

PUBLIC BANK BERHAD

MINUTES OF THE FIFTY-FIRST ANNUAL GENERAL MEETING HELD AT THE GRAND BALLROOM, SHANGRI-LA HOTEL, JALAN SULTAN ISMAIL, 50250 KUALA LUMPUR ON MONDAY, 27 MARCH 2017 AT 11.00 A.M.

PRESENT

- Tan Sri Dato' Sri Dr. Teh Hong Piow : Non-Independent Non-Executive Chairman;
Also shareholder, and proxy for:
- Consolidated Teh Holdings Sdn Bhd
 - Lonpac Insurance Bhd
 - LPI Capital Bhd
 - Public Invest Nominees (Tempatan) Sdn Bhd
 - Kenanga Nominees (Tempatan) Sdn Bhd
 - Tasec Nominees (Tempatan) Sdn Bhd
- Tan Sri Dato' Sri Tay Ah Lek : Managing Director/Chief Executive Officer
(Chairman of Meeting);
Also shareholder, and proxy for:
- Alan Tan Pei Yee
 - AmanahRaya Trustees Berhad
 - Amsec Nominees (Tempatan) Sdn Bhd
 - Cartaban Nominees (Asing) Sdn Bhd
 - Chai Ser Loon
 - CIMB Commerce Trustee Berhad
 - CIMB Group Nominees (Tempatan) Sdn Bhd
 - Citigroup Nominees (Asing) Sdn Bhd
 - Citigroup Nominees (Tempatan) Sdn Bhd
 - DB (Malaysia) Nominee (Asing) Sdn Bhd
 - HSBC Nominees (Asing) Sdn Bhd
 - HSBC Nominees (Tempatan) Sdn Bhd
 - James Froggatt
 - Maybank Nominees (Tempatan) Sdn Bhd
 - Ng Yunn Nee
 - Siti Fathilah binti Kamaluddin

- Dato' Sri Lee Kong Lam : Non-Independent Non-Executive Deputy Chairman;
Also shareholder, and proxy for Datin Sri Chong Fui Fong
- Mr Tang Wing Chew : Independent Non-Executive Director;
Also proxy for Roslina binti Atan
- Mr Lai Wan : Independent Non-Executive Director;
Also proxy for Tan Phek Lee
- Ms Lai Wai Keen : Independent Non-Executive Director;
Also proxy for Rozita binti Abdul Rahman
- Ms Cheah Kim Ling : Independent Non-Executive Director;
Also proxy for Chong Chen Fah
- Shareholders and proxies : As per Attendance Sheets

IN ATTENDANCE

- Dato' Chia Lee Kee : Company Secretary;
Also shareholder

BY INVITATION

- Ms Chang Siew Yen : Chief Operating Officer;
Also shareholder
- Mr Yap Seng Chong : Engagement Partner of Company's Auditors,
Messrs Ernst & Young

QUORUM

There being a quorum, the Public Bank (PBB) 51st Annual General Meeting (AGM) was duly convened.

NOTICE OF MEETING

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

POLL VOTING

In compliance with the requirement of Bursa Malaysia Main Market Listing Requirements for poll voting, the Chairman of the Meeting had pursuant to Article 69(1)(a) of PBB's Articles of Association, exercised his right as Chairman of the Meeting to demand that a poll be conducted through electronic voting on all the resolutions set out in the Notice of the PBB 51st AGM.

The poll was conducted by Tricor Investor & Issuing House Services Sdn Bhd, the Poll Administrator appointed by PBB.

The votes cast were validated by Deloitte Enterprise Risk Services Sdn Bhd (Deloitte), the Independent Scrutineers appointed by PBB.

The results of the poll which were announced by Mr Anthony Tai from Deloitte to the Meeting after the completion of the polling process, were as reflected in the attachment.

ORDINARY BUSINESS

AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 AND REPORTS OF THE DIRECTORS AND AUDITORS

The Company's Audited Financial Statements for the financial year ended 31 December 2016 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 Managing Director/Chief Executive Officer presented the following highlights of PBB Group's performance in 2016 to the Meeting:

In 2016, PBB celebrated its 50th Anniversary amid the backdrop of a challenging operating environment. Despite this, the PBB Group has once again shown its resilience by achieving another profit milestone with a pre-tax profit of RM6.55 billion in 2016 as compared to RM6.49 billion in 2015. Net profit attributable to shareholders grew by 2.9% to RM5.21 billion in 2016 whilst earnings per share increased by 2.8% to 134.8 sen in 2016.

The PBB Group continued to rank No. 1 in terms of profitability, asset quality and cost efficiency amongst domestic commercial banking groups, with the highest net return on equity of 16.5%, most efficient cost to income ratio of 32.3% and lowest gross impaired loans ratio of 0.5%.

