

STATEMENT BY TAN SRI DATO' SRI DR. TEH HONG PIOW

FOUNDER, CHAIRMAN EMERITUS, DIRECTOR AND ADVISER

2019 was another challenging year. The operating environment was affected by softer economic growth, heightened uncertainties, and continued downside risks from both external and domestic factors. These, in turn, impacted business sentiments and the growth of the banking sector. Banks' earnings were further pressured following the reduction of 25 basis points in the Overnight Policy Rate in May 2019.

Despite the difficult operating conditions, I am pleased that the Public Bank Group had in the year once again demonstrated its ability to navigate through the challenging times. The Group's solid foundation continued to drive stable profitability in 2019, with a pre-tax profit of RM7.13 billion and net profit attributable to shareholders of RM5.51 billion. The Group also continued to lead in its asset quality and cost efficiency, despite the challenging operating environment with increased cost pressures. This enabled the Group to sustain a resilient net return on equity of 13.6% for 2019.

In the face of challenges from multiple fronts during the year, the Public Bank Group continued to stay focused on growing its core business in consumer and commercial banking. The Group's multi-pronged approaches in the pursuit of its time-tested organic growth strategy had continued to drive sustainable business growth and enhance its market position.

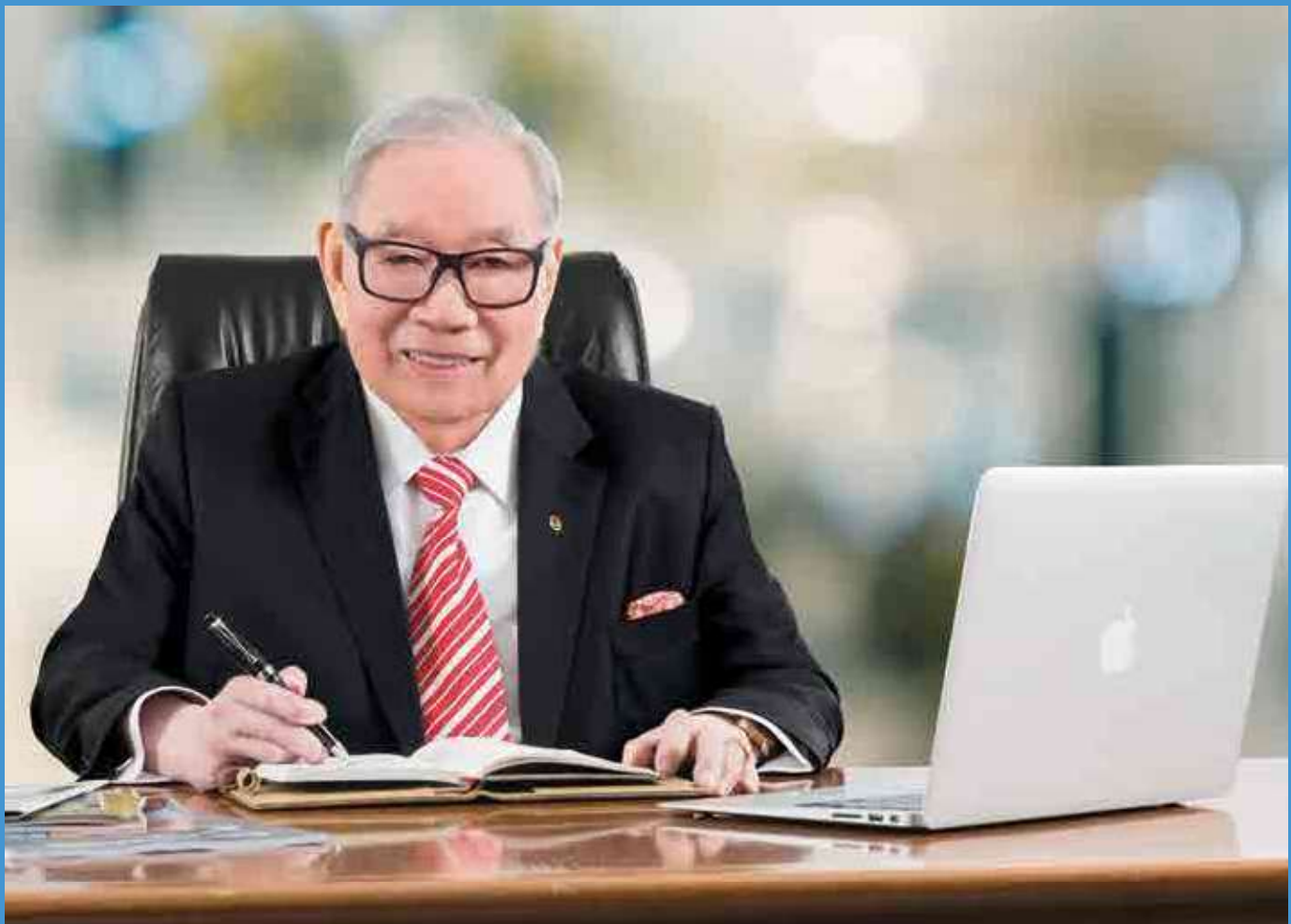
In addition, the Public Bank Group remains steadfast in embedding a strong culture of corporate governance and sound risk management. The Group constantly enhances its compliance and risk management practices in its operations, and frequently communicates with its employees about the Group's expectation in compliance and risk management. The Group also proactively engages with regulators to better understand their expectations, and constantly updates regulators with ongoing compliance and risk management initiatives undertaken by the Group.

