CORPORATE GOVERNANCE REPORT

STOCK CODE	**:**	1295
COMPANY NAME	**:**	Public Bank
FINANCIAL YEAR	**:**	December 31, 2023

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE
Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA
Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application	:	Applied
Explanation on application of the practice	:	The Board is responsible for formulating and reviewing key policies and charting the course of the Bank's strategic directions. The Board, through the Audit Committee, Risk Management Committee, Compliance Committee, Credit Risk Management Committee and Board Sustainability Management Committee provides effective oversight of the Management's performance, risk assessment and controls over business operations, sustainability management, and compliance with regulatory requirements. The Board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. The key responsibilities of the Board include but are not limited to the following:- • Approving the Bank's risk appetite, annual business plans, and the medium-term and long-term strategic plans. • Approving the Bank's annual budget and carrying out periodic review of the achievements by the various operating divisions against their respective business targets. • Prescribing the minimum standards and establishing policies on the management of credit risks and other key areas of the Bank's operations. • Overseeing the Bank's business operations and financial performance.

	• Overseeing the implementation of the Bank's governance framework and ensuring that the operating infrastructure, systems of internal control, systems for risk identification and management, financial and operational controls, are in place and properly implemented. • Overseeing the selection, performance, remuneration and succession plans of the Chief Executive Officer, control function Heads and other members of Senior Management, such that the Board is satisfied with the collective competence of Senior Management to effectively lead the operations of the Bank. • Promoting, together with Senior Management, a sound corporate culture within the Bank which reinforces ethical, prudent and professional behaviour including fostering a strong compliance culture within the Bank. • Ensuring that the culture of accountability, transparency, integrity, professionalism and responsible conduct is consistently adhered to in the Bank. • Promoting sustainability through appropriate environmental, social and governance considerations in the Bank's business strategies. • Overseeing and approving the recovery and resolution as well as business continuity plans for the Bank to restore its financial strength, and maintain or preserve critical operations and critical services when it comes under stress. • Promote timely and effective communication between the Bank and Bank Negara Malaysia (BNM) on matters affecting or that may affect the safety and soundness of the Bank. • Undertaking various functions and responsibilities as specified in the policy documents and directives issued by BNM or other regulatory authorities from time to time.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	:	Applied
Explanation on application of the practice	:	Mr Lai Wan, who is a Non-Independent Non-Executive Director, is currently the Chairman of the Board. The Non-Executive Chairman plays a pivotal role in leading an effective Board, serving as a guiding force for strategic decision-making and fostering a collaborative and constructive board environment. In providing leadership to the Board, the Non-Executive Chairman leads the Board in the adoption and implementation of good corporate governance practices in the Bank. He ensures the smooth functioning of the Board and inculcates positive culture in the Board as well as ensuring that the procedures and processes are in place to facilitate effective conduct of business of the Board. The Chairman acts as the facilitator at Board meetings to ensure that healthy discussions take place by fostering free expression of opinions of Board Members so as to arrive at optimum decisions. The Chairman also ensures that decisions are taken on a sound and well-informed basis, with all strategic and critical issues considered by the Board, and that Directors receive the relevant information on a timely basis. The Chairman encourages open and frank deliberations by Directors at every Board meeting. Based on the outcome of the Board Effectiveness Evaluation exercise conducted by an independent external consultant for financial year 2023, the Chairman executes an effective leadership process and is regarded as an excellent and open facilitator to boardroom discussions. The roles of the Chairman are set out in the Board Charter which can be downloaded from Public Bank's corporate website at www.publicbankgroup.com.
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.3

The positions of Chairman and CEO are held by different individuals.

Application :	Applied	
Explanation on application of the practice :	The position of Chairman is held by Mr Lai Wan, a Non-Executive Director, while the position of Chief Executive Officer (CEO) is held by Tan Sri Dato' Sri Dr. Tay Ah Lek, the Managing Director/CEO. The Board has established the roles and responsibilities of the Non-Executive Chairman which are distinct and separate from the roles and responsibilities of the Managing Director/CEO. This segregation between the roles and responsibilities of the Non-Executive Chairman and the Managing Director/CEO ensures an appropriate balance of role, responsibility and accountability at Board level. The roles and responsibilities of the Non-Executive Chairman are disclosed in Practice 1.2 of this Corporate Governance Report. The Managing Director/CEO assumes a critical role in effective management by overseeing the Bank's day-to-day operations with a focus on strategic direction and organisational objectives. He is responsible for developing the business direction and strategies of the Bank and also ensures that the Bank's business strategies and policies are effectively implemented. The roles and responsibilities of the Chairman and CEO are set out in the Board Charter which can be downloaded from Public Bank's corporate website at www.publicbankgroup.com.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.4

The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.			
Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the Board, Mr Lai Wan, is not a Member of the Audit Committee or the Nomination and Remuneration Committee. The exclusion of the Chairman of the Board from the Audit Committee and the Nomination and Remuneration Committee represents a position that is aligned with Practice 1.4 of the Malaysian Code on Corporate Governance 2021.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.5

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	:	Applied	
Explanation on application of the practice	:	The Board is supported by a qualified and competent Company Secretary who provides advice on governance matters, Board policies and procedures as well as requirements to be observed by the Company and the Directors arising from new statutes and guidelines issued by the regulatory authorities. The Company Secretary attends all Board meetings and ensures accurate and proper records of the proceedings and resolutions passed are maintained in the statutory records at the registered office of the Company. The Company Secretary also facilitates timely communication of decisions made and policies set by the Board at Board meetings, to the Senior Management for action. The Company Secretary works closely with the Management to ensure that there are timely and appropriate information flows within and to the Board and Board Committees, and between the Non-Executive Directors and Management. The appointment and removal of the Company Secretary must be approved by the Board. An annual assessment of meeting the fit and proper criteria for appointment must be conducted by the Nomination and Remuneration Committee on the Company Secretary.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.6

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	:	Applied
Explanation on application of the practice	:	Board meetings for the ensuing financial year are scheduled in advance before the end of the current financial year so that the Directors are able to plan ahead and ensure their full attendance at Board meetings. To facilitate productive and meaningful deliberations, the proceedings of the Board meetings are conducted in accordance with a structured agenda. The agenda together with comprehensive management reports and proposal papers are furnished to the Directors at least seven (7) days before each Board meeting. This is to allow time for the Directors to review the Board papers and to facilitate full discussions at Board meetings. The meeting papers are uploaded onto a secured portal which is accessible by the Directors from the electronic devices provided by the Bank. There is a process in place for Non-Executive Directors to seek clarifications or obtain details concerning the Board agenda papers from the Management or the Company Secretary or if they deem necessary to take independent professional advice at the Company's expense. Confidential papers or urgent proposals are presented and tabled at the Board meetings under supplemental agenda. The Board meeting papers are prepared and presented in a concise and comprehensive manner so that the Directors have a proper and relevant depiction of the issues at hand, in order that the Board deliberations and decision-making are performed systematically and in a well-informed manner. The Board meeting papers contain information in a form and of a quality appropriate to enable the Board to discharge its duties effectively. Meeting papers tabled to the Board include progress reports on business operations; detailed information on business propositions and corporate proposals including where relevant, supporting documents such as risk evaluations and professional advice from solicitors or advisors. In order to maintain confidentiality, meeting papers on issues or corporate proposals which are deemed highly confidential and top secret, would only be presented to the Directors at the Board meeting itself.

	The Chairs of various Board Committees would inform the Directors at Board meetings, of salient recommendations and matters that may have arisen at their respective meetings which require the Board's notice or direction to be given to the Management. The minutes of Board meetings are circulated to all Directors for their perusal prior to confirmation of the minutes to be done at the commencement of the following Board meeting. The Directors may request for clarification or raise comments before the minutes are tabled for confirmation and upon receiving confirmation from all the Members at the Board meetings, the minutes will be signed by the Chairman of the meeting as a correct record of the proceedings of the meeting. The Directors have direct access to the Senior Management and have unrestricted access to any information relating to the Bank's business and affairs in the discharge of their duties. The Directors may request to be furnished with additional information or clarification from the Management in order to make informed and timely decisions.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	:	Applied
Explanation on application of the practice	:	The Board Charter serves as the primary reference that guides the governance and conduct of the Board. It sets out the roles and responsibilities of the Board, Board Committees, individual Directors and Management in upholding sound corporate governance standards and practices. The Board Charter reflects the procedures of the Board and matters reserved for the Board's consideration and approval. The Board Charter is available on Public Bank's corporate website at www.publicbankgroup.com. The Board Charter covers the following key areas:- • Board Composition • Annual Review of Directors. • New Appointment/Re-appointment/Re-election of Directors. • Fit and Proper Policy for Directors • Key Responsibilities of the Board. • Matters Reserved for Board's Consideration and Approval. • Roles of Chairman, Chief Executive Officer (CEO) and Non-Executive Directors • Role of Management. • Procedures of Board. • Maximum Number of External Professional Commitments. • Directors' Training • Board Committees.

	The Board delegates the day-to-day management of Public Bank's business to the Management Committee, but reserves for its consideration and approval, significant matters which include the following:- • Approval of financial statements. • Declaration of dividends. • Risk appetite setting. • Short-term and medium-term business plans. • Annual budget. • Governance structure for implementation of Internal Capital Adequacy Assessment Process (ICAAP) and Public Bank Group ICAAP Framework. • Capital management plan. • Issuance of debt instruments**.** • Credit policy. • Material acquisitions and disposals of assets not in the ordinary course of business. • Appointment of Directors, CEO, Deputy CEO, and other key responsible persons. • Appointment of Board Committee Members. The Board delegates and confers some of the Board's authorities and discretion on the CEO as well as on properly constituted Board Committees comprising Non-Executive Directors. The Board Charter is subject to periodic review to ensure it remains fit for purpose.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	:	Applied
Explanation on application of the practice	:	The Public Bank Group Code of Ethics (Code of Ethics) has been drawn up in line with the "Code of Ethics for the Financial Services Industry" established by the Financial Services Professional Board (FSPB). The Code of Ethics defines the behavioural standards required of every employee in their personal and professional interactions. The Board acknowledged and accepted the principles of ethics and standards of professional conduct outlined in the FSPB Professional Code. The Bank's values are entrenched in the following five (5) Fundamental Ethical Principles:- • Competence • Integrity • Fairness • Confidentiality • Objectivity The concise version of the Code of Ethics is published on the Bank's website at www.publicbankgroup.com. In addition to the Code of Ethics, the following policies are in place to set out sound principles and standards of good practices and behaviour to inculcate a culture of ethics, integrity, trust, transparency and accountability in all our dealings:- • Anti-Fraud Policy • Anti-Bribery and Anti-Corruption Policy • Information Security Policy • Diversity, Equality and Inclusion Policy • Whistleblowing Policy and Procedures • Anti-Sexual Harassment Policy • Social Media Policy • Staff Conduct and Discipline Policy • Staff Grievance Policy

Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application :	Applied	
Explanation on application of the practice :	The Whistleblowing Policy and Procedures cover staff and third parties (e.g. contractors, consultants, interns, suppliers, vendors and/or customers) and have been implemented on a Group basis. The user-friendly whistleblowing channels are accessible via the Public Bank's corporate website at www.publicbankgroup.com. All disclosures are held in strictest confidentiality by the authorised personnel. A Board member who is also the Chairman of the Audit Committee has been appointed and designated as the Non-Executive Director responsible for the effective implementation of the Whistleblowing Policy and Procedures.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome
The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.1
The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

Application	:	Applied
Explanation on application of the practice	:	One of the key roles of the Board as stated in the Board Charter is that the Board is responsible for promoting sustainability through appropriate environmental, social and governance considerations in the Bank's business strategies. Accordingly, the Board is ultimately accountable for the Bank's sustainability management, which includes reviewing and approving the Bank's sustainability strategies and plans, and ensuring that business plans reflect the Bank's sustainability commitments. In discharging its responsibilities, the Board is assisted by two Board Committees, namely the Board Sustainability Management Committee (BSMC) and the Risk Management Committee (RMC). The BSMC provides enhanced oversight in relation to the Bank's sustainability strategies, priorities and targets, while the RMC is responsible in identifying, measuring, monitoring and mitigating enterprise climate-related risks. The Sustainability Management Committee, chaired by the Managing Director/Chief Executive Officer, operationalises the Bank's sustainability commitments into actionable initiatives and ensures that the sustainability commitments and targets are progressively achieved. For this purpose, a management working group, the Sustainability Management Task Force, was established to ensure that sustainability initiatives, including climate-related initiatives, are effectively integrated into the Bank's operations. Detailed information about the "Sustainability Governance" is disclosed in the Sustainability Report in the Public Bank 2023 Integrated Annual Report.

Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome
The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.2
The board ensures that the company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

Application	:	Applied
Explanation on application of the practice	:	The Board recognises that effective and meaningful stakeholder engagement is fundamental to enhancing transparency and trust. The Bank regularly engages with both internal and external stakeholders about its sustainability strategies, priorities and targets including progress updates. Public Bank's corporate website, www.publicbankgroup.com, has a dedicated section on sustainability to provide an overview of the Bank's approach towards sustainability. The annual Sustainability Report remains as an important communication tool for the Bank to disclose its sustainability impact, targets, annual performance and progress. The Bank's commitments and how it addresses risks and capitalises on opportunities in relation to environmental, social and governance (ESG) are articulated in the Public Bank Group ESG Statement, which is published on the Bank's dedicated sustainability section on its corporate website. The Bank sees greater emphasis on ESG considerations amongst the investment community and in their decision making process. By leveraging the investor relation platform, the Board and Management communicate with stakeholders on the Bank's sustainability efforts to meet their sustainability expectations. The Bank has established a dedicated sustainability email address for stakeholders to direct their sustainability-related inquiries, comments or feedback. For internal stakeholders, regular engagements and communications on sustainability-related matters take place through events, briefing sessions, meetings, email, survey, circulars and updates on the Bank's intranet site. The Bank also conducts various training programmes to upgrade employees' knowledge and ensure that they are up-to-date with the latest development relating to sustainability.

	The Bank's sustainability strategies and targets are communicated during the development of its short to medium term business plan, whereby all business and support services divisions are required to take into consideration ESG factors when preparing their business plans. Details in relation to how the Bank engages its stakeholders are provided in the "Stakeholder Engagement" section of the Sustainability Report in the Public Bank 2023 Integrated Annual Report.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

Application	:	Applied	
Explanation on application of the practice	:	The Board Members regularly attend training to equip themselves with the required knowledge, and to keep abreast of the latest development in sustainability management. To this end, the Board also ensures the Bank continuously invest in employee development and learning in relation to sustainability. The training received by the Directors during the financial year 2023 on sustainability issues are set out in Section B of this Corporate Governance Report. Considering the growing emphasis placed on adhering to environmental, social and governance (ESG) considerations by regulators and stakeholders, the Directors are committed to upskill themselves on this front by attending ESG/sustainability related trainings or professional development programmes on a regular basis.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.

Application	:	Applied
Explanation on application of the practice	:	<u>Board</u> The Board holds overall responsibility for the Group's sustainability management and performance. Environmental, social and governance (ESG)/sustainability matters have been integrated into both the Board and Board Sustainability Management Committee as standing agenda items, ensuring dedicated attention to these issues and effective realisation of the Group's sustainability targets. Sustainability is one of the areas assessed under the Board Effectiveness Evaluation exercise conducted by the independent external consultant for financial year 2023. The areas assessed included the following: • The Board's ability to infuse economic, environment and social considerations and standpoints (ie. green financing, responsible investment, carbon footprint) into key decision-making. • Monitoring of sustainability key performance indicators (KPI) and targets as well as accountability to Senior Management in reaching sustainability targets. • Effectiveness of Board Sustainability Management Committee in performing its expected roles and responsibilities. <u>Senior Management</u> The subject of sustainability has been integrated into the long-term strategic plans as well as performance assessment of the C-Suites and Senior Management to uphold sustainability practices across the Bank's operations, in the pursuit of a more sustainable and responsible society. The quantitative ESG KPI on "Achievement of Sustainability Targets in respect of ESG Initiatives" was introduced for Heads of Divisions since financial year 2022. In 2023, the same ESG KPI has been included in the performance assessment of the C-Suites to be consistent with the collective responsibility in driving and implementing the sustainability roadmap of the Bank.

Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.5- Step Up

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.		
Application	:	Adopted
Explanation on adoption of the practice	:	In fulfilling its responsibilities in sustainability, the Board is supported by the Sustainability Management Committee (SMC). The SMC is chaired by the Managing Director/Chief Executive Officer and its members consist of the Deputy Chief Executive Officer, Senior Chief Operating Officers and relevant Heads of Divisions. The SMC assists the Board in reviewing and endorsing the sustainability strategies, priorities and targets. The SMC ensures that the Bank's strategies, goals and principles pertaining to sustainability are aligned with, promote and encourage the Bank's commitment towards sustainability. At the management working group level, the Sustainability Management Task Force (SMTF) is headed by the Deputy Chief Executive Officer and consists of representatives from all relevant functions across the Bank. The SMTF is entrusted to drive and execute the implementation of sustainability and climate-related initiatives in the Bank's operations.

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

Application	:	Applied
Explanation on application of the practice	:	The Nomination and Remuneration Committee conducts annual review of the composition of the Board in terms of appropriate size, required mix of skills, experience and core competencies, diversity and adequacy of balance between Executive Director, Non-Executive Directors and Independent Non-Executive Directors. The Nomination and Remuneration Committee also conducts a review of the tenure of Directors to ensure compliance with the limits outlined in the Policy on Maximum Tenure for Directors. For Director who is subject to re-election at the Annual General Meeting, the Nomination and Remuneration Committee assesses the fitness and propriety and his/her performance and upon satisfactory evaluation of the Director's fitness and propriety, performance and contribution to the Board, recommendation will be submitted to the Board for decision to table the resolution on the re-election of the Director concerned for shareholders' approval at the Annual General Meeting.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.2
At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	:	Applied
Explanation on application of the practice	:	The Board currently comprises 9 Members. During the financial year 2023, Ms Teoh Meow Choo was appointed as an Independent Non-Executive Director with effect from 1 November 2023. The Board currently comprises only one (1) Executive Director and a strong presence of eight (8) Non-Executive Directors, of whom five (5) are Independent Non-Executive Directors, thus constituting the majority on the Board. The presence of a majority of Independent Non-Executive Directors provides effective check and balance in the functioning of the Board to safeguard the interests of the Bank and all stakeholders. The five (5) Independent Non-Executive Directors are not employees and there are no relationships or circumstances which are likely to affect, or could appear to affect, the Independent Non-Executive Directors' judgment. They bring an external perspective, constructively challenge and help develop proposals on strategy, scrutinise the performance of Management in meeting approved goals and objectives, and monitor the risk profile of the Bank's business and the reporting of monthly business performances. Based on the outcome of the Board Effectiveness Evaluation exercise conducted by the independent external consultant for financial year 2023, all the Independent Non-Executive Directors continue to meet the criteria of an Independent Director as specified in the Bank Negara Malaysia Policy Document on Corporate Governance and the Bursa Malaysia Securities Berhad Main Market Listing Requirements. An Independent Non-Executive Director has an ongoing obligation to inform the Board of any circumstances which could impair his or her independence.
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.3
The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should provide justification and seek annual shareholders' approval through a two-tier voting process.

Application	:	Not applicable - Step Up 5.4 adopted	
Explanation on application of the practice	:		
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.4 - Step Up
The board has a policy which limits the tenure of its independent directors to nine years without further extension.

Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.		
Application	:	Adopted
Explanation on adoption of the practice	:	The Board has approved the following policy on maximum tenure for Independent Non-Executive Directors: "The maximum tenure of an Independent Non-Executive Director shall be a cumulative term of nine (9) years. Upon reaching such maximum tenure, the Independent Non-Executive Director may continue to serve on the Board but shall be redesignated as Non-Independent Non-Executive Director." During the financial year 2023, Ms Cheah Kim Ling was redesignated from Independent Non-Executive Director to Non-Independent Non-Executive Director with effect from 29 April 2023 upon reaching the maximum nine (9) years tenure as an Independent Non-Executive Director.

Intended Outcome
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.5
Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

Application	:	Applied
Explanation on application of the practice	:	<u>Appointment of Directors</u> The Members of the Board provide strategic leadership that influences the financial position and future direction of the Bank. All Members of the Board are required to have the necessary qualities, competencies and experience that will allow them to perform the duties and carry out the responsibilities required of the position. The Nomination and Remuneration Committee shall take into consideration the following in conducting the assessment of the fitness and propriety of the person identified for appointment as a Director or for re-appointment/re-election as a Director:- • The Board's composition and requirements in terms of appropriate size, required mix of skills, experience and core competencies, diversity and adequacy of balance between Executive Director, Non-Executive Directors and Independent Directors. • The person's ability to supplement the collective skill sets of the Directors and bring different perspectives to the Board, and his/her fitness and propriety to be considered for appointment/re-appointment/re-election based on the factors specified in the Bank's Fit and Proper Policy and the Bank Negara Malaysia (BNM) Policy Document on Fit and Proper Criteria which include the following overarching criteria:- - Probity, Personal Integrity and Reputation The person must have the personal qualities such as honesty, integrity, diligence, independence of mind and fairness.

	- Competence and Capability The person must have the necessary skills, ability, experience and commitment to carry out the role. - Financial Integrity The person must manage his or her debts and financial affairs prudently. A person who has been identified for appointment as a Director or for re-appointment/re-election as a Director shall be required to provide a declaration that he/she complies with the fit and proper factors as specified in the Bank's Fit and Proper Policy and the BNM Policy Document on Fit and Proper Criteria. • The person must not be disqualified under Section 59(1) of the Financial Services Act 2013. • The person must not have competing time commitments that impair his/her ability to discharge his/her duties effectively. • In the case of proposed appointment/re-appointment/ re-election of an Independent Director, the person must be free of any business or other relationship with the Bank which could reasonably be perceived to materially interfere with the exercise of unfettered and independent judgment, and must fulfill the criteria of an Independent Director as defined in the BNM Policy Document on Corporate Governance and Bursa Malaysia Securities Berhad Main Market Listing Requirements. • The person meets regulatory requirements for appointment/ re-appointment/re-election and possesses the qualifications to be able to contribute effectively as a Member of a harmonious Board. The fit and proper assessment of the person identified for appointment as a Director or for re-appointment/re-election as a Director shall be conducted prior to the initial appointment or proposed re-appointment/re-election as a Director. The fit and proper assessment of a Director shall also be conducted at regular intervals of at least annually or whenever the Bank becomes aware of information that may materially compromise a Director's fitness and propriety.

	To ensure that Directors do not have competing time commitments that will impair their ability to discharge their duties effectively, the Board has established a policy on the maximum number of directorships in public listed companies, non-public listed companies and positions in non-profit organisations that a Director can hold in Malaysia and offshore/overseas, which is as follows:- • Maximum of 5 directorships held in public listed companies. • Maximum of 15 directorships/positions held in non-public listed companies and non-profit organisations. None of the Members of the Board is an active politician. <u>Appointment of Senior Management</u> The Bank has implemented the Fit and Proper Policy for Key Responsible Persons in adherence to the guidelines set out by BNM to ensure that key positions in the Public Bank Group are filled by ethical, professional and competent personnel who have been assessed to have met with the following criteria:- • Probity, personal integrity and reputation - possesses the personal quality such as honesty, integrity, diligence, independence of mind and fairness; • Competence and capability - have the relevant knowledge, skills, experience, ability and commitment to carry out the person's role; and • Financial integrity - able to manage his financial affairs properly and prudently. All Senior Management staff are required to declare that they do not hold an aggregate interest of 5% or more in the shares of Public Bank during their initial fit and proper assessment to preserve an appropriate separation between ownership and management of Public Bank. Thereafter, they are required to inform the Bank as and when there are changes pertaining to their declaration. All Senior Management staff are assessed on a yearly basis. They are also required to immediately disclose to the Board any circumstances that may affect their ability to meet the requirements.
Explanation for departure :	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.6
In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

Application	:	Applied	
Explanation on application of the practice	:	Suitable candidates will be identified to fill vacancies on the Board as and when they arise. The Nomination and Remuneration Committee will source the curriculum vitae of potential candidates from diverse channels including recommendations from Board Members and/or may leverage on external sources such as Financial Institutions Directors' Education (FIDE) Forum Directors' Register to identify candidates for proposed appointment as Director. 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.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.7
The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

Application	:	Applied
Explanation on application of the practice	:	The Constitution of Public Bank provides that at every Annual General Meeting of the Bank, one-third of the Directors for the time being or the number nearest to one-third, and those Directors newly appointed subsequent to the preceding Annual General Meeting, shall retire from office and shall be eligible for re-election. The Constitution further provides that all Directors shall retire from office once at least in each 3 years but shall be eligible for re-election. The performance and the fitness and propriety of those Directors who are subject to re-election at the Annual General Meeting of Public Bank will be assessed by the Nomination and Remuneration Committee whereupon recommendation will be submitted to the Board for decision to table the resolution on the re-election of the Director concerned for shareholders' approval at the next Annual General Meeting. The Nomination and Remuneration Committee has carried out the fit and proper assessment of the Directors who are retiring by rotation at the forthcoming Annual General Meeting to be held on 8 May 2024 as set out in the Explanatory Notes on Ordinary Businesses of Public Bank Notice of Annual General Meeting.

	In accordance with the Bank's Fit and Proper Policy for Directors, the Nomination and Remuneration Committee had taken into consideration the following in conducting the assessment of the Directors' fitness and propriety:- • The person's ability to supplement the collective skill sets of the Directors and bring different perspectives to the Board, and his/her fitness and propriety to be considered for re-election based on the factors specified in the Bank's Fit and Proper Policy and the Bank Negara Malaysia (BNM) Policy Document on Fit and Proper Criteria which include the following overarching criteria:- - Probity, Personal Integrity and Reputation The person must have the personal qualities such as honesty, integrity, diligence, independence of mind and fairness. - Competence and Capability The person must have the necessary skills, ability, experience and commitment to carry out the role. - Financial Integrity The person must manage his or her debts and financial affairs prudently. A person who has been identified for re-election as a Director shall be required to provide a declaration that he/she complies with the fit and proper factors as specified in the Bank's Fit and Proper Policy and the BNM Policy Document on Fit and Proper Criteria. • The person must not be disqualified under Section 59(1) of the Financial Services Act 2013. • The person must not have competing time commitments that impair his/her ability to discharge his/her duties effectively. • In the case of proposed re-election of an Independent Director, the person must be free of any business or other relationship with the Company which could reasonably be perceived to materially interfere with the exercise of unfettered and independent judgment, and must fulfill the criteria of an Independent Director as defined in the BNM Policy Document on Corporate Governance and Bursa Malaysia Securities Berhad Main Market Listing Requirements.

