



Public Bank Group

**Unaudited Q3 Group
Results**

30 September 2010



Release Date: 18 October 2010



Quarter 3 2010 Results

EXECUTIVE SUMMARY

FINANCIAL PERFORMANCE

GROWTH PERFORMANCE

BUSINESS PERFORMANCE

OTHER HIGHLIGHTS



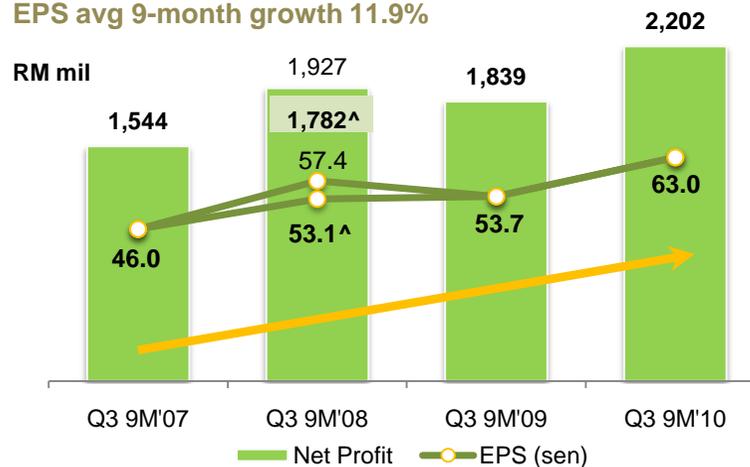


Overview of Performance- Another Strong Set of Results

		9M Q3 2010	9M Q3 2009	Change
Performance	Net interest & finance income	3,960.8 mil	3,435.9 mil	↑ 15.3%
	Pre-tax profit	2,955.9 mil	2,421.2 mil	↑ 22.1%
	Net profit	2,202.0 mil	1,839.1 mil	↑ 19.7%
	ROE	26.0 %	25.5%	↑ 0.5%

9-month Profit Growth

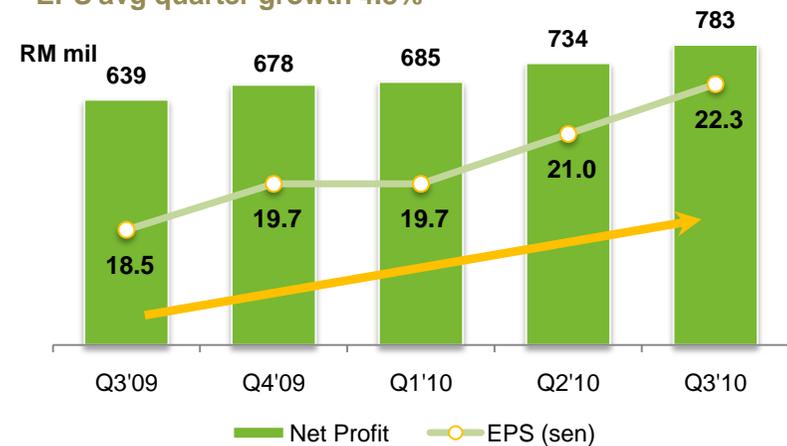
Net profit avg 9-month growth 13.3%
EPS avg 9-month growth 11.9%



[^] Exclude one-off goodwill income from ING

Quarter Profit Growth

Net profit avg quarter growth 5.2%
EPS avg quarter growth 4.8%

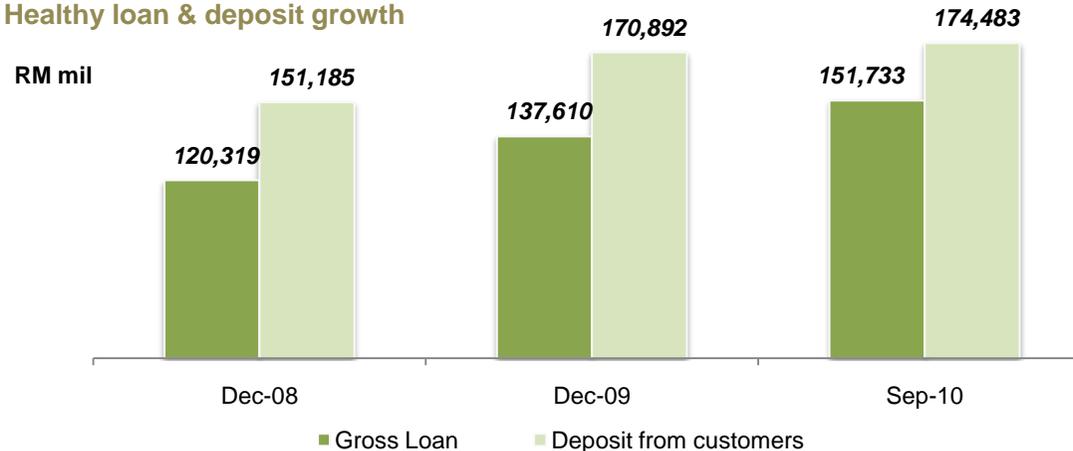




Overview of Performance- Another Strong Set of Results

		Sep 2010	Dec 2009	Change
Growth	Gross loans and advances	151.7 bil	137.6 bil	↑ 10.3%
	Deposits from customers	174.5 bil	170.9 bil	↑ 2.1%
	Total assets	220.6 bil	217.1 bil	↑ 1.6%
	Shareholders' equity	12.2 bil	11.0 bil	↑ 10.6%

Healthy loan & deposit growth



Group loan growth	19.0%	14.4%	13.7%* (15.0% if exclude impact of forex translation)
Group deposit growth	20.0%	13.0%	2.8%* (4.5% if exclude impact of forex translation)

* Annualised



Overview of Performance- Another Strong Set of Results

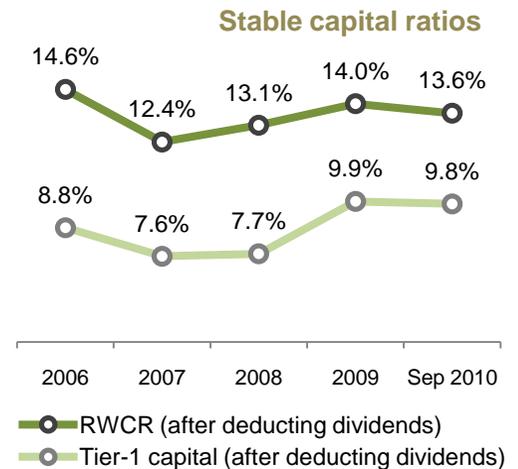
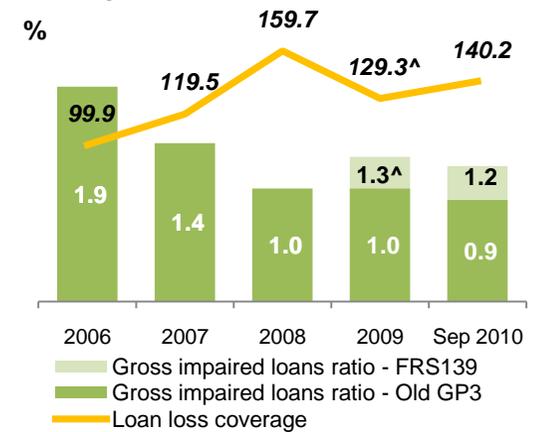
		Sep 2010	Dec 2009	Change
Asset Quality	Gross impaired loan ratio:			
	- FRS 139	1.2%	1.3%^	↓ 0.1%
	- Old GP3 (for reference)	0.9%	1.0%	↓ 0.1%
	Loan loss coverage	140.2%	129.3%^	↑ 10.9%

^ Restated due to the adoption of FRS 139

		Sep 2010	Dec 2009	Change
Capital / Liquidity	Risk weighted capital ratio (RWCR)*	13.6%	14.0%	↓ -0.4%
	Tier-1 capital ratio*	9.8%	9.9%	↓ -0.1%
	Net loan deposit ratio	85.5%	79.2%	↑ 6.3%

* After deducting interim dividends

Asset quality & reserves remained healthy





Adoption of FRS 139: Financial Instruments

- Positive impact on opening reserves

	Shareholders' equity
As at 1 January 2010, as previously stated	11,023.2 mil
Effect of adopting FRS 139	266.2 mil
As at 1 January 2010, as restated	11,289.4 mil
Enhancement to reserves	2.4%

- No significant impact on current earnings due to 1.5% collective impairment on loans as required under the transitional provisions of the BNM guidelines on Classification and Impairment Provisions for Loans/Financing issued in January 2010
- Impaired loans have been restated due to more stringent criteria on impaired loan classification under FRS 139, as follows:

	Impaired loans	Gross Impaired loans ratio
As at 1 January 2010, as previously stated	1,319.6 mil	1.0%
Effect of adopting FRS 139	439.1 mil	0.3%
As at 1 January 2010, as restated	1,758.7 mil	1.3%

Under the more stringent criteria, certain loans which are less than 3 months in default are now classified as impaired loans.