Since its inception in 1966, the Public Bank Group is now more than half way to its 100 years. Over the last 53 years, the Group has built a solid and vibrant business which is still standing tall today. The Group is mindful that this cannot be achieved without the unwavering support from its customers, shareholders, employees and the community. It is their continued support that always reminds the Group of its responsibility to continue creating long term shared values for its stakeholders, while actively pursuing business growth.



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Creating, delivering and enhancing values to the stakeholders will continue to be the Group's approach as it continues to deliver its Corporate Mission of sustaining the position of being the most efficient, profitable and respected premier financial institution in Malaysia.



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Founder, Chairman Emeritus, Director and Adviser



The Public Bank Group has continued to reward its shareholders in appreciation of their support. For 2019, the stable performance of the Group had enabled the Board of Directors to declare a higher total dividend of 73 sen per share, which amounted to a total dividend payout of RM2.83 billion, representing 51.4% of the Group's net profit for 2019.

For its customers, Public Bank's corporate tagline "Excellence is Our Commitment" reflects its continuous pursuit to deliver best-in-class services. The Public Bank Group always endeavours to provide greater service value, attentive to customers' feedback and strive to respond quickly to their needs. The Group constantly improves its product features to cater for the diverse needs of customers, and drives greater innovation to provide more convenience and higher efficiency for their banking needs. It is the ability to anticipate in the evolving needs of customers and meet their needs beyond their expectation that has continued to shape the Group's high level of service standard today.

For the past five decades, the hard work and dedication of the employees have shaped and strengthened Public Bank's corporate culture. This has enabled the Public Bank Group to flourish throughout the years. In recognition of its employees' contribution, the Group is mindful that understanding its people is important. The Group is committed to inculcate a conducive, inclusive and dynamic workplace where its employees are valued, respected and empowered. In 2019, the Group continued to invest a substantial amount to develop, care and reward its employees. To continuously upskill its employees, the Group had in the year implemented new enhancement programmes and initiatives to widen employees' knowledge and skills, as well as offering sponsorships to encourage employees to take up self-learning courses. It is also worth noting that in 2019, Public Bank had once again recorded the highest number of graduates for the banking qualifications offered by the Asian Institute of Chartered Bankers.

To the broader community it serves, the Public Bank Group is always cognisant of its important role as a responsible corporate citizen. The Group has always been supporting community investment initiatives. The Group is also mindful that climate change is a prominent global issue affecting people's health, food supply, and the whole ecosystem. The Group will continue to play its role in joining the banking sector's initiatives to address climate issues.

The long term agenda for the Public Bank Group is to generate greater sustainability. To create banking for the future, the Group is always thinking ahead, exploring new opportunities, and enhancing its competitive strengths. Given that technology will shape the future of banking, one of the Group's key strategic focus is digital innovation and advancement. 2019 had been a year of achievement for the Group in digital payment as it continued to enhance its digital involvement through its three-year Digital Roadmap as part of its long term strategic plans to respond to changing customer needs. Towards these objectives, the Group is also exploring on initiatives to enhance its capability in data analytics and artificial intelligence.

As the Public Bank Group continues to deliver on its mission and look into more avenues to strengthen sustainability, the Board of Directors of Public Bank will continue to support the Group's strategy and remain committed to safeguard and future proof the value of the Group.

As we stepped into year 2020, the operating environment is faced with a major challenge arising from the widespread of COVID-19 outbreak. This unexpected pandemic has inflicted significant economic disruption across the world as most countries, including Malaysia, have taken unprecedented but necessary control measures such as country lockdown and movement control to contain the spread of the outbreak.

In view of this extremely challenging condition, the Malaysian Government and Bank Negara Malaysia have implemented substantial fiscal measures, as well as financial and monetary support to mitigate the downside pressure on the nation. The Public Bank Group has also joined collaborative efforts and played its part as a responsible corporate citizen by offering loan moratorium to borrowers and providing monetary contribution to provide relief to the community. In fighting against the outbreak, the Group also deeply appreciates those on the frontlines helping to curb the spread of the pandemic. Their dedication and sacrifices are held in high regard.

For 2020, the adverse impact of the pandemic is likely to affect the economy for the most part of the year. Coupled with the plunge in global oil prices, the Malaysian economy is expected to be significantly impacted this year. For the banking industry, the reductions in Overnight Policy Rate will result in higher pressure on net interest margins.

Amid these unprecedented economic challenges, the Public Bank Group will remain focus on strengthening its solid foundation and competitive strength for business growth. Its strategy will remain centred on the values of integrity, accountability and corporate responsibility. Creating, delivering and enhancing values to the stakeholders will continue to be the Group's approach as it continues to deliver its Corporate Mission of sustaining the position of being the most efficient, profitable and respected premier financial institution in Malaysia.

Over the years, the Public Bank Group has received tremendous support from shareholders and customers. The Group and I wish to record our deepest appreciation to all of you. We are also thankful to the management and all employees for their dedication and commitment in growing the Bank from strength to strength. Our gratitude as well to Bank Negara Malaysia and the relevant authorities for their guidance and support.

Tan Sri Dato' Sri Dr. Teh Hong Piow

Founder, Chairman Emeritus, Director and Adviser

30 April 2020