



PUBLIC BANK
PUBIC BANK

Investor Presentation

March 2012 Results Update

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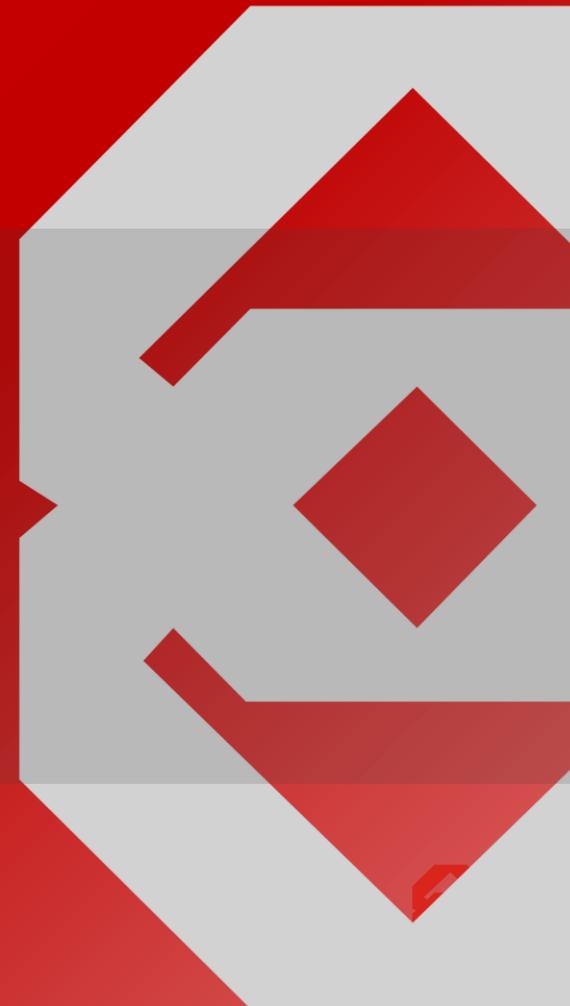
Our Strategy remains unchanged

“The Public Bank Group continues to pursue strong growth in its lending and deposit-taking businesses, expedite and diversify its growth in fee-based revenue, and further enhance its cost efficiency and return on equity.

The Group will continue to maintain its strong asset quality and leverage on its wide branch network, superior PB Brand and service excellence. The Group also remains committed to its tradition of prudence and practice of strong corporate governance.

The Group is confident that it is well placed to meet any challenges ahead and will continue to strive to maintain its solid profit performance in 2012.”

Tan Sri Dato’ Sri Dr. Teh Hong Piow
Chairman



Investor Presentation

Executive Summary

Financial Performance

Growth Performance

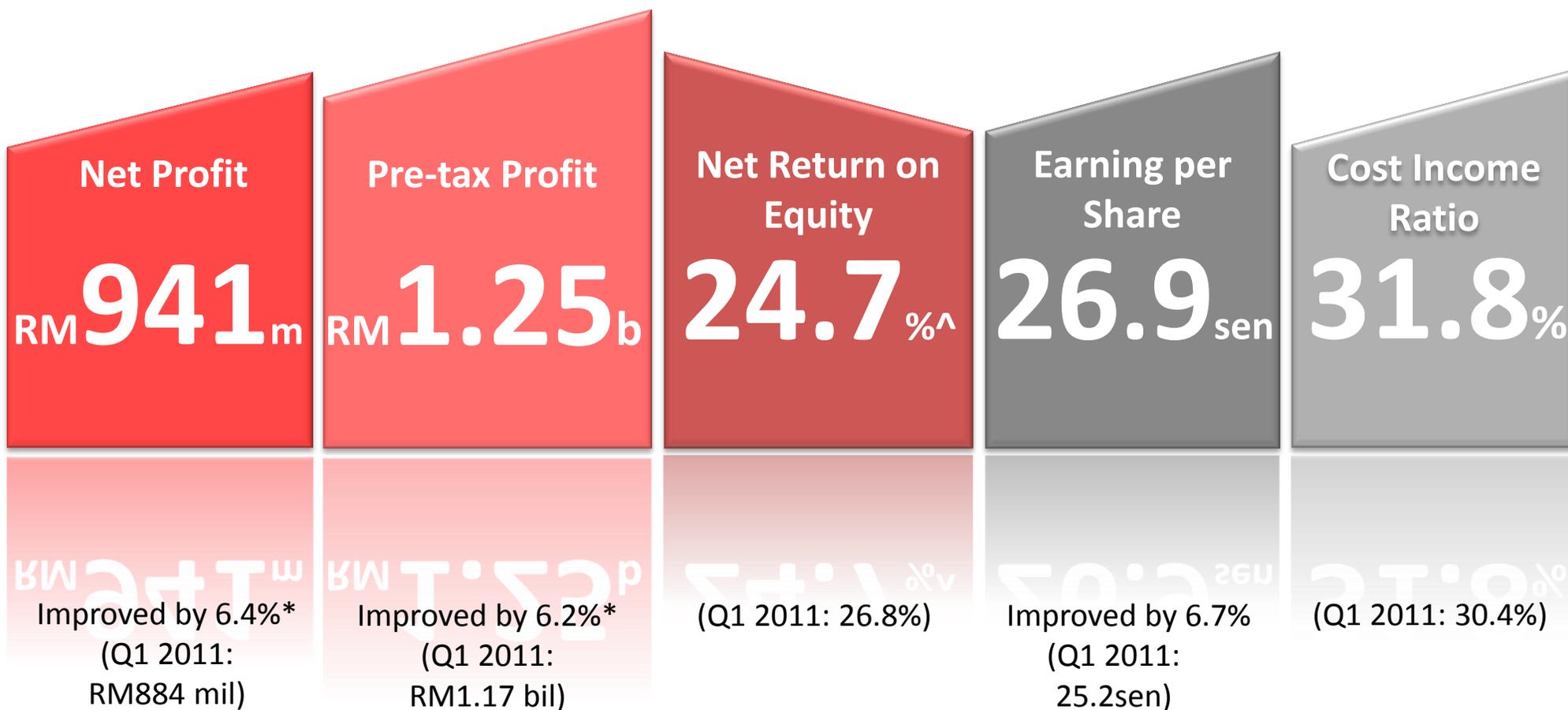
Business Performance

Capital Management

Other Highlights



Performance overview – Sustainable profit growth

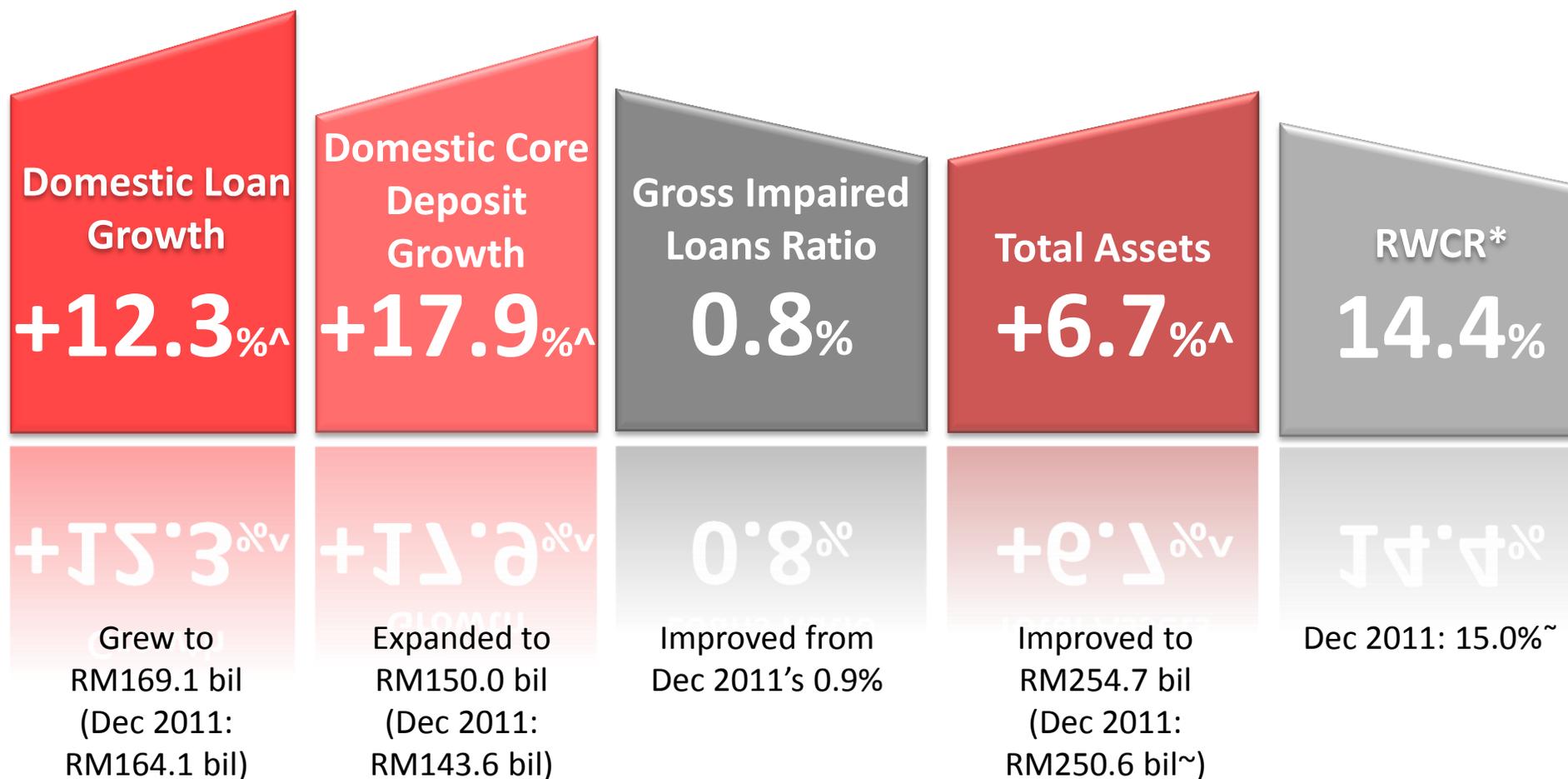


[^] Based on annualised earnings

* Excluding the impact of higher restated profits in prior year (with retrospective application of MFRS 139), net profit and pre-tax profit would have shown a higher growth of 13.7% & 13.5% respectively. Refer to slides 6 – 8 for further details on the retrospective application of MFRS 139



Performance overview – From a position of strength



[^] Annualised growth

* Q1 2012's unaudited earnings have yet to be included in the March 2012's RWCR. Dec 2011's RWCR is stated after deducting second interim dividends

[~] Restated with retrospective application of MFRS 139

March 2012 Results Update



Transition to MFRS Framework – Adoption of MFRS 139

Prior to the adoption of MFRS 139, the collective assessment allowance of the Bank and its domestic banking subsidiaries have been maintained at 1.5% of total outstanding loans, net of individual assessment allowance, pursuant to the relevant BNM guidelines

With the adoption of MFRS 139 commencing 1 January 2012, the collective assessment allowance is provided for using the incurred loss approach on the basis of the historical loss experience

The key impacts from the adoption of MFRS 139 are:

- Lower collective assessment allowances which resulted in :
 - excess in the brought forward collective assessment allowance and the corresponding write back of such excess in opening retained profits
 - lower collective assessment allowance charged in the income statement
- Accordingly, the write back of the excess collective assessment allowance as at 1 January 2012 has:
 - increased the shareholders' funds by RM859 million (net of tax)
 - enhanced the Group's core equity Tier 1 capital ratio by 0.5%
- Retrospective application of MFRS 139 which resulted in the restatement of comparative financial statements



Transition to MFRS Framework – Adoption of MFRS 139

Restatement of key comparatives

		Restated	Previously reported
	Q1 2012	Q1 2011	Q1 2011
Pre-tax profit (RM million)	1,245	1,173	1,098
Net profit (RM million)	941	884	828
Pre-tax profit growth (%)		6.2	13.5
Net profit growth (%)		6.4	13.7
Net return on equity (%)	24.7	26.8	26.4
Earning per share (sen)	26.9	25.2	23.6



