

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

Summary of Proceedings of the Forty-Ninth Annual General Meeting Held at The Grand Ballroom, Shangri-La Hotel, Jalan Sultan Ismail, 50250 Kuala Lumpur on Monday, 30 March 2015 At 11.00 a.m

PRESENT :

Tan Sri Dato' Sri Dr. Teh Hong Piow
(Non-Independent Non-Executive Chairman)

Tan Sri Dato' Sri Tay Ah Lek
(Managing Director/Chief Executive Officer)

Dato' Sri Lee Kong Lam
(Non-Independent Non-Executive Director)

Mr Tang Wing Chew
(Independent Non-Executive Director and also
Chairman of Audit Committee)

Mr Lai Wan
(Independent Non-Executive Director)

Ms Lai Wai Keen
(Independent Non-Executive Director)

Ms Cheah Kim Ling
(Independent Non-Executive Director)

Shareholders and proxies
(As per attendance list)

**ABSENT WITH
APOLOGY:**

Tan Sri Datuk Seri Utama Thong Yaw Hong
(Non-Independent Non-Executive Co-Chairman)

**CHAIRMAN OF
THE MEETING :**

Tan Sri Dato' Sri Tay Ah Lek

IN ATTENDANCE : Dato' Chia Lee Kee
(Company Secretary)

BY INVITATION: Ms Chang Siew Yen
(Chief Operating Officer)

Mr Alex Khaw
(Engagement Partner of Company's Auditors,
Messrs KPMG)

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 2014

The Company's Audited Financial Statements for the financial year ended 31 December 2014 together with the Reports of the Directors and Auditors were tabled.

Financial Performance

Tan Sri Dato' Sri Tay Ah Lek presented the following highlights of PBB Group's performance in 2014 to the shareholders:

Public Bank Group registered another set of commendable results in 2014 with a record net profit attributable to shareholders of RM4.52 billion. This represents 11.2% growth as compared to 2013. Pre-tax profit increased by 9.5% to RM5.81 billion in 2014. As a result, earnings per share rose from 116.1 sen in 2013 to 123.7 sen in 2014.

The Public Bank Group continued to stand out among the Malaysian banking groups with the highest net return on equity of 19.9%, lowest cost to income ratio of 30% and lowest gross impaired loans ratio of 0.6%.

In 2014, the Public Bank Group achieved a strong loans growth of 10.8% to RM245 billion, outpacing the Malaysian banking industry's loans growth rate of 8.7%. As a result, domestic loans market share further increased to 17.2% as at the end of 2014, from 16.9% a year ago. In particular, lending to small and medium enterprises grew at a strong rate of 19.5% in 2014. The Group continued to sustain its No. 1 position in domestic lending for residential mortgages, passenger vehicle and commercial property with market shares of 19.4%, 28.1% and 33.6% respectively as at the end of 2014.

The Public Bank Group remains top in terms of asset quality amongst the Malaysian banking groups. The Group's gross impaired loans ratio further improved to 0.6% as at the end of 2014, from 0.7% a year ago. This was well below the Malaysian banking industry's gross impaired loans ratio of 1.7%.

The Public Bank Group's customer deposits increased by 10.2% in 2014 to RM277 billion, outpacing the domestic banking industry's deposit growth of 7.6%. This has resulted in market share of customer deposits further improving from 15.7% as at the end of 2013 to 15.9% as at the end of 2014.

In 2014, the Public Bank Group's non-interest income increased steadily by 9.2% as compared to 2013. This was mainly contributed by higher income from unit trust business, investment income and fee income from banking operations.

Public Mutual continued to be a key contributor of the Public Bank Group's fee-based revenue. In 2014, Public Mutual recorded a strong pre-tax profit growth of 14.9% to RM490 million. Public Mutual launched nine new funds in 2014, bringing the total funds under management to 113 funds with a total net asset value of RM63 billion. Public Mutual remained the market leader with an overall market share of 39.4% in the private unit trusts business.

