



PUBLIC BANK
PUBIC BANK

Investor Presentation

June 2011 Results Update

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Investor Presentation

Executive Summary

Financial Performance

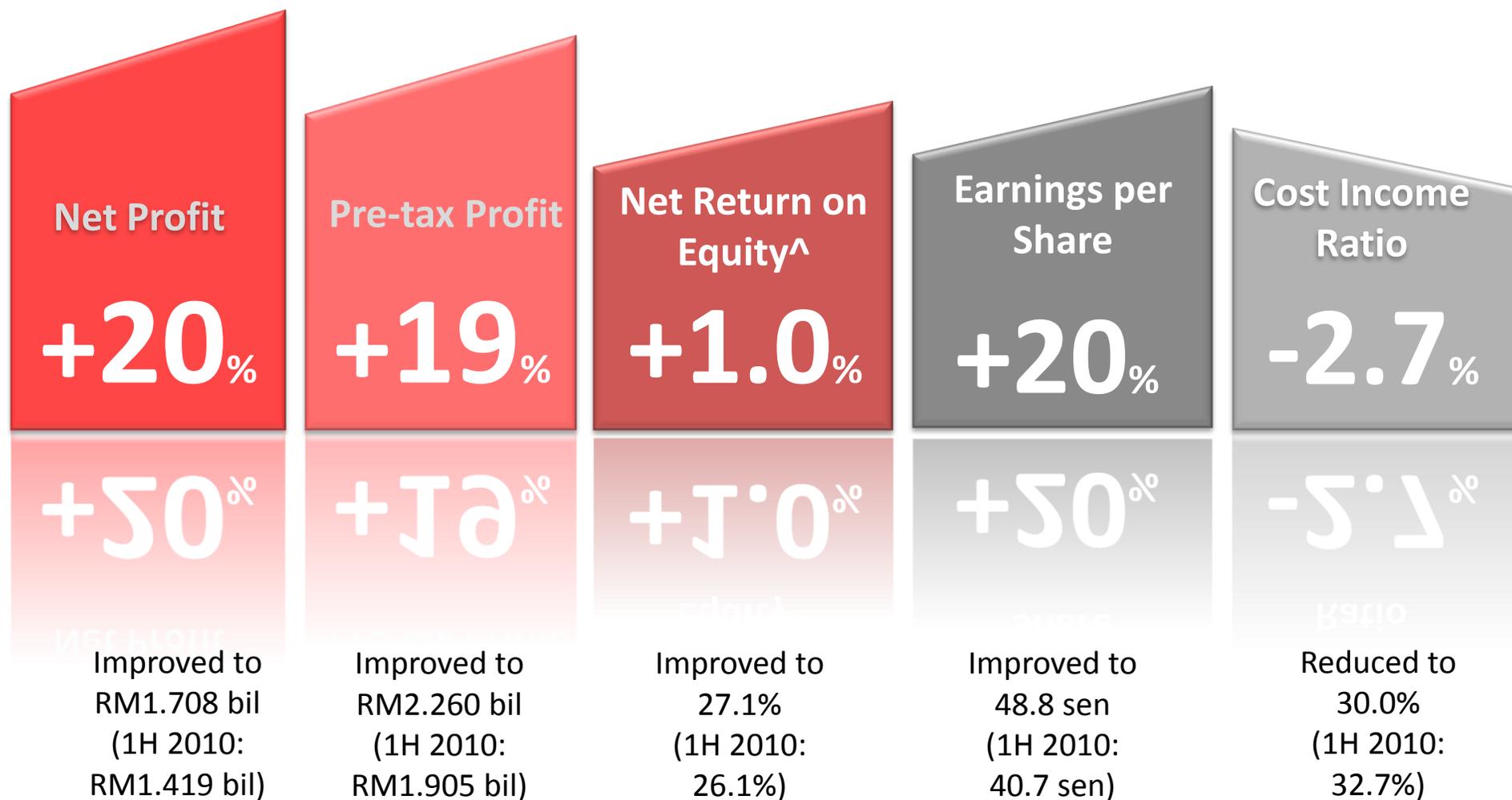
Growth Performance

Business Performance

Other Highlights



Performance overview – Sustainable profit growth

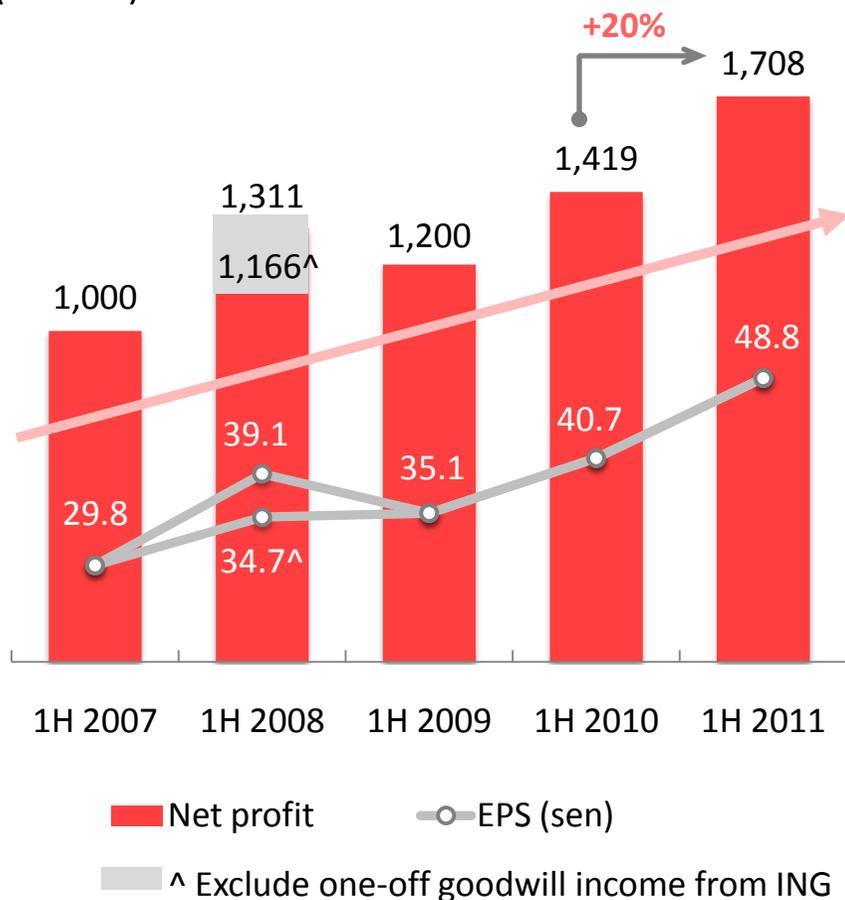


[^] Annualised growth



Performance overview – Strong net profit growth

Corresponding half-yearly net profit growth
(RM'mil)



Past 5 years average growth

- Half-year profit : 15.3%
- EPS : 14.2%

Quarterly net profit growth

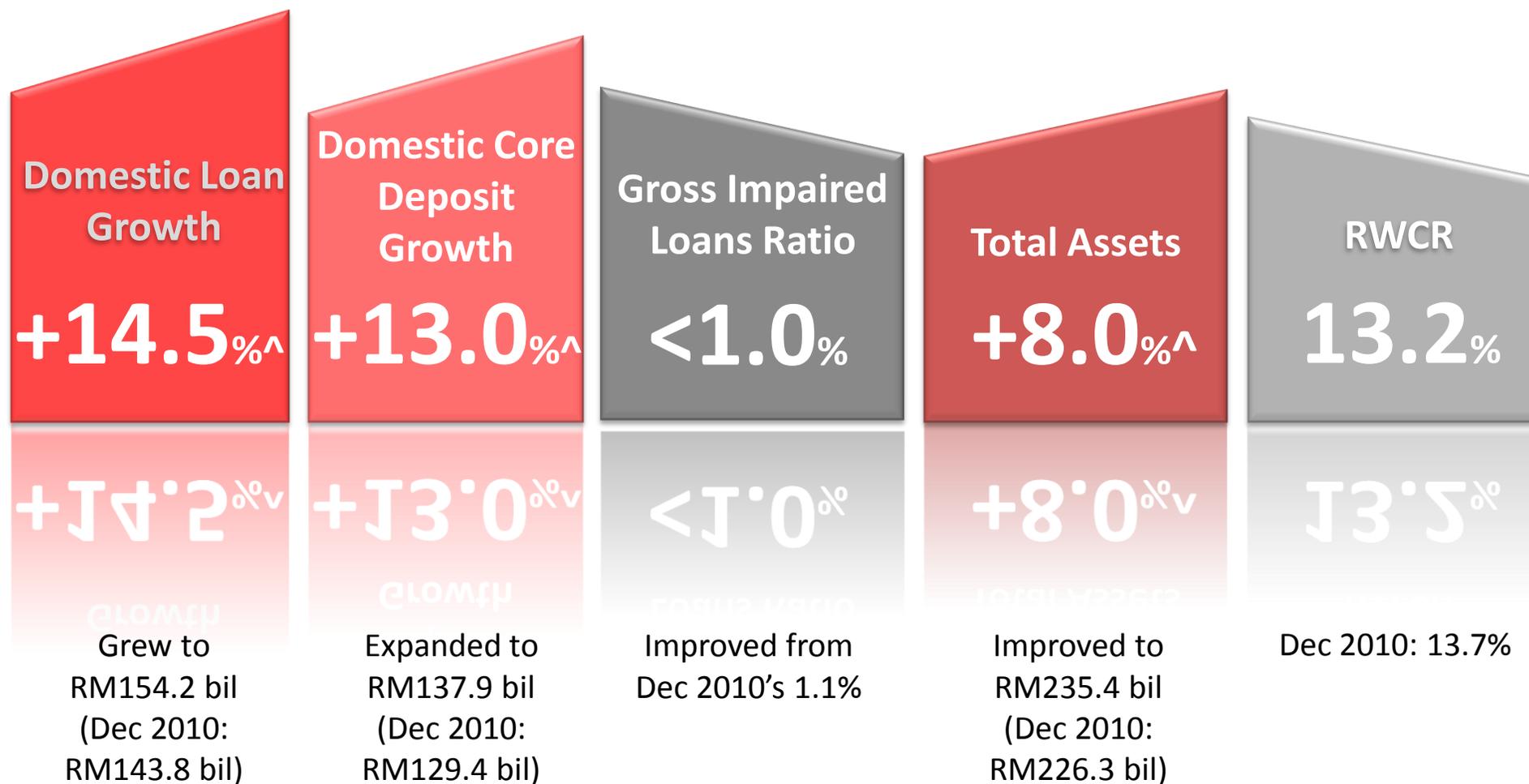
(RM'mil)