	• The person meets regulatory requirements for re-election and possesses the qualifications to be able to contribute effectively as a Member of a harmonious Board. Based on the assessment conducted, the Board was satisfied with the favourable evaluation of the performance and contributions of the Directors who are seeking re-election at the Annual General Meeting of Public Bank and they have met the fit and proper criteria as specified in the Bank's Fit and Proper Policy for Directors and the BNM Policy Document on Fit and Proper Criteria as well as fulfilled the independence criteria set out in BNM Policy Document on Corporate Governance and the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The profiles of the Directors seeking re-election are set out in the Board of Directors' Profile section of Public Bank 2023 Integrated Annual Report.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.8
The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied	
Explanation on application of the practice	:	The Nomination and Remuneration Committee is currently chaired by Dato' Mohd Hanif bin Sher Mohamed, who is an Independent Non-Executive Director.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.9
The board comprises at least 30% women directors.

Application	:	Applied	
Explanation on application of the practice	:	The current Board has exceeded the 30% benchmark with 44% or 4 out of the 9 Members of the Board comprising women Directors. The 4 women Directors contribute to the Board's cognitive variety, enriching discussions with diverse perspectives and approaches. Their unique viewpoints enhance the overall value brought to Board's deliberation.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.10
The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

Application	:	Applied
Explanation on application of the practice	:	Board In line with the best practices of the Malaysian Code on Corporate Governance 2021, the Board has in place a gender diversity policy whereby the Board shall comprise at least 30% women Directors. Senior Management Public Bank Group's Diversity, Equality and Inclusion Policy lays the foundation in advocating an inclusive culture which emphasises care, collaboration and mutual trust. The Diversity, Equality and Inclusion Policy upholds a diverse workforce and promotes diversity, equality, and inclusiveness within the Public Bank Group for those of all ages, race, ethnic, culture, national origins, gender, marital and parental status, physical impairment, disability and religious beliefs. The Bank regularly monitors the employee demographics with emphasis on diversity through women representation. There is a strong and active women representation in the Senior Management with a participation of 53.6%. This demonstrates the Bank's commitment in promoting gender equality and leveraging on women's talent.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome
Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 6.1
The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.		
Application	:	Applied
Explanation on application of the practice	:	The Board has established an annual performance evaluation process to assess the performance and effectiveness of the Board and Board Committees, as well as the performance of each Director and each Audit Committee Member. The Board evaluation exercise assists the Board to address any gaps and improvement required for the Board. In line with Practice 6.1 of the Malaysian Code on Corporate Governance 2021, the Board has, upon the recommendation of the Nomination and Remuneration Committee, engaged an independent external consultant to conduct the assessment of the Board, Board Committees and individual Directors for the financial year ended 31 December 2023. The objective of the Board Effectiveness Evaluation exercise is to assist the Board in identifying areas of strength and improvement opportunities so as to enable the Board to take steps that will positively impact their performance.

	The approach undertaken by the independent external consultant in conducting the Board Effectiveness Evaluation exercise was segregated into four phases as follows:- Phase 1 – Questionnaires Questionnaires were circulated to the Directors for the evaluation of the Board, Board Committees and individual Directors.  Phase 2 - Interview Interview sessions were conducted with all Board Members, Chief Executive Officer and 3 centralised Senior Management personnel who have a close nexus to the Board/Board Committees proceedings.  Phase 3 - Minutes Review Reviewed the relevant Board and Board Committees meeting minutes to corroborate responses from questionnaires and interview insights.  Phase 4 - Reports and Presentation Consolidated and assessed the responses from the questionnaires and insights gleaned from the interview sessions as well as review of pertinent documents. Briefing was conducted with the Chairman of the Nomination and Remuneration Committee and Board prior to presentation to the Nomination and Remuneration Committee and Board. Individual Directors' results are only availed to the Board Chairman and Nomination and Remuneration Committee Chairman. Following the Board Effectiveness Evaluation exercise conducted by the independent external consultant for financial year ended 31 December 2023, several notable positive highlights were observed. The Board Chairman's leadership skills are noteworthy, as he effectively guides the Board and serves as an open facilitator during discussions. The overall dynamics and commitment within the Board are commendable, marked by a culture of professionalism, respect and collegiality. The Board benefits from the diverse industry experience brought by seasoned Directors, contributing to a Board governance characterised by virtuous commitment and high standard of accountability. Moving forward, there is an opportunity for enhancing the Boardroom configuration, particularly by reinforcing digital expertise and upskilling on the environmental, social and governance front at the Board level.

Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 7.1

The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<u>Directors</u> The Nomination and Remuneration Committee recommends the level and structure of Directors' remuneration and ensures that the level of remuneration for Non-Executive Directors is linked to their level of responsibilities undertaken and contributions to the effective functioning of the Board. In making its recommendation, the Nomination and Remuneration Committee considers the increasing complexities and more onerous responsibilities of the Directors with the change and rapid developments in the areas of digitalisation, climate change as well as environmental, social and governance. The Nomination and Remuneration Committee also benchmarked against the Directors' fees structure of peer banks, in order to be competitive to retain skills and talent, and achieve diversity, on the Board. In 2023, the Board had upon the recommendation of the Nomination and Remuneration Committee, engaged an independent external consultant to conduct an independent review of the Non-Executive Directors' remuneration structure ("Board Remuneration Review") to assist the Board in establishing a transparent and robust remuneration framework for Non-Executive Directors that takes into account the demands and complexities of the Public Bank Group as well as the skills and experience required of the Non-Executive Directors. The Board Remuneration Review also serves to ascertain whether the Non-Executive Directors' quantum and composition of remuneration are competitive and align with peer banks.

Based on the outcome of the analyses of the Bank's Non-Executive Directors' remuneration vis-à-vis market, sectorial and comparator benchmarks for Public Bank's Board and Board Committees, the remuneration of the Non-Executive Directors are generally aligned with the market. However, in the case of the Chairman's remuneration, it was highlighted that the remuneration accorded to the Chairman was not aligned with the market norms where Board Chairmen are typically compensated with a special allowance vis-à-vis Non-Executive Directors, given the heightened responsibility assumed. Arising from the outcome of the review, and in order to be in line with the market norms, the Board, upon the recommendation of the Nomination and Remuneration Committee, proposed, subject to approval at the forthcoming Public Bank Annual General Meeting to be held on 8 May 2024 that the remuneration of the Non-Executive Directors for the financial year ended 31 December 2023 shall be based on the following fee structure:-

Board of Directors' Fees/Allowances (per annum)	Chairman (RM)	Other Directors (RM)
• Director's Fee	427,870	316,050
• Chairman Allowance	196,000	-
• Chairman Transport Allowance	96,000	-

Board Committee Fees (per month)	Chairman (RM)	Member (RM)
• Audit Committee	14,550	11,360
• Risk Management Committee	7,280	5,730
• Compliance Committee	7,280	5,730
• Credit Risk Management Committee	7,280	5,730

Meeting Attendance Allowances (per meeting attended)	Chairman (RM)	Member (RM)
• Board of Directors	5,000	4,000
• Nomination and Remuneration Committee	4,800	4,000
• Board Sustainability Management Committee	4,800	4,000

	<u>Senior Management Remuneration Policy & Practice</u> The Bank's Remuneration Policy is established to put in place a framework which drives performance with appropriate risk-taking behaviour and reinforces the Bank's corporate and risk culture. The subject of sustainability has been integrated into the long-term strategic plans as well as performance assessment of the C-Suites and Senior Management to uphold sustainability practices across the Bank's operations, in the pursuit of a more sustainable and responsible society. The quantitative environmental, social and governance (ESG) key performance indicator (KPI) on "Achievement of Sustainability Targets in respect of ESG Initiatives" was introduced for Heads of Divisions since financial year 2022. In 2023, the same ESG KPI has been included in the performance assessment of the C-Suites to be consistent with the collective responsibility in driving and implementing the sustainability roadmap of the Group. The Bank's Remuneration Policy is in compliance with the requirements stipulated in Bank Negara Malaysia (BNM) Policy Document on Corporate Governance. The Remuneration Policy is reviewed by the Nomination and Remuneration Committee and approved by the Board for implementation across all levels of staff including Senior Management and other staff not governed by any collective agreement in the Bank. Senior Management in this context refers to Management staff who are Key Responsible Persons (KRPs) as defined in the Bank's Fit and Proper Policy as well as persons who are accountable or responsible for the management and oversight of the Bank, comprising the following:- • Chief Executive Officer (CEO) • Deputy CEO • Senior Officers, defined as follows:- a) KRPs who are defined under BNM Policy Document on Fit and Proper Criteria as those who have primary and significant responsibility for the management and performance of significant business activities of the Group. b) Other Senior Management performing group-wide management responsibilities. c) Other Senior Management who are Heads of Divisions.

	The remuneration framework is designed to ensure that reward is measurably linked to the achievement of business and performance objectives. However, to prevent any conflict of interest, the framework stipulates that staff of the control functions are to be assessed independently from the business units. For effective segregation, these staff are appraised principally based on the achievement of their control objectives set out by the Board Committees of their respective control function and differentiated from the business units. The remuneration framework outlines the total compensation packages of fixed remuneration and variable remuneration payable to staff. Fixed remuneration refers to basic salary and other fixed income commensurate with the role and position of an individual staff, including professional experience, qualifications, responsibilities, job complexity and local market condition etc. The variable remuneration refers to the discretionary performance bonus which is cash-based and does not consist of shares or non-cash instruments. The pool for the variable remuneration is determined by financial metrics such as the Bank's overall performance, achievement of selected financial ratios, market trends and economic outlook. The variable performance bonus for the Senior Management is separated into two main components with different payout criteria. The first component of the performance bonus is linked to the individual performance of Senior Management and the pay-out above a set threshold is subject to a deferment of three (3) years. The proportion of the deferred amount corresponds to the level of risks assumed by the respective job positions. The prescribed deferred amount of performance bonus is further subject to a multi-year framework, minimally a 3-year graded vesting with a proportionate rate of 35%/35%/30% and payable annually at the end of each vested period. The second component of the variable performance bonus is cash-based and linked to the Total Shareholder's Return (TSR) of the Bank. However, it is cliff-vested over a period of three (3) years. The quantum is calculated as a percentage of the individual eligible performance bonus for the prevailing financial year but payable at the end of the cliff-vested period of three (3) years and further subject to the TSR achievement and good individual performance.

	The variable performance bonus, whether it is vested or unvested, are subject to adjustments (e.g. malus, clawback and other reversals or downward revaluation of awards) in the event of poor performance of the business unit or the Bank, attributable to the individual or if he/she commits serious legal, regulatory or internal policy breaches. The awards may be clawed back within three (3) years from the date of payment to the staff. Members of Senior Management have committed not to undertake activities (such as personal hedging strategies and liability-related insurance) that will undermine the risk alignment effects embedded in their remuneration.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome
The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 7.2
The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied
Explanation on application of the practice	:	The Board has established a Nomination and Remuneration Committee which is made up of majority Independent Non-Executive Directors and is currently chaired by Dato' Mohd Hanif bin Sher Mohamed, an Independent Non-Executive Director. The Non-Executive Chairman is not a Member of the Nomination and Remuneration Committee. The Nomination and Remuneration Committee reviews periodically and recommends to the Board the remuneration system for Directors, Chief Executive Officer (CEO), Deputy CEO and other Key Responsible Persons (KRPs) as defined in the Bank Negara Malaysia (BNM) Policy Document on Fit and Proper Criteria to ensure that rewards are in line with the business risk strategy, corporate values and long term interest of the Bank. The Nomination and Remuneration Committee also oversees the performance evaluation of the CEO, Deputy CEO and other KRPs as defined in the BNM Policy Document on Fit and Proper Criteria and recommend to the Board their promotions, specific adjustments in remuneration and/or reward payments if any, reflecting their contributions for the year; and which are competitive and consistent with the Bank's objectives, culture and strategy. In reviewing the remuneration for the Non-Executive Directors, the Nomination and Remuneration Committee takes into consideration, amongst others, that the level of remuneration for Non-Executive Directors is linked to their level of responsibilities undertaken and contributions to the effective functioning of the Board; and recommends changes to the Board whenever necessary.

