

PUBLIC ISLAMIC BANK

Corporate Governance Disclosures

As an Islamic financial institution licensed under the Islamic Financial Services Act 2013 (IFSA), Public Islamic Bank (PIBB) complies with the corporate governance standards and practices set out in the Bank Negara Malaysia (BNM)'s Policy Document on Corporate Governance (BNM Policy Document on CG) and principles of BNM Policy Document on Shariah Governance.

BOARD OF DIRECTORS

Board Responsibilities

The Board is collectively responsible for the long-term success of PIBB and delivery of sustainable value to the stakeholders. It plays a pivotal role in formulating and reviewing key policies and charting the course of PIBB's strategic directions. The Board, through the Audit Committee, Risk Management Committee, Risk Management Committee on Compliance function, Joint Public Bank (PBB) (parent company)/PIBB Credit Risk Management Committee and Joint PBB/PIBB 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 PIBB is willing to take in achieving its strategic objectives.

The key responsibilities of the Board and matters reserved for Board's consideration and approval are set out in the Board Charter, which can be downloaded from PIBB's corporate website at www.publicislamicbank.com.my.

The Board has delegated authority to the various Board Committees to enable them to support the Board effectively in accordance with their terms of reference.

Board Meetings, Attendance and Access to Information

Board meetings for the ensuing financial year are scheduled in advance before the end of the current financial year so that the Directors can plan ahead and ensure their full attendance at Board meetings.

The Board holds regular meetings of not less than 16 times a year. In addition to monthly Board meetings, the Board also meets as soon as PIBB's quarterly and annual results are finalised to review and approve the results for submission to BNM. Special Board meetings may be convened as and when necessary to consider urgent proposals or matters that require the Board's expeditious review or consideration.

Pursuant to the BNM Policy Document on CG, the quorum for Board meetings is at least half of the number of the Board Members and a Director is required to attend at least 75% of the Board meetings held in each financial year. All Directors had demonstrated their commitment to PIBB by registering full attendance at Board meetings held in 2024.

At the monthly Board meetings, the Board reviews management reports on the business performance of PIBB and reviews, inter-alia, the results compared with the preceding month and year-to-date, and also the comparison against pro-rated business targets and against the industry. As part of the integrated risk management initiatives, the Board is informed of the decisions and salient issues deliberated by the Audit Committee, Risk Management Committee, Risk Management Committee on Compliance Function, Joint PBB/PIBB Credit Risk Management Committee and Joint PBB/PIBB Board Sustainability Management Committee through minutes of these committees.

The Board Members deliberate on and, in the process, assess the viability of business propositions and corporate proposals, and the principal risks that may have significant impact on PIBB's business or on its financial position, and the mitigating factors. The Board also assesses various types of credit propositions and matters that are required to be submitted to the Board for concurrence or approval, in accordance with the relevant regulatory requirements.

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.

Minutes of the various Board Committees' meetings which record the key deliberations and the decisions taken during these meetings are circulated to all Board Members for noting together with the monthly Board meeting agenda items.

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 7 days before the Board meeting. This is to allow time for the Directors to review the Board papers and to enable robust discussion at Board meetings. The meeting papers are uploaded onto a secure portal which is accessible by the Directors from the electronic devices provided by PIBB.

The Board Members are well prepared for Board meetings and engage in discussions on key matters on the agenda.

A Director is required to abstain from deliberations and decisions of the Board on matters where he/she is an interested party so that he/she does not exercise any influence over the Board's decision in respect of the matter.

The minutes of the 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 and thereafter signed by the Chairman of meeting.

The Chief Executive Officer (CEO) is invited to attend the Board meetings to provide comprehensive monthly updates to the Board on PIBB's business operations and detailed explanations on matters tabled to the Board.

The Head of Shariah is invited to attend the Board meetings to brief and update the Board on matters related to Shariah.

The General Manager of PIBB and the Deputy CEO of PBB attend Board meetings by invitation, while the relevant Senior Management Officers of PBB are invited to attend Board meetings to brief and provide details to the Directors on recommendations or reports submitted to the Board.

Board Charter

The Board Charter serves as the primary guiding 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 subject to periodic review to ensure it remains fit for purpose. The Board Charter is available on PIBB's corporate website at www.publicislamicbank.com.my.

Board Size and Composition

The Board as at 25 March 2025 comprises 7 Members. During the financial year 2024, Mr Tan Keat Lin was appointed as an Independent Non-Executive Director with effect from 27 March 2024. The size and composition of the Board are optimal for fostering a diversity of views, enabling effective decision making, and ensuring an appropriate balance of independent and non-independent directors. The present Board comprises Members who bring experiences from various disciplines, particularly banking and finance, business administration, accountancy, risk management, Shariah and Islamic finance.

The 7 Members of the Board are persons of high calibre and integrity, and they have a sound understanding of PIBB's business and a wealth of industry experience. They possess the appropriate skills, knowledge, experience and competencies to address key risks and major issues relating to PIBB's business and its policies and strategies. The Directors fulfil the fit and proper criteria as specified in the IFSA, the BNM Policy Document on Fit and Proper Criteria as well as PIBB's Fit and Proper Policy for Directors. None of the Members of the Board is an active politician.

The profile of each Member of the Board is as follows:

Dato' Haji Kamil Khalid bin Dato' Mushir Ariff Independent Non-Executive Chairman

- Dato' Haji Kamil Khalid bin Dato' Mushir Ariff, graduated with an MBA in International Business from Central Michigan University, USA in 1979. Prior to that, he obtained a BSc in Management from Syracuse University, New York and a Diploma in Public Administration from ITM.
- His last full-time employment was as Managing Director/CEO of Mahkota Technologies Sdn Bhd (formerly known as General Electric Company of the UK), the first Asian to hold that position.
- In the last 40 years, Dato' Haji Kamil Khalid served in numerous management and Board positions in several large corporate entities viz, The New Straits Times, Kumpulan Perangsang Selangor Bhd, Kumpulan Guthrie Bhd and Idris Hydraulic Bhd. He was also a founder Director of the Kuala Lumpur Tin Market, which he, as part of a Government Steering Committee, help set up in the mid-1980s.

- Dato' Haji Kamil Khalid is currently the Chairman of FWD Insurance Berhad (formerly known as Gibraltar BSN Life Berhad) and Liberty General Insurance Berhad (formerly known as AmGeneral Insurance Berhad). He is also the Chairman of Putrajaya Holdings Sdn Bhd and Director of several other private companies.

Tan Sri Dato' Sri Dr. Tay Ah Lek
Non-Independent Executive Director

- Tan Sri Dato' Sri Dr. Tay Ah Lek has been in the banking and finance industry for 63 years.
- He holds a Master's degree in Business Administration from Henley, United Kingdom and he is an Alumni of Harvard Business School, Boston. He is an Emeritus Fellow of the Malaysian Institute of Management, a Fellow, Chartered Banker, of the Asian Institute of Chartered Bankers, and is a Fellow of CPA Australia and the Financial Services Institute of Australasia.
- He is presently the Chairman of the Association of Hire Purchase Companies Malaysia and is a Council Member of the Association of Banks in Malaysia and the Asian Institute of Chartered Bankers.
- His directorships in other public companies in the PBB Group include as Director of PBB (a public company listed on the Main Market of Bursa Malaysia Securities Bhd), Public Investment Bank Bhd, Public Mutual Bhd and Public Bank (Hong Kong) Ltd. His directorships in other public companies are in Cagamas Holdings Bhd and Ombudsman for Financial Services.

Datin Dr. Rusnah binti Muhamad
Independent Non-Executive Director

- Datin Dr. Rusnah holds a Diploma Executive Studies in Shariah from University of Malaya Centre for Continuing Education and a Bachelor of Accounting from University of Malaya.
- She also holds a Master of Science in Accounting and Finance from University of Stirling, United Kingdom and obtained PhD in Accounting from University of Malaya.
- She is a Fellow of CPA Australia.