Transition to MFRS Framework – Adoption of MFRS 139

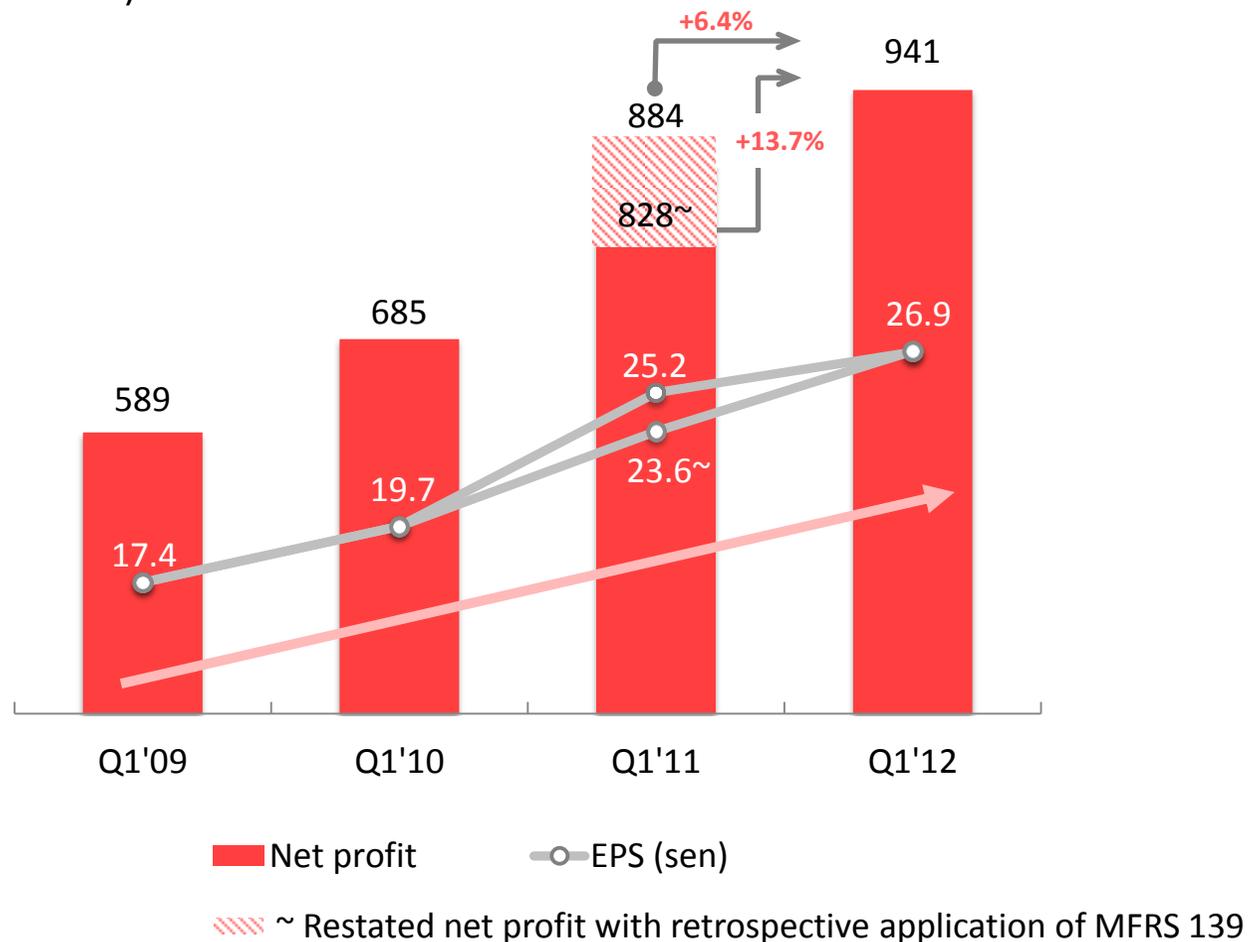
Restatement of key comparatives

	Restated	Previously reported	
	Dec 2011	Dec 2011	Variance
Shareholders' funds (RM million)	15,722	14,863	 859
Tier 1 capital ratio (%)	10.6	10.1	 0.5
RWCR (%)	15.0	15.3	 0.3
Loan loss coverage (%)	113.8	188.9	 75.1



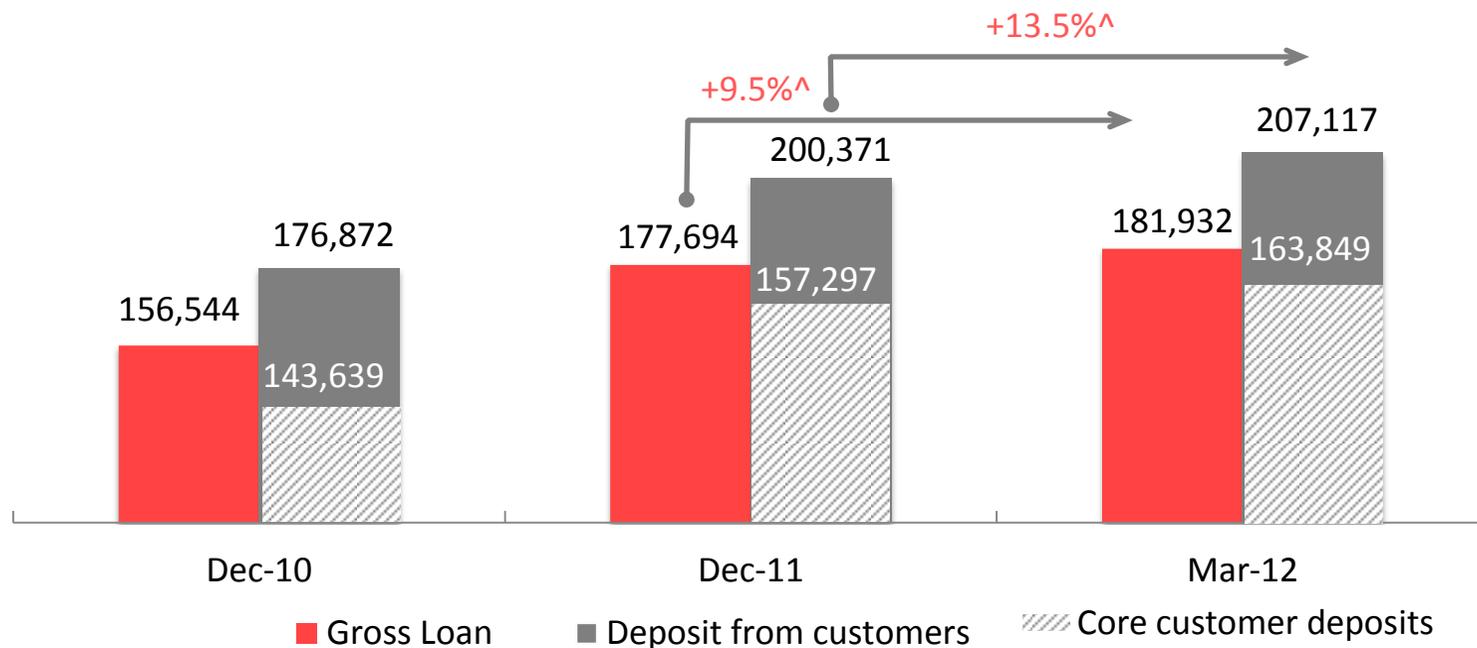
Performance overview – Strong quarterly net profit growth

Quarterly net profit growth
(RM'mil)



Performance overview – Sustainable loan and deposit growths

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



	Dec-2010	Dec-2011	Mar-2012 [^]
Gross loan growth	13.8%	13.5%	9.5%
Customer deposit growth	3.5%	13.3%	13.5%
Core customer deposit growth	12.5%	9.5%	16.7%

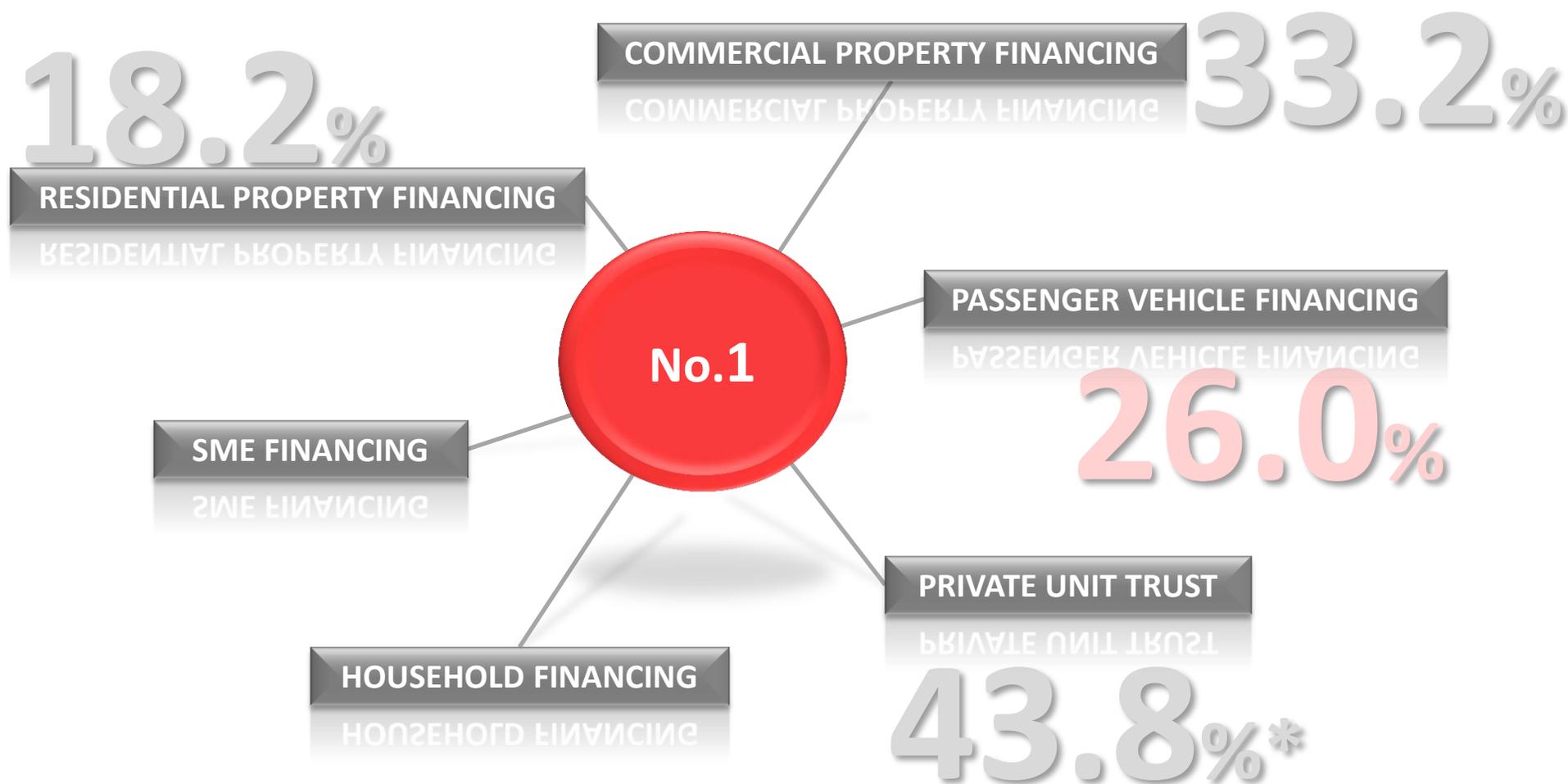
[^] Annualised growth

March 2012 Results Update



Taking the lead in what we do – Clear market leadership

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



* Market share as at February 2012

March 2012 Results Update



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 (%)	31.3	17.4
Pre-tax return on average assets (%)	2.0	1.6
Cost to income ratio (%)	31.8	46.0
Pre-tax profit per employee (RM'000)	285	202
Gross loans per employee (RM'mil)	10.4	8.1
Deposits per employee (RM'mil)	11.8	10.4
Gross impaired loans ratio (%)	0.8	2.7
Loan loss coverage (%)	117.1	97.5



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Earnings Performance

RM'mil	Q1 2012	Q1 2011~	Change	
Net interest & Islamic Banking income	1,479.2	1,401.1	↑	5.6%
Non-interest income	389.4	371.6	↑	4.8%
Operating expenses	593.4	538.6	↑	10.2%
Operating profit	1,275.2	1,234.1	↑	3.3%
Loan impairment allowances	30.0	65.0	↓	53.8%
Pre-tax profit	1,245.6	1,173.1	↑	6.2%
Net profit	940.8	884.1	↑	6.4%

Income:

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

Expenses:

- Higher operating expenses in Q1 2012 vs Q1 2011 were due to higher personal costs in line with the investment in human resources and larger head count

Allowance:

- Lower loan impairment allowances due to improved asset quality

~ Restated with retrospective application of MFRS 139, where applicable



Key Earnings Indicators

	Q1 2012	Q1 2011~	Change
Earnings per share (sen)	26.9	25.2	 6.7 %
Net return on equity*	24.7%	26.8%	 2.1%
Pre-tax return on average assets	2.0%	2.1%	 0.1%
Net interest margin on yielding assets**	3.2%	3.2%	 ---
Non interest income/Total net income	20.8%	21.0%	 0.2%
Cost to income ratio	31.8%	30.4%	 1.4%
Overheads over average assets	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.