	The terms of reference of the Nomination and Remuneration Committee are disclosed in the Public Bank's corporate website at www.publicbankgroup.com.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	:	Applied
Explanation on application of the practice	:	The details of the Directors' remuneration (including benefits-in-kind) of each Director for the financial year 2023 are as set out below:-

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Mr Lai Wan	Non-Executive Non-Independent Director	428	-	-	-	-	630	1,058	741	-	-	-	-	630	1,371
2	Tan Sri Dato' Sri Dr. Tay Ah Lek	Executive Director	316	-	16,589	24,658	45	9,512	51,120	1,098	-	16,589	24,658	45	10,388	52,778
3	Ms Cheah Kim Ling	Non-Executive Non-Independent Director	316	-	-	-	-	364	680	613	-	-	-	-	432	1,045
4	Mr Lee Chin Guan	Non-Executive Non-Independent Director	316	-	-	-	-	235	551	613	-	-	-	-	362	975
5	Dato' Mohd Hanif bin Sher Mohamed	Independent Director	316	-	-	-	-	518	834	616	-	-	-	-	772	1,388
6	Ms Tham Chai Fhong	Independent Director	316	-	-	-	-	399	715	316	-	-	-	-	399	715
7	Mr Lim Chao Li	Independent Director	316	-	-	-	-	402	718	612	-	-	-	-	402	1,014
8	Ms Gladys Leong	Independent Director	316	-	-	-	-	405	721	616	-	-	-	-	648	1,264
9	Ms Teoh Meow Choo (Appointed on 1 November 2023)	Independent Director	53	-	-	-	-	68	121	53	-	-	-	-	68	121

Intended Outcome
Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.2
The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board is of the opinion that it is not to the Bank's advantage or best business interest for such disclosure considering the highly competitive market for talents in the banking industry. As an alternative to Practice 8.2, please refer to Practice 7.1 on the qualitative aspect of the remuneration policy and section B of this Corporate Governance Report on the disclosure of the remuneration of Senior Management.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	The Board will monitor the market practice in respect of such disclosure for future consideration.	
Timeframe	:	Others	

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	-	-	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	-	-	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	-	-	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	-	-	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	-	-	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	-	-	-	-	-	--	-	-
2	-	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-	-
4	-	-	-	-	-	-	-	-
5	-	-	-	-	-	-	-	-

Intended Outcome
There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 9.1
The Chairman of the Audit Committee is not the Chairman of the board.

Application :	Applied	
Explanation on application of the practice :	The Chairman of the Audit Committee is Dato' Mohd Hanif bin Sher Mohamed, an Independent Non-Executive Director. The Chairman of the Audit Committee is not the Chairman of the Board.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome
There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 9.2
The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

Application	:	Applied	
Explanation on application of the practice	:	The composition, quorum, frequency of meetings as well as the specific duties, responsibilities and authority of the Audit Committee are set out in its terms of reference. The terms of reference which are approved by the Board are published in the Public Bank's corporate website at www.publicbankgroup.com. The terms of reference of the Audit Committee stipulate that, among others, a former partner of the Bank's external audit firm shall observe a cooling-off period of at least three (3) years before being appointed as a Member of the Audit Committee. The current Members of the Audit Committee are not associated with and had not been a partner of the external audit firm appointed by the Bank in the past three (3) years.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome
There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 9.3
The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

Application	:	Applied
Explanation on application of the practice	:	The Audit Committee assesses the suitability, objectivity and independence as well as the performance of the external auditors. These policies and procedures, which were drawn up with reference to the requirements set out in the Bank Negara Malaysia Policy Document on External Auditors, are documented in the Public Bank Group's Policies and Procedures for Appointment/ Re-appointment of External Auditors for Audit and Non-Audit Services (herein known as Group Policies and Procedures). Annually, the Audit Committee reviews and assesses the appointment or re-appointment of external auditors to ascertain that the independence and objectivity of the external auditors as statutory auditors are not compromised. Such reviews are carried out via an assessment checklist in accordance with the assessment criteria as set out in the Group Policies and Procedures. This assessment checklist covers regulatory requirements, the competency, audit quality and resources capacity of the external auditors relating to the audit and non-audit services as well as the independence and objectivity of the external auditors. In the evaluation of the external auditors' independence, the Audit Committee obtained assurance from the external auditors that they have in place robust and comprehensive processes and systems to confirm the independence of its partners and staff of the audits they are engaged in. Detailed programmes are in place to assess such independence on a periodic basis and a monitoring system is in place to ensure their compliance. In addition, the Audit Committee also obtained annual confirmation from the external auditors on its independence in accordance with the By-laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code).

	Pursuant to the terms of reference, the Audit Committee will meet with the external auditors to discuss their audit plan, audit findings and their views in respect of the true and fair view of the financial statements of Public Bank and the Public Bank Group. Meetings between the Audit Committee and the external auditors without the presence of the Management and Internal Audit Division staff are held at least twice a year. The Audit Committee also meets with the external auditors whenever it deems necessary to discuss key changes to regulatory requirements and the latest developments in the accounting and auditing standards. Such meetings/engagement with the external auditors would also enable the Audit Committee to evaluate suitability, competency, objectivity and independence of the external auditors. In terms of provision of non-audit services, whilst the external auditors are not precluded from consideration for the provision of advisory, consultancy or other types of non-audit services, due care is taken in the selection process in order to satisfy that the appointment does not impede the independence, quality and conduct of the statutory audit. On the engagement of external auditors to perform non-audit services, the Audit Committee has to be satisfied that the external auditors are suitable, independent and objective in the provision of such services, no element of conflict of interest and the proposed fees are within the allowable threshold set before recommending the proposed engagement of the external auditors to the Board for consideration and approval. In the event where the allowable threshold is exceeded, special deliberation by the Audit Committee is required to consider the justification and rationale as to why only the particular audit firms or its affiliated consultancy services firm should be appointed to perform the said non-audit services.

	The details of the fees paid/payable to the external auditors for its provision of statutory audit, audit related and non-audit related services in 2023 are set out below:-		
		Bank RM'000	Group RM'000
	Fees paid/ payable to Messrs. Ernst & Young		
	o Statutory Audit	2,678	6,335
	o Regulatory Related	848	1,673
	- *Half-year Limited Review*	299	460
	- *Review of Liquidity Coverage Ratio*	511	755
	- *Statement of Risk Management and Internal Control/Statement of Internal Control*	18	85
	- *Accounting advice in relation to establishment of Tier 2 Capital Subordinated Medium Term Notes Programme*	20	20
	- *Review of Banking Return*	-	248
	- *Review of Deposit Protection Scheme*	-	51
	- *Review of Interest Rate Risk Exposure and System Control*	-	47
	- *Limited Assurance*	-	7
	o Non-Audit	-	64
	- *Tax*	-	64
		3,526	8,072
	Fees paid/payable to other auditors		
	o Statutory Audit	24	345
	o Regulatory Related	29	100
	- *Limited assurance*	-	71
	- *Statement of Internal Control*	7	7
	- *Corporate Governance*	4	4
	- *Information Systems Security Review*	18	18
	o Non-Audit	21	21
	- *Tax*	8	8
	- *Human Resource Review on Market Salary & Benefits Survey*	8	8
	- *Transfer pricing advisory services*	5	5
		74	466
	Grand Total	3,600	8,538

Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome
There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 9.4 - Step Up
The Audit Committee should comprise solely of Independent Directors.

<table>
<tr><td>Application :</td><td>Adopted</td></tr>
<tr><td>Explanation on adoption of the practice :</td><td>The current composition of the Audit Committee comprises five (5) Independent Non-Executive Directors, namely:-
<table>
<tr><th>No.</th><th>Name of Audit Committee Members</th></tr>
<tr><td rowspan="2">1.</td><td>Dato' Mohd Hanif bin Sher Mohamed</td></tr>
<tr><td>Chairman/Independent Non-Executive Director</td></tr>
<tr><td colspan="2"></td></tr>
<tr><td rowspan="2">2.</td><td>Ms Tham Chai Fhong</td></tr>
<tr><td>Member/Independent Non-Executive Director</td></tr>
<tr><td colspan="2"></td></tr>
<tr><td rowspan="2">3.</td><td>Mr Lim Chao Li</td></tr>
<tr><td>Member/Independent Non-Executive Director</td></tr>
<tr><td colspan="2"></td></tr>
<tr><td rowspan="2">4.</td><td>Ms Gladys Leong</td></tr>
<tr><td>Member/Independent Non-Executive Director</td></tr>
<tr><td colspan="2"></td></tr>
<tr><td>5.</td><td>Ms Teoh Meow Choo *</td></tr>
<tr><td></td><td>Member/Independent Non-Executive Director</td></tr>
<tr><td colspan="2"></td></tr>
</table>
* Ms Teoh Meow Choo was appointed as a Member of the Audit Committee with effect from 1 November 2023.

<u>Note:</u>
Ms Cheah Kim Ling ceased to be a Member of the Audit Committee following her redesignation from Independent Non-Executive Director to Non-Independent Non-Executive Director of Public Bank with effect from 29 April 2023 upon reaching a maximum tenure of nine (9) years as Independent Non-Executive Director.</td></tr>
</table>

Intended Outcome
There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 9.5
Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application	:	Applied
Explanation on application of the practice	:	The Audit Committee is established by the Board of Directors and currently comprises five (5) Members, all of whom are Independent Non-Executive Directors. The Members of the Audit Committee collectively have a wide range of skills, knowledge and experience necessary to discharge their duties. These include accounting, assurance and advisory services, information technology and banking related expertise and experience, ranging from finance/corporate finance and consumer/investment banking. In addition, one (1) Member of the Audit Committee is a Chartered Accountant of the Malaysian Institute of Accountants. The profile of each Member of the Audit Committee is set out on pages 134 to 138 of the Public Bank 2023 Integrated Annual Report. With the relevant skill sets, knowledge and experience, the Audit Committee Members are financially literate and are able to understand, analyse, critically and objectively review, challenge and made recommendations on matters under the purview of the Audit Committee, including the financial reporting process. In discharging the duties and responsibilities over its oversight of the financial reporting process and assessment of the reliability of the financial reporting of Public Bank and Public Bank Group, the Audit Committee seeks explanations and additional information from the Senior Management team, including from the Chief Financial Officer and the Group Chief Internal Auditor in regard to the financial performance and preparation of the financial statements.

The Audit Committee also reviews and discusses with the external auditors on the outcome of the unaudited quarterly, half yearly and annual audited financial results of Public Bank and the Public Bank Group with particular focus on:-

a) The appropriateness and consistency of the accounting policies applied, its changes and impact as well as the significant judgments and assumptions made by the Management; and

b) Conformance with the applicable approved accounting standards in Malaysia and compliance with the regulatory requirements in terms of disclosures.

During the financial year 2023, the Audit Committee Members have attended/participated in various training courses, conferences, seminars and topical talks/webinars on areas relevant to their duties and responsibilities to keep themselves abreast of the relevant and latest developments in banking industry including accounting and auditing standards such as the relevant regulatory requirements as well as effective governance practices.

The details of the continuous professional development undertaken by the Members of the Audit Committee are set out below:-

Seminars/Courses/Programmes
Topical Talks Arranged by Knowledge & Learning, Public Bank
Virtual Talk on Contextualising Net Zero (conducted by PwC Malaysia)
Virtual Talk on Global Economic Outlook 2023 (conducted by Professor Antonio Fatas, INSEAD)
Virtual Talk on The Generational Divide: Bridging Differences and Building Collaboration (conducted Ms Fyiona Yong, Wholistic Coachsulting Ltd)
Virtual Talk on Introduction to Climate Risk Management (conducted by Oliver Wyman)
Virtual Talk on The New Cyber Threat Landscape (conducted by Professor Öykü Işik of IMD)
Virtual Talk on AML/CFT Updates: Evolving Challenges & Expectations in Regulatory Compliance (conducted by Dr. Vijayaraj R Kanniah)
Programmes Organised by Wharton
Wharton Global Forum 2023
Executive Presence and Influence
Wharton ESG Executive Certificate for Senior Leaders Programme

	Programmes Organised by FIDE FORUM	
	Engagement on The Future of Board Talent in Financial Services Industry	
	Talk on AI and Financial Institutions: Friend or Foe?	
	BNM-FIDE FORUM Dialogue on: i. Cloud Requirements in Risk Management in Technology Policy Document. ii. Artificial Intelligence & Machine Learning Adoption Landscape in the Industry.	
	Others	
	ESG Outlook 2023: Building a Net Zero, Nature-Positive and Equitable World (conducted by PwC Malaysia)	
	Mandatory Accreditation Programme (MAP) Part II - Leading for Impact (conducted by Institute of Corporate Directors Malaysia)	
	Management of Cyber Risk (conducted by Messrs Ernst & Young)	
	Closed Period and Insider Trading (conducted by Mr Chee Kai Mun, CKM Advisory)	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome
Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 10.1
The board should establish an effective risk management and internal control framework.

Application	:	Applied
Explanation on application of the practice	:	The Board is overall responsible for establishing a sound risk management and internal control system, as well as subjecting it to review for its adequacy and effectiveness in identifying, assessing and responding to risks surfaced during the course of the Public Bank Group's business operations. The Board is responsible to set the tone and culture of effective risk management and internal controls and this is through the establishment of the Group's risk appetite, risk strategies and risk policies, articulating the risk types and levels of risk the Group is willing to accept in the pursuit of its business and strategic objectives. In this respect, the Board actively participates in the Group's strategic directions and plans, ensuring formulation of business plans and risk taking activities are within the risk appetite. In view of the inherent limitations in any risk management and internal control system, the risk management and internal control system can therefore only provide reasonable and not absolute assurance against the occurrence of any material financial misstatement, fraud or losses. To ensure the effective oversight of a sound risk management and internal control system, the Board is assisted by the Risk Management Committee, the Compliance Committee and the Audit Committee with delegated authorities to oversee matters relating to risk, compliance and controls respectively. The Board is further assisted by the Management who is overall responsible for effective implementation of the risk and controls framework and policies approved by the Board in the day-to-day management of the Group's business operations.

Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome
Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

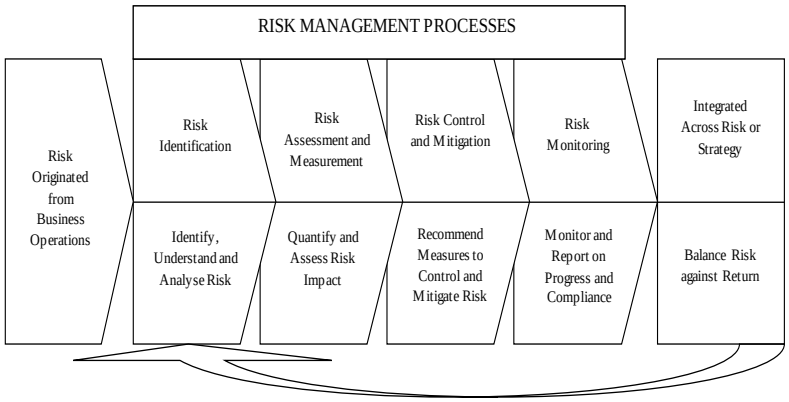
The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 10.2
The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied
Explanation on application of the practice	:	The key features of the Public Bank Group's risk management and internal control framework are as follows:- a) The establishment of the risk management and internal control system is driven by the Board-approved Group Risk Management Framework, developed based on the Bank Negara Malaysia Policy Document on Risk Governance. The key elements are as follows:- ▫ <u>Risk Governance</u> The risk governance sets out the roles and responsibilities of the Board, the board risk committees, management committees and the three lines of defence. ▫ <u>Risk Appetite</u> The Group's risk appetite defines the amount and types of risk that the Group is able and willing to accept in pursuit of its business objectives. It also reflects the level of risk tolerance and limits to govern the Group's risk-taking activities. All entities within the Group are required to develop risk indicators and risk limits having considered the Group's risk guiding principles and the respective entities' strategic business directions, risk taking capacity, risk profile and the operating environment.

- Risk Management Processes

  The four broad risk management processes to achieve a balanced risk-return framework are as follows:-



  The risk management processes are supported by management information systems facilitating timely and accurate reporting of risks to the Board and Management for deliberation.

- Risk Culture

  The culture of managing risk is embedded in the day-to-day operations and decision-making process through the following:-

  - Strong corporate governance.
  - Organisational structure with clearly defined roles and responsibilities.
  - Effective communication.
  - Commitment to compliance with laws, regulations and internal controls.
  - Integrity in fiduciary responsibilities.
  - Clear policies, procedures and guidelines.
  - Continuous training.

b) The Risk Management Committee assists the Board to oversee the management of all identified risks and that the risk-taking activities are operating within the risk appetite. In addition, the Credit Risk Management Committee, a board risk committee, assists the Board to oversee the management of all matters relating to credit risks. The management risk committees and working groups to manage specific risk areas are the Assets & Liabilities Management Committee, the Credit Committee, the Operational Risk Management Committee, the Shariah Committee and the Internal Capital Adequacy Assessment Process Working Group.

	c) To discharge its stewardship and fiduciary obligations more effectively, the Board has delegated authority to various Board committees being the Nomination and Remuneration Committee, the Board Sustainability Management Committee, the Risk Management Committee, the Credit Risk Management Committee, the Compliance Committee and the Audit Committee. d) Management committees and the management working committees of the Bank and its major subsidiaries are established to ensure the execution of the day-to-day business operations are consistent with the corporate objectives, strategies, risk appetite and business plans approved by the respective Boards. The management working committees are the Human Resource Committee, the Credit Committee, the Operational Risk Management Committee, the Assets & Liabilities Management Committee, the Share Investment Committee, the Business Continuity Management Committee, the IT Steering Committee and the Sustainability Management Committee. e) Annual business plans and budgets of the Bank and its major subsidiaries, developed in line with the Group's strategic directions and risk appetite, are reviewed and approved by the respective Boards. Performance achievements are assessed against the approved budgets and actions are taken to address variances identified and are periodically escalated to the respective Boards. The respective Boards review and deliberate on reports from the Management on a regular basis, such as business propositions, proposals on introduction of new products or services and management reports highlighting the key financial and performance indicators, as well as latest developments and compliance requirements on legal and regulatory matters to ensure that appropriate actions are taken to resolve issues identified and where applicable, provide directions to the Management. f) A system of internal controls based on segregation of duties, independent checks, segmented system access control and multi-tier authorisation processes is in place to ensure control procedures and limits are implemented and complied with. Policies and procedures to govern the business and operations of the Group are formulated to ensure compliance with internal controls and relevant laws and regulations. These policies and procedures are subject to periodic review to ensure continuing relevance having considered the changes in the operational needs, business environment or regulatory requirements and are approved by the approving authorities prior to implementation.

	The adequacy and effectiveness of the risk management and internal control system as well as the level of compliance with the relevant laws, regulations, policies and procedures are subject to ongoing assessment by the Risk Management Functions, Compliance Functions and Internal Audit Functions. The Board receives assurance from the Managing Director/Chief Executive Officer and the Chief Financial Officer on the adequacy and effectiveness of the Group's risk management and internal control system on an annual basis. For further information, please refer to the Statement on Risk Management and Internal Control as set out on pages 295 to 301 of the Public Bank 2023 Integrated Annual Report.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome
Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 10.3 - Step Up
The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	:	Adopted
Explanation on adoption of the practice	:	The Risk Management Committee is established by the Board and currently comprises eight (8) Members of whom five (5) Members including the Chair of the Risk Management Committee are Independent Directors. All Members are Non-Executive Directors. The Chair of the Risk Management Committee is appointed by the Board and is not the Chair of the Board. Collectively, the Risk Management Committee Members have a wide range of necessary skills, knowledge and experience, including accounting or related banking expertise and experience, ranging from banking regulatory, finance, research, information technology functional areas, training and stewardship of financial institutions to discharge their duties. The Risk Management Committee assists the Board in discharging its risk and internal control oversight responsibilities. The composition, authority as well as the duties and responsibilities of the Risk Management Committee are set out under its terms of reference approved by the Board. The Risk Management Committee holds monthly meetings and all Members are able to allocate sufficient time to the Bank to discharge their duties and responsibilities effectively. Their commitment is affirmed by their full attendance at the Risk Management Committee meetings held during the financial year ended 31 December 2023.

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 11.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application	:	Applied
Explanation on application of the practice	:	The Bank has an in-house Internal Audit function which is carried out by the Internal Audit Division (IAD). IAD is governed by the Internal Audit Charter (IAC) approved by the Board which sets out the purpose, objectives, authority, scope of work and responsibilities of the Internal Audit function. The IAC which has been drawn up with reference to the relevant guidelines and policy documents issued by Bank Negara Malaysia and the Basel Committee on Banking Supervision, is reviewed annually to ensure that it remains relevant and is updated with the latest developments in the applicable regulatory requirements. The Internal Audit Charter is published in the Bank's intranet for all the staff of the Public Bank and the Public Bank Group to access. The Audit Committee oversees the performance and effectiveness of the Internal Audit function based on the approved key performance indicators, assesses the competency and experience of the IAD staff. The Audit Committee also reviews the adequacy of the Internal Audit function's authority and resources to carry out its work effectively, objectively and independently and that the staff of IAD are free from any conflict of interest arising, either from their professional or personal relationships or from other interest in the Bank or activity which is subject to audit. To reflect the independence of Internal Audit function, IAD staff report directly to the Group Chief Internal Auditor (GCIA), who in turn reports functionally to the Board through the Audit Committee. The Audit Committee approves the appointment, replacement and dismissal of the GCIA, evaluates the GCIA's performance and reviews the remuneration and/or bonus, if any, payable to the GCIA. In addition, the Audit Committee will have sole authority to approve the recruitment and dismissal of the Senior Management staff of IAD as well as to evaluate their performance and to take personnel action, such as salary increments, bonus decisions and promotions of this category of staff. The details of the Audit Committee's oversight over the Internal Audit function are set out under the Audit Committee Report on pages 312 to 317 of the Public Bank 2023 Integrated Annual Report.

Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 11.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Applied
Explanation on application of the practice	:	The Board had, through the established Audit Committee disclosed in the Audit Committee Report in Public Bank 2023 Integrated Annual Report the relevant information as follows:- Internal Audit Division (IAD) of the Bank comprises nine sections specialising in auditing the various business areas of the Bank and has a staff strength of 200 individuals, majority of whom are equipped with the relevant experience and qualifications. The Group Chief Internal Auditor (GCIA), Mr Lim Then Fui oversees the Internal Audit functions of Public Bank and the Public Bank Group. He is a Chartered Accountant of the Malaysian Institute of Accountants, a member of the Malaysian Institute of Certified Public Accountants (MICPA), and a Certified Bank Auditor. Mr Lim has a total of 44 years of working experience in auditing, risk management, compliance and commercial banking. The Internal Audit function performs ongoing reviews and assessments on the Bank's risk management systems, internal controls, anti-corruption, whistle-blowing and governance processes in accordance with and conforming to the requirements set out in the Bank Negara Malaysia's Guidelines on Internal Audit Function of Licensed Institutions as well as Malaysian Code on Corporate Governance 2021. The Internal Audit function has also adopted the standards outlined in the Institute of Internal Auditors' International Professional Practices Framework (IPPF) which was last revised on 1 January 2017.

	As part of measures to ascertain that IAD staff are free from any relationships or conflicts of interest situation, which could impair their objectivity and independence, IAD staff who were transferred from other divisions or branches within Public Bank are not allowed to conduct audit on areas where they were previously engaged in until the "cooling off" period is over after an independent audit has been conducted, whichever is earlier. For this purpose, the "cooling off" period shall not be less than six months from the date they joined IAD or such longer period as may be determined by the GCIA. Staff upon joining IAD are required to declare to the GCIA that they are free from any relationships or conflicts of interest that could impair their objectivity. In order to internalise objectivity and independence, Internal Audit function does not have responsibility or authority over any audit area nor is involved in any activity that may impair the judgment of the Internal Audit function. For this purpose, when providing consulting and advisory services to Management, such as review of the risk exposures of new systems, business products and services to assess the controls that should be put in place to mitigate the associated risks identified prior to implementation, Internal Audit is not involved in the system selection or implementation process in order to maintain its objectivity and independence.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 12.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	:	Applied
Explanation on application of the practice	:	<u>Communication with Stakeholders</u> The Board recognises the importance of cultivating a meaningful and transparent stakeholder engagement with its stakeholders. The stakeholder engagement process facilitates adequate, accurate and timely disclosure of the Bank's latest developments in relation to its strategic directions, business activities, financial performance, governance practices as well as sustainability efforts. To facilitate effective communication with the investing community, the Bank maintains an extensive investor relation channels across multiple platforms, including the annual report, quarterly results briefings, investors' meetings, roadshows and conferences, Annual General Meeting, and corporate website. In particular, the Bank promptly updates and maintains its corporate website at www.publicbankgroup.com, which incorporates dedicated sections for investor relations, corporate governance and sustainability, to ensure the accurate and timely communication of information to stakeholders. With increasing focus on environmental, social and governance (ESG), the Bank publishes a sustainability report as part of its annual report. This serves to inform stakeholders on the management of sustainability matters, including related initiatives, objectives and achievements. Regular engagement through investor relation channels of the Bank ensures that the Board and Management stay abreast of stakeholders' ESG expectations, and promptly respond to their enquiries on ESG matters. When engaging with stakeholders, the Bank adheres to the Bursa Malaysia Securities Berhad (Bursa Malaysia) Main Market Listing Requirements relating to compulsory disclosures, adopting the recommended practices as set forth in the Malaysian Code on Corporate Governance 2021.

The Bank utilises the following communication channels: -

Annual General Meeting

The Annual General Meeting serves as an avenue for shareholders to interact with the Board and Senior Management, vote on issues at hand, express concerns, and seek clarifications regarding the Bank's strategic directions, operations and business performance. On 15 May 2023, Public Bank's 57th Annual General Meeting was held remotely, as it has been for the past three years. This approach provides shareholders the convenience of global accessibility, while streamlining the meeting process and improving operational efficiency.

At the Annual General Meeting, the Managing Director/Chief Executive Officer delivered a comprehensive review of the Public Bank Group's financial performance, prospects, and strategic direction. Shareholders could submit their enquiries on the Bank's agenda in advance of or during the live streaming of the Annual General Meeting. The valuable feedbacks and suggestions from shareholders were duly acknowledged and carefully considered by both the Board and Senior Management.

The minutes of the general meeting proceedings are available on Public Bank's corporate website at www.publicbankgroup.com.

