

**PRESS RELEASE BY PUBLIC BANK BERHAD
FIRST HALF OF 2021 FINANCIAL PERFORMANCE**

**PUBLIC BANK DECLARED 7.5 SEN DIVIDEND AMID THE
CHALLENGING OPERATING ENVIRONMENT**

Highlights on Financial Performance

Tan Sri Dato' Sri Dr. Teh Hong Piow, the Founder, Chairman Emeritus, Director and Adviser of Public Bank, announced today, ***“For the first half of 2021, the Public Bank Group posted pre-tax profit of RM3.79 billion and net profit attributable to shareholders of RM2.91 billion. The Group’s continued profitability was largely supported by its core business of lending and deposit-taking, and further driven by its non-interest income.”***

Compared to the first quarter of 2021, net profit in the second quarter of 2021 declined by 9.5% to RM1.38 billion, mainly arising from higher preemptive provisions set aside for loan impairment.

Tan Sri Teh commented, ***“Last year, the Public Bank Group’s financial performance was significantly affected by the COVID-19 pandemic and its spillover effect on the economy. Given the low base effect from a year ago, coupled with the recovery of the Malaysian economy into 2021, the Group registered improved***

performance in the first half of 2021. However, the spike of COVID-19 cases and the imposition of more stringent containment measures in the second quarter of 2021 had continued to weigh on the Group's business performance."

Tan Sri Teh added, ***"Given the highly challenging environment, the Group had undertaken more proactive measures on recalibrating its business strategies and continued to place great emphasis on prudent risk management and enhancing productivity. These efforts enabled the Group to register a net return-on-equity of 12.9% and an efficient cost-to-income ratio of 31.6% during the first half of 2021."***

"In appreciation of shareholders' continued support, the Board of Directors has 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 for the half year ended 30 June 2021." Tan Sri Teh announced.

The dividend will be paid on 23 September 2021, based on the dividend entitlement date of 14 September 2021.

Continued Expansion in Loans and Deposits

As at the end of June 2021, the Public Bank Group's total loans recorded an annualised growth of 3.7% to RM352.1 billion. Domestic loans grew at an annualised rate of 3.5%, underpinned by growth in the retail banking segment comprising residential property financing, passenger vehicle financing and SME financing.

Tan Sri Teh said ***“In the first half of 2021, the Group recorded a strong momentum in its loans approval, which reflects the Group’s strong commitment to continue enhancing access to financing for the customers. Additional impetus including incentives for car and property purchases as well as special financing schemes initiated by the Government and Bank Negara Malaysia, had also further spurred the Group’s loan growth.”***

On the funding side, the Group's total customer deposits grew at a healthy annualised rate of 5.1%, of which the low cost current and savings deposits grew at an annualised rate of 11.2%. As at the end of June 2021, the Group's funding position remained stable with a healthy gross loan to fund and equity ratio of 79.9%.

Steady Growth in Non-interest Income

In the first half of 2021, the Public Bank Group's non-interest income increased by 6.4%, mainly arising from the good growth achieved in its unit trust business, fee and commission income and stockbroking income. However, this was offset by a reduction in investment income.

Tan Sri Teh highlighted, ***“Amid the current extremely challenging operating environment, unit trust offers a good alternative investment. The Public Bank Group’s unit trust business, undertaken by its wholly-owned subsidiary, Public Mutual, continued to contribute positively to the Group’s overall profit. In the first half of 2021, Public Mutual registered a pre-tax profit growth of 32.2% compared to the corresponding period in 2020. As at the end of June 2021, Public Mutual managed a total of 168 unit trust funds with assets under management totalling RM103.2 billion and continued to capture a large retail market share of 33.3%.”***

Efficient Cost Management

Tan Sri Teh said, ***“The Public Bank Group’s cost-to-income ratio remained stable at 31.6% in the first half of 2021, significantly better than the domestic banking industry’s cost-to-income ratio of 42.8%. The Group’s prudent and disciplined cost management continued to enable the Group to sustain cost efficiency, hence providing a stronger buffer to withstand economic challenges.”***

Resilient Asset Quality

As at the end of June 2021, the Public Bank Group's gross impaired loan ratio stood at 0.4%, well below the banking industry's gross impaired loan ratio of 1.6%.

Tan Sri Teh added, ***“Despite its resilient asset quality, the Group continued to adopt a conservative stance in its preemptive provisioning to cushion against potential asset quality risks. As at the end of June 2021, the Group’s loan loss coverage ratio stood high at 275.1% compared to the banking industry’s loan loss coverage of 111.8%. Including the RM0.7 billion regulatory reserves that has been set aside, its total reserves for loan losses was even higher at 331.5%.”***

Ongoing Strong Commitment to Provide Repayment Relief Assistance

Tan Sri Teh commented, ***“The Public Bank Group remains mindful of the impact of the prevailing strong headwinds on the loan repayment capability of its customers. The Group has continued to engage its customers and provide flexible financial relief assistance to those in need. As at to-date, 23% of the Group’s outstanding domestic loans were under the Targeted Repayment Assistance.”***

Since the first wave of the COVID-19 pandemic in Malaysia in 2020, the Group has been constantly providing relief assistance to customers who faced cash flow constraint in repaying their loans. To facilitate greater convenience for customers, the Group has developed a digital platform to enable a straight-through online process on customers' applications for the repayment assistance.

The Group also proactively promotes 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.

“Public Bank’s proactive efforts in extending its financial assistance, coupled with the Government and Bank Negara Malaysia’s significant initiatives to revive the economy, have helped many customers to gradually improve their financial situation. To date, the Group’s various financing schemes and repayment assistance have benefitted about 1.9 million of its customers,” Tan Sri Teh said.

“With the resurgence of the COVID-19 cases, the imposition of MCO 3.0 has posed more pressure on the borrowers’ financial conditions. The Group is very supportive of the Government’s latest measures in the National Recovery Plan, with continued active engagement

with its customers to offer a six-month loan moratorium and various flexible repayment assistance packages, ” Tan Sri Teh further added.

Healthy Capital and Liquidity Position

As at the end of June 2021, the Public Bank Group’s common equity Tier 1 capital ratio, Tier 1 capital ratio and total capital ratio stood at a healthy level of 14.3%, 14.3% and 17.5% respectively.

Tan Sri Teh reiterated that, ***“The Group will continue with its proactive capital management to ensure a stable and healthy level of capital is maintained at all times to support its business growth, with adequate capital buffers to absorb any potential shocks from the highly uncertain economic environment.”***

In terms of liquidity management, the Group’s liquidity coverage ratio remained at a healthy level of 137.0% as at the end of June 2021.

Group’s Prospects

The Malaysian economy is expected to continue on a gradual recovery path, underpinned by the Government’s comprehensive measures introduced under the National Recovery Plan and the acceleration of the national vaccination programme. However, there remains an unprecedented condition of uncertainty if the spread of the COVID-19 pandemic is not well contained.

Tan Sri Teh said, ***“Amid the still extremely challenging operating environment, the Public Bank Group will continue to proactively support the nation in navigating the COVID-19 pandemic, and assist to strengthen the path to stronger recovery through its role as a financial intermediary.”***

“As strong headwinds persist, the Group will remain vigilant of the significant uncertainties on the road to recovery ahead. The Group will remain committed to disciplined cost control and prudent risk management in order to build ample buffers to absorb possible adverse shocks caused by the pandemic. With its strong PB brand, resilient asset quality and excellent customer service, the Group is well positioned to forge ahead with continued business growth and deliver its commitment of excellence to all its stakeholders,” Tan Sri Teh concluded.

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