~ Restated with retrospective application of MFRS 139, where applicable

Note: Q1 key earning indicators, excluding EPS, have been annualised for comparison purposes.



Pre-tax Profit by Business Segment

RM'mil	Q1 2012	Q1 2011~	Change
Retail operations	748.9	669.7	↑ 11.8%
Hire purchase	182.7	175.5	↑ 4.1%
Corporate lending	75.6	62.5	↑ 21.0%
Treasury & capital market operations	46.7	38.0	↑ 23.1%
Fund management	87.7	77.7	↑ 12.9%
Overseas operations	75.6	75.4	↑ 0.3%
Investment banking	14.4	14.1	↑ 2.3%
Others*	14.0	60.2	↓ 76.9%
Total	1,245.6	1,173.1	↑ 6.2%

- Double digit growth in retail operations, contributing >60% of the Group's pre-tax profit
- Healthy volume growth contributed to improved performance in all other business segments

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

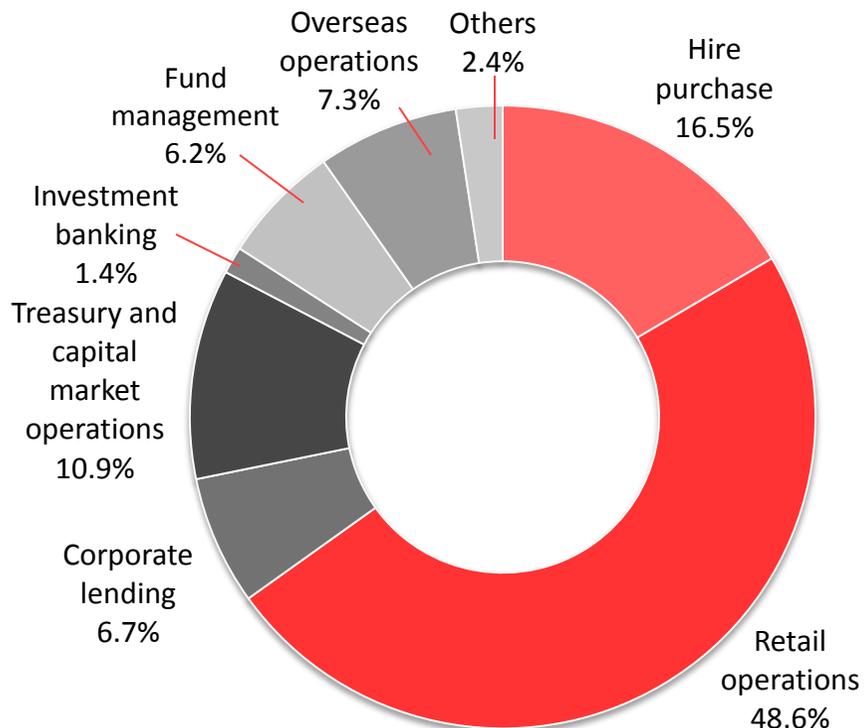
~ Restated with retrospective application of MFRS 139, where applicable

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

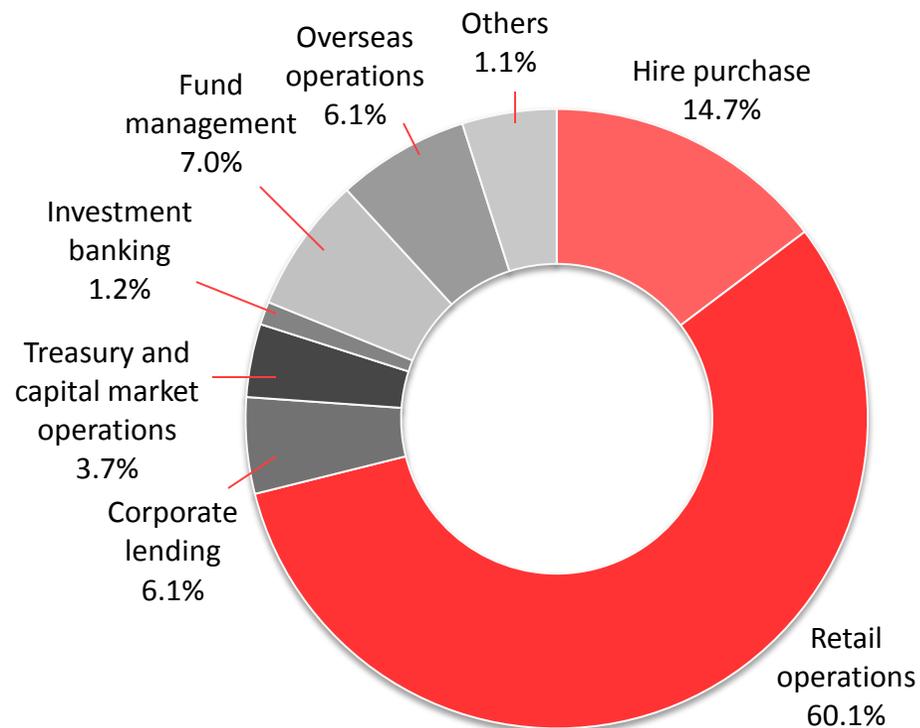


Contribution to Revenue & Pre-tax Profit – by Business

Revenue Contribution



Pre-tax Profit Contribution



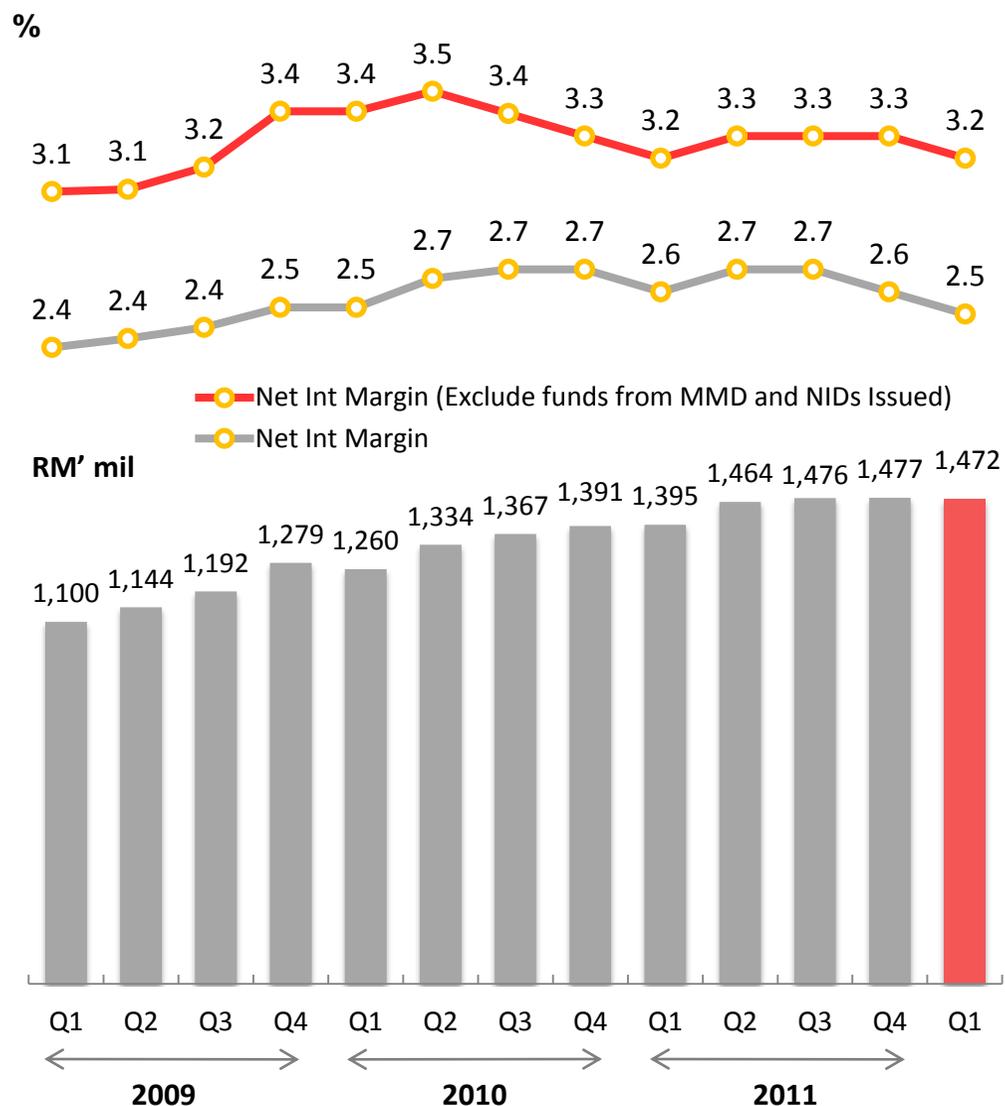
Based on financial results as of 31 March 2012

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



Net Interest Income & Margins - Stable and healthy growth

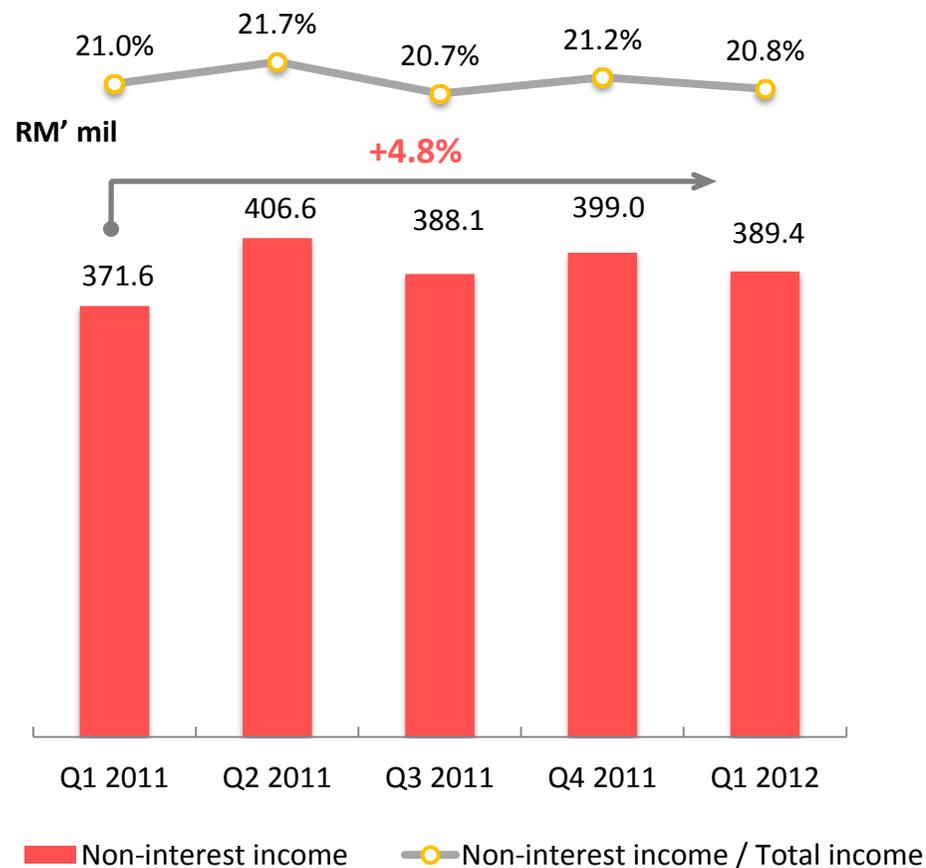
Net Interest Income and margin



- Overall NIM for Q1 2012 has marginally declined from earlier quarters due to competitive pressure on interest margins and escalating funding costs
- Net Interest and financing income for the current quarter remains healthy despite the short month in February
- Growth in net interest and finance income during the quarter was due to healthy loan and deposit growth