Q2'10	Q3'10	Q4'10	Q1'11	Q2'11
734 ↑	783 ↑	846 ↑	828 ↓	880 ↑

↗ +6.4%



Performance overview – From a position of strength

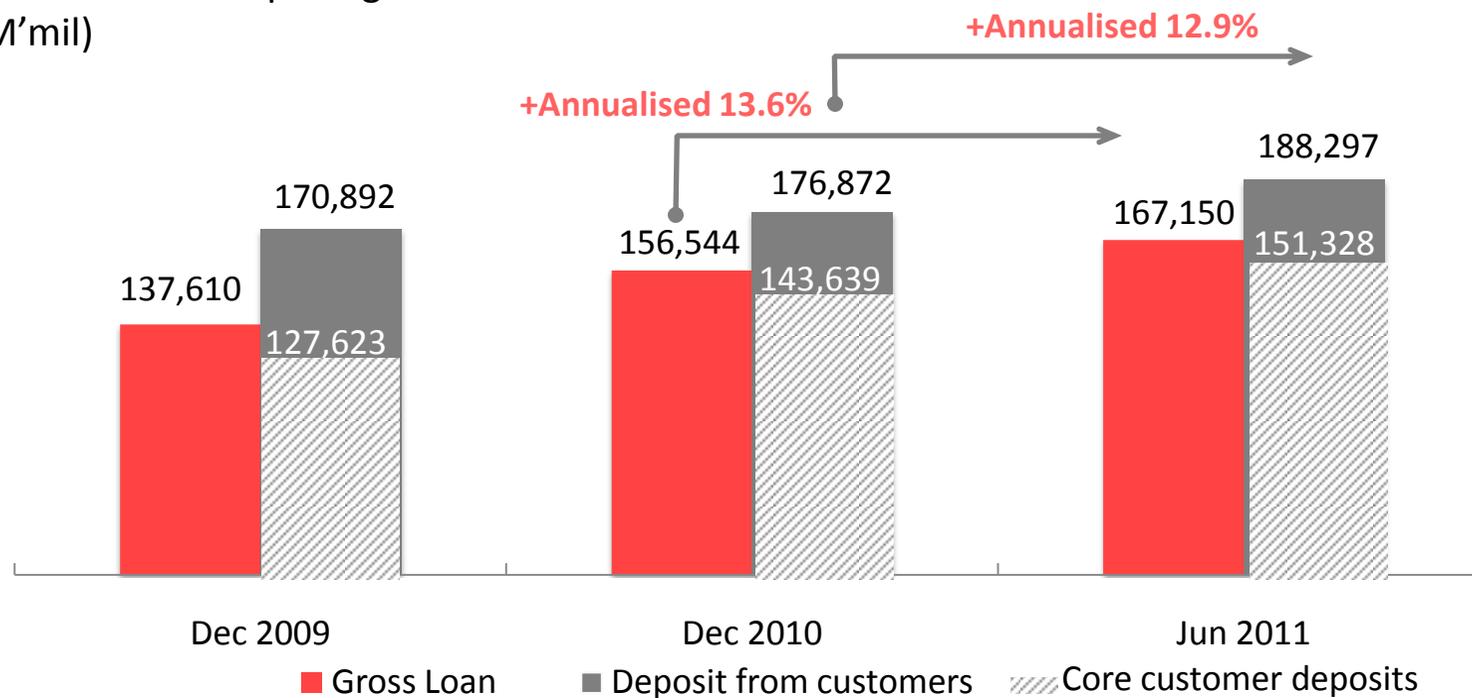


[^] Annualised growth



Performance overview – Sustainable loan and deposit growths

3-year loan and deposit growths
(RM'mil)



	Dec 2009	Dec 2010	Jun 2011
Gross loan growth	14.4%	13.8%	13.6%[^]
Customer deposit growth	13.0%	3.5%	12.9%[^]
Core customer deposit growth	14.8%	12.5%	10.7%[^]

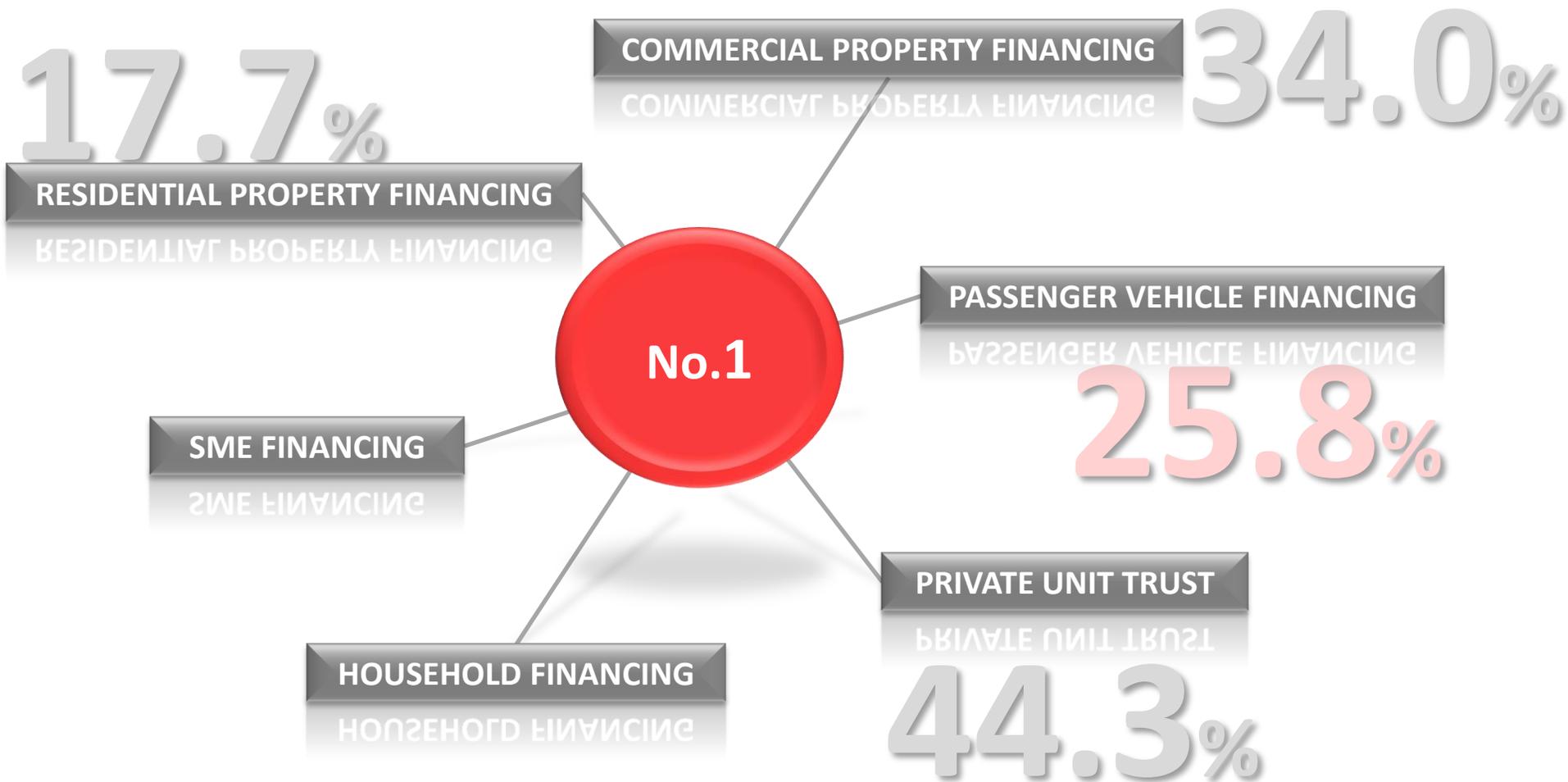
[^] Annualised growth

June 2011 Results Update



Taking the lead in what we do – Clear market leadership

We continue to maintain **market leadership** in our domestic core businesses



Taking the lead in what we do – High performance bank

We continue to maintain **leadership** as a high performance bank in Malaysia



Key performance indicator	Public Bank Group	Latest industry average
Pre-tax return on average equity (%)	34.1	16.5
Pre-tax return on average assets (%)	2.0	1.5
Cost to income ratio (%)	30.0	46.7
Pre-tax profit per employee (RM'000)	259	189
Gross loans per employee (RM'mil)	9.6	7.3
Deposits per employee (RM'mil)	10.8	9.5
Gross impaired loans ratio (%)	<1.0	3.0
Loan loss coverage (%)	169.7	92.2



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Earnings Performance

RM'mil	Q2 2011	Q1 2011	Change	1H 2011	1H 2010	Change
Net interest & Islamic Banking income	1,471.2	1,401.1	5.0%	2,872.3	2,602.5	10.4%
Non-interest income	406.6	371.6	9.4%	778.2	690.4	12.7%
Operating expenses	552.8	538.6	2.6%	1,091.4	1,076.5	1.4%
Operating profit	1,325.0	1,234.1	7.4%	2,559.1	2,216.4	15.5%
Loan impairment allowances	164.3	140.2	17.2%	304.5	314.5	-3.2%
Pre-tax profit	1,162.5	1,097.9	5.9%	2,260.4	1,904.6	18.7%
Net profit	880.4	827.6	6.4%	1,708.0	1,419.3	20.3%

Income:

- Strong growth in net interest and Islamic Banking income and non-interest income

Expenses:

- Increase in operating expenses at a rate lower than increase in income

Allowance:

- Lower loan impairment allowances in 1H 2011 despite strong loan growth



Earnings Performance

RM'mil	Q2 2011	Q1 2011	Change	1H 2011	1H 2010	Change
Earnings per share (sen)	25.1	23.6	6.4%	48.8	40.7	19.9%
Net return on equity*	27.1%	26.4%	0.7%	27.1%	26.1%	1.0%
Pre-tax return on average assets	2.0%	1.9%	0.1%	2.0%	1.7%	0.3%
Net interest margin on yielding assets**	3.3%	3.2%	0.1%	3.3%	3.4%	-0.1%
Non interest income/Total net income	21.7%	21.0%	0.7%	21.3%	21.0%	0.3%
Cost to income ratio	29.4%	30.4%	1.0%	30.0%	32.7%	2.7%
Overheads over average assets	1.0%	0.9%	0.1%	1.0%	1.0%	-

* 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: 1H key earning indicators, excluding EPS, have been annualised for comparison purposes.



Pre-tax Profit by Business Segment

RM'mil	1H 2011	1H 2010	Change
Retail operations	1,292.9	995.1	 29.9%
Hire purchase	308.1	331.0	 -6.9%
Corporate lending	113.1	121.1	 -6.6%
Treasury & capital market operations	87.7	107.1	 -18.1%
Fund management	161.6	129.9	 24.4%
Overseas operations	149.0	154.9	 -3.8%
<i>Of which : Public Financial Holdings</i>	99.2	<i>111.0</i>	 -10.7%
<i>: Cambodian Public Bank</i>	40.7	<i>33.4</i>	 21.9%
Investment banking	25.1	23.6	 6.5%
Others*	122.9	41.9	 >100.0%
Total	2,260.4	1,904.6	 18.7%

- Strong double digit growth in retail operations, contributing >57% of the Group's pre-tax profit
- Supported by favourable 10.4% rise in net interest and Islamic Banking income and 12.7% improvement in non-interest income for the period, coupled with stable credit charge
- Pre-tax profit of overseas operations weighed down due to pressure from interest margin squeeze and foreign exchange impact due to strengthening of RM against USD

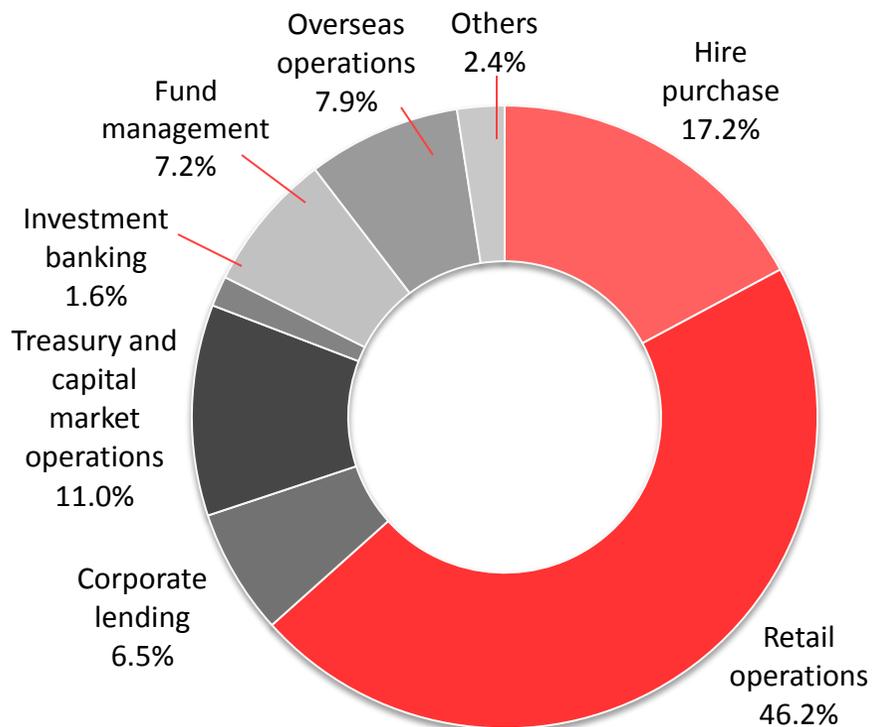
* Others comprise mainly of domestic head office, other miscellaneous domestic segment and domestic share of profit after tax of equity accounted associated companies.

