



**Public Bank Group**

**Group Audited Financial Results**

*For the Year Ended 31 December 2010*

*Analyst Briefing by:  
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Managing Director  
25 January 2011*



Release Date: 25 January 2011



## FY 2010 Results

EXECUTIVE SUMMARY

FINANCIAL PERFORMANCE

GROWTH PERFORMANCE

BUSINESS PERFORMANCE

OTHER HIGHLIGHTS





## Overview of Performance- Another Strong Set of Results

Pre-tax Profit  
Growth

**+23%**

to RM4,086.2 mil  
(2009: RM3,321.4 mil)

Net Profit

**+21%**

to RM3,048.2 mil  
(2009: RM2,517.3 mil)

Cost Income  
Ratio

**-1.9%**

to 30.7%  
(2009: 32.6%)

Net Return on  
Equity

**+1.0%**

to 27.1%  
(2009: 26.1%)

Earning per  
Share

**+19%**

to 87.2 sen  
(2009: 73.3 sen)

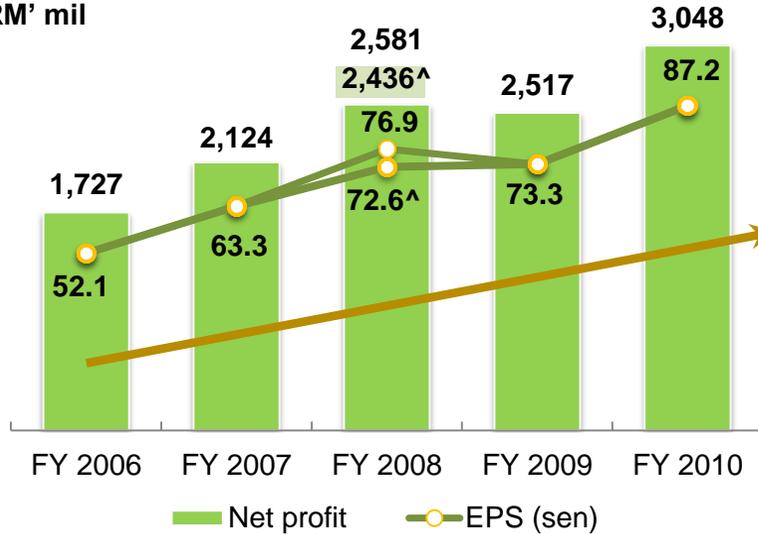


# Overview of Performance- Another Strong Set of Results

Performance

## Annual Profit Growth

RM' mil



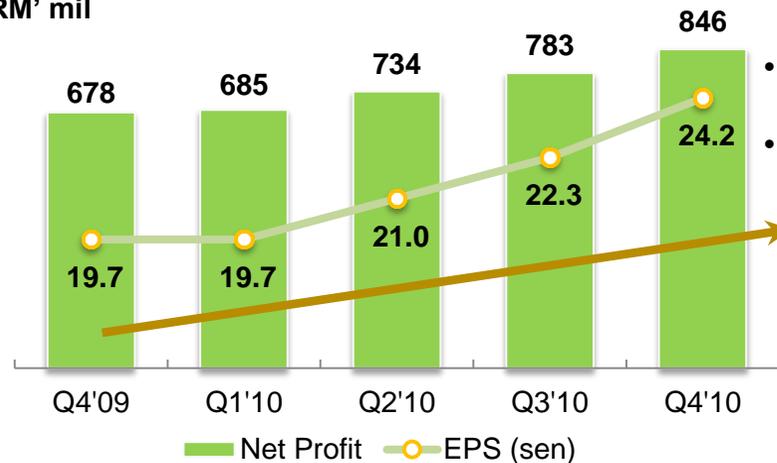
- Net profit average annual growth 15.8%
- EPS average annual growth 14.3%

^ Exclude one-off goodwill income from ING

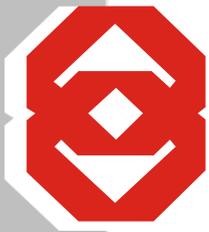
## Quarter Profit Growth

RM' mil

Performance



- Net profit average quarter growth 5.7%
- EPS average quarter growth 5.3%



## Overview of Performance- Another Strong Set of Results

Loans Growth

**+14%**

to RM156.5 bil  
(2009: RM137.6 bil)

Domestic Core  
Deposits Growth

**+15%**

to RM129.4 bil  
(2009: RM112.5 bil)

RWCR

**13.7%**

(2009: 14.0%)

Gross Impaired  
Loans Ratio

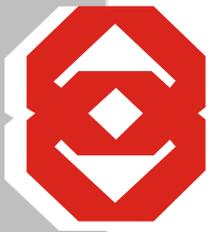
**1.1%**

(2009: 1.4%)

Shareholders'  
Equity

**+18%**

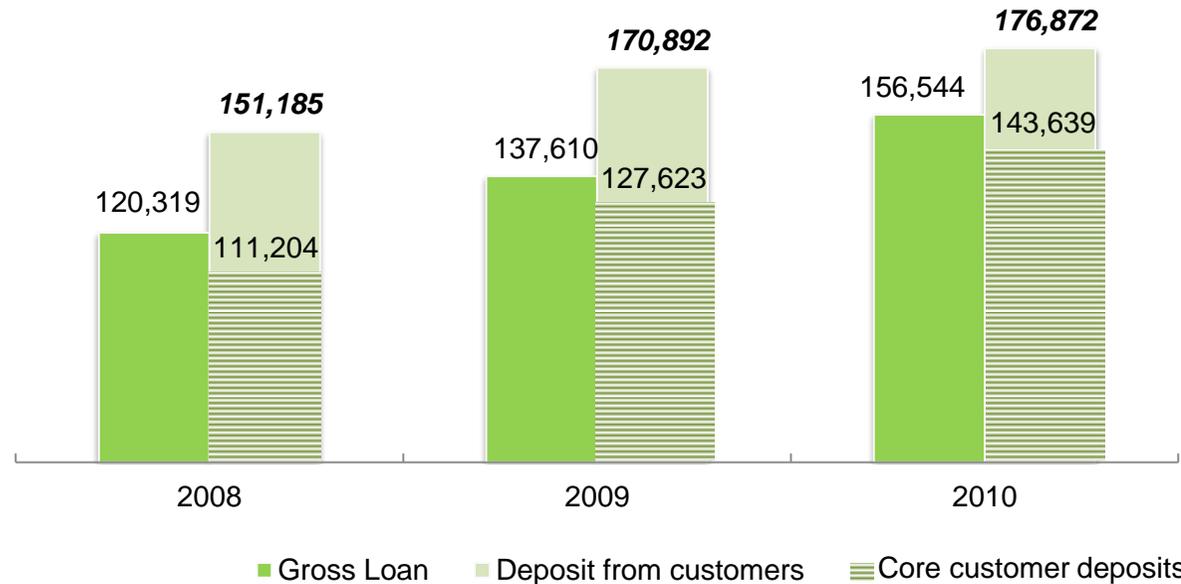
to RM13.0 bil  
(2009: RM 11.0 bil)



# Overview of Performance- Another Strong Set of Results

## Healthy loan & deposit growth

RM' mil



	2008	2009	2010
<b>Gross loan growth</b>	19.0%	14.4%	<b>13.8%</b>
<b>Customer deposit growth</b>	20.0%	13.0%	3.5%
<b>Core customer deposit growth</b>	16.8%	14.8%	<b>12.5%</b>

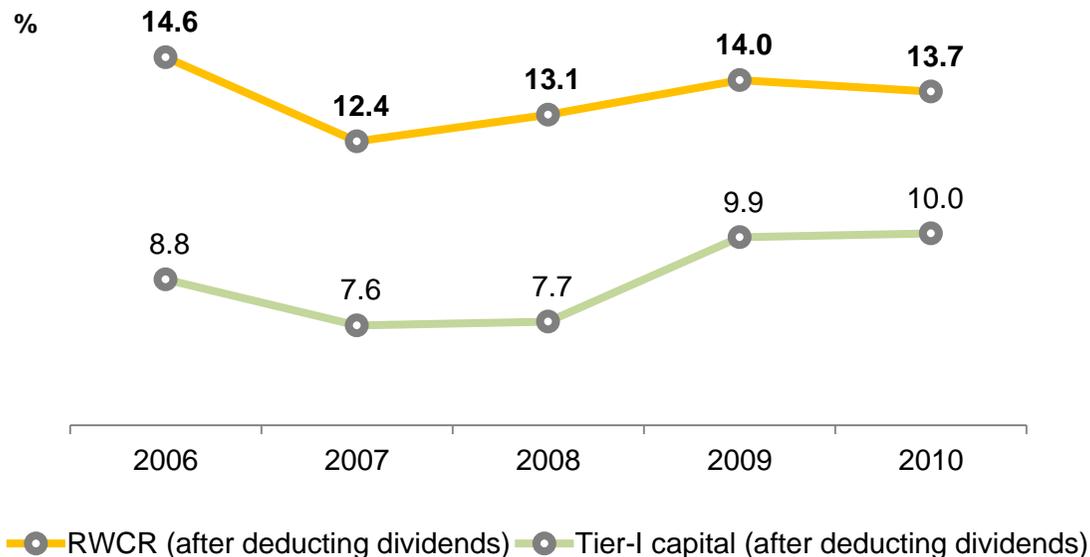


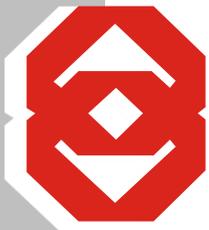
# Overview of Performance- Another Strong Set of Results

		2010	2009	Change	
Capital / Liquidity	Risk weighted capital ratio (RWCR)*	13.7%	14.0%	↓	0.3%
	Tier-I capital ratio*	10.0%	9.9%	↑	0.1%
	Net loan deposit ratio	87.1%	79.2%	↑	7.9%

\* After deducting second interim dividends

## Stable and healthy capital ratios





## Adoption of FRS 139: Financial Instruments

- Positive impact on opening reserves

RM' mil	Shareholders' equity
As at 1 January 2010, as previously stated	11,023.2
Effect of adopting FRS 139	248.6
As at 1 January 2010, as restated	11,271.8
Enhancement to reserves	2.3%

- 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:

RM' mil	Impaired loans	Gross Impaired loans ratio
As at 1 January 2010, as previously stated	1,319.6	1.0%
Effect of adopting FRS 139	572.6	0.4%
As at 1 January 2010, as restated	1,892.2	1.4%

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



## FY 2010 Results

EXECUTIVE SUMMARY

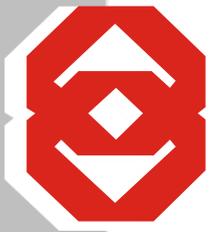
FINANCIAL PERFORMANCE

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## Earnings Performance

RM'mil	Q4 2010	Q3 2010	Change	2010	2009	Change
<b>Net interest &amp; Islamic banking income</b>	<b>1,404.5</b>	1,371.7	2.4%	<b>5,378.7</b>	4,728.1	13.8%
<b>Non-interest income</b>	<b>391.1</b>	378.4	3.4%	<b>1,459.8</b>	1,229.7	18.7%
<b>Operating expenses</b>	<b>(525.8)</b>	(497.9)	5.6%	<b>(2,100.2)</b>	(1,942.6)	8.1%
<b>Operating profit</b>	<b>1,269.7</b>	1,252.1	1.4%	<b>4,738.3</b>	4,015.1	18.0%
<b>Loan impairment allowances</b>	<b>(142.8)</b>	(202.3)	29.4%	<b>(659.6)</b>	(690.9)	4.5%
<b>Pre-tax profit</b>	<b>1,130.3</b>	1,051.4	7.5%	<b>4,086.2</b>	3,321.4	23.0%
<b>Net profit</b>	<b>846.2</b>	782.7	8.1%	<b>3,048.2</b>	2,517.3	21.1%

### 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:

- Decrease in loan impairment allowances in Q4 2010 was due to the absence of certain non-recurring provisions incurred in Q3 2010.
- The total loan allowances in 2010 has decreased as compared to 2009 despite strong loan growth of 13.8% during the year, indicating strengthened asset quality.