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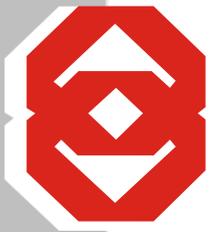
FINANCIAL PERFORMANCE

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Earnings Performance

RM'mil	Q3 2010	Q2 2010	Change	9M Q3 2010	9M Q3 2009	Change
Net interest & Islamic Banking income	1,371.7	1,337.8	2.5%	3,974.2	3,446.3	15.3%
Non-interest income	427.6	400.2	6.8%	1,214.7	1,033.0	17.6%
Operating expenses	547.1	583.1	-6.2%	1,720.4	1,548.2	11.1%
Operating profit	1,252.2	1,154.9	8.4%	3,468.5	2,931.1	18.3%
Loan impairment allowances	202.3	174.7	15.8%	516.7	513.1	0.7%
Pre-tax profit	1,051.4	982.0	7.1%	2,955.9	2,421.2	22.1%
Net profit	782.7	734.1	6.6%	2,202.0	1,839.1	19.7%

Income:

- Strong growth in net interest and finance income and non-interest income

Expenses:

- Higher operating expenses in 2010 vs 2009 were incidental to business expansion and growing loan base

Allowance:

- Increase in loan impairment allowances in Q3 2010 was due to certain non-recurring provisions.
- The total loan allowances for 9 months in 2010 has remained stable as compared to the corresponding period in 2009 despite strong loan growth.



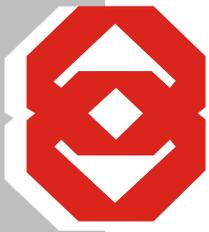
Key Earnings Indicators

	Q3 2010	Q2 2010	Change	9M Q3 2010	9M Q3 2009	Change
Earnings per share (sen)	22.3	21.0	6.2%	63.0	53.7	17.3%
Net return on equity*	26.6%	25.9%	0.7%	26.0%	25.5%	0.5%
Pre-tax return on average assets	1.9%	1.8%	0.1%	1.8%	1.6%	0.2%
Net interest margin on yielding assets**	3.4%	3.5%	-0.1%	3.4%	3.1%	0.3%
Non interest income/Total net income	23.8%	23.0%	0.8%	23.4%	23.1%	0.3%
Cost to income ratio	30.4%	33.6%	-3.2%	33.2%	34.6%	-1.4%
Overheads over average assets	1.0%	1.1%	-0.1%	1.0%	1.0%	0.0%

Note: Key earning indicators, other than EPS, have been annualised for comparison purposes

* Based on average equity after deducting proposed dividend, if any.

** Excluding Negotiable Instrument of Deposits and Money Market Deposits which are on-lent to banks.



Pre-tax Profit Contribution by Entities of the Group

RM'mil	9M Q3 2010	9M Q3 2009	Change
Public Bank & Public Islamic Bank	2,411.0	1,988.1	21.3%
Public Mutual	199.3	152.9	30.3%
Public Investment Bank	36.7	34.6	6.1%
Public Bank (L)	73.1	70.2	4.1%
Overseas Operations (mainly Public Financial Holding Group (in Hong Kong) and Cambodian Public Bank Plc)	212.2	186.8	13.6%
Others	23.6	(11.4)	N/A
Total	2,955.9	2,421.2	22.1%

- Higher interest and finance income and non-interest income largely contributed to the increase in Public Bank's and Public Islamic Bank's profits
- Public Mutual's improved earnings was due to higher management fee income in tandem with the higher net asset value of funds under management
- Higher brokerage income earned contributed to improved results of Public Investment Bank
- Pre-tax profit of overseas operations improved with decline in credit charges

Note: Pre-tax profit contribution by entities were taken excluding intercompany dividend and all other inter-company profit/loss which are eliminated at Group level.



Pre-tax Profit Contribution by Business Segment

RM'mil	9M Q3 2010	9M Q3 2009	Change
Retail operations	1,614.7	1,279.4	26.2%
Hire purchase	489.9	453.5	8.0%
Corporate lending	181.1	126.9	42.7%
Treasury & capital market operations	147.1	192.3	-23.5%
Fund management	199.3	152.9	30.3%
Overseas operations	212.2	186.8	13.6%
Investment banking	36.8	34.7	6.1%
Others*	74.8	(5.3)	N/A
Total	2,955.9	2,421.2	22.1%

- Double digit growth across most of the business segments compared to previous corresponding period
- Supported by favourable 15.3% rise in total net income earned and 17.6% improvement in non-interest income over the same period, coupled with stable credit charge

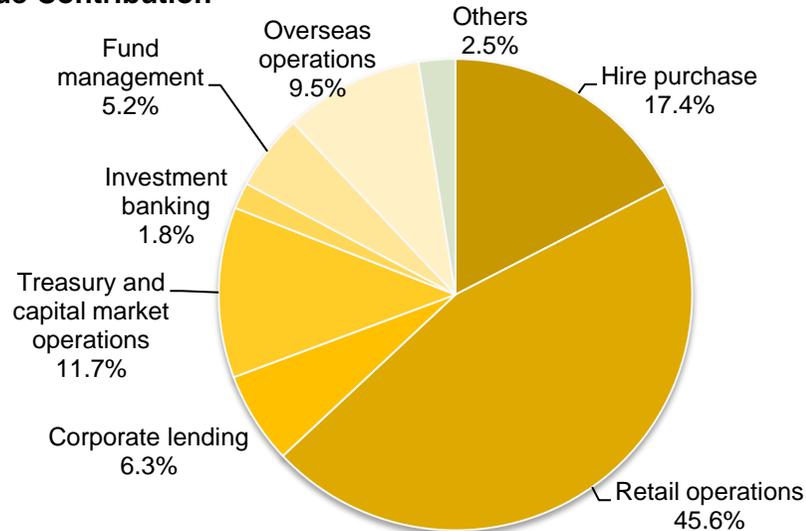
Note: Profit contribution by segments are based on pre-tax profit including share of results of associated companies.

* Others comprise mainly of head office and other miscellaneous segment



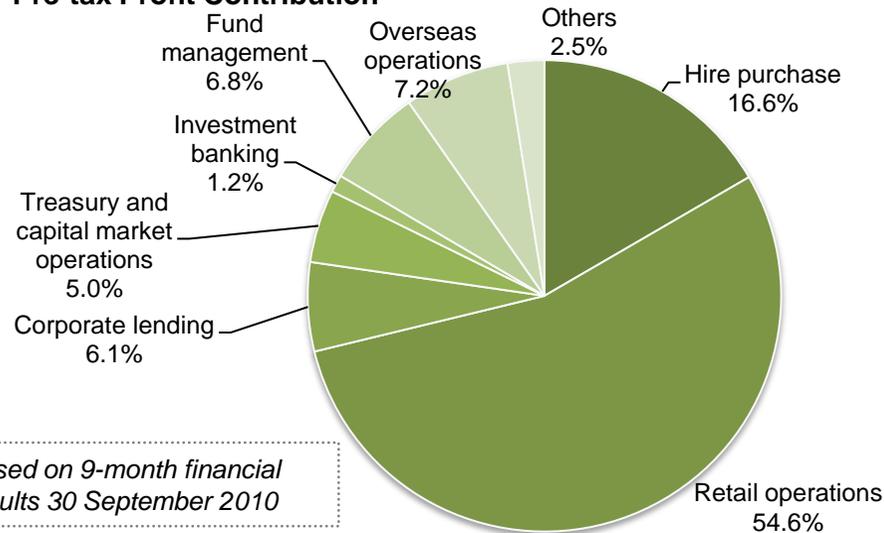
Contribution to Revenue & Pre-tax Profit – by Business

Revenue Contribution



- Retail operations and hire purchase segment continue to be the major contributor to revenue and profits of the Group

