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FOR IMMEDIATE RELEASE

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Public Bank Group Achieved Net Profit of RM6.65 Billion for 2023 and Declared 10.0 Sen Second Interim Dividend

For the financial year 2023, the Public Bank Group achieved a pre-tax profit of RM8.54 billion and net profit attributable to shareholders of RM6.65 billion.

Tan Sri Dato' Sri Dr. Tay Ah Lek, Managing Director and Chief Executive Officer of Public Bank commented, ***"The Public Bank Group's stable profit performance for 2023 was mainly attributed to the continued growth of loans and deposits, along with the improvement in non-interest income and lower loan loss allowances. The Group's net profit grew by 8.7% in 2023. The resilient performance is also reflected in the Group's net return on equity of 13.0%."***

The Public Bank Group recorded healthy loans and deposits growth of 5.9% and 4.6% respectively in 2023. The Group registered an average net interest margin of 2.20% during the year, contributing to a net interest and financing income of RM10.53 billion.

Non-interest income grew by 2.6%, contributed by higher income derived from the Group's unit trust, foreign exchange and stockbroking businesses.

With operating expenses prudently managed, the Public Bank Group's cost-to-income ratio stood at 33.7%, significantly better than the domestic banking industry's cost-to-income ratio of 48.3%.

Gross impaired loans ratio remained low at 0.59%, reflecting the Public Bank Group's resilient risk profile of its loan portfolio. Given the sufficient pre-emptive provisioning allocated since the pandemic, loan loss allowances were lower by 57.1% as compared

with 2022, with loan loss coverage ratio still standing at a prudent level of 181.8% as at the end of 2023.

Tan Sri Tay highlighted, “In view of the commendable performance in 2023, the Board of Directors of Public Bank declared a second interim dividend of 10.0 sen per share, which brings its total dividend to 19.0 sen per share for the financial year 2023. This represents a total dividend payout of RM3.69 billion which accounted for 55.5% of the Public Bank Group’s net profit for 2023. The dividend will be paid on 22 March 2024, based on the dividend entitlement date of 14 March 2024.”

Loans and Deposits Businesses

For 2023, the Public Bank Group’s total loans and deposits continued to record healthy growth rate, increasing by 5.9% and 4.6% respectively.

Domestic loans growth accelerated by 5.9% to RM372.7 billion, outpacing the banking industry growth rate of 5.3%. Loans growth for residential properties financing and hire purchase financing grew steadily at 6.4% and 10.8% respectively. The Public Bank Group also continued to capture leading market share in its core lending segments, with market shares of 20.4% in residential properties financing, 30.5% in hire purchase financing and 17.9% in SME financing. Total newly approved domestic loans increased by 26.5% in 2023 as compared with 2022, supporting a healthy loans pipeline going forward.

Domestic deposits rose by 4.8% to RM384.9 billion, supported by stable and healthy growth of both core and wholesale deposits.

As at the end of December 2023, the Public Bank Group maintained stable gross loan to fund and equity ratio of 82.0%.

Asset Quality

As at the end of December 2023, the Public Bank Group’s gross impaired loans ratio remained stable at 0.59%, which was significantly lower than the domestic banking industry’s average gross impaired loans ratio of 1.65%. Domestically, gross impaired loans for residential property financing, commercial property financing and hire purchase financing stood at 0.33%, 0.62% and 0.26% respectively.

The Group continued to maintain a prudent level of provisioning with a loan loss coverage ratio of 181.8%, which was well above the banking industry’s loan loss coverage ratio of 92.0%. Including regulatory reserves, the Group’s loan loss coverage ratio was higher at 212.8%.

Non-interest Income

Non-interest income grew by 2.6% to RM2.48 billion in 2023, mainly attributed to the improved performance in unit trust, foreign exchange and stockbroking businesses.

The Public Bank Group's wholly owned subsidiary managing its unit trust business, Public Mutual, remained the main contributor to the Group's non-interest income. Despite the unfavourable market condition in 2023, Public Mutual recorded a 2.3% growth in pre-tax profit to RM798.0 million, contributing 9.3% to the Group's profit. As at the end of 2023, Public Mutual continued to capture a leading retail market share of 35.9% with a total of 182 unit trust funds and net asset value of funds under management of RM97.1 billion.

