

PUBLIC BANK BERHAD



PUBLIC BANK
Excellence Is Our Commitment

Main Market | Financial Services

Public Bank is the third largest banking group in Malaysia with total asset size of RM461.23 billion as at end of September 2021. Founded by Tan Sri Dato’ Sri Dr. Teh Hong Piow in 1966, the financial services provider has vast network in Asia offering full suite products and services in the financial industry.

Stock Code	1295
Market Cap (RM m)	76,866.34
Share Outstanding (m)	19,410.69
Current Price (RM)	3.96
52-week range (H)	22.96
52-week range (L)	3.91

[Company profile](#)

1. Could you give us a brief introduction to your company?

Public Bank was founded in 1966 by Tan Sri Dato’ Sri Dr. Teh Hong Piow.

With the vision of being ‘a bank for the people’, Public Bank started providing banking services in Malaysia on 6 August 1966, with its first branch located at Jalan Gereja, Kuala Lumpur.

On 6 April 1967, Public Bank was listed on the Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Securities Berhad).

As at 2020, the Group has a network 264 branches across Malaysia and 148 branches across Hong Kong, China, Cambodia, Vietnam, Laos and Sri Lanka, offering a comprehensive suite of financial products and services, which comprises personal banking, commercial banking, Islamic banking, investment banking, share broking, trustee services, nominee services, sale and management of unit trust funds as well as bancassurance and general insurance products.

With a pre-tax profit of RM6.29 billion, 2020 marked the Group’s 54th year of unbroken profitability, a significant milestone since inception in 1966, and many-fold growth from the profit of RM71,562 back then.

With a total market capitalisation of RM76.87 billion as at 29 November 2021, Public Bank Group became the second largest company listed on Bursa Malaysia.

2. What are your key success factors?

The Public Bank Group has a **strong corporate culture** centred around prudence, emphasising on strong corporate governance, sound risk management, superior customer service, staff development and commitment to excellence.

Good corporate governance is the guiding principle of the Public Bank Group’s drive to excellence. As a custodian of public funds and as a financial intermediary, the Group recognises the importance of transparency and accountability and has been consistently recognised with awards and accolades for good governance.

The Group’s **prudent credit policy and stringent credit assessment** has continued to contribute to the Group’s long-term record of strong asset quality, with its gross impaired loan ratio sustaining below 1.0% for many years.

The Group's **unwavering commitment to continuously provide quality and efficient customer service** is another key attribute. Service excellence in frontline counter service and loan delivery continues to be recognised, with the ISO 9001:2000 certification for Quality Management System Frontline and Quality Management System Loan Delivery constantly reaffirmed.

Powered by its **dedicated staff force of over 19,000**, the Group invests significantly in grooming its human resources and ensuring their well-being. A well-structured programme for staff development and caring employment practices assures that a large talent pool of dedicated staff remains constantly engaged with the Group's mission.

3. Describe your recent financial performance.

For the nine months ended September 2021, the Public Bank Group posted pre-tax profit of RM5.56 billion and net profit attributable to shareholders of RM4.28 billion, supported mainly by its core business of lending and deposit-taking.

In the lending business, the Group achieved an annualised growth of 3.0% in loan growth, underpinned by the continued expansion of its core lending segment of residential property financing, passenger vehicle financing and SME financing.

Underpinned by its prudent lending practice, the Group's gross impaired loan ratio remained stable at 0.3% as at the end of September 2021.

[Announcement on the financial results for the third quarter of financial year 2021](#)

4. Do you have a dividend policy?

The Public Bank Group pays consistent and sustainable dividends to its shareholders over the long term by balancing growth with proactive capital management. Dividend payout is always subject to regulatory approval.

For the half year ended 30 June 2021, in appreciation of shareholders' continued support, the Board of Directors declared a first interim dividend of 7.5 sen per share with a total dividend payout of RM1.46 billion, representing 50.0% of the Group's net profit.

This is in continuing with its tradition of delivering consistent and superior returns to shareholders. Despite the challenging economic environment in 2020, the Board of Directors declared a total dividend of 13 sen for 2020, which amounted to RM2.52 billion, representing a dividend payout of 51.8% of the Group's net profit for 2020.