## Key Earnings Indicators

	Q4 2010	Q3 2010	Change	2010	2009	Change
Earnings per share (sen)	24.2	22.3	↑ 8.5%	87.2	73.3	↑ 19.0%
Net return on equity*	27.9%	26.6%	↑ 1.3%	27.1%	26.1%	↑ 1.0%
Pre-tax return on average assets	2.0%	1.9%	↑ 0.1%	1.8%	1.6%	↑ 0.2%
Net interest margin on yielding assets**	3.3%	3.4%	↓ 0.1%	3.4%	3.2%	↑ 0.2%
Non interest income/Total net income	21.8%	21.6%	↑ 0.2%	21.3%	20.6%	↑ 0.7%
Cost to income ratio	29.3%	28.5%	↑ 0.8%	30.7%	32.6%	↓ 1.9%
Overheads over average assets	0.9%	0.9%	→ -	0.9%	0.9%	→ -

\* 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.

Note: For quarterly key earning indicators, other than EPS, have been annualised for comparison purposes



## Pre-tax Profit Contribution by Entities of the Group

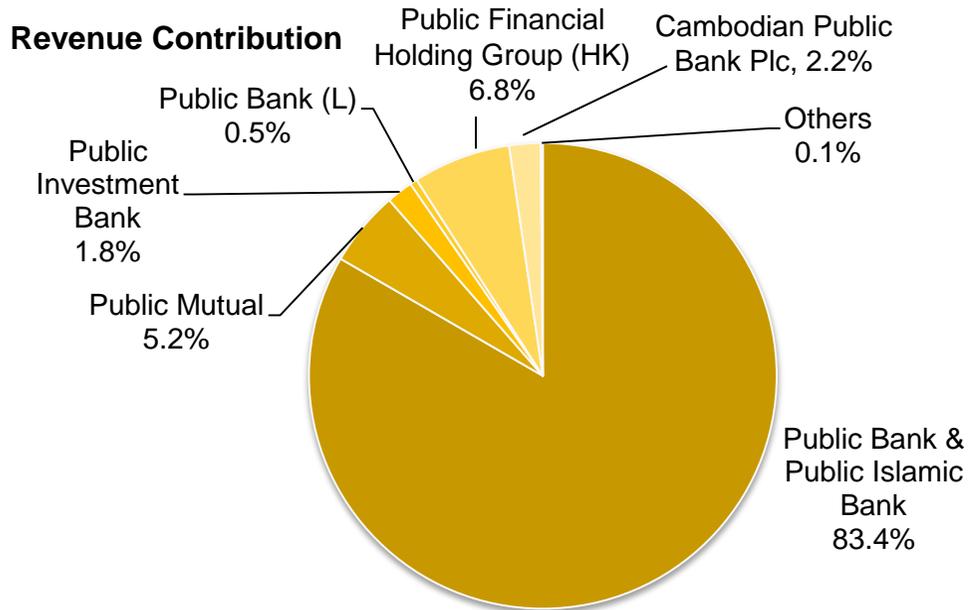
RM'mil	2010	2009	Change
<b>Public Bank &amp; Public Islamic Bank</b>	<b>3,371.6</b>	2,805.9	20.2%
<b>Public Mutual</b>	<b>273.8</b>	212.8	28.7%
<b>Public Investment Bank</b>	<b>50.1</b>	40.4	24.1%
<b>Public Bank (L)</b>	<b>84.3</b>	79.7	5.8%
<b>Overseas Operations</b>	<b>311.5</b>	239.9	29.8%
<i>Of which:</i>			
<i>Public Financial Holding Group (in Hong Kong)</i>	<b>222.5</b>	141.6	57.2%
<i>Cambodian Public Bank Plc</i>	<b>60.6</b>	57.9	4.7%
<b>Others</b>	<b>(5.1)</b>	(57.3)	N/A
<b>Total</b>	<b>4,086.2</b>	3,321.4	23.0%

- 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

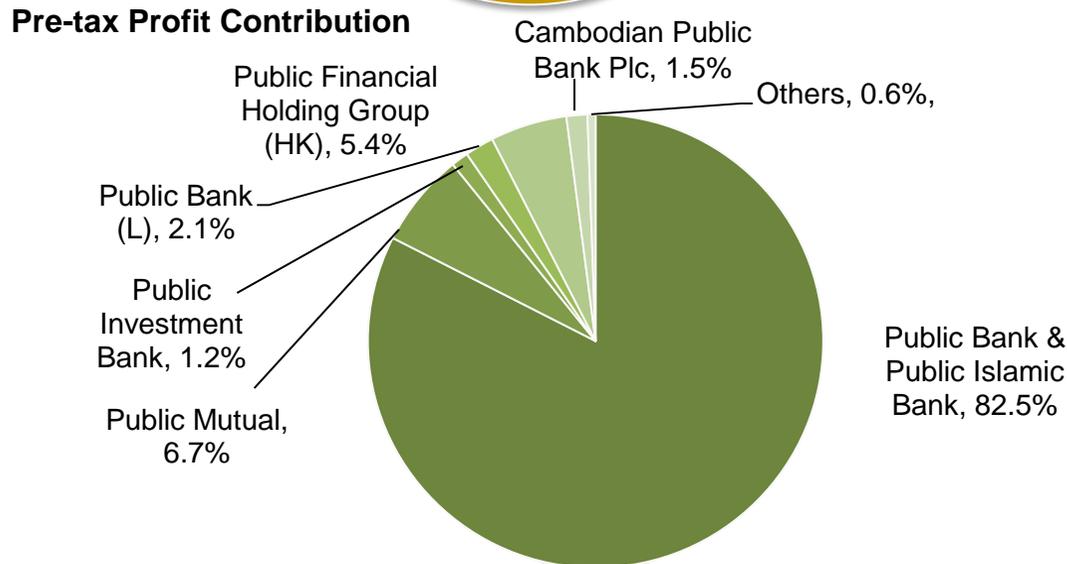
Note: Pre-tax profit contribution by entities were taken excluding intercompany dividend and all other inter-company profit/loss which are eliminated at Group level.



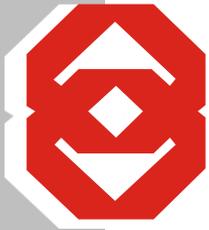
# Contribution to Revenue & Pre-tax Profit – by Entities



- Public Bank and Public Islamic Bank continue to be the major contributor to revenue and profits of the Group



*Based on financial results as at 31 December 2010*



## Pre-tax Profit Contribution by Business Segment

RM'mil	2010	2009	Change
<b>Retail operations</b>	<b>2,294.5</b>	1,764.1	30.1%
<b>Hire purchase</b>	<b>665.6</b>	621.7	7.1%
<b>Corporate lending</b>	<b>244.5</b>	182.2	34.2%
<b>Treasury &amp; capital market operations</b>	<b>177.8</b>	250.7	29.1%
<b>Fund management</b>	<b>273.8</b>	212.8	28.7%
<b>Overseas operations</b>	<b>311.5</b>	239.9	29.8%
<b>Investment banking</b>	<b>50.2</b>	40.4	24.3%
<b>Others*</b>	<b>68.3</b>	9.6	>100.0%
<b>Total</b>	<b>4,086.2</b>	3,321.4	23.0%

- Double digit growth across most of the business segments
- Supported by favourable 14.8% rise in total net income earned and 18.7% improvement in non-interest income for the year, coupled with stable credit charge

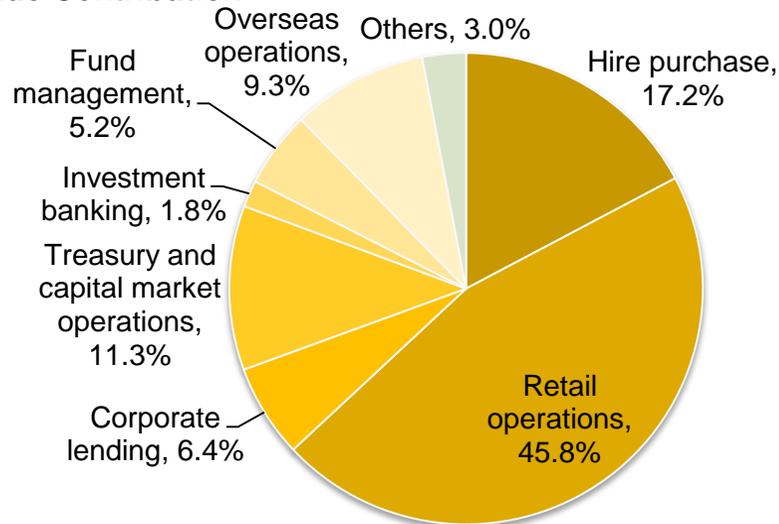
*\*Others comprise mainly of domestic head office, other miscellaneous domestic segment and domestic share of profit after tax of equity accounted associated companies.*

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



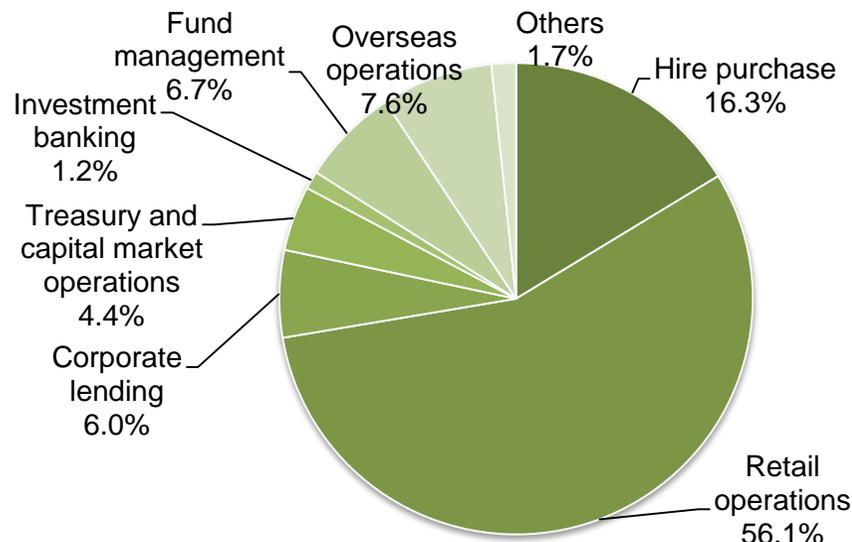
# Contribution to Revenue & Pre-tax Profit – by Business

## 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

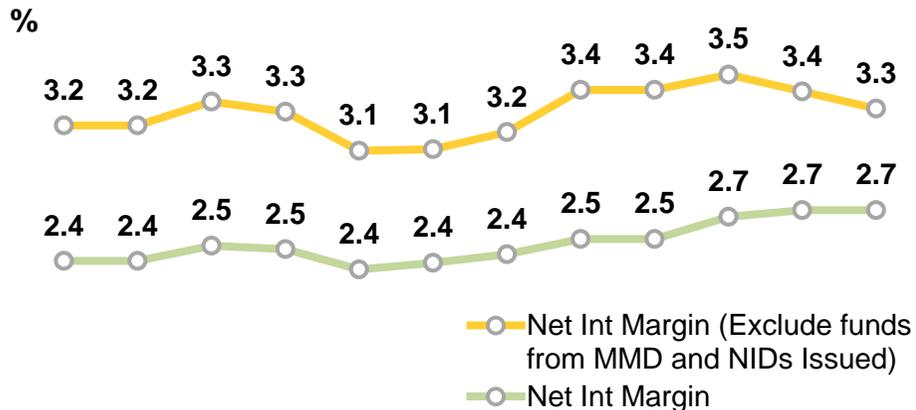


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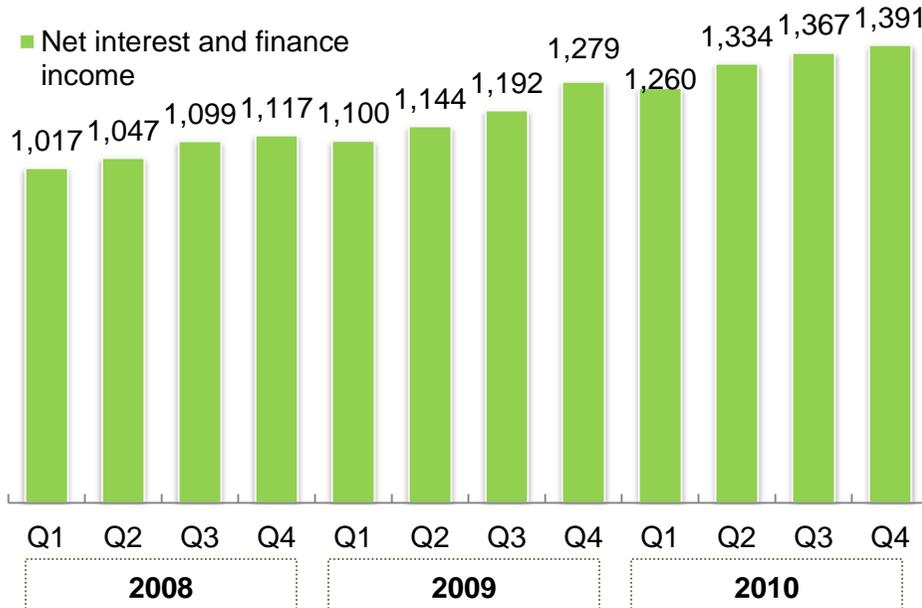