Non-Interest Income

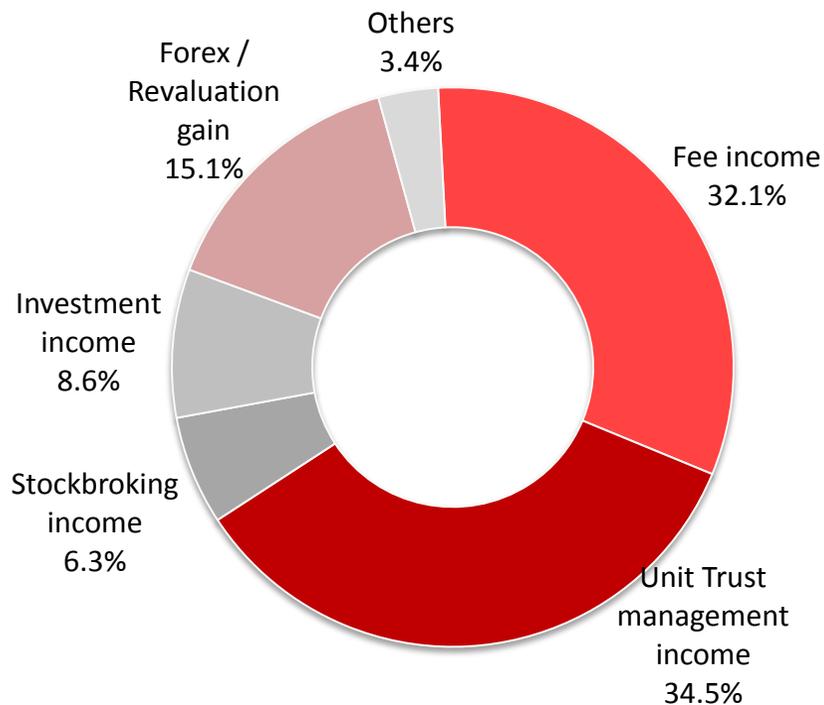


- The Group's non-interest income in Q1 2012 see an increase from Q1 2011, with a quarter-on-quarter increase of 4.8%
- The Group's non-interest income in Q1 2012 has marginally dropped from Q4 2011 by RM9.6 million due to lower foreign exchange profit and lower net gain on financial instruments

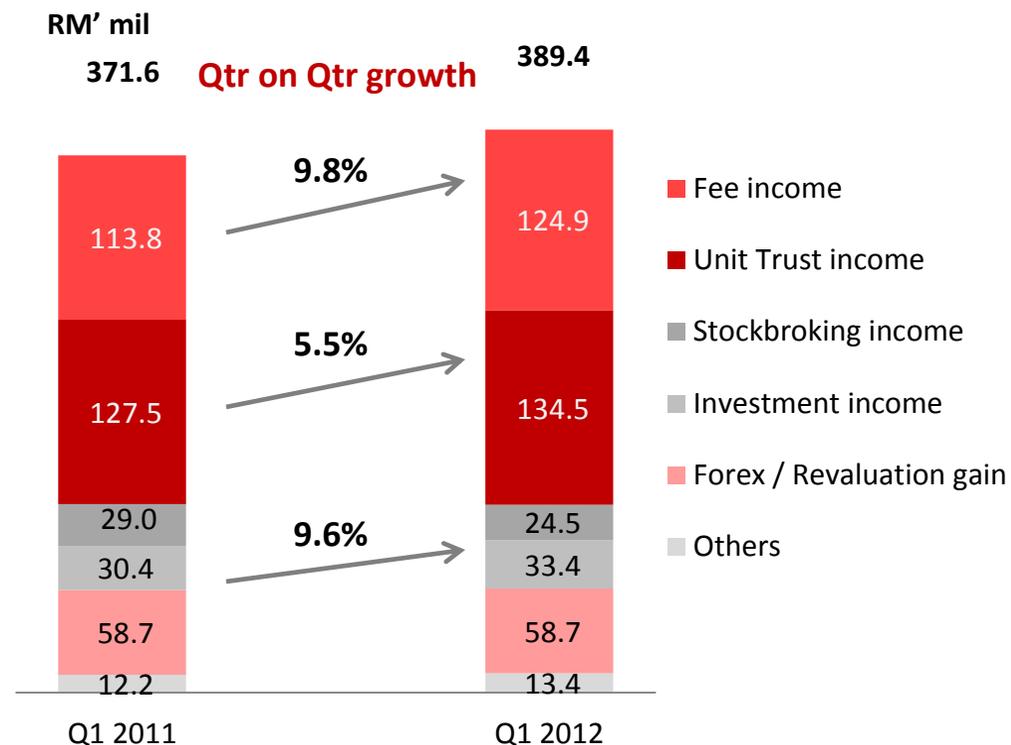


Non-Interest Income Contribution & Growth Traction

Non-Interest Income Contribution



Based on financial results as of 31 March 2012

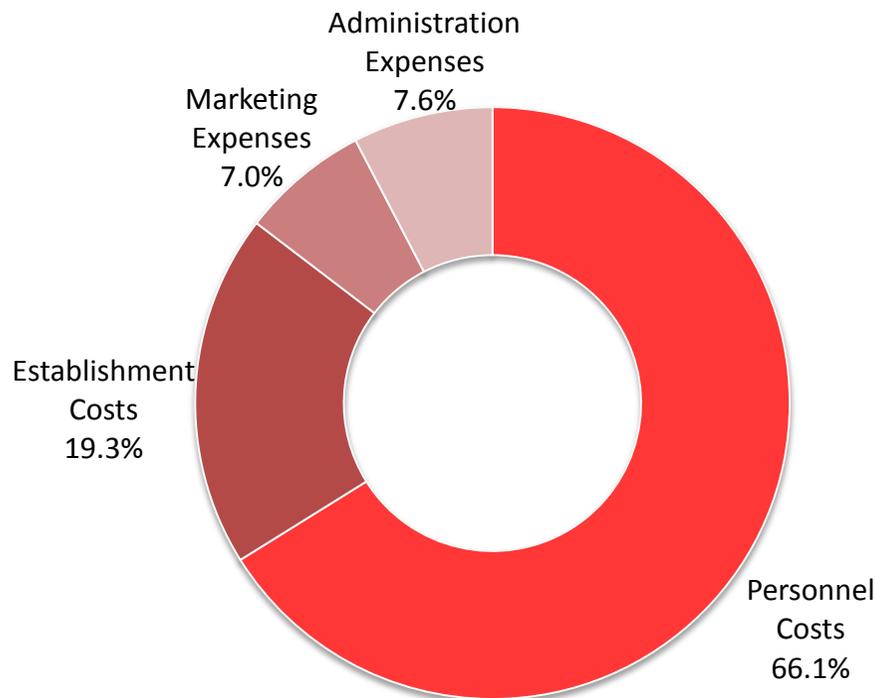


- The increase in non-interest income in Q1 2012 was mainly contributed by the Group's fee income, unit trust and investment income



Efficient Operating Overheads

Operating Costs Contribution



Based on financial result as at 31 March 2011

RM'mil	Q1 2012	Q1 2011	Change
Personnel Costs	392.3	369.2	↑ 6.3%
Establishment Costs	114.5	97.6	↑ 17.3%
Marketing Expenses	41.4	38.3	↑ 8.0%
Administration Expenses	45.2	33.5	↑ 35.2%
Total	593.4	538.6	↑ 10.2%

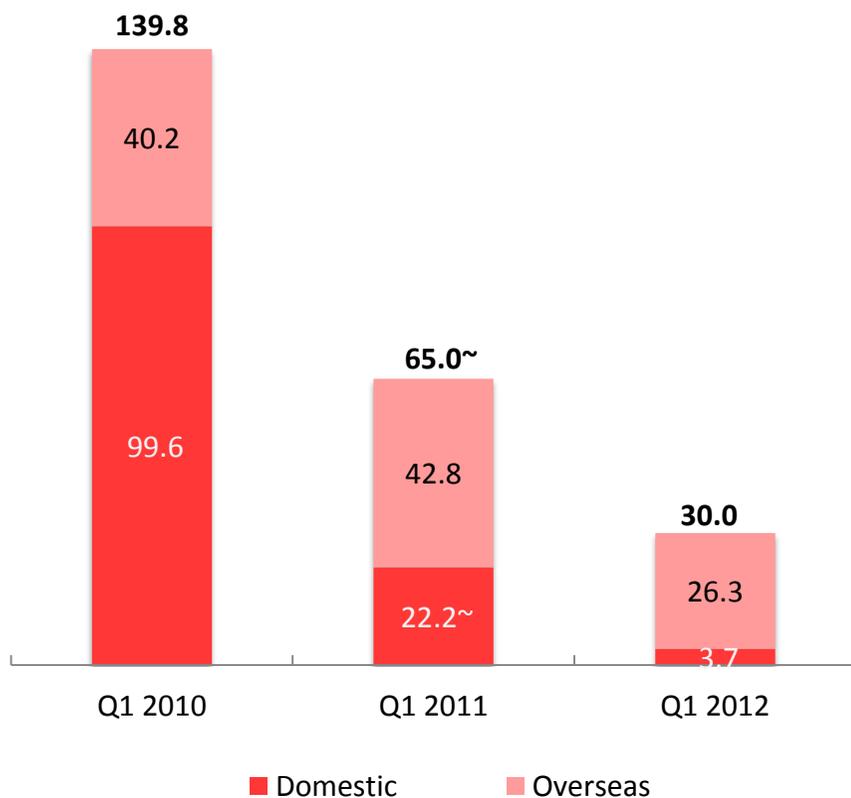
- Higher operating expenses were incidental to business expansion and growing loan base
- Personnel costs remain the main operating cost as the Group continue to invest in its people



Improving Loan Loss Allowances

Quarterly Loan Impairment Allowances (including collective allowance)

RM' mil



~ Restated with retrospective application of MFRS 139

Quarter-on-quarter comparison

- Lower Q1 2012 loan impairment allowances was partly due to certain major recoveries



Investor Presentation

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Robust Financial Position

	RM' bil	Mar 2012	Dec 2011~	Change
Total assets		254.7	250.6	 1.7%
Gross loans and advances		181.9	177.7	 2.4%
<i>Of which:</i>				
Domestic loans and advances		169.1	164.1	 3.1%
Overseas loans and advances		12.8	13.6	 5.8%
Deposits from customers		207.1	200.4	 3.4%
<i>Of which:</i>				
Domestic core customer deposits		150.0	143.6	 4.5%
Shareholders' funds		15.68	15.72	 0.3%
Net assets per share (RM)		4.48	4.49	 0.2%
Net loans to deposits (LD) ratio (%)		87.0	87.8	 0.8%

Assets:

- Assets expansion driven by healthy loan and deposit growth

Loan:

- Domestic loan growth is stronger at 3.1% for Q1 2012
- Overseas loans see a decrease of 5.8% to RM12.8 billion, partly due to impact of foreign exchange

Deposit:

- Deposit growth of 3.4%, supported by the strong domestic core customer deposit growth of 4.5%

Equity:

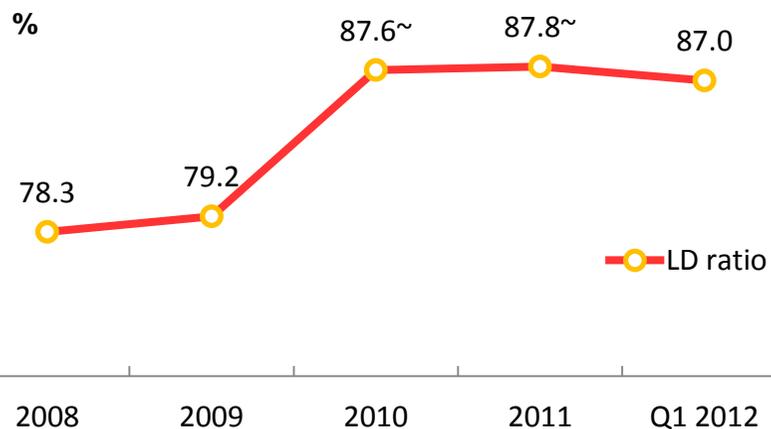
- Shareholders' fund stood at RM15.68 billion

~ Restated with retrospective application of MFRS 139, where applicable



Strong Liquidity With Healthy Loan/Deposit Ratio

Net Loan Deposit Ratio



- Net loan deposit ratio in Q1 2012 remained healthy
- 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 >68% contribution

