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 **13.0 %**
Return on equity

 **0.59 %**
Gross impaired loans ratio

 **33.7 %**
Cost to income ratio

REVIEW BY MANAGING DIRECTOR/ CHIEF EXECUTIVE OFFICER

TAN SRI DATO' SRI DR. TAY AH LEK
Managing Director/Chief Executive Officer

The global environment in 2023 was challenging. Many countries faced multi-faceted challenges stemming from high inflation, geopolitical tensions and tighter monetary policy, which had led to subdued economic growth. On the domestic front, however, the Malaysian economy sustained a GDP growth of 3.7% in 2023, underpinned by its resilient domestic demand.

The domestic economy do face some challenges. Amid this increasingly complex operating environment, the Public Bank Group continued to embrace growth by strengthening its core competency in the retail banking segment and further leveraging on its strong fundamentals to enhance its resilience against these challenges. The Group also took tangible steps in its sustainability journey to drive greater stakeholder value. Above all, the Group has remained committed to its purpose as a people-focused bank.

A RESILIENT FINANCIAL PERFORMANCE

Sound governance, together with proactive and prudent management, have always been the hallmarks of the Public Bank Group. These values have continued to contribute to the Group's financial stability throughout the years.

For the financial year 2023, the Public Bank Group achieved higher net profit attributable to shareholders, which grew by 8.7% to RM6.65 billion. With that, the Public Bank Group continued to sustain its leading position with a net return on equity of 13.0% and an efficient cost to income ratio of 33.7%.

In its core business segment, the Public Bank Group achieved total loan growth of 5.9%. On the domestic front, the Group achieved a commendable growth rate of 6.4% in residential properties financing and 10.8% in vehicle hire purchase financing, with leading market share of 20.4% and 30.5% respectively.

The Public Bank Group has also been supportive of the small and medium enterprises ("SMEs") that serve as the nation's engine of growth. In 2023, the Group achieved a domestic SME market share of 17.9% with total financing of RM67.9 billion as at the end of 2023.

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With prudent lending practices and a resilient loan portfolio built throughout the years, the Public Bank Group continued to register a sound asset quality with a gross impaired loan ratio of 0.59% as at the end of 2023, significantly lower than the banking industry's gross impaired loan ratio of 1.65%.

In deposit-taking, the Public Bank Group achieved a 4.6% deposit growth in 2023. Liquidity position stayed at a healthy level with a liquidity coverage ratio of 136.8% as at the end of 2023.

The Group's wholly-owned subsidiary managing its unit trust business, Public Mutual, continued to gain support from the customers, as reflected in its leading market share of 35.9% in the domestic retail private unit trust industry as at the end of 2023. During the year, Public Mutual achieved a profit of RM798 million with an increased net asset value of RM97.1 billion as at the end of 2023.

Apart from fulfilling customers' banking needs, the Public Bank Group is also embedding community needs into its people first strategy.

A PEOPLE FIRST STRATEGY

Underpinning its people-focused strategy, the Public Bank Group emphasises inclusiveness on financial accessibility. Leading to that, the Group has continued to adopt an omni-channel strategy, where banking services and face-to-face interaction are available at various touch points, be it physical branches or online platforms.

In addition to the 293 domestic branches strategically located across the country to serve the people, the Public Bank Group has continued to enhance its digital delivery channels, enriching customers' experience further.

Over the years, with its online banking platforms continuing to improve with more seamless and convenient banking services, the Public Bank Group had registered commendable growth in users of its online channels. Over the past five years, active users for the PBe internet banking had increased by about 46%, while PB enterprise and PB engage mobile platforms had grown by more than two fold respectively.

Given its proactive initiatives in promoting electronic payment, the Public Bank Group continued to be recognised by The Malaysian e-Payments Excellence Awards 2023 organised by PayNet, with the Bank being awarded the Special Recognition Award for Outstanding Contribution to Cross Border Payments.

Meanwhile, as banking technology continues to evolve, the Public Bank Group has been very vigilant to fraud risk. The Group takes a balanced approach in driving digital transformation and ensuring cyber resilience to protect its customer interests.

To enhance scam prevention effectiveness, the Public Bank Group has rolled out various measures, amongst others, the PB SecureSign for transaction authentication, the kill switch function that enables customer to deactivate their online accounts, as well as cooling-off period for abnormal transactions. The Group has always ensured its initiatives are in line with industry

best practices as guided by Bank Negara Malaysia to enhance the effectiveness of collective efforts in safeguarding customer interests.

With these stringent measures in place, the Group has blacklisted about 151,000 mule accounts as of December 2023, which has protected 876,000 customers from being scammed and prevented RM1.4 billion from fraudulently transferred into scammers' accounts.

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As part of its sustainability roadmap, the Public Bank Group aims to spend RM10 million on communities by 2030. Driving towards this target, the Group had in 2023 became the first bank in Malaysia to embark on the Eco-Schools programme in collaboration with Green Growth Asia Foundation. Pioneering climate education initiatives in schools, the Group has committed RM1.2 million for the programme which spans from 2023 to 2025.

The Public Bank Group has also been actively involved in capacity building programmes to raise the awareness of the public on sustainable development. During the year, the Group had organised seminars themed "Embracing Sustainable Development: The Way Forward for SME Developers", inviting subject matter expertise to share knowledge and guidance with the SMEs while nurturing them towards embracing sustainability best practices.

In 2023, the Public Bank Group's proactive initiatives contributing to sustainable development had been recognised by reputable publications such as FinanceAsia and Corporate Governance Asia which had awarded to the Group the Best ESG Impact and Best Sustainable Bank in Malaysia as well as Asia's Best CSR.

A PEOPLE CENTRIC ORGANISATION

Amid a dynamic business environment, the Public Bank Group continues to future proof its employees by ensuring they remain relevant and capable in the new business landscape, while taking care of their well being.

The Group has always encouraged its staff to accelerate their personal development. A key initiative that the Group has launched in 2023 was the Talent Development System and Learning Exchange Platform, which provide the staff with opportunities to realise their career aspiration while widening the Group's talent development pipeline.

These avenues encourage the staff to explore job opportunities within the Public Bank Group. The platforms also set out the required skillsets and courses to facilitate staff to acquire the job skills for the roles ahead.

GROUP'S PROSPECTS

Looking forward to 2024, the global environment remains uncertain given the persistent headwinds in the global economy and political landscape. Whilst Malaysia as an open economy is likely to continue to be affected by these challenges, the economy is expected to remain relatively stable with the support of domestic demand.

At the Public Bank Group, the people centric practice has been the bedrock of the Group's corporate culture since its founding by our late Chairman Emeritus, Tan Sri Dato' Sri Dr. Teh Hong Piow.

While continuing the tradition of excellence, the Public Bank Group will continue to stand by its founding philosophy of being a 'Bank for the People' and to proactively seek for value-creating growth opportunities. The Group will also stay vigilant amid the uncertain global environment, ensuring sustainable value generation for its stakeholders in the years to come.

Tan Sri Dato' Sri Dr. Tay Ah Lek

Managing Director/Chief Executive Officer