

Summary of Questions Submitted by Shareholders/Proxies Before the Annual General Meeting (AGM)

Group Strategies

- *What is Public Bank's key strategies going forward? How would these contribute to shareholder value?*

The Managing Director & Chief Executive Officer informed the Meeting that Public Bank will continue to pursue synergistic growth strategy in the retail and commercial banking. Banking as an essential service, will remain a business with continued growth opportunities.

The Group will continue to proactively seize viable opportunities with positive synergy, in both interest and non-interest income. Also, digital transformation and environmental, social and governance (ESG) will remain the top priority on the Group's agenda.

In the meantime, the Group will always ensure to operate within its prudent risk appetite. The Group is mindful in protecting the bottom lines and will continue to strengthen business resilience to safeguard the Group's stability and sustainability.

United States (US) Tariff Hike

- *Enquiry on US tariff hike and its potential impact.*

The Managing Director & Chief Executive Officer stated that the US tariff hike is currently on hold and providing temporary relief. If the higher tariffs materialise, Malaysia as an open economy will not be immune from the direct and indirect impact. For the banking industry, the likely impact would be mostly from the secondary effects, where the economic conditions are affected.

Meanwhile, negotiations with the US are underway. The impact will depend on how the conditions evolve. Nonetheless, the country's resilient fundamentals and stable employment market will continue to support the economy. In addition, the domestic banking industry is strong, supported by ample liquidity and healthy capital buffers.

As for Public Bank, the credit exposure to borrowers who might be directly impacted is not significant. It is estimated at less than 3% of total loans. Hence, asset quality is expected to remain stable. Further, the tariff hike is still uncertain and the Bank will continue to closely monitor the development.

For customers who are affected, the Bank stands ready to provide the necessary financial assistance. Over the years, the Group has a proven track record of navigating diverse economic conditions with resilience. The Group is still standing strong today and its asset quality is one of the best in the industry.

The Group is also the best in cost efficiency and is confident that it will continue to sail through the current uncertainty, from a position of strength. As for regional operations, the respective governments are currently negotiating and exploring strategies to mitigate the potential adverse impact.

The final outcome remains uncertain. However, the Group has taken measures to exercise greater prudence in its lending activities and any adverse impact is expected to be manageable.

Dividend Payout

- *Enquiry whether Public Bank will increase its dividend payout in 2025?*

The Managing Director & Chief Executive Officer informed the Meeting that despite various challenges, Public Bank has been maintaining consistent dividend payout to shareholders over the years. Dividend payout ratio has been on an upward trend, from 47.9% in 2018 to 57.0% in 2024.

The Bank is committed to maintaining a healthy dividend payout while ensuring sufficient capital buffer to support future business growth. For financial year 2025, the Bank is targeting a higher dividend payout at 60%. However, any dividend proposal will be subject to the Group's financial performance, capital conservation and regulators' approval.

Share Price

- *Enquiry on Public Bank's share price arising from the restricted offer for sale.*

The Managing Director & Chief Executive Officer stated that share price is ultimately determined by the Company's fundamental strengths and financial performance, as well as market forces. Despite the fluctuation in share price, Public Bank's shares are currently trading at about 1.5 times their book value. This reflects the strong fundamental of Public Bank.

The restricted offer for sale will be undertaken over a period of five years and it should have minimal disruption to the market in view of the large shareholders and employees base of more than 200,000, as well as the large trading liquidity of Public Bank shares. Also, the timing of the implementation of the restricted offer for sale will be managed carefully. Public Bank would also take into consideration the timing of dividend payout, to ensure no disruption to the market and Public Bank share price.

Earnings Per Share

- *Enquiry on Public Bank's earnings per share.*

The Managing Director & Chief Executive Officer stated that Public Bank posted a net profit of RM7.15 billion in 2024. Coupled with a higher weighted average number of ordinary shares as compared to the peers, this resulted in a lower earnings per share. However, return on equity (ROE) is a more holistic representation of profitability for the shareholders.

In 2024, the Group has continued to sustain its top position amongst key domestic commercial banking groups, with ROE of 13.2%.

Total Shareholders' Returns

- *Enquiry on Public Bank's total shareholders returns.*

The Managing Director & Chief Executive Officer explained that on the back of the Group's solid financial strength, the Group has been delivering commendable total shareholders returns over the years ranging from about 11% for holding period of 1 year, 23% for 3 years, to 38% for 5 years. This was largely attributable to the Group's stable growth, resilient ROE and healthy dividend payout.

