to improving community well-being, including healthcare, education and raising environmental awareness. The Group had also become the first bank in Malaysia to contribute and participate in the Eco-Schools programme. This programme seeks to educate the young generation on environmental issues.

Tan Sri Tay highlighted, "Pushing ahead in digital transformation is also one of the Group's sustainability agenda. In response to fast-changing customer expectations, we have proactively built and enhanced our digital capabilities to meet our customer's needs. With consistent investments made over the years, Public Bank's mobile banking and internet banking continue to be enriched with new functions and features."

The Public Bank Group launched a new mobile app, MyPB App in November 2023. The MyPB App embeds lifestyle and complementary services for customers. This new mobile app is also equipped with various enhanced features, including seamless digital applications for credit card, home loan/financing, and vehicle financing for retail customers.

In 2023, the newly registered users of the Public Bank Group's mobile banking grew by a commendable 37.3%. The number of active mobile banking users also increased by an impressive 89.1%. For the Group's PBe online banking, the number of new users grew by 3.4%. The Group's corporate online banking platform, the PB enterprise, registered impressive growth in 2023. The total number of new companies registered on PB enterprise grew by a commendable 21.9%. The number of transactions performed on PB enterprise also increased by 41.7%.

The Public Bank Group is watchful of opportunities presented by financial technology, yet also mindful of cybersecurity risks. The Group had implemented various measures to safeguard customers' online banking transactions. To enhance scam prevention effectiveness, the Group had introduced a transaction cooling-off period for abnormal transactions. The Group had also migrated to PB SecureSign for a more secure authentication method. The '*Kill-Switch*' function was introduced to allow customers to promptly deactivate their online accounts. With these measures in place, Public Bank had successfully prevented more than 940,000 customers from being scammed and about RM1.5 billion from being transferred into scammers' accounts.

Tan Sri Tay highlighted, "We strongly advise customers to maintain a high level of vigilance to avoid being scammed. You actually hold the key to your own financial safety! There are three important rules of thumb that everyone should be alert about. First, do not click or give out personal information, including ID and password. Second, cut and block any suspicious call at once, for instance, impersonation by callers such as police officers, BNM officials and any other Government officers. Third, immediately call your bank or 997 for help if you suspect that you have been scammed.

On investment schemes, do not trust promises of unrealistic high investment income or returns. These are all most likely investment scams. To be certain, you should always consult your bankers to avoid being scammed."

Tan Sri Tay further commented, "Amid a challenging operating environment, the Public Bank Group will continue to forge ahead, building on its legacy of banking excellence which was founded by our Late Chairman Emeritus, Tan Sri Dato' Sri Dr. Teh Hong Piow.

Looking ahead, the Group remains focused on strengthening its retail and commercial banking business. The Group will also continue to drive digital transformation and focus on its sustainability commitments. Amid the changing business environment, the Group will stay vigilant and agile. The Group will constantly adapt and improve in all aspects to remain relevant and ensure sustainable value generation for its stakeholders."



## **Questions from Minority Shareholders Watch Group (MSWG)**

The Managing Director/Chief Executive Officer then proceeded to present the questions which MSWG had raised in their letter to the Board dated 30 April 2024 and Public Bank's reply to them on 7 May 2024, which were as summarised below:

### **I. Operational and Financial Matters**

#### **MSWG's Question 1**

*The total allowance for impairment on loans, advances and financing decreased by 57% or RM208.9 million to RM156.7 million in financial year (FY) 2023 as adequate pre-emptive provisioning had already been made in previous years, coupled with stable asset quality observed in FY2023 [page 49 of Public Bank Integrated Annual Report 2023 (IAR2023)].*

*At the pinnacle of the COVID-19 pandemic in FY2021, the Group's expected credit losses peaked at RM1.2 billion. Since then, the level of provisioning has declined significantly as the COVID-19 pandemic subsided.*

*In view of the Bank's persistently low provisioning needs and robust asset quality, when will be the right time for the Management to write back its pre-emptive provisions, which are estimated at circa RM1.8 billion currently?*

*Besides, analysts also widely expect the Bank to write back some overlay this year; please comment on the possibility of doing so.*

#### **Public Bank's Response**

Public Bank regularly reviews and assesses the level of management overlay required and will gradually write back its pre-emptive provisioning when it is appropriate.

The reversal of management overlay is driven by the following factors:

- Borrowers' credit/repayment behaviour;
- Economic outlook and indicators; and
- Business and operating environment, etc

Public Bank will continue to remain prudent and ensure that the overall loan provisioning remains robust to absorb any future credit losses that could potentially arise from the abovementioned factors.

## MSWG's Question 2

*Public Bank's Hong Kong operation, which is spearheaded by Public Financial Holdings Limited (PFHL), experienced a significant earnings blow in FY2023 with a 90% decline in profit before tax to HKD40.6 million, mainly due to a challenging business environment, intensified geopolitics, weak investment sentiment and unfavourable property market.*

*Evidently, its gross loans, advances and financing and customer deposits contracted by 2.4% and 3% respectively, to HKD24.29 billion and HKD29.54 billion. In addition, asset quality measured by gross impaired loans ratio (GIL) increased to 3.83% from 1.29% in the previous year.*

*The higher overall GIL was primarily attributed to deteriorated asset quality, especially in the commercial banking, stockbroking and wealth management services [via Public Bank (Hong Kong) Limited].*

- a) *Referring to page 110 of IAR2023, what was the size of impairment made on the loans from the one large commercial borrower?*

*Which sector or industry is the commercial borrower involved in?*

*What were the assets that the borrowers collateralised to obtain the funding from PFHL?*

*What is the visibility of writing back the impairment or realising the value of collaterals?*

- b) *What is PFHL's financing exposure to China's challenging real estate market and construction sector?*
- c) *Does the Group expect the asset quality of Hong Kong operations to improve in FY2024? Will shareholders see an earnings recovery in Hong Kong this year?*

## Public Bank's Response

- a) An impairment of HKD129 million (RM79 million) was made on the large commercial borrower which is part of a syndicated loan in the real estate sector. Such exposure is secured by a Class-A multi-story commercial building in Hong Kong.

