

Founder & Chairman's Statement

THE PUBLIC BANK GROUP FORGED AHEAD INTO ITS 51ST YEAR OF OPERATIONS IN 2017 AND ACHIEVED FAVOURABLE PERFORMANCE ON THE BACK OF THE GROUP'S TIME-TESTED ORGANIC GROWTH STRATEGY AND ITS 50 YEARS OF BANKING EXCELLENCE.

FOUNDER & CHAIRMAN'S STATEMENT

**TAN SRI DATO' SRI
DR. TEH HONG PIOW**
Chairman



FOUNDER & CHAIRMAN'S STATEMENT



GOING FORWARD, THE PUBLIC BANK GROUP COMMITS TO ITS CORPORATE MISSION OF SUSTAINING THE POSITION OF BEING THE MOST EFFICIENT, PROFITABLE AND RESPECTED PREMIER FINANCIAL INSTITUTION IN MALAYSIA, AND WILL STRIVE TO CREATE LONG TERM VALUE FOR ITS STAKEHOLDERS.

FOUNDER & CHAIRMAN'S STATEMENT

The Public Bank Group forged ahead into its 51st year of operations in 2017 amid a challenging environment. The Group achieved favourable business and financial performance in 2017 on the back of the Group's time-tested organic growth strategy and its 50 years of banking excellence.

In 2017, the Public Bank Group achieved a pre-tax profit of RM7.12 billion, which was 8.6% higher compared to 2016. Net profit attributable to shareholders increased by 5.1% to RM5.47 billion in 2017. Net return on equity sustained at 15.8%. With the favourable performance, the Board of Directors had declared a total dividend of 61 sen per share to its shareholders, amounting to a total dividend payout of RM2.36 billion, or 43.1% of the Group's net profit for 2017.

During the year, the Group continued to enjoy the trust of customers to further expand its business volume despite the still challenging operating environment. The Group was able to sustain its above-industry growth momentum in the domestic lending business, and to maintain its leading market share position in financing for the purchase of residential properties, commercial properties and passenger vehicles. In terms of growth in domestic deposit-taking business, the Group performed favourably despite the on-going intense competition in the deposit market. Further, the Group also continued to uphold its brand excellence by, again, achieving the highest net return on equity, most efficient cost to income ratio and best asset quality among the domestic banking groups, preserving its long standing competitive advantage.

Today's operating environment is more challenging and banking business is also becoming increasingly complex. In addition to business growth, banks are increasing their focus and efforts on regulatory matters in response to evolving risks. As new innovation emerges and consumer expectation evolves, there is greater need for responsible and ethical banking conduct to help ensure continued stability and resilience of the banking sector. This will lay a stronger foundation for higher business growth in future built on the trust and confidence of the public. Global experience has also taught us that regulations matter more than ever today. In this respect, the Group will continue to enhance its compliance processes, and be vigilant to strengthen the Group's capabilities and performance in governance, risk management and compliance.

Rapid advancement in technology is driving innovation, lifestyle changes and new ways of doing business. Many financial institutions are actively exploring ways to enhance their digital capability to meet fast changing customer expectations. The Group is staying agile in response to the digital banking evolution and is proactively building and enhancing its digital capability to serve its customers better. The Group is watchful of the opportunities arising from financial technology, and at the same time is mindful of the associated risks. The Group will identify technology innovation which is relevant to the needs of its customers in order to adapt to the competitive dynamics.

Going forward, the Group, as always, commits to its corporate mission of sustaining the position of being the most efficient, profitable and respected premier financial institution in Malaysia. The Group will also strive to create long term value for its shareholders, customers, employees and the community. The Group continues to strengthen its growth strategy in its retail banking business and leading market segments. The Group believes that its business model, solid fundamentals, prudent business approach and strong customer service culture, which have been built, shaped and continuously refined over the last 51 years, will enable the Group to forge ahead for future growth.

Finally, we would like to express our appreciation to our shareholders, for their trust and confidence in the Group. We sincerely thank all our customers for their recognition of the PB brand and their strong business support. Our gratitude goes to all the staff for their dedication, hard work and loyalty. We are most grateful to Bank Negara Malaysia and the relevant authorities for all the invaluable guidance and advice rendered. With the Group's wealth of experience of banking excellence over the last 51 years and the continuous strong support from our stakeholders, the Group is confident of our ability to achieve excellence in all aspects of our operations for a sustainable future.

TAN SRI DATO' SRI DR. TEH HONG PIOW

Founder and Chairman

22 February 2018