Looking at the average growth of the respective indicators for 1 year, 3 years and 5 years, the ROE ranged between 12% to 13%, earnings per share ranged between 6% and 9% and dividend payout ranged between 54% and 57%.

To sustain consistent shareholders returns, the Group has always been prioritising on sustaining its sound fundamentals, which include preserving strong asset quality, maintaining cost efficiency, upholding strong corporate governance, and focusing on further sharpening the Group's core strengths, through pursuing synergistic growth in the retail and commercial banking business.

Net Interest Margin

- *Enquiry on disclosure of management guidance and net interest margin.*

The Managing Director & Chief Executive Officer informed the Meeting that the information on the Bank's annual management guidance is available on pages 35 and 36 of the Public Bank 2024 Integrated Annual Report.

As for net interest margin, the Bank is guiding a stable or single digit compression for 2025 and this will be subject to the level of intensity of loan and deposit competition. In managing funding cost, the Bank always takes a balanced approach to optimise the net interest margin, while still ensuring a healthy liquidity position.

Capital Management

- *Enquiry on capital management in light of Basel III Reform.*

The Managing Director & Chief Executive Officer explained that the Group takes various initiatives to optimise its capital levels through:

- Prioritising lower risk and secured lending,
- Disciplined growth in higher risk unsecured segments that are in line with the Group's risk appetite,
- Implementing risk weighted assets optimisation exercise, and
- Enhancing internal credit risk models for better credit risk assessment.

The Group expects some capital savings from the adoption of Basel III Capital Reform, which will be effective in July 2026. Any potential capital release will have to take into consideration projected business growth, and maintenance of adequate capital buffers, taking into consideration the prevailing market condition.

Bonus Issue/Share Buy Back/New Share Issuance

- *Is the company planning for any bonus issue, share buy back or new share issuance?*

The Managing Director & Chief Executive Officer informed the Meeting that Public Bank has no plans for any bonus issue, share buy back or new share issuance at this juncture.

Digitalisation Strategy

- *Enquiry on the Bank's digitalisation strategy.*

The Managing Director & Chief Executive Officer explained that Public Bank has been constantly embracing digitalisation initiatives that align with customer expectations and demands. The entrance of digital banks has caused minimal impact to the Bank. With the existing banking license, Public Bank is allowed to carry out digital banking activities as well.

Coupled with the strong capital, resources and expertise, Public Bank has continued to achieve growth in its key business segments, despite the more intense competition. Staying agile, the Bank constantly explores new products or enhancements.

On the digital payment segment, the Bank is focusing on growing its MyPB mobile banking App. It offers all the local transfer and payment services. Going forward, the Bank aims to further expand the MyPB application as an all-in-one financial application. In addition, it will be integrated with financial offerings, such as insurance and investments. More features will also be rolled out on MyPB, which are catered for the less technology savvy customers.

As for the enhanced MyPB online internet banking platform, which was introduced in 2024, it has been redesigned to make banking more convenient, with easy navigation, and simplified account management.

In serving its customers, Public Bank stays committed as “A Bank For the People”. The Bank will continue to prioritise financial accessibility for all including the “underserved” and “unserved”.

Artificial Intelligence (AI)

- *What is Public Bank’s strategy for implementing AI?*

The Managing Director & Chief Executive Officer informed the Meeting that Public Bank adopts a forward-looking AI strategy aimed at enhancing operational efficiency, without compromising on quality and compliance.

Currently, the Bank deploys AI solution for tasks that are repetitive, such as data entry, and user acceptance testing. AI and machine learning are also used for fraud detection, and enhancing risk management. To support business growth, these technologies are deployed in customer behaviour analysis, and on-boarding process.

Going forward, the Bank will continue to explore the use of AI, such as knowledge-based AI, to further enhance operational and cost efficiency. Meanwhile, staff re-skilling and up-skilling on the technology front is ongoing, to strengthen an agile workforce for higher productivity.

Apple Pay and Apple Card

- *Is there plan to implement Apple Pay and Apple Card?*

The Managing Director & Chief Executive Officer informed the Meeting that there is no plan for the implementation of Apple Pay at this juncture. However, the Bank has been collaborating with a wide range of e-wallet providers, such as Garmin Pay, Google Pay and AliPay. Through the partnerships with all these major e-wallet providers, the Bank serves a large pool of consumers.

