

JOINT STATEMENT BY CHAIRMAN AND MANAGING DIRECTOR/ CHIEF EXECUTIVE OFFICER



LAI WAN

INDEPENDENT NON-EXECUTIVE CHAIRMAN

TAN SRI DATO' SRI TAY AH LEK

MANAGING DIRECTOR / CHIEF EXECUTIVE OFFICER

Against the backdrop of the challenging operating environment in 2018, the Public Bank Group achieved stable profitability by anchoring on the Group's time-tested business model in its business growth strategies.

During the year, the Group's lending strategy remained focused on consumer financing for the purchase of residential properties and passenger vehicles, as well as on financing to small and medium enterprises for the purchase of commercial properties and working capital. Accordingly, the Group continued to maintain strong market share positions in these core lending segments.

With the Group's unwavering commitment to prudent lending practices, the Group continued to sustain its superior asset quality with the lowest gross impaired loans ratio of 0.5%, compared to 1.5% for the domestic banking system.

On the deposit franchise, the Group continued to expand its stable and resilient funding base from retail individuals, small and medium enterprises and corporations.

In 2018, the Group's unit trust management business undertaken by Public Mutual continued to generate positive growth to the fee income of the Group. Public Mutual sustained its leadership position in the domestic private unit trust market with retail market share of 37.2% and net asset value under management of RM78.75 billion.

Even as the Group continued to commit to on-going investments in customer service, staff well-being and development, technology infrastructure, and capabilities in risk management and compliance, the Group was disciplined in managing costs. As a result, the Group maintained the most efficient cost-to-income ratio at 33.0%, as compared to the domestic banking system's cost-to-income ratio of 44.8%.

In line with industry trend and to strengthen the service offerings and customer experience, the Group implemented several digital initiatives which are centred in the areas of internet and mobile banking, cashless and digital payments. Going forward, the Group will continue to explore, collaborate and invest in banking technologies that are appropriate to the evolving needs of its customers, and to enhance its competitive advantage in the era of digital banking.

The Board would like to express our utmost gratitude to Tan Sri Dato' Sri Dr. Teh Hong Piow, for his astute leadership and sterling contribution to the Board. The Group is certainly privileged to have the Founder, Tan Sri Teh to continue as the Chairman Emeritus, Director and Adviser to the Group and its stakeholders will definitely continue to benefit from Tan Sri Teh's invaluable advice and guidance going forward.

In 2019, the operating environment is expected to be more challenging and intense. Nevertheless, delivering long term value to stakeholders remains as the core focus of the Group's strategic business direction. The Board, together with the management and its dedicated staff force, will continue to focus on its organic growth strategy, and stay agile in its operating strategy to navigate through the challenges and intense market competition. The Group will continue to strive for sustained performance in business growth and profitability, superior asset quality, high productivity, efficient operating cost and strong capital position.

Lai Wan
Chairman

Tan Sri Dato' Sri Tay Ah Lek
**Managing Director/
Chief Executive Officer**

20 February 2019