Overseas Operations

In 2023, the Public Bank Group's overseas operations contributed 5.9% to the Group's profit, mainly from its Indochina operations.

Cambodian Public Bank Plc ("Campu Bank") and Public Bank Vietnam were the main profit contributor to the Public Bank Group's overseas profits. Campu Bank has a total of 32 branches across Cambodia, including the opening of one new branch in 2023. In Vietnam, eight new branches were opened during the year, making a total of 40 branches nationwide as at end of the year.

In addition, with effect from 1 January 2024, the Public Bank Group has converted its operations in Laos into a wholly-owned subsidiary, which is renamed as Public Bank Lao Limited. This is a step to further strengthen the Group's business footprint in the Indochina region.

In Hong Kong, the challenging operating environment weighed on the Public Bank Group's business growth. The Group remains committed in driving its business growth, maintaining a prudent risk profile and upholding sound risk management in its Hong Kong operations.

Capital and Liquidity Position

In 2023, the Public Bank Group maintained a healthy capital level with common equity Tier 1 capital ratio, Tier 1 capital ratio and total capital ratio standing at 14.7%, 14.7% and 17.6% respectively.

Liquidity coverage ratio remained above the regulatory requirement, at a healthy level of 136.8%.

Sustainability Progress

The Public Bank Group continued to make progress in its sustainability journey in 2023.

On promoting sustainable financing, the Public Bank Group and several property developers are collaborating on property financing of green and sustainable development projects in Malaysia. The Group continues to focus on promoting its Green Financing Facilities, which covers 80 green and environmentally friendly economic activities. The Group also focuses on promoting financing for solar panel, affordable housing and energy efficient vehicles.

Since 2020, the Group's domestic operations have mobilised over RM53 billion of sustainable financing, and targets to mobilise a cumulative of RM100 billion in sustainable financing by 2030.

In 2023, the Public Bank Group has joined the Partnership for Carbon Accounting Financials and tapped on their comprehensive methods to measure financed emissions. This will pave the way towards the Group's net zero carbon commitment.

On community contribution, the Public Bank Group had in 2023 contributed over RM1.2 million on improving community well-being, including healthcare, education and raising environmental awareness. On this note, the Group has become the first bank in Malaysia to contribute and participate in the Eco-Schools programme to educate the young generations about the importance of environmental issues.

With its unwavering commitment to ESG, Public Bank has remained a constituent in the FTSE4Good indices, while also continuing to be recognised with an AA rating by MSCI ESG Ratings, as well as an ESG Corporate Gold Award by The Asset.

Group's Prospects

Globally, the economic environment is expected to remain challenging with most major economies, such as the US, euro area and Japan expected to grow modestly. The global economy is expected to grow in 2024, with downside risks weighed by the anticipated downtrend in external trades, slower momentum in major economies, protracted geopolitical tension(s) and tight financial market conditions.

While not being insulated from these global challenges, domestically, the Malaysian economy will continue to be supported by steady domestic demand underpinned by growth in tourism activities, further progress of investment and infrastructure projects as well as proactive Government policies.

Tan Sri Tay said, ***“2024 is likely to be another year of challenges. However, given the domestic banks’ strong fundamentals with healthy capital and liquidity buffers, coupled with the sufficient pre-emptive provisioning and prudent coverage ratios, the banking sector will remain resilient in navigating any headwinds. The banking sector***

will continue to play its key role in supporting the nation's development and serving the people's financial needs."

Tan Sri Tay concluded, *"The Public Bank Group will remain focused on growing its core retail and commercial banking business, while strengthening its commitments in the areas of environmental, social and governance. The Group will ensure it remains relevant and resilient as it continues to serve the best interest of all its stakeholders."*



Tan Sri Dato' Sri Dr. Tay Ah Lek
Managing Director and Chief Executive Officer
Public Bank

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