As for Apple Card, this product is currently not available in Malaysia. The Bank will continue to explore and evaluate viable new payment acceptance opportunities that are beneficial for the customers.

Information Technology (IT) Capabilities

- *How does Public Bank ensure smooth and secure IT system on its digital banking platforms?*

The Managing Director & Chief Executive Officer explained that Public Bank is committed to delivering reliable, secure, and customer-centric services. The Bank has been continuing to invest in information and communication technology infrastructure. The Bank's software development life cycle is in line with industry best practices and controls.

Prior to rolling out any new applications, the Bank will undertake vigorous automated and manual multi-stage testing. The Bank also ensure detailed quality assurance checks covering functionality, code quality, and security posture.

Further, the Bank engages external security consultants for independent reviews. In addition to the data centre operational monitoring, AI is also deployed for round the clock monitoring. Most importantly, customer support is available to assist customers across all channels.

Cyber Security

- *What are the Bank's measures to enhance its cyber security in view of rising online scams?*

The Managing Director & Chief Executive Officer explained that Public Bank has always been highly vigilant to scam risks. The Bank has a fraud prevention mechanism in place. Public Bank undertakes a holistic approach in managing cyber security by adopting effective risk governance, comprehensive processes, and advanced technology. The Bank also ensures compliance with Bank Negara Malaysia's fraud counter measures directives.

In combating scams, the Bank's measures are in line with the industry, such as the "Kill Switch" function, and "Cooling-off Period". The Bank is also taking more proactive efforts to protect customers. The Bank has set up a dedicated team called PB Scam Rangers who go on roadshows across the nation. They hold awareness campaigns to educate customers on scam prevention. In addition, the Bank has continued to invest in AI and machine learning to strengthen its cyber resilience.

Given the proactive measures, Public Bank has blacklisted more than 280,000 mule accounts, or, the scammers' accounts as at end of March 2025. As a result, the Bank has helped more than 1.2 million customers from being scammed. More than 3.8 million transactions amounting to about RM1.78 billion have been prevented from being transferred into scammers' account. The Bank is also proactively running awareness campaigns for customers.

The Bank constantly educate customers on information about the latest scam techniques and prevention methods. For example, the Bank had recently organised a webinar on latest investment scam tactics used by scammers that attracted about 1,000 participants.

Scam prevention is a long journey. The Bank will continue to organise education programmes, and hand hold its customers while staying highly alert to the risks at all times.

Deposit Rate

- *Why are higher fixed deposit (FD) rates offered to new placements, but not to customers with existing FD?*

The Managing Director & Chief Executive Officer explained that in line with industry practice, Public Bank rolls out FD campaign rates to grow deposit base. It is also to sustain a healthy liquidity position. The campaign rates will be based on the latest market changes and development.

For loyal customers with existing funds, the promotional FD rates may be subject to the prevailing market conditions. It is also subject to the Bank's funding strategy on existing funds and fresh funds. The Group values every long term and loyal customer. The Bank strives to continue delivering value to its loyal customers through exclusive campaigns and long term financial solutions.

Credit Card/Charge Card

- *For credit card and charge card, what are the approval criteria and controls to minimise bad debt?*

The Managing Director & Chief Executive Officer explained that Public Bank adopts prudent lending approach with stringent credit risk management. Customer's credit worthiness are assessed, taking into account income and employment, debt service ratio, liability, and behaviour. Meanwhile, credit limit is assessed based on monthly income, customer risk profile, and regulatory guidelines.

With proactive monitoring, coupled with an early warning system, the Bank takes pre-emptive measures to address any signs of delinquency. Repayment assistance are offered to customers with repayment constraint.

International Stock Trading

- *There is growing interest among investors in global markets, will Public Bank offer international stock trading service?*

The Managing Director & Chief Executive Officer informed the Meeting that for trading of foreign shares, the Group's wholly-owned subsidiary, Public Investment Bank offers the service through Public Invest eTrade Global website, and Mobile Application. These platforms offer share trading for 21 exchanges across 14 countries, including the US, Hong Kong and Singapore.

Meanwhile, Public Bank's Share Investment Centre is currently upgrading its online share trading platform to enable such service.