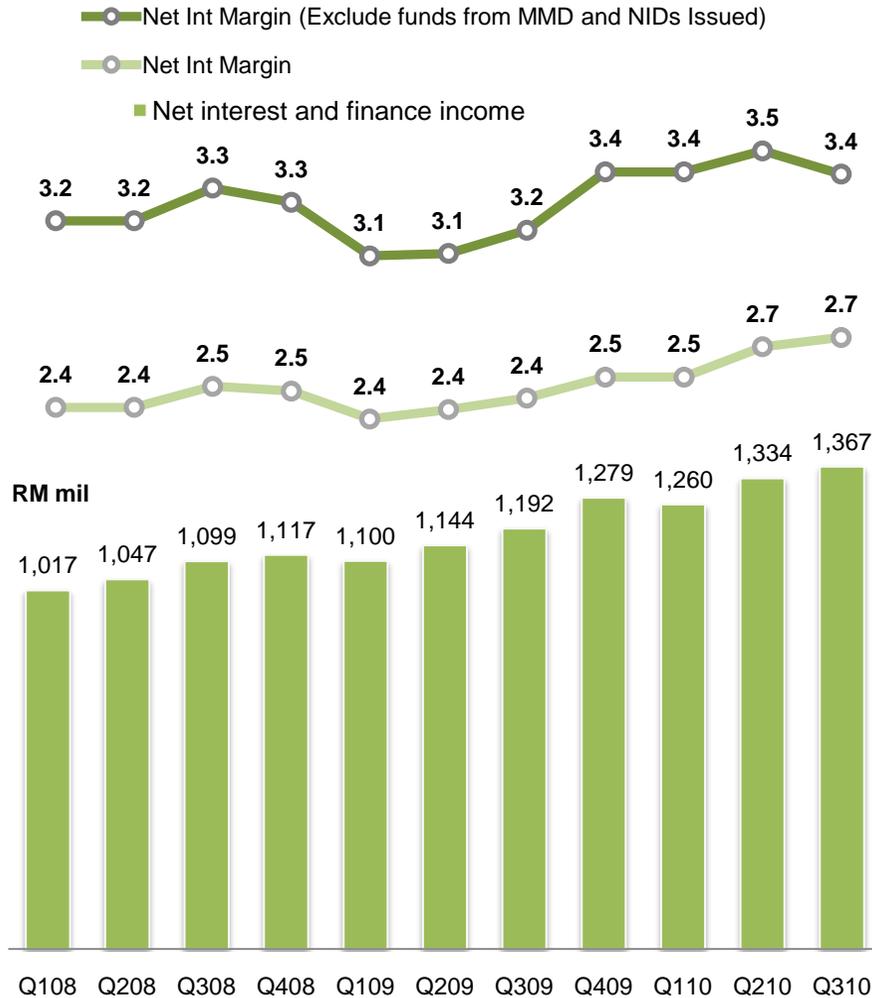
Pre-tax Profit Contribution



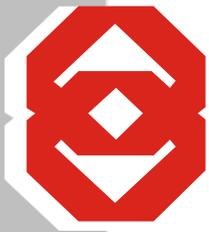
Based on 9-month financial results 30 September 2010



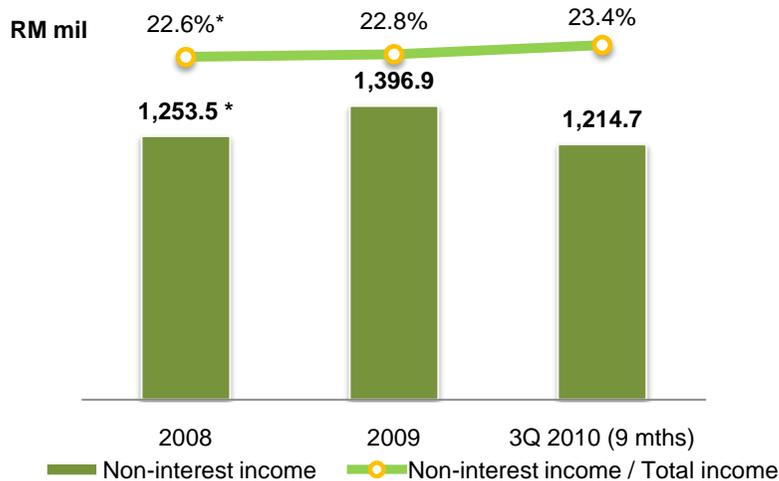
Stable and Sustainable Growth in Interest & Margins



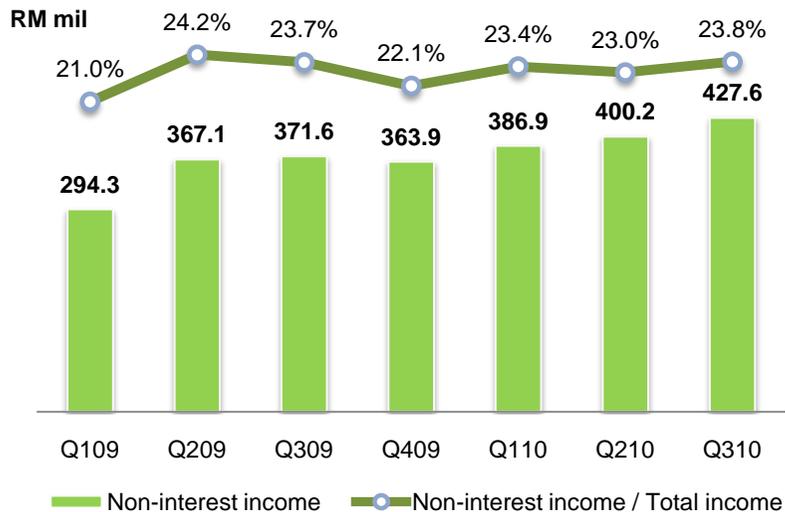
- NIM for Q32010 remained stable as compared to the preceding 3 quarters
- NIM continue to improve and stabilise since the last drop in Q12009 due to OPR drop
- Favourable impact of the OPR rise in March, May and July 2010 continues to support the net interest margin for the current quarter
- Sterling growth in net interest and finance income was driven by the Group's strong fundamentals and commitment in expanding its loan and deposit base
- Net interest and finance income is expected to continue to grow in coming quarters due to expanding loan and deposit base



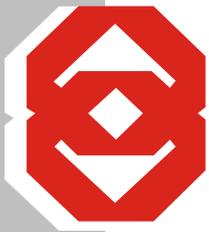
Steady Non-Interest Income Contribution



* Exclude RM200 million one-off goodwill income from ING

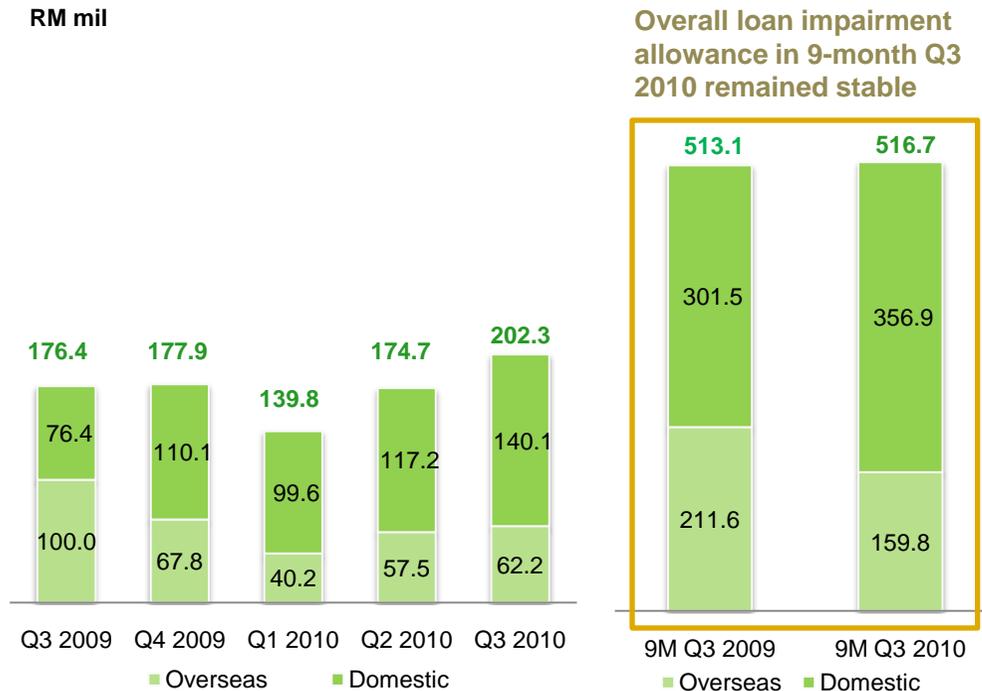


- Non-interest income of the Group see growth from the previous years, on the back of the Group's initiative to grow its fee-based businesses
- Strong contribution of non-interest income in the nine months of 2010 was mainly contributed by the Group's unit trust and foreign exchange businesses



Improving Loan Impairment Allowances

Quarterly & Half Yearly Loan Impairment Allowances (including general/collective allowance)



Note: For Q1 2010 onwards, domestic loan impairment allowance is computed based on the revised BNM guidelines, which incorporates the FRS 139 accounting principles

Collective allowance for domestic loans is computed based on 1.5% requirement under the transitional provisions of the BNM guidelines on Classification and Impairment Provisions for Loans/Financing issued in January 2010

Quarter-on-quarter comparison

- Higher Q3 2010 loan impairment allowances compared to Q2 2010 due to
 - Certain non-recurring provision charges; and
 - Higher collective assessment allowance in Q3 2010 attributed to stronger loan growth