# Stable and Sustainable Growth in Interest & Margins

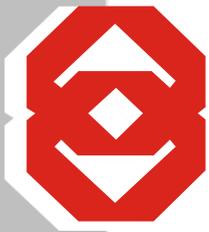
## Net Interest Income and margin



## RM' mil

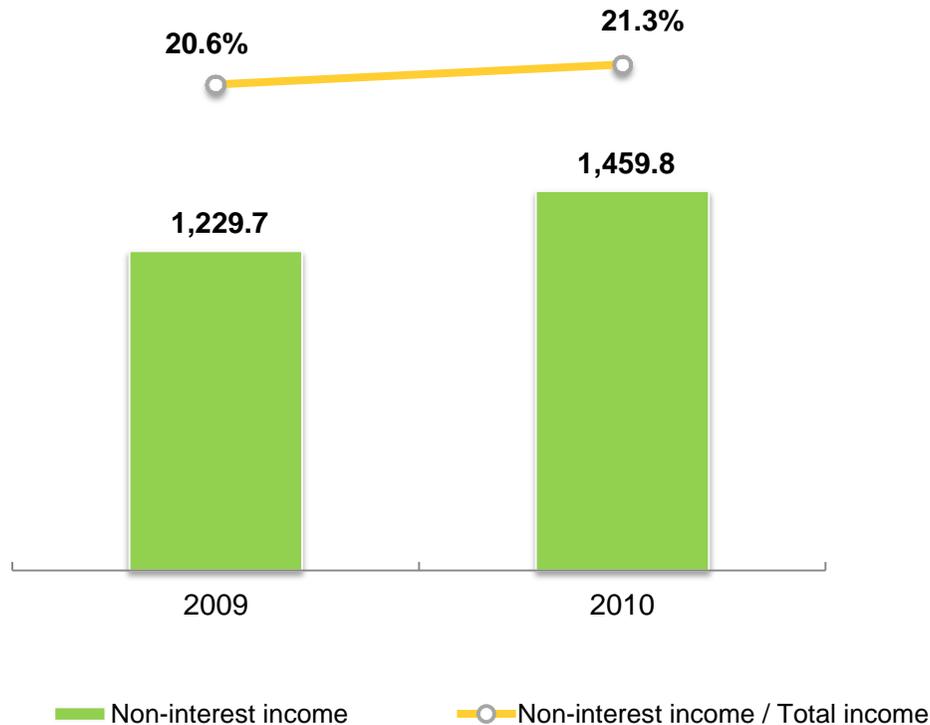


- Overall NIM for 2010 has improved from 2009
- Sterling growth in net interest and finance income was driven by the Group's strong fundamentals and commitment in expanding its loan and deposit base
- Net interest and finance income is expected to continue to grow in coming quarters due to expanding loan and deposit base



## Steady Non-Interest Income Contribution

RM' mil

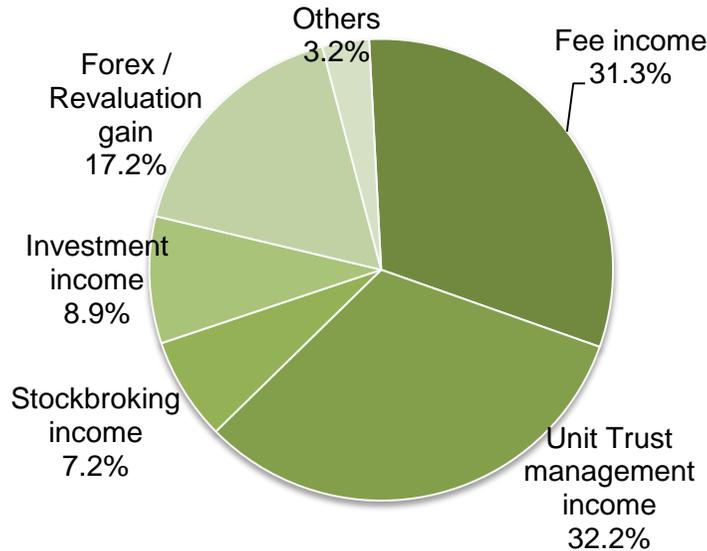


- Non-interest income of the Group see an increase from 2009, as it is the Group's initiative to grow its fee-based businesses going forward.



# Steady Non-Interest Income Contribution (Cont'd)

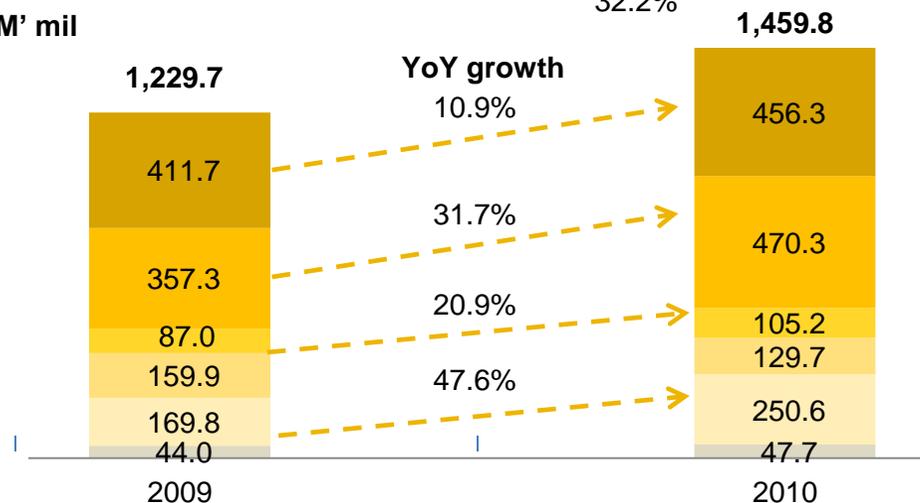
## Non-Interest Income Contribution



- Strong contribution of non-interest income in 2010 was mainly contributed by the Group's unit trust and foreign exchange businesses

*Based on financial results as at 31 December 2010*

RM' mil



**Growth in non-interest income**

- Fee income
- Unit Trust income
- Stockbroking income
- Investment income
- Forex / Revaluation gain
- Others

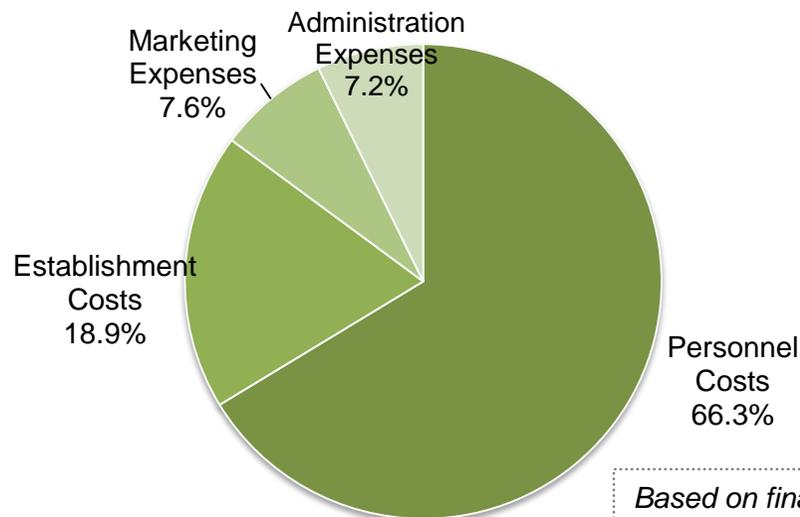


# Prudent Operating Overheads

## Operating Costs Contribution

		RM'mil	2010	2009	Change
Operating Costs	Personnel Costs		1,392.6	1,269.3	↑ 9.7%
	Establishment Costs		396.3	372.4	↑ 6.4%
	Marketing Expenses		159.8	149.1	↑ 7.2%
	Administration Expenses		151.5	151.8	↓ 0.2%
	<b>Total</b>		<b>2,100.2</b>	<b>1,942.6</b>	<b>↑ 8.1%</b>

- Personnel costs remain the main operating cost as the Group continue to invest in its people
- Marketing and administration expenses see increases compared to the previous year, in tandem with the Group's business expansion.

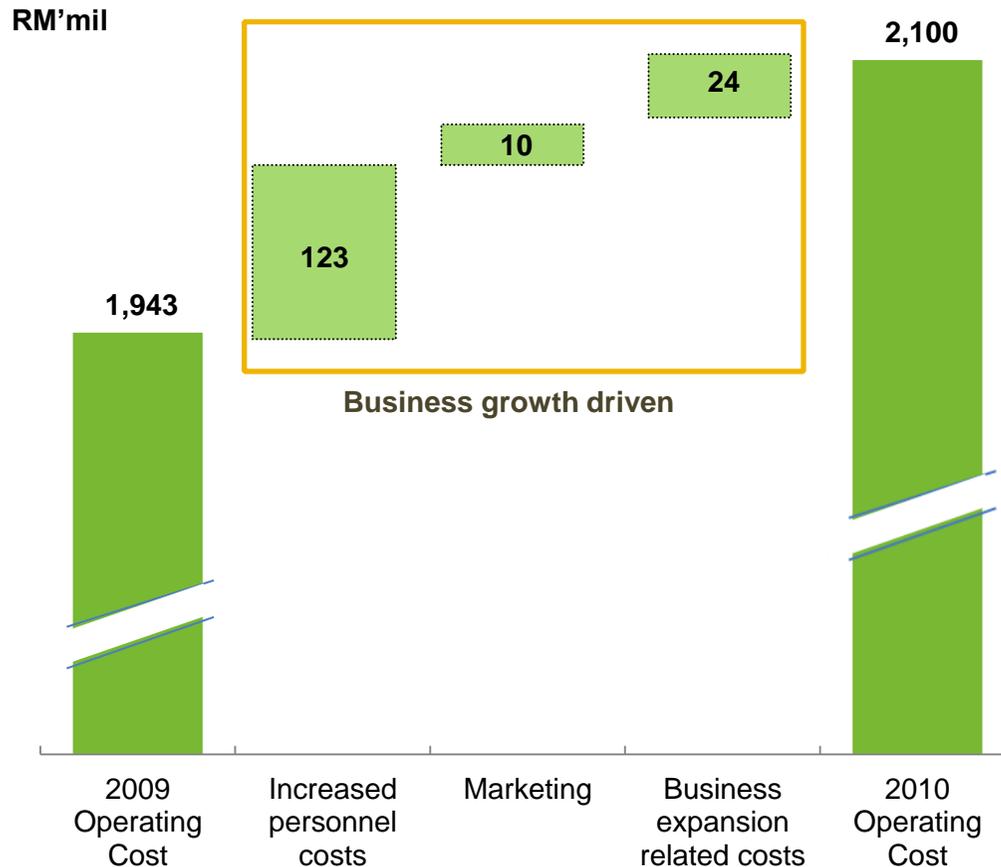


*Based on financial results as at 31 December 2010*



# Overview of Other Operating Expenses

## 2009 to 2010 Operating Expense Bridge



Incremental operating costs for the year were mainly due to:

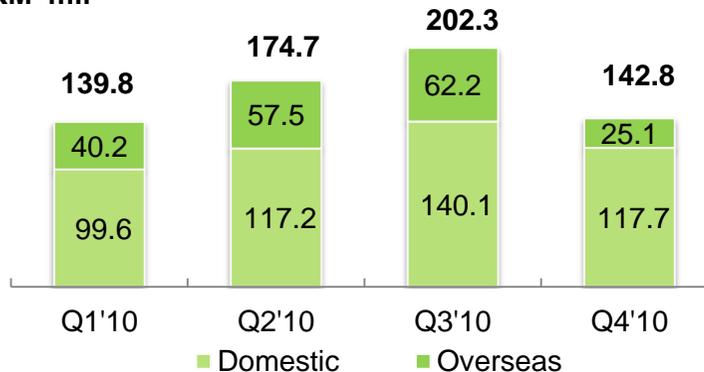
- Incremental RM123 mil in personnel cost due to larger staff force and annual salary increments
- Higher marketing and business expansion related costs as we continue to expand our business



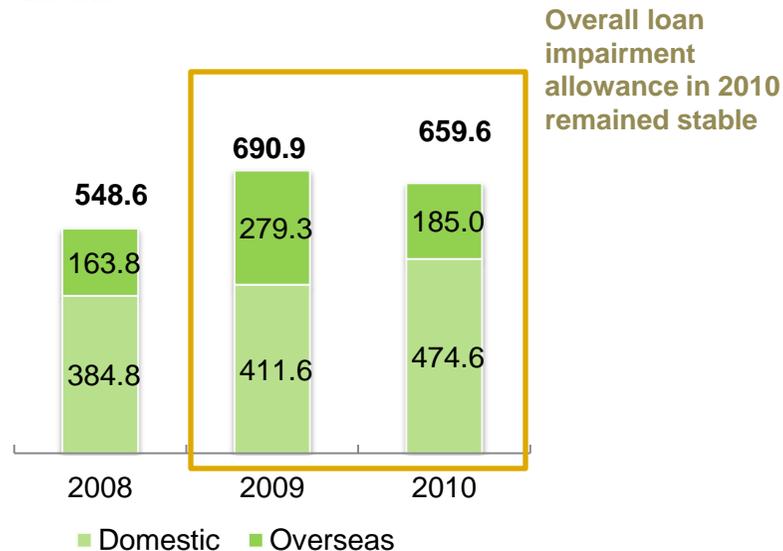
# Improving Loan Loss Allowances

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

RM' mil



RM' mil



### Quarter-on-quarter comparison

- Lower Q4 2010 loan impairment allowances compared to Q3 2010 due to
  - Absence of certain non-recurring provision charges in Q3 2010; and
  - Further improved asset quality

### 12-month comparison

- Compared to 2009, overall loan impairment allowance for 2010 reduced despite strong loan growth, and significant improvement in the credit charge for overseas operation by 33.8% as compared to 2009.
- For the domestic operation, loan impairment allowance increased by 15.3% mainly due to certain non-recurring provision charges and higher collective assessment allowance driven by strong loan expansion.



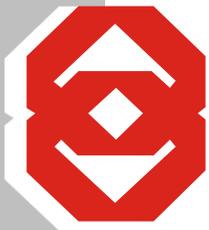
## Dividend

Dividend for the financial year ended 31 December 2010:

(RM sen)	Gross cash dividend per share	Net cash dividend per share
1st Interim Dividend -franked	25.00	18.75
2 <sup>nd</sup> Interim Dividend - franked - single tier	25.00 8.00	18.75 8.00
<b>Total</b>	<b>58.00</b>	<b>45.50</b>

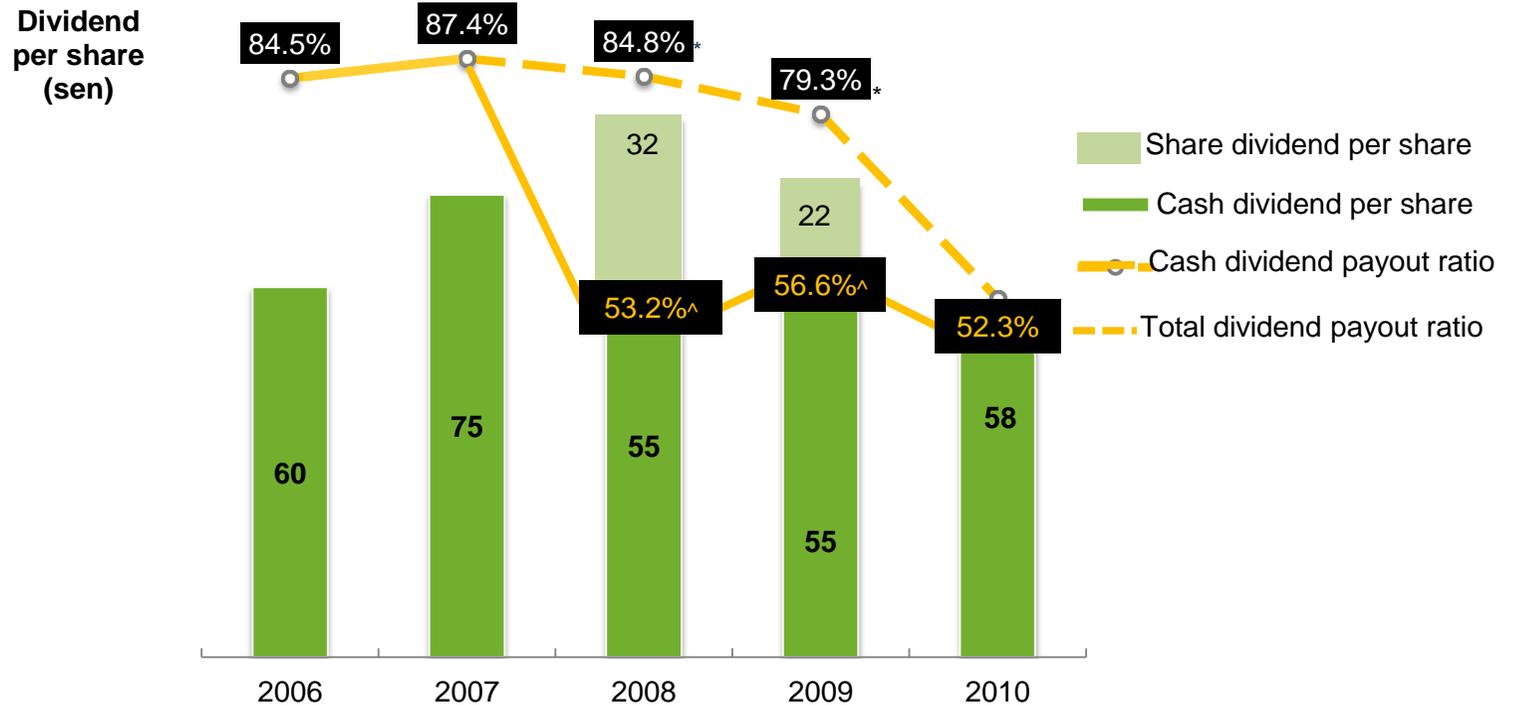
Total dividend payout :

- **RM1.59 billion**
- **52.3% of the Group's net profit**



# Dividend Track Record

- Paid dividends annually since 1970



<b>Dividend yield</b>	<b>7.7%</b>	<b>6.8%</b>	<b>10.0%*</b>	<b>6.8%*</b>	<b>4.5%</b>
- Cash Dividend	7.7%	6.8%	6.2%	4.9%	4.5%
- Share Dividend	-	-	3.8%	1.9%	-

^ Dividend payout based on cash dividends

\* Including share dividend



## FY 2010 Results

EXECUTIVE SUMMARY

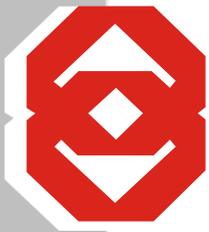
FINANCIAL PERFORMANCE

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## Robust Financial Position

RM' bil	2010	2009	Change
<b>Total assets</b>	<b>226.3</b>	217.1	4.2%
<b>Gross loans and advances</b>	<b>156.5</b>	137.6	13.8%
<i>Of which:</i>			
<b>Domestic loans and advances</b>	<b>143.8</b>	124.4	15.6%
<b>Overseas loans and advances</b>	<b>12.7</b>	13.2	3.8%
<b>Deposits from customers</b>	<b>176.9</b>	170.9	3.5%
<i>Of which:</i>			
<b>Domestic core customer deposits</b>	<b>129.4</b>	112.5	15.0%
<b>Shareholders' funds</b>	<b>13.0</b>	11.0	18.2%
<b>Net assets per share (RM)</b>	<b>3.72</b>	3.19	16.6%
<b>Net loans to deposits (LD) ratio (%)</b>	<b>87.1</b>	79.2	7.9%

### Assets:

- Assets expansion driven by strong loan and core deposit growth

### Loan:

- Domestic loan growth is strong at 15.6% for 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 year

### Deposit:

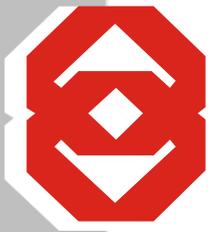
- Deposit growth of 3.5%, supported by the stronger domestic core customer deposit growth of 15.0% in line with the Group's strategy to grow its retail deposit base, partially offset by lower wholesale deposits and the negative impact of the forex translation of overseas deposits

### Equity:

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

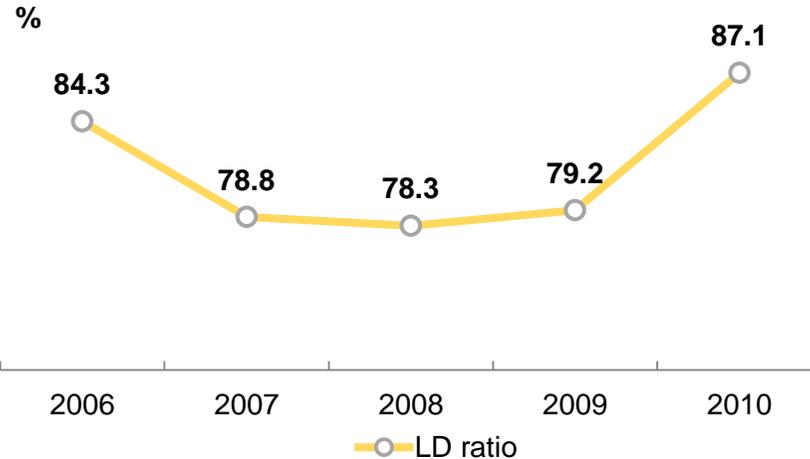
### Liquidity:

- Remained at healthy level



# Strong Liquidity With Healthy Loan & Deposit Growth

## Net Loan Deposit Ratio

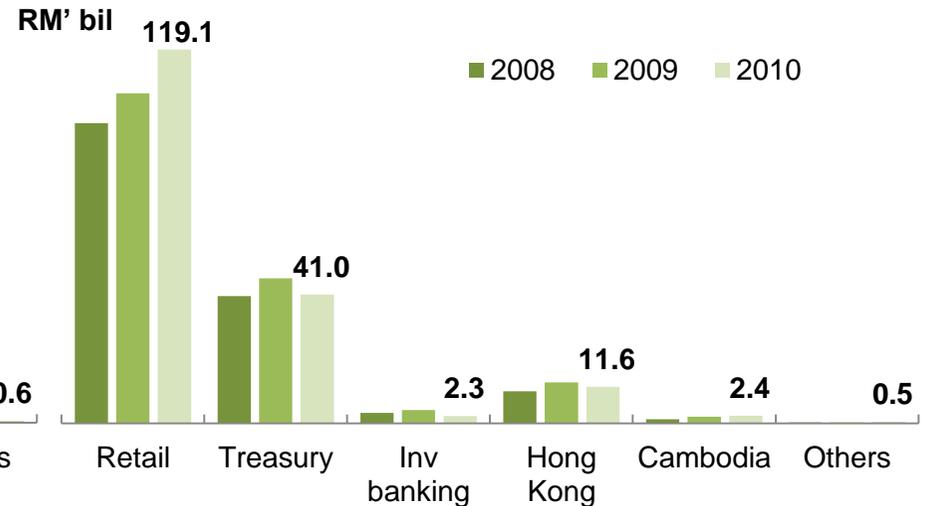


- Net loan deposit ratio increased during 2010 but remained healthy
- Increase in the net LD ratio was due to lower wholesale deposits outstanding as at 31 December 2010, in line with the Group's strategy to focus on the growth of core deposits
- Loan growth continues to be supported through the Group's retail and hire purchase segment whilst retail deposits remain the main contributor to the deposit growth of the Group

## Gross Loan Composition by Segment



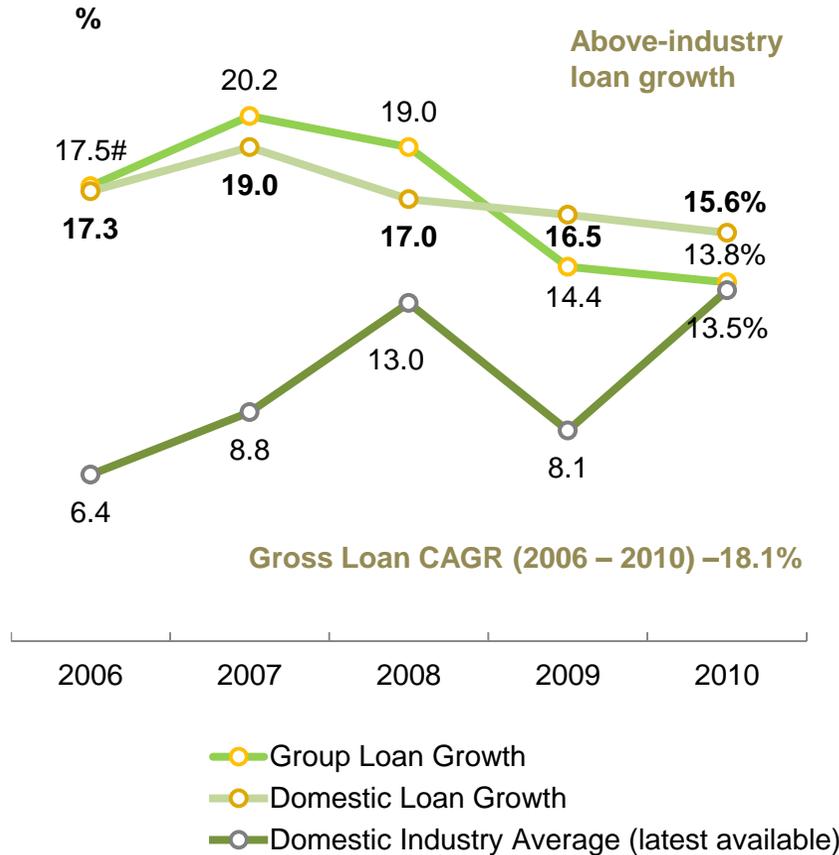
## Deposit Composition by Segment





# Consistently Above-industry Loan Growth

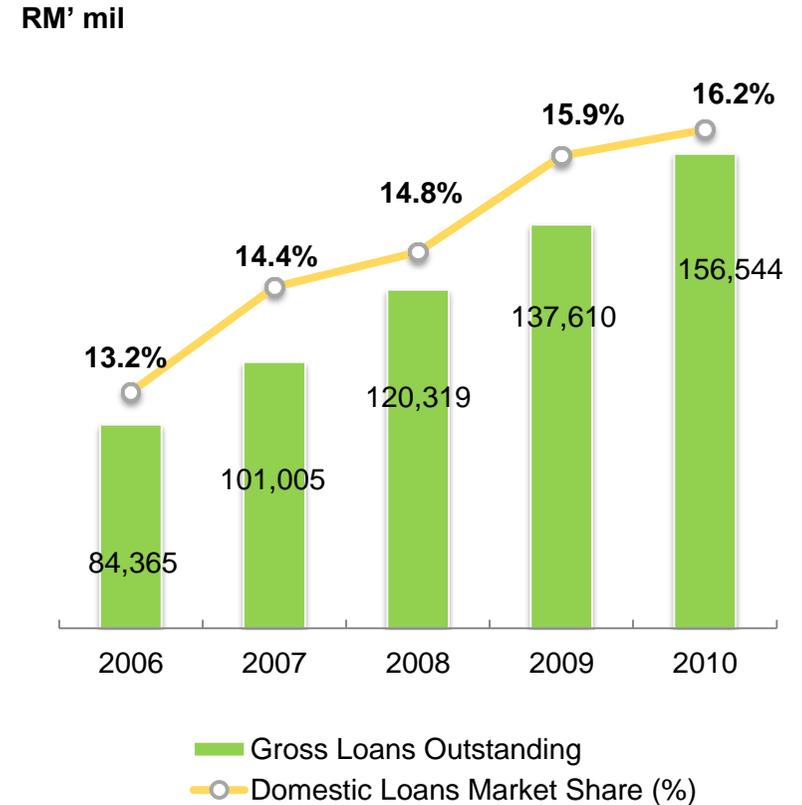
## Loan Growth vs Industry



# Excluding acquisition of Public Bank (Hong Kong)

Note: Industry average growth is based on annualised loan growth as of Nov 2010

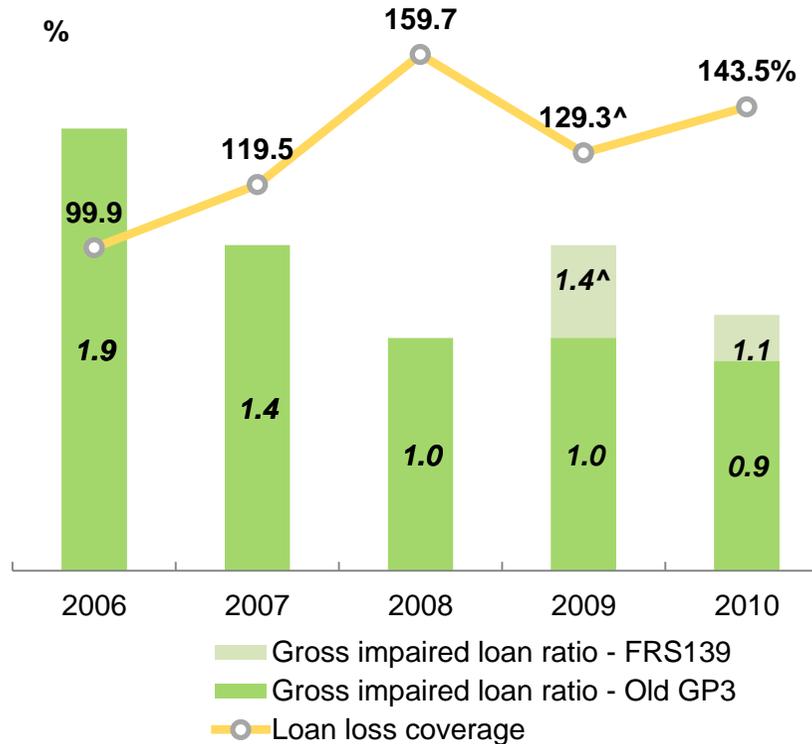
## Gross Loans and Domestic Loan Market Share





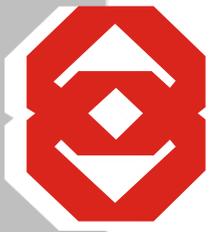
## Asset Quality Remained Strong

Improving gross impaired loans ratios with high loan loss reserves



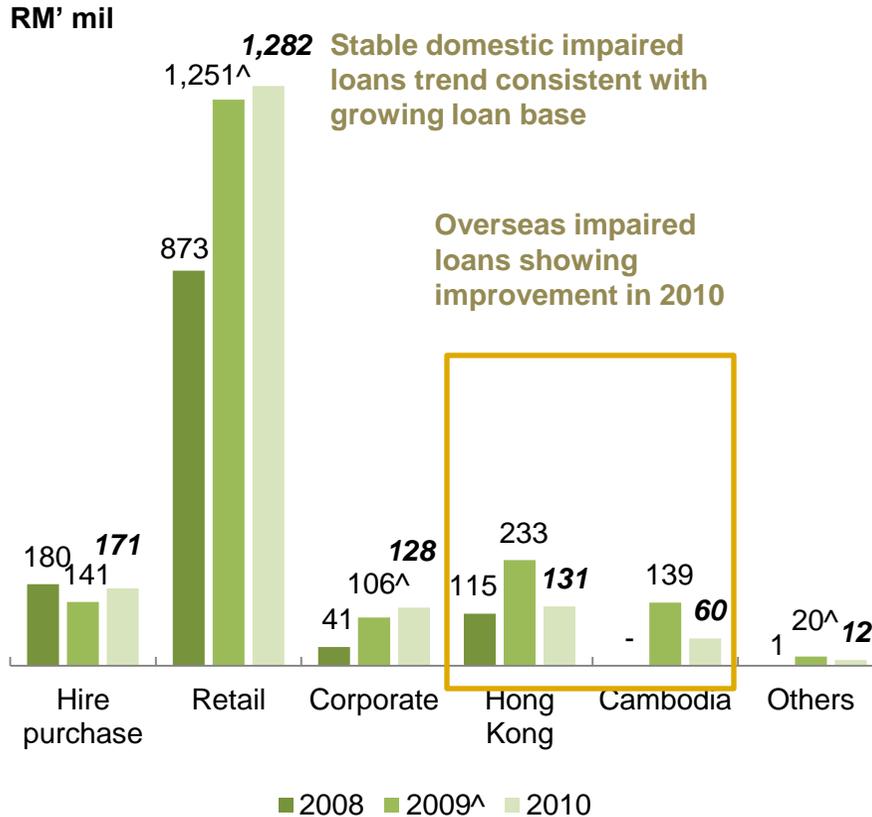
<sup>^</sup> Restated due to the adoption of FRS 139

- Despite more stringent criteria on classification of impaired loans due to FRS 139 adoption with effect from 2010, the gross impaired loans ratio remained low at 1.1% with an improved loan loss reserve of 143.5%
- Based on old GP3 classification of 3 months NPL, NPL ratio improved further to 0.9% from 1.0% as at December 2009



