



PUBLIC BANK

## 2020 ANNUAL REPORT

# Statement by **Tan Sri Dato' Sri Dr. Teh Hong Piow** Founder, Chairman Emeritus, Director and Adviser



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2020 was one of the most challenging years in recent history. The COVID-19 pandemic caused a global upheaval and brought severe shock to the global economy, leading to a steep economic contraction across the world.

In Malaysia, arising from the initial outbreak in March 2020, the Government imposed containment measures including the Movement Control Order to control the spread of the COVID-19 pandemic. These measures were crucial to protect people's health and safety. However, the curtailment of economic activities had severely affected the economy as Gross Domestic Product contracted by 5.6% in 2020.

Under such difficult operating conditions, the banking sector was significantly affected on multiple fronts. Business growth was weak due to the implementation of COVID-19 containment measures as well as subdued consumer and business sentiment. Profit was also impacted by further margin compression and higher provisions set aside amid economic uncertainty and various COVID-19 relief measures offered by banks.

To cushion and mitigate the adverse pressure on the economy and people's livelihood, the Government and Bank Negara Malaysia took swift pre-emptive measures, and put forth a lot of effort to strike a balance between stemming the pandemic and bolstering the economy. These deliberate actions enabled the country to gradually pick up strength towards the end of 2020.

## **RESILIENCE IN TIMES OF CRISIS**

Having been through many crises and adversities, the Public Bank Group, has learned, grown and thrived in its past 54 years of operations. In 2020, the Public Bank Group continued to deliver profitability in spite of prevailing challenges in the operating environment. The Group achieved a pre-tax profit of RM6.29 billion and net profit attributable to shareholders of RM4.87 billion. With this, the Group continued to sustain a double-digit net return on equity of 11.2%.

In view of the Public Bank Group's sustained profit performance, the Board of Directors declared a total dividend of 13 sen for the financial year 2020, in appreciation of shareholders' ongoing support. This is equivalent to a total dividend payout of RM2.52 billion, representing 51.8% of the Group's net profit for 2020.

## **ADDRESSING THE IMPACT OF COVID-19 ON STAKEHOLDERS**

The Public Bank Group is mindful of the importance of embedding stakeholders' consideration into its crisis management.

The Public Bank Group endeavours to support its customers through this difficult time. The Group has proactively offered loan moratorium as well as various flexible loan repayment assistance programmes to customers who face financial hardship. The Group actively participates in the Government and Bank Negara Malaysia initiated special financing schemes. Collectively, about 1.8 million customers have benefitted from the Group's COVID-19 financial and relief assistance measures.

Employees' health and safety is another key priority. The Public Bank Group has kept abreast of developments of the pandemic so that swift and immediate actions can be taken to protect the well-being of its employees. The Group is also highly focused in ensuring that operational safety measures are strictly implemented across branches to prevent the spread of the COVID-19 pandemic.

To the community, the Public Bank Group channelled RM1 million to MERCY Malaysia's COVID-19 Pandemic Fund to assist medical frontliners in battling the COVID-19 pandemic. In view that many charity homes may encounter constraints in funding during the pandemic, the Group continued to make monetary contributions to various homes of underprivileged groups to provide comfort during this difficult time.

## **SUSTAINABLE GROWTH**

During times of uncertainty when the future and how the pandemic may unfold could hardly be predicted, conventional management models may prove to be insufficient to safeguard the bottom line of businesses. To prepare for the uncertainties ahead, the Public Bank Group

continues to step up efforts to ensure that its corporate governance and risk management practices keep pace with the changing environment, and that its business model stays nimble even as the Group navigates its way forward.

The Public Bank Group continues to develop its talent pool and digital capabilities in the face of the highly competitive and fast changing environment. Despite the disruptions brought by the COVID-19 pandemic, the Group has launched several innovative mobile learning initiatives for its employees to continue reskilling and upskilling themselves. The Group also continues to explore and implement innovative digital solutions, particularly on advancing its e-payment capability, to enhance operational resilience and customer experience.

## **GROUP'S PROSPECTS**

In 2021, the recovery of the Malaysian economy is expected to be gradual, supported by the easing of restrictions and improvement in global trade, coupled with the continued policy support and stimulus assistance. The COVID-19 inoculation programme will also provide further impetus to the economy.

Basing on the better outlook, the Public Bank Group is well-poised to be in a position to seize growth opportunities. The Group has been carefully managing its balance sheet and asset quality throughout this unprecedented period, and this has provided greater leeway for the Group to grow its business with sufficient cushion against potential risks and challenges that may lie ahead.

## **OUR APPRECIATION**

With the support and trust by all its stakeholders, the Public Bank Group was able to withstand and navigate through an exceptionally challenging year.

The Public Bank Group and I wish to express our deepest appreciation to all our shareholders, customers, the Group's management and employees for their unwavering support. Our sincerest gratitude goes to Bank Negara Malaysia and relevant authorities for guiding the banking industry especially during the present health crisis. With all the support and guidance, the Group will continue to strive to achieve greater excellence and further enhance stakeholder values in the years ahead.

### **Tan Sri Dato' Sri Dr. Teh Hong Piow**

Founder, Chairman Emeritus, Director and Adviser

5 April 2021