Rewards to shareholders are best illustrated by the following:



End of 2015

Purchased 1,000 Public Bank shares at RM18.52 per share, with an investment outlay of RM18,520



End of 2020

Received gross dividends totalling RM3,260
Capital appreciation of 1,000 Public Bank shares to RM20,600 (based on RM20.60 per share)
CAGR of return on investment for the five-year period = 5.2%



In 1967

Bought 1,000 shares during listing and had subscribed for all rights issues to date and had not sold any of the shares, having only invested a capital outlay of RM235,612 including subscription for all rights issues



End of 2020

Own 148,938 shares worth RM3.1 million (based on RM20.60 per share)
Received gross dividend of RM1.5 million
CAGR of return on investment for the 53 years = 18.5%

CAGR = compound annual growth rate

5. How has the COVID-19 impacted your business?

The Public Bank Group confronted COVID-19 related challenges from a position of strength. At the onset of the pandemic, all units immediately enhanced the Group's risk initiatives to focus on managing the resultant difficulties arising from the various movement restrictions and containment measures. Resources were immediately reprioritised and re-assigned to ensure banking operations and all critical functions remained operative. In maintaining its operational resilience, the Group also paid particular attention to the safety and health of its employees.

The credit rehabilitation and recovery team was reinforced to ensure borrowers' needs were adequately and expeditiously responded to by conversant employees. Throughout this period, customers' need were kept at the forefront, with assistance to tide over this challenging period a key focus of the Group.

Domestically, the Group has offered moratorium for about 1.5 million customers with over RM210 billion loans during the first six-month automatic loan moratorium between April and September 2020.

On top of that, the Group has offered various flexible targeted repayment assistances to assist its customers. **As of end October 2021, over 435,000 customers with more than RM81.9 billion loans continue to receive these targeted repayment assistances.**

Apart from repayment assistance, ensuring SMEs' continuous access to financing is vital and despite the tough operating environment, **more than RM12.7 billion of financing has been approved to more than 50,000 SMEs since the beginning of the pandemic.** On top that, the Group had also participated in various Government and Bank Negara Malaysia (BNM) schemes with an approved amount of RM3.4 billion which has assisted more than 17,000 SMEs. Having access to finance by SMEs leads to creating employment, supporting livelihoods and contributing to the nation's economy.

As one of the leading SME financier with about 22% market share, the Group remained dedicated to this mission which can be seen in its annualised growth of 4.6% with total financing of RM68.3 billion as at June 2021.

Moving forward, Public Bank Group will continue to offer repayment assistance to customers affected by the pandemic while ensuring access to finance during the critical recovery period.

6. Do you see digital banking a threat to your business?

The Public Bank Group's strong branding, coupled with its commitment to service excellence, strong credit ratings and unbroken track record in profitability makes it an established household name both for its customers and the investment community. These competitive advantages motivate the Group to strive harder in light of the fast-changing digital age.

Strategically positioned to transform itself to embody banking of the future, the Group is focused on embedding digitalisation in its customers' financial journeys.

The Public Bank Group has been focusing on simplifying payments over the last few years, brought about by the successful collaboration with Ant Financial Services and Tencent to provide hassle-free settlements for cross-border payments. In 2020, the Group expanded its PBe QR platform further, as e-wallet players within the industry increased to more than 40.

The Public Bank Group has also been building a complete payment ecosystem around the DuitNow QR standard, ranging from consumer payments to merchant on-boarding (individual and corporate merchants), with the latest being the cross-border QR payment.

As the **first bank to implement DuitNow QR**, the Public Bank Group has a head start in acquiring merchants keen on adopting the new standard. The Group is also the **first bank in Malaysia to participate in the cross-border QR payment** linkage between Malaysia and Thailand.

In recognition of the Public Bank Group's efforts and commitment in driving e-payment in Malaysia, the Group has been recognised at the Malaysian e-Payments Excellence Awards (MEEA) 2021 by PayNet, with three awards - Best IBG Bank, Best MyDebit Bank and Best MyDebit (Acquirer - Bank).

Other notable achievements in 2020:

- Successfully achieved healthy growth of active users for its PBe and PB engage mobile application by 13.3% and 11.8% respectively.
- Internet banking business transaction volumes increased by 22.8%, while mobile banking increased by more than one-fold during the same period.
- PB Enterprise (corporate-based online banking) recorded a 75.1% increase in new company registrations. Volume of financial transactions also rose by more than one-fold.

The Group has also stepped up efforts for **digital on-boarding** with digital forms for customers to submit loans and credit card applications via eDocument System in the Bank's PBe internet banking website under the semi-autonomous projects. This has facilitated greater customer convenience and gains in work process efficiency with straight through process to the Loan Origination System and Credit Card systems that enable faster turnaround.

The Public Bank Group had also adopted the **Centre of Excellence (CoE)** framework by integrating technology, analytics and talents in the Group. The CoE is a platform where research is conducted through the Group's best-in-breed technologies and best approaches to support its various initiatives, from the **electronic Know Your Customer (eKYC)** solutions, a digital identity process that use facial recognition and thumbprint biometrics technology to facilitate seamless digital customer on-boarding and digital account opening process; to the usage of AI and Machine Learning capabilities in dashboard monitoring platforms to monitor and detect application performance issues in real time for internet and mobile banking systems, just to mention a few.

