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Public Bank Group Achieved Pre-Tax Profit of RM2.13 Billion For The First Quarter Of 2024

Highlights of Results for the First Quarter 2024

- Pre-tax profit and net profit at RM2.13 billion and RM1.65 billion respectively
- Total loans and deposits recorded annualised growth rates of 6.3% and 7.1% respectively
- Net return on equity at 12.3%
- Cost-to-income ratio at 35.4%
- Gross impaired loans ratio at 0.62%
- Liquidity coverage ratio of 136.5%
- Common Equity Tier 1 Capital Ratio of 14.5% and total capital ratio of 17.4%

For the first quarter ended 31 March 2024, the Public Bank Group achieved pre-tax profit and net profit attributable to shareholders of RM2.13 billion and RM1.65 billion respectively.

As compared with the preceding quarter ended 31 December 2023, the Group's pre-tax profit and net profit grew by 3.1% and 2.3% respectively.

As compared with the corresponding quarter ended 31 March 2023, the Group's pre-tax profit and net profit declined by 3.5% mainly due to the non-recurrence of the positive impact of OPR hikes in the previous corresponding period.

Tan Sri Dato' Sri Dr. Tay Ah Lek, Managing Director and Chief Executive Officer of Public Bank commented, ***“Net income improved by 3.7% to RM3.38 billion as compared with the preceding quarter ended 31 December 2023. With a stable net interest margin/financing margin of 2.21%, net interest and financing income rose by 2.7% to RM2.71 billion. Meanwhile, non-interest income posted 7.9% growth to RM649.6 million. For the first quarter of 2024, the Group continued to sustain a commendable net return on equity of 12.3%, an efficient cost-to-income ratio of 35.4% and a stable asset quality with gross impaired loans ratio of 0.62%.”***

Loans and Deposits Businesses

During the first quarter of 2024, the Public Bank Group maintained a commendable loan growth at an annualised rate of 6.3%. The Group's domestic loans grew by an annualised rate of 5.9% to RM378.2 billion, outpacing the Malaysian banking industry's annualised loan growth rate of 5.3%. The Group's domestic residential properties financing, hire purchase financing and commercial properties financing grew by an annualised rate of 5.6%, 17.3% and 4.0% respectively.

During the quarter, total newly approved domestic loans increased by 10.2% as compared with the corresponding period last year. In particular, loans approved for hire purchase and SMEs increased by 27.2% and 11.8% respectively, which will contribute to loan growth for 2024.

In terms of funding, during the first quarter of 2024, both the Group's total customer deposits and domestic total customer deposits grew at an annualised rate of 7.1% and 7.3% to RM420.2 billion and RM391.9 billion respectively, supported by stable inflows in core deposits.

The Public Bank Group maintained stable liquidity with gross loan to fund and equity ratio of 82.0% as at the end of March 2024.

Asset Quality

The Public Bank Group emphasises strong credit risk management. As at the end of March 2024, the Group's gross impaired loans ratio stood at 0.62%. The Group's domestic operations which accounted for over 93% of the Group's total loans, maintained a low gross impaired loans ratio of 0.41%. This was significantly lower than the domestic banking industry's average gross impaired loans ratio of 1.62%.

Despite the stable asset quality, the Group continued to maintain a prudent level of provisioning with a loan loss coverage ratio of 168.7%, which was nearly two-fold that of the banking industry's loan loss coverage ratio of 92.1%. Including regulatory reserves, the Group's loan loss coverage ratio was higher at 200.0%.

Non-interest Income

In the first quarter of 2024, non-interest income increased marginally by 0.5% to RM649.6 million as compared with the corresponding period last year. Comparing against the preceding quarter ended 31 December 2023, non-interest income increased by 7.9%, led by higher income from the Group's unit trust and stockbroking businesses.

The Public Bank Group's wholly owned subsidiary managing its unit trust business, Public Mutual, remained the main contributor to the Group's non-interest income. Despite continued market volatility, Public Mutual recorded robust performance in the first quarter of 2024, with 11.4% growth in pre-tax profit to RM214.6 million as compared with the corresponding period last year, contributing 10.1% to the Group's pre-tax profit. As at the end of March 2024, Public Mutual continued to capture a leading retail market share of 35.8% with a total of 183 unit trust funds and a net asset value of funds under management of RM100.4 billion.

Overseas Operations

In the first quarter of 2024, the Public Bank Group's overseas operations contributed 6.3% to the Group's pre-tax profit, mainly from its Indochina operations.

Cambodian Public Bank Plc was the main contributor to the Public Bank Group's overseas profits, with an increase of 5.7% in pre-tax profit during the quarter.

Indochina will continue to be the Group's key focus area in its overseas business expansion. With its strategic expansion of business footprint, the Group has established an extensive total branch network of 76 branches in Indochina, including 40 branches in Vietnam, 32 branches in Cambodia and 4 branches in Lao PDR. Further, branch

expansion plans are in the pipeline for the Group's newly incorporated wholly-owned subsidiary, Public Bank Lao Limited.

Meanwhile, the challenging operating environment and the subdued property market condition in Hong Kong continued to weigh on the business of Public Financial Holdings Limited Group. The Group will remain cautious and prudent in maintaining its risk profile while tapping on any viable opportunities arising from Hong Kong's gradual economic recovery.

Capital and Liquidity Position

In the first quarter of 2024, the Public Bank Group remained well-capitalised with common equity Tier 1 capital ratio, Tier 1 capital ratio and total capital ratio standing at 14.5%, 14.5% and 17.4% respectively.

The liquidity coverage ratio remained comfortably above the regulatory requirement, standing at a healthy level of 136.5%.

Group's Prospects

Underpinned by firm fundamentals, a stable employment market and a diversified economic structure, the Malaysian economy is expected to improve in 2024 driven mainly by domestic demand. In addition, improving tourism activity and the ongoing implementation of multi-year investment and infrastructure projects are expected to further propel the domestic economy.

However, the outlook continues to be subjected to downside risks, which include weaker-than-expected global demand, geopolitical conflicts and volatility in global financial markets.

Tan Sri Tay concluded, "Against this backdrop, the Public Bank Group will remain vigilant in its business approach and will continue to maintain its prudent risk profile to weather ongoing risks. Tapping on the improved economic outlook, the Group will continue to take a proactive approach to embracing growth opportunities. The Group will also continue to pursue digital transformation and further step up its ESG efforts to remain relevant in today's dynamic business environment."



Tan Sri Dato' Sri Dr. Tay Ah Lek
Managing Director and Chief Executive Officer
Public Bank

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