

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

Summary of Proceedings of the 50th Annual General Meeting Held at The Grand Ballroom, Shangri-La Hotel, Jalan Sultan Ismail, 50250 Kuala Lumpur on Monday, 28 March 2016 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 Deputy Chairman)
 - 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)
- 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 Yap Seng Chong
(Engagement Partner of Company's Auditors,
Messrs Ernst & Young)

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

AUDITED FINANCIAL STATEMENTS AND REPORTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

The Company's Audited Financial Statements for the financial year ended 31 December 2015 together with the Reports of the Directors and Auditors were tabled for discussion only as they did not require shareholders' approval pursuant to the provisions of Section 169(1) and Section 169(3) of the Companies Act, 1965. Hence, this matter was not put for voting.

Financial Performance

The Chairman of the Meeting, Tan Sri Dato' Sri Tay Ah Lek, presented the following highlights of Public Bank (PBB) Group's performance in 2015 to the shareholders:

The PBB Group achieved another profit milestone in 2015. For the first time, the Group's pre-tax profit crossed the RM6 billion mark to a record RM6.49 billion. This represented 11.6% growth as compared to 2014. Net profit grew by 12.0% to RM5.06 billion in 2015, resulting in earnings per share increasing from 123.7 sen in 2014 to 131.1 sen in 2015.

The PBB Group continued to maintain its leading position amongst its banking peers in Malaysia with the highest net return on equity of 17.8%, most efficient cost to income ratio of 30.5% and lowest gross impaired loans ratio of 0.5%.

In 2015, the PBB Group's gross loans grew at a healthy pace of 11.6% to RM273 billion. Domestic loans grew by 10.3% in 2015, higher than the industry's loans growth rate of 7.9%. The Group's loans growth was mainly due to lending growth in its retail banking segment, comprising financing for the purchase of residential properties, passenger vehicles and lending to small and medium enterprises. PBB is the country's No. 1 financier for residential mortgage, passenger vehicle and commercial property with market shares of 19.2%, 29.6% and 33.8% respectively as at the end of 2015.

The PBB Group's asset quality remained the best in the banking industry. Gross impaired loans ratio remained low at 0.5% as at the end of 2015, about one-third that of the banking industry's gross impaired loans ratio of 1.6%.

The PBB Group's customer deposits grew by 8.9% to RM301 billion in 2015. Domestic customer deposits increased by 7.5%, significantly outpacing the industry's deposits growth of 1.8%. This had led to a further increase in the Group's domestic deposits market share to 16.6% as at the end of 2015 from 15.9% a year ago.

In 2015, the PBB Group's non-interest income increased strongly by 22.4% as compared to 2014. This was mainly due to higher income from unit trust business, foreign exchange transactions and fee income from banking operations.

The Group's wholly-owned unit trust management company, Public Mutual, continued to be a main contributor to the Group's non-interest income with a pre-tax profit of RM541 million recorded in 2015. Public Mutual continued to sustain its market leadership in the private unit trust business with 122 funds under its management. Total assets under management of Public Mutual stood at RM65 billion, capturing an overall retail market share of 49%.

In view of the PBB Group's good performance in 2015, a second interim dividend of 32 sen was paid on 1st March 2016. Together with the first interim dividend of 24 sen paid in August 2015, shareholders would have received a total dividend of 56 sen per share for 2015 as compared to 54 sen paid for 2014. This resulted in a higher dividend payout of RM2.16 billion for 2015, representing 42.7% of the Group's net earnings for 2015.

PBB has always been committed to preserving the long term intrinsic value of its shareholders' investment in the Group. 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 RM2.76 million based on PBB share price of RM18.52 as at the end of 2015. The shareholder would also have received a total gross dividend of RM1.08 million during this period. This translates into a total value of RM3.84 million, representing a remarkable compounded rate of return of 19% annually for each of the 48 years since 1967.

Today, PBB is the third largest company on Bursa Malaysia with a market capitalisation of RM72 billion.

In 2016, PBB celebrates its 50th year of operations in Malaysia. PBB was envisioned by its Founder and Chairman, Tan Sri Dato' Sri Dr. Teh Hong Piow as the "bank for the people". Over the last half a century, the Group has achieved many corporate milestones and established its leading position in the banking industry. Going forward, the Group will remain focused on its core retail banking and financing business, whilst maintaining its prudent credit policies, as well as upholding strong corporate governance. Moving into our 50th year anniversary in 2016, PBB Group is confident that it is well positioned to surge ahead to achieve sustainable growth in the future.

Tan Sri Dato' Sri Tay Ah Lek informed that the Minority Shareholder Watchdog Group (MSWG) had per letter dated 18 March 2016 raised some points on the Company's financial performance, and he invited the representative from MSWG to present the comments from MSWG.

The Corporate Representative of MSWG, Mr Lee Chee Meng, congratulated PBB Group for its excellent results and read out the questions raised by MSWG in their letter dated 18 March 2016.

Tan Sri Dato' Sri Tay Ah Lek answered the questions raised by MSWG in their letter dated 18 March 2016. The questions and answers were as follows:

1. MSWG Question

How would the Group position itself to preserve or improve the net interest margin and return on equity as a result of intense competition for market share and more stringent capital and liquidity requirement? What measures would the Group take to move itself ahead of competitors?

