PUBLIC BANK

Investor Presentation

September 2012 Results Update

www.publicbank.com.my/corporate

Investor Presentation

- **Executive Summary**
- Financial Performance
- Growth Performance
- Business Performance
- Capital Management
- Other Highlights

Performance overview – Sustainable profit growth

Net Profit	Pre-tax Profit	Net Return on Equity	Earning per Share	Cost Income Ratio
RM2.88b	RM3.80b	24.2%^	82.1sen	30.8%
Improved by 3.8%* (9M Q3 2011: RM2.77 bil)	Improved by 3.6%* (9M Q3 2011: RM3.67 bil)	(9M Q3 2011: 26.8%)	Improved by 3.8% (9M Q3 2011: 79.1 sen)	(9M Q3 2011: 29.8%)

^ 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 10.4% & 10.2% respectively.

Performance overview – From a position of strength

Domestic Loan Growth	Domestic Deposit Growth	Gross Impaired Loans Ratio	Total Assets	RWCR*
+12.8%^	+14.0%^	0.7%	+10.4%^	13.5%
Grew to RM179.9 bil (Dec 2011: RM164.1 bil)	Expanded to RM206.1 bil (Dec 2011: RM186.4 bil)	Improved from Dec 2011's 0.9%	Improved to RM270.1 bil (Dec 2011: RM250.6 bil~)	(Dec 2011: 15.0%~)

^ Annualised growth
* After deducting interim dividends declared after period end
~ Restated with retrospective application of MFRS 139

Transition to MFRS Framework – Adoption of MFRS 139

The key impacts from the adoption of MFRS 139 effective 1 Jan 2012 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 common 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

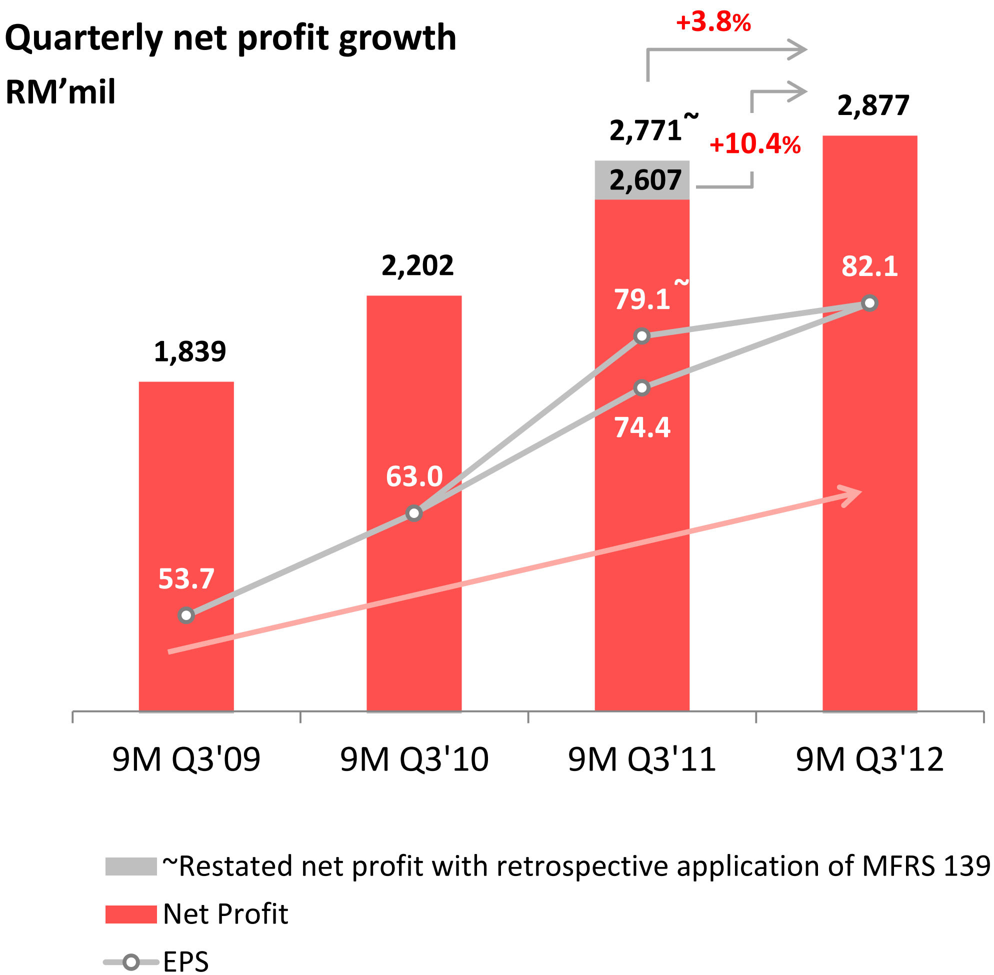
	Restated	Previously reported	
	Dec 2011	Dec 2011	Variance
Shareholders' funds (RM million)	15,722	14,863	**859**
Tier 1 capital ratio (%)	10.6	10.1	**0.5**
RWCR (%)	15.0	15.3	**0.3**
Loan loss coverage (%)	113.8	188.9	**75.1**

Transition to MFRS Framework – Adoption of MFRS 139

Restatement of key comparatives

		Restated	Previously reported
	9M Q3 2012	9M Q3 2011	9M Q3 2011
Pre-tax profit (RM million)	3,798	3,666	3,447
Net profit (RM million)	2,877	2,771	2,607
Pre-tax profit growth (%)		3.6	10.2
Net profit growth (%)		3.8	10.4
Net return on equity (%)	24.2	26.8	26.7
Earning per share (sen)	82.1	79.1	74.4

Performance overview – Steady net profit growth



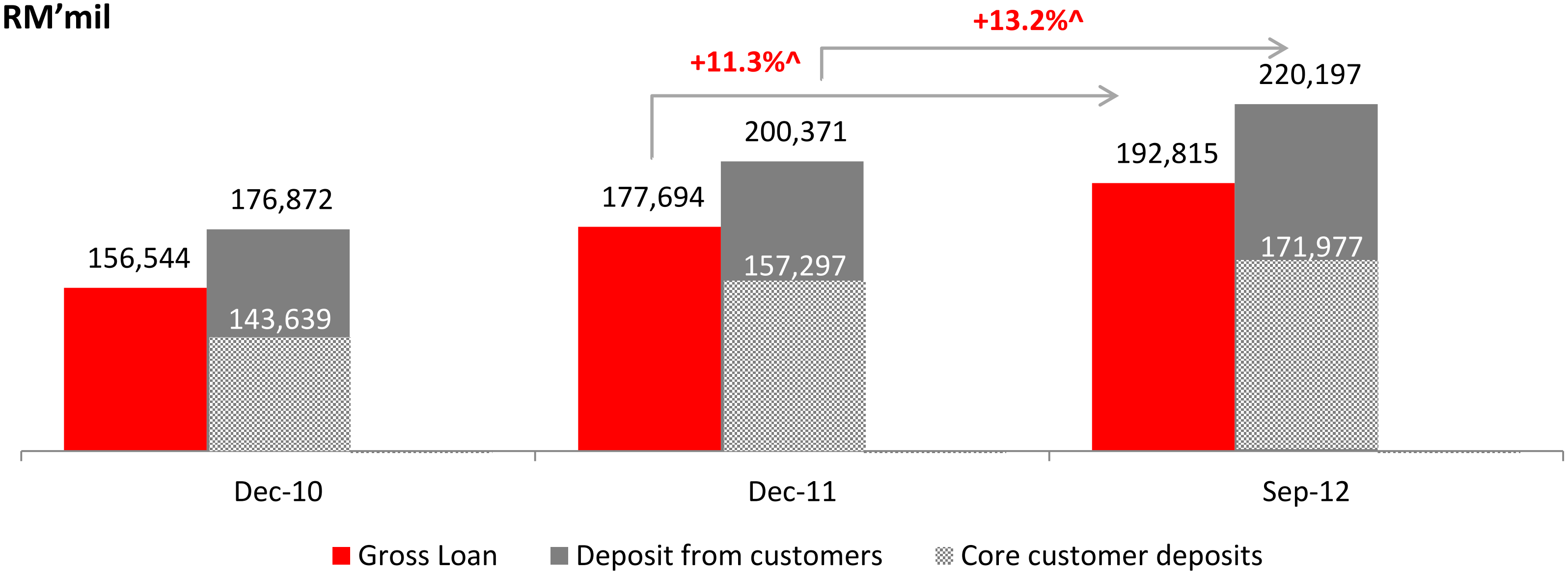
Past 3 years average growth

- Quarterly profit : 16.4%
- EPS : 15.6%

Performance overview – Sustainable loan and deposit growth

Group 3-year loan and deposit growths

RM'mil

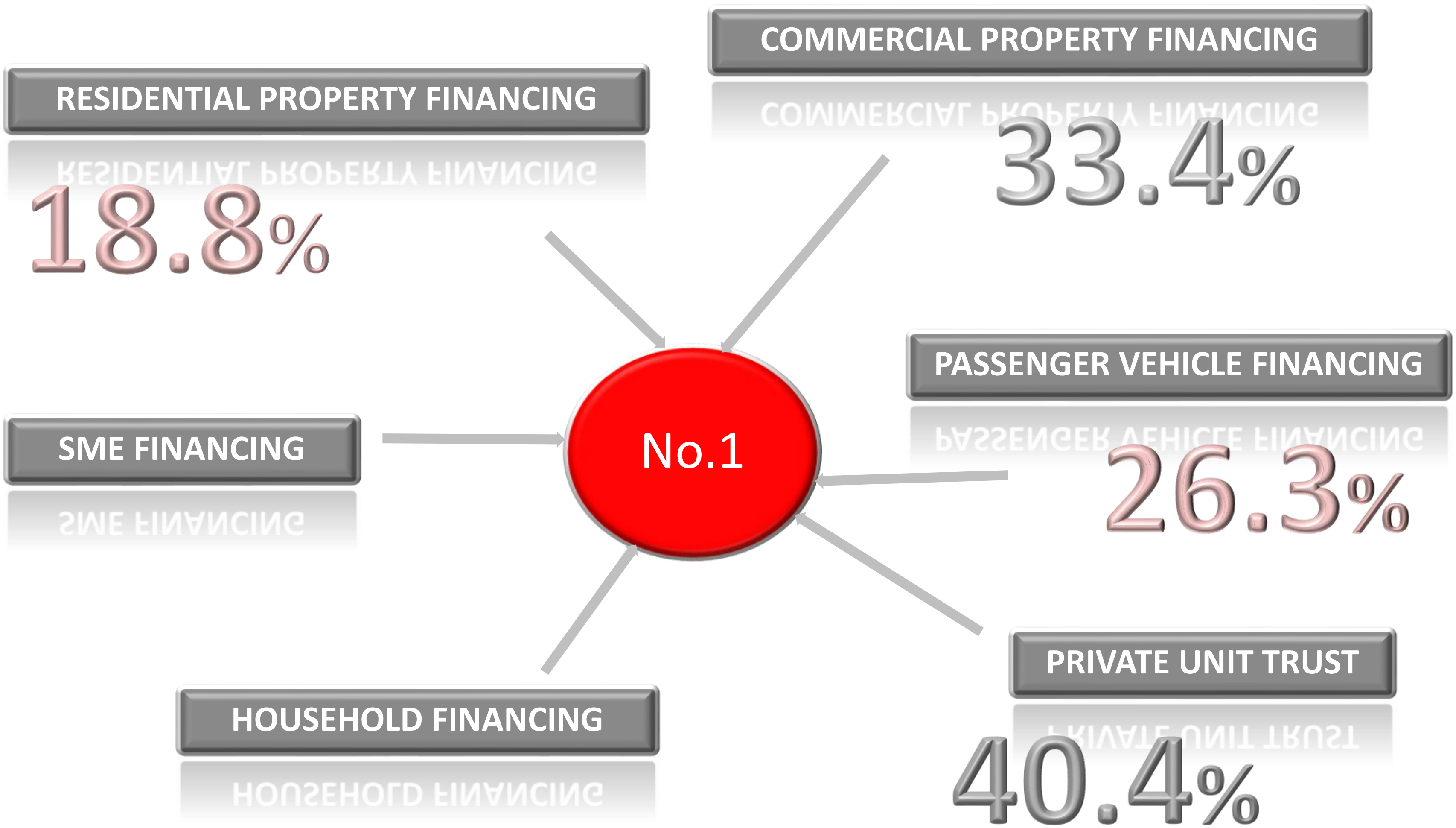


	Dec-2010	Dec-2011	Sep-2012^
Gross loan growth	13.8%	13.5%	**11.3%**
Customer deposit growth	3.5%	13.3%	**13.2%**
Core customer deposit growth	12.5%	9.5%	**12.4%**