- She was an Associate Professor of the Faculty of Business and Accountancy at University of Malaya until October 2022.
- Datin Dr. Rusnah is currently an Independent Non-Executive Director of AIA PUBLIC Takaful Berhad.

Mr Lam Song Shen

Independent Non-Executive Director

- Mr Lam Song Shen is a Certified Public Accountant of Malaysian Institute of Certified Public Accountants and Chartered Accountant of Malaysian Institute of Accountants.
- He started his career with Coopers & Lybrand (now known as PricewaterhouseCoopers) in 1978 and he left to join the AmBank Group in 1987. He worked in AmBank Group for 31 years in various capacities.
- Mr Lam was the Managing Director of Arab-Malaysian Credit Bhd from 1996 to 2001.
- He had represented AmBank in the Council of the Association of Hire Purchase Companies Malaysia from 1996 to 2018.

Dr. Shafaai bin Musa

Independent Non-Executive Director

- Dr. Shafaai bin Musa received his Degree in Shariah from University of Al-Azhar in 1991 and completed his Master's Degree in Comparative Laws at the International Islamic University Malaysia (IIUM) in 1994. Subsequently, Dr. Shafaai obtained a PhD in Comparative Laws from University of Glasgow Caledonian in 2001. He is also a Registered Financial Planner and Shariah Registered Financial Planner of the Malaysia Financial Planning Council (MFPC) since 2009.
- Dr. Shafaai started his career at IIUM in 1992 and served IIUM for 27 years in various capacities until 2019. Dr. Shafaai is the Chairman of Shariah Committee of PIBB, Chairman of Shariah Advisory Council of RGA Retakaful, Member of Shariah Committee of Agrobank, Member of Shariah Advisory Body of Syarikat Takaful Malaysia, Member of Shariah Advisory Council of MFPC and Member of Investigating Tribunal Panel of the Bar Council Malaysia.

Datuk Mohd Anwar bin Yahya
Independent Non-Executive Director

- Datuk Mohd Anwar holds a Bachelor of Science (Honours) Degree in Economics and Accountancy from the University of Hull, United Kingdom. He is a Fellow of the Institute of Chartered Accountants in England and Wales and a Member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants.
- Datuk Mohd Anwar has more than 45 years of experience in accounting and finance. He also held various financial and business advisory roles in PricewaterhouseCoopers that span over a wide range of industries.
- Datuk Mohd Anwar currently sits on the Board of Fraser & Neave Holdings Bhd, SD Guthrie Bhd (formerly known as Sime Darby Plantation Berhad) and Amanah Saham Nasional Bhd.

Mr Tan Keat Lin
Independent Non-Executive Director

- Mr Tan holds a Bachelor of Science (Economics) Accounting and Finance from The London School of Economics and Political Sciences, University of London, United Kingdom. He is a Chartered Banker of the Asian Institute of Chartered Bankers, a Chartered Accountant of the Malaysian Institute of Accountants, and a Certified Public Accountant of The Malaysian Institute of Certified Public Accountants.
- Mr Tan has 33 years of broad risk management experience covering credit, modelling, market, liquidity, operational, asset management, provisions, and in the Basel capital adequacy framework.
- Mr Tan began his career at BNM where he served for 12 years in banking policy formulation and financial sector development, encompassing prudential regulations, monetary policy implementation, and law reforms. Later, he joined the AmBank Group and, during his 21 years tenure at AmBank Group, made significant contributions to risk management, establishing and overseeing the Group Risk Management function across the commercial, Islamic, and investment banks, and leading developments in various aspects of risks, provisions, and the Basel capital adequacy framework.

Board Balance and Independence

The Board currently comprises 1 Non-Independent Executive Directors and 6 Independent Non-Executive Directors ie. 6 out of 7 Directors or 86% of the Board Members are Independent Non-Executive Directors, thus constituting the majority on the Board.

The presence of a majority of Independent Non-Executive Directors provides effective checks and balances in the functioning of the Board to safeguard the interests of PIBB and all stakeholders.

Based on the outcome of the Board Effectiveness Evaluation exercise conducted for the financial year 2024, all the Independent Non-Executive Directors continue to meet the criteria of an Independent Director as specified in the BNM Policy Document on CG. An Independent Non-Executive Director has an ongoing obligation to inform the Board of any circumstances which could impair his/her independence.

Tenure of Independent Directors

The maximum tenure of an Independent Non-Executive Director is a cumulative term of 9 years. Upon reaching such maximum tenure, the Independent Non-Executive Director may continue to serve on the Board but shall be re-designated as a Non-Independent Non-Executive Director. During the financial year 2024, none of the Independent Directors had surpassed a tenure of more than 9 years from their initial appointment.

Fit and Proper Policy for Directors

The Members of the Board provide strategic leadership that influences the financial position and future direction of PIBB. 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 takes 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 criteria specified in PIBB's Fit and Proper Policy and the BNM Policy Document on Fit and Proper Criteria which include the following overarching criteria:-

- Probity, Personal Integrity and Reputation

The person must have 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 criteria as specified in PIBB's Fit and Proper Policy and the BNM Policy Document on Fit and Proper Criteria.

- The person must not be disqualified under Section 68(1) of the IFSA.
- 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 Company which could reasonably be perceived to materially interfere with the exercise of unfettered and independent judgment, and must fulfil the criteria of an Independent Director as specified in the BNM Policy Document on CG.
- 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 PIBB becomes aware of information that may materially compromise a Director's fitness and propriety.

New Appointment and Re-Appointment of Director

The Nomination and Remuneration Committee is responsible for identifying, evaluating and selecting candidates for appointment as Directors, ensuring that they possess the right mix of skills, competencies, experience and qualities which are aligned with PIBB's strategic direction.

The Nomination and Remuneration Committee sources the curriculum vitae of potential candidates from several channels including recommendations by the current Board Members and/or external sources such as Financial Institutions Directors' Education (FIDE) FORUM Directors' Register to identify suitable candidates for proposed appointment as Director based on the pre-requisite skill sets identified by the Board during the Board Effectiveness Evaluation exercise.

The Nomination and Remuneration Committee is responsible for assessing the fitness and propriety of the candidates for proposed directorship and, thereupon, submitting their recommendation to the Board for decision. Pursuant to provisions of the IFSA and policy documents and guidelines issued by BNM, the proposed appointment of a new Director is subject to the prior approval of BNM, and the term of appointment shall be as specified by BNM in its approval.

The proposed re-appointment of a Director, upon expiry of his/her current term of appointment as approved by BNM, is also subject to the approval of BNM. The Nomination and Remuneration Committee is responsible for assessing the performance and the fitness and propriety of Directors whose current term of appointment as approved by BNM is due to expire, and for submitting their recommendation to the Board for decision on the submission of the application to BNM for the proposed re-appointment of the Director concerned.

The Board's succession planning remains adaptable in ensuring that its Members' collective knowledge, experience and skill set align with the evolving demands of the dynamic financial industry.

Re-Election of Directors

The Constitution of PIBB provides that at every Annual General Meeting of PIBB, 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 of PIBB 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 PIBB 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 shareholder's approval at the next Annual General Meeting.

The Nomination and Remuneration Committee had carried out the fit and proper assessment of the Directors who are retiring by rotation at the forthcoming Annual General Meeting to be held in 2025 and the Board was satisfied with the favourable evaluation of the performance and contributions of the Directors to the Board as well as their fitness and propriety.

Time Commitment

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 non-profit organisations that a Director can hold in Malaysia and offshore/overseas, which is as follows:

- A maximum of 5 directorships held in public listed companies; and
- A maximum of 15 directorships/positions held in non-public listed companies and non-profit organisations.

All Directors are in compliance with the Policy on Maximum Number of Directorships and they remain fully committed in carrying out their duties and responsibilities. The Directors are able to give sufficient time commitment to their duties and responsibilities as reflected by their full attendance at the Board meetings held during the financial year ended 31 December 2024.

