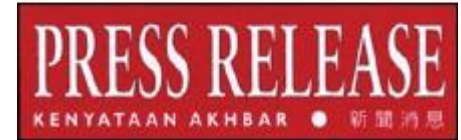


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Public Bank Group Achieved Pre-Tax Profit of RM7.10 Billion for 2018 and Declared Second Interim Dividend of 37 Sen

Tan Sri Dato' Sri Dr. Teh Hong Piow, the Founder, Chairman Emeritus, Director and Adviser of Public Bank, announced today, *"In 2018, despite the challenging operating environment, the Public Bank Group continued to sustain stable profitability and a healthy balance sheet growth. The Group achieved a pre-tax profit of RM7.10 billion in 2018. Net profit attributable to shareholders increased by 2.2% to RM5.59 billion in 2018 from RM5.47 billion achieved in 2017."*

Tan Sri Teh said, *"2018 was marked by a more moderate economic growth, with increased headwinds on both global and domestic front and banks were faced with a more challenging business climate. Against this backdrop, the Public Bank Group was able to sustain stable profitability due to its continuous efforts to drive its loans and deposits business, coupled with the Group's strong asset quality and prudent cost management."*

"With that, the Group continued to sustain its leading position amongst domestic banks with lowest gross impaired loan ratio of 0.5% and most efficient cost-to-income ratio of 33.0%, leading to net return-on-equity ratio of 14.8% for 2018," added Tan Sri Teh.

With the stable financial performance, Tan Sri Teh is pleased to announce that, *"Public Bank's Board of Directors is declaring a second interim dividend of 37 sen per share. The second interim dividend will be paid on 14 March 2019 based on the dividend entitlement date of 7 March 2019. Together with the first interim dividend of 32 sen per share, the full year dividend for 2018 amounts to 69 sen. This represents a total dividend payout of RM2.7 billion and 47.9% of the Group's net profit for 2018."*

Healthy Growth in Loans and Deposits

For 2018, the Public Bank Group achieved a healthy loans growth of 4.2%. The Group's lending strategy remained focused on consumer financing for the purchase of residential properties and passenger vehicles, as well as extension of credit to small and medium enterprises for purchase of commercial properties and working capital. The Group continued to retain leading market share of 19.8% for residential property financing and

35.2% for commercial property financing.

The Public Bank Group's total customer deposits achieved a total growth of 6.2% to RM339.2 billion in 2018. This deposit growth contributed to the Group's strong funding position, as reflected in its gross loan to fund and equity ratio of 79.0% as at the end of 2018.

Tan Sri Teh said, *"The competition for loans and deposits in the banking sector was highly intense in 2018. However, the Public Bank Group continued to uphold prudent credit assessment, so as to preserve its asset quality and protect its returns, while sustaining its market position."*

Continued Profitability in Fee-Based Segments

Arising from heightened volatility in the global financial market and the more cautious sentiment in the macro environment, growing fee-based business had been a challenge in 2018. However, the Public Bank Group's unit trust and banking transaction businesses continued to generate positive fee income growth for the Group.

Tan Sri Teh highlighted that, *"Public Mutual, Public Bank's wholly-owned subsidiary, remained a major contributor to the Public Bank Group's non-interest revenue. In 2018, Public Mutual remained the market leader in the domestic private unit trust business, as it continued to capture largest retail market share of 37.2%, with a total of 147 unit trust funds which amounted to a net asset value of RM78.7 billion under its management."*

Leading Cost Efficiency

In 2018, the Public Bank Group maintained the most efficient cost-to-income ratio among peers at 33.0%, far outpacing the domestic banking system's cost-to-income ratio of 44.8%.

Tan Sri Teh reiterated, *"When most banks are encountering higher pressure on earnings and rising costs, the Public Bank Group's long term commitment in prudent cost discipline has enabled the Group to maintain high productivity and preserve its profitability. The Group's leading cost efficiency also allows more headroom for the Group to efficiently invest and deploy resources such as financial technology, human capital and banking infrastructure to upscale the Group's products and services."*

Sustaining Superior Asset Quality

As at the end of 2018, the Public Bank Group continued to maintain a low gross impaired loans ratio of 0.5%, well below the domestic banking system's gross impaired loans ratio of 1.5%.

Tan Sri Teh added, *"Further, the Public Bank Group's loan loss coverage ratio stood high at 126.0% as at the end of 2018. Including the RM1.8 billion regulatory reserves that the Group had set aside, the Group's loan loss coverage ratio would be 237.5%. This has provided the Group a strong buffer to weather any uncertainties ahead."*

Overseas Operations

In 2018, the Public Bank Group's overseas operations contributed 9.7% to the Group's overall pre-tax profit, largely contributed by Public Financial Holdings Limited Group in Hong Kong ("PFHL") and Cambodian Public Bank Plc ("Campu Bank").

Tan Sri Teh added, "Both subsidiaries contributed close to 90% of the pre-tax profit of the Group's overseas operations. In addition to PFHL and Campu Bank, the Group is also actively expanding its business in Vietnam. With the opening of 5 new branches in 2018, the Group has expanded its branch network to a total of 18 branches in Vietnam as at the end of 2018, with plans to open more branches in 2019. This will further expand the Group's market reach in order to optimise business opportunities in Vietnam."

Healthy Capital Position

As at the end of 2018, the Public Bank Group's capital position remained at healthy levels. After payment of the second interim dividend, the Group's common equity Tier 1 capital ratio, Tier 1 capital ratio and total capital ratio will stand at 13.1%, 13.7% and 16.3% respectively.

Tan Sri Teh commented, "The Public Bank Group monitors closely its capital position to ensure its capital level complies with regulatory requirement, while sufficient capital resources and buffers are available to support business growth and pursue strategic business opportunities."

Group's Prospect

In 2019, despite the challenging external headwinds posing downside risks to the domestic environment, the Malaysian economy is expected to remain on a steady growth path. Underpinned by the resilience in private sector activity, the overall outlook for the domestic banking sector is likely to remain stable. There will be continued growth opportunities for the domestic banking industry underscored by ongoing demand for affordable housing and the growing small and medium enterprises.

Tan Sri Teh concluded, "With the mass market being its key targeted segment, the Public Bank Group continues to expect growth arising from the growing private sector economy. As the Group continues to focus on organic growth strategy, the Group will continue to sharpen its competencies to strengthen its long term growth momentum. Notwithstanding this, in the face of an evolving environment, the Group will always remain vigilant to risks. Reinforcing the values of good governance and integrity will remain the priority of the Group in pursuit of business growth in the way forward."



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

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