^ Annualised growth

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 August 2012

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 (%)	**30.7**	17.4
Pre-tax return on average assets (%)	**1.9**	1.6
Cost to income ratio (%)	**30.8**	46.0
Pre-tax profit per employee (RM'000)	**289**	202
Gross loans per employee (RM'mil)	**11.0**	8.1
Deposits per employee (RM'mil)	**12.6**	10.4
Gross impaired loans ratio (%)	**0.7**	2.2
Loan loss coverage (%)	**124.5**	101.7

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Earnings Performance

RM'mil	Q3 2012	Q2 2012	Change	9M Q3 2012	9M Q3 2011~	Change
Net interest & Islamic Banking income	**1,564.1**	1,511.8	3.5%	**4,555.1**	4,360.2	4.5%
Non-interest income	**422.8**	406.0	4.2%	**1,218.2**	1,166.3	4.4%
Operating expenses	**591.6**	594.4	0.5%	**1,779.4**	1,647.2	8.0%
Operating profit	**1,395.3**	1,323.4	5.4%	**3,993.9**	3,879.3	3.0%
Loan impairment allowances	**81.5**	83.6	2.5%	**195.1**	220.7	11.6%
Pre-tax profit	**1,312.5**	1,240.3	5.8%	**3,798.4**	3,666.1	3.6%
Net profit	**983.3**	952.7	3.2%	**2,876.8**	2,770.9	3.8%

~ Restated with retrospective application of MFRS 139, where applicable

Income:

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

Expenses:

- Increase in operating expenses were incidental to business expansion and growing loan base

Allowance:

- Lower loan impairment allowances in Q3 2012 despite strong loan growth

Earnings Performance

RM'mil	Q3 2012	Q2 2012	Change	9M Q3 2012	9M Q3 2011~	Change
Earnings per share (sen)	**28.1**	27.2	3.3%	**82.1**	79.1	3.8%
Net return on equity*	**23.9%**	24.1%	0.2%	**24.2%**	26.8%	2.6%
Pre-tax return on average assets	**2.0%**	1.9%	0.1%	**1.9%**	2.1%	0.2%
Net interest margin on yielding assets **	**3.1%**	3.1%	---	**3.2%**	3.3%	0.1%
Non interest income/Total net income	**21.3%**	21.2%	0.1%	**21.1%**	21.1%	---
Cost to income ratio	**29.8%**	31.0%	1.2%	**30.8%**	29.8%	1.0%
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

~ Restated with retrospective application of MFRS 139, where applicable

Note: Q3 key earning indicators, excluding EPS, have been annualised for comparison purposes

Pre-tax Profit by Business Segment

RM'mil	9M Q3 2012	9M Q3 2011~	Change
Retail operations	**2,305.0**	2,161.3	↑ 6.6%
Hire purchase	**515.4**	470.7	↑ 9.5%
Corporate lending	**232.9**	233.3	↓ 0.1%
Treasury & capital market operations	**160.6**	136.9	↑ 17.4%
Fund management	**275.4**	243.7	↑ 13.0%
Overseas operations	**233.8**	223.8	↑ 4.5%
Investment banking	**36.9**	39.1	↓ 5.8%
Others*	**38.4**	157.3	↓ 75.6%
Total	**3,798.4**	3,666.1	↑ 3.6%

- Retail and HP operations contributed approximately 74% of the Group's pre-tax profit

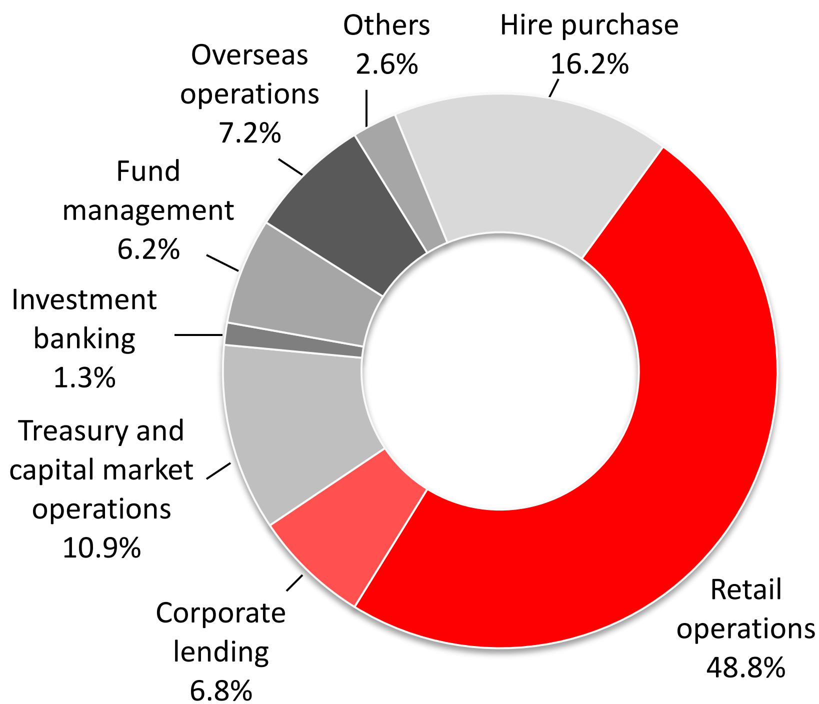
* Others comprise mainly of domestic head office, other miscellaneous domestic segment and domestic share of profit after tax of equity accounted associated companies

~ Restated with retrospective application of MFRS 139, where applicable

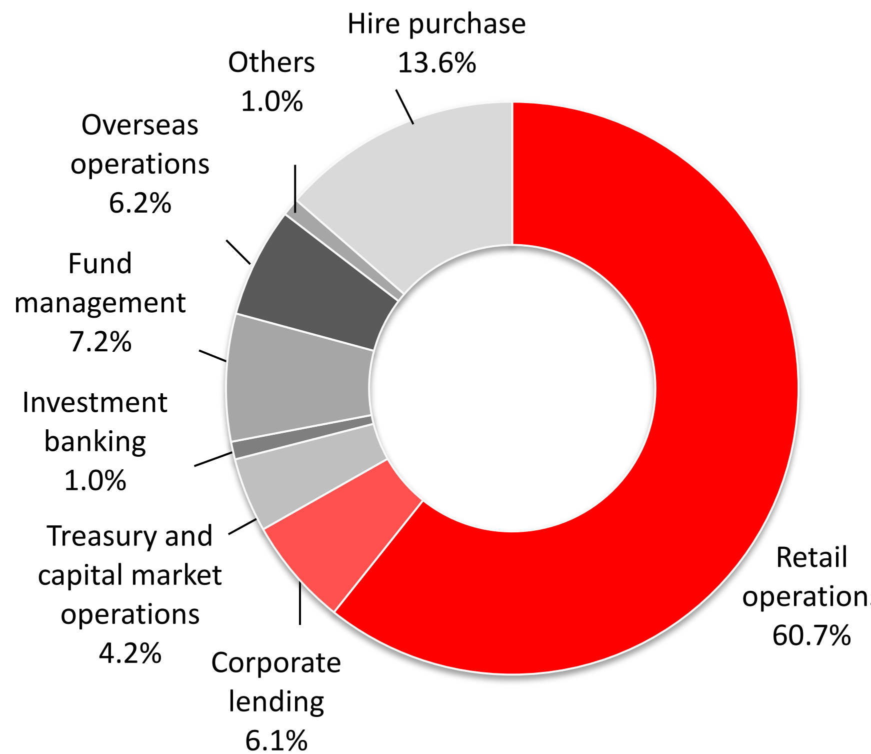
Note: Profit contribution by segments are based on pre-tax profit including share of results of associated companies