The Directors demonstrate virtuous commitment and a high level of accountability, and are steadfast in devoting time and providing crucial support in steering PIBB to greater heights.

The Directors' record of attendance at Board meetings held in the financial year ended 31 December 2024, is as reflected below:

Name of Director	Number of Board Meetings	
	Held During Tenure in Office	Attended
Non-Independent		
Tan Sri Dato' Sri Dr. Tay Ah Lek <i>Executive Director</i>	16	16
Independent		
Dato' Haji Kamil Khalid bin Dato' Mushir Ariff <i>Non-Executive Chairman</i>	16	16
Datin Dr. Rusnah binti Muhamad <i>Non-Executive Director</i>	16	16
Mr Lam Song Shen <i>Non-Executive Director</i>	16	16
Dr. Shafaai bin Musa <i>Non-Executive Director</i>	16	16
Datuk Mohd Anwar bin Yahya <i>Non-Executive Director</i>	16	16
Mr Tan Keat Lin ¹ <i>Non-Executive Director</i>	12	12

Note:

¹ Appointed as Independent Non-Executive Director with effect from 27 March 2024.

All Directors have thus well complied with the BNM Policy Document on CG which specifies that each Director must attend at least 75% of the Board meetings held in each financial year.

Directors' Training

In recognition of the increasingly complex and multi-dimensional responsibilities of a Director, the Board places significant emphasis on continuous training and professional development to keep abreast of emerging trends, regulations and operating environments.

The Board actively fosters a culture of continuous learning by encouraging Directors to participate in training programmes and seminars. Directors are supported in identifying their training needs, with the Company Secretary and the Knowledge & Learning of PBB who facilitate and coordinate for the relevant programmes which are applicable to their development requirements.

To keep everyone on key market trends and developments, the Knowledge & Learning of PBB plays a vital role in organising in-house tailored programmes for both Directors and Management of PIBB. These programmes frequently feature external subject matter experts who provide valuable insights into critical and emerging topics. This approach ensures that Directors are well equipped to provide effective oversight and contribute meaningfully to PIBB's strategic direction.

The Company Secretary and the respective Secretaries of the Audit Committee, Risk Management Committee, Risk Management Committee on Compliance function and Joint PBB/PIBB Board Sustainability Management Committee updated the Directors promptly and regularly on new (or changes to) statutes, policy documents and guidelines issued by the regulatory authorities, and the compliance obligations of PIBB and its Directors. This ongoing support reinforces the Directors' ability to navigate regulatory and governance challenges and avoids or minimises incidents of non-compliance.

The Nomination and Remuneration Committee conducts annual review of training received by the Directors during each financial year and recommends to the Board for approval, the budget for Directors' training and development on yearly basis.

In 2024, the Directors had participated in various training programmes, seminar and talks covering diverse and relevant topics, including:

Banking/Finance/Economy

- Talk on The Global Landscape: Near-Term Volatility.
- Responsibility Mapping Engagement with Directors of Financial Institutions.
- Engagement Session with FIDE FORUM Members on BNM Annual Report 2023, Economic and Monetary Review 2023 and Financial Stability Review 2023.
- BNM Sasana Symposium 2024.
- 2nd National Resolution Symposium 2024.
- Economic Outlook & Post Budget 2025 Forum.

Risk/Compliance/Regulatory/Corporate Governance

- Talk on ABAC and AML - Senior Management and the Board's Responsibilities and Perspective.
- Directors' Liabilities within Their Respective Institution's AML Framework.
- Mandatory Accreditation Programme (MAP) Part II - Leading for Impact.
- Preventing Fraud: The Board's Role and Responsibilities.
- IFCTF 2024 Masterclass Programme themed "Combatting Financial Crime and AML/CFT/CPF: A Technical Deep Dive".
- Directors' Remuneration Report Launch.

Environmental, Social & Governance (ESG)

- Talk on Sustainable Sustainability - Why ESG is Not Enough.
- KPMG Symposium - Beyond ESG.

FinTech and Technology Based Innovation

- Talk on Generative AI: What Comes Next After ChatGPT? Predicting the Next 5 GenAI Tools!
- Data Innovation to Drive Financial Inclusion - Pushing New Frontiers.
- Distinguished Board Leadership Series 2024: Digital Transformation of the World's Best Bank.

Islamic Finance

- Engagement Session with Board of Directors of Islamic Financial Institutions: Hajah and Darurah Policy Document.
- Islamic Finance for Board of Directors.
- Key Insights of Hajah and Darurah Principles and Applications.

Board Effectiveness Evaluation

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. 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 MCCG 2021, an independent expert is engaged at least every 3 years to facilitate the evaluation of the effectiveness of the Board, its Committees and each individual Director. This provides the Board with an independent perspective of the Board's performance, including benchmarking against peer Boards and industry best practices.

As the Board had engaged an independent external consultant to conduct the Board Effectiveness Evaluation exercise for the financial year 2023, it was agreed that for the financial year 2024, the Board Effectiveness Evaluation exercise would be conducted internally through a comprehensive set of questionnaire.

The Board, following its Board Effectiveness Evaluation exercise carried out for financial year 2024, concurred with the Nomination and Remuneration Committee that:

- The size and composition of Board are optimal, with a well-balance mix of skills, knowledge, experience (including Shariah expertise) and diverse backgrounds that fosters well-rounded decision-making and prevents limited perspectives.
- The Board demonstrates strong strategic leadership through collaborations and meaningful engagement with the Management.
- The Board ensures the implementation of strong oversight mechanisms to uphold governance standards and ensure compliance with Shariah requirements.
- All Directors demonstrated commendable contributions to PIBB's strategic objectives, with opportunities to enhance specific areas further. The results from the self and peer assessments confirm that the Directors had discharged their duties and responsibilities effectively in 2024.
- The Board Committees had remained effective in supporting the Board throughout the financial year 2024. The Board Committees have demonstrated strong alignment with the Board's strategic objectives, providing timely and well-considered advice and recommendations to enhance governance and decision-making processes.

Directors' Remuneration

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 responsibilities of the Directors and also by benchmarking against the Directors' fees structure of peer banks, in order to be competitive to retain skills and talent, and achieve diversity, on the Board.

The Board as a whole determines the remuneration of its Directors. In January 2025, the Nomination and Remuneration Committee proposed an adjustment to the Directors' and Board Committee Members' fees, which have remained unchanged since 2018, despite the Board's expanding responsibilities. With the increasing complexity of governance standards and the evolving regulatory landscape, Directors are dedicating more time, commitment, and expertise to ensure the continued oversight and strategic guidance that drive PIBB's growth and sustainability. Furthermore, the proposed adjustments aligns with market benchmarks and ensures PIBB remains competitive in attracting and retaining highly qualified Directors.

The Board, upon the recommendation by the Nomination and Remuneration Committee, proposed, subject to shareholder's approval at the Annual General Meeting that the remuneration of the Directors for the financial year ended 31 December 2024 shall be based on a revised fee structure.

BOARD COMMITTEES

The Board has established the following Board Committees whose compositions and terms of reference are in accordance with the BNM Policy Document on CG to support the Board in carrying out its functions:

- Nomination and Remuneration Committee
- Audit Committee
- Risk Management Committee
- Risk Management Committee on Compliance Function
- Joint PBB/PIBB Credit Risk Management Committee
- Joint PBB/PIBB Board Sustainability Management Committee

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

As at 25 March 2025, the Nomination and Remuneration Committee is made up of 5 Independent Non-Executive Directors.

Roles and Responsibilities

The Nomination and Remuneration Committee shall:

- Establish the minimum requirements on the skills, knowledge, expertise, experience, qualifications and other core competencies of a Director and of the CEO.
- Assess and recommend to the Board suitable persons for appointment as Directors, Board Committee Members, CEO, and other key responsible persons (KRPs) as defined in the BNM Policy Document on Fit and Proper Criteria.
- Assess and recommend to the Board suitable persons for appointment as Shariah Committee Members as defined in the BNM Policy Document on Shariah Governance.
- 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 CG. 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 CG.
- Assess and recommend to the Board, the Directors/CEO/Shariah Committee Members for re-appointment before the application for approval is submitted to BNM.
- 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.