Public Mutual's Strategy

- *In light of the rise of low cost exchange traded funds and low cost investment platforms, what are Public Mutual's strategies?*

The Managing Director & Chief Executive Officer explained that in the face of competition, Public Mutual differentiates itself through its customer-centric approach. To cater for investors with different needs, Public Mutual has a wide range of 185 funds across various asset classes and geographical markets. Most of the funds have demonstrated commendable performance that outperformed their respective benchmarks.

In terms of online investing platforms, Public Mutual has the Public Mutual Online (PMO) and PMO PLUS mobile application. These digital channels enable its investors to manage their investment anytime, anywhere.

Certainly, Public Mutual is also mindful that many investors would still prefer personalised services by unit trust consultants. The consultants are well trained and always prepared to provide guidance and end-to-end services to help investors make informed investment decisions. Overall, Public Mutual's on-going value-added and personalised services would continue to support a resilient growth of its funds.

Acquisition of LPI Capital Bhd (LPI)

- *What is the implication of the acquisition of LPI?*

The Managing Director & Chief Executive Officer explained that LPI has an established record of stable profitability and high return. In 2024, LPI's profit before tax rose by 20% to RM474 million, and its ROE is one of the highest in the market. With such a commendable record of financial performance, it is expected that LPI will be contributing a notable share to the Public Bank Group's profits.

The Bank is also actively working with LPI on potential synergies and cross selling, to further boost the Group's non-interest income. To further enhance the collaborations, the Bank has set up a task force to set out short to long term collaborative plans.

There are huge opportunities tapping on the strong market position of Public Bank, particularly in the property, hire purchase and small and medium enterprise (SME) segments. The Bank plans to further expand into upselling householder insurance, aside from the basic fire insurance, promoting commercial insurance, such as marine and trade credit insurance to the SME customers, and setting up convenient channel for hire purchase customers to renew motor insurance online. In addition, Public Bank will tap on the large agency force of LPI to cross sell the Bank's products.

Goodwill Impairment In Hong Kong Operations

- *Enquiry on the goodwill impairment for the Group's Hong Kong operations.*

The Managing Director & Chief Executive Officer explained that the goodwill is in relation to the cost of acquisition of the Hong Kong operation. The challenging market condition has affected the future earnings of Hong Kong's operations. This has caused the impairment of the goodwill given the decline in value of the Group's investments in Hong Kong.

Sustainable Financing

- *Enquiry on sustainable financing.*

The Managing Director & Chief Executive Officer explained that since 2020, the Bank has mobilised more than RM67 billion sustainable finance. This reflects 67% progress towards the Group's target of achieving RM100 billion of sustainable finance by 2030. These cover, among others, low emission vehicle financing, green financing, and social agenda financing.

To assist customers in adopting ESG practices, the Bank undertakes a holistic approach that includes offering competitive ESG products and services, engaging with customers and providing education, and strengthening ESG credit risk assessment. In terms of sustainable finance, the Bank has tailored financing packages catered for specific purposes, such as financing for green certified properties, solar panels, and energy efficient equipments. The packages feature competitive terms to encourage sustainable economic activities.

In addition, the Bank conducts positive and negative ESG screening during customer onboarding. The result will be taken into account in the credit assessment, whereby customers are assigned with an ESG risk grade.

On raising customer awareness, the Bank has rolled out various initiatives to educate the public. These include the green seminars for SME developers, and the Bank's dedicated website on sustainability called the "PB Sustain".

Given the various engagement channels, the Bank is able to gauge customer interest in ESG adoption.

Fossil Fuel Financing

- *Enquiry on fossil fuel financing.*

The Managing Director & Chief Executive Officer informed the Meeting that the Bank's direct loan exposure to the fossil fuel industry is insignificant. Nevertheless, to encourage phasing out from fossil fuel, the Bank offers competitive financing packages to encourage consumers to adopt renewable energy.

Sustainability Governance

- *Enquiry on the Bank's sustainability governance.*

The Managing Director & Chief Executive Officer explained that at Public Bank, sustainability governance is anchored by its commitment to ensuring the effective delivery of its sustainability targets. The Board holds the overall responsibility for the Group's sustainability management and performance. The Board is assisted by the Board Sustainability Management Committee in its oversight.

To facilitate more effective management of sustainability, quantitative key performance indicators (KPIs) have been integrated into the Senior Management's performance evaluation. Environmental related KPIs include reduction of emissions, sustainable financing, sustainable supply chain, and energy resource management. KPIs which are related to "ESG friendly economic and green activities" are also assigned to branches. With that, all bank staff are encouraged to act cohesively towards the same ultimate goals and targets in achieving carbon neutral by 2030, and net zero by 2050.