9-month comparison

- Compared to the previous corresponding period in 2009, loan impairment allowance for the 1st 9 months of 2010 remained stable despite strong loan growth
- For the domestic operation, loan impairment allowance increased by 18% mainly certain non-recurring provision charges. Credit charge for overseas operation continue to improve by 24% as compared to the previous corresponding 9-month period in 2009



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Robust Financial Position

	RM'bil	Sep 2010	Dec 2009	Change
Total assets		220.6	217.1	1.6%
Gross loans and advances		151.7	137.6	10.3%
<i>Of which:</i>				
Domestic loans and advances		139.4	124.4	12.1%
Overseas loans and advances		12.3	13.2	-6.9%
Deposits from customers		174.5	170.9	2.1%
<i>Of which:</i>				
Domestic core customer deposits		125.1	112.8	11.0%
Shareholders' funds		12.2	11.0	10.6%
Net assets per share (RM)		3.48	3.19	9.1%
Net loans to deposits (LD) ratio (%)		85.5	79.2	6.3%

Assets:

- Assets expansion driven by strong loan and core deposit growth

Loan:

- Domestic loan growth is strong at 12.1% (annualised 16.1%) for 9-month Q3 2010
- The contraction of overseas loan growth was mainly due to the impact of exchange rate i.e. strengthening of RM against USD by 10% during the period

Deposit:

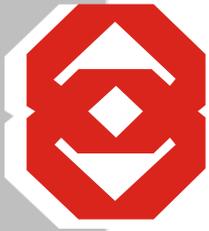
- Deposit growth of 2.1%, supported by the stronger domestic core customer deposit growth of 11.0% (annualised 14.7%), partially offset by the slow down of wholesale deposits and the negative impact of the forex translation

Equity:

- Shareholders' fund grew in tandem with the strong underlying profits recorded for the period

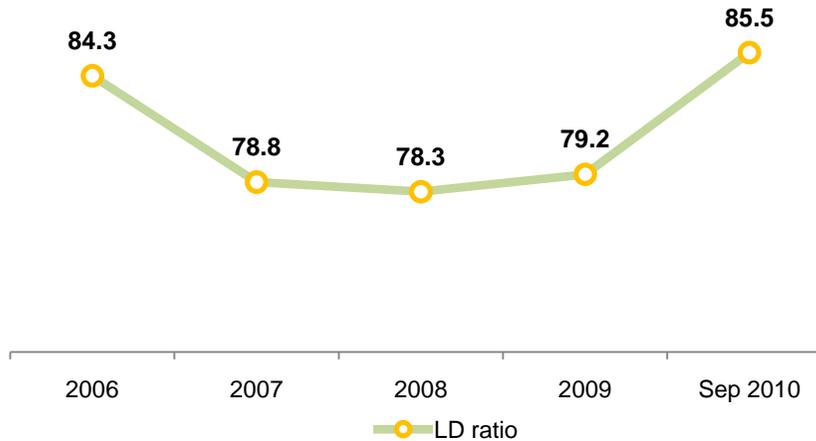
Liquidity:

- Remained at healthy level



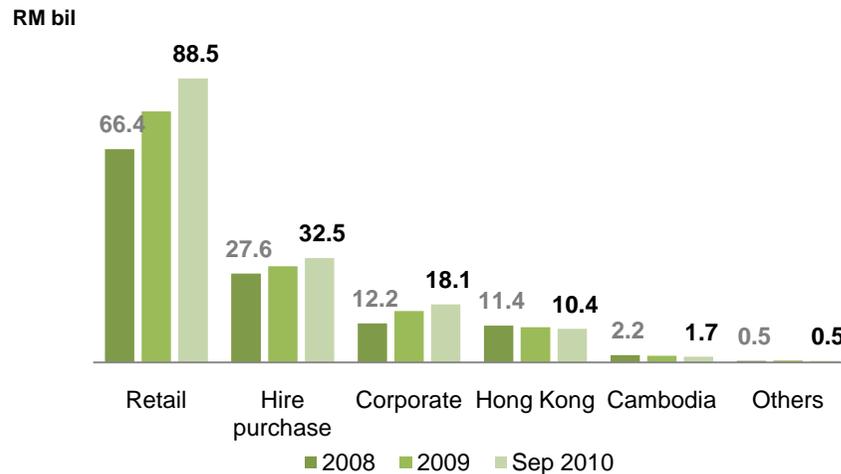
Strong Liquidity With Healthy Loan & Deposit Growth

Net Loan Deposit Ratio (%)

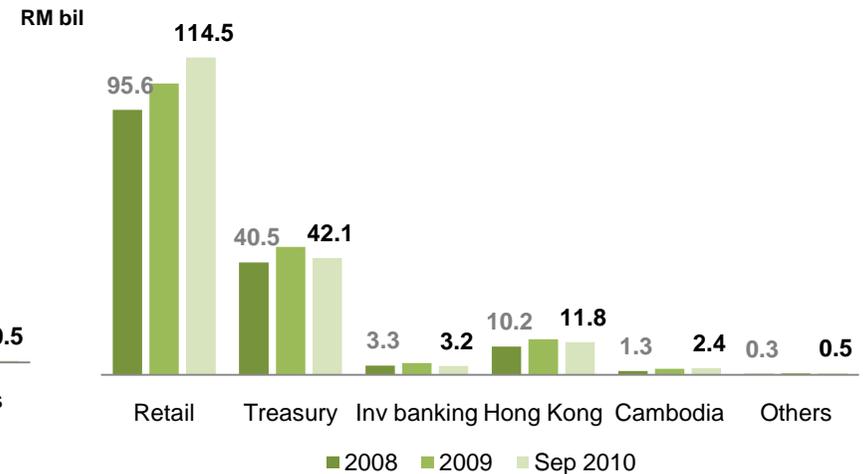


- Net loan deposit ratio increased during the first 9 months of 2010 but remained healthy
- Increase in the net LD ratio was due to slow down in the wholesale deposits, in line with the Group's strategy to focus on the growth of core deposits
- Loan growth continues to be supported through the Group's retail and hire purchase segment whilst retail deposits remain the main contributor to the deposit growth of the Group