In 2016, the PBB Group's gross loans increased by 7.5% to RM294 billion. This was mainly supported by domestic loans which grew by 7.2% in 2016, higher than the industry's loans growth rate of 5.3%. As a result, domestic loans market share increased to 17.7% as at the end of 2016, from 17.4% a year ago. The Group remained the No. 1 financier for purchases of residential properties, passenger vehicles and commercial properties in Malaysia, with market shares of 19.4%, 29.6% and 34.7% respectively as at the end of 2016.

The PBB Group's asset quality remains the best amongst Malaysian banking groups. Gross impaired loans ratio remained low at 0.5% as at the end of 2016 and was well below the banking industry's gross impaired loans ratio of 1.6%.

The PBB Group's customer deposits grew by 2.9% to RM310 billion in 2016 as compared to the domestic banking industry's customer deposits growth of 1.5%, leading to improved market share of 16.7% as at the end of 2016.

Public Mutual, the Group's wholly-owned unit trust management company, recorded a pre-tax profit growth of 5.9% in 2016 and remained the market leader in the private unit trust industry with a retail market share of 46.8%. Public Mutual's total assets under management stood at RM70 billion with 133 funds under its management.

In view of the PBB Group's favourable performance in 2016, a second interim dividend of 32 sen was paid on 28 February 2017. Together with the first interim dividend of 26 sen paid in August 2016, shareholders would have received a total dividend of 58 sen per share for 2016 as compared to 56 sen paid for 2015. This resulted in a higher dividend payout of RM2.24 billion for 2016, representing 43.0% of the Group's net earnings for 2016.

PBB has always been committed to deliver consistent returns to its shareholders, even during challenging times. This is clearly demonstrated in the high long term return that shareholders would have enjoyed from investing in PBB shares.

An investor who had bought 1,000 shares in PBB when it was listed in 1967 and assuming the shareholder had subscribed for all rights issue, he would now have 148,938 PBB shares worth RM2.9 million based on PBB share price of RM19.72 as at the end of 2016. The shareholder would also have received total gross dividend of RM1.2 million during this period. This translates into a total value of RM4.1 million, representing a remarkable compounded rate of return of 19% annually for each of the 49 years since 1967.

The Group's journey over the past 50 years has seen many achievements. Going forward, the Group will continue to pursue its strategy of organic growth in its retail banking business.

Despite the challenging operating environment ahead, the PBB Group is confident of continued profitability to sustain its position as a premier bank of excellence.

The Minority Shareholder Watchdog Group (MSWG) had per letter dated 22 March 2017 raised some points on the Company's financial performance. The questions from MSWG and the responses from PBB which were informed by the Chairman of the Meeting to those present at the AGM, were as summarised below:

MSWG (Question 1)

The key performance indicators (KPI) of the PBB Group and targets for 2017 appeared to project lower growth rates for loans and deposits as compared to 2016.

- a) What is the rationale for the lower growth rates?; and
- b) What are the Board's strategies for its domestic and foreign operations?

PBB Response (Question 1)

- a) The lower loans and deposits growth targets for 2017 were arrived at after taking into consideration the current challenging economic environment, market outlook and the moderating growth trend in the banking industry.

However, PBB Group expects its targeted loans growth of between 6% - 7% and targeted deposits growth of between 5% - 6% to be at least in line or better than industry growth.

- b) PBB Group will continue to grow its business organically in both domestic and overseas operations, focusing on retail consumer and commercial lending and deposit segments as well as growing corporate loans portfolio. The Group will further penetrate new market segments to enhance its revenue stream, with improved cross selling and focus on growing its fee based income. The Group will also continue to drive productivity to improve its cost efficiency.

MSWG (Question 2)

Given the speed of technology options in the payment space as well as the continuous threat of FinTech, what is the Bank's strategy to address the following:

- a) Re-engineer, re-model and continuous upgrade the Group's banking model with financial technology platform.
- b) Managing its cost-income ratio at optimum level.
- c) Strategy on retaining existing market share and "customers' loyalty" and trust, and whether customers' loyalty still exist in the Group.

PBB Response (Question 2)

- a) The Group continuously invests in upgrading and enhancing its information technology system to support business growth and improve service delivery.

A FinTech work group was also set up to implement FinTech related initiatives.

The Group is moving with caution into digitalisation/FinTech by embarking on initiatives that are highly viable and profitable.

- b) The Group will continue to drive productivity and invest in technology in supporting business and customers' needs in the most cost efficient manner.
- c) In order to retain market share and "customers' loyalty" and trust, the PBB Group has been active in its account management and continuously enhance its customer service delivery. Customers' loyalty continues to exist in the PBB Group as demonstrated by the continuous increase in the Group's loans and deposits market share over the years.

MSWG (Question 3)

The segmental analysis stated that the Group's profit contribution from its retail operations had recorded a decline over the last three years.

- a) What are the reasons for the declined profit contribution from the Group's retail operations?
- b) Amid the Group's cost efficiency with its lowest cost income ratio, what strategies to improve its retail operations given its material contribution to the Group.