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

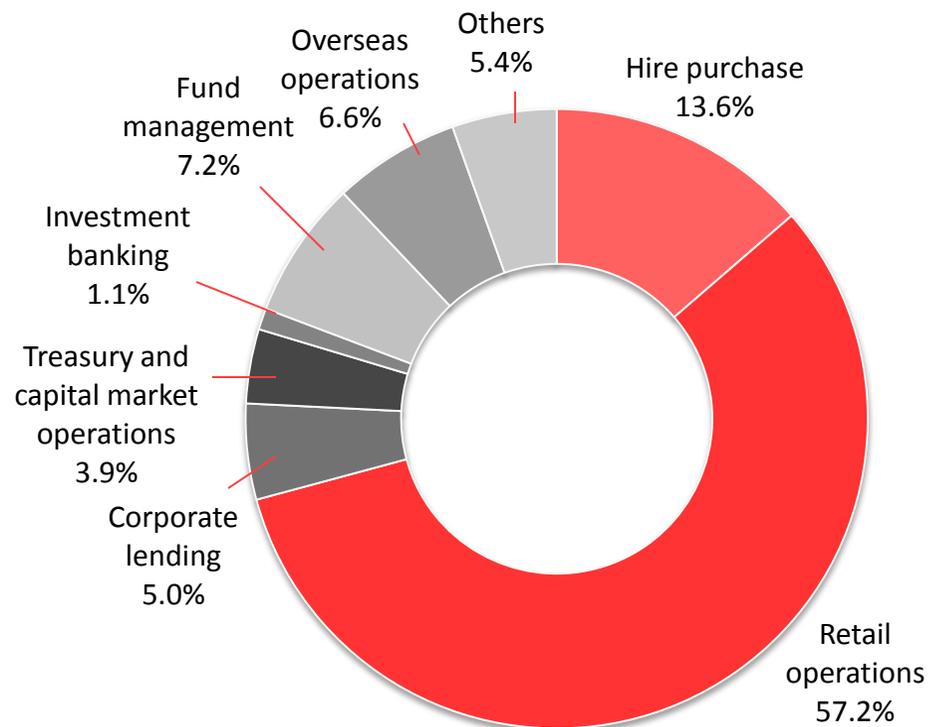


Contribution to Revenue & Pre-tax Profit – by Business

Revenue Contribution



Pre-tax Profit Contribution



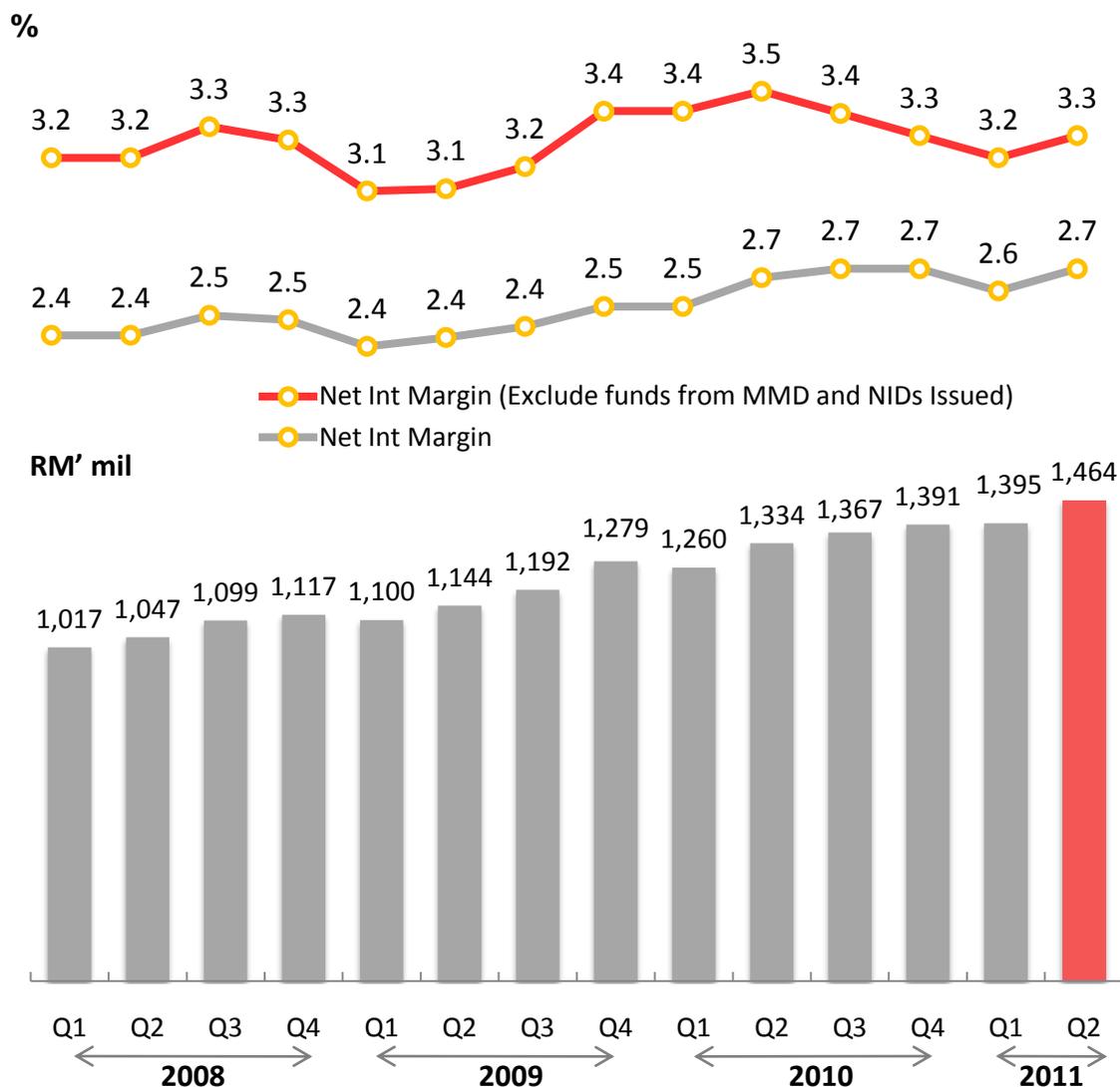
Based on financial results as of 30 June 2011

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



Interest Income & Margins - Stable and sustainable growth

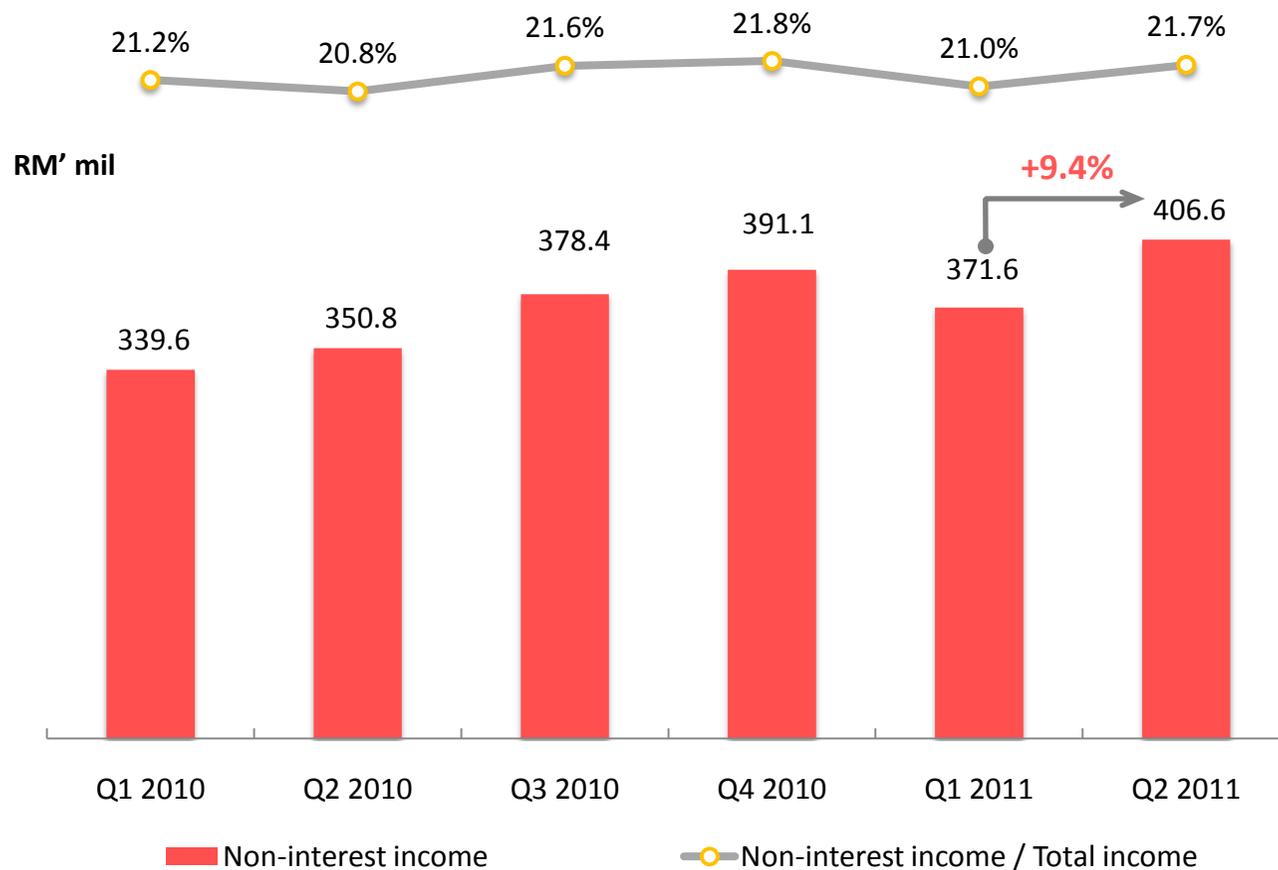
Net Interest Income and margin



- NIM for Q2 2011 remained stable as compared to the preceding quarter
- Despite the interest margin squeeze, sterling growth in net interest and finance income due to strong loan and deposit growths and healthy liquidity position of the Group. This is predominantly driven by the Group's strong fundamentals and commitment in expanding its loan and deposit base
- Net interest margin to continue to be under pressure