Contribution to Revenue & Pre-tax Profit – by Business

Revenue Contribution



Pre-tax Profit Contribution

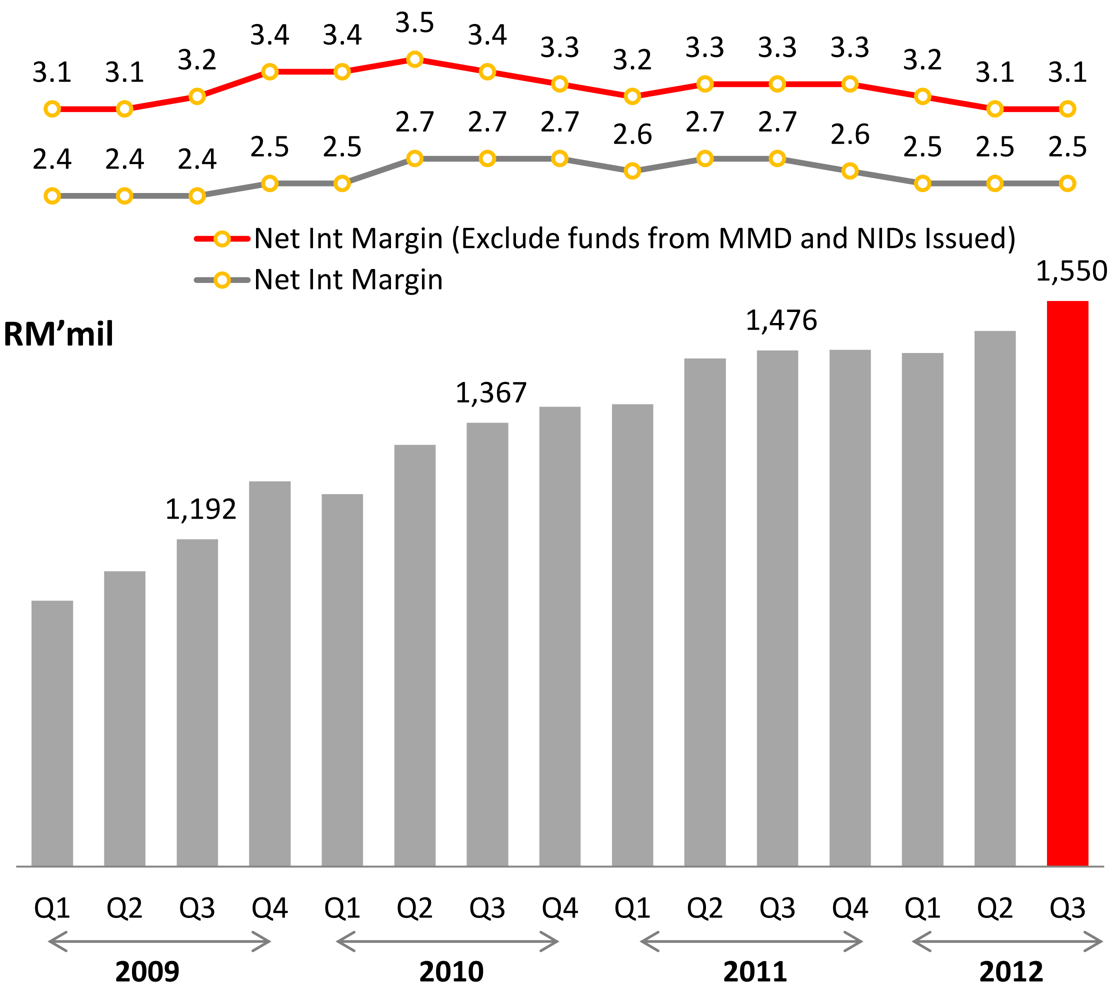


Based on financial results as at 30 September 2012

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

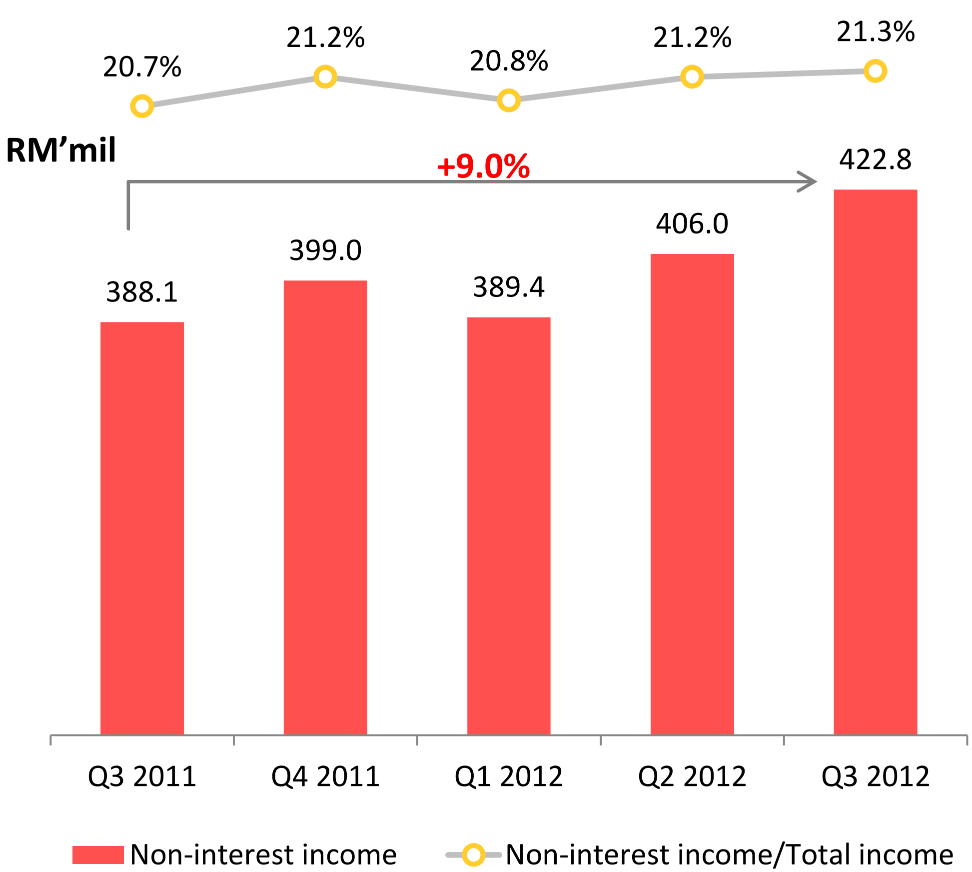
Net Interest Income & Margins

Net Interest Income and margin



- Overall net interest margin was stable in Q3 2012 compared to Q2 2012
- Growth in net interest and finance income in Q3 2012 was due to healthy loan and deposit growth

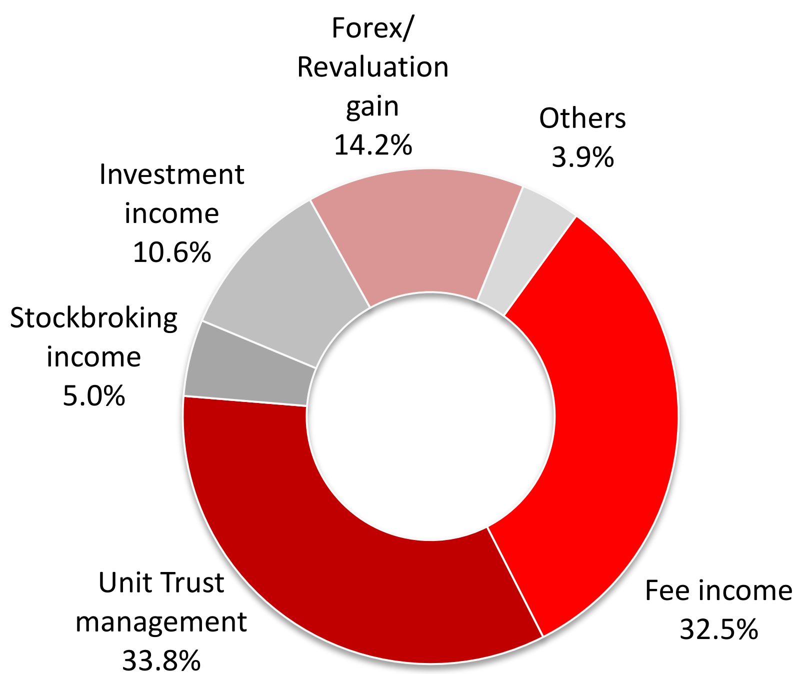
Non-Interest Income



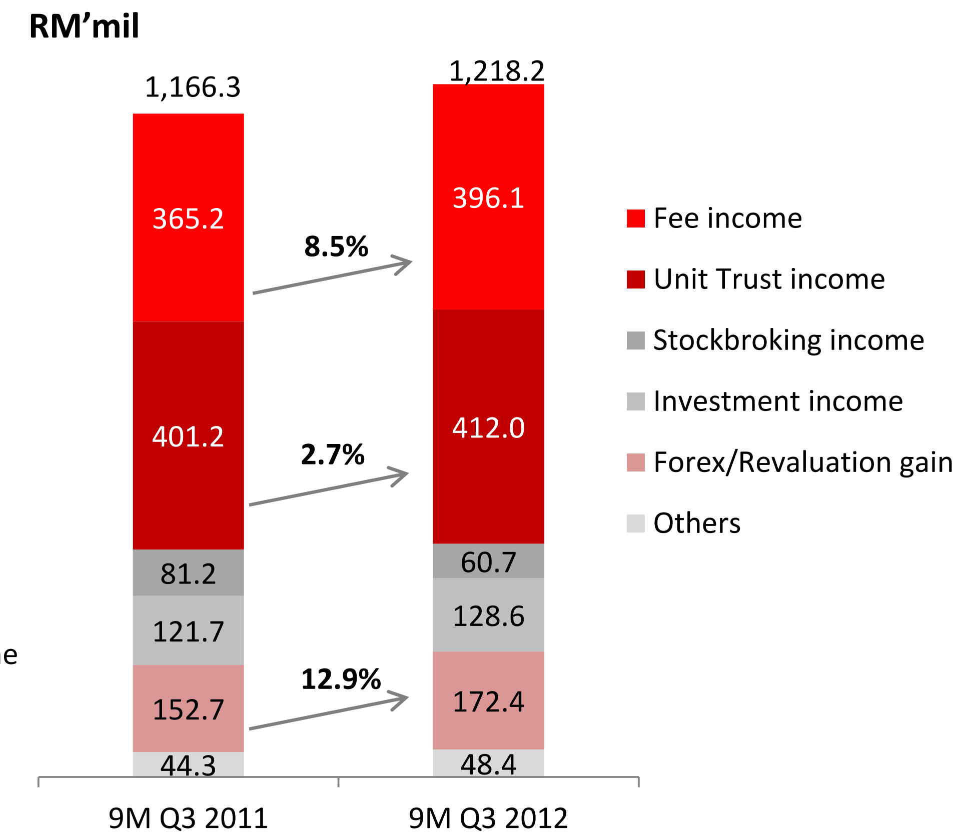
- Non-interest income for Q3 2012 was higher by 9.0% compared to Q3 2011
- The Group's non interest income in Q3 2012 has increased from Q2 2012 by RM16.9 million due to higher foreign exchange profit; and net fee and commission income

Non-Interest Income Contribution & Growth Traction

Non-interest Income Contribution



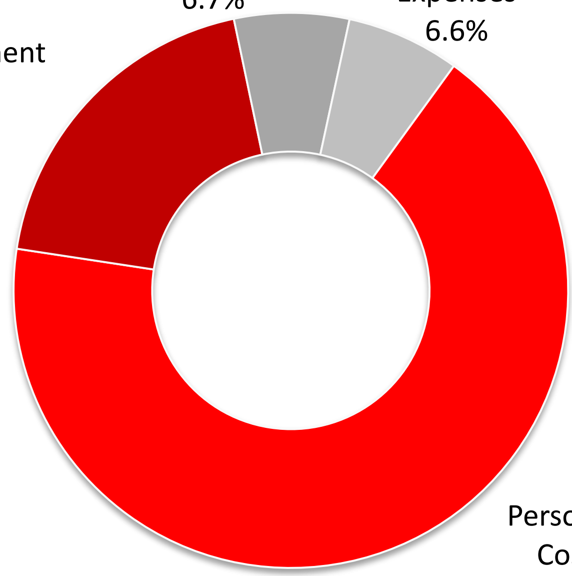
Based on financial results as at 30 September 2012



- The increase in non-interest income in 9M Q3 2012 was mainly contributed by the Group's fee income, unit trust and forex/revaluation gain

Efficient Operating Overheads

Operating Costs Contribution



Based on financial results as at 30 September 2012

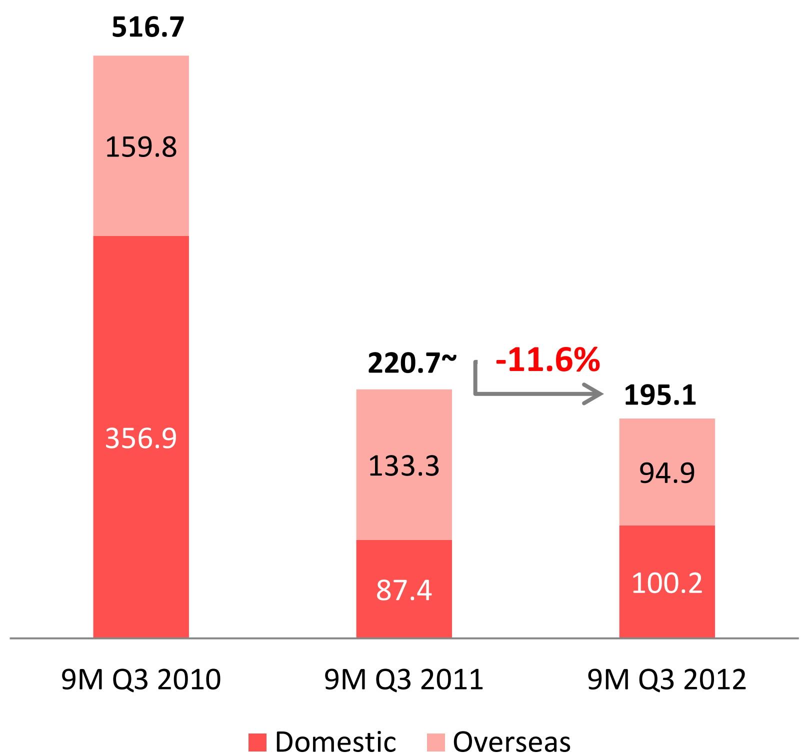
RM'mil	9M Q3 2012	9M Q3 2011	Change
Personnel Costs	**1,200.2**	1,118.2	↑ 7.3%
Establishment Costs	**342.6**	305.6	↑ 12.1%
Marketing Expenses	**118.8**	119.1	↓ 0.2%
Administration Expenses	**117.8**	104.3	↑ 12.9%
Total	**1,779.4**	1,647.2	↑ 8.0%

- Higher operating expenses were incidental to business expansion and growing loan base
- Personnel costs remained 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



- Loan impairment allowances reduced by 11.6% despite an annualised loan growth of 11.3% during 9M Q3 2012