PBB Response (Question 3)

- a) Despite the drop in percentage of contribution from retail operations to the Group's profit from 61.9% in 2013 to 52.9% in 2016, the profit from retail operations had however grown by 5.5% over the past 3 years.

The drop in the percentage of profit contribution to the Group was mainly attributable to the interest margin compression due to intense competition and challenging market environment.

- b) Given more moderating growth environment, PBB continues to work hard to sustain the growth momentum in retail operations, stay alert to business opportunities, further enhance productivity and preserve its superior customer service in order to sustain its competitiveness.

MSWG Question (Question 4)

In respect of international operations, the Bank made a significant acquisition of the remaining 50% equity interest in VID Public Bank (VPB) for a total cash consideration of USD76.6 million. VPB became a wholly-owned subsidiary of the Bank and was renamed as Public Bank Vietnam Limited (PBVN) effective 1 April 2016.

- a) What are the Board's plans for PBVN and what would be the anticipated returns on investment in PBVN?
- b) What are the Board's overall plans for the international operations and expansions, moving forward?

PBB Response (Question 4)

- a) Subsequent to the acquisition of 100% interests in PBVN, the Group had set out a re-branding exercise and an expansion plan to increase its customer reach and footprint in Vietnam.

PBVN will increase its product offerings via the launching of new products and plans to open more branches. Currently, PBVN has already obtained regulatory approval to open 6 new branches in 2017.

The Group is confident that PBVN will deliver satisfactory returns over the medium and long term period. PBB has seen commendable improvements in the performance of PBVN since the date of acquisition.

- b) The Group will continue with its organic growth strategy in its overseas operations by focusing on retail, commercial and consumer financing, whilst diversifying its income stream from fee based activities.

In order to tap into the growth opportunities in Indochina, the Group has plans to expand its branch network, continue to launch new products and elevate its service delivery.

The Chairman of the Meeting provided response to questions posed by several shareholders and proxies at the AGM relating to the declining trend of return on equity; increase in cost-to-income ratio; the impact of weakening of Ringgit, GST and the weak global economy on return on equity and cost-to-income ratio; the Group's fintech developments, and the impact of MFRS 9.

ORDINARY RESOLUTION 1

RE-ELECTION OF TAN SRI DATO' SRI DR. TEH HONG PIOW WHO RETIRED BY ROTATION PURSUANT TO ARTICLE 111 OF THE COMPANY'S ARTICLES OF ASSOCIATION

Tan Sri Dato' Sri Dr. Teh Hong Piow retired pursuant to Article 111 of the Company's Articles of Association, and being eligible, had offered himself for re-election.

IT WAS RESOLVED THAT Tan Sri Dato' Sri Dr. Teh Hong Piow, 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 2

RE-ELECTION OF TAN SRI DATO' SRI TAY AH LEK WHO RETIRED BY ROTATION PURSUANT TO ARTICLE 111 OF THE COMPANY'S ARTICLES OF ASSOCIATION

Tan Sri Dato' Sri Tay Ah Lek retired pursuant to Article 111 of the Company's Articles of Association, and being eligible, had offered himself for re-election.

IT WAS RESOLVED THAT Tan Sri Dato' Sri Tay Ah Lek, 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

PAYMENT OF DIRECTORS' FEES

IT WAS RESOLVED THAT Directors' fees of RM2,152,080 for the financial year ended 31 December 2016 be approved for payment to the Directors.

ORDINARY RESOLUTION 4

RE-APPOINTMENT OF AUDITORS

Bank Negara Malaysia had on 3 February 2017 granted approval for the proposed re-appointment of Messrs Ernst & Young as Auditors of the Company for the financial year ending 31 December 2017.

IT WAS RESOLVED THAT Messrs Ernst & Young be re-appointed as Auditors of the Company for the financial year ending 31 December 2017 at a remuneration to be fixed by the Directors.

CLOSE OF MEETING

The Meeting ended at 2.30 p.m. with a vote of thanks to the Chair.

PUBLIC BANK BERHAD
(Company No. 6463-H)

Results of the Poll carried out at the Public Bank 51st Annual General Meeting Held on Monday, 27 March 2017

Resolution	FOR		AGAINST	
	No. of Shares	%	No. of Shares	%
<u>Ordinary Resolution 1</u> Re-election of Tan Sri Dato' Sri Dr. Teh Hong Piow as Director.	2,393,654,531	98.786	29,410,458	1.214
<u>Ordinary Resolution 2</u> Re-election of Tan Sri Dato' Sri Tay Ah Lek as Director.	2,430,512,210	99.471	12,932,115	0.529
<u>Ordinary Resolution 3</u> Approval of payment of Directors' fees amounting to RM2,152,080 for the financial year ended 31 December 2016.	2,623,815,839	99.761	6,273,364	0.239
<u>Ordinary Resolution 4</u> Re-appointment of Messrs Ernst & Young as Auditors of the Company for the financial year ending 31 December 2017 and authorisation to the Directors to fix the Auditors' remuneration.	2,645,070,674	99.303	18,561,167	0.697