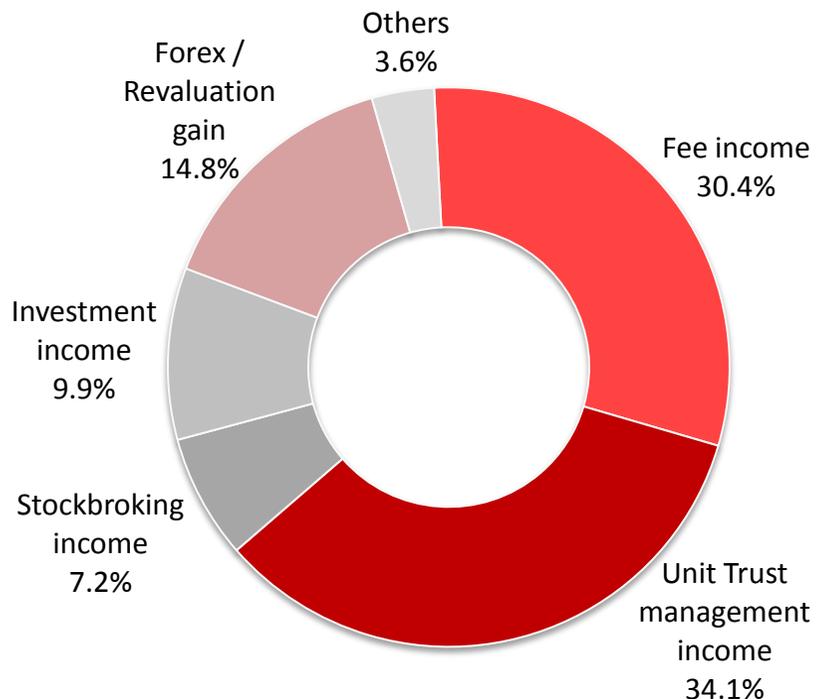


Non-Interest Income – Steady build up



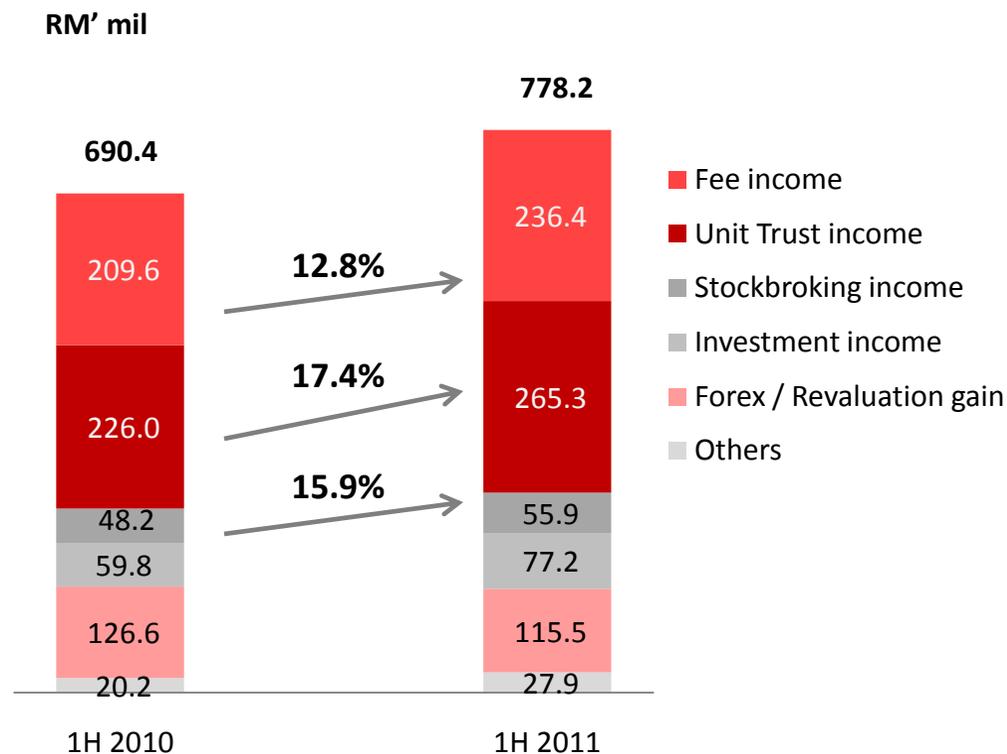
Non-Interest Income Contribution & Growth Traction

Non-Interest Income Contribution



Based on financial results as of 30 June 2011

Half-yearly growth

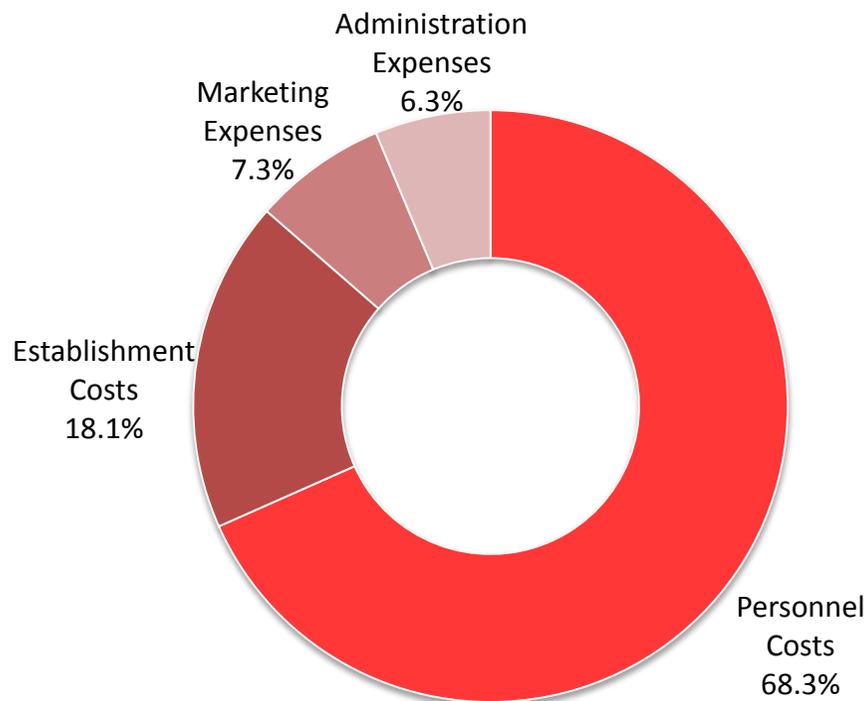


- Strong non-interest income in 1H 2011 was mainly contributed by the Group's fee income, unit trust and foreign exchange businesses



Efficient Operating Overheads

Operating Costs Contribution



RM'mil	1H 2011	1H 2010	Change
Personnel Costs	745.1	715.6	↑ 4.1%
Establishment Costs	197.4	195.2	↑ 1.1%
Marketing Expenses	80.3	83.5	↓ -3.7%
Administration Expenses	68.6	82.2	↓ -16.6%
Total	1,091.4	1,076.5	↑ 1.4%

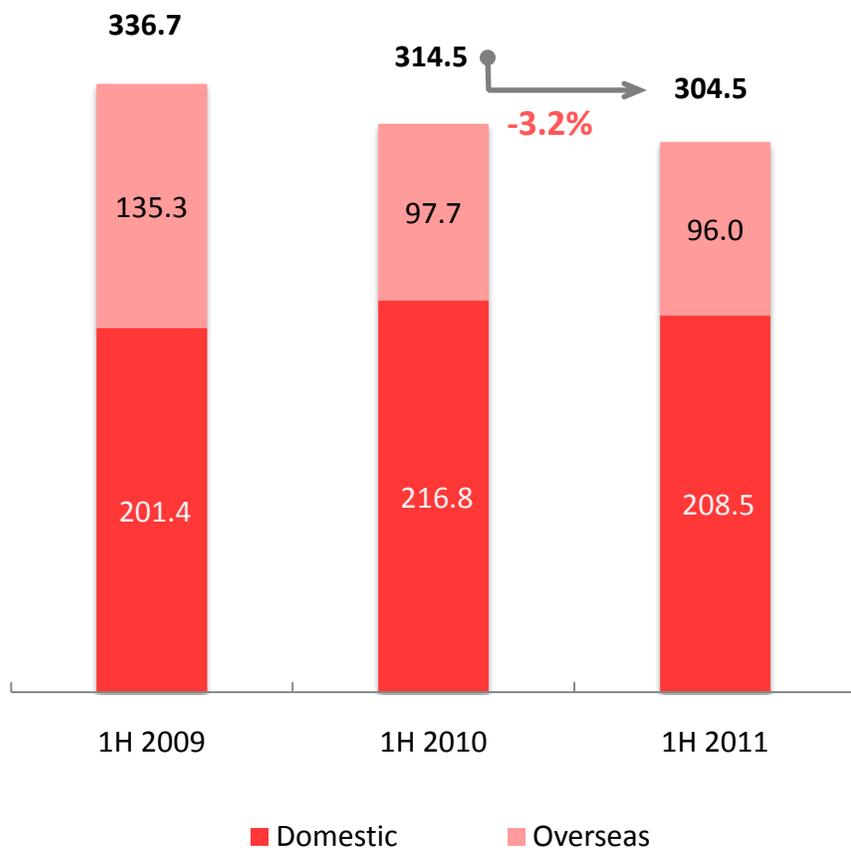
- Personnel costs remain the main operating cost as the Group continue to invest in its people
- Marginal increase in operating expenses of 1.4% vs. income growth of 10.9%, reflecting improved productivity



Improving Loan Loss Allowances

Loan Impairment Allowances (including collective allowance)

RM' mil



- Loan impairment allowances reduced by 3.2% despite a strong annualised loan growth of 13.6% during the half year.



Dividends

Dividend for the financial year ending 31 December 2011:

First Interim Dividend	
Single-tier dividend	20%
Dividend payout (RM'mil)	700



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Robust Financial Position

RM' bil	Jun 2011	Dec 2010	Change
Total assets	235.4	226.3	 4.0%
Gross loans and advances	167.2	156.5	 6.8%
<i>Of which:</i>			
Domestic loans and advances	154.2	143.8	 7.2%
Overseas loans and advances	13.0	12.7	 1.6%
Deposits from customers	188.3	176.9	 6.5%
<i>Of which:</i>			
Domestic core customer deposits	137.9	129.4	 6.5%
Shareholders' funds	13.8	13.0	 6.1%
Net assets per share (RM)	3.95	3.72	 6.2%
Net loans to deposits (LD) ratio (%)	87.3	87.1	 0.2%

Assets:

- Assets expansion driven by strong loan and deposit growth

Loan:

- Domestic loan growth is stronger at 7.2% (annualised 14.5%) for 1H 2011
- Overseas loan see a marginal increase of only 1.6% partly due the negative impact of the forex translation of overseas loans resulting from strengthening of RM against USD

Deposit:

- Deposit growth of 6.5% (annualised 12.9%), supported by the strong domestic core customer deposit growth of 6.5% (annualised 13.0%).

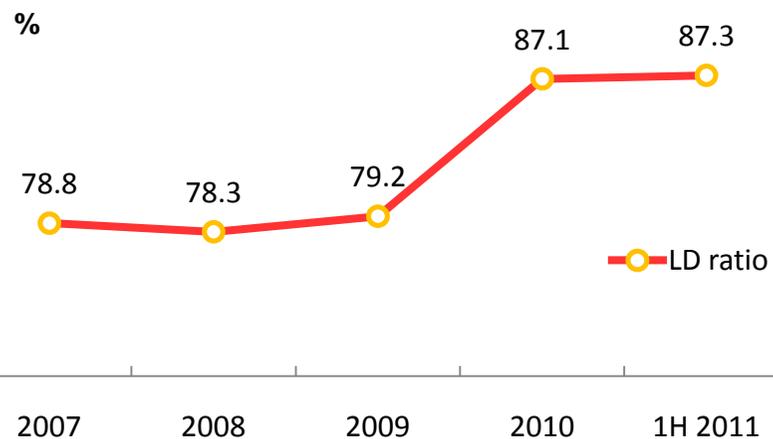
Equity:

- Shareholders' fund increased to RM13.8 billion



Strong Liquidity With Healthy Loan/Deposit Ratio

Net Loan Deposit Ratio



- Net loan deposit ratio remained stable and healthy at 87.3%
- 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 with >66% contribution