PBB Response

For the financial year 2015, PBB Group recorded a decrease of 0.08% in the net interest margin mainly caused by higher market deposit rates as a result of intense competition for deposits and occasional tight funding conditions.

For financial year 2016, net interest margin was expected to further decline from the level recorded for 2015, as higher market deposit rates are expected to continue.

To manage the effect of the higher market deposit costs on the net interest margin and thus the return on equity, the PBB Group will proactively balance the growth and costs of deposits, and to focus on increasing the growth in the low-cost current account and savings account deposits.

To further help mitigate the impact of declining net interest margin and to strive to sustain the return on equity, the PBB Group will further drive the growth of its fee-based revenue. In addition, the PBB Group will continue to manage and sustain its current level of cost efficiency and asset quality which will contribute positively to sustaining the Group's return on equity.

2. MSWG Question

The Group's overseas branch networks were centered in the Indo-China region. Does the Group have any plan to expand into other ASEAN countries?

PBB Response

In addition to branch network in the Indo-China region, the PBB Group also has branch network in the Hong Kong region.

On the Group's overseas operations, the PBB Group does not have immediate plans to establish its banking operations in other ASEAN countries.

The PBB Group remains committed to organically grow its business in the countries or region that the Group already has presence.

3. MSWG Question

Cambodian Public Bank Plc has recorded an increase of 37.6% in pre-tax profit from RM166 million in FY 2014 to RM228 million in FY2015. Please explain the high growth rate and how the Group would ensure the growth momentum moving forward?

PBB Response

The 37.6% growth in pre-tax profit expressed in Ringgit term as recorded by Cambodian Public Bank Plc ("Campu Bank") for 2015 was partly attributable to the favourable foreign exchange effect arising from the strengthening of USD and weakening of Ringgit. Excluding such effect, the pre-tax profit of Campu Bank would have grown by about 16%.

Over the years, Campu Bank has established a strong presence and is now the largest foreign bank in Cambodia. Campu Bank offers a comprehensive range of banking products and services to its customers and has been growing in tandem with the positive economic growth and demand for banking services in Cambodia. Going forward, Campu Bank is expected to sustain its current growth momentum and positive profit contribution to the PBB Group.

4. MSWG Question

On the segment information on page 247 of the Annual Report, the Head Office recorded a high profit of RM328 million in FY 2015 as compared to RM83.5 million in FY 2014, an increase of 293%.

Please explain whether the trend of the strong profit growth will be sustainable in the future?

PBB Response

The higher growth in profit recorded by Head Office for the financial year 2015 was mainly attributable to higher income generated from the increase in shareholders' funds and higher non-operational foreign exchange profit following the market volatility in the Ringgit exchange rate during 2015.

Going forward, the Head Office's profit growth was expected to normalise in view of the non-recurring nature of certain income.

5. MSWG Question

Could the Board elaborate on how the Group would grow its fee-based income and what would be the growth target for the next 3 years? How would the Group be able to differentiate itself from its competitors?

PBB Response

Growing fee-based income remains as the key strategic focus of the PBB Group as it does not only complement the net interest income of the Group, but also attracts low or zero capital cost, thus enhances the return on equity of the PBB Group.

The PBB Group will continue to focus on expanding its fee-based businesses in unit trust, bancassurance, cards, foreign exchange, while the banking related fee income will continue to grow in tandem with the banking business growth.

To increase fee-based income, the PBB Group will further enhance its cross-selling activities, leveraging on the PBB brand and its superior customer service.

Going forward, the PBB Group is targeting to sustain its positive growth momentum in the operational fee income.

The Chairman of the Meeting then invited questions from the floor. The salient questions posed by the shareholders and proxies were in relation to the Group's key performance targets for 2016; the Group's loan exposures to high-end properties and the impact of high household debts to loans growth.

ORDINARY RESOLUTION 1

RE-ELECTION OF MS LAI WAI KEEN WHO RETIRED BY ROTATION PURSUANT TO ARTICLE 111 OF THE COMPANY'S ARTICLES OF ASSOCIATION

The Chairman of the Meeting informed that Ms Lai Wai Keen was subject to retirement pursuant to Article 111 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 Lai Wai Keen, 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-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 3

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 4

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 5

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 6

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 7

PAYMENT OF DIRECTORS' FEES

The Chairman of the Meeting informed that a sum of RM2,175,600 was recommended for payment as Directors' Fees for the financial year ended 31 December 2015.

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

“THAT Directors' Fees of RM2,175,600 for the financial year ended 31 December 2015 be approved for payment to the Directors.”

ORDINARY RESOLUTION 8

RE-APPOINTMENT OF AUDITORS

The Chairman of the Meeting informed that the Auditors, Messrs Ernst & Young, had indicated their willingness to be re-appointed as Auditors of the Company.

The Chairman of the Meeting further informed that the Company had received Bank Negara Malaysia's approval for the proposed re-appointment of Messrs Ernst & Young as Auditors of the Company for the financial year ending 31 December 2016.

The Meeting was requested to consider the re-appointment of Messrs Ernst & Young as the Auditors of the Company for financial year ending 31 December 2016.

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

“THAT Messrs Ernst & Young be re-appointed as Auditors of the Company for the financial year ending 31 December 2016 at a remuneration to be fixed by the Directors.”

TERMINATION OF MEETING

There being no other business, the Meeting terminated at 12.50 p.m. with a vote of thanks to the Chair.