The demand for high value commercial real estate is currently less robust which is affected by the high interest rate environment and the on-going catching up of occupancy rate to the pre-pandemic level. Thus, potential buyers are very conservative in making offer prices for now.

Any potential write-back or realisation of the collateral will be subject to the economic recovery.

- b) PFHL has no direct financing exposure to China's property developers and it has an insignificant lending exposure (i.e. 0.7% of PFHL's overall loans or 0.03% of PBB Group's overall loans) to a related company of a China's property developer.
- c) The asset price in Hong Kong currently remains weak under the persistent high interest rate environment. The earnings and asset quality of Hong Kong operations could improve if interest rate starts to decline, which will provide support to asset prices while reducing the Group's funding cost.

### MSWG's Question 3

*SME lending, a key loan growth driver for Public Bank, grew marginally by 1% y-o-y in FY2023 to RM67.87 billion, which accounted for 18.2% of the Group's domestic loans portfolio. As a comparison, Public Bank reported overall loan growth of 5.9% in FY2023.*

- a) *On top of this, the largest bank in Malaysia by market capitalisation report SME loan growth of 9% y-o-y in FY2023. Its SME loan book amounted to RM36.3 billion as of FY2023.*

*Was the low single-digit SME lending growth recorded by Public Bank due to a high-base effect? Why did the Bank's SME lending segment record a tepid growth compared to its peers and overall loan growth in FY2023?*

- b) *On the other hand, Public Bank posted a lower market share of 17.9% in SME lending compared to 18.6% and 21.6% in the previous years. What does the declining market share suggest? Does it mean the Bank's SME products gradually lose their appeal among SME customers? What is the targeted loan growth for this segment in FY2024?*

### Public Bank's Response

- a) The low SME financing growth was mainly due to the intense market competition as well as the low utilisation of financing facilities and loan repayment by borrowers. However, Public Bank has always remained committed to ensure SMEs' access to financing.
- b) Taking cognisance of the improving economic conditions, the Bank has rolled out compelling campaigns offering competitive financing terms and pricing to regain and strengthen the Bank's market position and expand the Bank's SME customer base. The Bank has also set up Regional Commercial Banking Units to focus on growing SME loans.

## II. Sustainability Matters

### MSWG's Question 1

*Public Bank estimated that absolute financed emissions emitted amounting to 6,039 ktCO<sub>2e</sub> in FY2023. The total loans/financing used to estimate the financed emissions cover 81% of the Bank's total loans/financing in Malaysia and overseas operations in 2023.*

- a) *What is the breakdown between financed emissions from the home market and international operations?*
- b) *Referring to the table on page 174 of IAR2023, Public Bank disclosed the estimated financed emissions by metrics including asset classes, the outstanding balance (measured in RM billion), emission intensity and percentage of portfolio analysed.*

*The "Motor Vehicle" segment is the only asset class without 100% of its portfolio analysed. Why is Public Bank unable to measure the financed emissions of the entire "Motor Vehicle" portfolio?*

- c) *The economic and financial impact of transition risks vary according to sector, as certain sectors tend to be more sensitive to the transition to a low-carbon economy.*

*Will the Bank consider providing the breakdown of financed emissions by economic sector to allow stakeholders better assess its progress in the transition to a low-carbon economy?*

## Public Bank's Response

- a) Of the Group's total gross loans, advances and financing portfolio for FY2023, 93% is from domestic operations with the remaining 7% from the Group's overseas operations.

Of this, the Group has analysed 86% of the domestic portfolio covering five asset classes in line with the methodologies prescribed by the Partnership for Carbon Accounting Financials.

- b) The scope of motor vehicle emissions reported is focused on passenger vehicles and four-wheel drive due to the complexity in ascertaining the emissions arising from other motor vehicle types. For the inaugural disclosure, the Bank's priority is to measure the emissions from motor vehicles which constitute the majority of its financing portfolio. Currently, the Bank has analysed 73% of the motor vehicles portfolio and intends to increase the coverage in the coming year based on data availability and improvement in data quality.
- c) Based on the estimated financed emissions, the Bank intends to develop the Group's Net Zero Carbon strategy. While the Bank strives to provide meaningful data to its stakeholders, this involves a deeper analysis of its financed emissions including emissions related to the economic sectors. The Bank is in the process of analysing its financed emissions profile to identify opportunities for climate transition for disclosure in the future.

### III. Corporate Governance Matters

#### MSWG's Question 1

- 1) *Upon the recommendation of the Nomination and Remuneration Committee, the Board has engaged an independent external consultant to conduct the assessment of the Board, Board Committees and individual Directors for FY2023 [page 40 of Corporate Governance Report 2023 (CGR2023)].*
  - a) *What key areas did the independent expert assess in conducting the Board Effectiveness Evaluation (BEE) exercise? On average, how did the Board score in each respective area?*
  - b) *Based on the outcome of the BEE exercise, Public Bank mentioned that “there is an opportunity for enhancing the Boardroom configuration, particularly by reinforcing digital expertise and upskilling on the ESG front at the Board level” (page 285 of IAR2023).*

*How did the Board perform in terms of digital expertise and ESG matters? What should the Board do to improve the relevant skillsets among board members? What are the plan and steps to be taken to upskill board members with respect to these areas?*
  - c) *We note that Public Bank has incorporated sustainability-related matters in assessing Board Members and Senior Management (page 21 of CGR2023).*
    - i) *Please provide the list of quantitative ESG key performance indicators (KPIs) included in the evaluation of C-Suites in FY2023. How did the Senior Management perform in relation to these KPIs?*
    - ii) *What was the weightage of the ESG KPIs (by percentage) vis-à-vis operational and financial metrics in the overall performance evaluation of the Board and Senior Management?*
    - iii) *Moving forward, what are the sustainability matters that are closely related to the Bank's operations that warrant more focus and attention from the Board and Senior Management?*

## Public Bank's Response

- a) The assessment conducted by the independent consultant on the Board, Board Committees and individual Directors encompassed various key areas, including but not limited to:
- Board - Assessment of Board mix and composition, quality of information and decision making, Boardroom activities and Board Chairman's role.
  - Individual Director - Assessment of fitness and propriety; and independence.
  - Board Committees - Assessment of the composition and governance, meeting administration and conduct, and duties and responsibilities of the respective Board Committee members.

