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Public Bank Group Posted Net Profit Of RM5.66 Billion For 2021 And Declared Second Interim Dividend Of 7.7 Sen

Tan Sri Dato' Sri Dr. Teh Hong Piow, the Founder, Chairman Emeritus, Director and Adviser of Public Bank announced that the Public Bank Group recorded a pre-tax profit of RM7.37 billion and net profit of RM5.66 billion in 2021, compared to RM6.29 billion and RM4.87 billion respectively in 2020.

Tan Sri Teh commented, ***"The Public Bank Group's sound fundamentals and business strengths in its core lending and deposit business continued to support the Group's financial performance."***

The improved profit growth in 2021 was also attributed to the low base effect in 2020 when the COVID-19 unprecedentedly caused public health crisis which led to closure of most economic activities.

However, in 2021, the operating environment remained extremely challenging due to the prolonged COVID-19 pandemic and the emergence of new variants. Rising inflationary pressure and the unexpected flash floods in several states in Malaysia at the year end had posed further headwinds to the economic condition. These prevailing economic challenges continued to weigh on the Group's profit performance with its net profit growing by a subdued 1.4% in the fourth quarter of 2021, as compared to the third quarter of 2021.

"Despite the challenges in 2021, the Public Bank Group was able to steer through the difficult year with sustained balance sheet strength. The Group continued to demonstrate its resilience with net return-on-equity of 12.4% and efficient cost-to-income ratio of 31.6%,"Tan Sri Teh said.

With that, Tan Sri Teh is pleased to announce that, ***"The Board of Directors is declaring a second interim dividend of 7.7 sen per share. The second interim dividend will be paid on 22 March 2022 based on the dividend entitlement date of 14 March 2022. Together with the first interim dividend of 7.5 sen per share, the full year dividend for 2021 amounts to 15.2 sen. This represents a total dividend payout of RM2.95 billion or 52.2% of the Group's net profit for 2021."***

Continued Expansion in Loans and Deposits

For 2021, the Public Bank Group achieved total loans growth of 3.6% to RM358.0 billion. Domestic loans grew by 3.4% to RM334.6 billion. Domestic loans growth was mainly supported by lending for residential properties, hire purchase and small and medium enterprises (SMEs). However, the increase in total loans was partially offset by the moderation in corporate loans arising from large repayment from certain corporate customers.

In terms of funding, the Group's total customer deposits grew by 4.0% to RM380.4 billion. Domestically, total customer deposits grew by 4.5% to RM352.6 billion. The Group's low cost savings and demand deposits had shown particular strong growth of 11.7%, which had contributed positively to the Group's net interest margin.

Tan Sri Teh said, ***"The Group was able to achieve continued loans and deposit growth, amid the highly intense competition in the market. As at the end of December 2021, the Group's funding position remained stable with gross loan to fund and equity ratio of 80.0%."***

Continued Support from Non-interest Income

Non-interest income was lower by 7.3% owing to the reduction in investment income amid a volatile market in 2021. However, the continued expansion in unit trust business as well as fee and commission income, which grew by 18.1% and 13.2% respectively in 2021, continued to complement the Public Bank Group's profitability.

Tan Sri Teh highlighted, ***"The Public Bank Group's unit trust business, undertaken by its wholly-owned subsidiary, Public Mutual, registered a commendable pre-tax profit growth of 22.8% in 2021, as compared to 2020. As at the end of December 2021, Public Mutual managed a total of 177 unit trust funds with assets under management increasing by 4.3% to RM104.6 billion, capturing a large retail market share of 34.6%."***

Efficient Cost Management

The Public Bank Group remained vigilant in cost management. In 2021, the Group recorded a marginal increase of 1.4% in overhead expenses.