Loan Composition by Segment



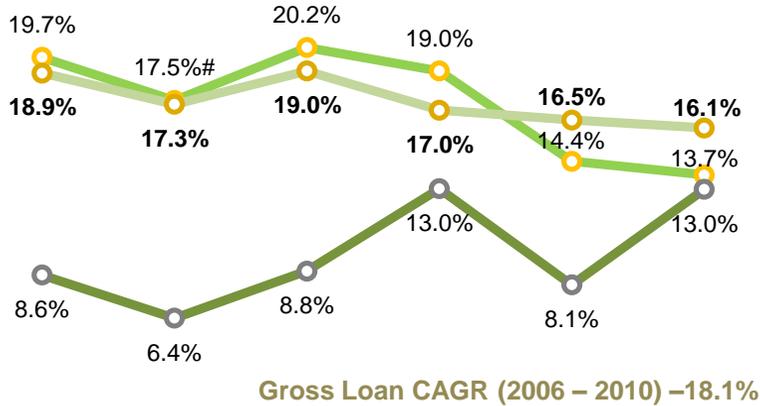
Deposit Composition by Segment



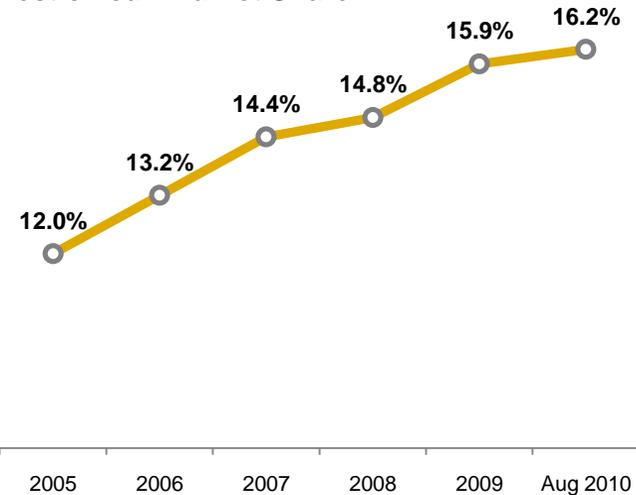


Consistently Above-industry Loan Growth

Loan Growth vs Industry



Domestic Loan Market Share



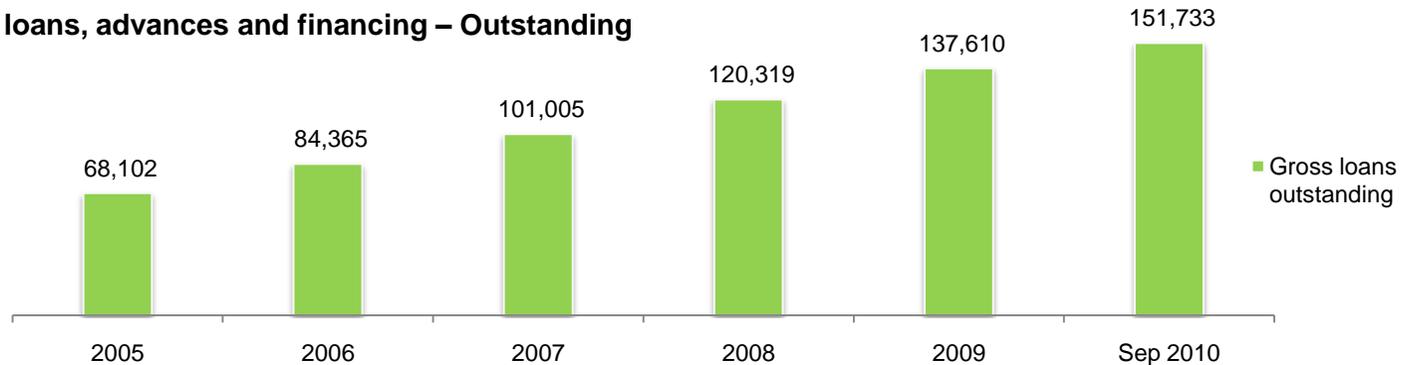
● Group Loan Growth
● Domestic Loan Growth
● Industry Average (latest available)

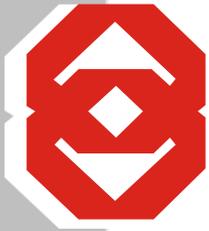
Excluding acquisition of Public Bank (Hong Kong)

Note: Loan growth for 9M Q3 2010 has been annualised based on 9-month growth. Industry average growth is based on 12-month extrapolation of industry statistics as of Aug 2010

Gross loans, advances and financing – Outstanding

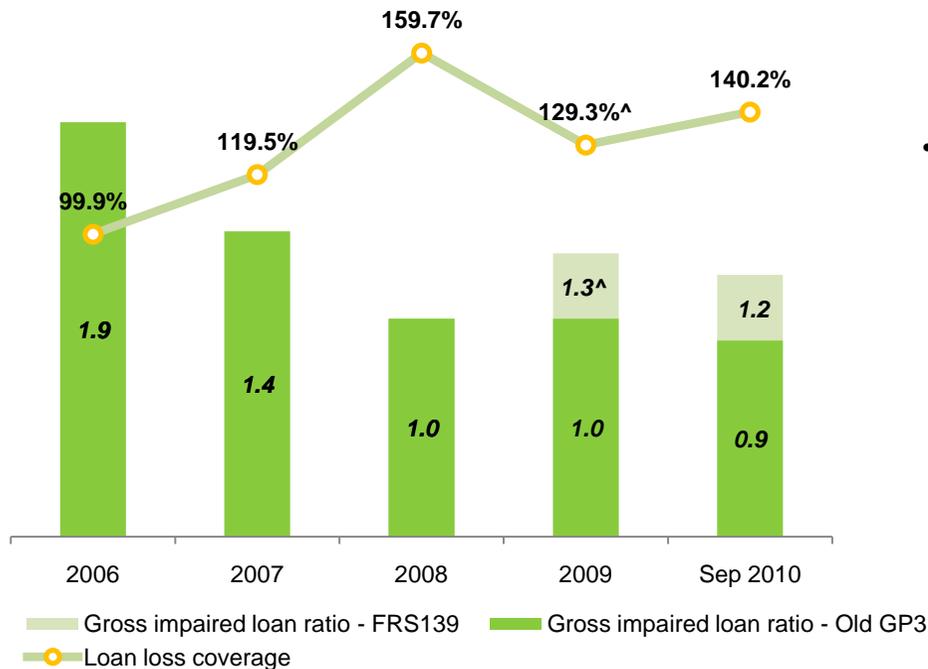
RM mil





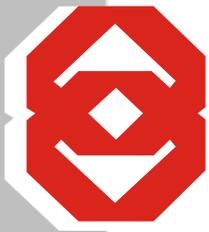
Asset Quality Remained Strong

Improving gross impaired loan ratios with high loan loss reserves



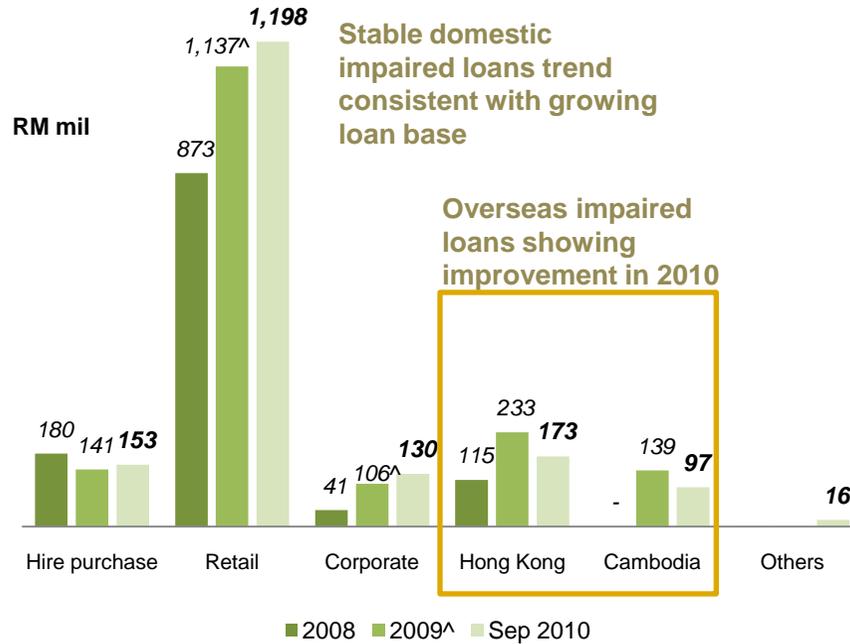
[^] Restated due to the adoption of FRS 139

- Despite more stringent criteria on classification of impaired loans due to FRS 139 adoption with effect from 2010, impaired loans ratio remained low at 1.2% with high loan loss reserve of 140.2%
- Based on old GP3 classification of 3 months NPL, NPL ratio improved further to 0.9% from 1.0% as at December 2009