The assessment criteria were tailored to the specific needs and nuances of Public Bank, having taken into account the relevant regulatory provisions as well as emerging and leading practices.

Based on the outcome of BEE, Public Bank's overall score of 92% exceeds the market average score of 86% (based on 63 comparators comprising mainly large companies). Additionally, Public Bank's BEE score was also higher than that of the financial services sector benchmark of 86%, which includes 26 financial services entities.

A particular highlight for Public Bank is the leadership of the Board Chairman as well as the cohesive dynamics and steadfast commitments exhibited by the entire Board and the commendable working relationship between the Board and Management.

- b) Considering the growing emphasis placed on information technology (IT)/digitalisation and ESG consideration by regulators and stakeholders, the Directors are fully committed to upskill themselves on these areas by attending IT/digitalisation and ESG/sustainability related trainings or professional development programmes on a regular basis to stay abreast of emerging trends and best practices.



c) i. The quantitative ESG KPI included in the evaluation of C-Suites in the financial year 2023 were as follows:

- Scope 1 and 2 greenhouse gas emission reduction
  - *Reduce absolute emissions by 20% by 2030*
- Sustainable Supply Chain
  - *100% of suppliers/vendors acknowledge enhanced Public Bank Supplier Code of Conduct by 2025*
- Mobilise sustainable financing
  - *Mobilise RM100 billion of sustainable financing by 2030 starting from 2020*
  - *Improve lives of 1.5 million individuals by 2025 starting from 2020*
- Improve approach to sustainability beyond compliance
  - *45% female representation at Senior Management level*
  - *RM10 million spent on communities by 2030*
  - *50,000 volunteer hours clocked by 2025*

For the financial year 2023, the overall rating of the C-Suites staff is 3.75 out of 4.

ii. The Board does not set KPIs for sustainability and ESG related matters. However, sustainability and ESG are among the indicators measured in the annual Board evaluation exercise.

For the C-Suites and Senior Management staff, a 5% weightage is allocated to the ESG KPI apart from other quantitative KPIs such as the financial performance, compliance, and human capital as well as qualitative KPIs.

iii. With the Group's commitment to mobilise RM100 billion of sustainable finance by 2030, the focus will be to accelerate the achievement of the above target through development of more new sustainable products and services as well as sustainable financing solutions while ensuring relevance to technology advancement and market practice.

## MSWG's Question 2

*This AGM represents the fifth virtual AGM that Public Bank has held since 2020. Referring to Practice 13.5 of Malaysian Code on Corporate Governance on the conduct of a virtual general meeting (fully virtual or hybrid) to support interactive participation and meaningful engagement between the Board, Senior Management, and shareholders, will the Board consider holding an AGM via hybrid format in the future, as what we have seen in other banks and public listed companies recently?*

## Public Bank's Response

Based on Public Bank's past physical AGMs, the turnout of shareholders/proxies had been above 5,000.

The decision to convene the 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/proxies as there is still risk of COVID-19 infection.

Since year 2020, Public Bank has leveraged technology to facilitate remote shareholders' participation and conduct of poll via e-voting. This approach provides all shareholders the convenience of global accessibility, while streamlining the meeting process and improving operational efficiency.

The Board will assess and determine the appropriate mode of meeting for the next AGM, considering the guidelines and circumstances then.

## **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:

### **2023 Financial Performance/Business Outlook and Strategy/Dividends**

- *What are the Group's key challenges, strategies and potential growth areas moving forward?*

The Managing Director/Chief Executive Officer informed the Meeting that the key challenges mainly stem from economic headwinds, particularly from the global economic landscape, such as geopolitical tensions and volatility in the global financial market. However, the Malaysian economy is expected to improve amid external trade recovery and resilient domestic demand. The domestic banking industry will continue to face intense competition and more sophisticated customer expectation.

Despite these challenges, the domestic banking industry is expected to remain resilient, with healthy levels of capital and liquidity buffers. The banking industry will continue to act as an effective financial intermediary.

The Public Bank Group has a proven track record of accomplishment in navigating headwinds and managing risks in line with the Bank's risk appetite over the years.

The Bank will remain prudent in its business approach and sustain strong management capabilities. These include prudent risk management and credit practices. On the business front, Public Bank will continue to pursue a synergistic growth strategy in retail and commercial banking.

The continued growth of the Malaysian economy will continue to provide business opportunities for the banking industry. The Bank will further enhance its digital capabilities and customer service to strengthen its core competency.

Meanwhile, sustainable financing is an emerging potential growth area. The Bank will continue to explore and seize viable business opportunities from the ESG landscape.

- *US Federal Funds Rate has remained high and BNM is maintaining the overnight policy rate (OPR) at 3%. How is that affecting the business environment?*

The Managing Director/Chief Executive Officer explained that the current OPR at 3% had remained supportive of the Malaysian economy. Meanwhile, there was market expectation that the US Federal Funds Rate will trend down this year. While headwinds in the economy are likely to remain, the Malaysian economy will remain stable and resilient.

The Government's various on-going initiatives will continue to support the country's economic expansion, bringing positive impact to businesses and the rakyat. Underpinned by the ongoing economic growth and the Group's prudent risk management, the Public Bank Group was expected to continue sustaining stable financial performance.

- *Why is Public Bank guiding a lower return on equity (ROE) of 12% for 2024?*

The Managing Director/Chief Executive Officer explained that the lower ROE guidance of 12% was mainly due to the pressure on net interest margin, which was in line with the industry trend. The net interest margin compression was expected to remain, albeit at a moderate level, depending on the extent of loans and deposits competition. The Bank had been actively managing its assets and liabilities to manage its ROE.

The Bank always seeks to balance retaining a healthy deposit base, optimising net interest margin, and managing loan yields. The Bank will also intensify its efforts to grow non-interest income, especially the unit trust business, leveraging its market strength in the domestic unit trust industry. Besides, Public Bank's ROE will continue to be supported by its stable asset quality, with an expectation of stable loan loss provisions or potential write backs.