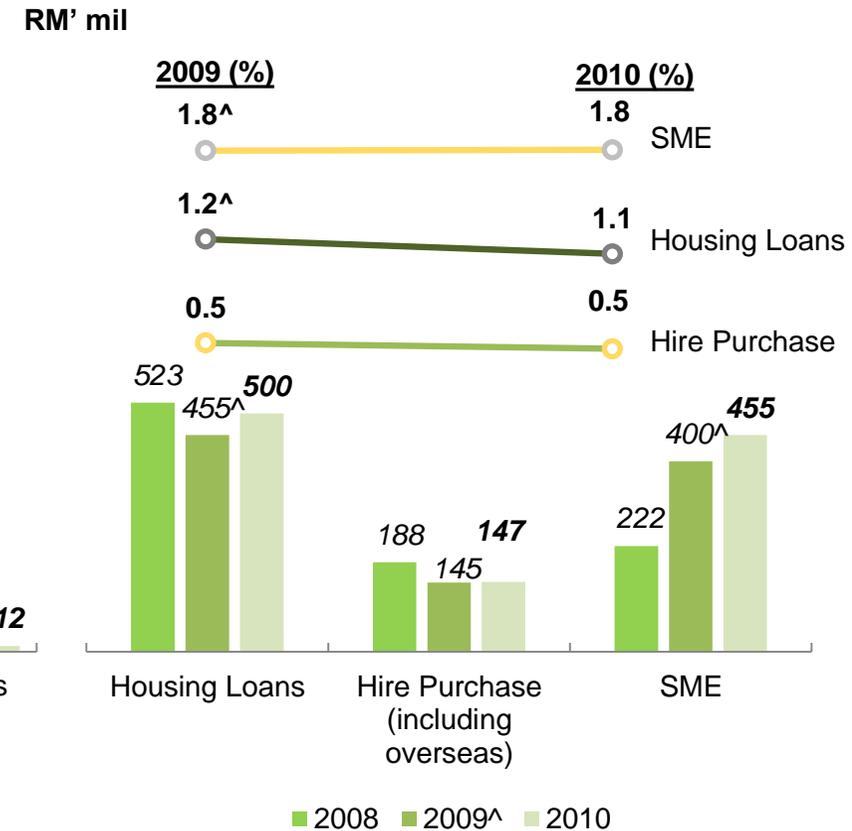
# Asset Quality Remained Strong

## Gross Impaired Loans by Segment

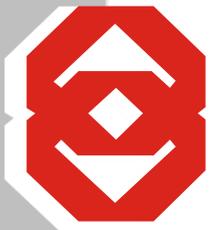


<sup>^</sup> Restated due to the adoption of FRS 139

## Gross Impaired Loans & Gross Impaired Loans Ratio by Key Sectors

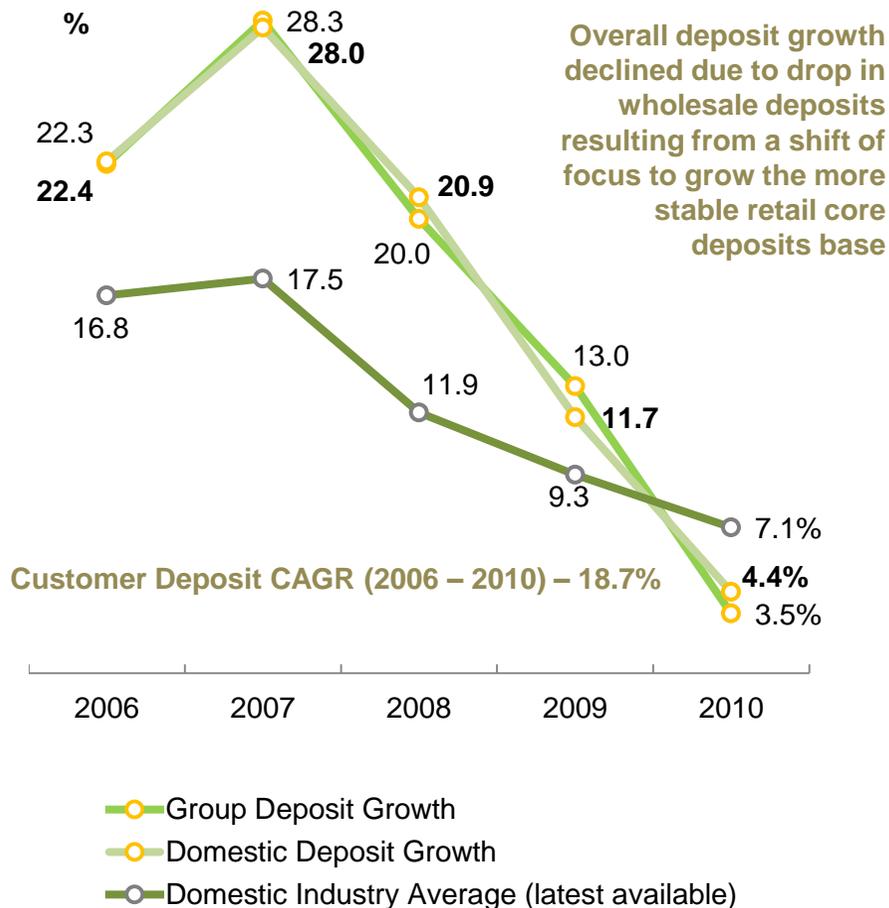


<sup>^</sup> Restated due to the adoption of FRS 139

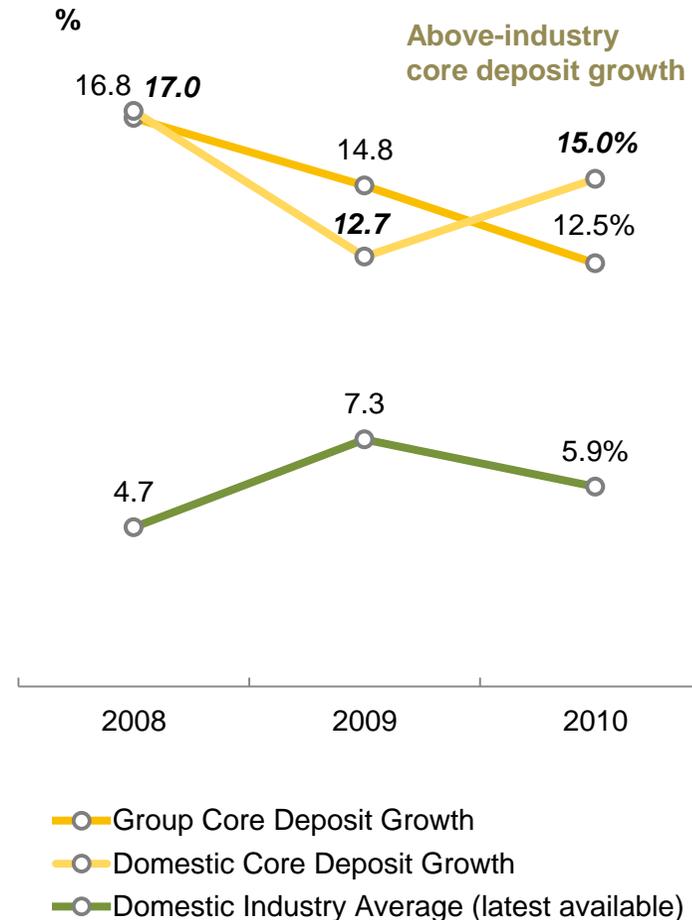


# Healthy Deposit Growth in Support of Liquidity

## Deposit Growth vs Industry



## Core Deposit Growth



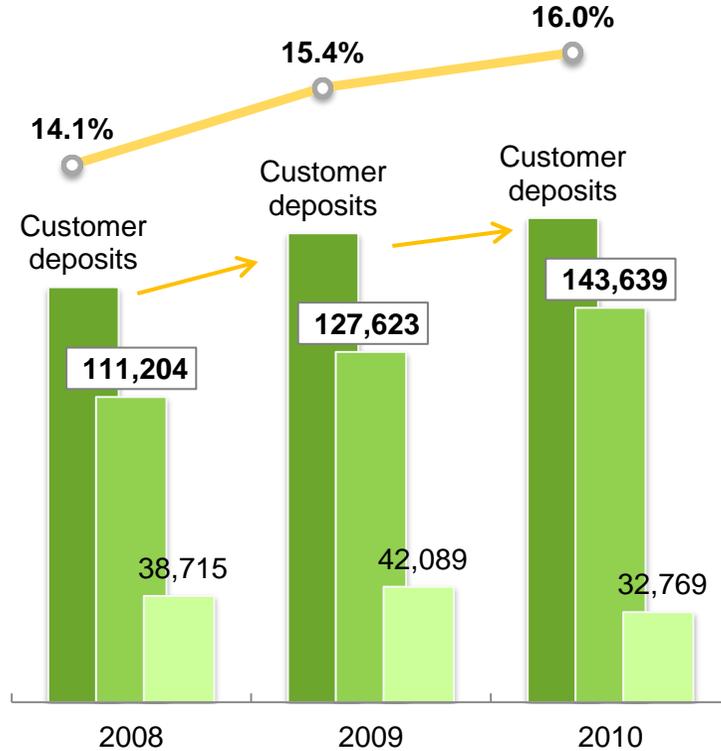
Note: Industry average growth is based on annualised growth as of Nov 2010



# Diversified Source of Customer Deposit

## Type of Deposit

RM' mil

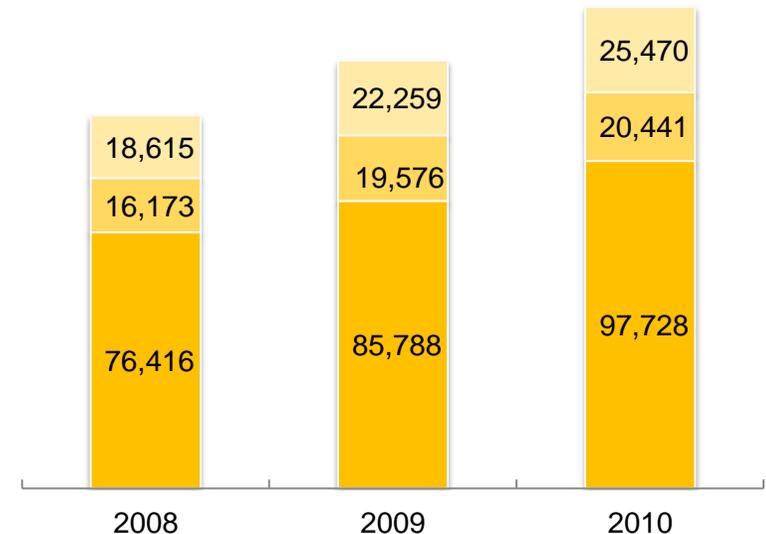


Growth supported largely by core customer deposits

## Source of Core Deposit

RM' mil

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



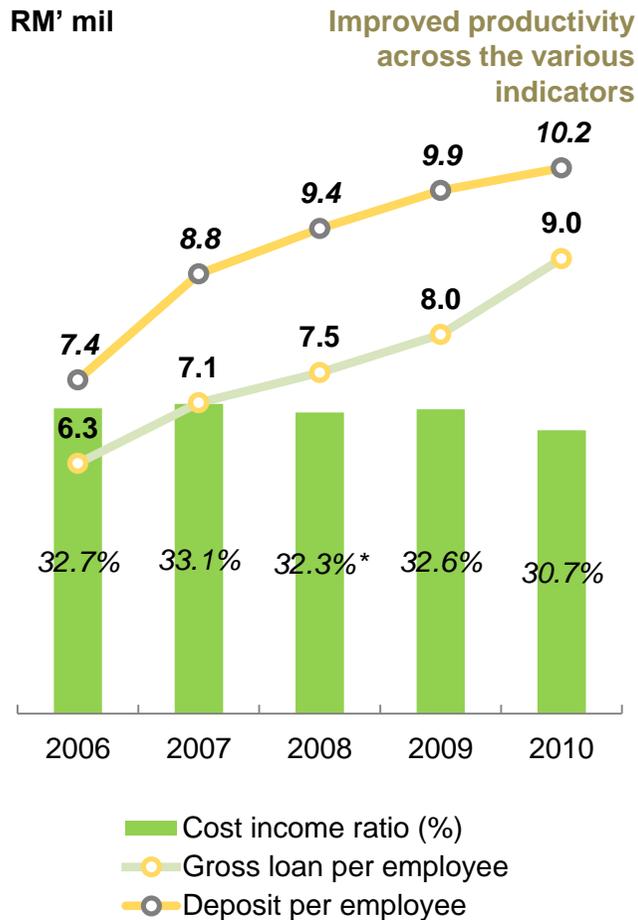
- Core deposit
- Wholesale deposit (NID & MMD)
- Domestic core deposits market share