~ Restated with retrospective application of MFRS 139, where applicable

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Robust Financial Position

RM'bil	Sep 2012	Dec 2011~	Change
Total assets	**270.1**	250.6	↑ 7.8%
Gross loans and advances Of which:	**192.8**	177.7	↑ 8.5%
Domestic loans and advances	**179.9**	164.1	↑ 9.6%
Overseas loans and advances	**12.9**	13.6	↓ 5.0%
Deposits from customers Of which:	**220.2**	200.4	↑ 9.9%
Domestic customer deposits	**206.1**	186.4	↑ 10.5%
Shareholders' funds	**16.9**	15.7	↑ 7.6%
Net assets per share (RM)	**4.8**	4.5	↑ 7.6%
Net loan-to-deposit (LD) ratio (%)	**86.8**	87.8	↓ 1.0%

~ Restated with retrospective application of MFRS 139, where applicable

Assets:
- Assets expansion driven by healthy loan

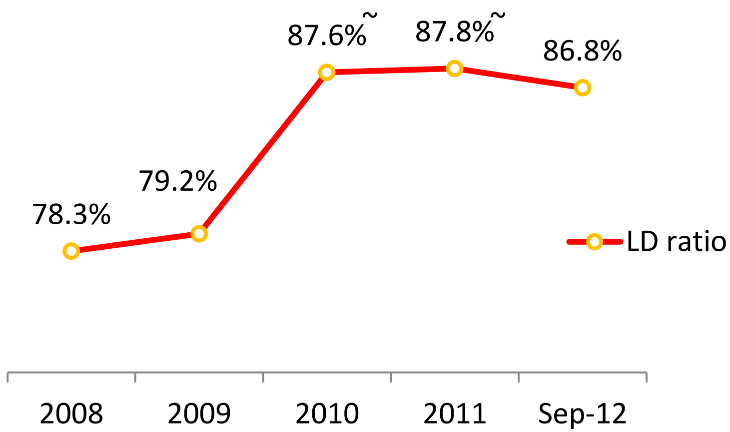
Loan:
- Domestic loan growth is stronger at 9.6% for Q3 2012
- Overseas loans decreased by 5.0% partly due to impact of foreign exchange

Deposit:
- Deposit growth of 9.9%, supported by the strong domestic customer deposit growth of 10.5%

Equity:
- Shareholders' fund stood at RM16.9 billion

Strong Liquidity with Healthy Loan/Deposit Ratio

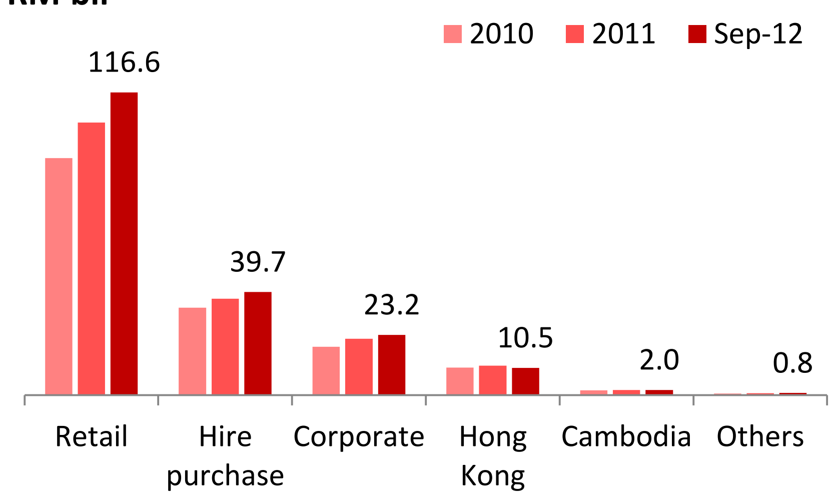
Net Loan-to-Deposit Ratio



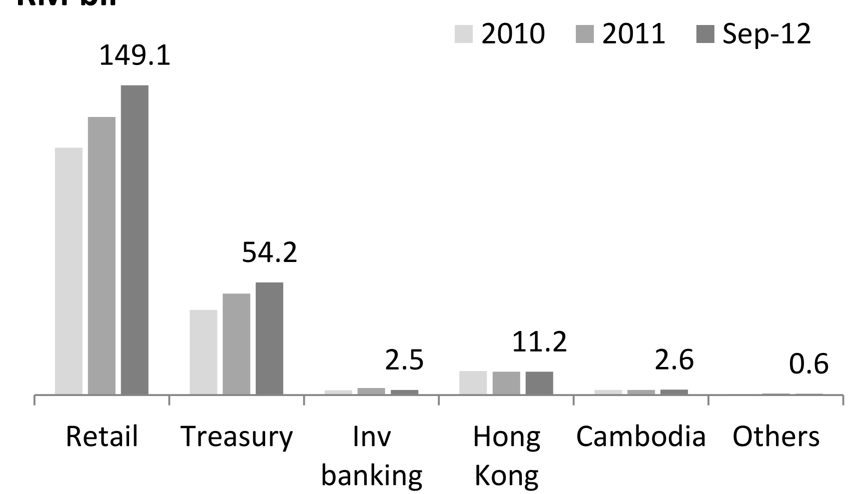
~ Restated with retrospective application of MFRS 139

- Net loan-to-deposit ratio as at Sept 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 >67% contribution

Gross Loan Composition by Segment
RM'bil

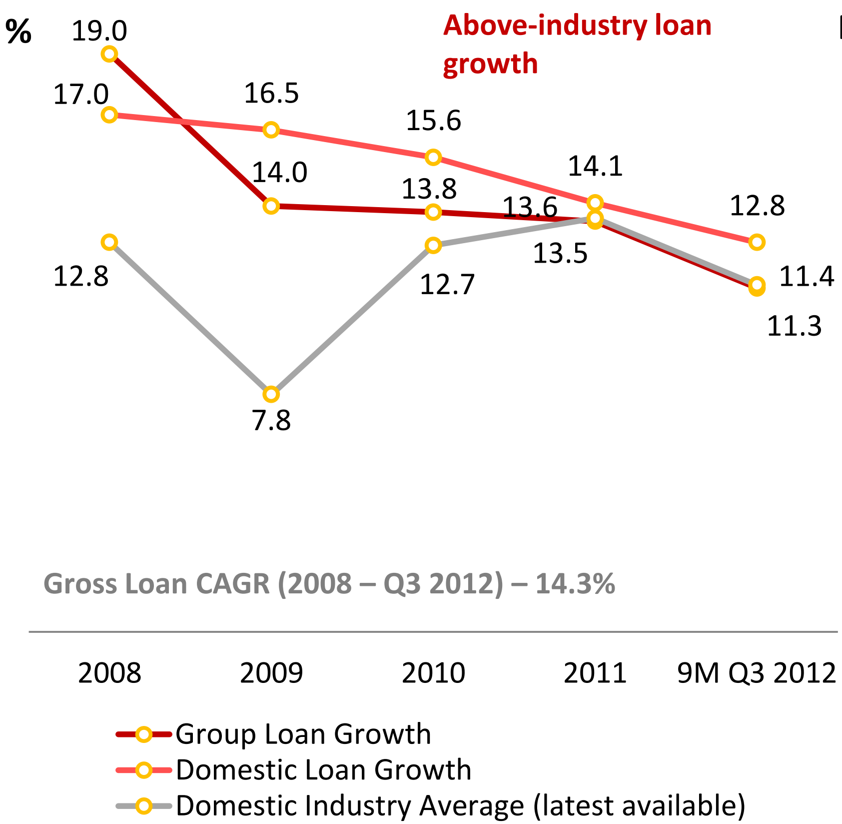


Deposit Composition by Segment
RM'bil

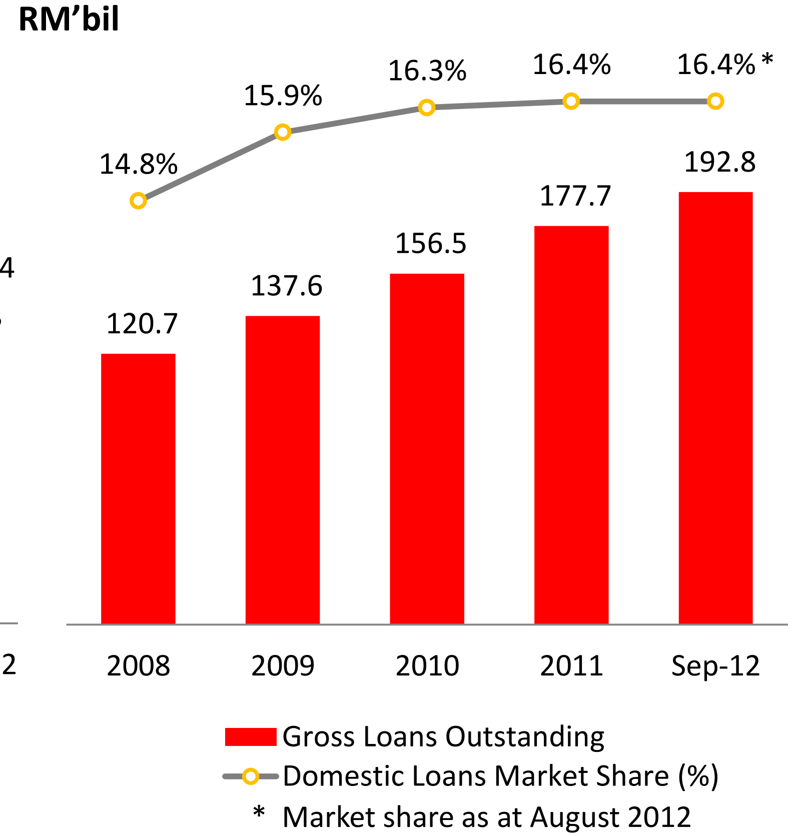


Consistently Above-Industry Loan Growth

Loan Growth vs Industry



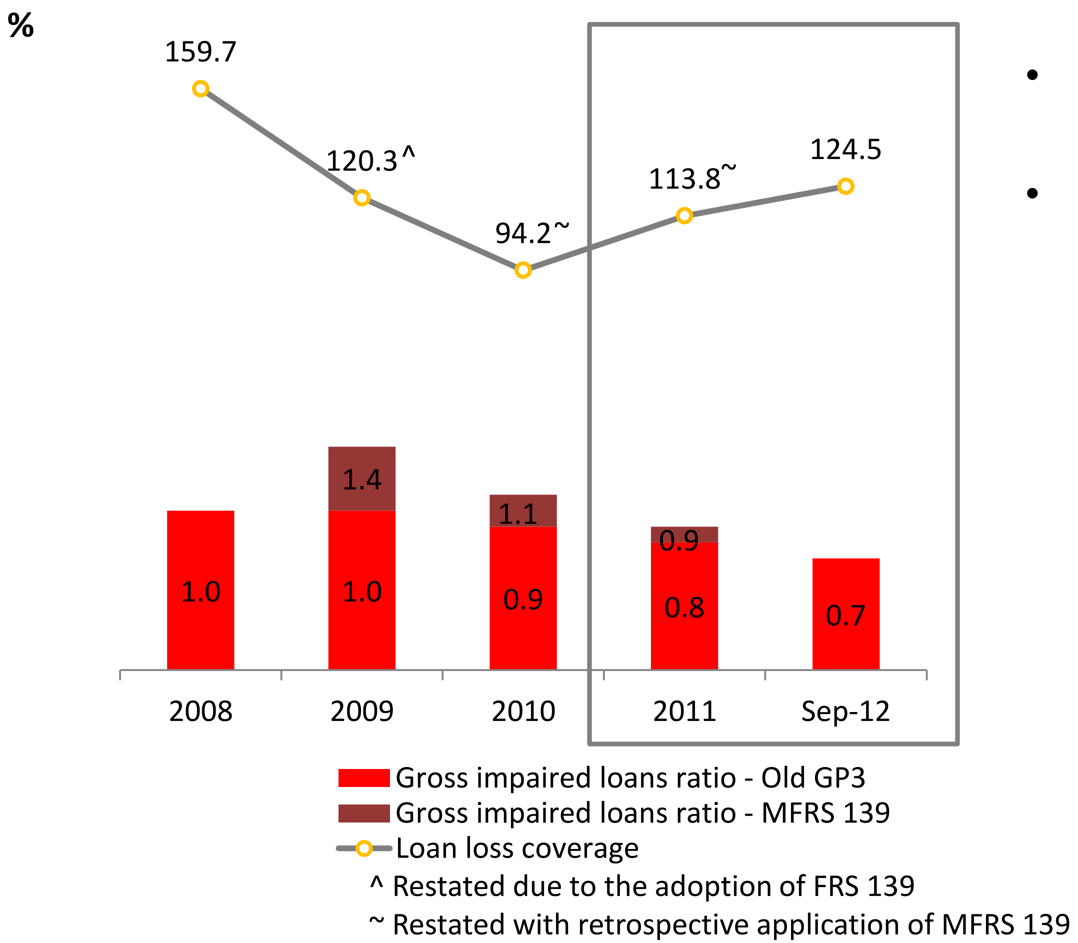
Gross Loans and Domestic Loan Market Share