- *Enquiry on Group's lower operating cash flows in 2023*

The Managing Director/Chief Executive Officer informed the Meeting that Public Bank Group recorded exceptionally high operating cash flows during the COVID-19 period from 2020 to 2022. This was mainly due to higher growth in domestic current and savings deposits arising from Employees' Provident Fund (EPF) withdrawals and Government handouts.

The decline in operating cash flows in 2023 was mainly due to the utilisation of funds for placement of statutory reserve with BNM, upon the expiry of the statutory reserve requirement indulgence on 31 December 2022.

Despite the lower operating cash flows in 2023 compared to the COVID-19 period, the Group's liquidity coverage ratio had improved from 127.7% in 2022 to 136.8% as at the end of 2023. This was also well above the minimum regulatory requirement of 100%.

- *Enquiry on long-term Tier 1 capital ratio and capital management*

The Managing Director/Chief Executive Officer informed the Meeting that the Public Bank Group's Tier 1 capital ratio has consistently remained well above the regulatory requirement of 9.0%. As at 31 December 2023, the Group's Tier 1 capital ratio stood at a healthy level of 14.7%.

Public Bank Group will continue to be proactive in its capital management. The Group will always balance maintaining a robust capital buffer, and sustaining resilient and stable dividend payout to its shareholders.

- *Enquiry on dividend payout*

The Managing Director/Chief Executive Officer explained that Public Bank consistently endeavours to uphold a healthy dividend payout in line with its profitability. The Bank has maintained a consistent dividend payout to shareholders over the years despite various challenges.

Over the past six years, Public Bank's dividend payout ratio has been on an upward trend, from 47.9% in 2018 to 55.5% in 2023. Concurrently, the Bank has always ensured sufficient capital buffer to support future business growth.

The Managing Director/Chief Executive Officer further explained that any dividend proposal will be subject to the Group's financial performance, capital conservation and regulators' approval. For the financial year 2024, the Bank aims to maintain a stable dividend payout ratio of 50% to 60%.

## Public Bank's Share Price

- *The share price of the Bank had been stagnant. What action plan is the Management considering?*

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

The share price of the Bank is always subject to occasional volatility, which has always been temporary in nature based on past trends. Despite the fluctuation in share price, PBB share is currently trading at about 1.5 times of its book value, which is the highest amongst the Malaysian banks. This reflects the strong fundamentals of Public Bank.

Also, Public Bank remained as the third-largest banking group in Malaysia and the second largest market capitalisation in Bursa Malaysia. Notably, since the inception of the Public Bank in 1966, it had navigated various cycles of challenges and continued to maintain an unbroken profitability record for 57 years.

Public Bank has continued to sustain its hallmark as the Bank with the highest return on equity, best domestic asset quality and best cost efficiency amongst domestic banks. The Management will continue to focus on further strengthening the Group's fundamentals in order to continue delivering sustainable and long-term value for its shareholders.

## Share Buy Back

- *Enquiry on Public Bank's financial performance outlook and prospect of a share buy back*

The Managing Director/Chief Executive Officer informed the Meeting that the Public Bank Group expects to maintain its resilient performance amid the uncertain operating environment. The Bank will continue to focus on its retail and commercial business backed by sustained prudent credit risk management to ensure its asset quality is well protected.

The Group actively manages its capital to support underlying risks in its business activities and to enable future business growth. The Group's capital management strategy is to continue maximising shareholder value via an efficient capital structure whilst ensuring that robust capital buffers are maintained at all times.

Considering the above and to maintain a healthy capital position, Public Bank Group has no plan for a share buy back at this juncture.

## Deposits and Net Interest Margin

- *Enquiry on outlook on deposits competition and the Bank's strategies to preserve net interest margin*

The Managing Director/Chief Executive Officer explained that the deposits competition has eased since the second half of 2023 and Public Bank's deposit performance is holding up well. In terms of outlook, although competition is not as intense as in the last 2 years, deposit competition has remained stiff in 2024.

Most banks are still offering deposit campaigns especially fixed deposits campaigns with high rates to attract more deposits. To preserve its net interest margin, the Bank will further optimise its balance sheet by balancing loans and deposits growth, interest rate and deposit tenure.

Among the ongoing initiatives implemented to preserve the Bank's net interest income include the following:

- Launching new current account and savings account products and deposits campaigns to attract fresh funds.
- Growing premier banking business to attract new affluent customers.
- Further strengthening the Bank's digital ecosystem to promote Public Bank as a primary banker for both corporate and individual customers.

## Competition from digital banks/digitalisation strategy/cyber security

- *Enquiry on rising deposits competition from digital bank*

The Managing Director/Chief Executive Officer explained that Public Bank is always mindful of market changes. The Bank has continued to enhance its product features and innovate its products and services to align with market offerings and customer expectations.

When offering financial products, the Bank prioritises long-term sustainability in its business and value proposition for its stakeholders. While on growing deposits, the Bank takes a prudent approach by balancing growing deposits and optimising the cost of funds.

With its wide branch network and delivery channels, coupled with its strong deposit franchise, Public Bank will continue to sustain a stable deposits growth for a stable funding position. In terms of delivery channels, the Bank has been continuously enhancing its internet and mobile banking to provide customers the convenience to manage their deposit transactions, while ensuring high security protection.

- *What is Public Bank's strategy in the face of the competition from digital banks?*

The Managing Director/Chief Executive Officer explained that generally, incumbent banks can do what the new digital banks are allowed to do. As such, Public Bank's existing banking licence allows the Bank to undertake all digital banking activities.

The Bank has implemented various initiatives to meet customer demand for seamless and efficient digital banking service. Public Bank focuses on offering digital products and services that deliver long term and sustainable value to its customers.

To this end, the Bank has been proactively strengthening its in-house digitalisation development, and fostering strategic collaboration with digital partners to enhance its digital offerings.

The Bank also strives to ensure the resilience and trustworthiness of its internet banking services. This includes increased emphasis on cyber security. Overall, considering the efforts that the Bank has put forth, the entry of digital banks is not expected to have any significant adverse impact on the Bank.