- Establish the mechanisms for the formal assessment of the effectiveness of the Board as a whole; the Board Committees; the effectiveness of each Director; the performance of Shariah Committee Members, and the performance evaluation of the 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.
- Assess, on an annual basis, that the Directors, the CEO, the Company Secretary and other KRPs as defined in the BNM Policy Document on Fit and Proper Criteria are not disqualified under Section 68 of the IFSA and that the Directors, the 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 IFSA; BNM Policy Document on Fit and Proper Criteria and PIBB's Fit and Proper Policy as approved by the Board.
- Assess, on an annual basis, that the Shariah Committee Members are not disqualified under the BNM Policy Document on Shariah Governance and that the Shariah Committee Members as defined in the BNM Policy Document on Fit and Proper Criteria continue to meet the fit and proper criteria as stated in IFSA; BNM Policy Document on Fit and Proper Criteria and PIBB's Fit and Proper Policy as approved by the Board.
- Review periodically that all Directors and Shariah Committee Members 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.
- Recommend to the Board the removal of a Director, the CEO and a Shariah Committee Member 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 IFSA, the BNM Policy Document on Fit and Proper Criteria and PIBB's Fit and Proper Policy.
- 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.

- Review periodically and recommend to the Board the remuneration system for Directors, CEO, Shariah Committee Members 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.
- Oversee the performance evaluation of the 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.
- 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, 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 and Shariah Committee to ensure that they commensurate with the scope of responsibilities held, and reviews and recommends changes to the Board whenever necessary.
- Carry out such other responsibilities as may be specified by BNM or other regulatory authorities or delegated by the Board from time to time.

Frequency of Meetings

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 2024 is as reflected below:

Name of Committee Members	Number of Nomination and Remuneration Committee Meetings	
	Held During Tenure in Office	Attended
Datin Dr. Rusnah binti Muhamad (Chair) <i>Independent Non-Executive Director</i>	12	12
Dato' Haji Kamil Khalid bin Dato' Mushir Ariff <i>Independent Non-Executive Chairman</i>	12	12
Mr Lam Song Shen <i>Independent Non-Executive Director</i>	12	12
Dr. Shafaai bin Musa <i>Independent Non-Executive Director</i>	12	11 ¹
Datuk Mohd Anwar bin Yahya <i>Independent Non-Executive Director</i>	12	12

Note:

¹ *Dr. Shafaai did not attend one Nomination and Remuneration Committee meeting on his proposed re-appointment as Independent Non-Executive Director.*

Audit Committee

The Audit Committee (AC)'s duties and responsibilities are set out under its Terms of Reference approved by the Board of Directors. The AC assists the Board of Directors by providing an objective non-executive review of the adequacy and effectiveness of the internal controls, risk management systems and governance process of PIBB.

The Composition and Terms of Reference of the AC

a. Composition

- The AC shall be appointed by the Board of Directors and shall consist of not less than 3 Members, all of whom shall be Non-Executive Directors. The majority of the AC Members shall be Independent Directors.
- The AC must comprise Directors who have the skills, knowledge and experience relevant to the responsibilities of the AC.
- Chairman

The Chairman of the AC shall be an Independent Non-Executive Director and must not be the Chairman of the Board of Directors.

b. Frequency of Meetings

Meetings shall be held not less than 12 times a year.

c. Quorum

A quorum shall consist of at least half of the AC Members and shall comprise of Independent Directors.

d. Secretary

The Secretary of the AC shall be the Group Chief Internal Auditor (GCIA) of PBB.

e. Authority

The AC shall have the authority to:

- investigate any matter within its terms of reference.
- have the resources which are required to perform its duties.

- seek any information relevant to its activities from employees of PIBB.
- obtain such independent professional advice as it considers necessary.
- have full and unrestricted access to any information and documents pertaining to PIBB provided that such access and/or the disclosure of the information and documents is permitted, not restricted and/or prohibited under all applicable laws in the relevant jurisdiction, whether in or outside of Malaysia including but not limited to the IFSA.
- convene meetings with the Internal Auditors without the presence of the CEO and other Senior Management staff whenever deems necessary.
- meet with the External Auditors at least twice a year without the presence of the CEO and other Senior Management staff and when necessary, without the Internal Audit staff/GCIA.
- Invite other directors and employees of the PIBB and PBB to attend the AC meeting.

f. Responsibilities and Duties

- Risk Management Systems, Internal Controls and Governance Processes

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

- Internal Audit

i. To review the adequacy of the scope, competency and the resources of Internal Audit function which is undertaken by the Internal Audit function of PBB and that it has the necessary authority to carry out its work.

ii. To approve proposed annual audit plan and concur on the frequency and scope of anti-money laundering, countering financing of terrorism and countering proliferation financing (AML/CFT/CPF) audit and recommend to the Board of Directors for approval.

iii. To review the proposed revised Internal Audit Charter for recommendation to the Board of Directors for approval.

- iv. To review and assess the performance and effectiveness of the Internal Audit function.
 - v. To escalate through the AC's Secretary any material audit issues on PIBB to the AC of PBB.
- External Audit
 - i. To review the External Auditor's audit plans, scope of their audits and audit reports, including the External Auditor's evaluation of the system of internal controls.
 - ii. 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.
 - iii. To review the suitability, independence and objectivity of the External Auditor and their services, including non-audit services.
 - iv. To review the provision of non-audit services by the External Auditor for recommendation to the Board of Directors for approval. Concurrence from PBB's AC shall be obtained for proposal to appoint the External Auditor of PBB and/or its affiliated firm or corporation on the provision of non-audit services.
 - Audit Reports
 - i. To review the investigation, internal and external audit reports to ascertain that appropriate remedial actions have been taken timely by Management to address and resolve the identified key issues including Shariah non-compliance issues/significant lapses in controls and procedures.
 - ii. To note any significant disagreements over audit issues between the GCIA of PBB and PIBB's Senior Management team, irrespective of whether these issues/lapses have been resolved, in order to identify the impact of such disagreements that may have on the audit process or findings.

- **Financial Reporting**

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

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

- g. Related Party Transactions

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

- h. Other Matters

- To review the accuracy and adequacy of the Chairman's Statement in the Directors' Report, corporate governance disclosures and interim financial reports.
- To monitor compliance with the Board of Directors' conflicts of interest policy.
- To review third-party opinions on the design and effectiveness of PIBB's internal control framework.
- To consider such other matters as the AC considers appropriate or as authorised by the Board of Directors.

Frequency of Meetings

Pursuant to the Terms of Reference of the AC which state that meetings shall be held not less than 12 times a year, the AC had met 16 times in 2024.

The minutes of the AC meetings are tabled to the Board of Directors for noting and action by the Board of Directors where appropriate.

The attendance of each AC member at the meetings held during the year is shown in the table below:

Name of Committee Members	Number of AC Meetings	
	Held During Tenure in Office	Attended
Datin Dr. Rusnah binti Muhamad (Chair) <i>Independent Non-Executive Director</i>	16	16
Dato' Haji Kamil Khalid bin Dato' Mushir Ariff <i>Independent Non-Executive Chairman</i>	16	16
Mr Lam Song Shen <i>Independent Non-Executive Director</i>	16	16
Dr. Shafaai bin Musa <i>Independent Non-Executive Director</i>	16	16
Datuk Mohd Anwar bin Yahya <i>Independent Non-Executive Director</i>	16	16
Mr Tan Keat Lin ¹ <i>Independent Non-Executive Director</i>	12	12

Note:

¹ Appointed as Member of AC with effect from 27 March 2024.

Risk Management Committee

The Risk Management Committee (RMC) is made up of 5 Independent Non-Executive Directors and 1 Independent Non-Executive Chairman of PIBB.

The RMC is chaired by Mr Lam Song Shen, an Independent Non-Executive Director.