Note: Industry average growth is based on annualised growth as of August 2012
Growth rate for 9M Q3 2012 represent annualised growth for the period

Asset Quality Remained Strong

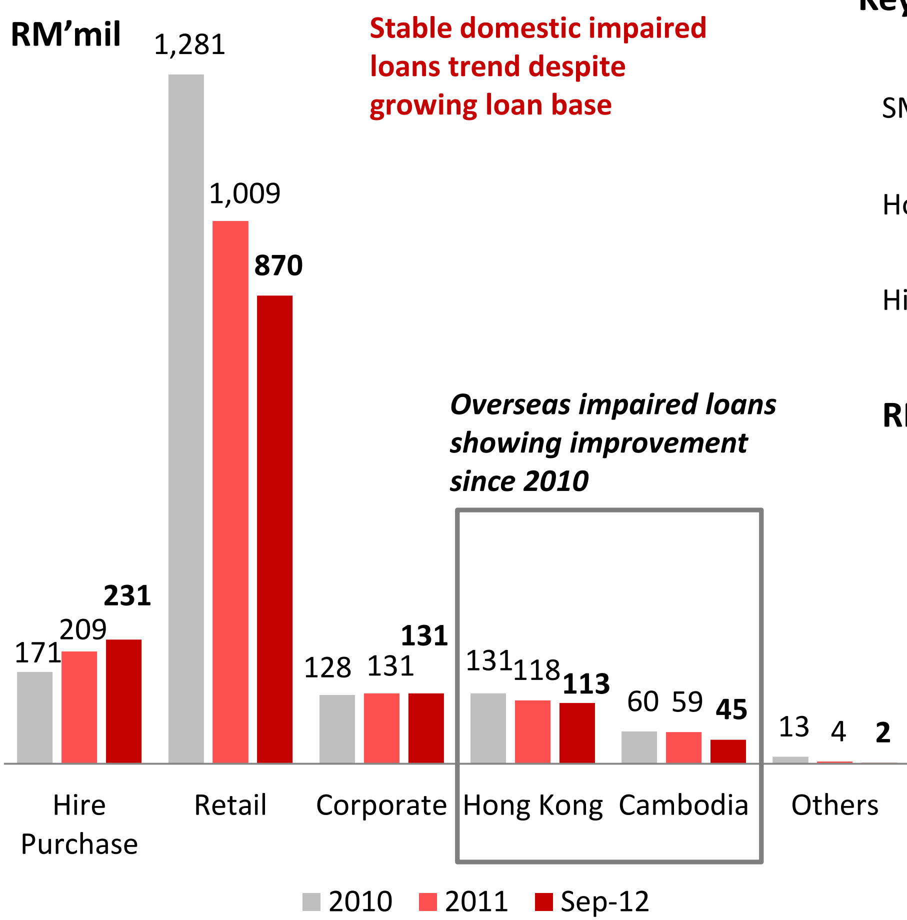
Low gross impaired loans ratios with high loan loss reserves



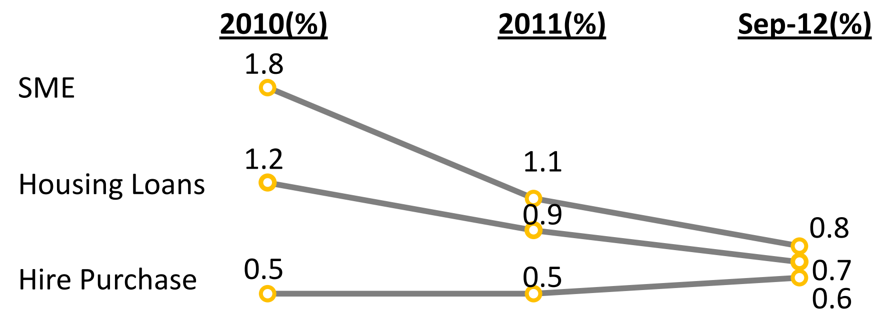
- Low gross impaired loans ratio of 0.7% as at Sep 2012
- Despite write back of excess collective assessment allowance due to full adoption of MFRS 139 with effect from 2012, loan loss reserve continued to remain high at 124.5% in Sep 2012

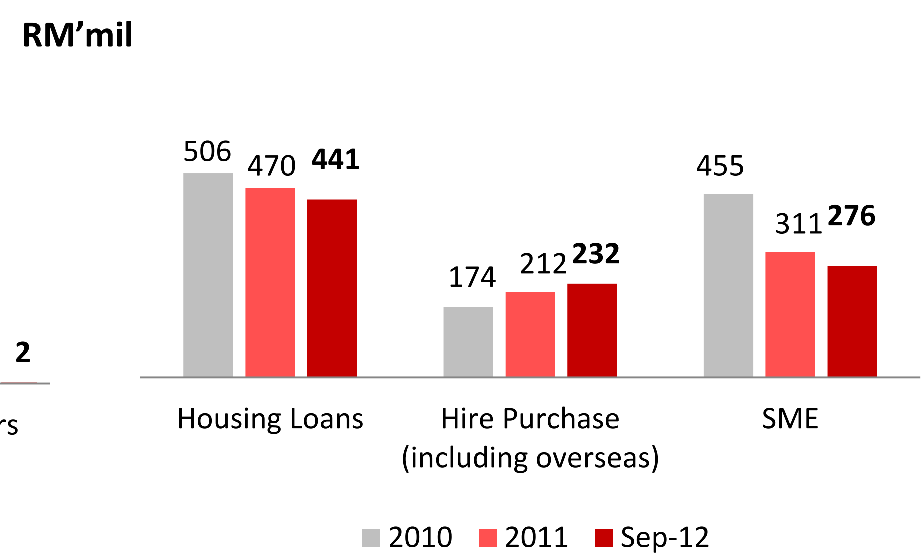
Asset Quality Remained Strong

Gross Impaired Loans by Segment



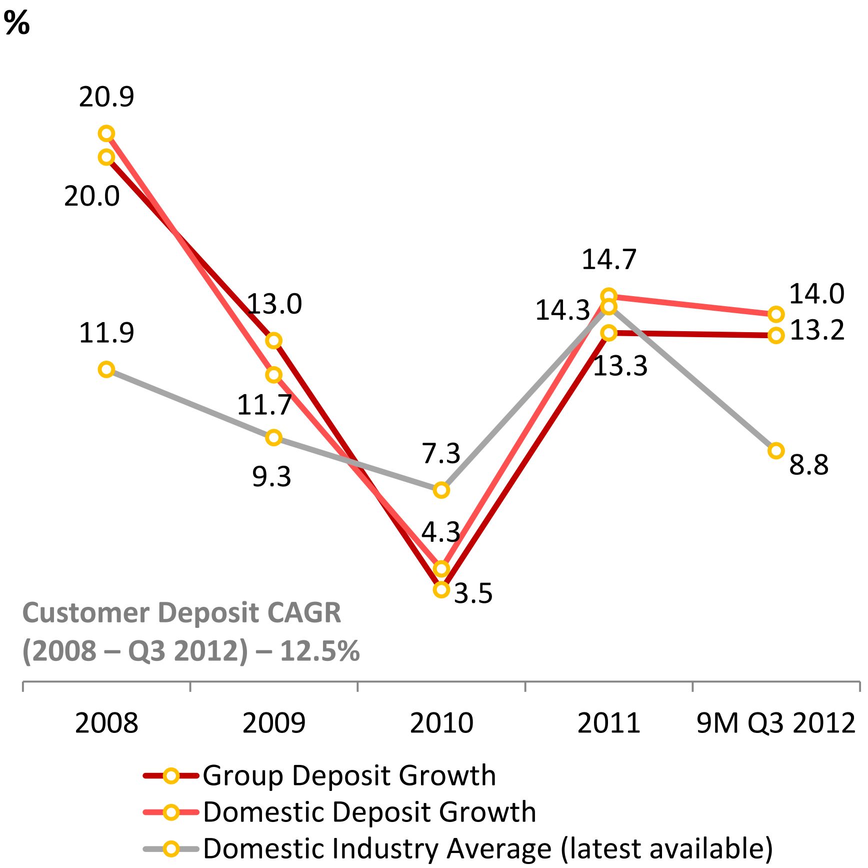
Gross Impaired Loans & Gross Impaired Loans Ratio by Key Sectors





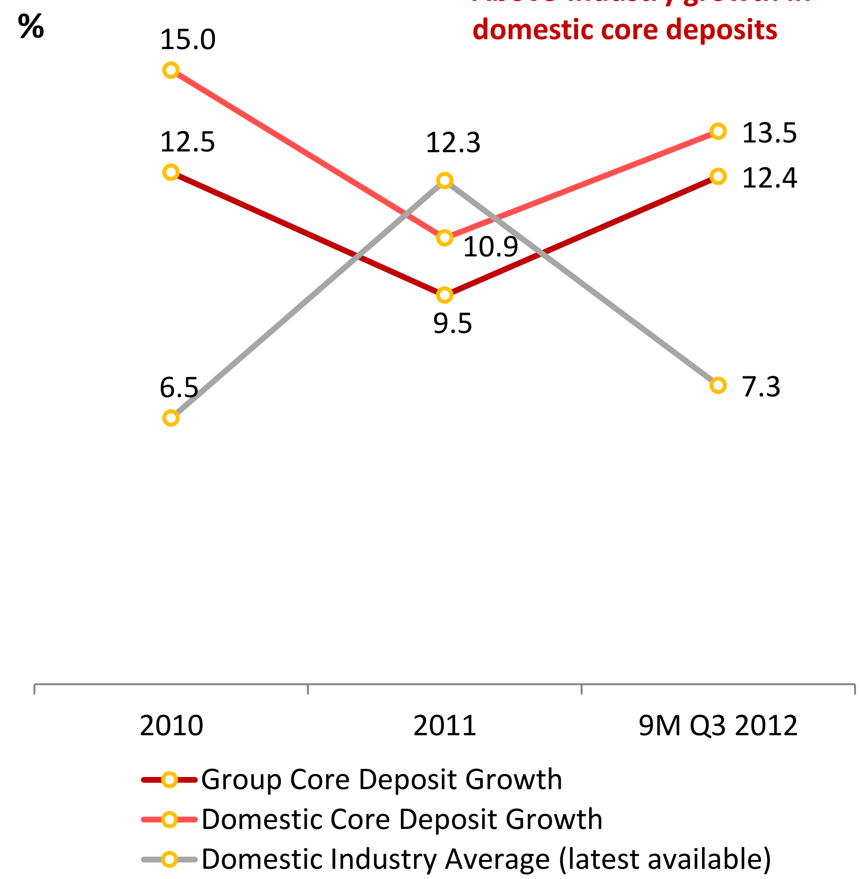
Healthy Core Deposit Growth in Support of Liquidity