- *Shareholder's suggestion to make QR Sound Box available to PB QR merchants*

The Managing Director/Chief Executive Officer took note of the shareholder's suggestion. He stated that Public Bank is committed to continuously improving the PB QR Service. Currently, the Bank is proactively discussing with potential technology partners to enable the PB QR Sound-Box Service for payment notifications.

Public Bank targets to have the service available for its PB QR merchants by the second half of 2024.

- *How does the Bank leverage on the MyPB app?*

The Managing Director/Chief Executive Officer explained that MyPB App is the Bank's new mobile banking application that is focused on lifestyle services with enhanced features that complements its existing services. Leveraging on advanced infrastructure, MyPB App is developed as a modern platform for the Bank's products and services.

Several services offered on MyPB App had undergone re-engineering efforts and some key banking activities had been automated on this platform. For example, artificial intelligence-based fraud prevention system had been integrated into the MyPB App to further strengthen banking security.

Going forward, the Bank will continue to enhance MyPB App to generate greater value and banking convenience for its customers.



- *How does Public Bank manage the rising threats to cybersecurity and how much does the Bank spend on cybersecurity?*

The Managing Director/Chief Executive Officer informed the Meeting that the Bank undertakes a holistic approach in managing cyber security by adopting effective risk governance, comprehensive processes, advanced technology and leveraging on skilled talent.

The Bank has a fraud prevention mechanism in place to safeguard its digital channels on the cybersecurity front. Also, the Bank has continued to invest in the latest technologies, such as artificial intelligence and machine learning to strengthen its cyber resilience.

In addition, the Bank adopts a zero-tolerance policy and “defense-in-depth” approach. Multi-layered controls were adopted to mitigate cyber threats. Public Bank ensures it is always aligned with BNM’s directive on fraud countermeasures procedure to ensure the Bank’s digital frontier is well protected.

In combating scams, various initiatives had been implemented, which included the following:

- The Kill Switch function to enable customers to deactivate online banking access immediately via internet banking account.
- PB Secure-Sign to replace SMS as a safer authentication method for online banking transactions.

Given the proactive measures, as at March 2024, Public Bank had blacklisted more than 160,000 mule accounts from multiple sources. As a result, the Bank managed to help more than 940,000 of its customers from being scammed. Public Bank had also prevented about 3.0 million transactions totalling about RM1.5 billion, from being fraudulently transferred to fraudsters’ accounts.

Since June 2023, the Bank had also rolled out the cooling off period, as a security measure to provide a buffer period for customers to evaluate their transactions. With this cooling off measure, the Bank had to-date assisted more than 400 customers in detecting and cancelling transactions amounting to about RM1.9 million.

The Bank is also proactive in providing continuous online security alerts to its customers. This is to strengthen their awareness to remain vigilant and alert to potential threats.

As for spending on cybersecurity, Public Bank had spent more than RM40 million on cybersecurity in 2023, accounting for approximately 8% of total information technology spending. Public Bank has its own in-house information technology support which enables prompt actions being taken on any cyber security measures, whilst also contributing to cost efficiency.

## Sustainability

- *How the Bank manages existing loan portfolio that is non-compliant with ESG or in the Negative List?*

The Managing Director/Chief Executive Officer explained that the Bank had set in place an ESG Risk Acceptance Criteria Policy. It subjects borrowers to an ESG due diligence process in the credit onboarding, annual credit review and extension of additional financing.

For borrowers with a “High” ESG Risk Grade, approval is conditional on a time-bound plan. The borrower must commit to the transition to sustainable business and, over time, improve the ESG Risk Grade.

As at 31 December 2023, less than 0.01% of the Bank’s large corporate financing borrowers in the High ESG Risk Sectors are identified as ‘High’ Risk Grade. In addition to this, the Bank adopts an ESG Exclusion List which sets out the economic activities that the Bank refrains from financing.

For borrowers whose business activities fall within the ESG Exclusion List, their financing will be rejected. Meanwhile, the Bank has very insignificant exposure to this category of customers. Amongst the list, the Bank’s primary focus is on non-financing of coal mining or production activities that have high carbon emissions rates. Since December 2020, the Bank had ceased financing businesses and economic activities involved in coal mining or production.

- *How does Public Bank support its SME customers to transition towards a low carbon economy?*

The Managing Director/Chief Executive Officer explained that for the SMEs, Public Bank expects that they will take a gradual approach to adapt and transition to a low carbon business model.

The Bank had rolled out initiatives in supporting SMEs to embed climate considerations into their business. These include the offering of green financing facilities and low carbon transition facilities at preferential pricing. The Bank also offers green capital expenditure financing for all sectors, as well as encourages customers in the property, agricultural and forestry sectors to apply for relevant sustainability certification.

In 2023, green seminars were held in Kuala Lumpur and Penang for SME property developers, to provide insightful information in the transition to a low carbon and sustainable business model. The Bank also broadcasted a digital Climate Change Message to create and strengthen the awareness of climate risks among all financing customers.

Going forward, the Bank will continue to identify more green economic activities to assist customers in their transition journey, particularly those in the high carbon emissions sectors, such as real estate or transport industries. The Bank will also look into rolling out more capacity building programmes, particularly for the SMEs in the high-risk sectors.

- *Enquiry on competency of staff in ESG*

The Managing Director/Chief Executive Officer explained that while Public Bank strives for all staff to have foundational knowledge and awareness on ESG, staff's area of focus within this spectrum may differ depending on staff's role and level. In an effort to raise the competency levels on multiple fronts, the Bank employs a multi-pronged training approach.

The Bank customises training plans that cater to the needs of the respective target groups. This is supported by incorporating ESG-related training into the annual 5-day mandatory training policy, and the Bank had achieved 92% compliance rate. In addition, selected staff were sent for industry-endorsed certifications.

To-date, the Bank has more than 100 enrolments for professional certifications offered by the Frankfurt School of Finance and Management and The Global Association of Risk Professionals.

The Board Members, Senior Management and Sustainability Working Group members are also given regular exposure to contemporary issues and developments in ESG.