Annual Report

The Bank has published its inaugural Integrated Annual Report for 2023. The Bank has incorporated an integrated approach of reporting in line with the globally recognised Integrated Reporting Framework. The Integrated Annual Report covers relevant issues that are material to the Public Bank Group's ability to create value for its stakeholders. The Bank's Annual Report and Financial Statements have also included the details of the Group's leadership, achievements, value creation model, financial performance, business review, overview statement on corporate governance and other areas of shareholder interest.

Public Bank's Sustainability Report is part of the Annual Report, to update stakeholders on the Bank's approach and progress on sustainability, including material ESG risks and opportunities pertinent to the Bank's operations, its governance structure, ESG risk management policies, initiatives as well as performance metrics related to sustainability.

Dates of Issuance of Annual Report

	Date of Issue	Number of Days after end of Year	Bursa Malaysia Deadline
2023 Integrated Annual Report	8 April 2024	99	30 April 2024
Annual Report 2022	14 April 2023	104	30 April 2023

Quarterly Financial Result Announcements

The quarterly financial performance of the Bank, accessible via Public Bank's corporate website and the Bursa Malaysia website, is announced in compliance with the Bursa Malaysia Main Market Listing Requirements. To keep analysts abreast of the Bank's recent performance and strategy, the Bank holds virtual analysts briefing subsequent to each releases of its quarterly financial results.

Dates of Announcement of Quarterly Financial Results

2023	Date of Announcement	Number of Days After End of Quarter	Bursa Malaysia Deadline
1st Quarter	25 May 2023	55	31 May 2023
2nd Quarter	29 August 2023	60	31 August 2023
3rd Quarter	29 November 2023	60	30 November 2023
4th Quarter	28 February 2024	59	29 February 2024

Public Bank's Corporate Website

Stakeholders can access historical and current information on the Bank via Public Bank's corporate website at www.publicbankgroup.com, which is updated on a regular basis. The information featured on the corporate website covers:-

- Board Charter
- Composition and Terms of Reference of the Board Committees
- Constitution
- Corporate Policies (Whistleblowing Policy and Procedures & Anti Bribery and Anti-Corruption Policy)
- Investor Relations
- Financial information (Financial Reports & Investor Presentations)
- Sustainability reports and ESG documents
- Documentation of past General Meetings
- News and announcements

Investor Relations

The Investor Relations (IR) team of the Bank facilitates two-way communication between the Bank and its stakeholders by establishing a platform for the latter to raise their concerns and feedbacks. Meanwhile, the Senior Management of the Bank also actively engages in IR activities, including analysts' briefing, IR meetings and telepresence, and investor roadshows to keep domestic and international investing communities informed of the Bank's performance and prospects.

Investor Relations Meetings	Number of Meetings	Number of Investors / Analysts
Analysts' Briefing	4	280
IR Meeting / Telepresence	26	90
Investors Conference	1	13

The investment community can engage with Public Bank through its dedicated investor relations team as follows:-

PUBLIC BANK

Tan Sri Dato' Sri Dr. Tay Ah Lek
Managing Director/Chief Executive Officer
Telephone number: +603-2176 6000
E-mail: ir@publicbank.com.my

Chang Siew Yen
Senior Chief Operating Officer
Telephone number: +603-2176 7461
E-mail: changsiewyen@publicbank.com.my

Yik Sook Ling
Chief Financial Officer
Telephone number: +603-2177 3310
E-mail: yiksookling@publicbank.com.my

Chong Soo Loong
Director, Corporate Planning, Economics & Sustainability Management
Telephone number: +603-2177 3152
E-mail: chongsooloong@publicbank.com.my

PUBLIC FINANCIAL HOLDINGS LIMITED

Chong Yam Kiang
Chief Executive
Telephone number: +852-2853 4768
E-mail: chongyk@publicbank.com.hk

INVESTOR RELATIONS UNIT

Denise Fong Po Yen
Corporate Planning, Economics & Sustainability Management
Telephone number: +603-2176 6293
E-mail: ir@publicbank.com.my

Explanation for departure :	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure :	
Timeframe :	

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 12.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	:	Applied
Explanation on application of the practice	:	Public Bank is pleased to report the publication of its inaugural 2023 Integrated Annual Report. The Bank has incorporated an integrated approach of reporting in line with the globally recognised Integrated Reporting Framework. The 2023 Integrated Annual Report covers relevant and material matters to the Public Bank Group. The enhancement of the Bank's Integrated Annual Report will be an ongoing process, as the Bank continues in its integrated reporting journey.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application :	Applied	
Explanation on application of the practice :	Shareholders are given sufficient notice and time to consider the resolutions that will be discussed and decided at the Annual General Meeting. In line with the recommendation of Practice 13.1 of the Malaysian Code on Corporate Governance 2021, the Notice of Public Bank's Annual General Meetings were given to shareholders at least 28 days prior to the meetings. The Notice of the Public Bank's 58th Annual General Meeting was given to shareholders on 8 April 2024 which is 29 days prior to the date of the Annual General Meeting on 8 May 2024. Explanatory notes on the resolutions proposed are provided in the Notice of Annual General Meeting to enable shareholders to make informed decision when exercising their voting rights.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied	
Explanation on application of the practice	:	All Directors including the Chairs of the respective Board Committees were present at the Public Bank's 57th Annual General Meeting which was held virtually on 15 May 2023.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome
Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.3
Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

Application	:	Applied
Explanation on application of the practice	:	Since the Public Bank's 54th Annual General Meeting held on 29 June 2020, the Bank has leveraged on technology to facilitate remote shareholders' participation and conduct of poll via e-voting. Shareholders whose names appear in the General Meeting Record of Depositors are entitled to participate and vote at the Annual General Meetings remotely by using the Remote Participation and Voting facilities provided by the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd (Tricor) via its TIIH Online website at https://tiih.online. Tricor had confirmed that it has implemented an Information Technology Policy and Information Security Policy, endpoint controls and data classification for cyber hygiene practices of the staff. Stress test and penetration testing had been performed on TIIH Online to test its resiliency. To provide further assurance to the public, Tricor Malaysia is ISO27001 certified and in addition to this, the TIIH Online is hosted on a secure cloud platform and the data centre is ISO27001 certified.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.		
Application :	Applied	
Explanation on application of the practice :	The Public Bank's 57th Annual General Meeting (AGM) was conducted as a virtual AGM through live streaming and online remote voting. Shareholders were provided adequate opportunity to submit questions to the Bank prior to the AGM through the online platform provided by the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd via its TIIH Online website at https://tiih.online or used the query box to transmit questions via the Remote Participation and Voting facilities during live streaming of the AGM. During the live streaming of the AGM, questions from the Minority Shareholders Watch Group and shareholders which were raised prior to and during the AGM were displayed on the screen for the meeting participants' reference and all relevant questions were addressed by the Chairman or the Managing Director/Chief Executive Officer during the live streaming of the AGM.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.		
Application	:	Applied
Explanation on application of the practice	:	The Public Bank's 57th Annual General Meeting (AGM) held on 15 May 2023 was conducted as a virtual AGM through live streaming and online remote voting. Shareholders were able to submit questions to the Bank prior to the AGM via the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd's TIIH Online website at https://tiih.online or they used the query box to transmit questions to the Bank via the Remote Participation and Voting facilities during the live streaming of the AGM. The shareholders were allowed to submit their questions at any time from the date of issuance of the notice of AGM up to the time when the AGM was in progress. During the live streaming of the AGM, questions from the Minority Shareholders Watch Group and shareholders which were raised prior to and during the AGM were displayed on the screen for the meeting participants' reference and all relevant questions were addressed by the Chairman or the Managing Director/Chief Executive Officer during the live streaming of the AGM.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome
Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.6
Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.			
Application	:	Applied	
Explanation on application of the practice	:	The minutes of Public Bank's 57th Annual General Meeting held on 15 May 2023 was made available on Public Bank's corporate website at www.publicbankgroup.com within 30 business days after the general meeting.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

BOARD OF DIRECTORS

Board Composition

The Board currently comprises the following nine (9) Members:-

1. Mr Lai Wan, Non-Independent Non-Executive Chairman
2. Tan Sri Dato' Sri Dr. Tay Ah Lek, Managing Director/Chief Executive Officer
3. Ms Cheah Kim Ling, Non-Independent Non-Executive Director
4. Mr Lee Chin Guan, Non-Independent Non-Executive Director
5. Dato' Mohd Hanif bin Sher Mohamed, Independent Non-Executive Director
6. Ms Tham Chai Fhong, Independent Non-Executive Director
7. Mr Lim Chao Li, Independent Non-Executive Director
8. Ms Gladys Leong, Independent Non-Executive Director
9. Ms Teoh Meow Choo, Independent Non-Executive Director
   (Appointed on 1 November 2023)

The key personal details and background of each existing Director are available on Public Bank's corporate website at www.publicbankgroup.com.

The Directors' direct and deemed interests in shares of Public Bank are as set out on page 345 of the Public Bank 2023 Integrated Annual Report.

Role and Responsibilities of Board

The role and responsibilities of the Board are as disclosed under Section A, Practice 1.1 of this Corporate Governance Report.

Number of Meetings Convened by the Board and Attendance of Each Director

The Directors' record of attendance at Board meetings held in the financial year ended 31 December 2023 is as reflected below:-

Name of Director	Number of Board Meetings Attended/Held
<u>Non-Independent</u>	
Mr Lai Wan *Non-Executive Chairman*	16/16
Tan Sri Dato' Sri Dr. Tay Ah Lek *Managing Director/Chief Executive Officer*	15/16
Mr Lee Chin Guan *Non-Executive Director*	16/16
Ms Cheah Kim Ling * *Non-Executive Director*	16/16
<u>Independent</u>	
Dato' Mohd Hanif bin Sher Mohamed *Non-Executive Director*	16/16
Ms Tham Chai Fhong *Non-Executive Director*	16/16
Mr Lim Chao Li *Non-Executive Director*	16/16
Ms Gladys Leong *Non-Executive Director*	16/16
Ms Teoh Meow Choo *Non-Executive Director* *(Appointed on 1 November 2023)*	2/2

*Note: * Ms Cheah Kim Ling was redesignated as Non-Independent Non-Executive Director with effect from 29 April 2023 upon reaching the maximum nine (9) years tenure as an Independent Non-Executive Director.*

Directors' Training

Directors' training is an on-going process as the Directors acknowledge the need to continually develop and refresh their knowledge and skills, and to update themselves on developments in the financial industry and business landscape both domestically and internationally.

During the financial year 2023, Members of the Public Bank Board had received training on areas relevant to their duties and responsibilities as Directors by participating in external seminars / talks and internally facilitated sessions. The Directors had participated in talks, webinars, dialogue sessions and focus group sessions organised by Financial Institutions Directors' Education (FIDE) Forum, an initiative of the alumni members of FIDE Programme, which is set up to enhance corporate governance practices adopted by the boards of financial institutions and to develop world class directors who are advocates of best practices and excellence in corporate governance. The Directors had also kept up-to-date with market developments and related issues through Board discussion at meetings with the Deputy Chief Executive Officer, Senior Chief Operating Officers, Chief Financial Officer and other Senior Management Officers.

Talks, seminars and training programmes participated by Directors in 2023 included the following:-

Board Leadership/Corporate Governance

- Mandatory Accreditation Programme Part II: Leading for Impact - Building High Impact Boards for Sustainable Growth
- FIDE Forum - Engagement on Future of Board Talent in Financial Services Industry
- Webinar on Executive Presence and Influence
- Webinar on Generational Divide: Bridging Differences and Building Collaboration

ESG/Sustainability

- Webinar on Contextualising Net Zero
- Webinar on ESG Outlook 2023: Building a Net Zero, Nature-Positive and Equitable World
- Wharton ESG Executive Certificate for Senior Leaders Programme

Risk/Compliance/Regulatory

- BNM-FIDE Forum Dialogue on Cloud Requirements in Risk Management in Technology Policy Document
- Webinar on Introduction to Climate Risk Management
- Webinar on AML/CFT Updates: Evolving Challenges & Expectations in Regulatory Compliance
- Webinar on Closed Period and Insider Trading

Banking, Finance & Economy

- Wharton Global Forum 2023
- Webinar on Global Economic Outlook 2023

Digital Banking/Cyber Security

- FIDE Forum - Understanding the Impact of Digital Transformation in the Financial Industry: What Board Members Need to Know
- FIDE Forum - Talk on Artificial Intelligence and Financial Institutions: Friend or Foe?
- BNM-FIDE Forum Dialogue on Artificial Intelligence & Machine Learning Adoption Landscape in the Industry
- Webinar on Artificial Intelligence and Driven Business Transformation
- Webinar on Management of Cyber Risk
- Webinar on New Cyber Threat Landscape

Board Committees

The Board has established the following Board Committees to support the Board in carrying out its functions:-

- Nomination and Remuneration Committee
- Audit Committee
- Risk Management Committee
- Compliance Committee
- Credit Risk Management Committee
- Board Sustainability Management Committee

Common memberships in Board Committees such as the Audit Committee, Risk Management Committee and Compliance Committee, facilitate a holistic overview of the risk and control functions under the oversight of these Committees.