Deposit Growth vs Industry



Core Deposit Growth

Above-industry growth in domestic core deposits

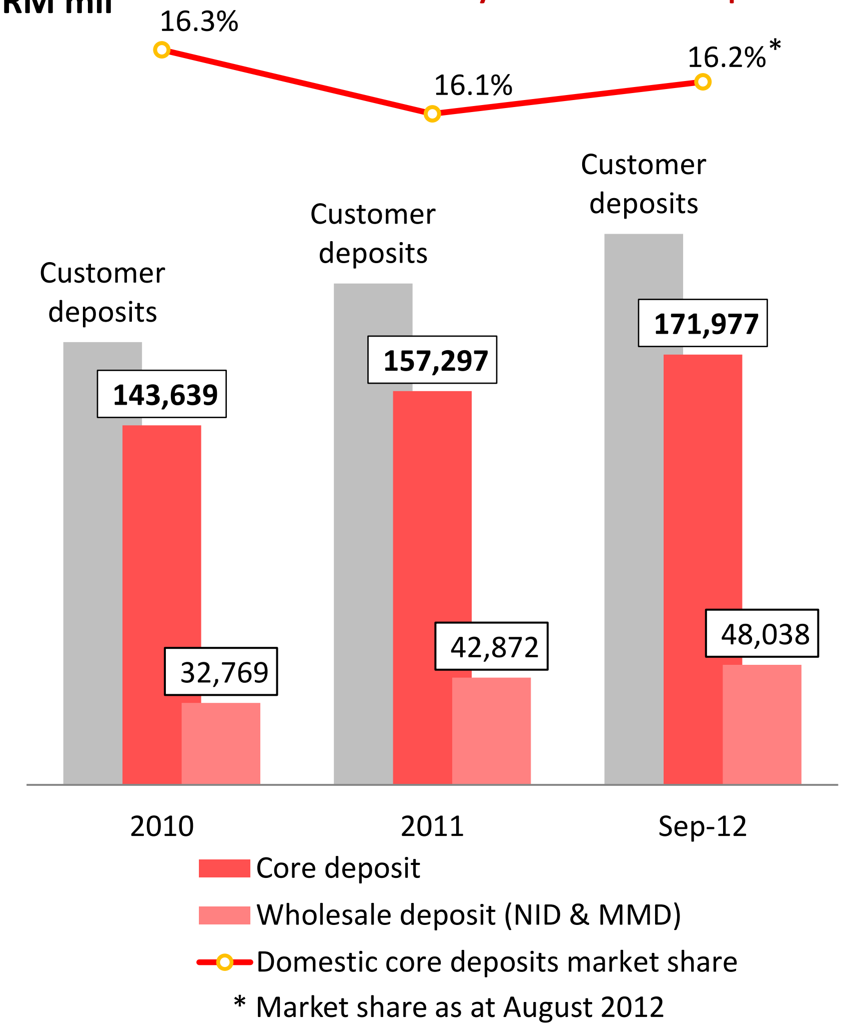


Note: Industry average growth is based on annualised growth as at August 2012
Growth rate for 9M Q3 2012 represents annualised growth for the period

Diversified Source of Customer Deposit

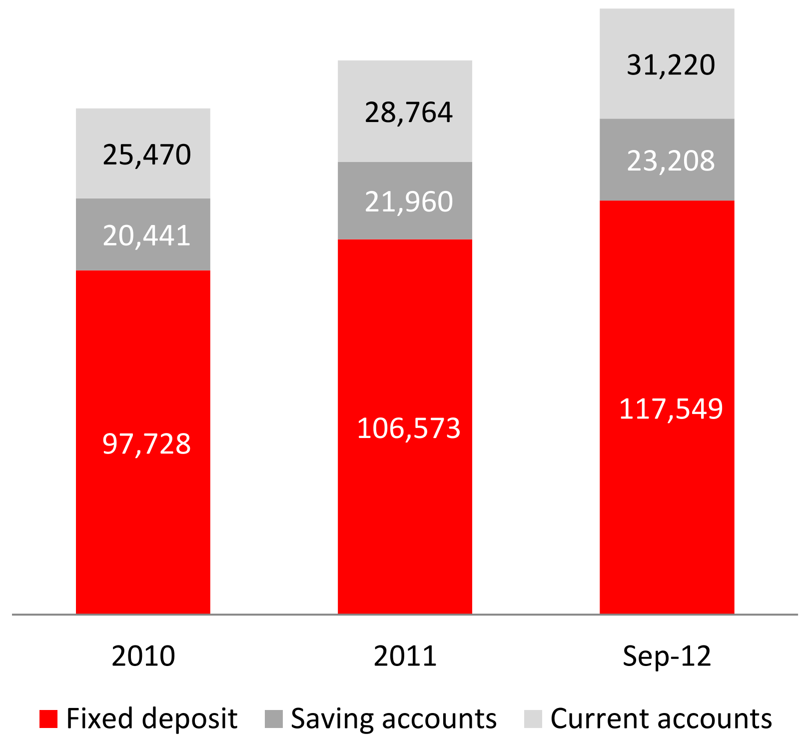
Type of Deposit
RM'mil

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

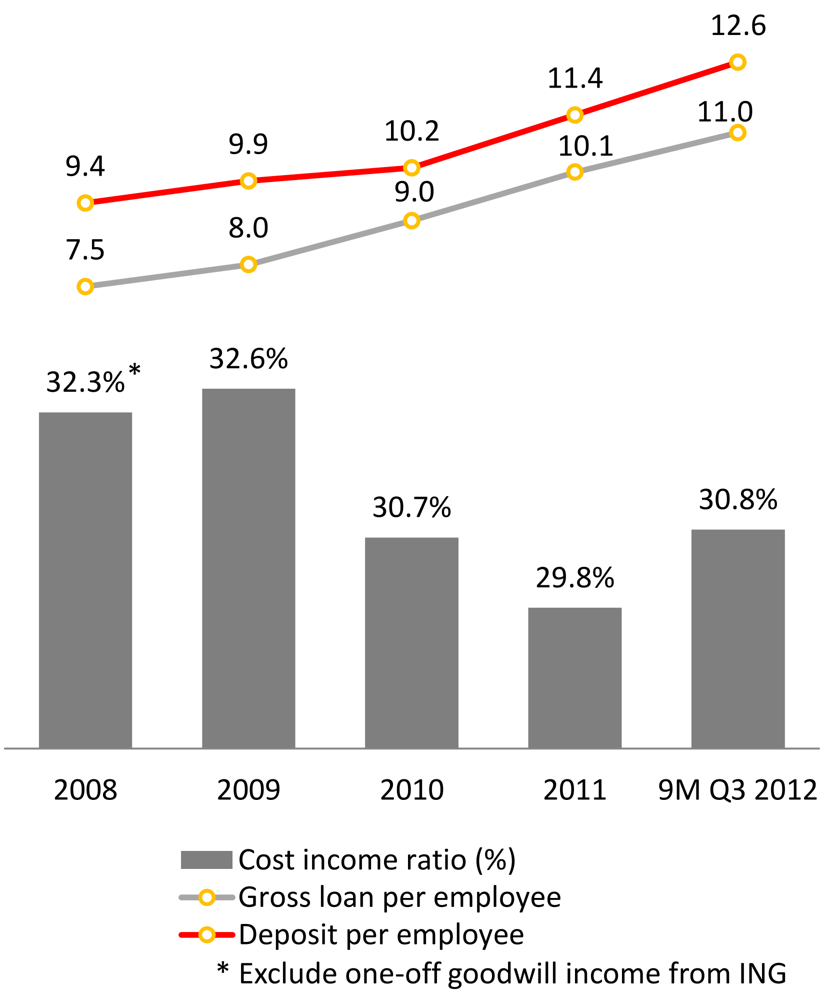


Continued High Productivity & Cost Efficiency

Productivity and Cost Efficiency

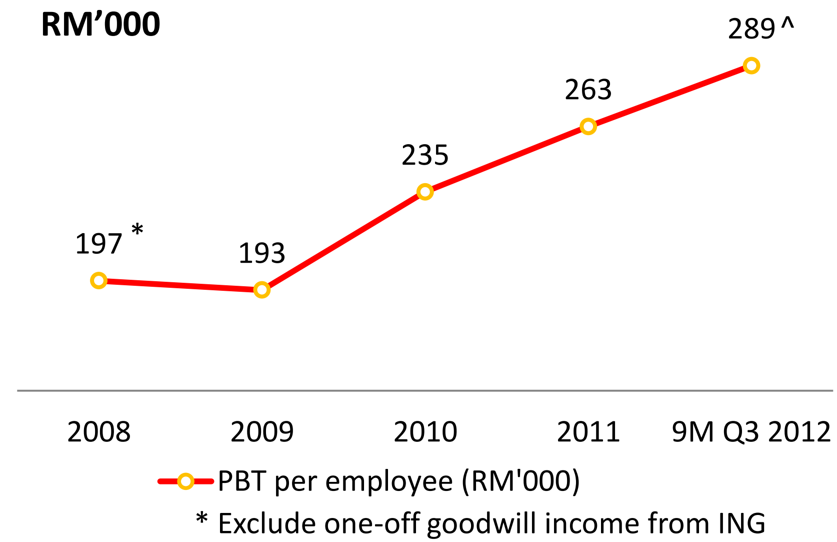
RM'mil

Improved productivity across the various indicators



PBT per employee

RM'000



	Sep-12	2011	Industry Average
Gross loan per employee (RM mil)	**11.0**	10.1	8.1
Deposit per employee (RM mil)	**12.6**	11.4	10.4
PBT per employee (RM'000)	**289^**	263	202
Cost Income Ratio (%)	**30.8**	29.8	46.0

^ Annualised

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Retail Operations

RM'mil	9M Q3 2012	9M Q3 2011~	Change
Net Income	**3,342.5**	3,162.2	↑ 5.7%
Operating Expenses	**(1,013.8)**	(964.5)	↑ 5.1%
Allowances for impairment on loans and other assets	**(23.7)**	(36.4)	↓ 34.9%
Profit by segment	**2,305.0**	2,161.3	↑ 6.6%

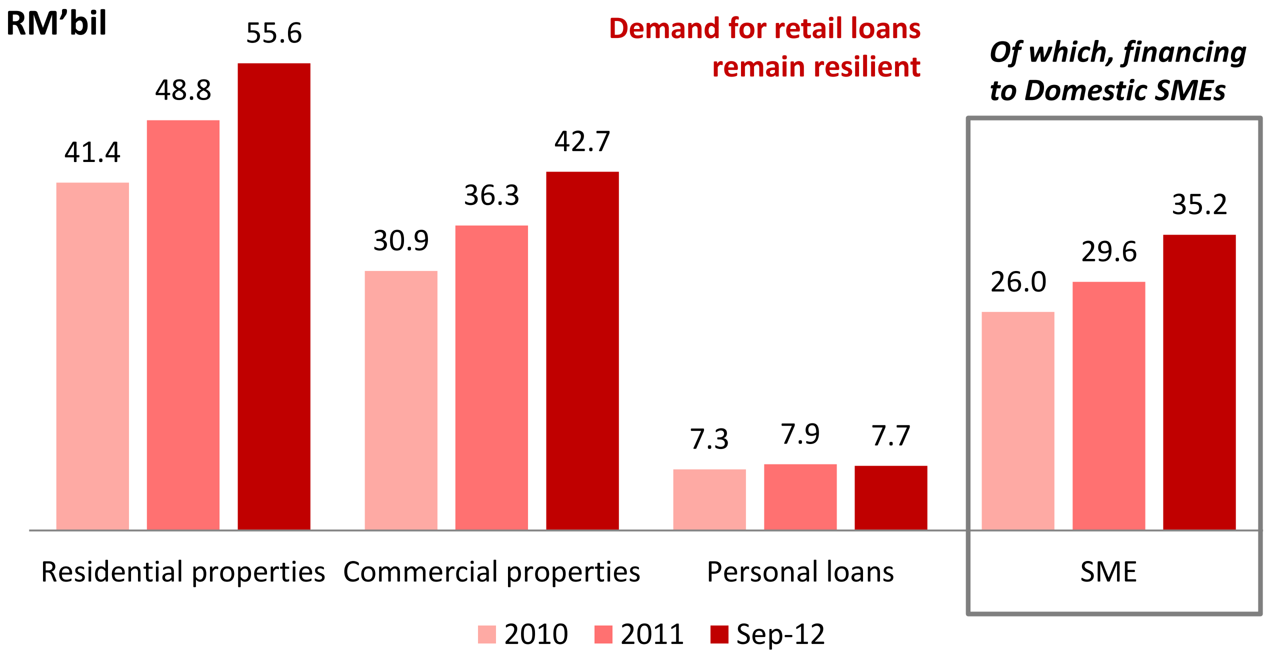
~ Restated with retrospective application of MFRS 139, where applicable