## Overseas Operations

- *Enquiry on the asset quality in Hong Kong and Vietnam*

The Managing Director/Chief Executive Officer informed the Meeting that for Hong Kong operations, the increase in gross impaired loans ratio was mainly due to credit deterioration of one large borrower in the real estate sector. This exposure is secured by a Class-A multi-story commercial building in Hong Kong.

For Vietnam operations, the higher gross impaired loans was mainly from loans originated post COVID-19 pandemic for the purchase of residential properties, personal use and working capital which are mainly for the wholesale and retail trade, as well as restaurant and hotel sectors.

The higher gross impaired loans were in tandem with the overall increase of impaired loans in Vietnam's banking industry and most of these loans are adequately collateralised.

In addressing the situation, Public Bank has continued to proactively engage borrowers with financial difficulties, and offers them repayment assistance. The Bank also closely monitors the performance of the restructured accounts to effectively manage the gross impaired loans of the overseas subsidiaries.

The Bank will also expedite the disposal of collateral via foreclosure action or redemption arrangement. In addition, the Bank will continue to be prudent in its underwriting standards.

## Human Capital

- *Enquiry on the women's representation in the Group Management Profile and talent development at the Senior Management level*

The Managing Director/Chief Executive Officer informed the Meeting that the Group Management Profile in the 2023 Integrated Annual Report shows the Top Management of Public Bank and the Heads of the respective subsidiaries. It was therefore not representative of the overall group management function.

For Public Bank, there is a strong women's representation of 53.6% in the Senior Management level. Meanwhile, at the Group level, Senior Management has a women representation of 48.8%, exceeding its target of 45.0%.

To continuously upskill the Senior Management in digital capabilities, the Group has a range of executive programmes organised by the Asian Institute of Chartered Banker and these programmes are hosted at prestigious institutions in UK and in Europe.

The Group also organises webinars on digitalisation, with speakers from globally renowned institutions for Senior Management and Board Members.

Additionally, the Bank had rolled out fintech-specific boot camps and has in place e-learning platforms. These are to keep staff to stay abreast of the latest digital trends and technology. The Group is proactive in the various talent development programmes to ensure digital expertise is in place to support the Group's digital transformation.

In addition, the Group does source externally for new and fresh talents from relevant fields to senior positions for a diversity of thoughts.

#### Depreciation of Ringgit

- *Is Public Bank affected by the depreciation of Ringgit?*

The Managing Director/Chief Executive Officer explained that Public Bank Group's operations mainly focused on domestic business with only 8% comprising foreign operations. Overseas operations assets, which are denominated in USD or HKD, had resulted in exchange translation gains for the Group.

Generally, the Public Bank Group's assets, both domestic and overseas, are funded by the respective currencies without any significant net forex exposure. Meanwhile, the Bank's treasury business has remained stable and continued to see business volumes and profitability.

The Ringgit movement in the forex market has remained orderly and contained, with BNM's supportive measures. Therefore, the depreciation of the Ringgit has not resulted in any significant impact to the Group.

#### Rationalisation of Branches

- *Will the non-profitable branches be rationalised down?*

The Managing Director/Chief Executive Officer explained that Public Bank will continue to review its branches' performance and to evaluate operational viability and the necessity of branch rationalisation.

Upon conclusion of addressing the questions submitted by shareholders before the AGM, the Managing Director/Chief Executive Officer explained that for questions that were 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*

The Chairman clarified that as stated in the Administrative Details sent to shareholders together with the Notice of Public Bank 58th AGM on 8 April 2024, there would be no distribution of door gift to shareholders who participated in the Public Bank 58th AGM.

- *A shareholder proposed that no Directors' fee and expenses should be given to the Board of Directors for attending past and present AGMs*

The Chairman clarified that the Directors are not paid any fees or allowances for attending AGMs of the Company.

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 4 pertained to the proposed re-election of 4 Directors. The Nomination and Remuneration Committee had carried out the fit and proper assessment of the Directors who are retiring at this AGM and the Board was satisfied with the favourable performance and contributions of the Directors to the Board as well as their fitness and propriety. BNM's approvals for their re-election are in place.

## ORDINARY RESOLUTION 1

### RE-ELECTION OF MS TEOH MEOW CHOO WHO RETIRED PURSUANT TO CLAUSE 105 OF THE COMPANY'S CONSTITUTION

The Chairman informed the Meeting that Ms Teoh Meow Choo, being newly appointed on 1 November 2023, would be retiring pursuant to Clause 105 of the Company's Constitution, and being eligible, had offered herself for re-election.

The profile of Ms Teoh Meow Choo was set out on page 138 of the Public Bank 2023 Integrated Annual Report.

## ORDINARY RESOLUTION 2

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

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

The profile of Dato' Mohd Hanif bin Sher Mohamed was set out on page 134 of the Public Bank 2023 Integrated Annual Report.

## ORDINARY RESOLUTION 3

### RE-ELECTION OF MR LIM CHAO LI WHO RETIRED BY ROTATION PURSUANT TO CLAUSE 107 OF THE COMPANY'S CONSTITUTION

The Chairman informed the Meeting that Mr Lim Chao Li 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 Lim Chao Li was set out on page 136 of the Public Bank 2023 Integrated Annual Report.

#### ORDINARY RESOLUTION 4

##### RE-ELECTION OF MS GLADYS LEONG WHO RETIRED BY ROTATION PURSUANT TO CLAUSE 107 OF THE COMPANY'S CONSTITUTION

The Chairman informed the Meeting that Ms Gladys Leong 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 Gladys Leong was set out on page 137 of the Public Bank 2023 Integrated Annual Report.

#### ORDINARY RESOLUTION 5

##### PAYMENT OF DIRECTORS' FEES, BOARD COMMITTEES MEMBERS' FEES, AND ALLOWANCES TO DIRECTORS AMOUNTING TO RM5,774,355 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

The Chairman explained that an amount of RM5,774,355 was proposed for payment of Directors' fees, Board Committees Members' fees, and allowances to Directors for the financial year ended 31 December 2023.

The details of the proposed rates of Directors' fees, Board Committees members' fees and allowances to Directors were set out on page 375 of the Public Bank 2023 Integrated Annual Report.