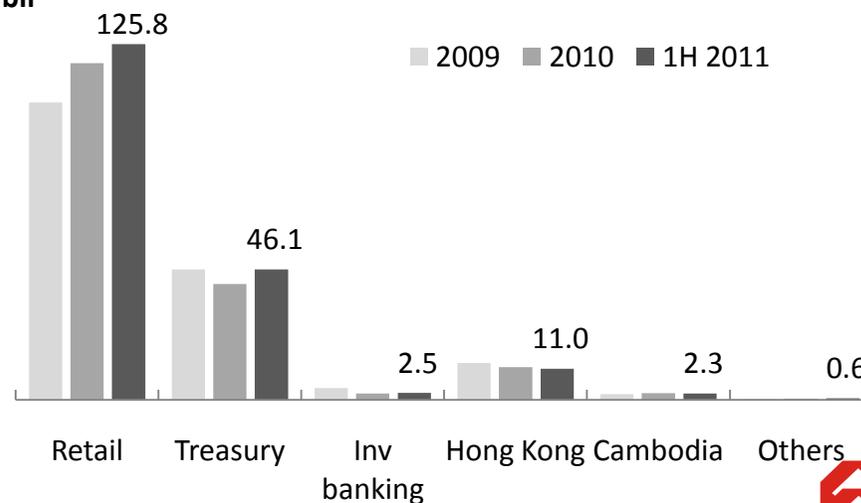
Gross Loan Composition by Segment

RM' bil



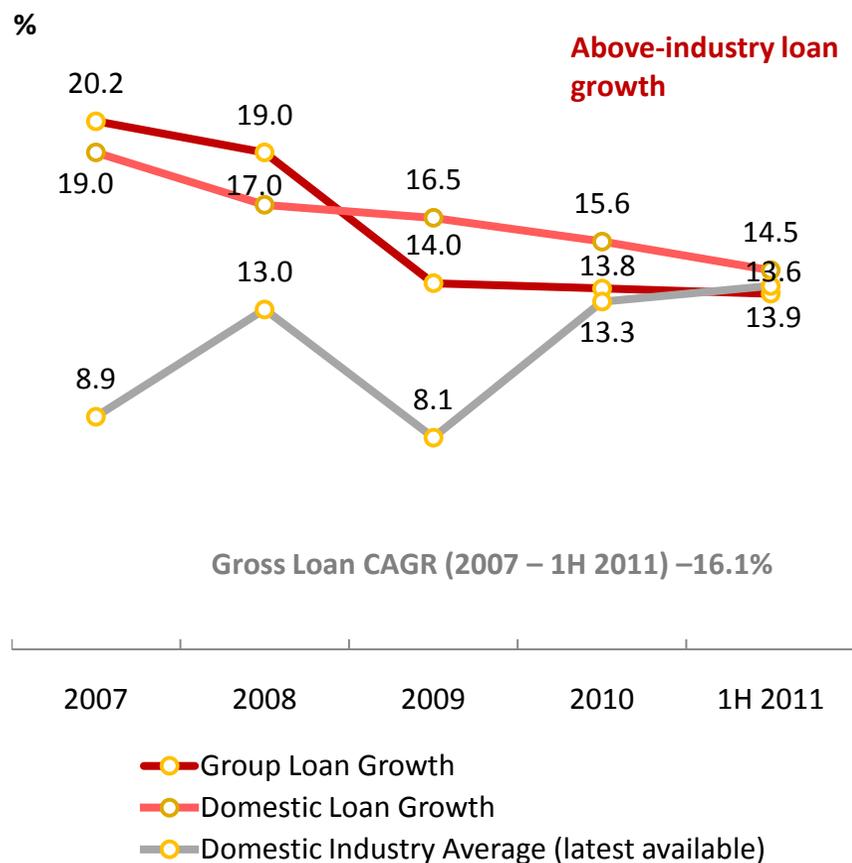
Deposit Composition by Segment

RM' bil

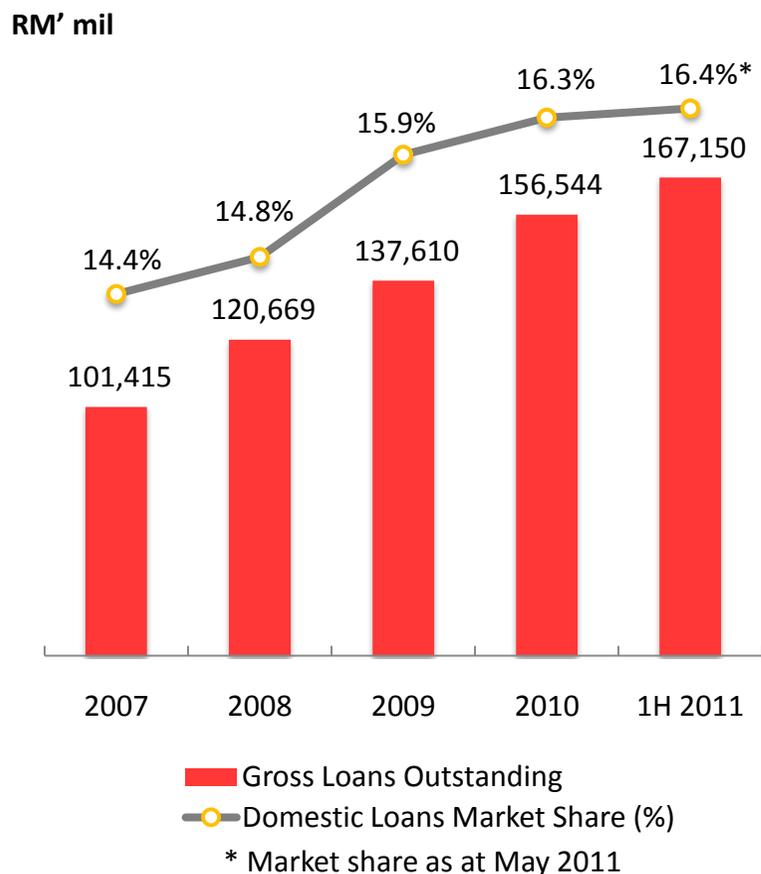


Consistently Above-industry Loan Growth

Loan Growth vs Industry



Gross Loans and Domestic Loan Market Share

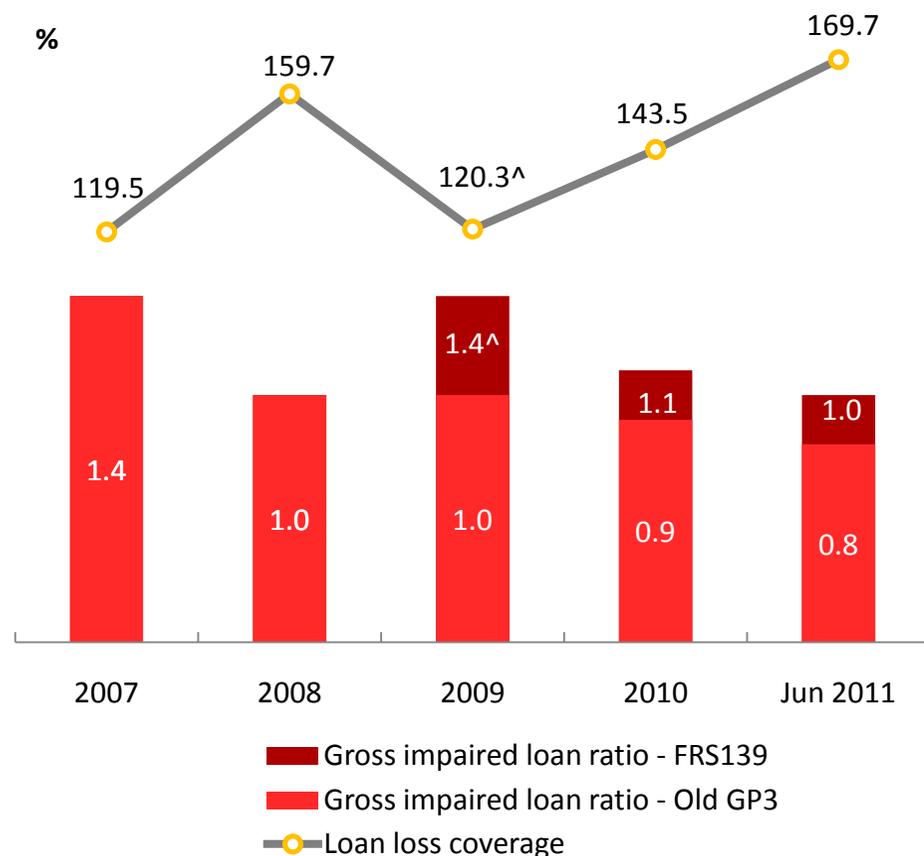


Note: Industry average growth is based on annualised loan growth as of May 2011
 Growth rate for June 2011 represent annualised growth for the period



Asset Quality Remained Strong

Improving gross impaired loans ratios with high loan loss reserves



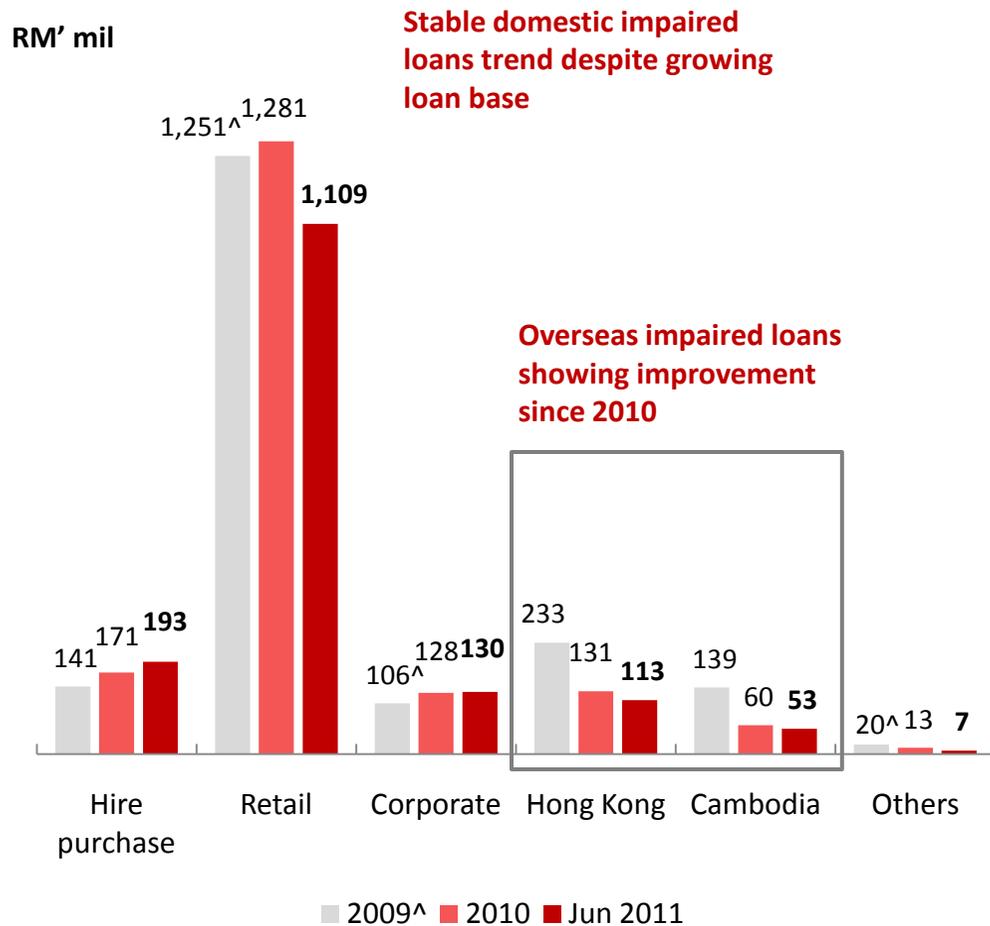
[^] Restated due to the adoption of FRS 139

- Despite more stringent criteria on classification of impaired loans due to FRS 139 adoption with effect from 2010, the gross impaired loans ratio remained low at 1.0% with an increased loan loss reserve of 169.7%
- Based on old GP3 classification of 3 months NPL, NPL ratio would have improved further to 0.8% from 0.9% as at December 2010