Management's Succession Planning

- *Enquiry on Senior Management's succession planning.*

The Managing Director & Chief Executive Officer informed the Meeting that Public Bank has in place a structured, inclusive and comprehensive succession framework for Senior Management which has continued to ensure smooth operations, stability and business continuity. It covers multi-pronged talent identification, talent assessment, and development approaches. It is not only for key positions but also covers middle management to ensure a sustainable leadership pipeline.

In addition, the Bank has put in place individual development plans that are tailored for the talents, to close gaps and further strengthen competencies. In addition, the staff work as a cohesive team and the Bank emphasises "hand-holding" when guiding the talents.

Further, the Bank would earmark several candidates for a critical role. The Bank carries out evaluation before designating a person who best fit the role. Facilitated by the framework, the transitions of leadership across all levels have been smooth. This includes the retirement of senior management staff over the years.

Employee bonuses

- *Please provide an insight into the Bank's structure and rationale for 2024's staff bonus payout.*

The Managing Director & Chief Executive Officer explained that Public Bank's bonus framework is structured to align with the Bank's financial objectives, particularly on profit growth, ROE and cost income ratios.

Staff bonus payout is therefore based on the achievement of their specific KPIs, which are linked to business growth, profitability, specific ratios targets, as well as the individual and team contributions. On average, a performance bonus of 4.35 months was granted for the Bank's 2024 achievements, as compared with an average of 4.22 months in 2023. The quantum granted is correlated to the individual staff's performance ranking.

Employee Rewards and Cost Management

- *How does the Bank balance between a fair employee rewards and prudent cost management?*

The Managing Director & Chief Executive Officer explained that the Management is cognisant of the need for such fair balancing. Through various benchmarking against industry practices, the Bank ensures that employee benefits remain market competitive, which is on par with the industry.

Notwithstanding the competitive employee benefits, the Bank is able to maintain an efficient cost structure. The Bank's personnel cost to income ratio remains the lowest in comparison with peer banks of similar size. This is primarily driven by high productivity and operational efficiency, which has always remain as the Bank's top priority.

The decent employee rewards has also served as a retention strategy. This is reflected in the Bank's turnover rate of 8.7% in 2024, the lowest among peer banks.

Profit Before Tax Per Employee

- *What is the reason for the decline in profit before tax per employee?*

The Managing Director & Chief Executive Officer informed the Meeting that the decline in profit before tax per employee was partly due to interest margin compression faced by the banking industry, and the inclusion of the full staff force of LPI Group.

Meanwhile, only one month of post acquisition results of LPI was consolidated into the Group's results in 2024. In the face of a challenging operating environment, the Group has always been focusing on further enhancing productivity. While safeguarding its bottom line, the Group constantly explores synergistic opportunities to grow business.

The Group also ensures it has sufficient talents to support the Group's business expansion.

Audit Fees

- *Why is the increase in audit fees and the significant decrease in fees for regulatory related services?*

The Managing Director & Chief Executive Officer explained that the increase in audit fees for the Public Bank Group was mainly due to the expansion of the Public Bank Group. This includes the acquisition of LPI and Public Bank Securities Vietnam Company Ltd. In addition, there were inflationary adjustment and engagement of Messrs Ernst & Young PLT for certain thematic reviews. The decrease in fee for regulatory related services was mainly due to a non-recurring compliance review.

Regulatory Compliance

- *Enquiry on measures taken to ensure regulatory compliance.*

The Managing Director & Chief Executive Officer explained that Public Bank Group is highly vigilant to compliance risk and has put in place stringent monitoring procedures to ensure compliance. These include, among others, strengthening internal governance framework, continuously reviewing and updating policy and procedures, and conducting regular audit and compliance review. More importantly is to cultivate high standards of integrity and conduct in the corporate culture within all staff.

Compliment/Feedback

- *Positive feedback from shareholders on holding hybrid AGM.*

The Managing Director & Chief Executive Officer thanked the shareholders for the feedback. He explained that hybrid AGM allows physical and virtual participation. The Bank is open to continuing with hybrid AGM as it allows flexibility and wider participation. However, the decision on the mode of meeting for future AGMs will also take into consideration the regulatory requirements and circumstances at that time.