

Review by Managing Director & Chief Executive Officer

“ The year 2026 holds special significance to the Public Bank Group as the Group celebrates its 60th anniversary. It commemorates a significant milestone demonstrating the Group’s 60 years of excellence in the banking industry, as well as a testament to resilience and sustainable growth. ”



2025 was a year marked by unexpected global challenges and transformative events. Uncertainty surged after the US announced a significant change in tariff policy, sparking fears of a global recession. Escalated geopolitical risks also led to increased global fragmentation. Nonetheless, uncertainties over tariffs waned to some extent following negotiations over months.

On the digital transformation, innovative technologies evolved rapidly and transformed people’s lives at an unprecedented pace. However, the emerging technologies also contributed to new vulnerabilities and cyber crimes.

On the domestic front, while challenges persisted, Malaysia continued to record steady economic growth, supported by firm domestic demand and resilient exports. In addition, Bank Negara Malaysia’s pre-emptive moves to reduce the Statutory Reserve Requirement in May 2025 and Overnight Policy Rate in July 2025 provided further support to the country’s economic growth.

Against this backdrop, the operating environment remained conducive for innovation and growth in the banking sector. Although competition across various business segments intensified, the Public Bank Group maintained its commendable performance by leveraging its solid fundamentals, further supported by synergistic growth in its core banking business.

DELIVERING SUSTAINABLE GROWTH

In 2025, the Public Bank Group achieved another set of commendable financial results. The Public Bank Group’s profit before tax increased by 6.8% to RM9.54 billion, surpassing the RM9 billion mark for the first time.

Underpinned by its long-standing culture of cost discipline and prudent management, net profit attributable to shareholders grew by 1.1% to RM7.22 billion. The Public Bank Group continued to sustain its leading position in the Malaysian banking industry with the highest net return on equity of 12.8%.

Operational efficiency remained a key strength for the Group, with a cost to income ratio of 34.9%, well below the banking industry's cost to income ratio of 45.2%.

In 2025, the Public Bank Group continued to post stable growth in its core financing business. The Group's total gross loans expanded by 5.1%, of which domestic loans grew by 5.9%.

The Public Bank Group remained supportive of home ownership, posting a 5.8% growth in domestic residential property financing. Meanwhile, the Group's domestic SME financing continued to post notable progress, with 10.6% growth. Domestic hire purchase financing also recorded a strong growth of 10.1%.

As a result, the Public Bank Group continued to maintain its leading market shares of 20.1%, 18.7% and 32.8% respectively in the domestic residential property financing, SME financing and hire purchase financing segments.

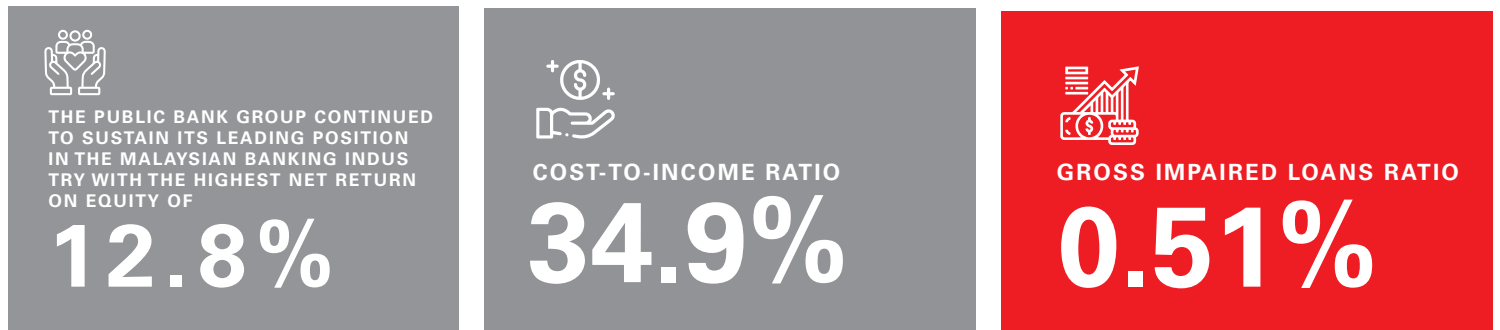
The Public Bank Group's asset quality remained sound, with gross impaired loans ratio of 0.51%, significantly below the industry's ratio of 1.37%. The loan loss coverage ratio of 149.9% was higher than the industry's ratio of 84.8%, further demonstrating the Group's prudent risk management approach.

The Public Bank Group's total deposits grew by 3.2% and domestic deposits grew by 3.8% in 2025. Despite the highly intense competition in the deposit market, the Group continued to achieve a healthy funding position, with a loan to fund and equity ratio of 84.1% in 2025, reflecting strong customer confidence in the PB brand.

Complementing its core financing and deposit business, the Public Bank Group achieved another year of favourable performance in non-interest income, with a strong growth of 15.2%, driven primarily by its wealth management business, investment income, and further complemented by general insurance income from the newly acquired LPI Capital Bhd ("LPI") Group.

Public Mutual, the Public Bank Group's wholly-owned subsidiary, maintained its leading position in the domestic retail private unit trust industry with a market share of 43.6% (excluding money market funds) as at the end of 2025. Furthermore, Public Mutual recorded a higher net asset value of funds under management of RM106.35 billion and sustained a stable profit before tax of RM850.6 million.

