

PUBLIC BANK BERHAD (6463-H)
(Incorporated in Malaysia)

Summary of Proceedings of the Forty-Eighth Annual General Meeting Held at
The Grand Ballroom, Shangri-La Hotel, Jalan Sultan Ismail, 50250 Kuala
Lumpur on Monday, 31 March 2014 At 11.00 a.m

PRESENT : As per attendance list

**CHAIRMAN OF
THE MEETING :** Tan Sri Datuk Seri Utama Thong Yaw Hong

IN ATTENDANCE : Dato' Chia Lee Kee

WELCOME ADDRESS

On behalf of the Board, Tan Sri Dato' Sri Dr. Teh Hong Piow, the Chairman of the Board of Directors, welcomed all the attendees to the Meeting.

QUORUM

There being quorum, the Meeting was called to order at 11.00 a.m.

NOTICE OF MEETING

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

ORDINARY BUSINESS

ORDINARY RESOLUTION 1

AUDITED FINANCIAL STATEMENTS AND REPORTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

The Company's Audited Financial Statements for the financial year ended 31 December 2013 together with the Reports of the Directors and Auditors were tabled.

Financial Performance

Tan Sri Thong presented the following highlights of PBB Group's performance in 2013 to the shareholders:

Public Bank Group achieved yet another set of favourable financial results in 2013, with its net profit attributable to shareholders increasing by 6.2% to RM4.06 billion in 2013, exceeding the RM4 billion mark for the first time.

The Group's pre-tax profit grew by 5.2% to RM5.31 billion in 2013. With the improved financial performance, earnings per share increased by 6.2% to 116.1 sen in 2013.

The Public Bank Group remained top amongst the Malaysian banking groups with the highest net return on equity of 22.4%.

It also remains the most cost efficient bank in Malaysia with the lowest cost to income ratio of 30.7%, as well as having the best asset quality as reflected by its lowest gross impaired loans ratio of 0.7%.

The Public Bank Group's gross loans grew by 11.8% in 2013 to RM221 billion as at the end of 2013.

In particular, domestic loans growth of 12.0% in 2013 outpaced the domestic banking industry's loan growth of 10.6%.

The Group continued to focus its lending activities on the retail sector, with loans for the financing of residential properties, passenger vehicles and lending to small and medium enterprises.

Public Bank continues to sustain its position as the country's No.1 financier for residential mortgage, commercial property and passenger vehicle with market share of 19.6%, 33.8% and 26.5% respectively as at the end of 2013.

The Public Bank Group ranks No.1 in terms of asset quality in the Malaysian banking industry. The Group's gross impaired loans ratio remained low at 0.7% as at the end of 2013, significantly lower as compared to the Malaysian banking industry's gross impaired loans ratio of 1.9%.

The Public Bank Group's customer deposits increased by 11.5% in 2013 to RM251 billion, significantly higher than the domestic banking industry's deposit growth of 8.5%.

This was contributed by healthy expansion of domestic fixed deposits of 14.2%, savings deposits of 8.3% and demand deposits of 17.0%. As a result, the Group's domestic market share of customer deposits further increased to 15.6%, from 15.2% a year ago.

The Public Bank Group continued to focus its efforts to increase fee income from unit trust, bancassurance, foreign-exchange related transactions and transactional banking services.

In 2013, Public Mutual recorded a commendable 14.5% growth in pre-tax profit and remained the market leader in the private unit trust industry with 104 funds under its management as at the end of 2013.

Total assets under management rose by 14.5% to RM62.5 billion, capturing 41.2% of the overall market share as at the end of 2013.

In view of the Public Bank Group's favourable performance in 2013, a second interim single-tier dividend of 30 sen was paid on 28 February this year.

Together with the first interim single-tier dividend of 22 sen paid in August 2013, total dividend for 2013 amounted to 52 sen, representing a total payout of RM1.82 billion or 44.8% of the Group's net profit for 2013.

The total dividend paid of 52 sen for 2013, together with the share price appreciation from RM16.26 a year ago, as at the end of March 2013 to RM19.16 at the close of business on Friday, 28 March 2014, translates to a total return of 21% over the last 12 months for Public Bank shareholders.