#### 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. 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 7 February 2024 approved the proposed re-appointment of Messrs Ernst & Young PLT as Auditors of the Company for the financial year ending 31 December 2024.



## **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:

- The Bank's outlook and strategies
- Business operations and dividends
- Share price performance
- Digitalisation and scams
- Sustainability-related matters
- Overseas operations

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

- *Why Public Bank's share price is not moving up much as compared to other banking stocks?*

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

The share price of the Bank is always subject to occasional volatility, which has always been temporary in nature based on past trends.

Despite the fluctuation in share price, Public Bank shares are trading at about 1.5 times of its book value, which is the highest amongst the Malaysian banks. This reflects the strong fundamentals of Public Bank.

- *Enquiry on dividend payment date and distribution of treasury shares.*

The Managing Director/Chief Executive Officer informed the Meeting that the second interim dividend had been paid on 22 March 2024 and the Bank does not hold any treasury shares at this juncture.

- *Proposal by shareholder to pay dividend quarterly and enquiry on the impact to the net interest margin and earnings of the Bank arising from the interest rate cut by Federal Reserve.*

The Managing Director/Chief Executive Officer took note of the shareholder's proposal on the quarterly dividend payments. As for the enquiry on the net interest margin, he informed the Meeting that Public Bank expects the net interest margin to stabilise with downside risk from continued loans and deposits competition.

- *Is there any plans for merger and acquisition in order to grow the Bank's business?*

The Managing Director/Chief Executive Officer informed the Meeting that Public Bank has no plan for merger and acquisition at this juncture.

- *When will the company reward shareholders with bonus issue?*

The Managing Director/Chief Executive Officer responded that Public Bank has no plans to issue bonus shares at this juncture.

- *Enquiry on succession planning for retiring Directors.*

The Managing Director/Chief Executive Officer informed the Meeting that the Board's succession planning is adaptable, aligning with evolving needs to ensure that the collective knowledge, experience and skill set of its Members remain well-suited to meet the dynamic demands of the ever-evolving financial industry.

The Board will continue to identify fit and proper persons for consideration for appointment as Director, subject to the approval of BNM.

- *Enquiry on the minimum quorum for convening of PBB's AGM?*

The Managing Director/Chief Executive Officer responded that in accordance with the Bank's Constitution, the minimum quorum for convening PBB's AGM shall be 5 members.

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

The Managing Director/Chief Executive Officer explained that the cost of holding this virtual AGM 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.

- *Enquiry on the compound annual growth rate (CAGR) of net profit for the next two years.*

The Managing Director/Chief Executive Officer informed the Meeting that barring any unforeseen circumstances, the Group expects to maintain resilient and stable profit performance in the next two years.

- *What is Public Bank's cost saving method?*

The Managing Director/Chief Executive Officer explained that Public Bank is targeting to maintain cost to income ratio of around 35% and the Bank will continuously review its cost drivers and processes to maintain cost efficiency and effectiveness.

- *Previously, Public Bank was the Bank with the lowest gross impaired loan (GIL), but recently the GIL of the Company has been increasing. What is the cause and will the GIL be trending up?*

The Managing Director/Chief Executive Officer reiterated that the increase in GIL was mainly due to normalisation of impaired loans from an all time low GIL during the COVID-19 pandemic. In addition, the higher GIL was also due to a newly surfaced impaired commercial loan in Hong Kong. This loan is sufficiently collateralised and adequately provided for.

The Group's domestic GIL ratio of 0.4% was still the lowest in the banking industry as at the end of 2023. The Group takes proactive and prompt actions to pursue loans recovery while continuing to be prudent in its underwriting standards.

- *Why is the Cambodian bank subsidiary doing so well?*

The Managing Director/Chief Executive Officer explained that Cambodian Public Bank Plc (Campu Bank) has been well established since 1992. Over the three decades, Campu Bank has built a reputable brand name as one of the leading banks in Cambodia with its wide range of products and services and excellent customer service delivery.

Campu Bank will continue to focus on organic growth, especially retail banking and SMEs and leveraging on the Group synergy with its subsidiaries, Campu Lonpac Insurance Plc for general insurance and Campu Securities Plc for stockbroking business.

- *How much is the contribution of Indo-China market to the Group's revenue?*

The Managing Director/Chief Executive Officer explained that Public Bank's Indo-China operations comprising Public Bank Vietnam Ltd, Cambodian Bank Plc and Public Bank Lao Ltd, contributed about 6% to the Group's profitability.

- *eFD rate is relatively lower than other banks. Would the Bank consider a competitive rate for those utilising eFD?*

The Managing Director/Chief Executive Officer explained that Public Bank continuously review its rates as compared to competitor banks and will revise the rates as and when necessary.

- *Thanked the Management for sustaining the Company's performance all the time. Raised concern that the PB engage app is very unstable.*

The Managing Director/Chief Executive Officer thanked the shareholder for the compliments and feedback. He explained that Public Bank's customer support will be contacting the shareholder to troubleshoot the problem. Alternatively, the shareholder may download the Bank's new MyPB app for better user experience.

- *What is Public Bank's view and position on implementation of artificial intelligence technology?*

The Managing Director/Chief Executive Officer explained that Public Bank is using artificial intelligence technology for its fraud prevention system, anti-money laundering transaction monitoring system and contact centre system.

- *As a Public Bank user, I noticed that the Bank has been treating customer transactions more stringently. It is a good thing in terms of security but it is causing inconvenience to customer. How is the Bank balancing convenience and security?*

The Managing Director/Chief Executive Officer thanked the shareholder for the feedback. He explained that the Bank has always put in place security controls to protect the customers from fraud and scam, while ensuring convenience to customers.

- *Will Public Bank consider including Huawei Pay since the Bank has the Unionpay card.*

The Managing Director/Chief Executive Officer explained that currently, the Bank has Samsung Pay, AliPay and Google Wallet. The Bank will consider Huawei Pay if there is business potential.