In line with the Public Bank Group's digitalisation agenda which aims to capture new opportunities amidst this evolving business environment, the Group's FinTech and Digital Innovation unit will continue to engage, coordinate and streamline initiatives based on the Group's digital transformation strategy and plans.

7. Tell us more about your efforts in the area of sustainability.

The Public Bank Group's sustainability efforts are underpinned by its Corporate Philosophy, which is to care for its customers, shareholders, employees and the community. Guided by its Board of Directors, the Sustainability Management Committee is responsible for managing the overall sustainability practices across all levels of operations.

The Group's sustainability efforts are focused on five key enablers. These are in alignment with the United Nation's Sustainable Development Goals (SDGs).



The Group regularly engages its key stakeholders to gain better understanding of their expectations, which would help the Group in enhancing its sustainability management initiatives to meet the needs of stakeholders.

The Group is also proactive in managing direct environmental impact resulting from its business operations. The Group encourages the migration to paperless operations and efficient energy consumption to reduce carbon emission. A major step taken by the Public Bank Group is evidenced

in the new Menara Public Bank 2 building, a 40-storey green building recognised and awarded with domestic and international green building certifications.

The Public Bank Group's sustainability efforts are widely recognised in the global sphere. The Group is a constituent of the FTSE4Good Index Series - FTSE Bursa4Good, FTSE4Good ASEAN 5 and FTSE4Good Emerging Index, as assessed by global index provider FTSE Russell which measures the performance of companies demonstrating strong ESG practices.

The Group has also been accorded AA ratings in the MSCI ESG Ratings, reflecting its leading position in the banking industry for ESG-based performance. In addition, The Asset ESG Corporate Awards which assesses companies for their adherence to ESG best practices, has also accorded the Gold Award in 2020 to the Group.

8. What is your value proposition and why should investors invest in your company?

Public Bank's mission "TO SUSTAIN THE POSITION OF BEING THE MOST EFFICIENT, PROFITABLE AND RESPECTED PREMIER FINANCIAL INSTITUTION IN MALAYSIA" shapes its resilient business model and growth strategy within the retail banking space. It is also the anchor of Public Bank's success story through the years, giving rise to its unrivalled achievements amongst premier banks in Malaysia.

Leveraging on its **time-tested business strategies and entrenched market position**, the Group has remained a market leader in several major business segments for many years, including financing for the purchase of residential properties, SME financing as well as the retail private unit trust industry.

Continuing to evolve with the times, the Group has **invested significantly over the years in strategic digitalisation initiatives** to create flexible, agile, and efficient ICT platforms to address the needs of customers in the digital age as well as under the new-normal brought about by the COVID-19 pandemic.

With its resilient business model, the Public Bank Group has maintained a **track record of unbroken profitability for 54 consecutive years**, and still counting.

The Group is highly reputed for its **stellar financial performance**, especially in sustaining the highest return on equity, maintaining the most efficient cost to income ratio and the best asset quality among domestic banks.

To shareholders, the Group delivers consistent and sustainable returns over the long term (refer to the illustration in Question 4).

In recognition of the stability and sustainability of its strong business and financial track record, the Public Bank Group's **long-term credit and financial ratings continue to be rated highly by local and foreign rating agencies**.

9. Going forward, what is your growth strategy?

As the Public Bank Group continues to focus on its time-tested organic growth strategy in consumer banking and commercial lending, the Group will continue to innovate, strengthen and diversify its product offerings and banking service to meet the demands of customers amid the evolving environment.

The Group will remain proactive in embracing digitalisation. Digital on-boarding as well as enhancing its internet and mobile banking services will continue as the key digitalisation initiatives.

The Group will also continue to explore and expand its overseas operations, to capture opportunities in the emerging regional economies, particularly Indochina.

Bank On The Strength Of Decades Of Excellence



PUBLIC BANK BERHAD 1965100072 (6403-1)

As one of Malaysia's top-tier banks, you can count on banking excellence that is people-centric, catering for the needs of customers at different stages of their lives.

The Public Bank Group provides a comprehensive range of innovative financial products and services, coupled with superior customer service and an efficient delivery system. In 2000, Public Bank was the first bank to have all its banking halls to acquire ISO certification. Today, Public Bank has continuously achieved the ISO 9001:2008 certification by SIRIM for "Provision of Customer Service at Front Service" and "Provision of Customer Service in Loan Delivery".

Public Bank. Giving your banking experience the edge in excellence. Call or visit us today.



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