Since the end of 2009, Public Bank's market capitalisation has increased by 72% to RM68.7 billion as at the end of 2013.

Today, Public Bank remains the largest non-government linked company in Malaysia by market capitalisation.

The Group will continue to proactively manage its capital to support the Group's business growth whilst maximising shareholder value and balancing the need for higher capital retention as required by the Basel III standards.

The Public Bank Group is expected to maintain its earnings momentum and record satisfactory performance in 2014.

The Corporate Representative of Minority Shareholder Watchdog Group (MSWG), Puan Lya Rahman commended the Board and Management on PBB's excellent performance and stated that PBB continues to be exemplary in its corporate governance practices, being one of the top companies in the domestic ranking list under the ASEAN CG Assessment Project 2013, and winning three awards. She hoped that PBB would continue to be the forerunner in corporate governance practices for other companies to emulate.

Puan Lya Rahman had suggested to the Board to consider publishing PBB's AGM minutes or the summary of AGM proceedings in the Bank's website as this is one of the aspects of assessment of transparency under the ASEAN CG scorecard.

Ms Chang Siew Yen, the Chief Operating Officer, answered the questions raised by MSWG in their letter dated 27 March 2014. The questions and answers were as follows:

i. MSWG Question

Public Bank's domestic operations remain the key driver to its profitability, accounting for 93.4% of the Group's pre-tax profits in 2013. Its overseas operations accounted for 6.6% of the pre-tax profits for the two successive years. Would the strategy remain in the near future, and if not what is the ideal balance between domestic and foreign exposures that the Board wishes to achieve?

PBB Response

The Public Bank Group will continue to maintain its organic growth strategy. The Group will accelerate its overseas operations expansion plan through the followings:

- Focusing on expanding retail loans, deposits and fee based activities.
- Enhancing revenue stream through diversification of income sources to fee-based income as well as transactional income.
- Creating market niche on products and services by introducing tailor-made products to cater for specific market segments and differentiation through excellent customer service delivery.
- Intensifying efforts to build a stronger customer base and wider customer reach to achieve economies of scale.

Public Bank Group currently has a total of 124 branches in its overseas operations in Hong Kong and Indo-China and is targeting to open at least 2 new branches each in Cambodia, Laos and Sri Lanka in 2014.

ii. MSWG Question

We noted that the Group continued its investment in electronic and internet banking and in self service delivery channels. Please elaborate the level of e-banking usage and the penetration it has achieved with its customer base. Is there a peer benchmarking exercise to gauge the bank's achievements in this area?

PBB Response

In 2013, Public Bank's internet banking channel registered encouraging double digit growth in terms of new user registration, with an increase of 21.5% and 19.1% respectively in individual and corporate customers. The volume of online transactions rose by 30.6% with a total of 15.8 million online transactions recorded in 2013. The Bank benchmarks itself with its peers from time to time based on available statistics gathered from various sources in order to continuously improve its various customer delivery channels.

iii. MSWG Question

We noted that the fee-based revenue remained a key focus to sustain the Group's profit growth strategy. What would be your fee-based revenue target compared to the total revenue in the next 3 years?

PBB Response

The fee-based revenue is expected to maintain its current growth momentum in the next 3 years. The Group will further strengthen the sales from its unit trust and bancassurance business, as well as increasing its banking services fee income which include remittance, trade finance and credit card. The Group will also intensify its cross selling initiatives to increase its product holding per customer. The Group targets to sustain its fee-based revenue at more than 20% of its total revenue.

iv. MSWG Question

One of the key retail segments, Hire Purchase segment with RM45.16 billion loans had also achieved a growth of 6.9% and with market share of 26.5% in FY 2013. However, its pre-tax profit had deteriorated 25.9% with pre-tax profit of RM495.4 million in 2013 compared to RM668.3 million in 2012. How would the Bank address the decline in this segment's profitability?