The roles and responsibilities of Board Committees as well as authority delegated by the Board to these Committees, are reviewed from time to time to ensure that they remain relevant and are up-to-date.

■ Nomination and Remuneration Committee

Public Bank's Nomination and Remuneration Committee comprises majority Independent Non-Executive Directors. Dato' Mohd Hanif bin Sher Mohamed, an Independent Non-Executive Director, is the Chair of the Nomination and Remuneration Committee.

The roles and responsibilities of the Nomination and Remuneration Committee are as follows:-

- To establish the minimum requirements on the skills, knowledge, expertise, experience, qualifications and other core competencies of a Director and of the Chief Executive Officer (CEO) and Deputy CEO.

- To assess and recommend to the Board suitable persons for appointment as Directors, Board Committee Members, CEO, Deputy CEO and other key responsible persons (KRPs) as defined in the Bank Negara Malaysia (BNM) Policy Document on Fit and Proper Criteria.

- In the case of persons for appointment as Independent Non-Executive Director, to assess that the person meets the criteria of Independent Director as may be defined in the BNM Policy Document on Corporate Governance and in the Bursa Malaysia Securities Berhad Main Market Listing Requirements. This includes to assess annually that the Independent Director meets the criteria of an Independent Director as may be defined in the BNM Policy Document on Corporate Governance and in the Bursa Malaysia Securities Berhad Main Market Listing Requirements.

- To assess and recommend to the Board, the Directors/CEO for re-appointment before the application for approval is submitted to BNM.

- To oversee the Board succession plan and overall composition of the Board in terms of appropriate size, required mix of skills, experience and core competencies, and adequacy of balance between Executive Directors, Non-Executive Directors and Independent Directors through annual review.

- To establish the mechanisms for the formal assessment of the effectiveness of the Board as a whole; the Board Committees; the effectiveness of each Director; and the performance evaluation of the CEO, Deputy CEO and other KRPs as defined in the BNM Policy Document on Fit and Proper Criteria. The annual assessment to be conducted would be based on objective performance criteria as approved by the Board.

- To assess, on an annual basis, that the Directors, the CEO, the Deputy CEO, the Company Secretary and other KRPs as defined in the BNM Policy Document on Fit and Proper Criteria are not disqualified under Section 59 of the Financial Services Act 2013 and that the Directors, the CEO, the Deputy CEO, the Company Secretary and other KRPs as defined in the BNM Policy Document on Fit and Proper Criteria continue to meet the fit and proper criteria as stated in the Financial Services Act 2013; BNM Policy Document on Fit and Proper Criteria and the Company's Fit and Proper Policy as approved by the Board.

- To review periodically that all Directors receive appropriate continuous training programmes in order to broaden their perspectives and to keep abreast with developments in the market place and with changes in new statutory and regulatory requirements.

- To recommend to the Board the removal of a Director, the CEO, the Deputy CEO if he/she is ineffective, errant or negligent in discharging his/her responsibilities, or if he/she fails to meet the fit and proper criteria as defined in the Financial Services Act 2013, the BNM Policy Document on Fit and Proper Criteria and the Company's Fit and Proper Policy.

- To recommend to the Board the removal of KRPs as defined in the BNM Policy Document on Fit and Proper Criteria if they are ineffective, errant or negligent in discharging their responsibilities.

- To review periodically and recommend to the Board the remuneration system for Directors, CEO, Deputy CEO and other KRPs as defined in the BNM Policy Document on Fit and Proper Criteria to ensure that rewards are in line with the business risk strategy, corporate values and long term interest of the Bank.

- To oversee the performance evaluation of the CEO, Deputy CEO and other KRPs as defined in the BNM Policy Document on Fit and Proper Criteria and recommend to the Board their promotions, specific adjustments in remuneration and/or reward payments if any, reflecting their contributions for the year; and which are competitive and consistent with the Bank's objectives, culture and strategy.

- To oversee that the level of remuneration for Non-Executive Directors is linked to their level of responsibilities undertaken and contributions to the effective functioning of the Board, and reviews and recommends changes to the Board whenever necessary.

- Keeps abreast of the terms and conditions of service of the CEO, the Deputy CEO and other KRPs as defined in the BNM Policy Document on Fit and Proper Criteria including their total remuneration package for market comparability; and reviews and recommends changes to the Board whenever necessary.

- Keeps abreast of the remuneration packages for Members of Board Committees to ensure that they commensurate with the scope of responsibilities held, and reviews and recommends changes to the Board whenever necessary.

- To carry out such other responsibilities as may be specified by BNM or other regulatory authorities or delegated by the Board from time to time.

The Nomination and Remuneration Committee meets at least twice a year or as and when required.

The attendance of Members at the Nomination and Remuneration Committee meetings held in 2023 is as reflected below:-

Name of Committee Members	Number of Nomination and Remuneration Committee Meetings Attended/Held
Dato' Mohd Hanif bin Sher Mohamed *(Chairman)* *Independent Non-Executive*	8/8
Ms Cheah Kim Ling * *Non-Independent Non-Executive*	8/8
Mr Lee Chin Guan *Non-Independent Non-Executive*	8/8
Mr Lim Chao Li *Independent Non-Executive*	8/8
Ms Tham Chai Fhong *Independent Non-Executive*	8/8
Ms Gladys Leong *Independent Non-Executive*	8/8

*Note: * Ms Cheah Kim Ling was redesignated as Non-Independent Non-Executive Director with effect from 29 April 2023 upon reaching the maximum nine (9) years tenure as an Independent Non-Executive Director.*

■ Audit Committee

Public Bank's Audit Committee comprises exclusively of Independent Non-Executive Directors. Dato' Mohd Hanif bin Sher Mohamed, an Independent Non-Executive Director, is the Chair of Audit Committee.

The responsibilities and duties of the Audit Committee are as follows:-

a. Risk Management Systems, Internal Controls and Governance Processes

To review the adequacy, soundness and effectiveness of the risk management systems, internal controls, anti-corruption measures, whistleblowing policy and governance processes implemented in Public Bank.

b. Internal Audit

- To assess and approve the appointment, replacement and dismissal of the Group Chief Internal Auditor (GCIA). On an annual basis, to review and assess the suitability of the GCIA, being a key responsible officer, in accordance with the fit and proper criteria as approved by the Board of Directors. The assessments shall be escalated to the Board of Directors for noting.

- To evaluate the performance and approve the remuneration of the GCIA as proposed by Human Capital Management and escalate the outcome to the Board of Directors for noting.

- To approve the recruitment and dismissal of the Senior Management Staff (Senior Manager and above) of Internal Audit Division.

- To evaluate and approve the performance and remuneration of the Senior Management staff of the Internal Audit Division as proposed by Human Capital Management.

- To review the adequacy of the scope, competency and resources of Internal Audit Division and that it has the necessary authority to carry out its work.

- To approve the annual audit plan, training plan and internal audit framework.

- To review the internal audit charter for recommendation to the Board of Directors for approval.

- To establish a mechanism to review and assess the performance and effectiveness of the Internal Audit function.

- To exercise oversight over the Internal Audit function of the Bank's subsidiary companies through the Audit Committee of the respective subsidiary companies.

c. External Audit

- To review the External Auditor's audit plans, scope of its audits and their audit reports, including the External Auditor's evaluation of the system of internal controls.

- To assess the performance of the External Auditor and make recommendations to the Board of Directors on their appointment/re-appointment, remuneration, resignation and removal.

- To review the suitability, independence and objectivity of the External Auditor and their services, including non-audit services.

- To review the provision of non-audit services by the External Auditor for recommendation to the Board of Directors for approval.

- To review and concur the proposed provision of non-audit services by the External Auditor of Public Bank (ie. the Parent Bank Auditor) and/or a firm or corporation affiliated with the Parent Bank Auditor, to Public Bank's subsidiary companies and overseas branches.

d. Audit Reports

- To review the investigation, internal and external audit reports to ensure that appropriate remedial actions are taken timely by Management to address and resolve the identified key issues/significant lapses in controls and procedures.

- To note any significant disagreements over audit issues between the GCIA and the Bank's Senior Management team, irrespective of whether these issues/lapses have been resolved, in order to identify the impact the of such disagreements that may have on the audit process or findings.

e. Financial Reporting

To review the quarterly and annual financial statements of Public Bank and the Public Bank Group for recommendation to the Board of Directors for approval, with particular focus on:

- changes in or implementation of new accounting policies and practices;
- significant matters highlighted including financial reporting issues, significant judgments made by Management, significant and unusual events or transactions, and how these matters are addressed.
- compliance with the applicable approved accounting/auditing standards in Malaysia and other legal and regulatory requirements.

f. Related Party Transactions

To review the audit report on the related party transactions that may arise between Public Bank and its related parties on a quarterly basis.

g. Other Matters

- To review the accuracy and adequacy of the Chairman's Statement in the Annual Report, corporate governance disclosures, interim financial reports and preliminary announcements in relation to the preparation of financial statements.

- To monitor compliance with the Board of Directors' conflicts of interest policy.

- To review third-party opinions on the design and effectiveness of the Bank's internal control framework.

- To consider such other matters as the Committee considers appropriate or as authorised by the Board of Directors.

The Audit Committee meets at least once a month.

The attendance of Members at the Audit Committee meetings held in 2023 is as reflected below:-

Name of Committee Members	Number of Audit Committee Meetings Attended/Held
Dato' Mohd Hanif bin Sher Mohamed *(Chairman)* *Independent Non-Executive*	17/17
Ms Tham Chai Fhong *Independent Non-Executive*	17/17
Mr Lim Chao Li *Independent Non-Executive*	17/17
Ms Gladys Leong *Independent Non-Executive*	17/17
Ms Teoh Meow Choo *Independent Non-Executive* *(Appointed as Member on 1 November 2023)*	2/2
Ms Cheah Kim Ling * *Non-Independent Non-Executive* *(Ceased as Member on 29 April 2023)*	6/6

*Note: * Ms Cheah Kim Ling ceased as Member of the Audit Committee on 29 April 2023 following her redesignation as Non-Independent Non-Executive Director with effect from 29 April 2023 upon reaching the maximum nine (9) years tenure as an Independent Non-Executive Director (pursuant to Step up Practice 9.4 of the Malaysian Code on Corporate Governance 2021, the Audit Committee should comprise solely of Independent Directors).*

■ Risk Management Committee

The Risk Management Committee is made up of majority Independent Non-Executive Directors. Ms Gladys Leong, an Independent Non-Executive Director, is the Chair of the Risk Management Committee.

The roles and responsibilities of the Risk Management Committee are as follows:-

- Supports the Board in meeting the expectations on risk management in the following areas:
  - Oversee that Public Bank corporate objectives are supported by a sound risk strategy and an effective risk management framework that is appropriate to the nature, scale and complexity of its activities.
  - Provide effective oversight on Senior Management's actions having considered the risk strategy and policies approved by the Board including the risk appetite.
  - Provide effective oversight on the ability of the risk management framework to identify, measure and monitor all relevant and material risks including climate-related risks on a group and firm-wide basis, supported by robust management information systems that facilitate the timely and reliable reporting of risks and the integration of information across the institution.
  - Provide effective oversight on the integration of the risk management practices throughout the organisation and embedded into the culture and business operations of Public Bank.
  - Provide effective oversight that Public Bank have put in place the appropriate mechanisms for communicating risks across the organisation and for reporting risk developments to the Board and Senior Management.
  - Responsible for supporting the Board in providing oversight over technology-related matters, including assessing the adequacy and effectiveness of risk management framework and policies relating to the management of information technology risks and cyber risk.
  - Understands Public Bank's operational and organisational structure and the risks it poses and is satisfied that it is not overly complex or opaque such that it hampers effective risk management.
  - Provide effective oversight on the Public Bank's subsidiaries' risk management and be satisfied that appropriate processes are established to monitor the subsidiaries' compliance with the Group's risk management policies.
- Supports the Board in its implementation of a sound remuneration system by examining whether the incentives provided by the remuneration system takes into consideration risks, capital, liquidity and the likelihood of earnings without prejudice to the tasks of the Nomination and Remuneration Committee.

- Collaborate with Audit Committee and Compliance Committee to understand how the internal audit work plan and compliance work plan are aligned with the risks that have been identified so as to obtain assurance that the identified risks are managed in an integrated manner.

- Reviews and approves the appointment, replacement and dismissal of the Chief Risk Officer.

- Evaluates and approves the performance and remuneration of the Chief Risk Officer and Senior Management staff of Risk Management Division.

The Risk Management Committee holds monthly meetings.