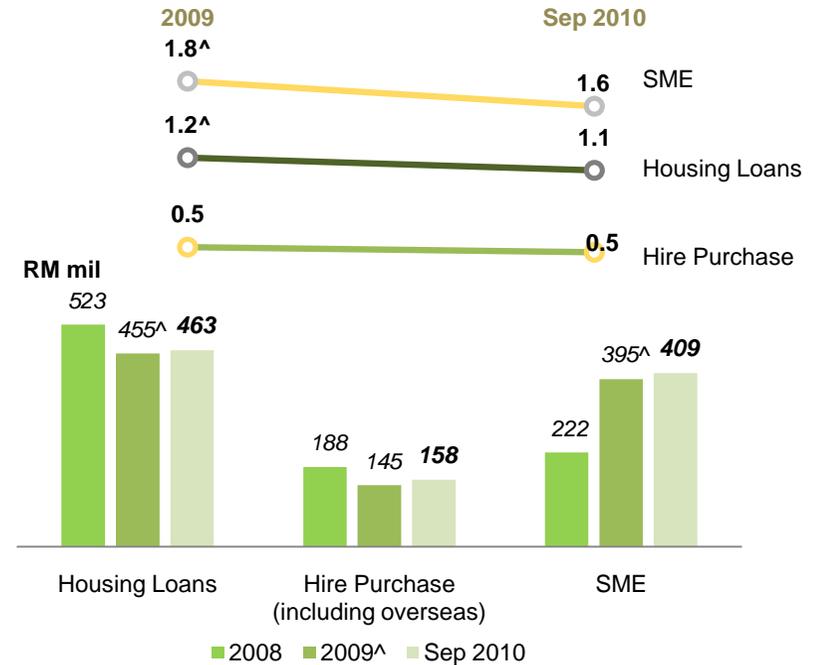
Asset Quality Remained Strong

Gross Impaired Loans by Segment

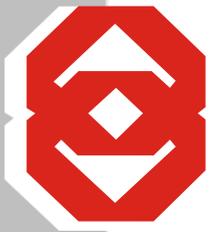


[^] Restated due to the adoption of FRS 139

Gross Impaired Loans & Impaired Loans Ratio by Key Sectors

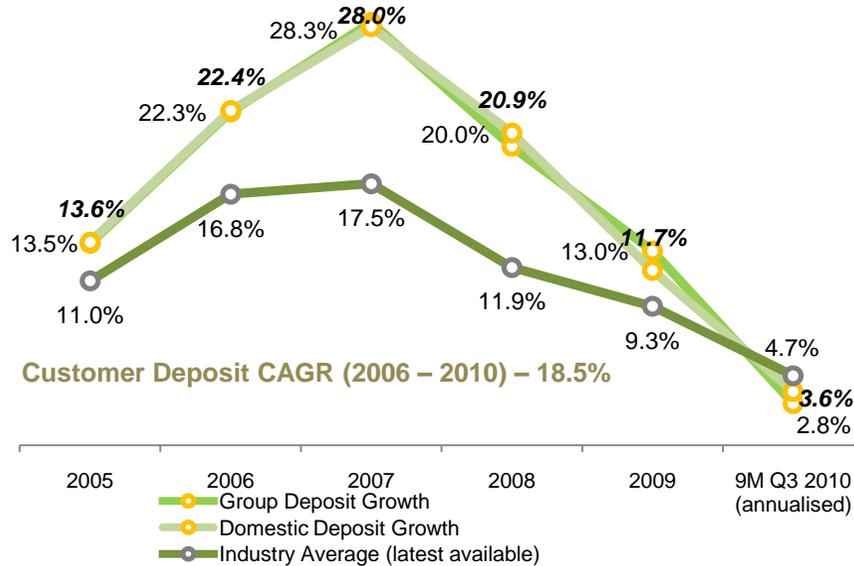


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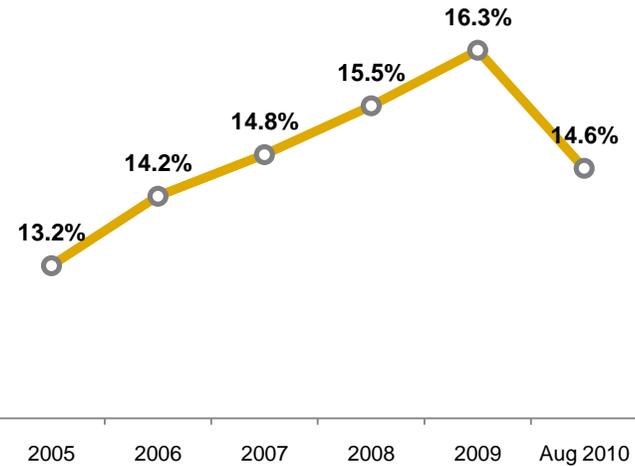


Healthy Deposit Growth in Support of Liquidity

Deposit Growth vs Industry

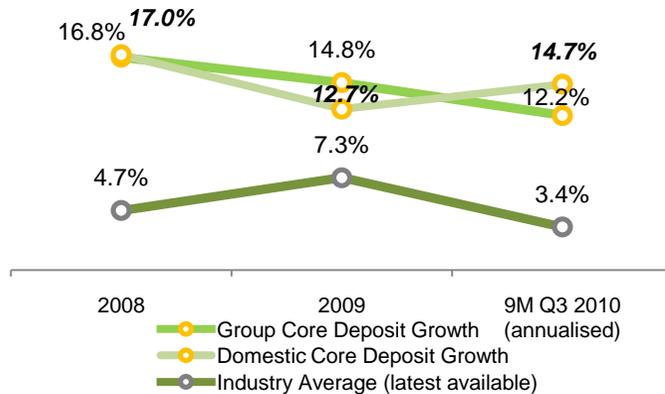


Domestic Customer Deposit Market Share

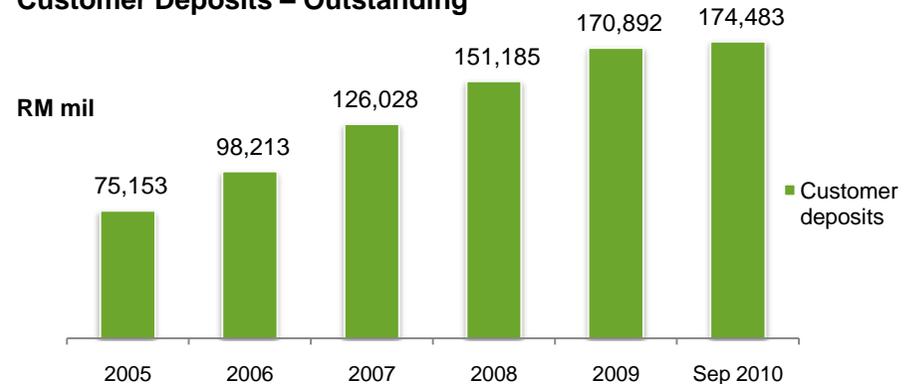


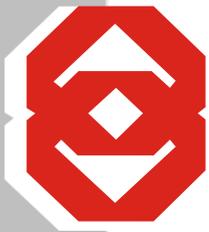
Note: Deposit growth for 9M Q3 2010 is annualised based on 9-month growth. Industry average growth is based on 12-month extrapolation of industry statistics as of Aug 2010

Above-industry core deposit growth



Customer Deposits – Outstanding

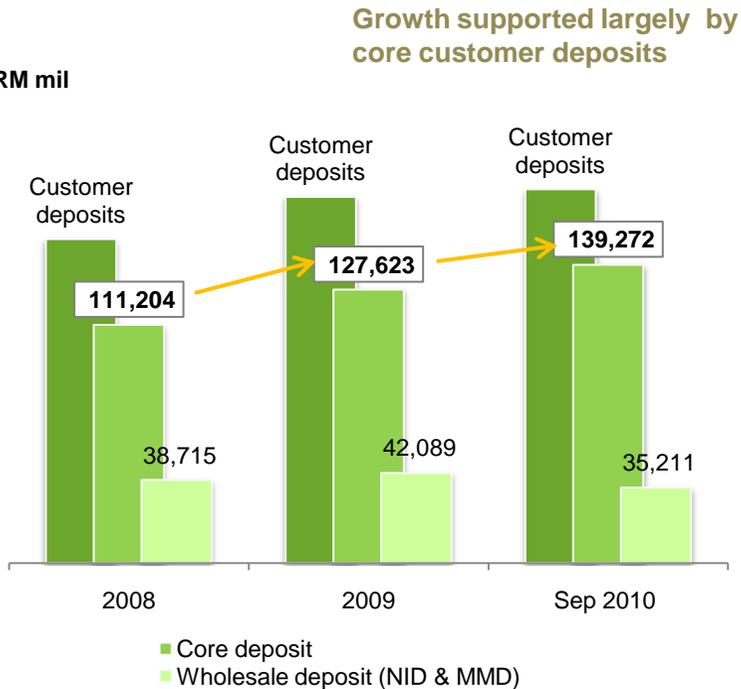




Diversified Source of Customer Deposit

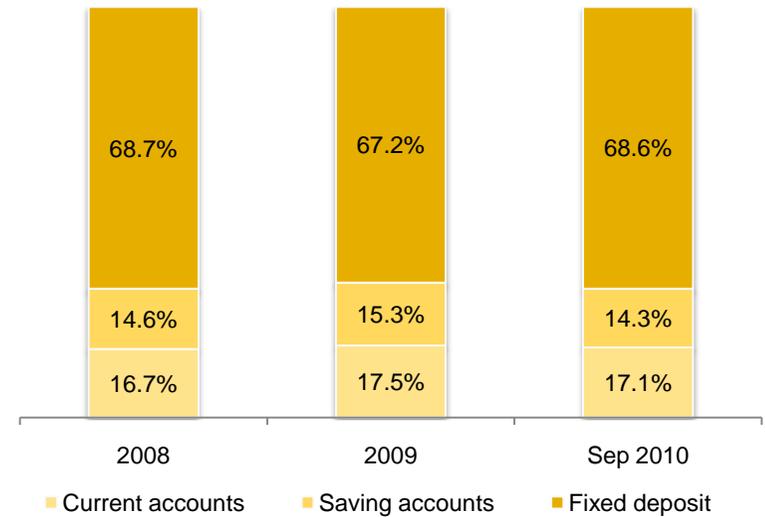
Type of Deposit

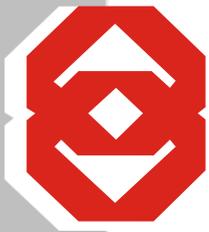
RM mil



Source of Core Deposit

Core deposit mainly comprise of fixed deposits, with steady contributions from saving and current accounts