The Roles and Responsibilities of the RMC

- a. Support the Board of Directors in meeting the expectations on risk management in the following areas:
 - Oversee that PIBB's corporate objectives are supported by a sound risk strategy and an effective risk management framework that is appropriate to the nature, size and complexity of its activities;
 - Provides effective oversight on senior management's actions having considered the Board approved risk appetite, risk strategy and policies;
 - 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 firm-wide basis, supported by robust management information systems that facilitate the timely and reliable reporting of risks and the integration of information across PIBB;
 - Provide effective oversight on the integration of the risk management practices throughout the organisation and embedded into the culture and business operations of PIBB;
 - Provide effective oversight on the implementation of the risk management framework is reinforced with an effective compliance function and subjected to an independent internal audit review;
 - Provide effective oversight that PIBB have put in place the appropriate mechanisms in place for communicating risks across the organisation and for reporting risk developments to the Board of Directors and Senior Management;
 - Understand PIBB'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 suitability of the group approaches and methodologies adopted, having regard to the context of the local environment and operations of PIBB; and
 - Escalates to the PBB's Board of Directors any material risks and issues in PIBB that might affect PBB or the Group.
- b. In relation to the Investment Account product, to support the Board of Directors on the following:
- Provides oversight function; and
 - Provides recommendations in respect of the investment strategies, management and performance of the investment account.
- c. Supports the Board of Directors 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 PIBB's Nomination and Remuneration Committee; and
- d. Collaborate with the Audit 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.

Frequency of Meetings

The RMC holds monthly meetings.

The attendance of Members at the RMC meetings held in 2024 is as follows:

Name of Committee Members	Number of RMC Meetings	
	Held During Tenure in Office	Attended
Mr. Lam Song Shen (Chairman) <i>Independent Non-Executive Director</i>	12	12
Dato' Haji Kamil Khalid Bin Dato' Mushir Ariff <i>Independent Non-Executive Chairman</i>	12	12
Datin Dr. Rusnah Binti Muhamad <i>Independent Non-Executive Director</i>	12	12
Dr. Shafaai bin Musa <i>Independent Non-Executive Director</i>	12	12
Datuk Mohd Anwar bin Yahya <i>Independent Non-Executive Director</i>	12	12
Mr. Tan Keat Lin ¹ <i>Independent Non-Executive Director</i>	9	9

Note:

¹ Appointed as Member of RMC with effect from 27 March 2024.

Risk Management Committee on Compliance Function

The Risk Management Committee (RMC) on Compliance Function is responsible for the oversight of PIBB's compliance function upon the change in reporting line from the AC with effect from 25 April 2017.

Terms of Reference of the RMC on Compliance Function as at 31 December 2024

a. Composition

- The Committee, being a Board Committee shall be appointed by the Board of Directors and shall consist of not less than 3 Members, all of whom shall be Non-Executive Directors. The majority of the Committee Members shall be Independent Directors.
- The Chairperson of the Committee shall be approved by the Board of Directors and shall be an Independent Non-Executive Director. In the absence of the Chairperson of the Committee, the Directors present shall elect one of themselves to chair the meeting.

b. Frequency of Meetings

Meeting shall be held not less than 12 times a year.

c. Quorum

A quorum shall consist of at least half of the Members and more than 50% shall be Independent Directors.

d. Secretary

The Secretary of the Committee on Compliance function shall be the Chief Compliance Officer (CCO) of PBB and his/her Deputy.

e. Authority

The Committee shall have the authority to:

- investigate any matter within its terms of reference;

- have full and unrestricted access to any information and documents pertaining to PIBB provided that such access and/or the disclosure of the information and documents is permitted, not restricted and/or prohibited under all applicable laws in the relevant jurisdiction, whether in or outside of Malaysia including but not limited to IFSA;
- have the resources which are required to perform its duties;
- seek any information relevant to its activities from employees of PIBB;
- obtain such independent professional advice as it considers necessary;
- seek reliance from Shariah Committee to escalate material Shariah Non-Compliance issues that may affect PIBB; and
- convene meetings with the CCO without the presence of the CEO and other Senior Management staff whenever deemed necessary.

Responsibilities and Duties of the RMC on Compliance Function

- a. To approve policies and methodologies in assessing the compliance profile and evaluate the effectiveness of overall management of compliance risks.
- b. To review and concur with the revision of the PIBB Compliance Policy and to oversee its implementation.
- c. To review and approve the PIBB compliance plan.
- d. To assess and review compliance risk profile for effective management of the overall compliance risk.
- e. To 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 PBB's Compliance Division staff the access to any records or files for the purpose of discharging their responsibilities.
- f. To review the periodic reports presented on the assessment of compliance status of PIBB and updates on regulatory trends and requirements.
- g. To deliberate compliance issues such that the issues are resolved effectively and expeditiously.

- h. To establish appropriate lines of reporting for timely escalation of compliance issues to the Management and the Board of Directors.
- i. To 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.

Frequency of Meetings

The attendance of each Member at the RMC meetings on Compliance Function held in 2024 is as follows:

Name of Committee Members	Number of RMC on Compliance Function Meetings	
	Held During Tenure in Office	Attended
Mr Lam Song Shen (Chairman) <i>Independent Non-Executive Director</i>	12	12
Datin Dr. Rusnah binti Muhamad <i>Independent Non-Executive Director</i>	12	12
Dato' Haji Kamil Khalid bin Dato' Mushir Ariff <i>Independent Non-Executive Chairman</i>	12	12
Dr. Shafaai bin Musa <i>Independent Non-Executive Director</i>	12	12
Datuk Mohd Anwar bin Yahya <i>Independent Non-Executive Director</i>	12	12
Mr Tan Keat Lin ¹ <i>Independent Non-Executive Director</i>	9	9

Note:

¹ Appointed as Member of RMC with effect from 27 March 2024.

Joint PBB/PIBB Credit Risk Management Committee

The Joint PBB/PIBB Credit Risk Management Committee (CRMC) is a joint Board Committee comprising of certain Board Members of PBB and PIBB. The CRMC is responsible to assist the Board of PBB and PIBB being the two largest entities of the PBB Group, in discharging the respective Board's oversight roles over the management of credit risk.

As at 31 December 2024, CRMC is made up of 1 Non-Independent Non-Executive Chairman of PBB, 2 Independent Non-Executive Directors of PBB and 2 Independent Non-Executive Directors of PIBB.

The CRMC is chaired by Ms Teoh Meow Choo, an Independent Non-Executive Director of PBB.

The Roles and Responsibilities of the CRMC

- a. To assist the Boards of PBB and PIBB in their oversight roles on the management of credit risks, including all other subsidiaries of PBB.
- b. To assist the Board in overseeing the integration of climate-related risk management into the credit risk management process.
- c. To evaluate and assess the adequacy of the credit risk strategies in managing the overall credit risk associated with the PBB, PIBB and all other subsidiaries of PBB.
- d. To oversee the development of credit risk strategies, framework, policies, internal methodologies for all credit products and credit related businesses.
- e. To review and assess on the composition of the credit portfolio.
- f. To review the sensitivity analysis conducted on the credit portfolios and its impact on the earnings/capital.
- g. To review the risk-return trade-off of each of the respective credit portfolios.
- h. To provide effective oversight that the processes and procedures are in place to meet the regulatory requirements on credit risk management.

- i. To review reports of the credit review process, asset quality and be satisfied that corrective action is taken.
- j. To review and evaluate the respective credit portfolios of PBB and PIBB and be satisfied that the respective credit risk management is conducted in accordance with the standards and policies set.
- k. To provide effective oversight on PBB’s subsidiaries credit risk management and be satisfied that appropriate processes are established to monitor the credit risk profiles and implementation of credit risk management framework, policies and guidelines are appropriate to the nature, size and complexity of its activities.

Frequency of Meetings

The CRMC holds monthly meetings.

