



FOR IMMEDIATE RELEASE

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Public Bank Group Posted Pre-Tax Profit Of RM4.02 Billion For The First Half of 2022 and Declared 8.0 Sen First Interim Dividend

For the first half of 2022, the Public Bank Group registered a pre-tax profit of RM4.02 billion, growing by 6.0% compared with the corresponding period in 2021. The profit growth was driven mainly by higher net interest income as well as lower loan impairment allowances. Net interest income grew 3.4% to RM4.32 billion, underpinned by healthy loan and deposit growth, as well as improved net interest margin.

Net profit attributable to shareholders was lower at RM2.82 billion for the first half year ended June 2022, compared with RM2.91 billion in the corresponding period in 2021 due to the impact of the one-off prosperity tax.

Tan Sri Dato' Sri Dr. Teh Hong Piow, the Founder, Chairman Emeritus, Director and Adviser of Public Bank said, ***"The transition to endemicity alongside the pick up in business activities and consumer sentiment have resulted in an improved business environment, further supporting the Group's core banking business on loans and deposits."***

Tan Sri Teh added, ***"The Public Bank Group continues to manage its balance sheet and asset quality conscientiously to ensure adequate safeguards amid the ongoing economic challenges. For the first half of 2022, gross impaired loans ratio remained low at 0.3% despite the expiry of repayment assistance programmes under the PEMULIH scheme. The Group's strong fundamentals and prudent management enabled the Group to continue sustain a resilient net return-on-equity of 12.0% and efficient cost-to-income ratio of 33.5%, which are well within the Group's target for 2022."***

With that, Tan Sri Teh is pleased to announce that, ***"The Board of Directors is declaring a first interim dividend of 8.0 sen per share, which will result in a total dividend payout of RM1.55 billion, representing 55.2% of the Group's net profit for the half year ended 30 June 2022. The first interim dividend will be paid on 23 September 2022 based on the dividend entitlement date of 14 September 2022."***

Loans and Deposits Businesses

During the first half of 2022, the Public Bank Group's total loans recorded an annualised growth of 5.6% to RM368.0 billion, as compared with RM358.0 billion as at end-December 2021. Domestic loans grew at an annualised rate of 5.4% to RM343.6 billion, in line with the industry's annualised growth rate of 5.4%. This was mainly attributed to the healthy growth of the Group's key lending segments for residential properties and hire purchase financing.

“Despite the significant economic headwinds and intense competition in the market, the Group continued to sustain its domestic leading position in the residential properties, hire purchase financing and SME financing with market share of 20.5%, 30.5% and 20.5% respectively,”Tan Sri Teh commented.

In terms of funding, the Group's total customer deposits recorded an annualised growth of 4.1% to RM388.3 billion during the same period. Domestic deposits grew at an annualised rate of 3.6% to RM358.9 billion, as compared with the annualised industry growth of 4.0%. This was mainly attributed to the steady inflow of deposits, with the current and saving deposits growing by an annualised rate of 9.3%, and fixed deposits growing by an annualised rate of 6.0%.

Tan Sri Teh said, ***“The Public Bank Group's liquidity and funding structure remained healthy with gross loan to fund and equity ratio of 81.0% as at 30 June 2022.”***

Non-Interest Income

For the first half of 2022, the Public Bank Group's non-interest income was lower by 15.4% as compared with the previous corresponding period in 2021 due to the subdued market condition which affected the Group's unit trust management and stockbroking businesses, as well as investment income. However, the Group's unit trust business, undertaken by its wholly-owned subsidiary, Public Mutual remains the main contributor to the Group's non-interest income.

Tan Sri Teh highlighted, ***“In the first half of 2022, Public Mutual recorded a pre-tax profit of RM392.2 million, contributing 9.7% to the Group's profit. Despite the subdued market sentiment, Public Mutual continued to capture a large retail market share of 35.2%, with a total of 177 unit trust funds and total assets under management of RM92.1 billion.”***

Cost Management

On the back of the resumption of more business activities, overhead expenses increased by 4.4% in the first half of 2022. The Group's prudent cost management continued to sustain its cost-to-income ratio at an efficient level of 33.5%, significantly lower than the domestic banking industry's cost-to-income ratio of 44.3%.

Tan Sri Teh highlighted, ***“Whilst the Public Bank Group continues to emphasise on effective cost management, the Group will continue to invest in digital transformation and staff development for long term productivity and cost efficiency.”***

Asset Quality

As at the end of June 2022, the Public Bank Group's gross impaired loans ratio remained low at 0.3%, well below the domestic banking industry's average impaired loan ratio of 1.7%.

Tan Sri Teh further added, ***“Despite the resilient asset quality, the Group continued to maintain a prudent level of loan impairment allowance. As at the end of June 2022, the Group's loan loss coverage ratio stood at 388.8%, significantly higher as compared with the banking industry's loan loss coverage ratio of 108.5%. Including regulatory reserves, the Group's loan loss coverage ratio was higher at 407.2%.”***

Repayment Assistance Programme

Upon the expiry of PEMULIH repayment assistance programmes, about RM20.8 billion of the Public Bank Group's domestic loans were still under the Group's in-house repayment assistance as at the end of July 2022, accounting for 6% of the Group's total domestic loans.

Tan Sri Teh said, ***“With the expiry of repayment assistance programmes under the PEMULIH scheme, the Group observed a stable repayment trend among its customers. Nevertheless, the Group is mindful of the ongoing challenges in the economy and will continue to provide assistance to customers who continue to face repayment difficulty.”***

Overseas Operations

For the first half year ended June 2022, the Public Bank Group's overseas operations contributed 6.5% to the Group's profit. Public Financial Holdings Limited Group and Cambodian Public Bank (“Campu Bank”) continued to be the main contributors.

Tan Sri Teh said, ***“The Group's Indochina operations grew at a faster pace, with Campu Bank and Public Bank Vietnam's profit growing by 7.1% and 14.3% respectively as compared with the corresponding period last year. Moving forward, the Group will continue to step up its efforts to grow its Indochina business, riding on the good long term growth prospects and high potential of these emerging economies.”***

Capital and Liquidity Position

As at the end of June 2022, the Group's common equity Tier 1 capital ratio, Tier 1 capital ratio and total capital ratio stood at a healthy level of 14.1%, 14.2% and 17.2% respectively, while liquidity coverage ratio remained healthy at 113.7%.

Tan Sri Teh reiterated, ***“Challenges facing the banking industry are intensifying. The Public Bank Group will remain focused on sustaining a healthy capital and liquidity***

position for its business to continue thriving even in times of challenges.”

Group's Prospects

The Malaysian economy remains on a recovery path, supported by improving domestic demand and sustained export growth. The transition to endemic phase with almost fully relaxed COVID-19 restrictions have further strengthened the recovery.

However, significant headwinds remain, stemming from global geopolitical conflicts, resurgence of COVID-19 cases, rising inflationary pressure and global supply chain disruptions.

Tan Sri Teh commented, ***“As the headwinds remain visible, the Public Bank Group will continue to embrace the challenges with focus on prudent cost and risk management. The Group's strong balance sheet, resilient asset quality and good corporate governance practices would continue to provide support in strengthening the Group's business with greater cost efficiency and operational productivity.”***

“Against this backdrop, the Public Bank Group will continue to remain cautiously optimistic in striving its business growth and ensure its stakeholders' interests are safeguarded at all times,”Tan Sri Teh concluded.



Y.Bhg. Tan Sri Dato' Sri Dr. Teh Hong Piow
Founder, Chairman Emeritus, Director and Adviser of
Public Bank

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