- Fixed deposit
- Saving accounts
- Current accounts



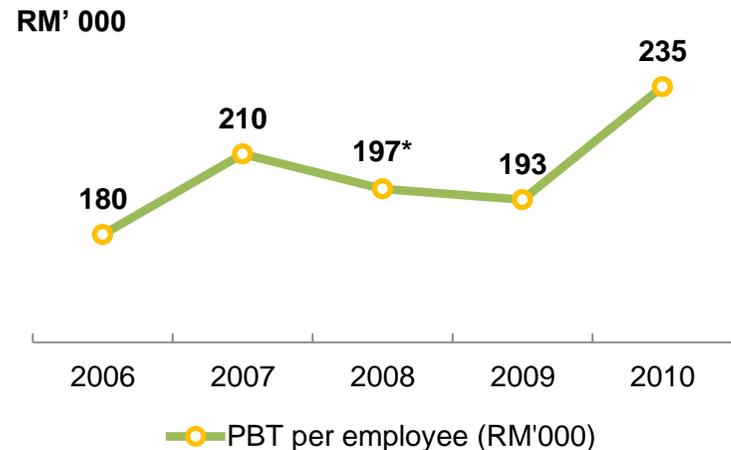
# Continued High Productivity & Cost Efficiency

## Productivity and Cost Efficiency



\* Exclude one-off goodwill income from ING

## PBT per employee



\* Exclude one-off goodwill income from ING

	2010	2009	Industry Average
Gross loan per employee (RM mil)	9.0	8.0	7.3
Deposit per employee (RM mil)	10.2	9.9	9.4
PBT per employee (RM'000)	235	193	141
Cost Income Ratio (%)	30.7	32.6	48.4



## FY 2010 Results

EXECUTIVE SUMMARY

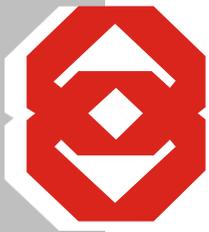
FINANCIAL PERFORMANCE

GROWTH PERFORMANCE

**BUSINESS PERFORMANCE**

OTHER HIGHLIGHTS





## Retail Operations

RM'mil	2010	2009	Change
<b>Net Income</b>	<b>3,796.0</b>	3,131.5	21.2%
<b>Operating Expenses</b>	<b>(1,181.8)</b>	(1,097.2)	7.7%
<b>Allowances for impairment of loans and other assets</b>	<b>(319.7)</b>	(270.2)	18.3%
<b>Profit by segment</b>	<b>2,294.5</b>	1,764.1	30.1%
<b>Gross Loans and Advances (RM' bil)</b>	<b>91.3</b>	78.2	16.8%
<b>Customer Deposits (RM' bil)</b>	<b>119.1</b>	105.1	13.3%
<b>Gross Impaired Loans (RM' bil)</b>	<b>1.3</b>	1.3 <sup>^</sup>	2.5%
<b>Gross Impaired Loans Ratio</b>	<b>1.4%</b>	1.6% <sup>^</sup>	0.2%

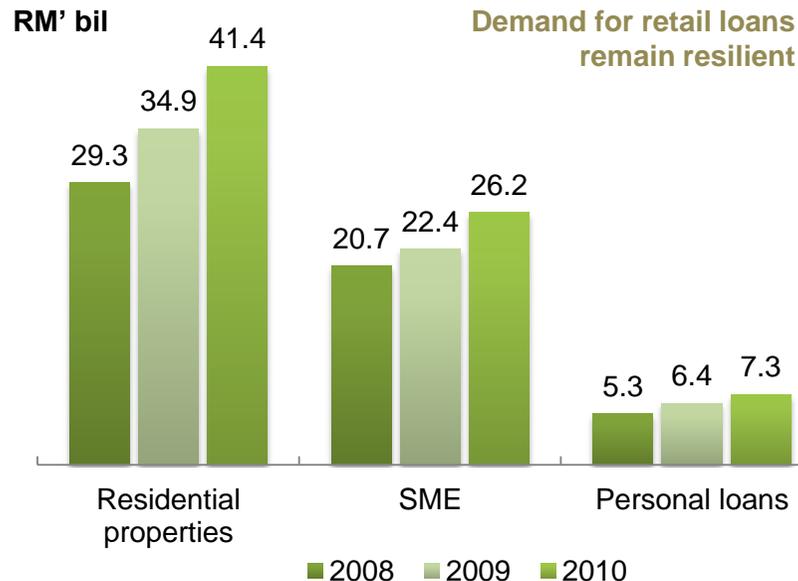
- Improved profit and business performance of the retail operations segment were mainly driven by strong growth in the lending and deposit-taking businesses coupled with higher sales volume from the retail financial services
- Asset quality further improved with gross impaired loans ratio declining to 1.4%

<sup>^</sup> Restated due to the adoption of FRS 139



# Retail Operations (Contd)

## Gross loan & financing in Domestic Operations



## Market Share in Residential Properties



## Key Drivers in Domestic Retail Banking & Financing Operations

### Residential properties financing:

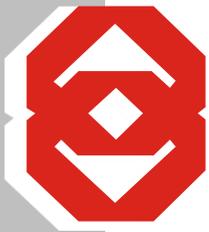
- Attractive loan package under the HOME and MORE plans
- Strong sales force and marketing network

### 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



## Hire Purchase

RM'mil	2010	2009	Change
<b>Net Income</b>	<b>934.2</b>	839.6	11.3%
<b>Operating Expenses</b>	<b>(157.1)</b>	(126.8)	23.9%
<b>Allowances for impairment of loans and other assets</b>	<b>(111.5)</b>	(91.1)	22.3%
<b>Profit by segment</b>	<b>665.6</b>	621.7	7.1%
<b>Gross Loans and Advances (RM' bil)</b>	<b>33.6</b>	29.9	12.3%
<b>Gross Impaired Loans (RM' bil)</b>	<b>0.2</b>	0.1	20.6%
<b>Gross Impaired Loans Ratio</b>	<b>0.5%</b>	0.5%	-

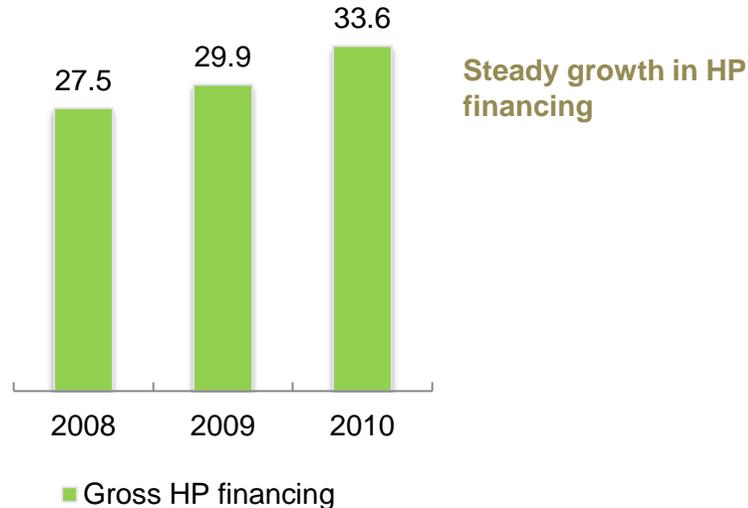
- Despite escalated funding costs due to OPR hikes, net income from hire purchase continues to register double-digit growth due to strong new business generation
- Asset quality remained stable



## Hire Purchase (Contd)

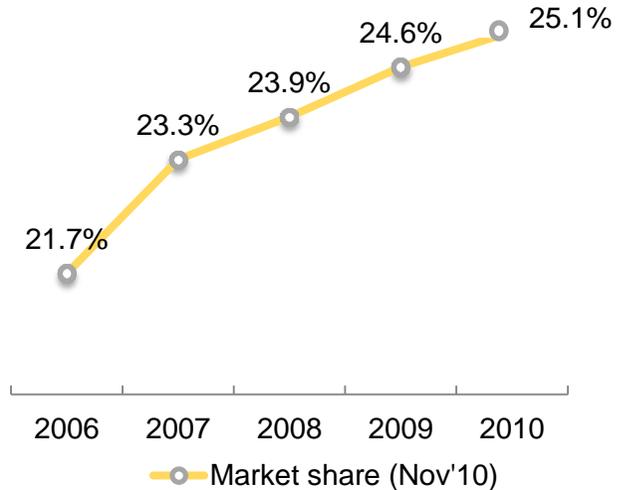
### HP Financing in Domestic Operations

RM' bil



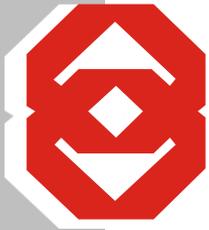
### Market Share in Passenger Vehicle Financing

Remained market leader in the passenger vehicle financing



### Key Drivers in Domestic Hire Purchase Financing

- Improvement in overall vehicle sales
- 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

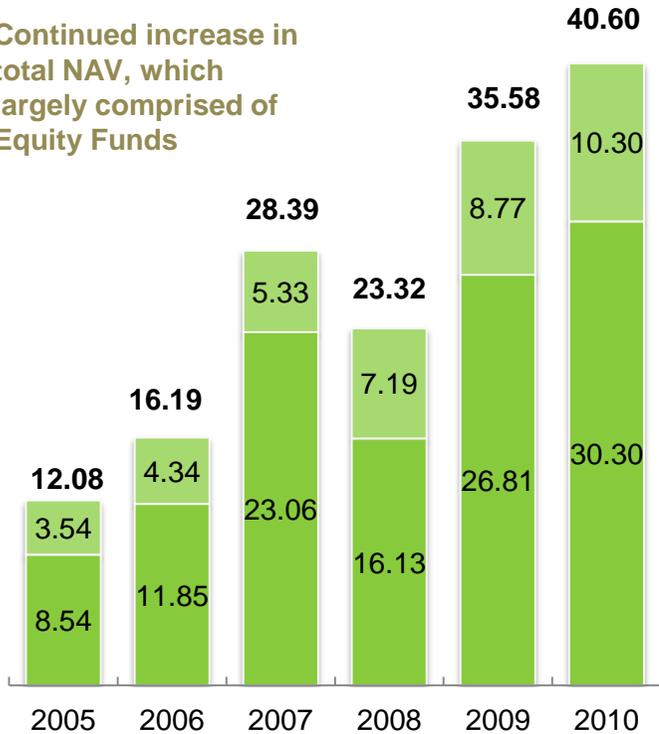


# Wealth Management

## Net Asset Value of Funds under management

RM' bil

Continued increase in total NAV, which largely comprised of Equity Funds

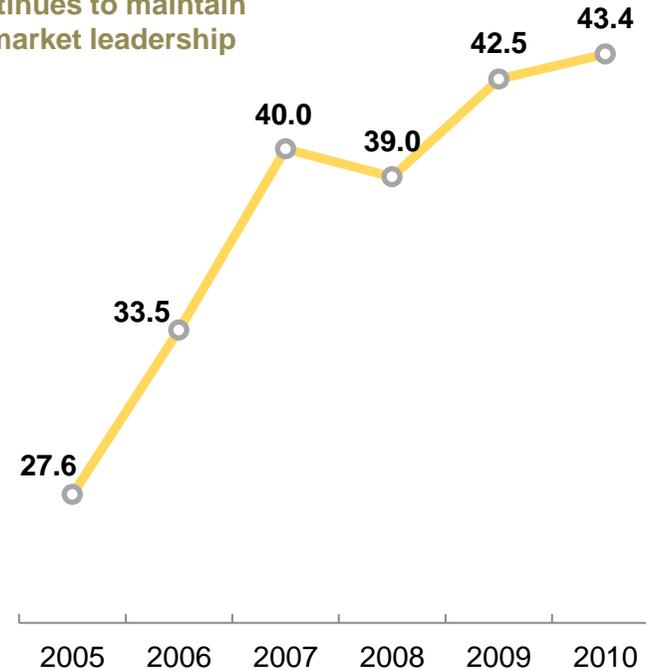


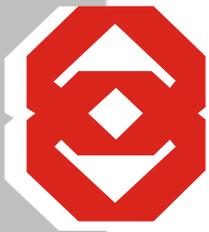
- Net Asset Value - Other Funds
- Net Asset Value - Equity Funds