In view of the Public Bank Group's commendable performance in 2014, a second interim dividend of 31 sen was paid on 5th March 2015. Together with the first interim dividend of 23 sen paid in August 2014, total dividend for 2014 amounted to 54 sen. This resulted in a total dividend payout of RM2.08 billion for 2014, an increase of 14% as compared to RM1.82 billion paid for 2013, and represents 46.1% of the Group's net profit for 2014.

With a market capitalisation of RM71 billion as at the end of 2014, Public Bank is the largest non-government linked company in Malaysia by market capitalisation.

During the year, Public Bank successfully completed a rights issue exercise which raised RM4.8 billion equity capital. With the completion of the rights issue, the Group is currently the second highest capitalised banking group in Malaysia in terms of Tier I capital ratio. The strong capital position of the Group will be efficiently utilised to support the Group's continued business growth with the objective of maximising returns to its shareholders.

Despite the challenging operating environment ahead, the Public Bank Group is expected to remain resilient and maintain its earnings momentum and satisfactory performance in 2015.

The Corporate Representative of Minority Shareholder Watchdog Group (MSWG), Mr Quah Ban Aik congratulated the Board and Senior Management of Public Bank Group for its continuous progressive results, which they have seen over the years, with improved and sustainable returns for the investments of the shareholders despite a challenging year. Public Bank's strategy to pursue organic growth is one that MSWG looks forward to and MSWG hopes that Public Bank will be able to contribute to the Group despite the challenges ahead.

MSWG was pleased to note that Public Bank has embarked on the Y generation technology friendly area to reach out to new banking customers. MSWG also noted Public Bank's latest initiative and progress to acquire the remaining 50% equity interest in VID Public Bank to make it a 100% foreign-owned bank in Vietnam.

With regards to Board composition, MSWG noted that the Board had taken efforts to bring in two female directors and these efforts were commendable. However, Mr Quah Ban Aik commented that MSWG hopes that the Board could balance its Board and Senior Management to ensure that there is a team of second liners to continue and sustain its performance in the future.

Ms Chang Siew Yen, the Chief Operating Officer, answered the questions raised by MSWG in their letter dated 19 March 2015. The questions and answers were as follows:

i. MSWG Question

Given Public Bank's key targets for 2015 as stated on page 78 of the Annual Report, could the Board elaborate on the strategies for the domestic and foreign operations and the respective key drivers taking into consideration the global economic outlook in 2015.

PBB Response

The Public Bank Group will continue with its strategy to pursue sustainable organic growth in its retail banking business in both its domestic and overseas operations.

For the lending business, the Public Bank Group will continue to concentrate on retail consumer financing of residential properties and passenger vehicles and commercial lending, supported by extension of credits to small and medium enterprises ("SMEs") of all sectors.

On the funding operations, the Public Bank Group will continue to procure cheaper sources of fund as part of its efforts to optimise funding cost under the Basel III liquidity standards.

In addition, growing fee-based revenue remains as a key strategic focus of the Public Bank Group. Moving forward, the Group will continue to mobilise its resources to focus on enhancing its cross-selling initiatives to both existing and new customers, and strengthening the infrastructure to increase fee-based revenue contribution to the Group.

With the Public Bank Group's strong financial track record, supported by solid asset quality, healthy capital structure and the firm commitment to service excellence, the Group is well-positioned to face the challenges ahead and to seize opportunities to further grow its business.

ii. MSWG Question

The Group's key performance indicators ("KPIs"), (page 159) indicated that over the period 2010-2014, net return on equity had been trending downwards from height of 27.1% in 2010 compared to 19.9% in 2014. How would these figures compare with the targets and what were the main reasons for the declining trend and measures taken to address the trend? Please also explain the higher expected cost to income ratio for FY2015.

PBB Response

(a) Net Return On Equity ("ROE")

(%)	2013	2014	2015
PBB Target	>20.0	>18.0*	>16.0**
PBB Actual Achievement	22.4	19.9	N/A

* Revised from >20.0% target to >18.0% after incorporating partial effect of the rights issue.