- *Does the Bank need a licence to buy and sell gold?*

The Managing Director/Chief Executive Officer explained that no licence is required for the Bank to trade in gold. Currently, the Bank is offering gold investment account which is a popular account for customers who wish to trade in gold.

- *Can Public Bank further improve its PB enterprise Internet Banking?*

The Managing Director/Chief Executive Officer explained that the Bank will continuously review and improve its online banking channels to provide value added service to its customers.

- *Enquiry on the digital platform of Public Investment Bank.*

The Managing Director/Chief Executive Officer stated that staff from Public Investment Bank will contact the shareholder on his enquiry.

- *In view of the current progress of digital banking, what will be the Group's future directions on consolidation of branches?*

The Managing Director/Chief Executive Officer explained that the Bank's core strength lies in its extensive branch network and strong brand name in retail banking as well as counter services. The Bank will periodically review its branch operations, digital service and products offered to ensure that the Bank remains relevant and meets customers' expectation.

- *In view of the system glitches encountered by some financial institutions, has the Bank taken any measures to mitigate similar issue?*

The Managing Director/Chief Executive Officer explained that Public Bank's system is operating at an optimum level and it is able to prevent similar occurrence or disruption.

Apart from having its backup plan tested and reviewed annually, Public Bank continues to improve its systems and technological capability for greater resilience. Moreover, Public Bank adheres to the allowed regulatory maximum downtime. As such, this ensures that disruptions are kept to a minimum.

- *Complimented the Bank for its frequent IT and security upgrading for customers. Requested Public Bank to set-up a special counter at all branches to assist senior citizen who are not familiar with online usage.*

The Managing Director/Chief Executive Officer clarified that all the branches are equipped with a Special Care Counter to assist senior citizens with their banking needs. Alternatively, senior citizens may also approach the Customer Service Representative for assistance on any banking matters.

- *Will Public Bank review the customer service quality whether it is via call or e-mail in order to improve the resolution time and problem solving level?*

The Managing Director/Chief Executive Officer explained that the Bank has established a complaint management process and shall constantly review its complaint management to improve the resolution time and service delivery.

- *Enquiry from a shareholder on an application for a commercial property loan.*

The Managing Director/Chief Executive Officer stated that the Bank staff will contact the shareholder concerned on his enquiry.

- *In view of the newly introduced Account 3 by EPF, what will be the impact to Public Bank?*

The Managing Director/Chief Executive Officer explained that Public Bank does not expect any significant impact from the introduction of Account 3 by EPF.

- *How does staff cost increment affect the company financially?*

The Managing Director/Chief Executive Officer explained that the staff increments are commensurate with staff performance and increment rates are within the industry benchmark. Staff costs represent about 70% of total overheads and the overall cost to income ratio of 33.7% still remains the lowest among domestic banking groups.

- *Will Public Bank downsize the workforce and use more artificial intelligence and automation to reduce cost?*

The Managing Director/Chief Executive Officer explained that Public Bank will not downsize its workforce and will continue to reskill and upskill existing employees to adapt to technological advancement.

- *Can the Board brief on the succession planning for the Bank?*

The Managing Director/Chief Executive Officer explained that Public Bank has a structured and robust succession planning programme. It covers multi-prolonged talent identification, talent assessment and development approaches, not only for key positions but also capacity building for all levels to ensure a sustainable talent pipeline.

- *How does the Bank manage the allegation by the National Union of Bank Employees that the Bank poorly provided prayer room to Muslim staffs?*

The Managing Director/Chief Executive Officer clarified that the Bank has been providing adequate prayer room facilities for staff usage as per the requirements.

- *ESG is a wide topic. Why the Bank mainly concentrated on the environmental and corporate social responsibilities issues?*

The Managing Director/Chief Executive Officer explained that Public Bank approaches ESG in a holistic manner. The Bank has an overarching Sustainability Framework to create positive impacts through 17 material matters.

The Sustainability Framework comprises four strategic themes as follows:

- Protecting the environment.
- Proficient employees.
- Prosperous customers and communities.
- Principled conduct.

The 17 material matters aim to deliver long-term value to the key stakeholders including shareholders, customers, employees and the community.

- *Enquiry from shareholder on how to apply Eco-school programme through Public Bank.*

The Managing Director/Chief Executive Officer thanked the shareholder for the interest and stated that the Bank would contact the shareholder for further information.

- *Compliments from shareholder to all Board of Directors and Management Team for the good performance in 2023 and look forward for a better performance in 2024. Also congratulated the Management Team for a very well designed slide presentation.*

The Managing Director/Chief Executive Officer thanked the shareholder for the compliments and stated that the Bank will continue to strive harder to meet all stakeholders' expectation.

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 1.00 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 1.10 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.

### **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 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 58th AGM dated 8 April 2024 were duly passed.

### **CLOSE OF MEETING**

The Meeting concluded at 1.35 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, Malaysia

On 08-May-2024 at 11:00AM

**Result On Voting By Poll**

Resolution(s)	Vote For				Vote Against				Total Votes			
	No of Units	%	No of P/S	%	No of Units	%	No of P/S	%	No of Units	%	No of P/S	%
Ordinary Resolution 1	13,595,204,503	97.2468	2,905	92.4276	384,900,656	2.7532	238	7.5724	13,980,105,159	100.0000	3,143	100.0000
Ordinary Resolution 2	13,869,196,728	99.5103	2,851	91.2612	68,248,138	0.4897	273	8.7388	13,937,444,866	100.0000	3,124	100.0000
Ordinary Resolution 3	13,591,404,081	97.2206	2,893	92.2219	388,564,368	2.7794	244	7.7781	13,979,968,449	100.0000	3,137	100.0000
Ordinary Resolution 4	13,592,097,636	97.2245	2,900	92.4156	388,023,523	2.7755	238	7.5844	13,980,121,159	100.0000	3,138	100.0000
Ordinary Resolution 5	13,947,481,401	99.9081	2,748	87.9923	12,823,283	0.0919	375	12.0077	13,960,304,684	100.0000	3,123	100.0000
Ordinary Resolution 6	13,912,436,940	99.4486	2,910	92.3223	77,136,349	0.5514	242	7.6777	13,989,573,289	100.0000	3,152	100.0000

