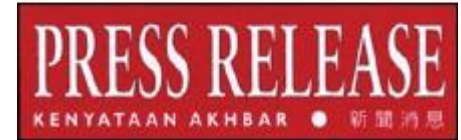


**PUBLIC AFFAIRS DIVISION
PUBLIC BANK BERHAD**

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

22 February 2018

PUBLIC BANK GROUP ACHIEVED RECORD PRE-TAX PROFIT OF RM7.12 BILLION FOR 2017 AND DECLARED SECOND INTERIM DIVIDEND OF 34 SEN

Chairman's Review

The Founder and Chairman of Public Bank, Tan Sri Dato' Sri Dr. Teh Hong Piow announced today that, ***"The Public Bank Group recorded yet another milestone financial results in 2017 with pre-tax profit of RM7.12 billion, surpassing the RM7.0 billion mark for the first time. This represents 8.6% growth from the pre-tax profit of RM6.55 billion achieved a year ago. Net profit attributable to shareholders grew by 5.1% to RM5.47 billion, translating to a net return on equity of 15.8% for 2017."***

The Malaysian economy grew stronger than expected in 2017. The continued expansion in domestic demand, coupled with the improvement in external environment continued to provide growth opportunities for the banking industry. Against the macro backdrop, the Public Bank Group continued to progress and deliver a favourable set of financial results supported by a commendable 7.9% total net income growth. This was attributed to steady loan growth coupled with continuous drive on fee-based revenue and effective cost management.

Tan Sri Teh further added that, ***"With the resilient performance in 2017, the Public Bank Group continued to achieve a high net return on equity of 15.8% whilst maintaining its low gross impaired loan ratio of 0.5% and an efficient cost-to-income ratio of 31.9%. The results are a validation of the Group's effective organic growth strategies and sustainable business model. We have benefited from our disciplined execution of our growth strategies whilst preserving prudent risk management practices to ensure sustainable and stable returns."***

In view of the Public Bank Group's favourable performance in 2017, Tan Sri Teh announced that, ***"The Board of Directors is pleased to declare a second interim dividend of 34 sen, taking full year dividend for 2017 to 61 sen."*** The total dividend paid and payable for 2017 amounted to RM2.36 billion and represents a total payout of 43.1% of the Group's net profit for 2017.

Steady Growth in Loans and Deposits

For the financial year ended 31 December 2017, the Public Bank Group sustained a steady loan growth momentum at a rate of 3.6%. Domestic lending business grew by 4.6% over the same period, outpacing the domestic banking industry's loan growth rate of 4.1%.

The Public Bank Group's loan growth was mainly attributed to the lending growth in its retail consumer and commercial banking segment, comprising financing for the purchase of residential properties and extension of credits to small and medium enterprises.

In tandem with the steady loan growth, the Group's total customer deposits grew by 3.0%, mainly attributed to the steady inflow of core deposit comprising fixed deposits, low-cost savings and current accounts, which grew by 4.5%.

"The Group's robust funding position was mainly supported by its strong retail franchise and large domestic depositor base of over six million customers who continue to place their trust and confidence in the Group in safeguarding their funds," remarked Tan Sri Teh.

With the steady inflow of customer deposits, the Public Bank Group remains well funded with a healthy gross loan to fund and equity ratio of 80.7% as at the end of 2017.

Sustaining Growth in Fee-Based Revenue

Tan Sri Teh highlighted that, ***"Growing fee-based revenue remains as a key strategic focus of the Public Bank Group."*** Arising from the Group's initiative to drive growth of its fee-based revenue in order to sustain better return for its shareholders, the Group's non-interest income increased by 11.3% in 2017 as compared to 2016. This was mainly contributed by higher income from its unit trust business, higher investment income as well as increased contribution from its stockbroking and bancassurance business.