**Incorporating full effects of the rights issue.

The ROE has been trending downwards mainly due to the following factors:

- (i) Larger capital base from continuous higher profit retention in light of the more stringent capital requirements under the Basel III capital framework.
- (ii) Enlarged equity capital base arising from the RM4.8 billion rights issue completed in August 2014, for which the full dilutive impact to the ROE will take effect in 2015.
- (iii) Continuous industry-wide declining interest margins.

Despite the declining ROE, the Public Bank Group's ROE of 19.9% for 2014 as well as its targeted ROE of above 16% for 2015 are still higher than the industry average ROE of approximately 12%.

Moving forward, amidst the intense competition in the banking industry for market share and the need for higher capital conservation due to the requirements of Basel III capital framework, the Public Bank Group will intensify its efforts to grow business volume and fee based revenue as well as optimise usage of capital in order to continue to sustain higher than industry ROE.

(b) Cost-to-Income Ratio:

(%)	2013	2014	2015
PBB Target	<32.0	<32.0	<32.0
PBB Actual Achievement	30.7	30.0	N/A
Industry	46.6	45.6	N/A

Since 2013, the Public Bank Group has been setting a cost-to-income ratio target of below 32%, which is significantly lower than the industry average cost-to-income ratio of above 45%. Based on historical records, the Group was able to achieve its cost-to-income ratio within the target set. The Group will continue to be prudent in managing its costs and to leverage on productivity to achieve the target set for 2015.

iii. MSWG Question

On the foreign operations, what is the Group's strategy in the next 5 years given the drive and initiatives of the ASEAN business landscape and integration heating up? Is the Group planning to increase its penetration into other countries in Asia or remain status quo? Given the reliance on the domestic operations as the key driver to earnings, how would the Group address the risk and stiff competition on the local turf in view of the liberalisation of the industry, going forward?

PBB Response

The Public Bank Group will continue with its organic growth strategy, both domestic and overseas particularly in the retail banking business. The Group does not have immediate plans to increase its penetration into countries in Asia other than those countries in which the Group currently has market presence. As part of the growth strategy, the Group will continue to expand its overseas branch network and business operation in tandem with the growth potential of the economy of these countries, focusing on expanding the customer base and the Group's strength in retail and SME lending and deposit business as well as fee-based business.

Since the end of 2009, the Public Bank Group had expanded its overseas branch network in these countries from a total of 110 to 127 presently in line with business growth potential. As at the end of December 2014, the Group has 83 branches in Hong Kong, 3 branches in the People's Republic of China, 27 branches in Cambodia, 7 branches in Vietnam, 4 branches in Laos and 3 branches in Sri Lanka.

In addition, on 15 July 2014, Public Bank entered into an agreement for the acquisition of the remaining 50% equity interest in VID Public Bank not held by the Group for a total cash consideration of USD76.6 million. State Bank of Vietnam had on 23 March 2015 granted approval on the acquisition and for Public Bank to transform VID Public Bank, the existing joint venture bank, into a 100% foreign-owned bank of Public Bank in Vietnam.

Moving forward, competition in the domestic market is expected to continue to be intense. The Public Bank Group will continue to focus on retail banking business. On the lending business, the Public Bank Group will continue to focus on consumer financing of residential properties and passenger vehicles and commercial lending to SMEs. In tandem with loans growth, the Public Bank Group aims to grow deposits, particularly CASA and retail deposits to meet its funding requirements. In addition, the Group will intensify its efforts to grow its fee-based revenues.

The Public Bank Group will continue to preserve its superior asset quality through continuous adoption of prudent credit practices, as well as ensuring consistent superior customer service, high productivity and cost efficiency.

iv. MSWG Question

The Group's thrust into technology and internet banking would cater well with the new banking and customers' preference in doing banking business. Could the Board share on how much improvements in services, level of customers' internet penetration and cost savings in manpower vis-à-vis technology deployment since its investments in technology for the last 3 years?