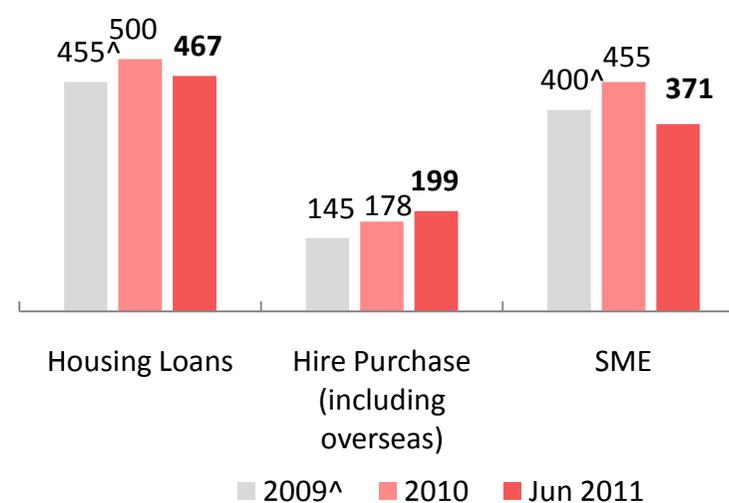
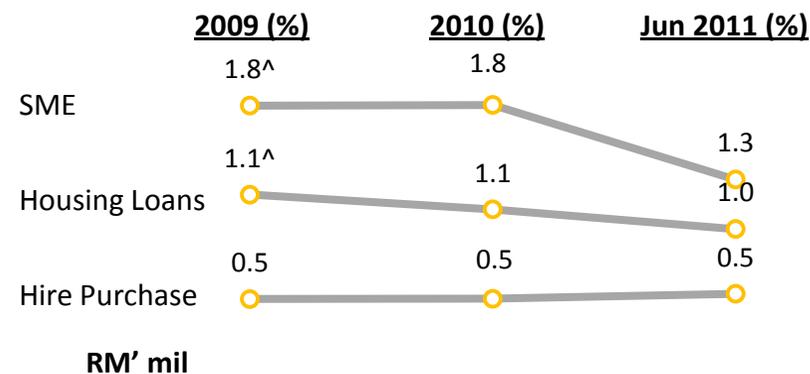


Asset Quality Remained Strong

Gross Impaired Loans by Segment



Gross Impaired Loans & Gross Impaired Loans Ratio by Key Sectors

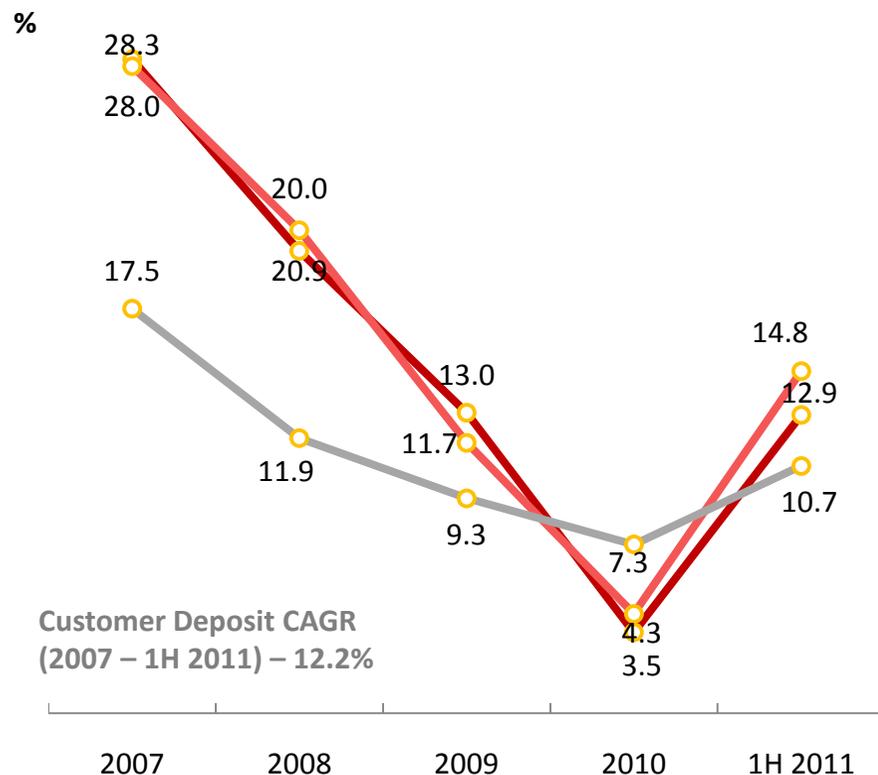


[^] Restated due to the adoption of FRS 139



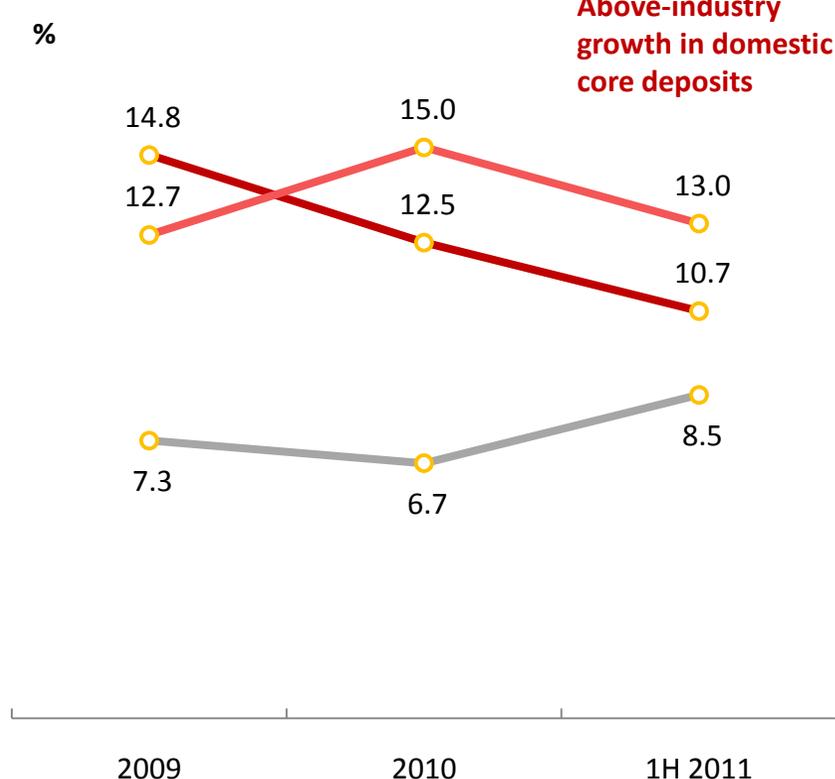
Healthy Domestic Deposit Growth in Support of Liquidity

Deposit Growth vs Industry



- Group Deposit Growth
- Domestic Deposit Growth
- Domestic Industry Average (latest available)

Core Deposit Growth



- Group Core Deposit Growth
- Domestic Core Deposit Growth
- Domestic Industry Average (latest available)

Note: Industry average growth is based on annualised loan growth as of May 2011

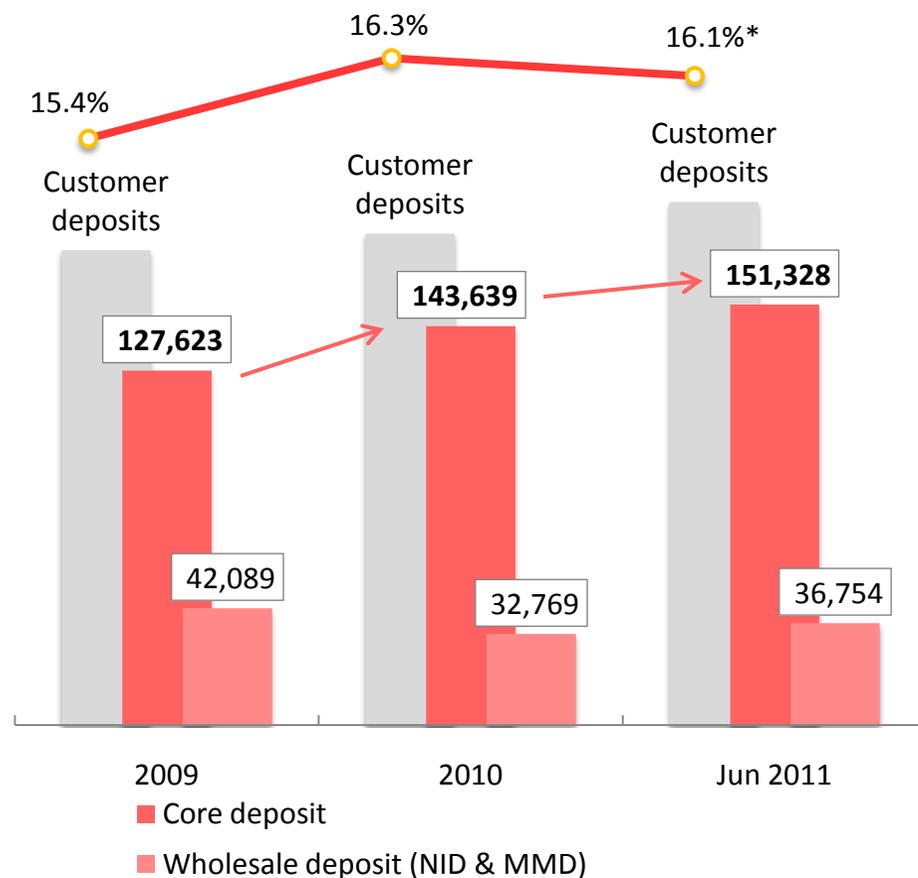
Growth rate for 1H 2011 represent annualised growth for the period