~ Restated with retrospective application of MFRS 139

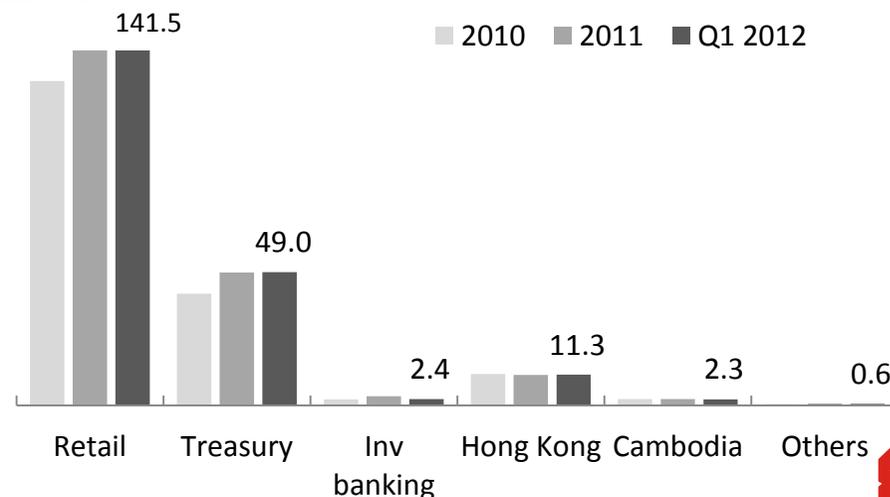
Gross Loan Composition by Segment

RM' bil



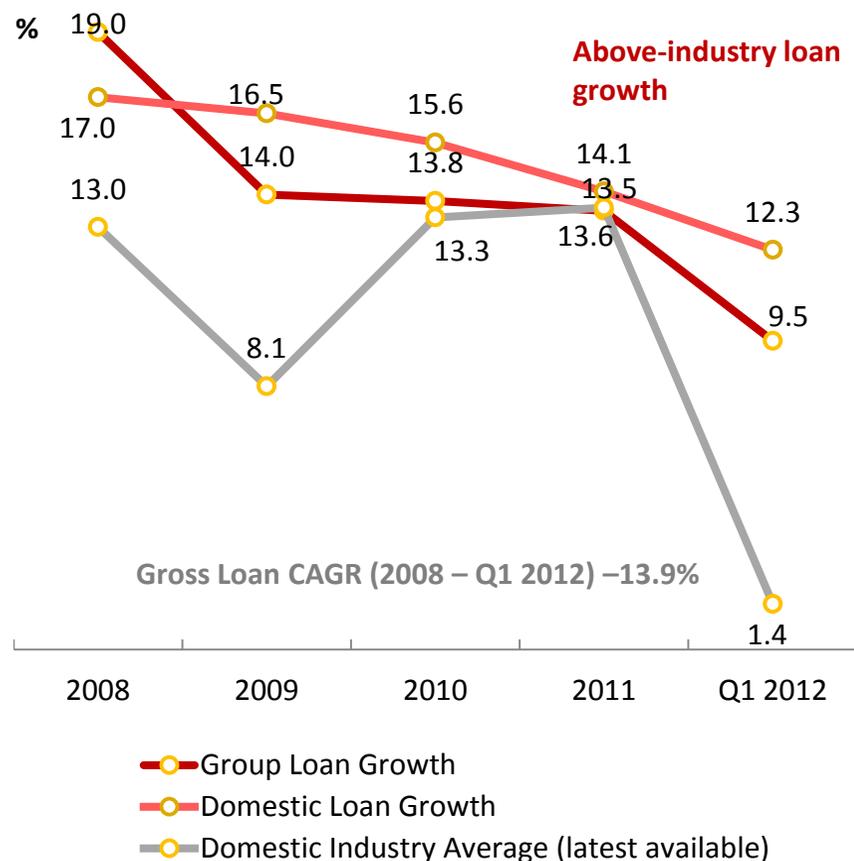
Deposit Composition by Segment

RM' bil

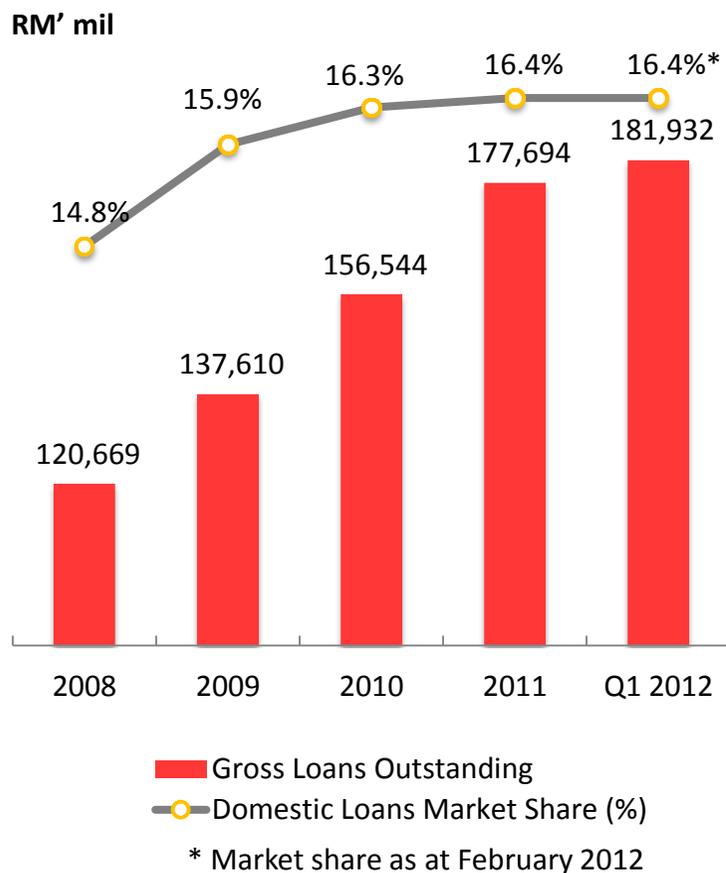


Consistently Above-industry Loan Growth

Loan Growth vs Industry



Gross Loans and Domestic Loan Market Share

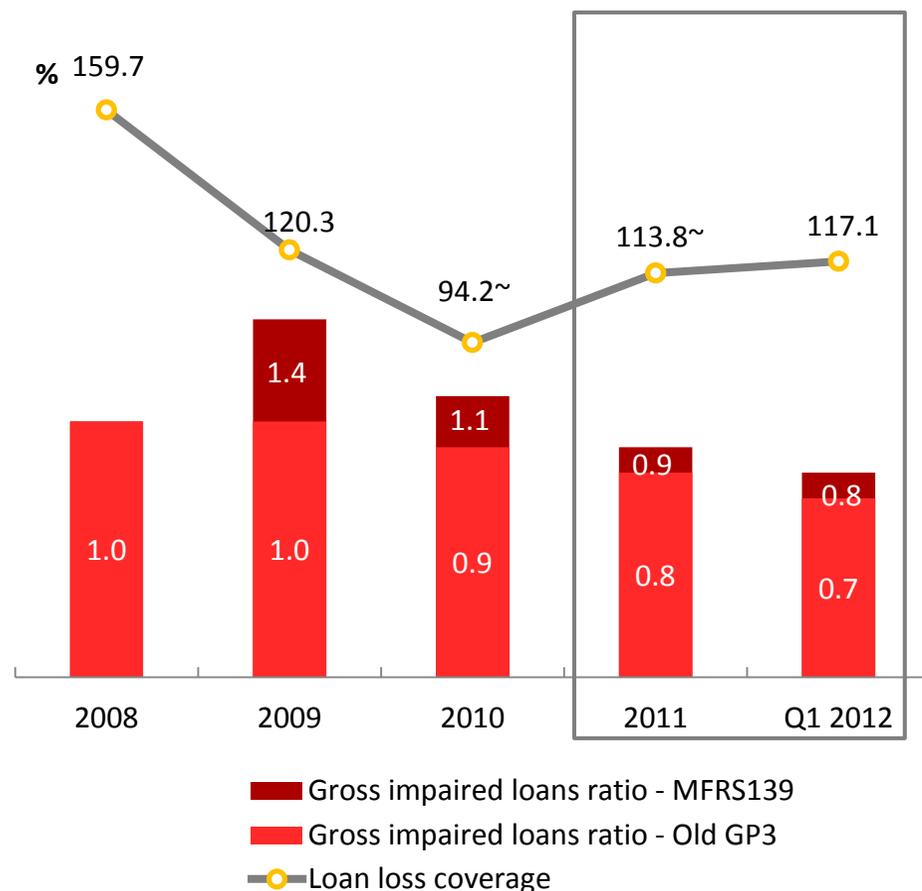


Note: Industry average growth is based on annualised loan growth as of February 2012
 Growth rate for Q1 2012 represent annualised growth for the quarter



Asset Quality Remained Strong

Improving gross impaired loans ratios with high loan loss reserves



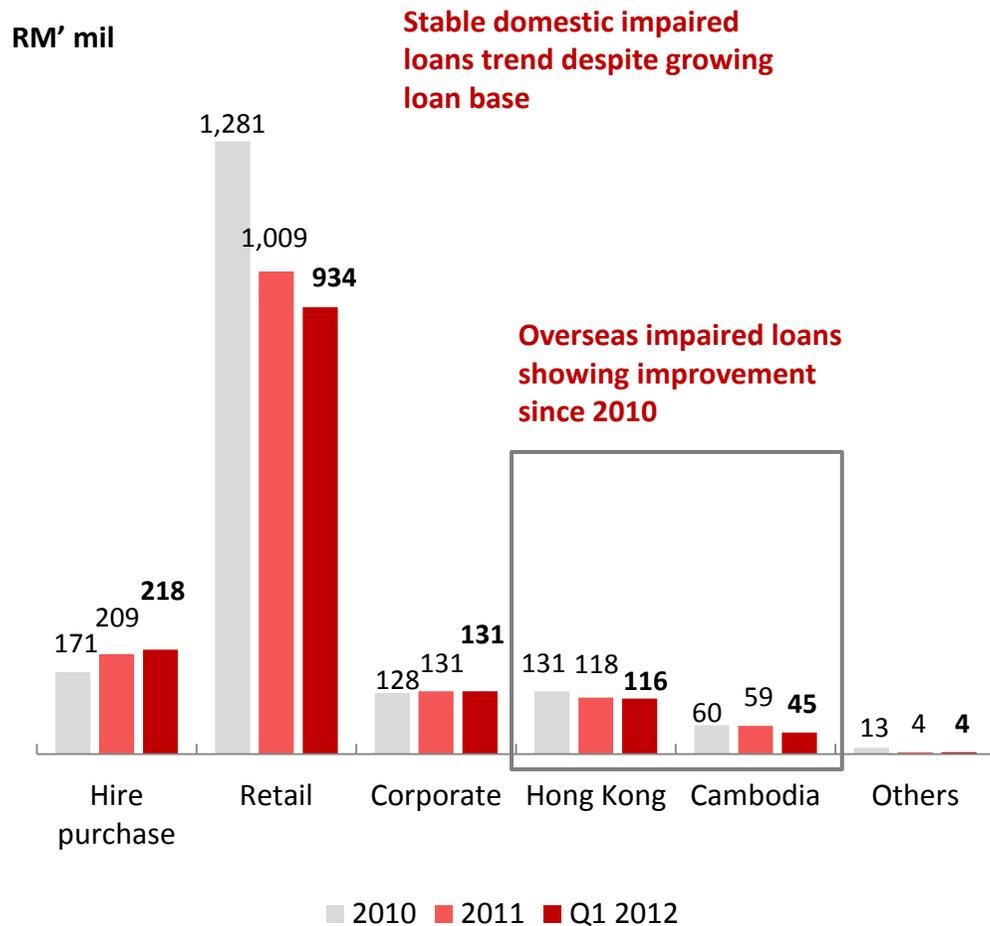
- Continued improvement in gross impaired loans ratio to 0.8% as at Q1 2012
- Despite write back of excess collective assessment allowance due to full adoption of MFRS 139 with effect from 2012, loan loss reserve continued to remain high at 117.1% in Q1 2012

~ Restated with retrospective application of MFRS 139

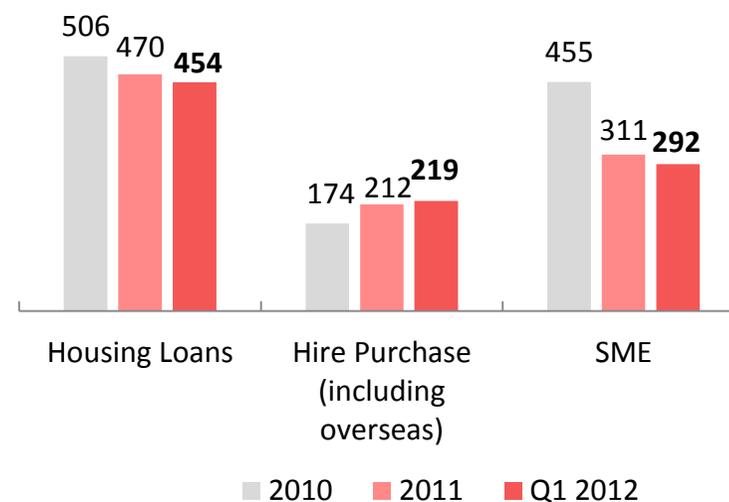
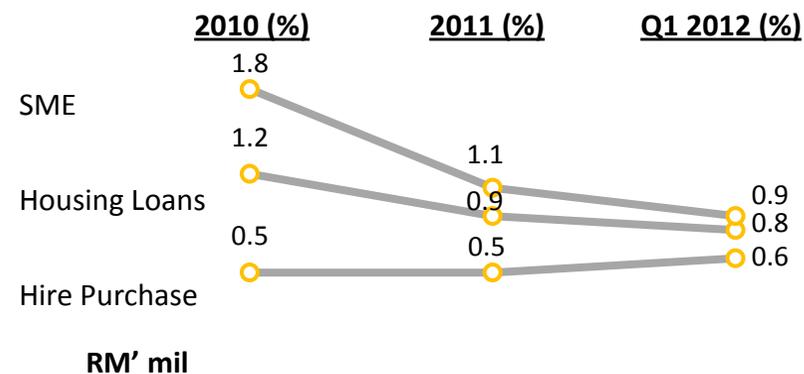