PBB Response

The Public Bank Group strives to provide excellent service delivery to its customers. To maintain the high standard of service delivery, Public Bank utilises a network of self-service delivery channels comprising self-service machines, internet banking and mobile banking to provide convenience of banking to our customers anywhere and anytime. The self-service delivery channels have complemented the over-the-counter service as the channels help in reducing the transaction volume over the counter, thereby improving the speed of services at the counters.

In May 2014, Public Bank officially launched and unveiled an all new and enhanced internet banking website. The new website was developed with the objective of enhancing our users' online experience in terms of navigation and ease of use.

In September 2014, Public Bank also launched the country's first multilingual mobile banking app-PB engage.

Both initiatives reflect the Bank's commitment to accelerate its presence and market share in the online and mobile e-payment space. In 2014, Public Bank's internet banking channel, PBe, maintained a steady double digit growth trajectory of 29.1% and 19.6% respectively for both individual and corporate customers. The penetration rate of active customers improved from 13.8% to 17.0% in 2014. According to the Malaysian Digital Association and comScore's 2014 latest report, PBe is currently listed in Malaysia's top ten most visited local website, an improvement from the 20th spot in 2013.

The deployment of technology, coupled with the continuous effort to improve operational efficiency has resulted in the Group being able to continuously improve on its productivity level, which indirectly will result in "cost-savings" to the Group. The improved productivity levels over the last 3 years are demonstrated as below:

	Public Bank Group			Industry
	2011 RM'000	2014 RM'000	Variance %	Average RM'000
Gross loans per staff	10,148	13,465	↑ 32.7	9,712
Deposits per staff	11,443	15,196	↑ 32.8	12,086
Profit before tax per staff	279	320	↑ 14.7	236

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 2014 and the Reports of the Directors and Auditors be received."

ORDINARY RESOLUTION 2

RE-ELECTION OF MS CHEAH KIM LING WHO RETIRED PURSUANT TO ARTICLE 109 OF THE COMPANY'S ARTICLES OF ASSOCIATION

The Chairman of the Meeting informed that Ms Cheah Kim Ling, being newly appointed on 29 April 2014, was subject to retirement pursuant to Article 109 of the Company's Articles of Association, and that being eligible, she had offered herself for re-election.

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

“THAT Ms Cheah Kim Ling, retiring pursuant to Article 109 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 Tan Sri Datuk Seri Utama Thong Yaw Hong 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 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 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 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 TANG WING CHEW PURSUANT TO SECTION 129 OF THE COMPANIES ACT, 1965

The Chairman of the Meeting informed that Mr Tang Wing Chew 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 Tang Wing Chew, 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

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 9

PAYMENT OF DIRECTORS' FEES

The Chairman of the Meeting informed the Meeting that a sum of RM2,459,000 was recommended for payment as Directors' Fees for the financial year ended 31 December 2014.

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

“THAT Directors' Fees of RM2,459,000 for the financial year ended 31 December 2014 be approved for payment to the Directors.”

ORDINARY RESOLUTION 10

APPOINTMENT OF AUDITORS

The Chairman of the Meeting informed that the Auditors, Messrs KPMG, were retiring as they were not seeking re-appointment at the Meeting.

The Chairman of the Meeting further informed that the Board had received a notice dated 18 November 2014 from Dato' Yeoh Chin Kee, a member of the Company, on his nomination of Messrs Ernst & Young as Auditors of the Company in place of the retiring Auditors, Messrs KPMG, for the financial year ending 31 December 2015. It was further informed to the Meeting that the Company had received Bank Negara Malaysia's approval for the proposed appointment of Messrs Ernst & Young as Auditors of the Company for the financial year ending 31 December 2015.

The Meeting was requested to consider the appointment of Messrs Ernst & Young as the Auditors of the Company for financial year ending 31 December 2015.

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

“THAT Messrs Ernst & Young be appointed as Auditors of the Company in place of the retiring Auditors, Messrs KPMG for the financial year ending 31 December 2015 and that the Directors be authorised to fix the Auditors' remuneration”

TERMINATION OF MEETING

There being no other business, the Meeting terminated at 12.20 p.m. with a vote of thanks to the Chair.