PBB Response

The lower pre-tax profit recorded by Hire Purchase segment was mainly due to interest margin compression as a result of the competitive environment and higher loan loss allowance. The Group will:

- a. Further improve its productivity and operational efficiency in order to sustain an efficient cost structure; and
- b. Maintain its stringent credit policy in order to sustain a low credit charge.

Thereafter the following ordinary resolution was put to the Meeting for a vote and was duly passed:

“THAT the Audited Financial Statements for the financial year ended 31 December 2013 and the Reports of the Directors and Auditors be received.”

ORDINARY RESOLUTION 2

RE-ELECTION OF MR TANG WING CHEW WHO RETIRED BY ROTATION PURSUANT TO ARTICLE 111 OF THE COMPANY'S ARTICLES OF ASSOCIATION

The Chairman of the Meeting informed that Mr Tang Wing Chew was subject to retirement under Article 111 of the Company's Articles of Association and that being eligible, he had offered himself for re-election.

The following ordinary resolution was put to the Meeting for a vote and was duly passed:

“THAT Mr Tang Wing Chew, retiring pursuant to Article 111 of the Company's Articles of Association, be and was thereby re-elected as Director of the Company.”

ORDINARY RESOLUTION 3

RE-APPOINTMENT OF TAN SRI DATO' SRI DR. TEH HONG PIOW PURSUANT TO SECTION 129 OF THE COMPANIES ACT, 1965

The Chairman of the Meeting informed that Tan Sri Dato' Sri Dr. Teh Hong Piow was subject to retirement under Section 129 of the Companies Act, 1965 and that being eligible, he had offered himself for re-appointment.

The following ordinary resolution was put to the Meeting for a vote and was duly passed:

“THAT Tan Sri Dato’ Sri Dr. Teh Hong Piow, retiring pursuant to Section 129 of the Companies Act, 1965, be and was thereby re-appointed as Director of the Company to hold office until the next Annual General Meeting.”

ORDINARY RESOLUTION 4

RE-APPOINTMENT OF TAN SRI DATUK SERI UTAMA THONG YAW HONG PURSUANT TO SECTION 129 OF THE COMPANIES ACT, 1965

The Chairman of the Meeting informed that he was subject to retirement under Section 129 of the Companies Act, 1965 and that being eligible, he had offered himself for re-appointment.

The following ordinary resolution was put to the Meeting by a shareholder for a vote and was duly passed:

“THAT Tan Sri Datuk Seri Utama Thong Yaw Hong, retiring pursuant to Section 129 of the Companies Act, 1965, be and was thereby re-appointed as Director of the Company to hold office until the next Annual General Meeting.”

ORDINARY RESOLUTION 5

RE-APPOINTMENT OF TAN SRI DATO’ SRI TAY AH LEK PURSUANT TO SECTION 129 OF THE COMPANIES ACT, 1965

The Chairman of the Meeting informed that Tan Sri Dato’ Sri Tay Ah Lek was subject to retirement under Section 129 of the Companies Act, 1965 and that being eligible, he had offered himself for re-appointment.

The following ordinary resolution was put to the Meeting for a vote and was duly passed:

“THAT Tan Sri Dato’ Sri Tay Ah Lek, retiring pursuant to Section 129 of the Companies Act, 1965, be and was thereby re-appointed as Director of the Company to hold office until the next Annual General Meeting.”

ORDINARY RESOLUTION 6

RE-APPOINTMENT OF DATO' SRI LEE KONG LAM PURSUANT TO SECTION 129 OF THE COMPANIES ACT, 1965

The Chairman of the Meeting informed that Dato' Sri Lee Kong Lam was subject to retirement under Section 129 of the Companies Act, 1965 and that being eligible, he had offered himself for re-appointment.

The following ordinary resolution was put to the Meeting for a vote and was duly passed:

“THAT Dato' Sri Lee Kong Lam, retiring pursuant to Section 129 of the Companies Act, 1965, be and was thereby re-appointed as Director of the Company to hold office until the next Annual General Meeting.”

ORDINARY RESOLUTION 7

RE-APPOINTMENT OF MR LAI WAN PURSUANT TO SECTION 129 OF THE COMPANIES ACT, 1965

The Chairman of the Meeting informed that Mr Lai Wan was subject to retirement under Section 129 of the Companies Act, 1965 and that being eligible, he had offered himself for re-appointment.