The Public Bank Group's unit trust management business undertaken by its wholly-owned subsidiary, Public Mutual Berhad ("Public Mutual"), continued to contribute positively to the non-interest income growth of the Group. For the year 2017, fee income from unit trust business made up 39% of the Group's total non-interest income. As at the end of 2017, Public Mutual manages 141 funds with a total net asset value of RM81.4 billion and has remained as the market leader with an overall retail market share of 40.9% in the private unit trust business. For the financial year ended 31 December 2017, Public Mutual reported an impressive 15.4% growth in pre-tax profit to RM661 million.

Sustained High Productivity and Cost Efficiency

The Public Bank Group continued to be the most efficient banking group in Malaysia with its best cost-to-income ratio of 31.9% as compared to the banking industry's average cost-to-income ratio of 45.8%.

Tan Sri Teh added that, ***"The Group is committed to continue with prudent cost discipline at all times and to consistently pursue high productivity and cost efficiency in all aspects"***

of its operations, prioritising the investment and deployment of resources and technology to where they are most effective without compromising on compliance and service quality.”

Superior Asset Quality

Tan Sri Teh highlighted that, *“Amidst the prevailing economic uncertainties and challenges, the Public Bank Group continued to demonstrate resilience in its asset quality.”*

As at the end of 2017, the Public Bank Group’s impaired loan ratio remained low at 0.5%, significantly lower than the industry ratio of 1.5%. The Group’s loan loss coverage ratio of 95.5% as at the end of 2017 continued to be better as compared to the Malaysian banking industry’s ratio of 82.9%. Including the RM2.4 billion regulatory reserves set aside, the Group’s loan loss coverage ratio would be 256.5%, which provides a strong buffer for the Group’s adoption of MFRS 9 effective 1 January 2018.

Tan Sri Teh further added, *“To continue achieving strong asset quality while maintaining steady growth in its lending business, the Group will continue with its present prudent approach and practices in managing the quality of its loan portfolio right from origination to the recovery of impaired loans.”*

Overseas Operations

The pre-tax profit of the Public Bank Group’s overseas operations grew by 10.8% to RM688 million in 2017, contributing 9.7% to the Group’s overall pre-tax profit for 2017.

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, generating pre-tax profit of HKD616 million and USD59 million respectively during the year.

In addition, Vietnam will continue to be on the Public Bank Group’s overseas expansion plan. With the 100% foreign-owned bank licence obtained in 2016, the Group has further expanded its business through the opening of 6 new branches in 2017. As at to date, it has 13 branches and is planning to open more branches in 2018.

Tan Sri Teh emphasised that, *“The Group remains committed to expand its presence in the region through organic growth strategy and will continue to transfer its best practices from its domestic operations to accelerate business growth in its overseas operations.”*

Healthy Capital Position

The Public Bank Group continued to maintain a healthy level of capital with its common equity Tier 1 capital ratio, Tier 1 capital ratio and total capital ratio standing at 12.2%, 13.0% and 16.0% respectively as at the end of 2017, after deducting the second interim dividend.

Tan Sri Teh reiterated that, *“Public Bank will continue to be proactive in its capital management in order to ensure that the Group’s capital position remains healthy at all*

times in support of the Group's business growth strategies whilst optimising its shareholders' return."

Group's Prospect

"The banking sector outlook is expected to be generally stable in 2018. The global economic recovery is strengthening and the Malaysian economic growth is expected to remain strong in 2018. This sets a stable outlook for continued growth opportunities for the Malaysian banking sector.

While acknowledging the improved prospects in the overall economy, the Public Bank Group remains cautious on the potential downside pressure emanating from the continued low consumer sentiments and uncertainties lingering in the global economic environment.

However, the Public Bank Group is confident that its solid business model building on organic growth strategy in the core retail banking and financing business, coupled with its prudent credit policies, as well as strong risk management practices will continue to be the key strengths for the Group to strive for higher growth and sustainable profitability. Facing the highly competitive banking landscape, the Group's key priorities are to accelerate business innovation and pursue operational efficiency in order to deliver the Group's commitment to excellence to all its stakeholders," concluded Tan Sri Teh.



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

*** * * * ***