Asset Quality Remained Strong

Gross Impaired Loans by Segment

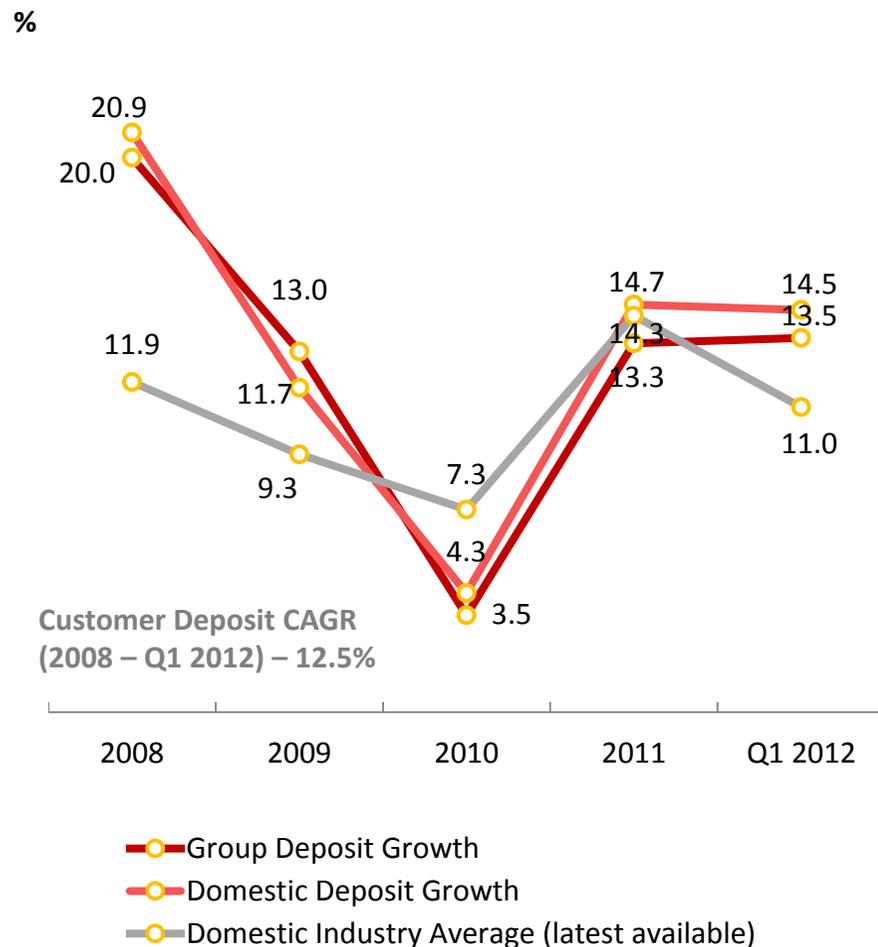


Gross Impaired Loans & Gross Impaired Loans Ratio by Key Sectors

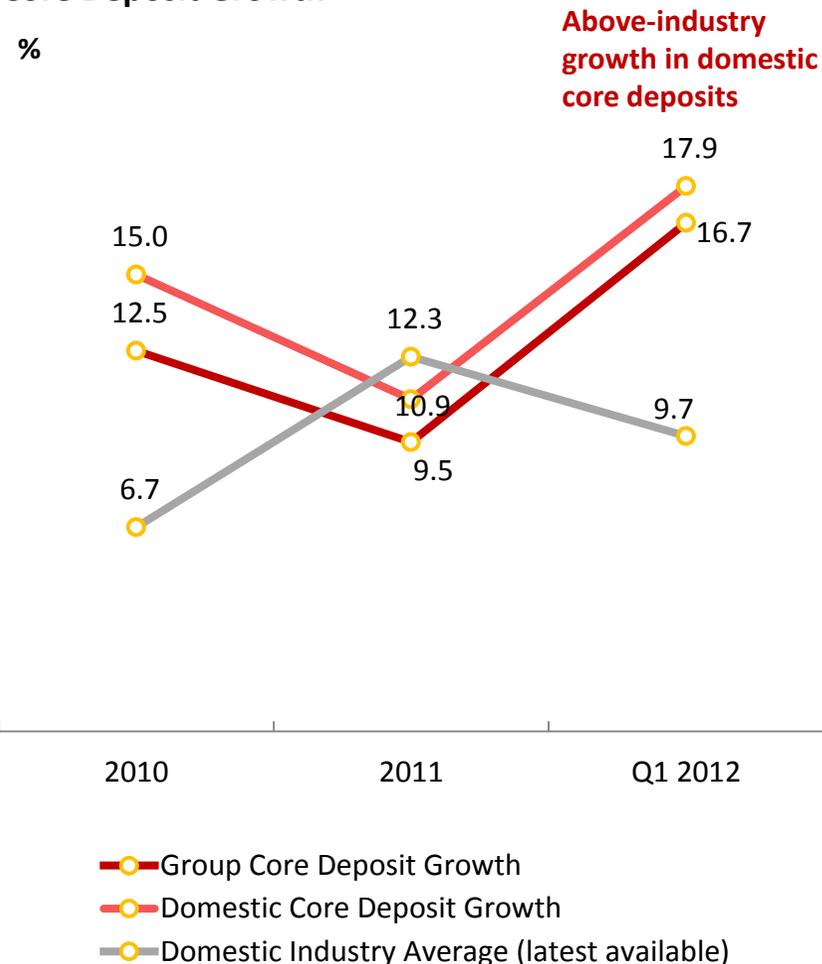


Healthy Core Deposit Growth in Support of Liquidity

Deposit Growth vs Industry



Core Deposit Growth



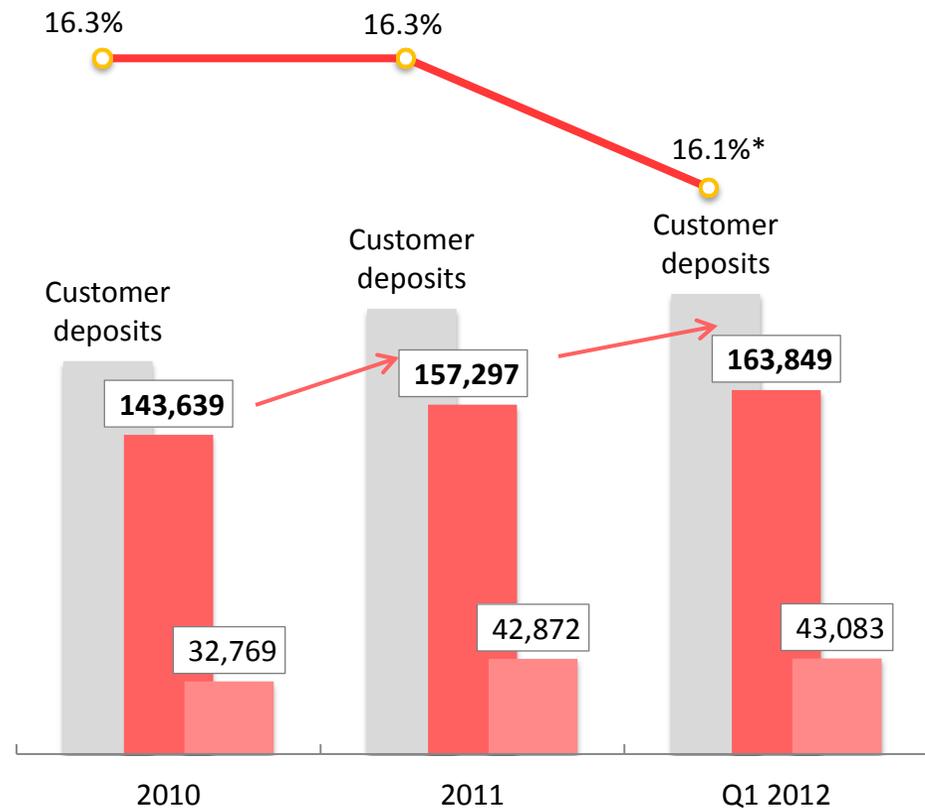
Note: Industry average growth is based on annualised loan growth as at February 2011
 Growth rate for Q1 2012 represents annualised growth for the quarter



Diversified Source of Customer Deposit

Type of Deposit

RM' mil

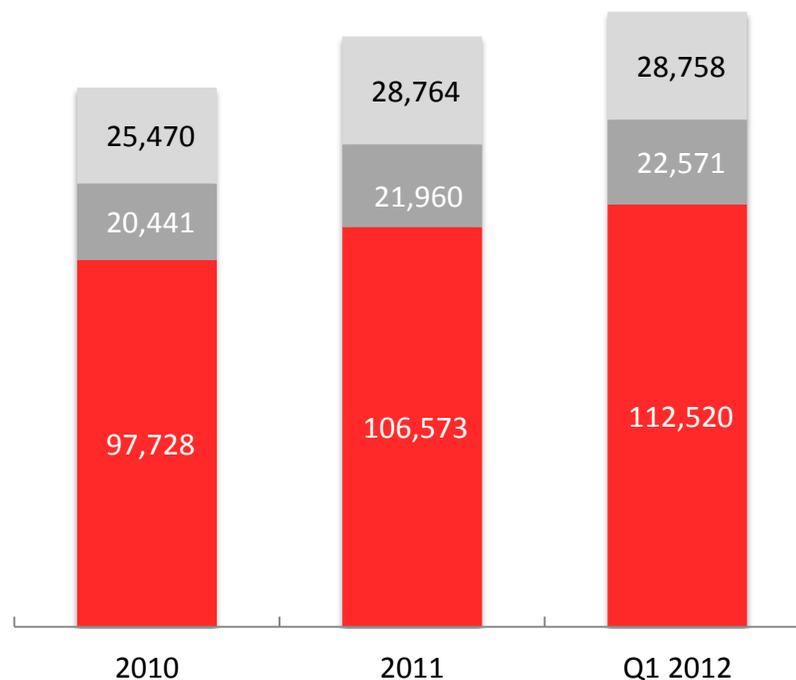


Growth supported largely by core customer deposits

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
- * Market share as at February 2012