## Market Share in Private Unit Trust Industry

%

Public Mutual continues to maintain its market leadership

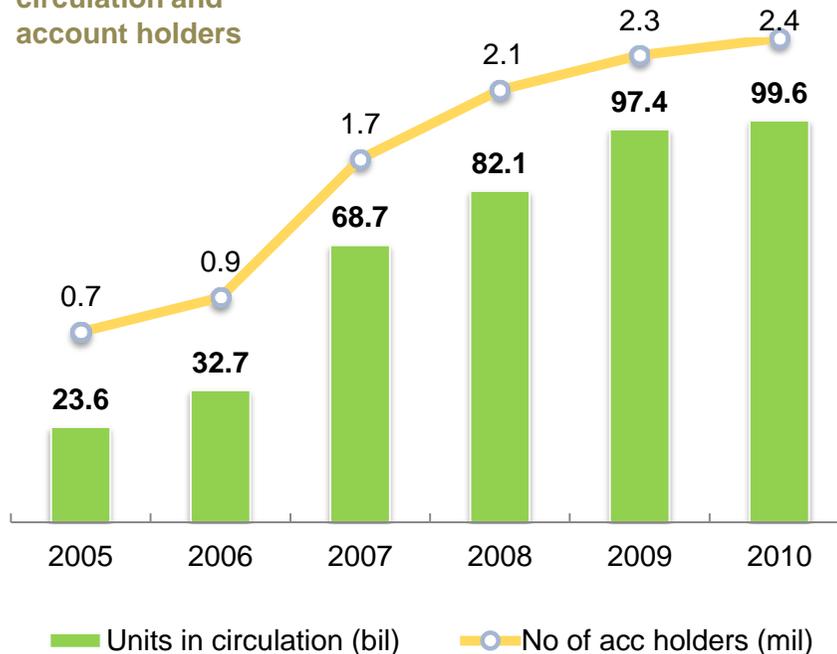




## Wealth Management (Contd)

### Number of Units in Circulation and Account Holders

Expansion in units in circulation and account holders



- Outstanding fund performance with robust returns with numerous funds outperforming benchmarked indices
- Innovative range of funds under management with a total of 84 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



# Wealth Management (Contd)

## Bancassurance 2010 Product Launches

	Launched
<b>Bancassurance</b>	
Single premium	2
Regular premium	1
Others (telemarketing)	1
<b>Total</b>	<b>4</b>

## **Bancassurance**

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

## Staff Force

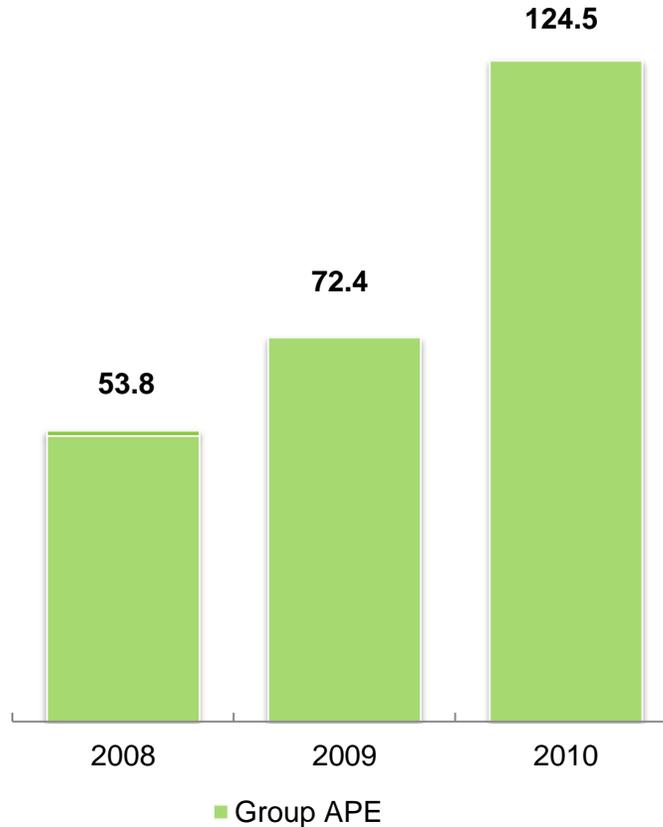
	2010	2009
<b>Bancassurance Sales Executives</b>	<b>250</b>	265
<b>Personal Financial Executives</b>	<b>272</b>	213
<b>Total</b>	<b>522</b>	478



## Wealth Management (Contd)

### Bancassurance Business Performance

RM' mil



- Consistent growth in sales of bancassurance products as measured by Annual Premium Equivalent (APE)
- For 2010 (3<sup>rd</sup> year of operations):-
  - Group APE increased by 72% as compared to 2009, and 131% higher as compared to 2008
  - The Group was entitled to an additional bancassurance income of €4.6 million (RM19 million equivalent) from ING, for exceeding the minimum business target set for the 1<sup>st</sup> 3 years of operations.

### **Family Takaful joint venture**

- Public Bank and Public Islamic Bank, together with ING Management Holdings (Malaysia) Sdn Bhd. were jointly granted a Family Takaful license on 1 September 2010. The joint venture is expected to commence operations by first half of 2011.



## FY2010 Results

EXECUTIVE SUMMARY

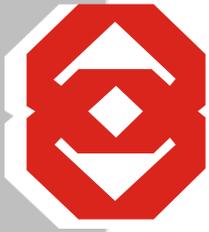
FINANCIAL PERFORMANCE

GROWTH PERFORMANCE

BUSINESS PERFORMANCE

OTHER HIGHLIGHTS





## Expansion in Business Delivery Channel

### Branch Network - Group

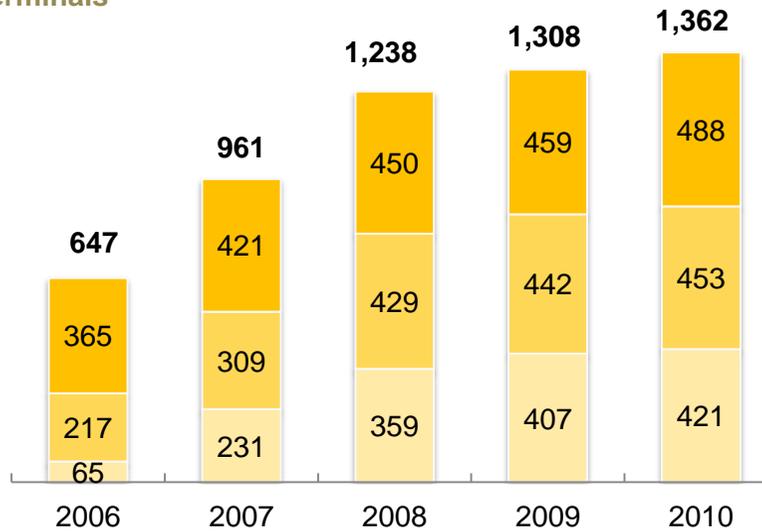
	2010	2009	2006
<b>Malaysian Operations</b>			
Public Bank - Domestic	<b>249</b>	248	240
- Overseas	<b>4</b>	5	3
Public Islamic Bank	<b>1</b>	-	-
Public Mutual	<b>26</b>	26	25
Public Investment Bank	<b>1</b>	1	1
<b>Hong Kong Operations</b>			
Public Finance Ltd	<b>42</b>	42	40
Public Bank (HK) Ltd - Hong Kong	<b>30</b>	30	15
- China	<b>3</b>	3	1
Winton (B.V.I) Ltd Group	<b>9</b>	8	2
<b>Indo-China Operations</b>			
Cambodia Public Bank	<b>21</b>	15	5
VID Public Bank (Vietnam)	<b>7</b>	7	6



# Expansion in Business Delivery Channel

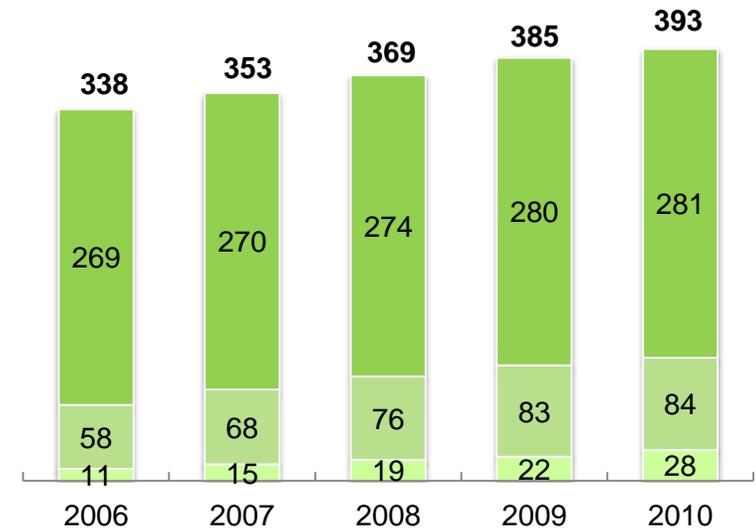
## Business Delivery Channel

Continuous investments in domestic self service terminals

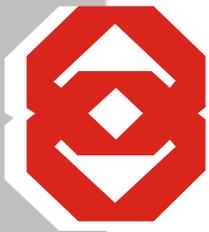


- Cash Deposit Terminals
- Cheque Deposit Machines
- ATMs

Continuous investments in branch networks



- Indo-China Operations
- Msia Operations
- HK Operations



## Capital Management

RM'mil	Group*			Bank*		
	2010	2009	Change	2010	2009	Change
Tier I Capital	<b>14,118.5</b>	12,464.7	13.3%	<b>14,385.2</b>	12,799.7	12.4%
Tier II Capital	<b>5,266.8</b>	5,283.0	0.3%	<b>4,921.3</b>	4,892.0	0.6%
Deduct: Inv in subs/asso and other deductions	<b>(48.4)</b>	(174.3)	72.2%	<b>(3,834.7)</b>	(3,766.8)	1.8%
<i>Total Capital Base</i>	<b>19,336.9</b>	17,573.4	10.0%	<b>15,471.8</b>	13,924.9	11.1%
<i>Risk-Weighted Assets</i>	<b>141,096.5</b>	125,196.5	12.7%	<b>116,319.3</b>	103,251.7	12.7%
RWCR (%)	<b>13.7</b>	14.0	0.3%	<b>13.3</b>	13.5	0.2%
Tier-I Capital Ratio (%)	<b>10.0</b>	9.9	0.1%	<b>12.4</b>	12.4	-

\* After deducting second interim dividends

### 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



## Capital Management (cont'd)

### Impact of Basel III

	<u>Basel III Requirements<sup>#</sup></u>		Public Bank Group Proforma at 31/12/2010
	Jan 2013	Jan 2019	
%			
<b>Core equity ratio</b>	3.5	7.0	<b>7.2</b>
<b>Tier I capital ratio</b>	4.5	8.5	<b>10.0</b>
<b><i>Total capital ratio</i></b>	8.0	10.5	<b>13.7</b>

\* Proforma is prepared based on immediate full implementation of Basel III requirements, except that all existing debt capital assumed to be qualified.

# The Basel III capital ratio requirements are inclusive of the 2.5% capital conservation buffer, but excluding any counter-cyclical buffer which is subject to regulator's discretion.



## Promising Prospect for 2011

### Continue in Achieving Organic Growth While Sustaining Our Premier Status in the Local Banking Industry

#### Core business focus: Consumer Lending & Lending to SMEs

##### Lending Business

- Consumer lending to focus on purchases of properties and passenger vehicles
- Penetrate mid-market SMEs & micro enterprises in encourage sectors
- Expanding credit card financing & corporate lending

##### Deposit-Taking Business

- Securing higher retail and low cost deposits
- Sustaining existing pool of deposits

##### Maintain earning growth momentum

- Continued quality loans growth at above industry growth rate
- Further expand depositor base
- Further improve productivity and operational efficiency
- Continued organic expansion of overseas business

##### Build on existing strength

- Strong brand & market position
- Healthy capital and asset quality
- Proactive capital management to ensure healthy level of capital while maintaining high returns to shareholders

##### Prudence

- Continue to remain prudent and uphold its strong corporate governance and risk management policies
- Sustainable low impaired loans leveraging on PBB's prudent lending policy
- Maintain strong liquidity

**Thank You**



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