General insurance was another key segment that contributed to the Public Bank Group's non-interest income. Following the completion of the acquisition of a 44.15% stake in LPI Group in December 2024, LPI Group contributed RM408.7 million to the Public Bank Group's pre-tax profit for the financial year 2025.



THRIVING IN A COMPETITIVE LANDSCAPE

With various global headwinds posing risks to the economy and increasingly intense competition in the domestic banking industry, 2025 was a challenging year for banks.

Against this backdrop, the Public Bank Group stayed focused on its purpose – supporting all segments of society with accessibility to suitable and affordable financial services – through ongoing enhancement of its comprehensive suite of financial products and services as well as accelerating digital banking services.

During the year, the Public Bank Group continued to enhance its product offerings in its core financing and deposit businesses to better meet customer demand. Personalised products were further enhanced to suit the needs of specific customer segments, such as young professionals, small businesses and mass affluent customers.

Leveraging market opportunities, 2025 also saw the Public Bank Group further intensifying efforts to boost non-interest income. During the year, in addition to scaling up efforts in its unit trust and bancassurance businesses, the Group launched a series of new Callable Range Accrual structured products and enhanced its gold investment offering to better meet changing customer demand.

In addition, the Public Bank Group initiated focused efforts to enhance communication with its customers through various investment roadshows, SME seminars and customer engagement campaigns across the nation.

Digitalisation remains a key driver of the Public Bank Group's growth. Following the introduction of the newly revamped MyPB Web and MyPB App, the Group continued to expand the digital capabilities of its digital banking platforms, offering improved convenience, a more intuitive interface and a seamless end-to-end banking experience. Customers can enjoy online savings account opening and more lifestyle services with just a click away.

The Public Bank Group also rides on the wave of innovative technologies, such as Artificial Intelligence and Machine Learning to streamline operational process and enhance productivity. Nonetheless, while the Group explores further deployment of transformative technology, ensuring safety of customer data in the digital space remains a major priority.

On scam prevention, in addition to strengthening internal safeguards against scams, educating community on avoiding scams is as important. In 2025, the Public Bank Group's PB Scam Rangers – a mobile team of cybersecurity experts – continued to travel across the country to educate the public on scam awareness. The Group also rolled out webinars and participated in nationwide roadshows in collaboration with external stakeholders such as universities and relevant authorities to further increase the reach of its scam prevention initiatives.

The proactive measures by the Public Bank Group resulted in the blacklisting of more than 390,000 mule accounts as at the end of 2025. The Group had successfully prevented over 1.5 million customers from being targeted and stopping more than 4.5 million attempted transactions, amounting to approximately RM1.98 billion, from being channelled into fraudulent mule accounts.

A COMMITMENT BEYOND PROFIT

The Public Bank Group's success is deeply rooted in its people and its purpose. To support its growing momentum, the Group continued to invest in training and capacity-building programmes for its employees, emphasising upskilling in critical areas such as digitalisation, sustainability and compliance to ensure its workforce remains future-ready and able to contribute effectively to its strategic priorities.

Aligned with its long-term sustainability ambitions, the Public Bank Group continued to expand its Environmental, Social and Governance initiatives, as outlined in the Sustainability Report.

In 2025, the Public Bank Group advanced efforts under its Decarbonisation Plan, implementing measures to reduce carbon emissions, accelerate sustainable financing, and support customers in transitioning towards lower-carbon operations.

Against its target of RM100 billion sustainable financing by 2030, the Public Bank Group successfully mobilised more than RM77 billion as at the end of 2025.

Setting an example for the community in reducing operational carbon emissions, the Group has to date achieved over 40% completion of on-site solar installations at Public Bank-owned branch premises in Malaysia. The initiative will be further expanded to more branch premises nationwide, as part of its large-scale expansion plan of solar panel installations at 135 branches.

In 2025, the Public Bank Group's continued efforts to drive sustainable development once again earned recognition from leading regional publications.

The Asset acknowledged the Public Bank Group's progress by conferring the Best Bank for Sustainable Finance in Malaysia at The Asset Triple A Awards 2025, alongside the Gold Award at The Asset Corporate Sustainability Leadership Awards 2025.

The Public Bank Group was also honoured with the Asia's Best CSR Award and the Sustainable Asia Award by Corporate Governance Asia.

BUILDING TRUST TODAY, ENSURING GROWTH FOR THE FUTURE

Looking ahead, Malaysia's economic outlook remains encouraging, supported by a resilient domestic economy and the Government's proactive measures in attracting foreign investments.

As the financial landscape continues to evolve, the Public Bank Group will remain steadfast in its core principles of prudence, professionalism, and integrity — principles that have guided its journey for six decades.

The year 2026 holds special significance to the Public Bank Group as the Group celebrates its 60th anniversary. It commemorates a significant milestone demonstrating the Group's 60 years of excellence in the banking industry, as well as a testament to resilience and sustainable growth.

The success was a celebration of the collective efforts of the Group's shareholders, customers, employees and the community. We also extend our sincere gratitude to Bank Negara Malaysia and the relevant authorities for their unwavering guidance and continued support. We truly appreciate the support from all our stakeholders.

Looking ahead, the Public Bank Group remains committed to strengthening its reputation as a bank built on trust. With strong fundamentals, disciplined execution, and the confidence of its stakeholders, the Group will continue building growth and strengthening trust, today and for generations to come.

Tan Sri Dato' Sri (Dr) Tay Ah Lek

Managing Director & Chief Executive Officer