	Sep 2012	Dec 2011	Change
Gross loans and Advances (RM'bil)	**116.6**	105.0	↑ 11.1%
Customer Deposits (RM'bil)	**149.1**	133.9	↑ 11.4%
Gross Impaired Loans (RM'bil)	**0.9**	1.0	↓ 13.7%
Gross Impaired Loans Ratio	**0.7%**	1.0%	↓ 0.3%

- 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 remained strong with low gross impaired loans ratio of 0.7%

Retail Operations

Gross loan & financing in Domestic Operations



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

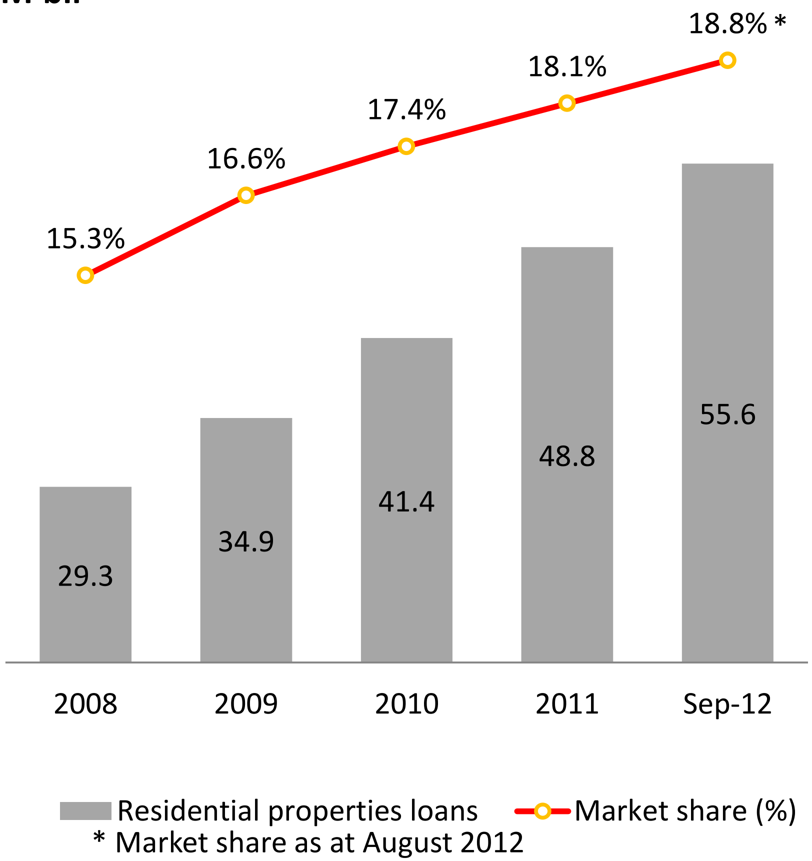
Retail Operations

Market Share in Residential Properties

No.1

Remained market leader in the residential property financing

RM'bil

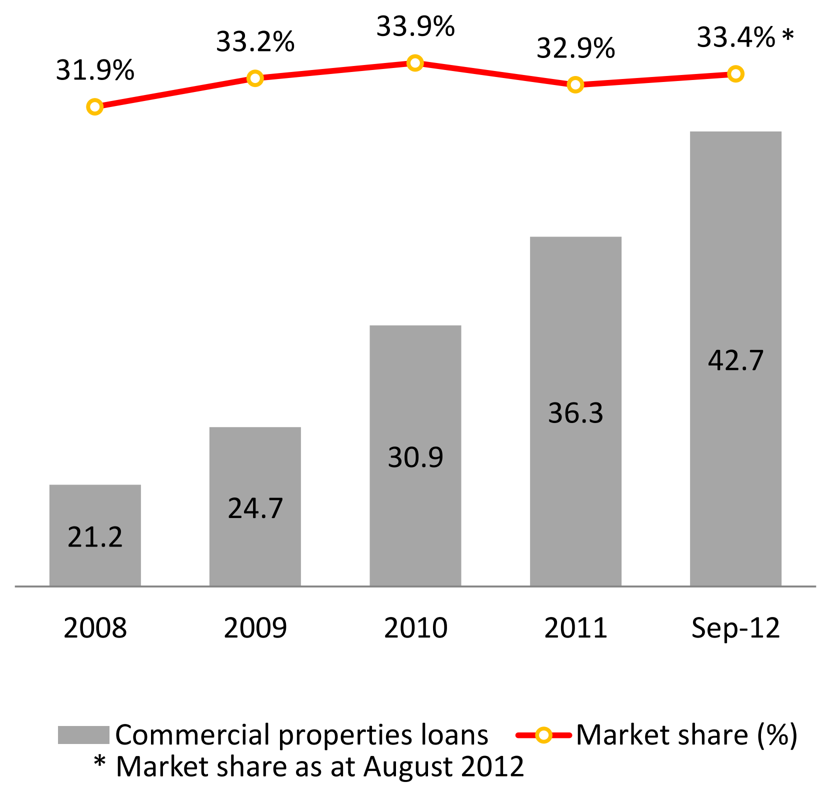


Market Share in Commercial Properties

No.1

Remained market leader in the commercial property financing

RM'bil



Hire Purchase

RM'mil	9M Q3 2012	9M Q3 2011~	Change
Net Income	**758.0**	675.3	12.3%
Operating Expenses	**(158.2)**	(120.0)	31.9%
Allowances for impairment on loans and other assets	**(84.4)**	(84.6)	0.3%
Profit by segment	**515.4**	470.7	9.5%

~ Restated with retrospective application of MFRS 139, where applicable

	Sep 2012	Dec 2011	Change
Gross Loans and Advances (RM'bil)	**39.7**	37.1	7.1%
Gross Impaired Loans (RM'bil)	**0.2**	0.2	10.5%
Gross Impaired Loans Ratio	**0.6%**	0.6%	---

- Asset quality remained stable as reflected by the stable impaired loan ratio at 0.6%

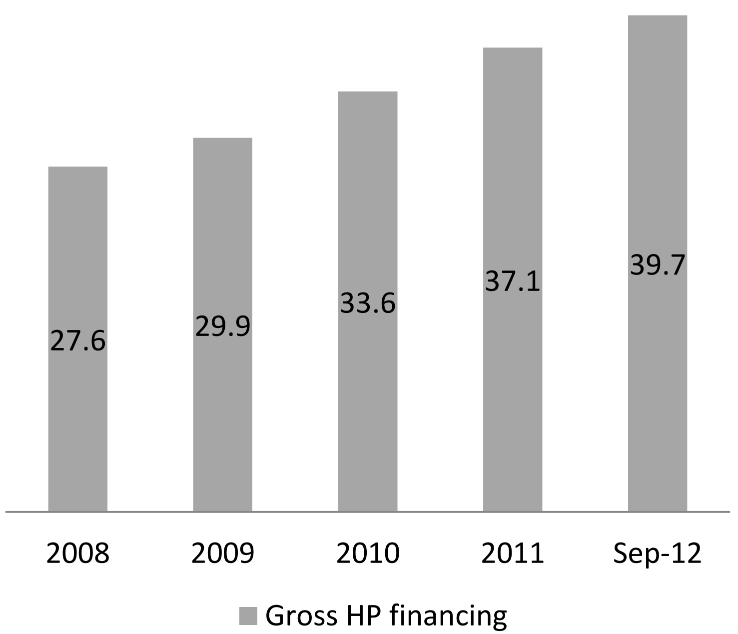
Hire Purchase

No.1

HP Financing in Domestic Operations

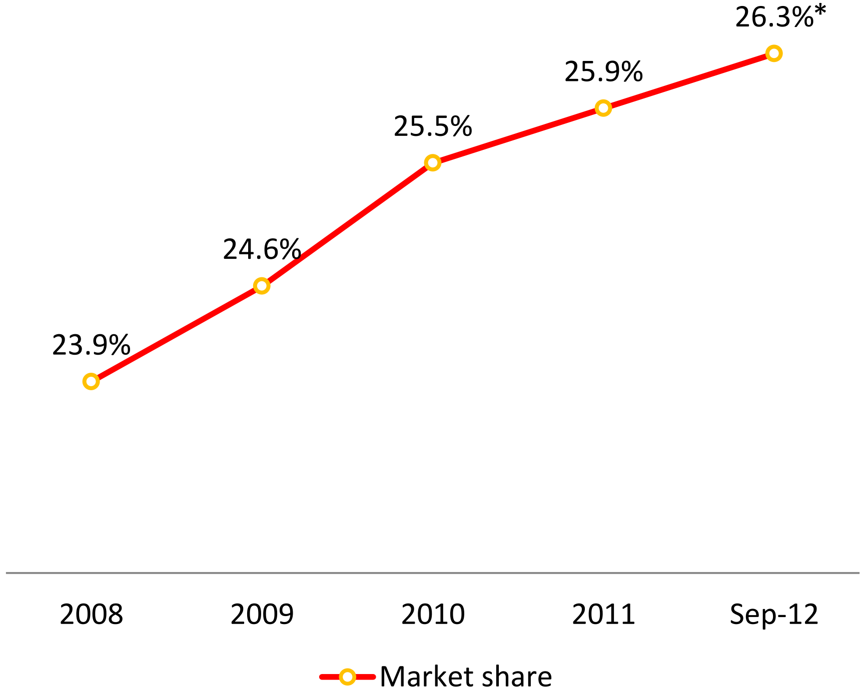
RM'bil

Steady growth in HP financing



Market share in Passenger Vehicle Financing

Remained market leader in the passenger vehicle financing



* Market share as at August 2012

Key Drivers in Domestic Hire Purchase Financing

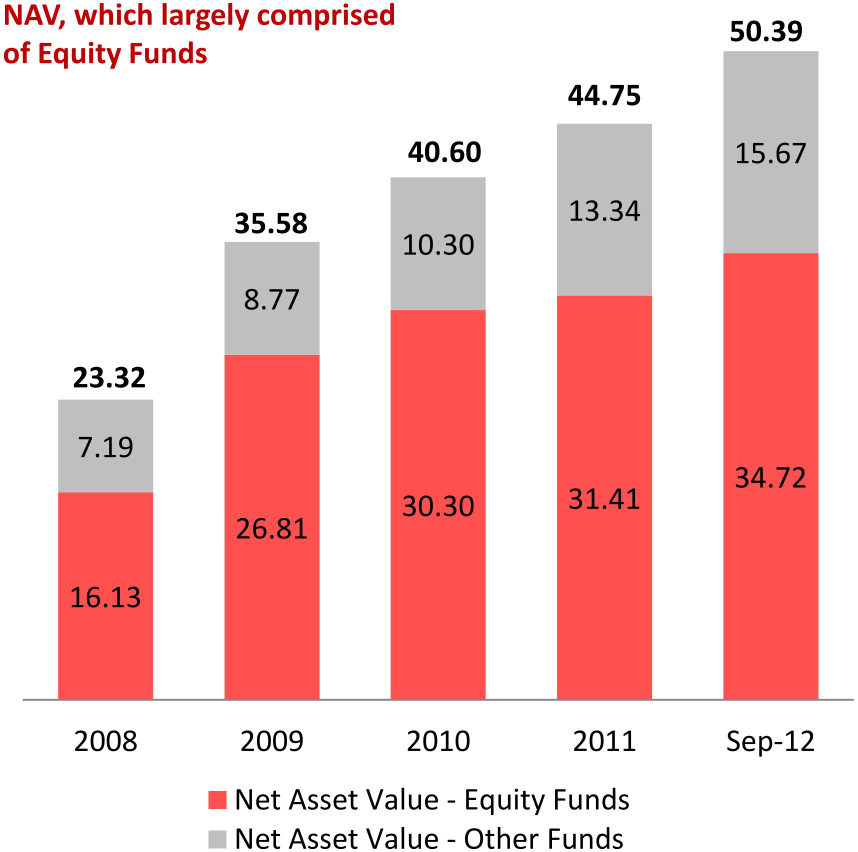
- Strong customer service delivery through the 27 HP Centres in key locations nationwide and continuous improvement in credit processing turnaround time
- Experienced and dedicated HP Centre staff force