Tan Sri Teh said, ***"The Public Bank Group continues to pursue its cost optimisation strategy by focusing on optimising discretionary spending, concentrating on developing its talent pool as well as building digital solutions that improve customer experience and operational efficiency. On the back of the continued income growth, coupled with cost discipline, cost-to-income ratio remained at an efficient level of 31.6%, as compared to the domestic banking industry's average of 42.8%."***

Resilient Asset Quality

On asset quality, Tan Sri Teh commented, ***"The Public Bank Group's gross impaired loans ratio remained stable at 0.3% as at the end of December 2021. As the economy remained uncertain, the Group continued to be prudent on building preemptive provisions. Loan loss coverage ratio further strengthened to 360.7%, significantly higher as compared to***

the banking industry's loan loss coverage ratio of 129.0%. Meanwhile, loan loss coverage ratio inclusive of regulatory reserves further increased to 383.2%."

Assistance for Customers Affected by the Pandemic and Floods

With the COVID-19 pandemic heavily weighing on the economy, the Public Bank Group has implemented various flexible relief assistance packages to assist individuals and businesses who face repayment constraints since 2020. These relief assistance packages include loan moratorium, as well as the Targeted Repayment Assistance ("TRA") and the Expanded Targeted Repayment Assistance ("ETRA"). The TRA and the ETRA are offered in various flexible packages to suit the needs of different customers with varying financial conditions. Further, the Group also actively participates in the Financial Management and Resilience Programme, a comprehensive repayment relief programme launched in collaboration with Agensi Kaunseling & Pengurusan Kredit ("AKPK") which offers longer-term repayment assistance and financial management assistance to borrowers to overcome their financial difficulty.

The Group is also a participating financial institution for special financing schemes initiated by the Government and Bank Negara Malaysia, such as the Special Relief Fund, Micro Enterprises Facility and Targeted Relief and Recovery Facility, to financially assist SMEs who need additional funds for their businesses amid the pandemic challenges.

Tan Sri Teh added, "As at the end of December 2021, about RM83.4 billion of domestic loans have been approved under the Repayment Assistance Programmes, benefiting nearly 438,000 customers. As for special financing schemes initiated by the Government and Bank Negara Malaysia, the Group has extended about RM3.4 billion of financing to more than 17,700 SMEs."

Tan Sri Teh further added, "The Group's strong commitment to its customers is further reflected in its recent proactive participation in the offering of repayment relief for customers affected by the recent floods. Further, the Group is also a participating financing institution of the Disaster Relief Facility initiated by Bank Negara Malaysia, offering financing facility with a low financing rate of up to 3.5% per annum, to alleviate the financial burden faced by the SMEs."

Tan Sri Teh added, "Climate change has increasingly become a global issue due to its damaging and disruptive impact not only on the environment, but also human health and the economy. Over the years, the Group has increasingly integrated environmental considerations into its daily banking operations. This year, the Group has established its sustainability commitments and set specific goals to lead its actions in addressing climate change risk."

Tan Sri Teh reiterated, "The Public Bank Group places great importance on environmental, social and governance issues, as the Group understands that ultimately, a business with good practices is one that will flourish and sustain over the long term."

Healthy Capital and Liquidity Position

As at the end of December 2021, the Group's common equity Tier 1 capital ratio, Tier 1 capital ratio and total capital ratio stood at a healthy level of 14.5%, 14.6% and 17.7% respectively, while liquidity coverage ratio remained healthy at 127.3%.

Group's Prospect

After navigating a bumpy and uneven recovery in 2021, Malaysia's economic growth is anticipated to accelerate in 2022. High vaccination coverage and active vaccine booster shot rollout are expected to support consumer and business sentiment amid sizeable fiscal support and accommodative monetary policy. However, the ability of the vaccines to guard against any new COVID-19 variants remains a concern to the strength of the recovery.

Tan Sri Teh said, ***"As the economy gradually recovers, the Public Bank Group will continue to focus on further strengthening its business resilience, including preserving asset quality, maintaining cost discipline and upholding high standards of corporate governance."***

Tan Sri Teh concluded, ***"The Public Bank Group will continue to remain agile and responsive to the changing environment to ensure long term sustainability of its business and to better serve the interest of all its stakeholders."***



**Y.Bhg. Tan Sri Dato' Sri Dr. Teh Hong Piow
Founder, Chairman Emeritus, Director and Adviser of
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