

**PRESS RELEASE BY PUBLIC BANK BERHAD
NINE MONTHS ENDED SEPTEMBER 2022 FINANCIAL
PERFORMANCE**

**PUBLIC BANK GROUP POSTED PRE-TAX PROFIT OF RM6.31
BILLION FOR THE FIRST NINE MONTHS ENDED SEPTEMBER 2022
AND DECLARED 4.0 SEN SECOND INTERIM DIVIDEND**

Tan Sri Dato' Sri Dr. Teh Hong Piow, the Founder, Chairman Emeritus, Director and Adviser of Public Bank announced that the Public Bank Group posted a pre-tax profit of RM6.31 billion and net profit attributable to shareholders of RM4.41 billion for the first nine months of 2022.

Tan Sri Teh commented, ***“Despite the prolonged headwinds in the global economy, the Malaysian economy remained on the recovery trajectory, mainly supported by improving domestic demand. Tapping on the growing economy, the Public Bank Group’s pre-tax profit improved by 13.5% for the first nine months of 2022, compared with the corresponding period in 2021. Net profit attributable to shareholders grew by 3.0% after taking into account the one-off impact of prosperity tax.”***

The 9-month profit growth was mainly due to higher net interest income growth by 7.7% and lower loan impairment allowances by 70.0%, but partially offset by lower non-interest income by 11.0%.

Tan Sri Teh said, ***“For the first nine months of 2022, the Public Bank Group’s loans and deposits continued to achieve healthy annualised growth of 5.8% and 4.5% respectively. Backed by its strong fundamentals and prudent management, the Group sustained a resilient net return of equity of 12.4% and efficient cost-to-income ratio of 32.6%. Gross impaired loans ratio remained strong at 0.3%, despite the expiry of PEMULIH repayment assistance programme.”***

In view of the favourable performance, Tan Sri Teh is pleased to announce that, ***“The Board of Directors is declaring a second interim dividend of 4.0 sen per share, which will result in a total dividend payout of RM776.4 million. The second interim dividend will be paid on 23 December 2022 based on the dividend entitlement date of 15 December 2022.”***

Loans and Deposits Businesses

As at the end of September 2022, the Public Bank Group’s total loans expanded at an annualised rate of 5.8% to RM373.6 billion. Domestic loans grew at an annualised rate of 5.2% to RM347.8 billion, mainly supported by residential properties and hire purchase financing which expanded at an annualised rate of 7.4% and 9.9% respectively.

Tan Sri Teh further commented, ***“Supported by the improving economic conditions, the Public Bank Group’s total domestic loans approval surged by 30.2% in the first nine months of 2022, reinforcing the Group’s leading market share in the residential properties and hire purchase financing, which stood at 20.6% and 30.4% respectively.”***

On deposit-taking, the Group’s total customer deposits achieved an annualised growth of 4.5% to RM393.3 billion during the same period. Domestic deposits rose by an annualised rate of 4.5% to RM364.6 billion, mainly supported by current and fixed deposits which grew by an annualised rate of 7.5% and 7.3% respectively.

Tan Sri Teh said, ***“The Public Bank Group’s liquidity and funding structure remained healthy and supportive of its lending activities, with gross loan to fund and equity ratio of 81.3% as at 30 September 2022.”***

Non-Interest Income

For the nine months ended September 2022, the Public Bank Group’s non-interest income was lower by 11.0%, largely due to the lower unit trust fees, stockbroking income as well as investment income amidst the unfavourable market conditions.

Tan Sri Teh highlighted, ***“Despite the weaker market performance, the Group’s unit trust business through its wholly-owned subsidiary, Public Mutual registered a pre-tax profit of RM580.4 million in the first nine months of 2022, contributing 45% to the Group’s non-interest income. As at end-September 2022, Public Mutual continued to capture a large retail market share of 34.4%, with a total of 179 unit trust funds and total assets under management of RM88.7 billion.”***

Cost Management

Overhead expenses increased by 6.3% in tandem with the resumption of economic activities. Notwithstanding this, the Public Bank Group continued to be the most cost efficient bank in the domestic banking industry, with the lowest cost-to-income ratio of 32.6% in the first nine months of 2022.

“Amid the high inflationary pressure, sustaining a high level of cost efficiency remains a competitive edge enabling the Group to continue implementing strategic plans to achieve business growth. The Group will continue its strategic investment in digital transformation and staff development to further strengthen long term productivity and business sustainability.” Tan Sri Teh said.

Asset Quality

As at end-September 2022, the Public Bank Group sustained a low gross impaired loans ratio of 0.3%, significantly lower than the domestic banking industry's average gross impaired loan ratio of 1.8%.

Tan Sri Teh highlighted, ***“As the economy is gradually improving and with the expiry of the PEMULIH repayment assistance schemes, the Group has observed a stable repayment trend from customers. Despite the current challenges in the economy, the Group continued to maintain sound asset quality underpinned by its resilient loan portfolio and prudent lending practices.”***

As at end-September 2022, the Group's loan loss coverage ratio stood at 339.5%, significantly higher than the banking industry's loan loss coverage ratio of 97.8%. Including regulatory reserves, the Group's loan loss coverage ratio was higher at 359.6%.

Overseas Operations

For the first nine months ended September 2022, the Public Bank Group's overseas operations contributed 7.6% to the Group's profit, mainly attributed to its Hong Kong and Indochina operations.

Tan Sri Teh highlighted, ***“The Group continues to see good business opportunities in Indochina, particularly in Vietnam. In the first nine months of 2022, Public Bank Vietnam’s profit grew favourably by 13.4% as compared with the corresponding period last year.”***

Capital and Liquidity Position

As at the end of September 2022, the Group’s common equity Tier 1 capital ratio, Tier 1 capital ratio and total capital ratio stood at a healthy level of 14.0%, 14.0% and 17.1% respectively, after deducting the second interim dividend. The Group’s liquidity coverage ratio also remained stable at 123.2%.

Tan Sri Teh reiterated, ***“Underpinned by its prudent approach in managing its financial resources, the Group continues to maintain a healthy balance sheet. This enables the Group to continue driving business growth despite the uncertainties in the operating environment.”***

Group’s Prospects

The Malaysian economic growth gains further momentum as the nation continues its post-pandemic recovery. While external trade is expected to moderate amidst a slower global economic growth, domestic demand continues to support economic expansion, with the job market and income prospects improving.

However, downside risks remain stemming from inflationary pressure, lingering supply chain disruptions, global monetary policy tightening and geopolitical tensions which could further weigh on the global economy.

Tan Sri Teh commented, ***“The Public Bank Group will remain vigilant to the uncertainties and challenges. The Group will continue to build business resilience by maintaining healthy capital position, preserving asset quality, further strengthening its risk management capabilities and upholding sound corporate governance practices.”***

“As the Group continues to leverage on its core banking business to grow its business, the Group will remain agile in strategy implementation to capture any business opportunities arising from the economic recovery and evolving business landscape.” Tan Sri Teh concluded.

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For more information, please contact:

Ms Chang Siew Yen
Senior Chief Operating Officer
Tel: (603) 2176 7461
Fax: (603) 2163 9925
Email: changsiweyen@publicbank.com.my

Ms Yik Sook Ling
Chief Financial Officer
Tel: (603) 2177 3310
Fax: (603) 2164 9002
Email: yiksookling@publicbank.com.my