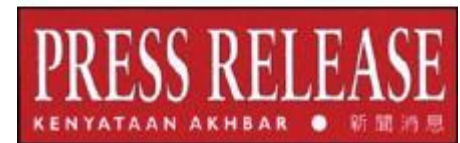


**PUBLIC AFFAIRS DIVISION
PUBLIC BANK BERHAD**

12TH FLOOR, MENARA PUBLIC BANK
146 JALAN AMPANG
50450 KUALA LUMPUR
MALAYSIA
TEL : 03-2163 8888/ 2163 8899
FAX : 03-2168 8619
Website: www.publicbankgroup.com



For Immediate Release

20 October 2016

Public Bank Group Achieved Pre-Tax Profit of RM4.8 Billion For The First Nine Months of 2016

Chairman's Review

The Public Bank Group announced today another favourable set of financial results for the first nine months of 2016. As compared to the previous corresponding period, the Group's net profit attributable to shareholders increased by 4.3% to RM3.72 billion for the first nine months of 2016, leading to a net return on equity of 15.8% for the period. Pre-tax profit grew by 2.8% to RM4.76 billion over the same period.

The Founder and Chairman of Public Bank, Tan Sri Dato' Sri Dr. Teh Hong Piow said, ***"The Group has demonstrated the ability to generate stable profitability when the operating environment continued to present challenges to the business. This was attributed to the Group's solid strategy in strengthening its niches in the retail banking business."***

During the first nine months of 2016, the Public Bank Group's total operating revenue grew by 5.4%, mainly attributed to the Group's continued healthy loan and deposit growth at annualised rates of 7.2% and 7.4% respectively. Against the challenging operating environment, the Group also showed resilience through its efficient cost-to-income ratio of 32.5%, and low gross impaired loan ratio of 0.5%.

Continued Healthy Loan and Deposit Growth Despite Challenging Market Environment

For the first nine months of 2016, the Public Bank Group's total loans grew at an annualised rate of 7.2% to RM288 billion. Domestically, the Group continued to achieve above industry loan performance, with its domestic loan growth standing at an annualised rate of 7.8% compared to the domestic banking industry's growth of 2.8%. The Group's lending activities continued to be driven by the extension of credit mainly for the purchase of residential properties and passenger vehicles, as well as to the small and medium enterprises.

On deposit-taking, the Public Bank Group achieved an annualised 7.4% growth in total deposits for the first nine months of 2016. Having established a vast network in Malaysia, the Group competed well in growing its deposit business. This is clearly reflected in its

steady growth in domestic deposits of 7.5% despite a marginal contraction observed in the overall banking sector deposits during the period.

Tan Sri Teh added that, ***“Against the backdrop of weak consumer and business sentiment, the Group’s loans and deposits business has fared well. As a result, the Group continued to maintain a healthy loan-to-deposit ratio of 90.2% as at end-September 2016.”***

Fee-based Income

Tan Sri Teh said, ***“Growing fee-based revenue has remained the Public Bank Group’s key strategic focus. Our network advantage has put the Group in a favourable position to grow fee-based revenue. For the first nine months of 2016, the Group’s transactional banking and unit trust management business remained positive, contributing two-thirds of the Group’s total non-interest income.”***

Public Mutual Berhad (“Public Mutual”), the Public Bank Group’s wholly-owned unit trust fund management subsidiary, remains a major contributor to the Group’s fee-based revenue. Public Mutual remained as the market leader in the private unit trust business with a strong domestic market share of 49.5% of the retail unit trust industry. As at the end of September 2016, Public Mutual has 133 funds and a total net asset value of RM70.1 billion under its management.

Efficient Cost Management

The Public Bank Group being the most cost-efficient banking group in Malaysia, has continued to maintain a low cost-to-income ratio of 32.5% during the period, significantly better than the industry’s cost-to-income ratio of 48.8%.

Tan Sri Teh commented, ***“The Public Bank Group’s extensive effort to pursue revenue growth during the period of uncertainty and rising operating costs has remained a key factor underlying the Group’s continued profitability.”***

Strong Asset Quality

The Public Bank Group continued to uphold its strong asset quality record, with the lowest gross impaired loan ratio of 0.5% as at the end of September 2016, when compared to the banking industry’s gross impaired loan ratio of 1.7%.

Tan Sri Teh said, ***“Asset quality nonetheless is a concern to banks in times of challenges and uncertainties. However, the Public Bank Group is able to preserve its strong asset quality through its prudent lending policies, strong risk management practices and extensive recovery efforts.”***

In addition, the Public Bank Group’s loan loss coverage ratio is also one of the highest in the banking industry, standing at 109.5% as at end-September, as compared to the banking industry’s ratio of 89.6%.

Overseas Operations

For the first nine months of 2016, the Public Bank Group's overseas operations contributed 9.4% to the Group's overall pre-tax profit. Public Financial Holdings Limited Group in Hong Kong and Cambodian Public Bank Plc, both subsidiaries of Public Bank, continued to be the main contributors to the Group's overseas business growth. Tan Sri Teh added that, ***"Despite the setbacks in the regional economy, the Public Bank Group will continue to build capabilities in its overseas business and envisages further growth avenue in the long term."***

Healthy Capital Position

The Public Bank Group's capital position remained stable, with its common equity Tier 1 capital ratio, Tier 1 capital ratio and total capital ratio standing at 11.0%, 11.9% and 15.2% respectively as at end-September 2016. Tan Sri Teh highlighted that ***"Maintaining adequate capital cushions are essential to the perpetual sustainability of the Group's business."***

Group's Prospect

The global economy continues to face immense challenges as growth has remained subdued despite various stimulus measures and policies taken by major central banks. Headwinds emanating from Brexit implication, policy shifts in major economies and geopolitical issues will continue to weigh on the outlook. For the Malaysian economy, while headwinds continue to pose downside pressure to growth, expectations are for a healthy expansion given the support from domestic demand.

Tan Sri Teh commented, ***"The Public Bank Group's stable performance for the first nine months of 2016 has reaffirmed the proven business strategies of the Group in withstanding challenges in the operating environment. The Group sees prudent risk management, sound corporate governance and sustaining superior asset quality continue to be the keys to maintaining trust and confidence among stakeholders and in ensuring long term sustainability of the Group's profitability."***



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