The attendance of Members at the CRMC meetings held in 2024 is as follows:

Name of Committee Members	Number of Joint PBB/PIBB CRMC Meetings	
	Held During Tenure in Office	Attended
Ms Teoh Meow Choo (Chairperson) <i>Independent Non-Executive Director, PBB</i>	12	12
Mr Lai Wan <i>Non-Independent Non-Executive Chairman, PBB</i>	12	12
Dato’ Mohd Hanif bin Sher Mohamed <i>Independent Non-Executive Director, PBB</i>	12	12
Datin Dr. Rusnah Binti Muhamad <i>Independent Non-Executive Director, PIBB</i>	12	12
Mr Lam Song Shen <i>Independent Non-Executive Director, PIBB</i>	12	12

Joint PBB/PIBB Board Sustainability Management Committee

The Joint PBB/PIBB Board Sustainability Management Committee (BSMC) is a joint Board Committee comprising certain Board Members of PBB and PIBB. The BSMC is responsible to assist the Board of PBB and PIBB, being the two largest entities of the PBB Group, in discharging the respective Board's roles and responsibilities in relation to sustainability. The BSMC assists the Board to oversee the setting of sustainability strategies, priorities and targets, and ensuring alignment with the Group's sustainability commitments.

The BSMC comprises of 1 Independent Non-Executive Chairman of PIBB, 1 Non-Independent Non-Executive Chairman of PBB and 3 Independent Non-Executive Directors of PBB.

For the year 2024, the BSMC was chaired by Mr Lim Chao Li an Independent Non-Executive Director of PBB.

The Roles and Responsibilities of the BSMC

- a. Review and recommend to the Board for approval, sustainability strategies, priorities and targets proposed by management;
- b. Provide oversight and input to management on the Group's strategies, goals and principles pertaining to sustainability;
- c. Review issues relating to sustainability arising from independent audits and assurance reports as well as any matters pertaining to sustainability highlighted by regulators or consultants;
- d. Review and recommend to the Board 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;
- e. Receive quarterly updates from Management on the progress towards achieving the Group's sustainability targets;
- f. Review and be assured that the sustainability considerations are effectively integrated in the operations of the Group; and

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

Frequency of Meetings

The BSMC holds quarterly meetings. In 2024, 4 BSMC meetings were conducted. The attendance of Members at the BSMC meetings in 2024 is as follows:

Name of Committee Members	Number of Joint PBB/PIBB BSMC Meetings	
	Held During Tenure in Office	Attended
Mr Lim Chao Li (Chairman) <i>Independent Non-Executive Director, PBB</i>	4	4
Mr Lai Wan <i>Non-Independent Non-Executive Chairman, PBB</i>	4	4
Dato' Haji Kamil Khalid bin Dato' Mushir Ariff <i>Independent Non-Executive Chairman, PIBB</i>	4	4
Ms Tham Chai Fhong <i>Independent Non-Executive Director, PBB</i>	4	4
Ms Gladys Leong <i>Independent Non-Executive Director, PBB</i>	4	4

Shariah Committee

Role and Authority of Shariah Committee

The Shariah Committee (SC) was established in line with the requirements of IFSA and the Shariah Governance Policy Document (SGPD) issued by BNM which came into effect on 1 April 2020.

The SC is responsible for the overall Shariah governance and Shariah compliance of PIBB.

The Members of the SC are appointed by the Board of Directors and approved by BNM to perform oversight and advisory roles on Shariah matters to ensure that PIBB's business and activities are in compliance with Shariah principles.

The SC's roles and responsibilities are guided by Para 10.2 of BNM's SGPD as follows:

- a. To perform an oversight role on Shariah matters related to the PIBB's business operations and activities, including oversight requirements;
- b. To advise the Board of Directors and the Management on Shariah related matters in order for PIBB to comply with Shariah rules and principles at all times. The SC members are responsible and accountable for all Shariah decisions, opinions and views provided by them;
- c. To endorse Shariah related policies and guidelines;
- d. To approve products and services to ensure compliance with Shariah rules and principles which includes:
 - i. validating the terms and conditions contained in the forms, contracts, agreements or legal documents used in executing the transactions; and
 - ii. validating the product manual, marketing advertisements, sales illustrations and brochures used to describe the product and services.
- e. To assess work carried out by Shariah Risk Management, Shariah Review and Compliance and Shariah Audit (Shariah Control Function), which forms a part of the SC's duties in providing compliance assessment in terms of Shariah and assurance information of PIBB in the annual report;

- f. To advise related parties such as the parent company, subsidiaries, clients, legal counsels, auditors and/or consultants on Shariah matters for advice upon request;
- g. To advise PIBB to consult the Shariah Advisory Council (SAC) of BNM and Securities Commission on Shariah matters that cannot be resolved; and
- h. To provide written Shariah opinions in circumstances where PIBB makes references to the SAC for further deliberation or where PIBB submits application to BNM for new product approval.

Notwithstanding the above, the SC is also responsible to perform any specific duties and responsibilities outlined in any policy documents or standards issued by relevant authorities at all times.

In 2024, a total of 15 meetings were held and the attendance of the SC Members are as follows:

Name of Committee Members	Number of SC Meetings	
	Held During Tenure in Office	Attended
Dr. Shafaai Bin Musa	15	15
YM Engku Ahmad Fadzil Bin Engku Ali	15	15
Assoc. Prof. Dr. Syed Musa bin Syed Jaafar Alhabshi	15	15
Assoc. Prof. Dr. Marhanum bin Che Mohd Salleh	15	15
Assoc. Prof. Dr. Yasmin Hanani Mohd Safian ¹	11	11
En Wan Abdul Rahim Kamil bin Wan Mohamed Ali ²	4	4

Notes:

¹ Appointed as Member of the SC with effect from 1 April 2024.

² Ceased as Member of the SC with effect from 1 April 2024.

Senior Management

Senior Management together with the Board of Directors are responsible for setting the tone at the top, ensuring that the Bank's policies and procedures are in compliance with applicable laws and regulations, and creating a culture of accountability, ethical behaviour, fairness and transparency.

Good corporate governance is a key factor in underpinning the integrity and efficiency of a company. PIBB's governance framework is therefore anchored on competent leadership, effective internal controls, risk management and strong ethics and accountability to all stakeholders. The principles of good corporate governance permeate the Bank's People, Processes, Performance and Purpose.

Senior Management is entrusted with clear and well-defined discretionary power and authority limits, which are aligned with the principles of good governance in upholding accountability and transparency and serve as an embedded check and balance mechanism in the management of the Bank's business and operations.

The Bank's control functions report directly to its respective Board Committees, namely Audit Committee, Risk Management Committee and Risk Management Committee on Compliance Function while Shariah Review and Compliance reports directly to the Shariah Committee. They are assessed independently from the business units that they oversee to preserve the quality and independence of the control functions. The internal control mechanisms which include compliance with regulatory requirements and the Bank's policies are consistently being monitored and reviewed by the Bank's control functions in order to strengthen the effectiveness of the internal control and enforce good corporate governance.

Senior Management Appointment and Removal

The Bank's Fit and Proper Policy sets out the structured process and procedure relating to the appointment and removal of Key Responsible Persons (KRPs) and the stringent assessment of candidates against the requirements. All KRPs are assessed to have met all the fit and proper criteria based on the following factors:

- Probity, Personal Integrity and Reputation
- Competence and Capability
- Financial Integrity
- They do not hold an aggregate interest of 5% or more in the shares of Public Bank.

Succession Planning

A structured and effective succession planning process is the cornerstone of sustainable business growth as it plays a pivotal role in maintaining leadership continuity and supporting the Bank's strategic objectives.

The Bank has put in place a robust and inclusive succession planning process which covers multi-pronged approaches in talent identification and development to facilitate the building of a talent pool equipped with the right skill sets, experience and leadership qualities and ready for succession to all the Key Leadership Positions.