Diversified Source of Customer Deposit

Type of Deposit

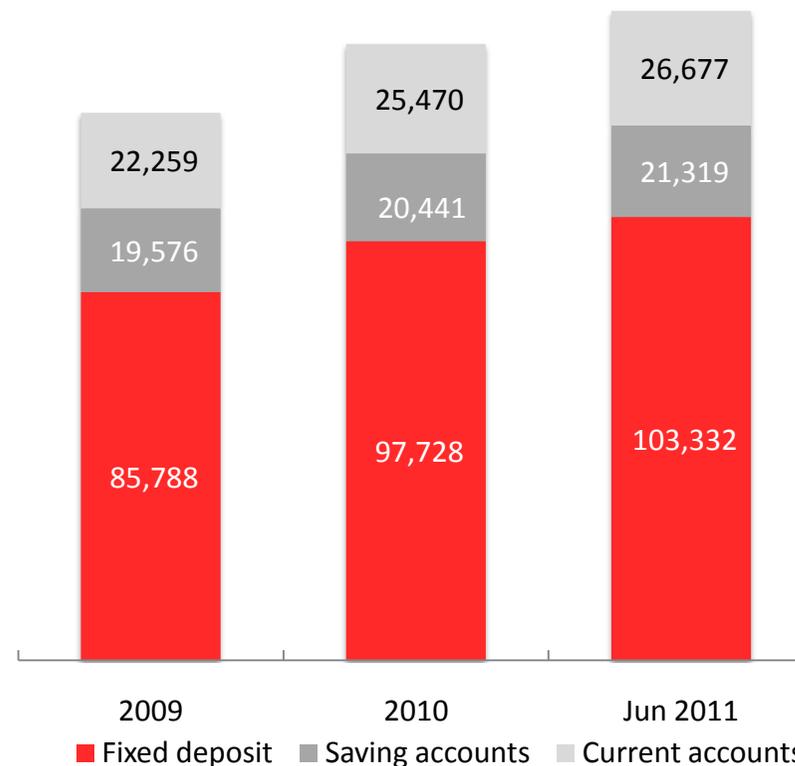
RM' mil



Source of Core Deposit

RM' mil

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



—○— Domestic core deposits market share

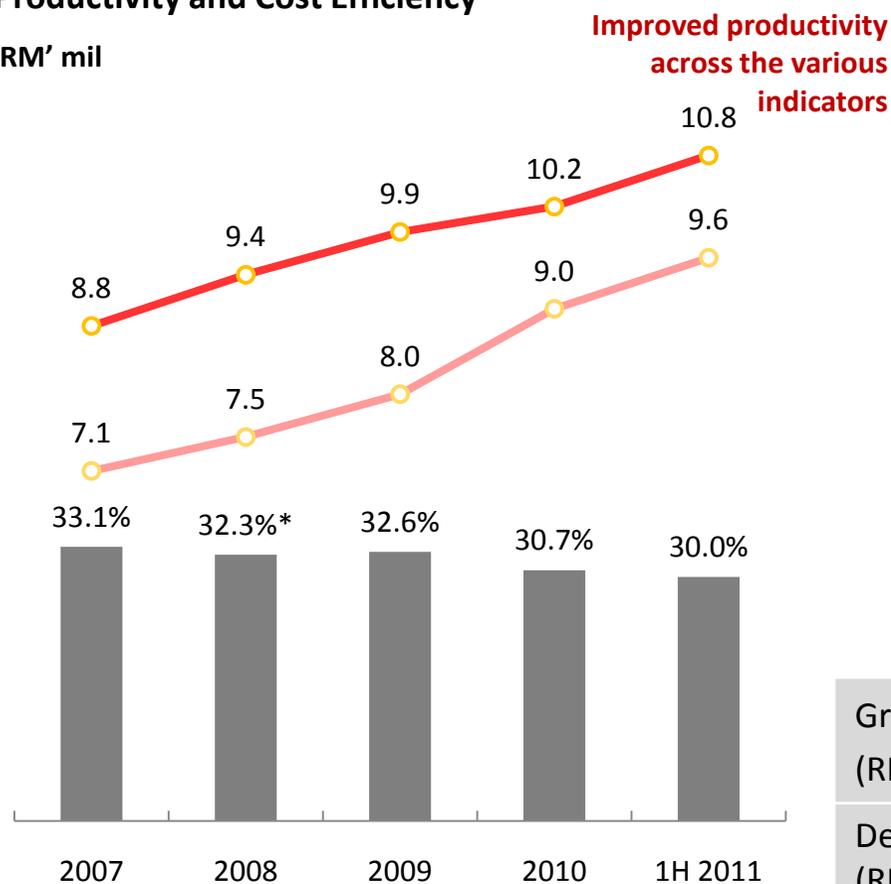
* Market share as at May 2011



Continued High Productivity & Cost Efficiency

Productivity and Cost Efficiency

RM' mil



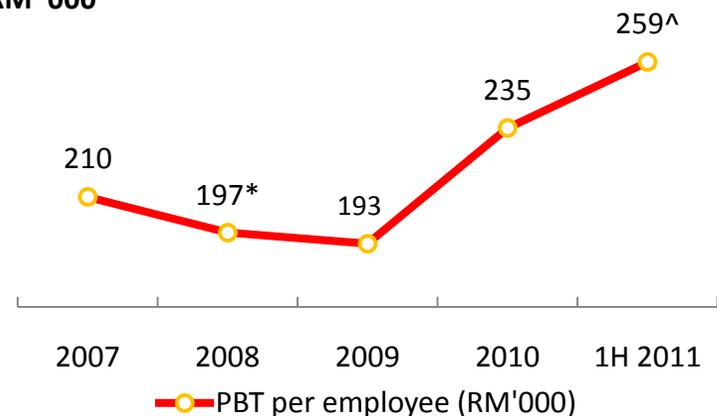
33.1% 32.3%* 32.6% 30.7% 30.0%

- Cost income ratio (%)
- Gross loan per employee
- Deposit per employee

* Exclude one-off goodwill income from ING

PBT per employee

RM' 000



* Exclude one-off goodwill income from ING

	1H 2011	2010	Industry Average
Gross loan per employee (RM mil)	9.6	9.0	7.3
Deposit per employee (RM mil)	10.8	10.2	9.5
PBT per employee (RM'000)	259^	235	189
Cost Income Ratio (%)	30.0	30.7	46.7

^ Annualised



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Retail Operations

RM'mil	1H 2011	1H 2010	Change
Net Income	2,051.2	1,754.3	16.9%
Operating Expenses	(640.3)	(612.2)	4.6%
Allowances for impairment of loans and other assets	(118.0)	(147.0)	-19.7%
Profit by segment	1,292.9	995.1	29.9%

	Jun 2011	Dec 2010	Change
Gross Loans and Advances (RM' bil)	98.4	91.3	7.7%
Customer Deposits (RM' bil)	125.8	119.1	5.6%
Gross Impaired Loans (RM' bil)	1.1	1.3	-13.5%
Gross Impaired Loans Ratio	1.1%	1.4%	-0.3%

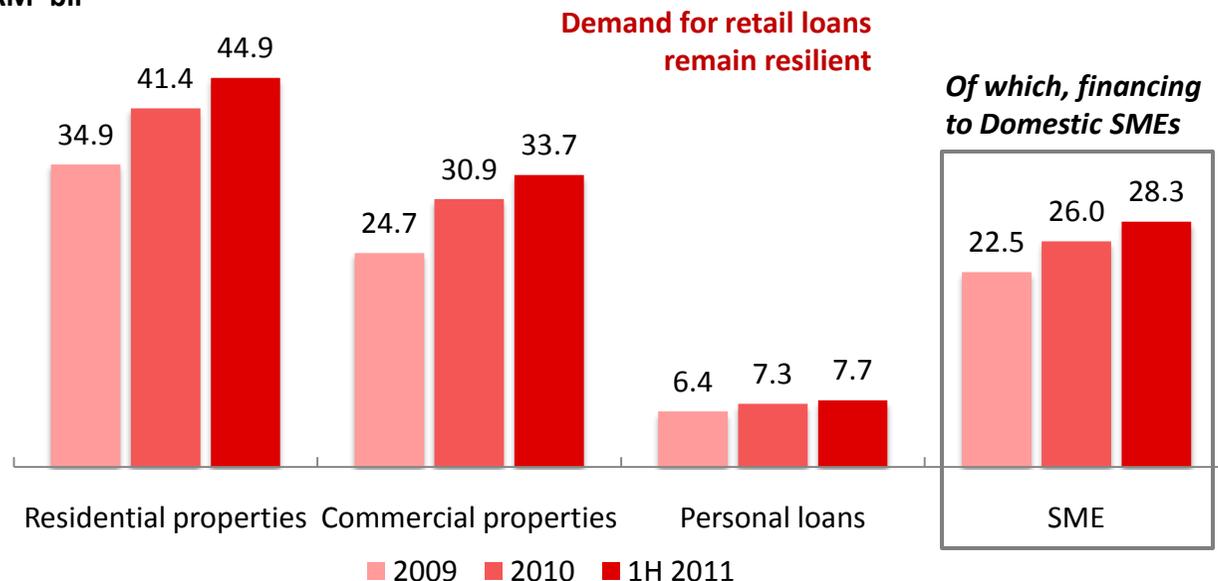
- Improved profit and business performance of the retail operations segment were mainly driven by strong growth in the lending and deposit-taking businesses coupled with higher sales volume from the retail financial services
- Asset quality further improved with gross impaired loans ratio declining to 1.1%



Retail Operations

Gross loan & financing in Domestic Operations

RM' bil



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



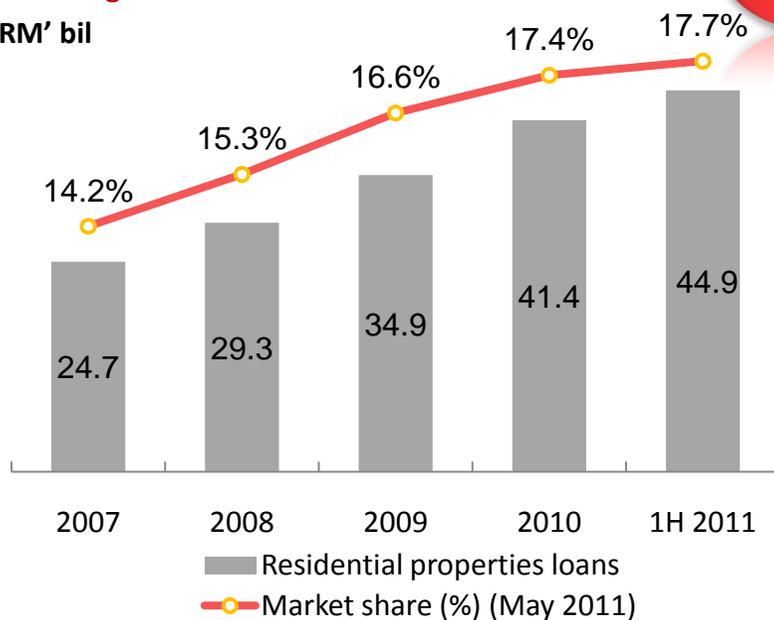
Retail Operations

Market Share in Residential Properties

Remained market leader in the residential property financing

No.1

RM' bil

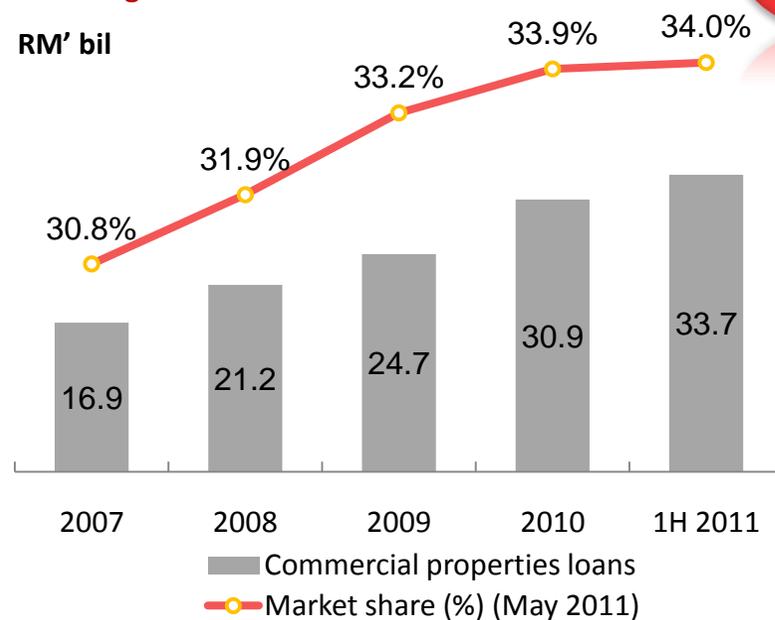


Market Share in Commercial Properties

Remained market leader in the commercial property financing

No.1

RM' bil



Hire Purchase

RM'mil	1H 2011	1H 2010	Change
Net Income	452.9	456.8	↓ -0.9%
Operating Expenses	(80.0)	(72.7)	↑ 10.0%
Allowances for impairment of loans and other assets	(64.8)	(53.1)	↑ 22.0%
Profit by segment	308.1	331.0	↓ -6.9%

	Jun 2011	Dec 2010	Change
Gross Loans and Advances (RM' bil)	35.5	33.6	↑ 5.6%
Gross Impaired Loans (RM' bil)	0.2	0.2	↑ 12.9%
Gross Impaired Loans Ratio	0.5%	0.5%	→ -

- The drop in net income from hire purchase was mainly due to escalated funding costs as a result of the various OPR hikes since March 2010
- Asset quality remained stable as reflected by the stable impaired loan ratio at 0.5%
- However, credit charge to P&L increased mainly due to higher collective allowance (1.5%) set aside in line with the higher loan growth during the period