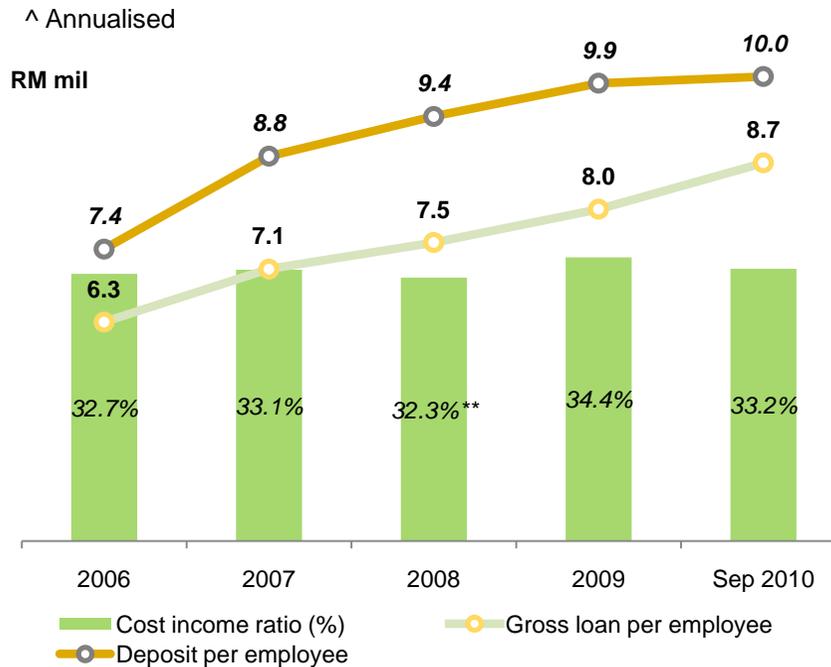




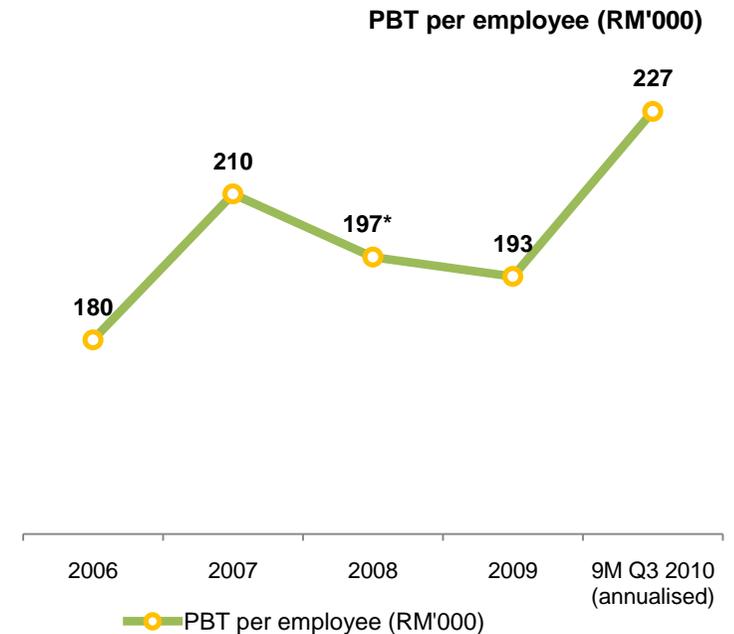
Continued High Productivity & Cost Efficiency

	Sep 2010	2009	Industry Average
Gross loan per employee (RM mil)	8.7	8.0	7.1
Deposit per employee (RM mil)	10.0	9.9	9.2
PBT per employee [^] (RM'000)	227	193	143
Cost Income Ratio (%)	33.2	34.4	48.4

- Improved productivity across the various indicators



** Exclude one-off goodwill income from ING



* Exclude one-off goodwill income from ING



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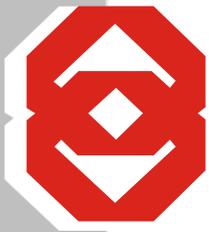
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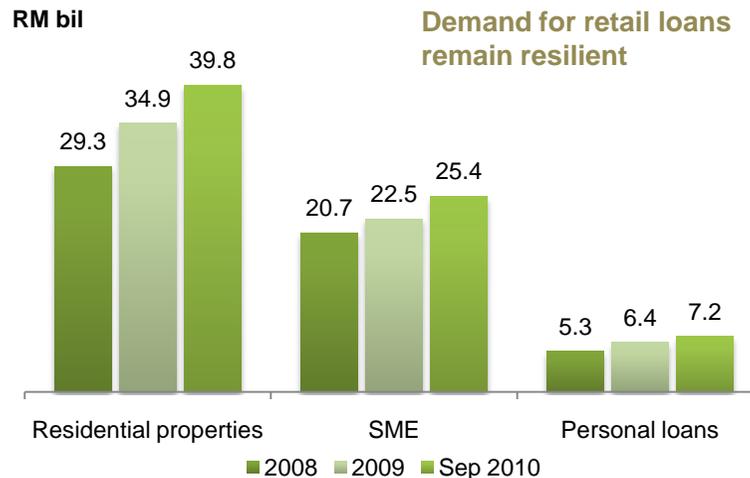
OTHER HIGHLIGHTS





Business Performance - Retail Operations

Gross loan & financing in Domestic Operations



Market Share in Retail Mortgage



Key Drivers in Domestic Retail Banking & Financing Operations

Residential properties financing:

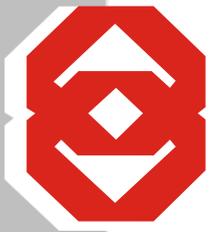
- Attractive loan package under the HOME and MORE plans
- Strong sales force and marketing network with reputable developers, real estate agents and solicitors

SME:

- Comprehensive SWIFT loan plans and full range of trade financing facilities offered
- Support government initiated financing schemes

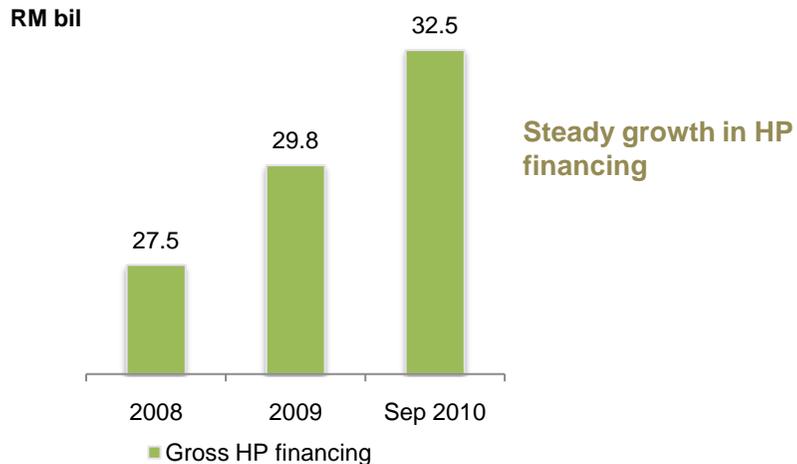
Personal loans:

- Mainly driven by Public Islamic Bank with its Bai'-Al-Einah (BAE) Personal Financing-i offered to staff of government agencies, quasi government corporations, institutions of higher learning and GLCs
- Expect enlarged potential customer base with the tie up with Accountant General of Malaysia to enable BAE Personal Financing-i to be offered to federal government employees

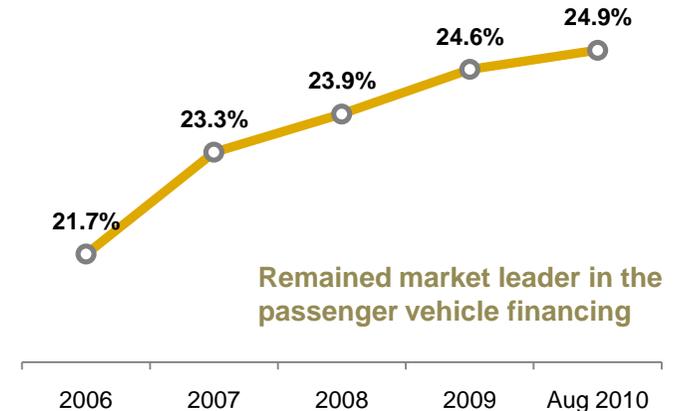


Business Performance – Hire Purchase

HP Financing in Domestic Operations

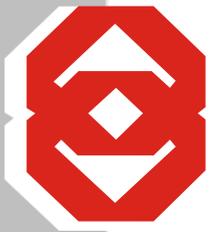


Market Share in Passenger Vehicle Financing



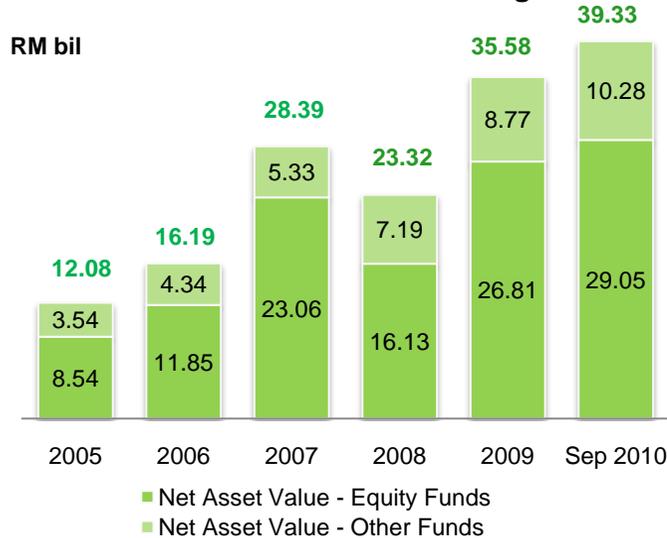
Key Drivers in Domestic Hire Purchase Financing