The Bank adopts a 3-dimensional assessment in the succession planning process to evaluate the competency, behavioural tendencies of identified talent and their career aspirations. This approach offers a holistic perspective towards their potential, readiness, strengths and developmental gaps. Customised individual development plans are drawn up for the talent with insights derived from the assessments, incorporating accelerated and personalised learning opportunities to nurture talent and close any developmental gaps. The development plan aims to fast track their growth and strengthen their competencies to prepare them for the transition to a leadership or critical role.

Succession planning has been expanded to cover middle management roles in order to strengthen the leadership pipeline and talent supply chain.

The Bank adopts a 'Look Within' policy which gives impetus to the career advancement of the talent whilst retaining the invaluable corporate knowledge and ensures that corporate values are perpetuated across all management levels.

The Board of Directors with the assistance of the Nomination and Remuneration Committee oversees the succession management process to ensure succession planning is in place for the Key Leadership Positions. Regular updates on the talent pool, succession readiness and leadership development are provided to the Board for review and approval.

Remuneration Policy & Practice

The PIBB's Remuneration Policy is developed to perpetuate a performance-orientated culture and a robust balance between attracting, retaining, motivating staff and prudent risk management which is aligned with its corporate and risk culture.

The Bank's commitment to sustainability is further evidenced by the incorporation of ESG key performance indicators (KPIs) in the CEO and Senior Management's performance assessment to drive collective commitment and responsibility in implementing the sustainability roadmap of the Public Bank Group.

The Bank's Remuneration Policy is reviewed by the Nomination and Remuneration Committee and approved by the Board of Directors for implementation across all levels of employees including Senior Management and other employees not governed by any collective agreement in the Bank. Senior Management in this context refers to management employees who are 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:

- CEO
- Senior Officers, defined as follows:
 - a) KRPs who are defined under the 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 Bank.
 - b) 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 employees of the control functions be assessed independently from the business units. For effective segregation, these employees are appraised principally based on the achievement of their control objectives as set out by the Board Committees of their respective control functions and differentiated from the business units.

The remuneration framework outlines the total compensation packages of fixed remuneration and variable remuneration payable to employees. Fixed remuneration refers to basic salary and other fixed income, commensurate with the role and position of an individual employee, including professional experience, qualifications, responsibilities, job complexity and local market conditions 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 matrices 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 payout above a set threshold is subject to a deferment of 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 Public Bank including the performance of Net Return on Equity (ROE) and Profitability of PIBB. However, it is cliff-vested over a period of 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 3 years and further subject to the TSR achievement and good individual performance.

The variable performance bonus, whether it is vested or unvested, is 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 3 years from the date of payment to the employee.

Members of Senior Management have further 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.

The Bank embraces agile methodologies and has intricately calibrated a set of KPIs to evaluate the performance of its employees and to accentuate a high-performance work environment where all employees are evaluated and rewarded fairly corresponding to their performance. The KPIs are reviewed regularly to align with the business strategies whilst balancing business, risk, compliance and sustainability agendas effectively.

The performance assessment for employees is conducted annually via a structured performance appraisal exercise where both qualitative (e.g. work and behavioural competencies) and quantitative (e.g. financial and sustainability targets) metrics are used to assess the performance of the employees.

The performance of the CEO of the Bank is assessed in a comprehensive and holistic way where the assessment criteria comprise the Bank’s overall financial achievement against the approved KPIs, compliance, ESG initiatives, succession planning and behavioural competencies.

The following depicts the total value of cash-based remuneration paid out to Senior Management of PIBB for financial year 2024:

Remuneration	Non-Deferred		Deferred			
			Paid in the Financial Year		Outstanding	
	No.	Amount (RM)	No.	Amount (RM)	No.	Amount (RM)
Fixed	5	2,306,570	-	-	-	-
Variable	5	381,990	4	901,603	4	297,372

Strengthening Corporate Governance Culture

PIBB continues to leverage on its principles of excellence, integrity, prudent management and a strong corporate governance culture to perpetuate a sustainable value proposition for its shareholders, customers, employees and the community.

The Bank’s compliance and governance culture is driven and cascaded from the top across all levels of employees of the Bank. The following policies have been put in place to further ingrain the values and principles of conduct in all business activities across the Bank:

a) PIBB Code of Ethics

PIBB’s Code of Ethics (CoE) is aligned with the Public Bank Group’s Code of Ethics and the “Code of Ethics for the Financial Services Industry” established by the Financial Services Professional Board. It sets out the standards of good and ethical behaviour and work practices which all employees are required to uphold.

The 5 CoE Fundamental Ethical Principles are as follows:

- Competence
- Integrity
- Fairness
- Confidentiality
- Objectivity

b) Diversity, Equality and Inclusion Policy

PIBB's philosophy on diversity, equality and inclusion is deeply rooted in its corporate culture where it is a core value of the Bank that each employee is respected, valued and appreciated for their differences.

The Bank endeavours to create a positive and inclusive work environment. To this end, it has implemented the Diversity, Equality and Inclusion Policy, which articulates the practices and approach in the workplace and requires all employees to comply.

c) Whistleblowing Policy and Procedures

PIBB is committed to ensure its business and operations are conducted in an ethical, moral and legal manner. In line with this commitment, the Bank has put in place the Whistleblowing Policy and Procedures to provide an avenue for all staff, interns, consultants, contractors, vendors, suppliers and/or customers to disclose any illegal, unethical, questionable practices or improper conduct committed or about to be committed within the Bank.

The Bank's Whistleblowing Policy and Procedures are in line with the Standard on Whistleblowing for Financial Institutions established by the Financial Services Professional Board and the principles prescribed in the Whistleblower Protection Act 2010.

The Whistleblowing Policy and Procedures are accessible via the Bank's corporate website at www.publicislamicbank.com.my. The platform, accessibility and channels of reporting are user-friendly to facilitate the submission of disclosure. All disclosures are further managed by an authorised personnel in strict confidentiality.

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 this Policy.

d) Anti-Sexual Harassment Policy

PIBB is committed to providing a work environment free from any form of harassment and unlawful discrimination in which every employee is treated with dignity and respect. This commitment is defined in the Bank's Anti-Sexual Harassment Policy.

The work environment of the Bank is characterised by mutual trust and the absence of intimidation, oppression or exploitation. The Bank does not tolerate any abusive behaviour nor any form of harassment, humiliation and/or intimidation.

The Bank views sexual harassment as a serious misconduct and any employee found to be guilty of any form of sexual harassment is subject to disciplinary action including but not limited to termination of employment.

e) Anti-Fraud Policy

The PIBB Anti-Fraud Policy reinforces the Bank's zero tolerance towards any form of fraud and sets out the Bank's expectations on all its staff and the requirements relating to the prohibition, detection, reporting and investigation of suspected fraud, corruption, misappropriation and other irregularities.

It is the responsibility of all employees to familiarise themselves with the Bank's Anti-Fraud Policy and be aware of and vigilant to the prevention, detection of defalcations, misappropriations, irregularities and all types of improprieties that might occur within their areas of work.

f) Compliance Policy

Compliance entails more than the mere adherence to the laws and regulations. A sound compliance framework is pertinent and forms the backbone to safeguard PIBB from any potential risks and legal repercussions. The Bank's compliance culture is enforced through the implementation of the Bank's Compliance Policy which has the following objectives:

- To set out the roles and responsibilities of the Board of Directors, Senior Management and employees of the Bank in managing compliance risk.
- To set out the mandate of the Compliance Function for the Bank.
- To set out the compliance requirements and standards for the Bank.
- To set out the operating model for Compliance Function with regards to the identification, management and reporting of compliance risk.
- To promote a corporate culture that upholds high standards of zero tolerance for legal and regulatory non-compliance, integrity and ethics in the conduct of the Bank's business.

g) Anti-Bribery and Anti-Corruption Policy

PIBB adopts a zero-tolerance approach to any form of bribery and corruption in the Bank's business activities. The Bank is a strong advocate for conducting business dealings with integrity, honesty and respect while maintaining good corporate governance.

