



For Immediate Release

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PUBLIC BANK GROUP ACHIEVED PRE-TAX PROFIT OF RM3.55 BILLION FOR THE FIRST HALF OF 2018 AND DECLARED 32 SEN FIRST INTERIM DIVIDEND

Chairman's Review

For the first half year ended 30 June 2018, the Public Bank Group recorded pre-tax profit of RM3.55 billion, a growth of 5.5% from the corresponding period in 2017. Net profit attributable to shareholders increased by 8.6% to RM2.80 billion.

The Founder and Chairman of Public Bank, Tan Sri Dato' Sri Dr. Teh Hong Piow said, *"The Group was able to sustain good business momentum in the first half of 2018. The higher profit for the period was largely driven by growth in its loan and deposit business, with further impetus from a 4.9% growth in non-interest income."*

Tan Sri Teh added, *"Sustained business strength continued to place the Group in a strong competitive position, with its net return on equity standing at 15.0%. Similarly, the Group's cost-to-income ratio of 33.1% and gross impaired loans ratio of 0.5% remained the best in the domestic banking industry."*

As the Group continued to deliver favourable performance, Tan Sri Teh is pleased to announce, *"The Board of Directors has declared a first interim dividend of 32 sen per share, which will result in a total dividend payout of RM1.24 billion. The first interim dividend will be paid on 19 September 2018 based on the dividend entitlement date of 7 September 2018."*

Healthy Growth in Loans and Deposits

In the first half of 2018, the Public Bank Group's total gross loans rose by an annualised rate of 4.1% to RM310.7 billion. On the domestic front, total loans grew at an annualised rate of 4.3% to RM288.3 billion. The Group has continued to sustain its leading position in the financing business focusing on residential properties and commercial lending to small and medium enterprises in the domestic banking industry.

On deposit taking, the Public Bank Group's total customer deposits grew at an annualised rate 6.7%, led by the resilient growth in domestic deposits which increased at an annualised rate of 7.4%.

Tan Sri Teh said, ***"The Group exercises prudent liquidity management and always ensures the stability of its funding sources. As at the end of June 2018, the Group's gross loan to fund and equity ratio stood at a healthy level of 79.4%."***

Sustained Growth in Non-interest Income

The non-interest income segment has remained a main source of revenue to the Public Bank Group. In the first half of 2018, non-interest income increased by 4.9%, largely contributed by the Group's unit trust business as well as stable growth in its banking transactional fee income.

Tan Sri Teh added, ***"In the first half of 2018, Public Mutual, the Public Bank Group's wholly-owned unit trust management subsidiary, continued to deliver favourable result, with its pre-tax profit growing by 9.0% compared to the corresponding period in 2017. As at end-June 2018, Public Mutual managed a total of 144 unit trust funds, with a total net asset value of RM80.2 billion. Public Mutual's market presence remained significant, with its market share standing strong at 40.3% in the domestic private unit trust industry."***

Prudent Cost Management

The Public Bank Group's cost-to-income ratio remained stable at 33.1% in the first half of 2018, staying well below the banking industry's average cost-to-income ratio of 44.8%. This reflects the Group's unwavering strong commitment to high operational efficiency.

Tan Sri Teh highlighted, ***"High efficiency and productivity have long been a cornerstone of the Group's competitive strength. The Group will remain steadfast in sustaining strong cost discipline, while proactively pursuing growth along its business strategy."***

Upholding Strong Asset Quality

Tan Sri Teh added, ***"The Public Bank Group continued to sustain its strong asset quality with its gross impaired loans ratio staying low and stable at 0.5%, which remained the best when compared to the Malaysian banking industry's gross impaired loans ratio of 1.6%."***

Further, the Group's loan loss coverage stood high at 117.3%. Including the regulatory reserves of RM2.0 billion, the loan loss coverage was at 247.9%.

Overseas Operations

For the first half of 2018, overseas operations contributed 8.4% to the Public Bank Group's pre-tax profit, led by businesses in Public Financial Holdings Limited Group in Hong Kong and Cambodia Public Bank Plc.

Tan Sri Teh said, ***“Over the years, the Group has been actively growing and expanding its business in the region through diversifying and enhancing its banking products and services and expansion of branches, particularly in Indo-China. As at the end of June 2018, the Group has built an extensive network of 82 branches in Hong Kong and the People’s Republic of China, and 48 branches in Indo-China. This includes the set-up of 6 new branches in Vietnam in 2017 with another 5 more branches to be opened in 2018.”***

Healthy Capital Position

As at the end of June 2018, the Public Bank Group’s common equity Tier 1 capital ratio, Tier 1 capital ratio and total capital ratio were at 12.7%, 13.4% and 16.3% respectively.

Tan Sri Teh added, ***“The Group has been proactively managing its capital position and will ensure a strong level of capital is maintained at all times to support the Group’s continued business growth.”***

Group’s Prospects

Global growth is expected to continue although there remain risks emanating from trade protectionism and policy changes in the advanced economies. For the Malaysian economy, fundamentals remain sound despite concerns on the elevated public debt level. Domestic demand has remained the anchor driving economic growth supported by stable labour market and ongoing Government measures. The Malaysian banking sector will stay as a strong support to the domestic economic growth.

Tan Sri Teh concluded, ***“The Public Bank Group will continue to ride on the growing economy to strengthen its banking business along its organic growth strategy. The Group’s resilient fundamentals, consistent financial performance, agility to market changes and strong customer service culture will continue to be the essential qualities in driving the sustainability of the Group’s business, for the interests of all its stakeholders.”***



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

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