Wealth Management

No.1

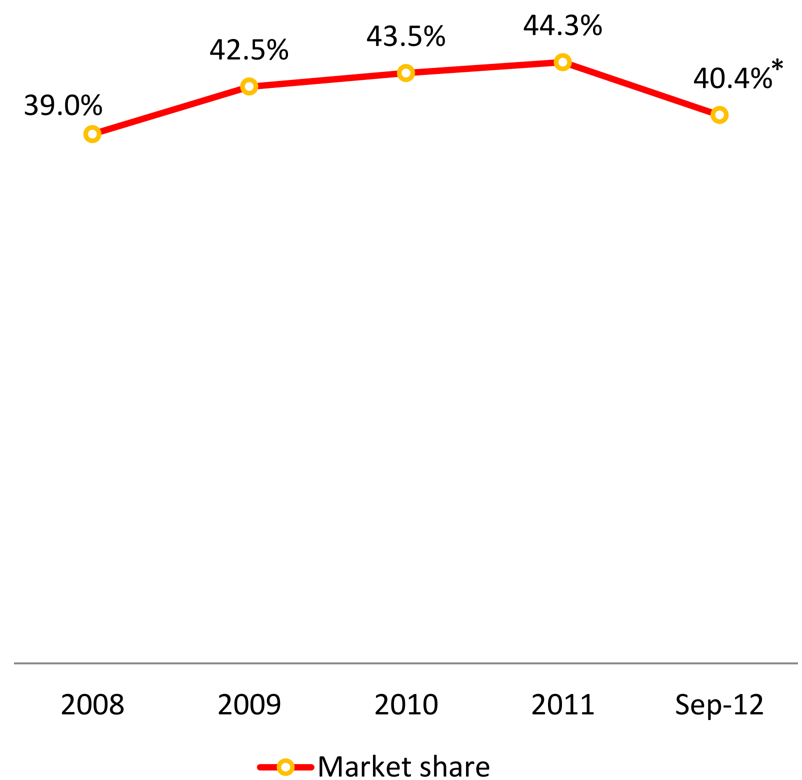
Net Asset Value of Funds under management RM'bil

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



Market Share in Private Unit Trust Industry

Public Mutual continues to maintain Its market leadership



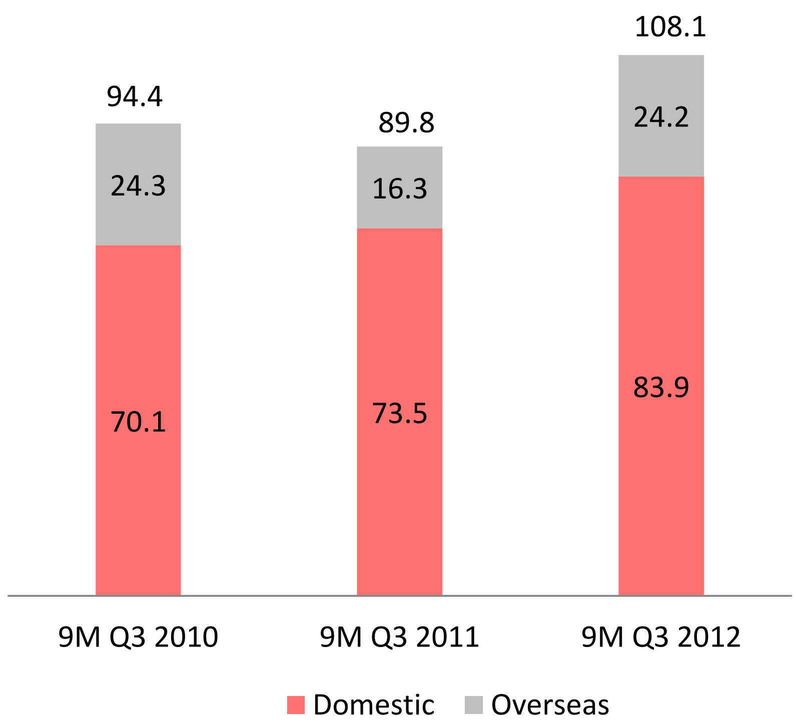
* Market share as at August 2012

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
- Continue to build its bancassurance sales force

	2010	2011	Sep-12
Bancassurance Sales Executives	250	230	250
Personal Financial Executives	272	233	264
Total	522	463	514

Investor Presentation

Capital Management

RM'mil	Group Sep 2012	Group Dec 2011*	Group Change	Bank Sep 2012	Bank Dec 2011*	Bank Change
Tier I Capital	**18,348.5**	17,269.3	↑ 6.2%	**18,346.1**	17,235.8	↑ 6.4%
Tier II Capital	**5,893.1**	7,211.6	↓ 18.3%	**5,553.0**	6,860.2	↓ 19.1%
Deduct: Inv in subs/asso and other deductions	**(48.4)**	(45.4)	↑ 6.6%	**(4,209.7)**	(4,031.8)	↑ 4.4%
Total Capital Base	**24,193.2**	24,435.5	↓ 1.0%	**19,689.4**	20,064.2	↓ 1.9%
Risk-Weighted Assets	**179,307.3**	163,027.3	↑ 10.0%	**150,121.5**	134,887.8	↑ 11.3%
RWCR (%)	**13.5%**	15.0%	↓ 1.5%	**13.1%**	14.9%	↓ 1.8%
Tier-I Capital Ratio (%)	**10.2%**	10.6%	↓ 0.4%	**12.2%**	12.8%	↓ 0.6%

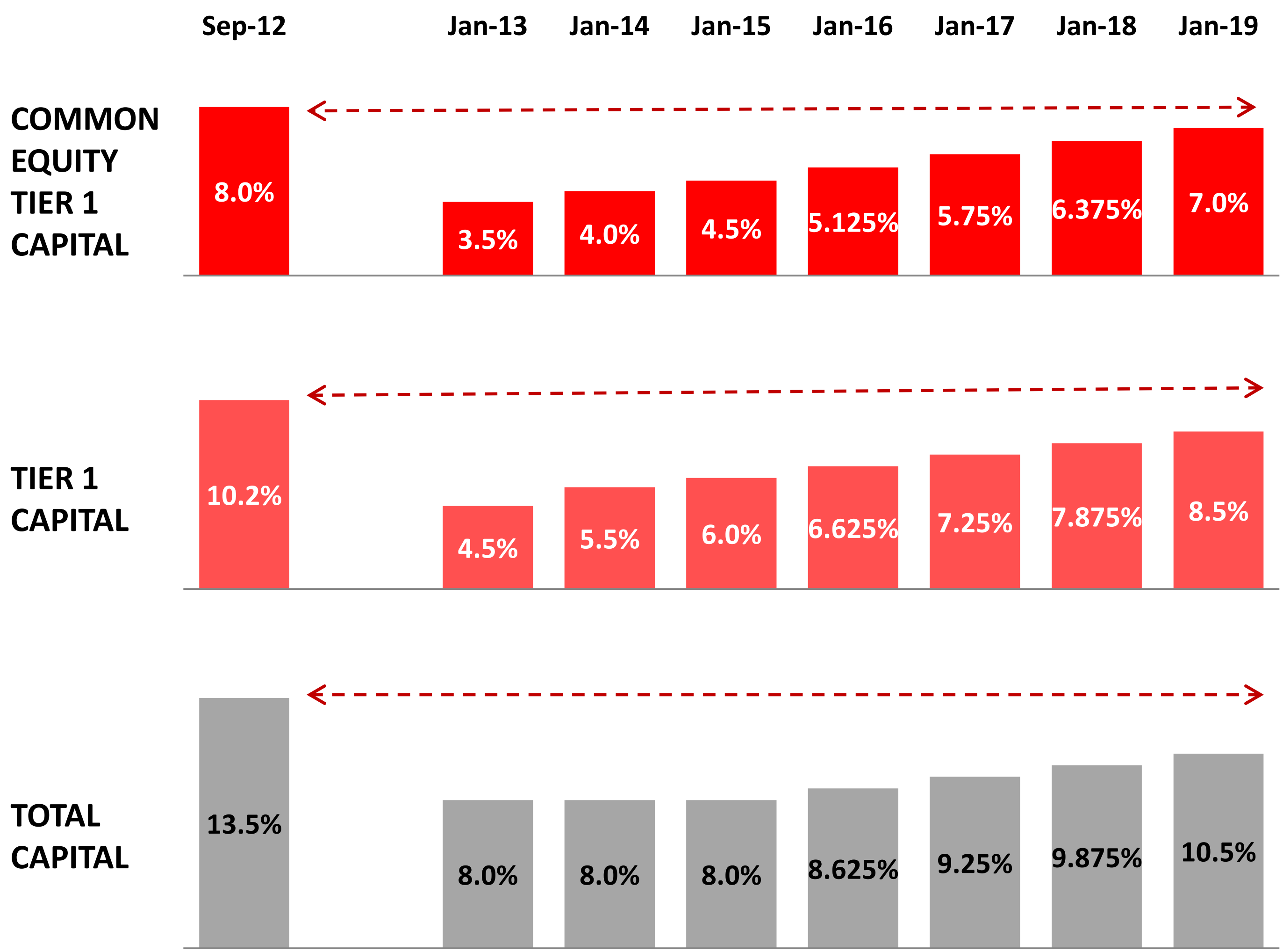
* After deducting second interim dividends declared subsequent to end of year and restated with retrospective application of MFRS 139, where applicable

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
- The counter-cyclical buffer to be introduced will be gradually phased in over a 4-year period commencing 2016 (based on BNM's concept paper)

Capital Management



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

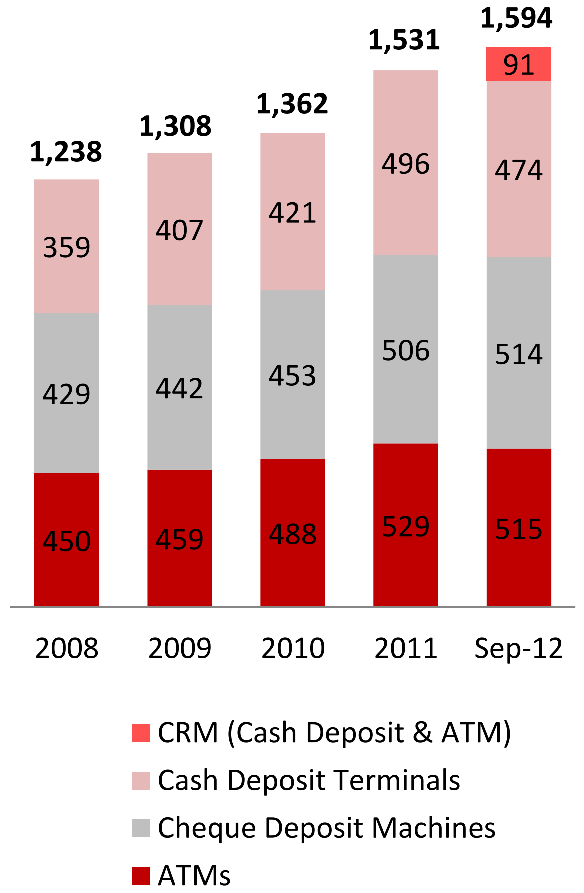
- Executive Summary
- Financial Performance
- Growth Performance
- Business Performance
- Capital Management
- **Other Highlights**

Expansion in Business Delivery Channel

	Sep 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: Customer 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

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