- Fixed deposit
- Saving accounts
- Current accounts

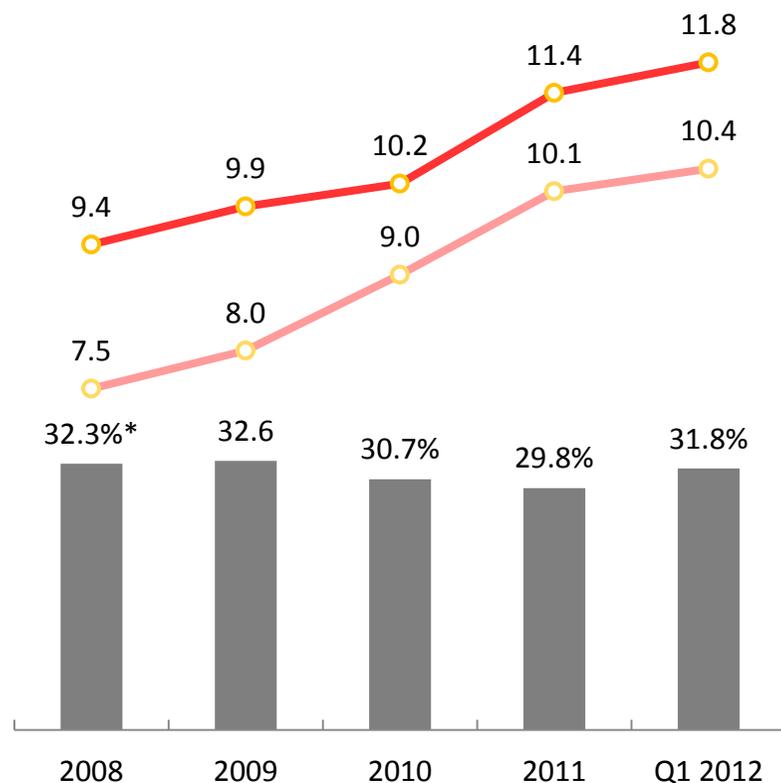


Continued High Productivity & Cost Efficiency

Productivity and Cost Efficiency

RM' mil

Improved productivity
across the various
indicators

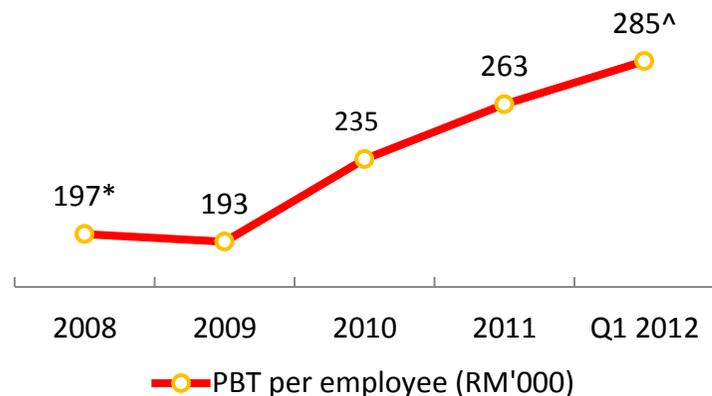


- Cost income ratio (%)
- Gross loan per employee
- Deposit per employee

* Exclude one-off goodwill income from ING

PBT per employee

RM' 000



* Exclude one-off goodwill income from ING

	Q1 2012	2011	Industry Average
Gross loan per employee (RM mil)	10.4	10.1	8.1
Deposit per employee (RM mil)	11.8	11.4	10.4
PBT per employee (RM'000)	285^	263	202
Cost Income Ratio (%)	31.8	29.8	46.0

^ Annualised



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Retail Operations

RM'mil	Q1 2012	Q1 2011~	Change
Net Income	1,080.3	984.3	9.8%
Operating Expenses	(338.6)	(314.7)	7.6%
Allowances for impairment on loans and other assets	7.2	0.1	>100%
Profit by segment	748.9	669.7	11.8%

- Improved profit and business performance of the retail operations segment were mainly driven by healthy growth in the lending and deposit-taking businesses
- Asset quality further improved with gross impaired loans ratio declining to 0.9%

~ Restated with retrospective application of MFRS 139, where applicable

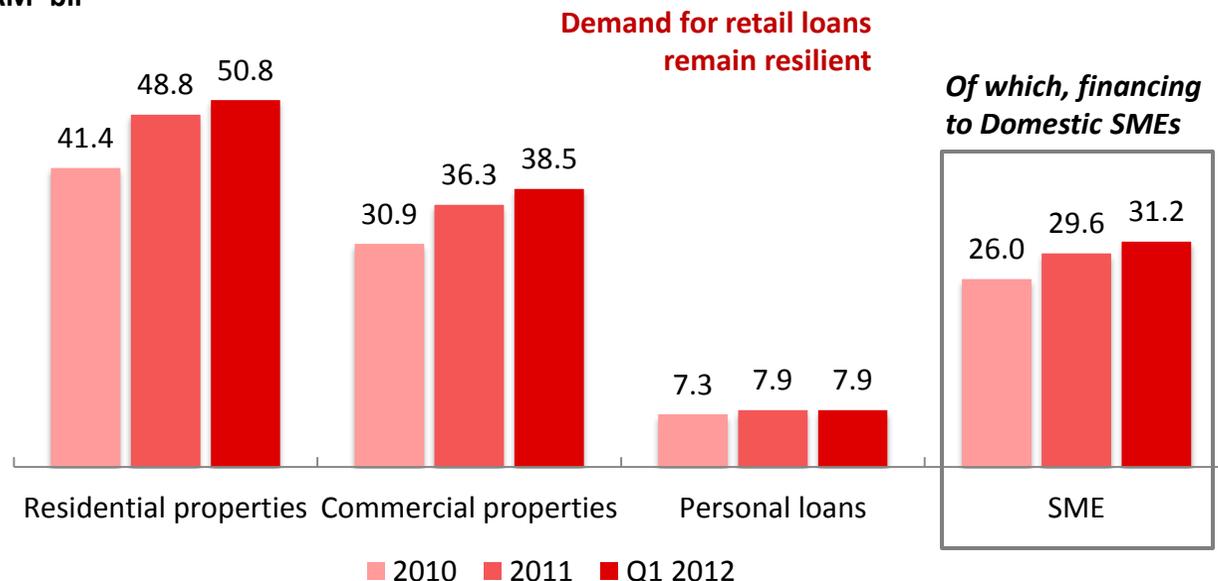
	Mar 2012	Dec 2011	Change
Gross Loans and Advances (RM' bil)	108.7	105.0	3.6%
Customer Deposits (RM' bil)	141.5	133.9	5.7%
Gross Impaired Loans (RM' bil)	0.9	1.0	7.4%
Gross Impaired Loans Ratio	0.9%	1.0%	0.1%



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



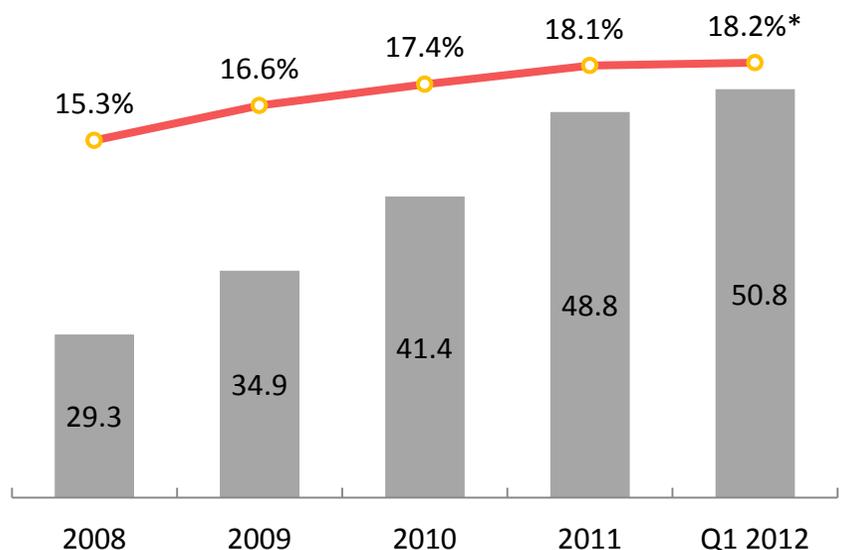
Retail Operations

Market Share in Residential Properties

Remained market leader in the residential property financing

No.1

RM' bil



Residential properties loans Market share (%)

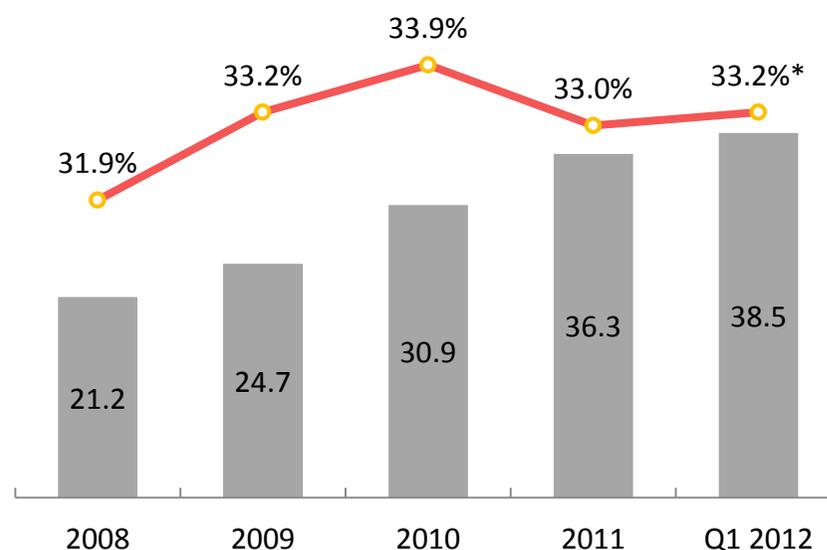
* Market share as at February 2012

Market Share in Commercial Properties

Remained market leader in the commercial property financing

No.1

RM' bil



Commercial properties loans Market share (%)

* Market share as at February 2012



Hire Purchase

RM'mil	Q1 2012	Q1 2011~	Change
Net Income	255.0	234.6	 8.7%
Operating Expenses	(52.4)	(39.4)	 32.9%
Allowances for impairment on loans and other assets	(19.9)	(19.7)	 1.3%
Profit by segment	182.7	175.5	 4.1%

~ Restated with retrospective application of MFRS 139, where applicable

- Despite escalated funding costs due to earlier OPR hikes, net income from hire purchase continues to register growth due to strong new business generation
- Asset quality remained stable as reflected by the stable impaired loan ratio at 0.6%

	Mar 2012	Dec 2011	Change
Gross Loans and Advances (RM' bil)	37.8	37.1	 1.8%
Gross Impaired Loans (RM' bil)	0.2	0.2	 ---
Gross Impaired Loans Ratio	0.6%	0.6%	 ---

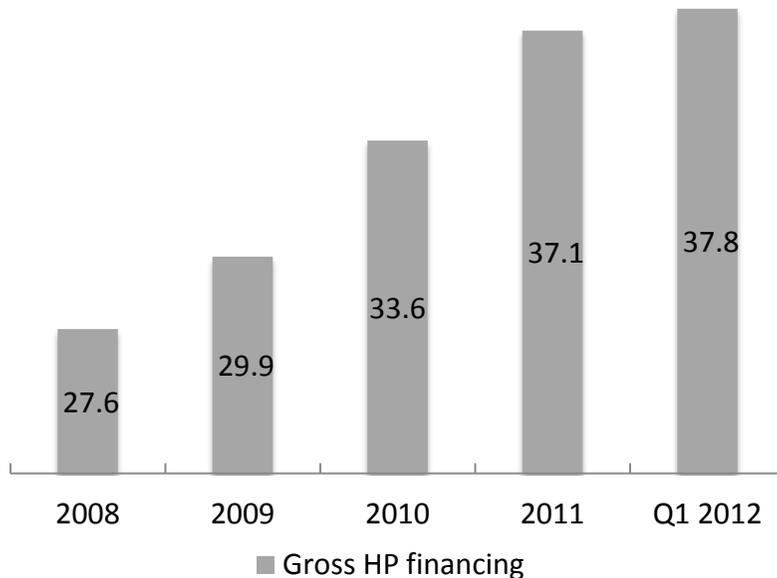


Hire Purchase

HP Financing in Domestic Operations

RM' bil

Steady growth in HP financing



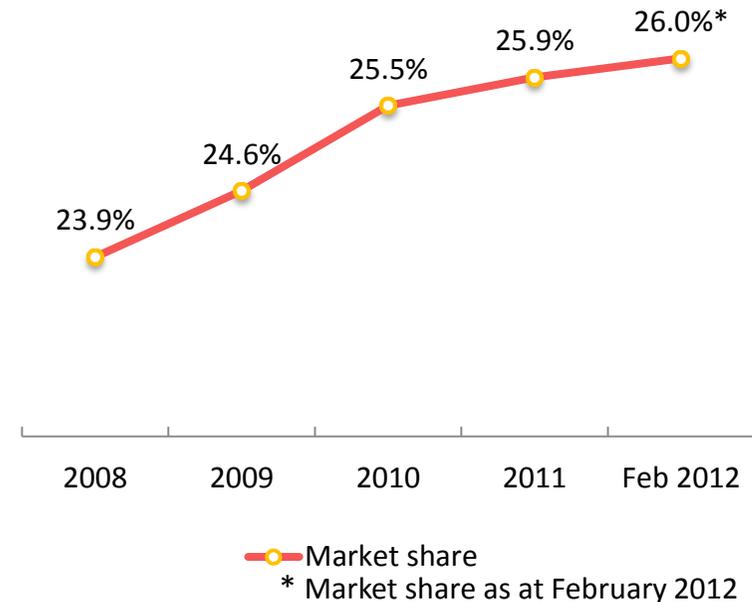
Key Drivers in Domestic Hire Purchase Financing

- Stable overall vehicle sales
- Better customer service delivery through the 27 HP Centres in key locations nationwide and continuous improvement in credit processing turnaround time
- Experienced and dedicated HP Centre staff force