- Improvement in overall vehicle sales
- Strong business support from major vehicle distributors and panel car dealers
- Better customer service delivery through the 27 Hire Purchase centres in key locations nationwide and continuous improvement in credit processing turnaround time
- Experienced and dedicated HP centre staff force of more than 1,000



Business Performance – Wealth Management

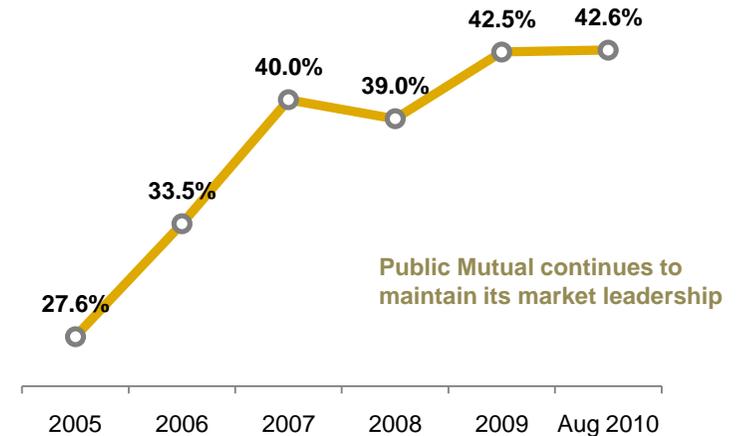
Net Asset Value of Funds under management



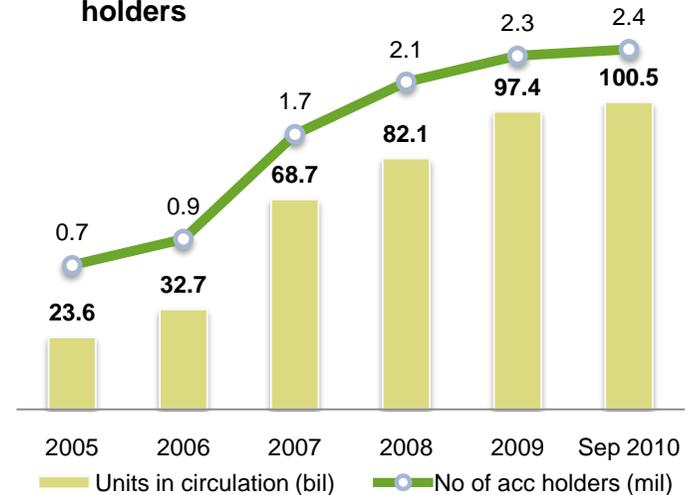
Key Drivers in Fund Management Business

- Outstanding fund performance with robust returns with numerous funds outperforming benchmarked indices
- Innovative range of funds under management with a total of 79 funds being offered.
- Large agency force with value-added financial planning services
- Public Mutual online e-commerce portal with full-fledged transactions and customer service platform

Market Share in Private Unit Trust Industry



Expansion in units in circulation and account holders





Business Performance – Wealth Management (Contd)

Bancassurance

- 2010 - 3rd year of the 10-year exclusive distribution agreement with the ING Group
- Continue to focus on building infrastructures, staff force and business volumes
- Driven by both single premium investment linked insurance, regular premium unit linked insurance and credit-related insurance products

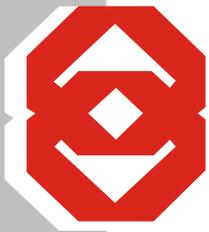
Structured Investment Products (SIP)

- Focus on products with simple investment themes and reasonable rewards without undue risk-taking for customers
- Promote dollar cost averaging concept for customers' wealth accumulation
- Well-trained sales personnel with excellent customer sales service and financial planning capability

To Grow Staff Force	2009	Sep 2010	Target 2010
Bancassurance Sales Executives	265	262	300
Personal Financial Executives	213	295	295

Bancassurance 2010 Product Launches

	Launched	Target
Bancassurance		
Single premium	2	2
Regular premium	-	1
Others (telemarketing)	1	1
Total	3	4



Quarter 3 2010 Results

EXECUTIVE SUMMARY

FINANCIAL PERFORMANCE

GROWTH PERFORMANCE

BUSINESS PERFORMANCE

OTHER HIGHLIGHTS



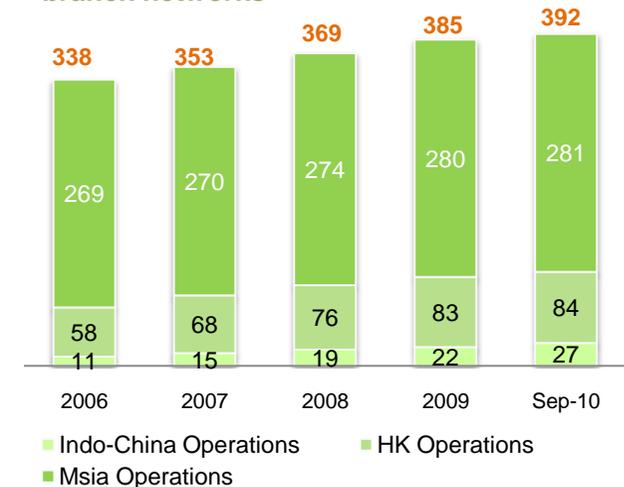


Expansion in Business Delivery Channel

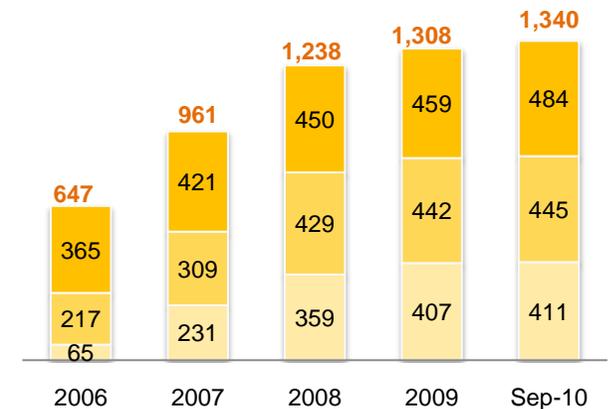
Branch Network - Group

	2006	2009	Sep 2010
Malaysian Operations			
Public Bank - Domestic	240	248	249
- Overseas	3	5	4
Public Islamic Bank	-	-	1
Public Mutual	25	26	26
Public Investment Bank	1	1	1
Hong Kong Operations			
Public Finance Ltd	40	42	42
Public Bank (HK) Ltd - Hong Kong	15	30	30
- China	1	3	3
Winton (B.V.I) Ltd Group	2	8	9
Indo-China Operations			
Cambodia Public Bank	5	15	20
VID Public Bank (Vietnam)	6	7	7

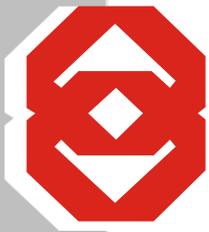
Continuous investments in branch networks



Continuous investments in domestic self service terminals



■ Cash Deposit Terminals ■ Cheque Deposit Machines ■ ATMs



Capital Management

(RM'mil)	Group*			Bank*		
	Sep 2010	Dec 2009	Change	Sep 2010	Dec 2009	Change
Tier 1 Capital	13,436.0	12,464.7	7.8%	13,616.3	12,799.7	6.4%
Tier 2 Capital	5,216.8	5,283.0	-1.3%	4,865.2	4,892.0	-0.5%
Deduct: Inv in subs/asso and other deductions	(48.1)	(174.3)	-72.4%	(3,740.5)	(3,766.8)	-0.7%
<i>Total Capital Base</i>	18,604.7	17,573.4	5.9%	14,741.0	13,924.9	5.9%
<i>Risk-Weighted Assets</i>	136,676.3	125,196.5	9.2%	112,328.3	103,251.7	8.8%
RWCR (%)	13.6	14.0	0.4	13.1	13.5	0.4
Tier-1 Capital Ratio (%)	9.8	9.9	0.1	12.1	12.4	0.3

* After deducting interim dividend

Enhancement to Group's Core Equity Capital to be achieved by:

- Strong profit generation capacity
- Strong asset quality
- Continuous enhancement of efficient capital usage, in particular emphasis on less capital-intensive fee based and non-interest income business

Thank You



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