The Bank's Anti-Bribery and Anti-Corruption (ABAC) Policy sets out the Bank's approach in combating bribery and corruption and the ABAC Policy is consistent with all applicable laws and regulations including but not limited to the Malaysian Anti-Corruption Commission Act 2009 and its amendments and all other laws which are applicable to the Bank's business.

The objectives of the ABAC Policy are as follows:

- To build and foster a business environment which is free of bribes and corruption and which enhances integrity, transparency and accountability.
- To inculcate in all Members of the Board of Directors and employees the commitment of the Bank against corruption in all its forms, including bribery.

- To define what constitutes bribery and corruption and other prohibited practices.

h) Human Rights Policy

PIBB adheres to the Public Bank Group's Human Rights Policy and acknowledges that respect for human rights is a fundamental responsibility that extends to its employees, customers and third-party suppliers, service providers, consultants and contractors.

The Group's Human Rights Policy articulates the Group's commitment and approach to respecting human rights as an employer, as a financial products and services provider, and as a goods and services procurer.

The Group aims to identify, prevent and avoid human rights violations and, should they occur, to mitigate their impacts, which may not only harm affected parties but also damage the Group's reputation and stakeholders' trust.

The Human Rights Policy is developed with the following objectives:

- Establish the Group's commitment to respecting and supporting human rights in all aspects of its operations.
- Outline clear expectations for the Group's employees, customers and vendors.
- Ensure that the Group operates the business responsibly and transparently, and manages any human rights impact that may arise throughout the Group's value chain.
- Promote continuous improvement in human rights practices through regular review and adaptation of policies and procedures.
- Enhance stakeholder confidence by demonstrating the Group's dedication to ethical and sustainable business practices.

- These objectives were developed in line with the United Nations Sustainable Development Goals (UN SDGs) with relevance to human rights and relevance to the Group:

Goal	Impact
	Promotes employee health and well-being with comprehensive health benefits including regular health checks and stress management programs.
	Promotes a diverse, equal and inclusive workplace culture, where our employees feel empowered and respected through the Group's Diversity, Equality and Inclusion Policy.
	Fosters sustainable and inclusive economic growth, and contributes to job creation by providing businesses with access to capital and financing solutions.
	Ensures equitable access to its products and services for all customer segments through its inclusive finance.
	Promotes transparency, zero tolerance against bribery and corruption, and robust governance, guided by its internal policies and procedures.

i) Staff Grievance Policy

Clear and effective communication between management and employees is fundamental in the workplace in order to maintain a positive, harmonious and conducive work environment.

PIBB has a systematic grievance handling procedure as set out in its Staff Grievance Policy. Employees are encouraged to raise concerns relating to the work conditions, unfair labour practices or terms of employment, violations of human rights and/or work related disputes with supervisors so that the voice of employees are heard and action taken promptly with an amicable resolution at the lowest possible level.

Accountability and Audit

a) Financial Reporting

The Board of Directors is committed to provide a balanced, clear and comprehensive assessment on the financial performance of PIBB in all disclosures made to the stakeholders and the regulatory authorities.

The Board of Directors, assisted by the AC, oversees the financial reporting process and the reliability of the financial reporting of PIBB. The AC had reviewed the unaudited quarterly and half-yearly financial results as well as the annual audited financial statements of PIBB prior to its recommendation to the Board of Directors for approval and submission to BNM. The review focused on, amongst others, an assessment on the appropriateness of the accounting standards applied and its treatments as well as financial reporting and disclosures are in compliance with the relevant regulatory requirements and applicable accounting standards. In carrying out such a review, the AC had sought explanations and additional information from the Senior Management on the reasons for any significant variances/fluctuations in the financial performance of PIBB, including the key income components and operating expenses.

The AC also reviews and discusses with the external auditors on their observations of the annual financial results of PIBB, including the appropriateness of the accounting principles applied, and judgements exercised that may have material impact to the financial statements as well as compliance with the applicable approved accounting/auditing standards in Malaysia and other legal and regulatory requirements.

b) Internal Control

The Board of Directors has overall responsibility for overseeing the implementation of system of internal controls which provides reasonable assurance on the effectiveness and efficiency of the operations that ensure compliance with the applicable laws and regulations including Shariah requirements, as well as with internal procedures and guidelines.

In view of the size and diversity of the operations of PIBB that invariably involve a wide variety of risks, it is the Board of Directors' responsibility to ensure that these risks are properly managed. Depending on the nature of the risks, certain events may occur which would give rise to unanticipated or unavoidable losses. The system of internal controls in PIBB is designed to provide reasonable and not absolute assurance against the risk of material errors, frauds or losses from occurring.

The AC, supported by the Internal Audit function of PBB reviews the quality and effectiveness of PIBB's internal control, risk management systems, governance processes as well as the overall compliance of PIBB's operations, business, affairs and activities with Shariah. The scope of review also covers the internal controls over the financial reporting process and compliance with relevant accounting standards and regulations.

The Internal Audit function of PBB reviews and assesses the adequacy and effectiveness of the risk management systems, internal controls and governance processes as well as checks for compliance with statutory/regulatory requirements, internal policies and procedures. The Internal Audit function of PBB also reviews the work processes/procedures for efficiency and effectiveness. The Internal Audit reports are tabled to the AC for its review, deliberations and noting/approval during its periodic meetings and the Board of Directors is informed of all significant audit matters reported to the AC. In addition, potential Shariah non-compliance incidents are escalated to Shariah Committee for their deliberation and approval.

A system of internal controls based on segregation of duties, independent checks, segmented system access control and multi-tier authorisation processes is put in place to ensure control procedures and limits are implemented and complied with at PIBB. Authority limits are imposed on the Management within PIBB to govern the day-to-day risk taking activities such as extension of credits, treasury operations, investments, acquisitions and disposal of assets.

The policies and procedures are formulated in support of PIBB's internal control framework including PBB Group's Risk Appetite Framework, PBB Group's Compliance Policy, PBB Group's Guidelines on Outsourcing Activities and PBB Group's Policy and Procedures on Risk Management Practices for New Products to ensure compliance with internal controls and relevant laws and regulations and to govern the business and operations of PIBB.

These policies and procedures are subject to periodic review and updated during the year in response to changes in the operational needs, business environment or regulatory requirements and are approved by the relevant Board Committees or Management Committees.

In addition, procedural guidelines are established to set out a systematic process and procedure in the review of the adequacy and effectiveness of the risk management and internal control system.

c) Related Party Transactions

The AC reviews the related party transactions entered into by PIBB with the PBB Group on a quarterly basis for assurance that these transactions are conducted at arm's length and to advise the Board of Directors should there be any irregularities noted.

d) Relationship with External Auditors

It is a requirement for the AC to meet with the external auditors to discuss its audit plan, audit findings and its views in respect of the true and fair view of PIBB's financial statements. During these meetings, in-camera sessions between the AC and external auditors without the presence of the Management and Internal Audit staff should be held at least twice a year. The AC also meets with the external auditors whenever it deems necessary to discuss on key changes to regulatory requirements and latest developments in the accounting and auditing standards.

The AC has put in place policies and procedures to assess the suitability, objectivity and independence as well as the performance of the external auditors. In performing this role, the AC reviews and conducts assessment, on an annual basis, the appointment or re-appointment of external auditors in accordance with the criteria set out in the PBB Group's Policy for the Appointment/Re-appointment of External Auditors for Audit and Non-Audit Services (Group Policy) to ascertain that the independence and objectivity of the external auditors as statutory auditors are not compromised. The Group Policy is in line with the requirements stipulated in the BNM's Policy Document on External Auditors.

The assessments of the external auditors are carried out vide an assessment checklist in accordance with the assessment criteria as set out in the Group Policy. This assessment checklist covers all relevant professional and regulatory requirements, the competency, audit quality and resources capacity of the external auditors as the independence and objectivity of the external auditors.

The Board of Directors, upon concurrence with the outcome of the assessment, approved the appointment or re-appointment of the external auditors based on the AC's recommendation subject to the approval by BNM and shareholder at the annual general meeting.