Market Share in Passenger Vehicle Financing

Remained market leader in the passenger vehicle financing

No.1

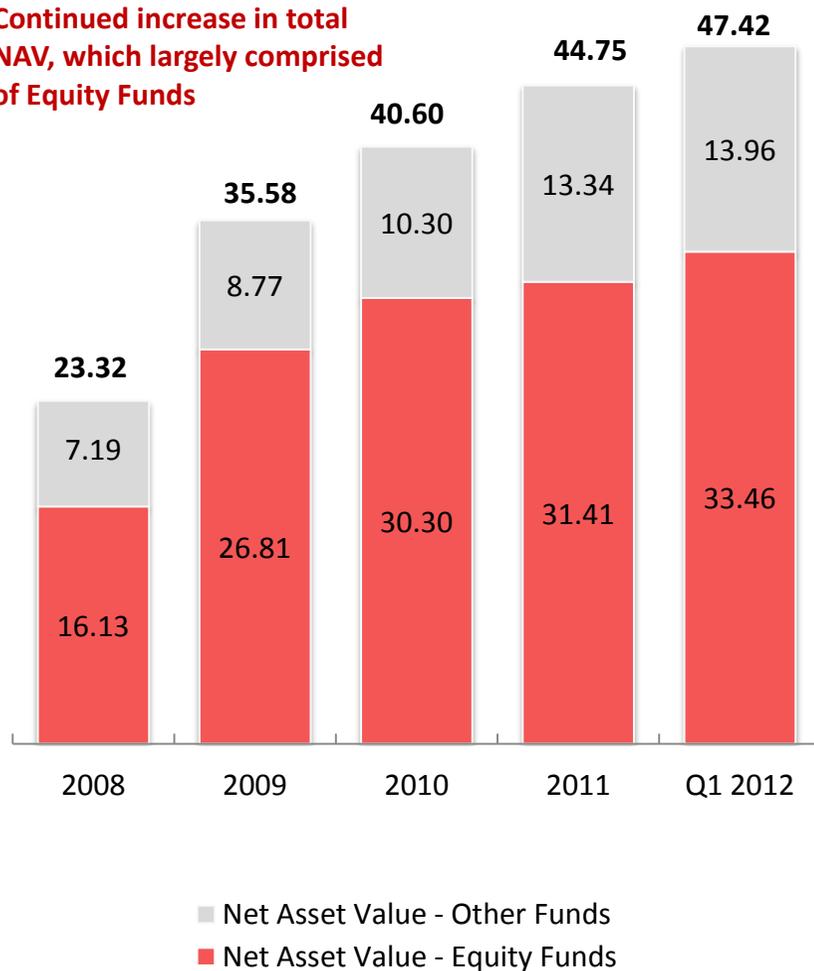


Wealth Management

Net Asset Value of Funds under management

RM' bil

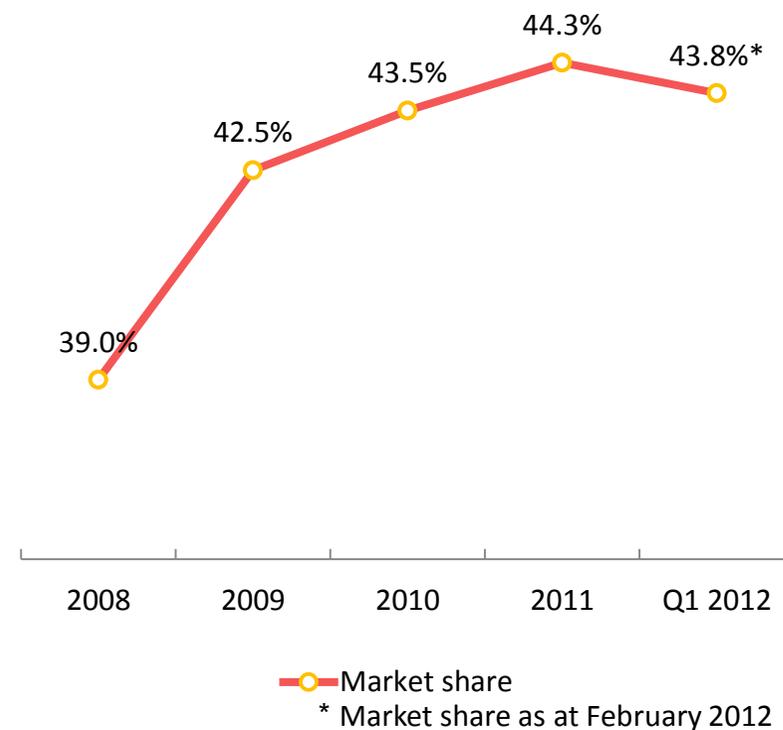
Continued increase in total NAV, which largely comprised of Equity Funds



Market Share in Private Unit Trust Industry

No.1

Public Mutual continues to maintain its market leadership



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Capital Management

RM'mil	Group			Bank		
	Mar 2012	Dec 2011*	Change	Mar 2012	Dec 2011*	Change
Tier I Capital	17,262.5	17,269.3	↓ 0.04%	17,214.6	17,235.8	↓ 0.12%
Tier II Capital	7,102.2	7,211.6	↓ 1.5%	6,763.1	6,860.2	↓ 1.4%
Deduct: Inv in subs/asso and other deductions	(46.5)	(45.4)	↑ 2.4%	(4,032.7)	(4,031.7)	↑ 0.02%
Total Capital Base	24,318.2	24,435.5	↓ 0.5%	19,945.0	20,064.3	↓ 0.6%
Risk-Weighted Assets	168,392.5	163,027.3	↑ 3.3%	139,798.9	134,887.8	↑ 3.6%
RWCR (%)	14.4%	15.0%	↓ 0.6%	14.3%	14.9%	↓ 0.6%
Tier-I Capital Ratio (%)	10.3%	10.6%	↓ 0.3%	12.3%	12.8%	↓ 0.5%

* After deducting second interim dividends declared subsequent to end of year and restated with retrospective application of MFRS 139, where applicable



Capital Management

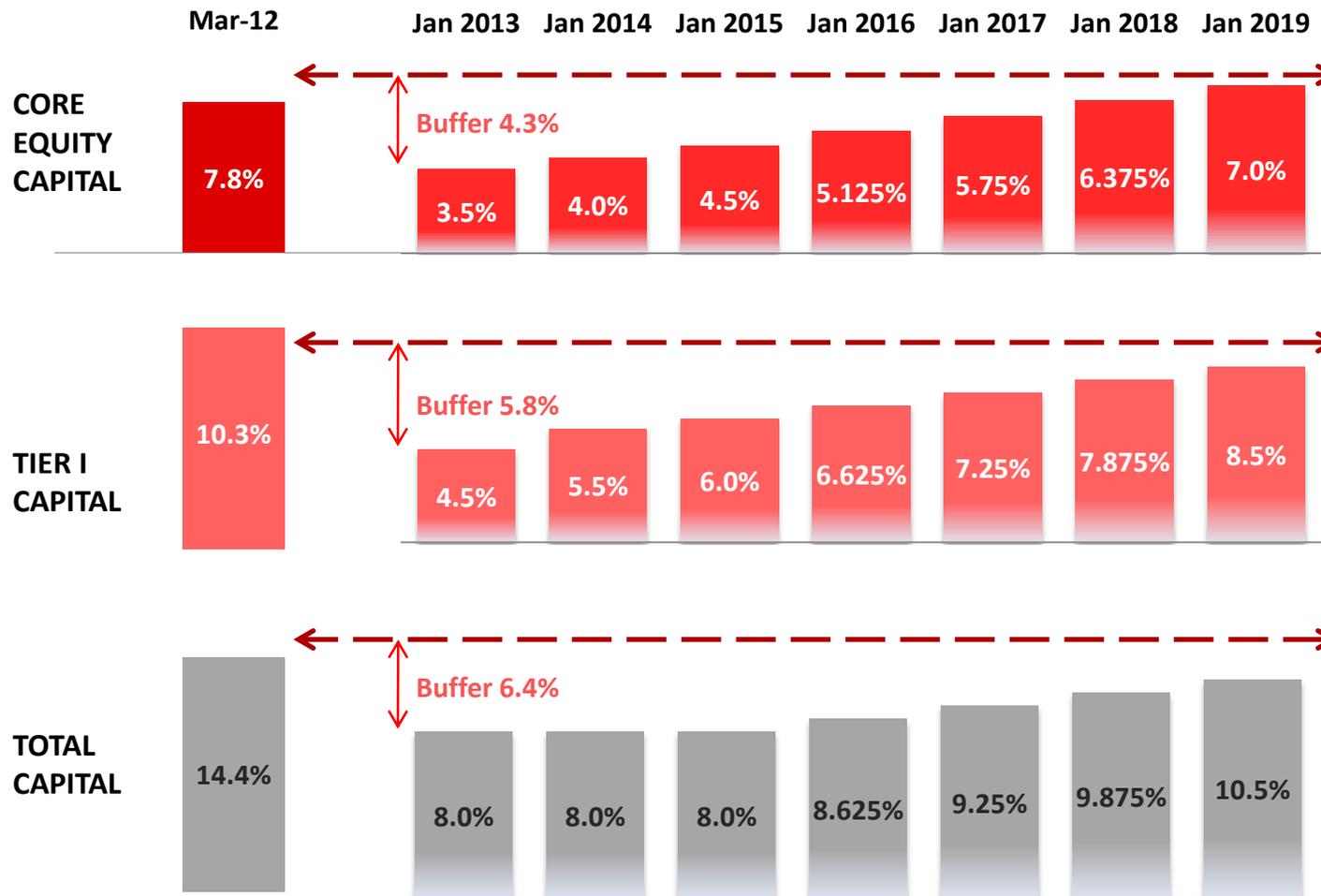
Basel III Implementation

- BNM's latest circular indicated BNM's intention to follow the International Basel III capital requirement and transitional timeline from January 2013 – January 2019
- No capital buffer required for “systemically important banks” for the time being
- BNM will issue concept paper by 2014 on counter-cyclical capital buffer requirement



Capital Management

Meeting Basel III Minimum Requirements Ahead of Time[#]



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 businesses

[#] 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.



Investor Presentation

Executive Summary

Financial Performance

Growth Performance

Business Performance

Capital Management

Other Highlights



Expansion in Business Delivery Channel

Branch Network - Group

	Mar 2012	Dec 2011	Dec 2006
Malaysian Operations			
Public Bank - Domestic	251	251	240
- Overseas	4	4	3
Public Islamic Bank	1	1	-
Public Mutual	28	28	25
Public Investment Bank	1	1	1
Hong Kong & China Operations			
Public Finance	42	42	40
Public Bank (HK) - Hong Kong	32	32	15
- China	3	3	1
Winton (B.V.I) Group	9	9	2
Indo-China Operations			
Cambodia Public Bank	23	23	5
VID Public Bank (Vietnam)	7	7	6

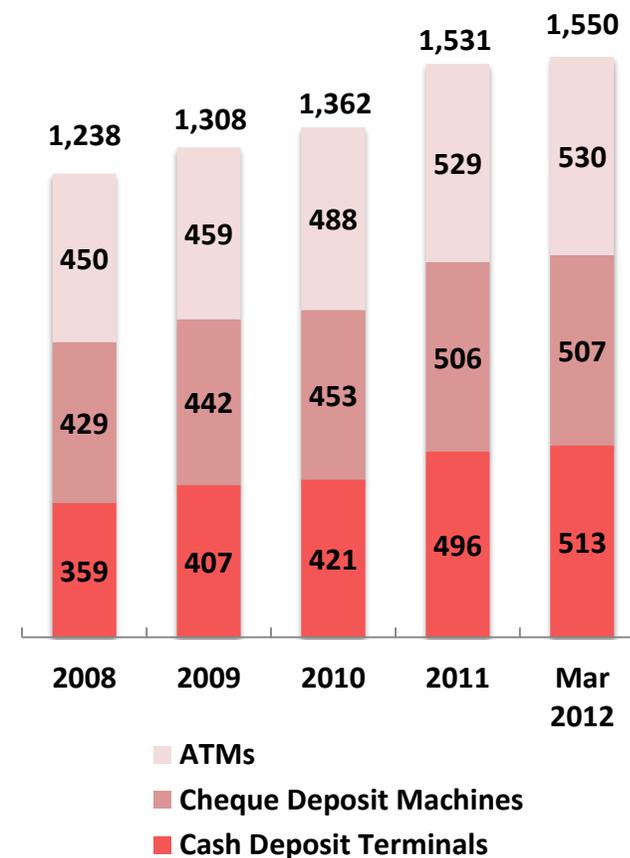
401

401

338

Business Delivery Channel

Continuous investments
in domestic self service
terminals



Our Business Growth Strategies

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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