The attendance of Members at the Risk Management Committee meetings held in 2023 is as reflected below:-

Name of Committee Members	Number of Risk Management Committee Meetings Attended/Held
Ms Gladys Leong *(Chairperson)* *Independent Non-Executive*	12/12
Mr Lai Wan *Non-Independent Non-Executive*	12/12
Ms Cheah Kim Ling * *Non-Independent Non-Executive*	12/12
Mr Lee Chin Guan *Non-Independent Non-Executive*	12/12
Dato' Mohd Hanif bin Sher Mohamed *Independent Non-Executive*	12/12
Ms Tham Chai Fhong *Independent Non-Executive*	12/12
Mr Lim Chao Li *Independent Non-Executive*	12/12
Ms Teoh Meow Choo *Independent Non-Executive* *(Appointed as Member on 1 November 2023)*	2/2

*Note: * Ms Cheah Kim Ling was redesignated as Non-Independent Non-Executive Director with effect from 29 April 2023 upon reaching the maximum nine (9) years tenure as an Independent Non-Executive Director.*

■ Compliance Committee

The Compliance Committee is made up of majority Independent Non-Executive Directors. During the financial year 2023, Ms Cheah Kim Ling was the Chair of Compliance Committee until 28 April 2023. Ms Cheah was redesignated from Chair to Member of Compliance Committee on 29 April 2023 following her redesignation as Non-Independent Non-Executive Director with effect from 29 April 2023 upon reaching the maximum nine (9) years tenure as an Independent Non-Executive Director.

Ms Tham Chai Fhong, an Independent Non-Executive Director, was redesignated from Member to Chair of the Compliance Committee with effect from 29 April 2023.

The roles and responsibilities of the Compliance Committee are as follows:-

- Approves policies and methodologies in assessing the compliance profile and evaluate the effectiveness of overall management of compliance risks.
- Reviews and concurs with the revisions of Public Bank Group's compliance policy and oversees its implementation.
- Reviews and approves Public Bank's compliance plan.
- Assesses and reviews compliance risk profile for effective management of the overall compliance risk.
- Put in place appropriate infrastructure, resources, processes and systems for compliance assessment and to support initiatives that are directed at improving and contributing to the effectiveness of the compliance function. This includes granting Compliance Division staff the access to any records or files for the purpose of discharging their responsibilities.
- Provide adequate oversight on the overall compliance function of Public Bank's subsidiaries.
- Review the periodic reports presented on the assessment of compliance status of Public Bank and the Public Bank Group, and updates on regulatory trends and requirements.
- Deliberate compliance issues such that the issues are resolved effectively and expeditiously.
- Establish appropriate lines of reporting for timely escalation of compliance issues to the Operational Risk Management Committee, Compliance Committee and the Board of Directors.

- Oversee that training is provided to the compliance staff to upgrade their knowledge and to keep abreast with the laws and regulations, standards and guidelines on compliance-related issues.

- Assesses and approves, prior to the appointment and on an annual basis, the suitability of the Chief Compliance Officer, being a key responsible officer, in accordance with the fit and proper criteria as approved by the Board of Directors.

- Evaluates and approves the appointment, replacement, dismissal, performance and remuneration of the Chief Compliance Officer and escalate to the Board of Directors for noting.

- Evaluates and approves the performance and remuneration of the Senior Management staff of the Compliance Division.

The Compliance Committee holds monthly meetings.

The attendance of Members at the Compliance Committee meetings held in 2023 is as reflected below:-

Name of Committee Members	Number of Compliance Committee Meetings Attended/Held
Ms Tham Chai Fhong *(Chairperson) ** *Independent Non-Executive* *(Appointed as Chair on 29 April 2023)*	12/12
Ms Cheah Kim Ling *** *Non-Independent Non-Executive* *(Ceased as Chair on 29 April 2023)*	12/12
Mr Lai Wan *Non-Independent Non-Executive*	12/12
Mr Lee Chin Guan *Non-Independent Non-Executive*	12/12
Dato' Mohd Hanif bin Sher Mohamed *Independent Non-Executive*	12/12
Mr Lim Chao Li *Independent Non-Executive*	12/12
Ms Gladys Leong *Independent Non-Executive*	12/12
Ms Teoh Meow Choo *Independent Non-Executive* *(Appointed on 1 November 2023)*	2/2

Notes: * *Ms Tham Chai Fhong was redesignated from Member to Chair of the Compliance Committee with effect from 29 April 2023.*

** *Ms Cheah Kim Ling was redesignated from Chair to Member of the Compliance Committee on 29 April 2023 following her redesignation as Non-Independent Non-Executive Director with effect from 29 April 2023 upon reaching the maximum nine (9) years tenure as an Independent Non-Executive Director.*

■ Credit Risk Management Committee

The Credit Risk Management Committee is made up of majority Independent Non-Executive Directors. During the financial year 2023, Ms Cheah Kim Ling ceased as Chair on 29 April 2023 and remain as Acting Chair/Member of the Credit Risk Management Committee following her redesignation as Non-Independent Non-Executive Director with effect from 29 April 2023 upon reaching the maximum nine (9) years tenure as an Independent Non-Executive Director. Ms Cheah has relinquished her position as the Acting Chair/Member of the Credit Risk Management Committee on 1 November 2023.

Ms Teoh Meow Choo, an Independent Non-Executive Director, was appointed as Chair and Member of the Credit Risk Management Committee with effect from 1 November 2023.

The roles and responsibilities of the Credit Risk Management Committee are as follows:-

- Assists the Public Bank and Public Islamic Bank Board of Directors in their supervisory roles on the management of credit risk. In respect of Public Bank, the management of credit risk includes the management of the credit risk of Public Bank's subsidiaries.
- Assists the Board in overseeing the integration of climate-related risk management into the credit risk management process.
- Evaluates and assesses the adequacy of strategies to manage the overall credit risk associated with Public Bank and its subsidiaries; and Public Islamic Bank's activities.
- Oversees the development of credit policies encompassing all products and businesses ensuring the development of policy manual and procedures.
- Monitors, assesses and advises the credit risk portfolio composition.
- Reviews the sensitivity analysis conducted on the credit portfolios and its impact on the earning/capital.
- Assesses the risk-return trade-off of credit products.
- Provide effective oversight that processes and procedures are in place to meet the regulatory requirements on credit risk management.
- Reviews reports of the credit review process, asset quality and be satisfied that corrective action is taken.
- Reviews and evaluates the various credit products engaged by Public Bank and be satisfied that it is conducted within the standards and policies set.
- Provide effective oversight on Public Bank's subsidiaries credit risk management and be satisfied that appropriate processes are established to monitor their credit risk profiles and implementation of credit risk management framework, policies and guidelines are appropriate to the nature, scale and complexity of its activities.

The Credit Risk Management Committee holds monthly meetings.

The attendance of Members at the Credit Risk Management Committee meetings held in 2023 is as reflected below:-

Name of Committee Members	Number of Credit Risk Management Committee Meetings Attended/Held
Ms Teoh Meow Choo *(Chairperson) * Independent Non-Executive (Appointed on 1 November 2023)*	2/2
Mr Lai Wan *Non-Independent Non-Executive*	12/12
Dato' Mohd Hanif bin Sher Mohamed *Independent Non-Executive*	12/12
Ms Cheah Kim Ling *** Non-Independent Non-Executive (Ceased as Chair on 29 April 2023 and ceased as Acting Chair/Member on 1 November 2023)*	10/10
Datin Dr. Rusnah binti Muhamad *Independent Non-Executive (Representative from Public Islamic Bank)*	12/12
Mr Lam Song Shen *Independent Non-Executive (Representative from Public Islamic Bank)*	12/12

*Notes: * Ms Teoh Meow Choo was appointed as Chair and Member of the* Credit Risk Management Committee *with effect from 1 November 2023.*

*** Ms Cheah Kim Ling ceased as Chair on 29 April 2023 and remain as Acting Chair/Member of the Credit Risk Management Committee following her redesignation as Non-Independent Non-Executive Director with effect from 29 April 2023 upon reaching the maximum nine (9) years tenure as an Independent Non-Executive Director. Ms Cheah has relinquished her position as the Acting Chair/Member of the Credit Risk Management Committee on 1 November 2023.*

■ Board Sustainability Management Committee

The Board Sustainability Management Committee which was set-up on 1 November 2022 is made up of majority Independent Non-Executive Directors and is chaired by Mr Lim Chao Li, an Independent Non-Executive Director.

The roles and responsibilities of the Board Sustainability Management Committee are as follows:-

- Assists the Board to oversee the setting of sustainability strategies, priorities and targets, and ensuring that the Public Bank Group's strategies, goals and principles pertaining to sustainability are aligned with, promote and encourage the Group's commitment towards sustainability.

- Reviews and recommends to the Board for approval, sustainability strategies, priorities and targets proposed by Management.

- Provides oversight and input to Management on the Group's strategies, goals and principles pertaining to sustainability.

- Reviews issues relating to sustainability arising from independent audits and assurance reports as well as any matters pertaining to sustainability highlighted by regulators or consultants.

- Reviews and recommends to the Board of Directors for approval both the sustainability report for annual report and other public documents related to the Group's reporting on sustainability to ensure that the Group's sustainability agenda is effectively communicated to investors and other stakeholders.

- Receives quarterly updates from Management on the progress towards achieving the Group's sustainability targets.

- Reviews and be assured that the sustainability considerations are effectively integrated in the operations of Public Bank Group.

- Performs any other functions and exercise such other powers as may be delegated to it from time to time by the Board of Directors.

The Board Sustainability Management Committee holds quarterly meetings.

The attendance of Members at the Board Sustainability Management Committee meetings held in 2023 is as reflected below:-

Name of Committee Members	Number of Board Sustainability Management Committee Meetings Attended/Held
Mr Lim Chao Li *(Chairman)* *Independent Non-Executive*	4/4
Mr Lai Wan *Non-Independent Non-Executive*	4/4
Ms Tham Chai Fhong *Independent Non-Executive*	4/4
Ms Gladys Leong *Independent Non-Executive*	4/4
Dato' Haji Kamil Khalid bin Dato' Mushir Ariff *Independent Non-Executive* *(Representative from Public Islamic Bank)*	4/4

INTERNAL CONTROL FRAMEWORK

Main features of the internal control framework, and the nature and frequency of any review and assessment conducted on the internal control framework

- A system of internal controls based on segregation of duties, independent checks, segmented system access control and multi-tier authorisation processes is in place to ensure control procedures and limits are implemented and complied with. Authority limits are in place to govern the day-to-day risk-taking activities such as extension of credits, treasury operations, investments, acquisitions and disposals of assets. Policies and procedures to govern the business and operations of the Group are formulated to ensure compliance with internal controls and relevant laws and regulations. These policies and procedures are subject to periodic review to ensure continuing relevance having considered the changes in the operational needs, business environment or regulatory requirements and are approved by the approving authorities prior to implementation.

- The adequacy and effectiveness of the risk management and internal control system as well as the level of compliance with the relevant laws, regulations, policies and procedures are subject to ongoing assessment by the Risk Management Functions, Compliance Functions and Internal Audit Functions. These independent control functions, as well as the Risk Management Committee, the Compliance Committee and the Audit Committee assist the respective Boards in discharging their risk and internal control oversight responsibilities.

- The Compliance Function of the Bank and its major subsidiaries are responsible for the management of statutory and regulatory compliance risk of the Group across all jurisdictions in which the Group operates. Reports on compliance matters covering compliance findings, corrective measures, the latest regulatory environment and any discernable areas of regulatory focus such as anti-money laundering, counter financing of terrorism and counter proliferation financing are tabled to the Compliance Committee for review and deliberations at the monthly meetings. The Internal Audit Function of the Bank and its major subsidiaries independently assesses the adequacy and effectiveness of risk management and internal control system put in place as well as compliance with applicable laws, regulations and guidelines through the performance of regular audits of the operations and activities in accordance with the approved Annual Audit Plan. The Internal Audit Function also provides an annual assurance statement to the respective entities' Audit Committee and Board on the state, soundness and effectiveness of the risk management and internal control system put in place to manage and mitigate the associated risks arising from the business operations.

For further information, please refer to the Statement on Risk Management and Internal Control as set out on pages 295 to 301 of the Public Bank 2023 Integrated Annual Report.

Key policies and procedures of the internal control framework, including any changes made to these policies and procedures during the financial year

Policies and procedures such as the Group Risk Management Framework, the Group Risk Appetite Framework, the Group Compliance Policy, the Group Anti-Money Laundering, Countering Financing of Terrorism and Targeted Financial Sanctions Policy, the Group Anti-Bribery and Anti-Corruption Policy, the Group Banking Secrecy Framework, the Group Policy on Outsourcing Arrangements, the Group Policy on Risk Management Practices for New Products and the Group Policy and Procedures on Provision of Electronic Banking Services are formulated to ensure compliance with internal controls and relevant laws and regulations and to govern the business and operations of the Group. These policies and procedures are subject to periodic review to ensure continuing relevance to the changes in the operational needs, business environment or regulatory requirements and are approved by the approving authorities prior to implementation.

REMUNERATION

The information on the Bank's Remuneration Policy and Practices is as disclosed under Section A, Practice 7.1 of this Corporate Governance Report.

The details of the Directors' remuneration (including benefits-in-kind) of each Director during the financial year 2023 are disclosed under Practice 8.1 of this Corporate Governance Report.

The total value of cash-based remuneration paid out to Senior Management staff of Public Bank for financial year 2023 are as per the below table:-

Remuneration	Non-Deferred		Deferred			
			Paid in the Financial Year		Outstanding	
	No.	Amount (RM)	No.	Amount (RM)	No.	Amount (RM)
Fixed	28	32,015,180	-	-	-	-
Variable	28	4,617,136	28	20,884,431	28	8,198,143

Note: The above excludes the remuneration of Managing Director/CEO which has been declared under the Directors' Remuneration.