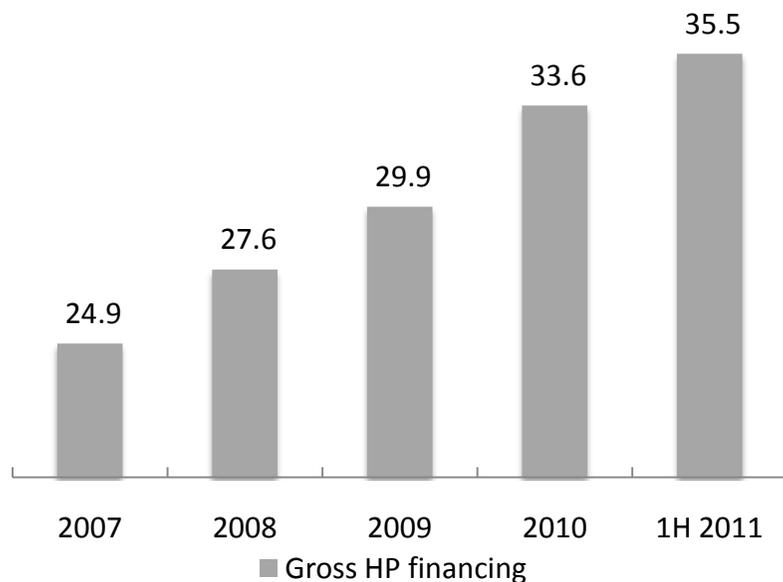


Hire Purchase

HP Financing in Domestic Operations

RM' bil

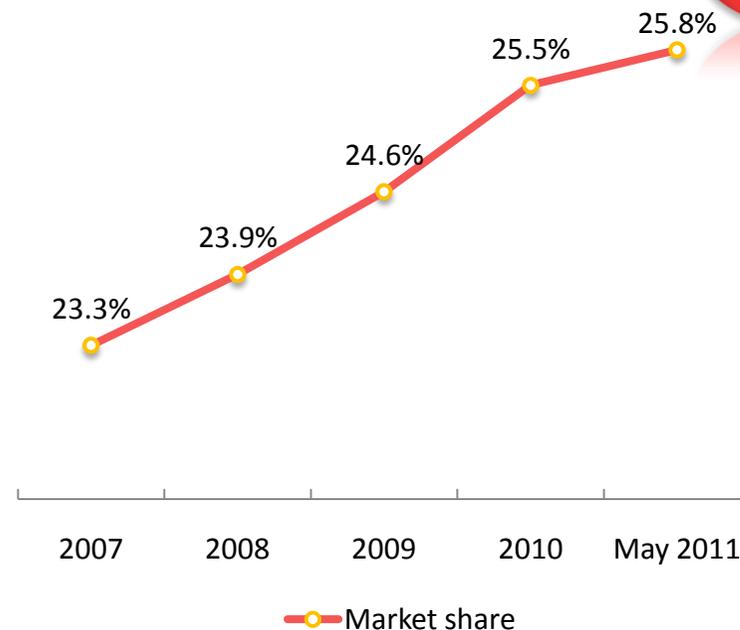
Steady growth in HP financing



Market Share in Passenger Vehicle Financing

Remained market leader in the passenger vehicle financing

No.1



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

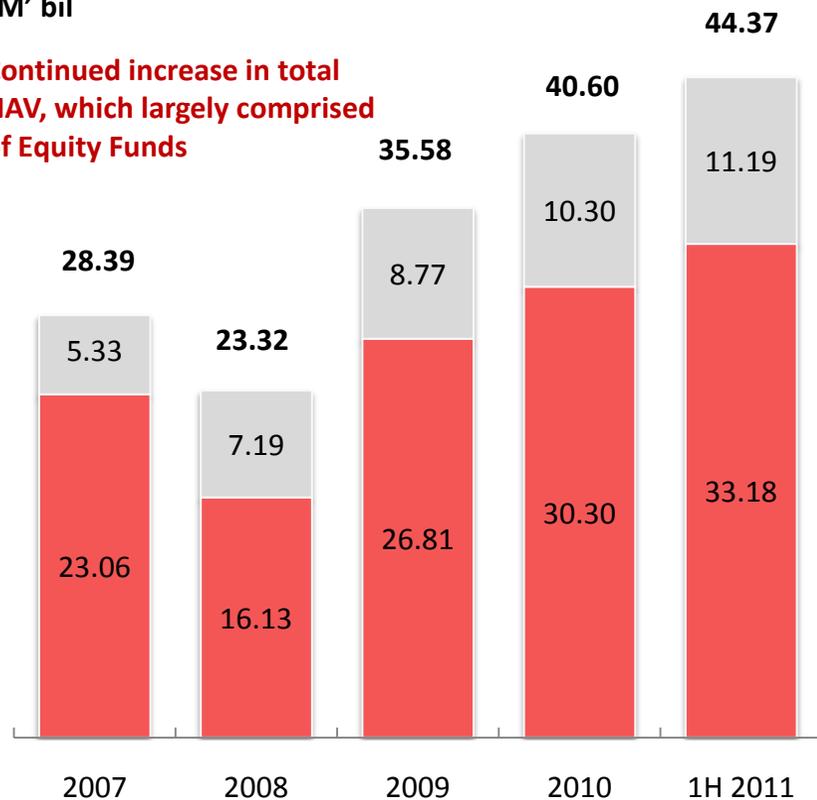


Wealth Management

Net Asset Value of Funds under management

RM' bil

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

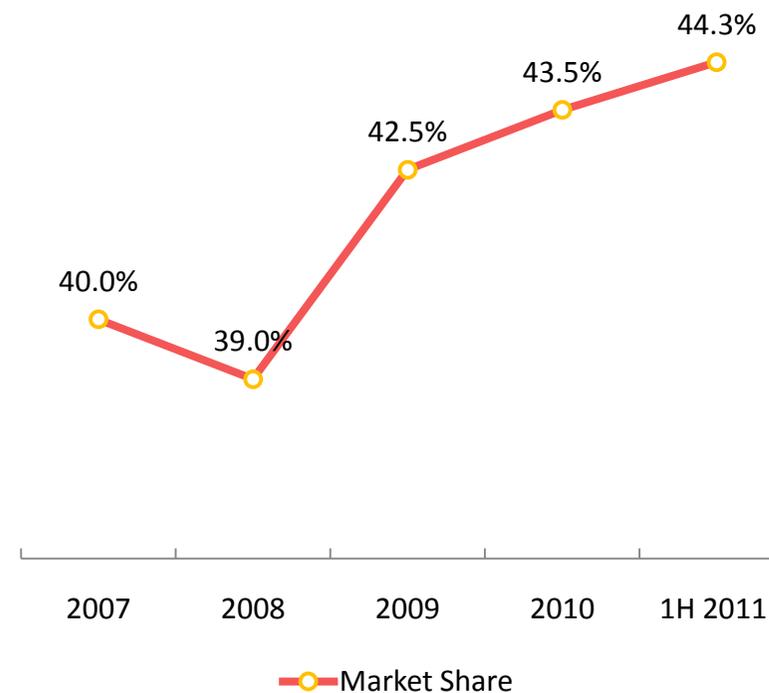


- Net Asset Value - Equity Funds
- Net Asset Value - Other Funds

Market Share in Private Unit Trust Industry

Public Mutual continues to maintain its market leadership

No.1

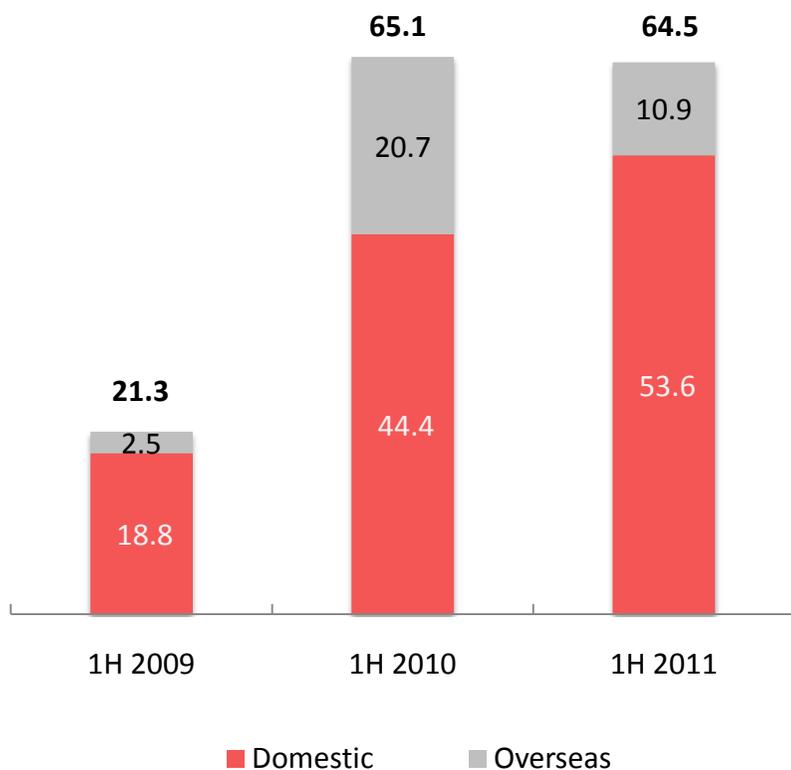


Wealth Management

Bancassurance Business Performance

RM' mil

Sales of Bancassurance products as measured by Annual Premium Equivalent



- Continue to focus on building infrastructures and business volumes
- Driven by single premium investment linked insurance, regular premium unit linked insurance and credit-related insurance product
- Launched a total of 6 new products during the half year.
- Continued to build its bancassurance sales force

	2009	2010	1H2011
Bancassurance Sales Executives	265	250	249
Personal Financial Executives	213	272	239
Total	478	522	488



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Capital Management

RM'mil	Group*			Bank*		
	Jun 2011	Dec 2010	Change	Jun 2011	Dec 2010	Change
Tier I Capital	15,033.7	14,118.5	6.5%	15,243.4	14,385.2	6.0%
Tier II Capital	5,399.4	5,266.8	2.5%	5,047.6	4,921.3	2.6%
Deduct: Inv in subs/asso and other deductions	(48.1)	(48.4)	-0.6%	(3,834.4)	(3,834.7)	0.0%
Total Capital Base	20,385.0	19,336.9	5.4%	16,456.6	15,471.8	6.4%
Risk-Weighted Assets	154,267.2	141,096.5	9.3%	127,932.6	116,319.3	10.0%
RWCR (%)	13.2	13.7	-0.5%	12.9	13.3	-0.4%
Tier-I Capital Ratio (%)	9.7	10.0	-0.3%	11.9	12.4	-0.5%

* After deducting interim dividends declared subsequent to end of year/period

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



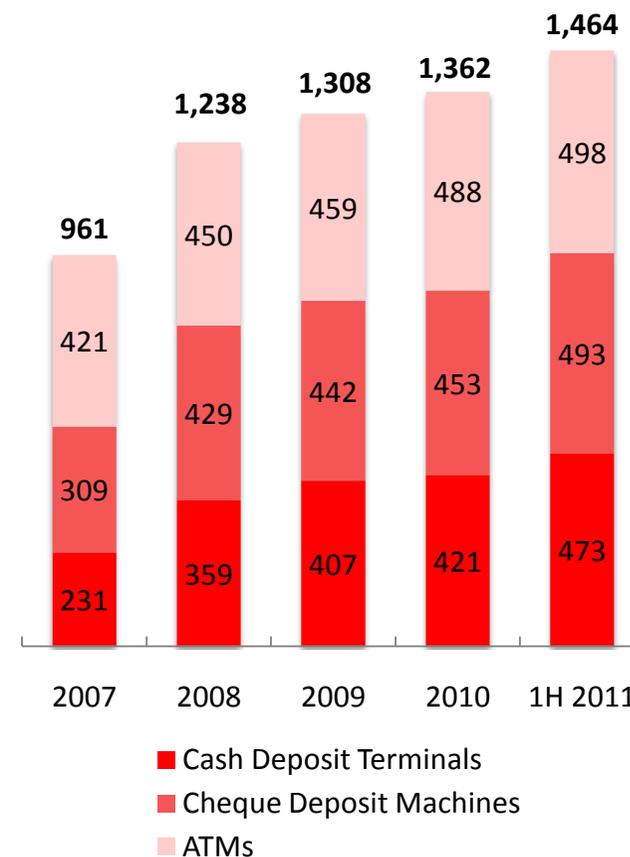
Expansion in Business Delivery Channel

Branch Network - Group

	Jun 2011	Dec 2010	Dec 2006
Malaysian Operations			
Public Bank - Domestic	251	249	240
- Overseas	4	4	3
Public Islamic Bank	1	1	-
Public Mutual	28	26	25
Public Investment Bank	1	1	1
Hong Kong & China Operations			
Public Finance	42	42	40
Public Bank (HK) - Hong Kong	32	30	15
- China	3	3	1
Winton (B.V.I) Group	9	9	2
Indo-China Operations			
Cambodia Public Bank	21	21	5
VID Public Bank (Vietnam)	7	7	6
	399	393	385

Business Delivery Channel

Continuous investments in domestic self service terminals



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





Investor Relations

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