The following ordinary resolution was put to the Meeting for a vote and was duly passed:

“THAT Mr Lai Wan, retiring pursuant to Section 129 of the Companies Act, 1965, be and was thereby re-appointed as Director of the Company to hold office until the next Annual General Meeting.”

ORDINARY RESOLUTION 8

PAYMENT OF DIRECTORS' FEES

The Chairman of the Meeting informed the Meeting that a sum of RM2,469,000 was recommended for payment as Directors' Fees for the financial year ended 31 December 2013.

The following ordinary resolution was put to the Meeting for a vote and was duly passed:

“THAT Directors' Fees of RM2,469,000 for the financial year ended 31 December 2013 be approved for payment to the Directors.”

ORDINARY RESOLUTION 9 RE-APPOINTMENT OF AUDITORS

The Chairman of the Meeting informed the Meeting that Messrs. KPMG had indicated their willingness to continue in office.

The Meeting was requested to consider the re-appointment of Messrs. KPMG as auditors of the Company for the next financial year.

The following ordinary resolution was put to the Meeting for a vote and was duly passed:

“THAT Messrs. KPMG be re-appointed as Auditors of the Company for the financial year ending 31 December 2014 at a remuneration to be fixed by the Directors.”

ORDINARY RESOLUTION 10

PROPOSED MERGER OF ORDINARY SHARES OF RM1.00 EACH IN PBB (PBB SHARES) LISTED AND QUOTED AS “LOCAL” AND PBB SHARES LISTED AND QUOTED AS “FOREIGN” ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BHD (BURSA SECURITIES) (PROPOSED MERGER OF PBB ‘L’ SHARES AND PBB ‘F’ SHARES)

The Chairman of the Meeting informed the Meeting that the proposed merger of PBB ‘L’ Shares and PBB ‘F’ Shares is because it is no longer relevant to have separate quotation of PBB shares as both local and foreign investors can, under current CDS environment, trade in either or both PBB Local Shares and PBB Foreign Shares.

The following ordinary resolution was put to the Meeting for a vote and was duly passed:

“THAT subject to the approval of Bursa Securities being obtained, approval be and is hereby given to the Company to merge the PBB ‘F’ Shares with the PBB ‘L’ Shares listed and quoted on the Main Market of Bursa Securities without any form of compensation to shareholders, whether locals or foreigners, holding PBB ‘F’ Shares in their Central Depository System accounts, for the share price differential between the PBB ‘L’ Shares and PBB ‘F’ Shares, if any;

AND THAT the Directors be and are hereby authorised to give effect to the above with full power to assent to any conditions, modifications, variations and/or amendments in any manner as they shall deem fit in their absolute discretion or as may be required by the relevant authorities to deal with all matters relating thereto and to do all steps and to do all things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Merger of PBB ‘L’ Shares and PBB ‘F’ Shares.”

SPECIAL RESOLUTION

PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF PUBLIC BANK (PBB)

The Chairman of the Meeting informed the Meeting that the proposed amendments to the Memorandum and Articles of Association of Public Bank are arising from the Proposed Merger of PBB Local Shares and PBB Foreign Shares and also to update references to the Banking and Financial Institutions Act, 1989 to the Financial Services Act 2013 which came into force on 30 June 2013 and to update the names of Directors to reflect the names of Board members as at the date of adoption of the amended Articles of Association.

The following special resolution was put to the Meeting for a vote and was duly passed:

“THAT the proposed amendments to the Memorandum and Articles of Association of the Company as set out in Appendix I of the Circular to Shareholders dated 6 March 2014 be and are hereby approved and in consequence thereof, the new set of Memorandum and Articles of Association incorporating the said amendments be adopted AND THAT the Directors and Secretary be and are hereby authorised to carry out all the necessary steps to give effect to the said amendments.”

TERMINATION OF MEETING

There being no other business, the Meeting terminated at 12.25 p.m. with a vote of thanks to the Chair.