



PUBLIC BANK
PUBLC BANK

Investor Presentation

March 2013 Results Update



Investor Presentation



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Key Highlights



	Q1 2013	Q1 2012 [^]	Change (%)
<u>Income Statement (RM'mil)</u>			
Pre-tax profit	1,270	1,231	3.1%
Net profit attributable to shareholders	968	930	4.1%
Earnings per share (sen)	27.6	26.6	3.8%
	Mar-13	Dec-12 [^]	Change (%)
<u>Balance Sheet (RM'bil)</u>			
Total assets	287.0	274.8	17.7%*
Loan - Group	203.6	197.8	11.8%*
- Domestic	190.3	184.5	12.5%*
Deposit - Group	232.3	225.0	12.9%*
- Domestic	217.7	210.7	13.3%*
<u>Financial Indicators</u>			
Net return on equity	22.2%	24.1%	(1.9%)
Cost to income ratio	31.9%	31.2%	0.7%
Gross impaired loans ratio	0.7%	0.7%	-
Loan loss coverage	123.9%	126.0%	(2.1%)
Net loan to deposit ratio	86.9%	87.1%	(0.2%)
Common equity Tier I capital ratio	8.2%	N/A	-
Tier I capital ratio	10.1%	10.8% ^π	(0.7%)
Total capital ratio	13.0%	14.1% ^π	(1.1%)

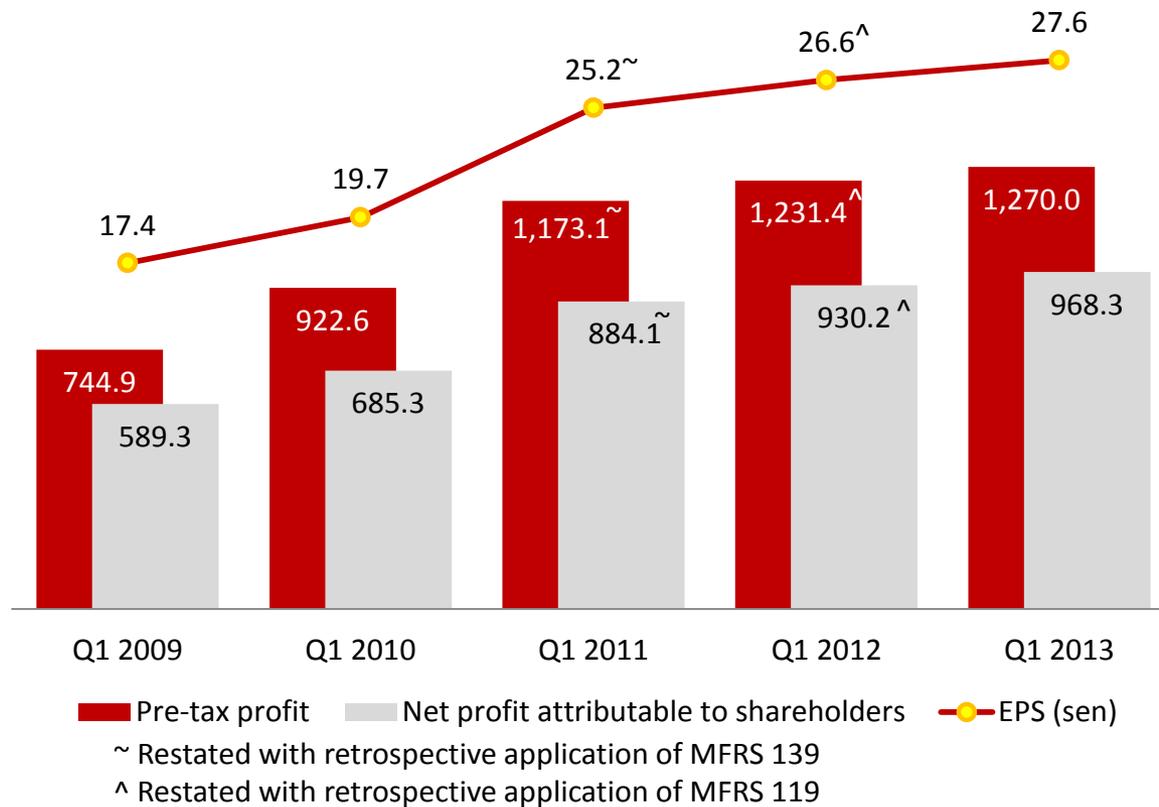
* Annualised growth [^] Restated with retrospective application of MFRS 119, where applicable

^π After deducting second interim dividends declared subsequent to end of year



Steady profit growth

Profits and EPS (RM'mil)





Adoption of MFRS 119 Employee Benefits

The adoption of the revised MFRS 119 effective 1 January 2013 affected the accounting treatment on the recognition of certain gains and losses arising from defined benefit plans. The key impacts are:

- Actuarial gains and losses are recognised immediately in other comprehensive income, as compared to recognition in the income statement over a period of time previously
- Changes in the basis of computation of net interest income on the net assets of the defined benefit plan which is recognised in the income statement
- Retrospective application of MFRS 119 which resulted in the restatement of comparative financial statements



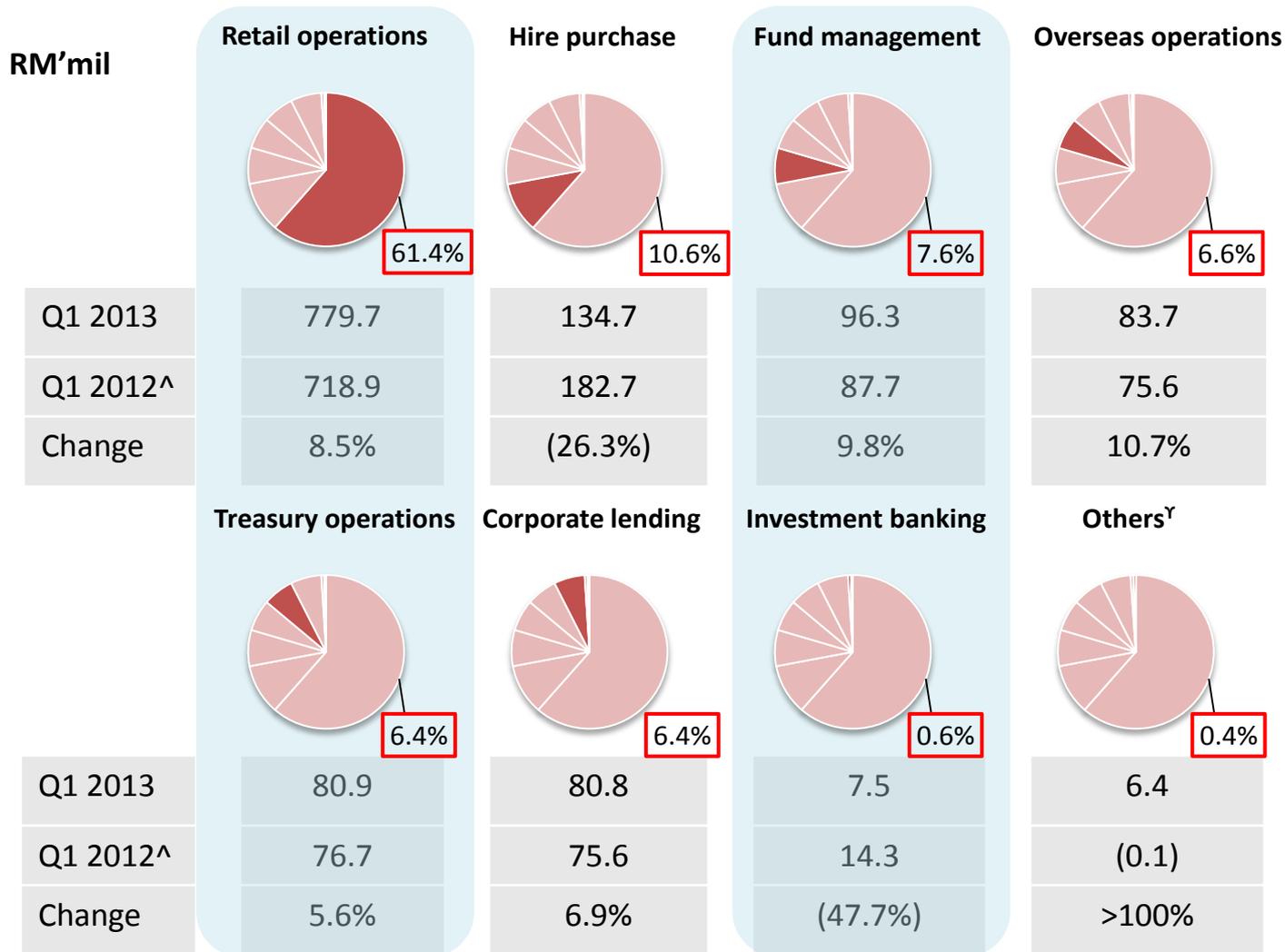
Adoption of MFRS 119 Employee Benefits

Restatement of key comparatives

	Restated	Previously reported
	Q1 2012	Q1 2012
Other operating expenses (RM'mil)	608	593
Pre-tax profit (RM'mil)	1,231	1,246
Net profit (RM'mil)	930	941
Cost to income ratio (%)	32.5	31.8

	Restated	Previously reported
	Dec 2012	Dec 2012
Net return on equity (%)	24.1	24.5

Segmental Profit – Remained focus on retail operations



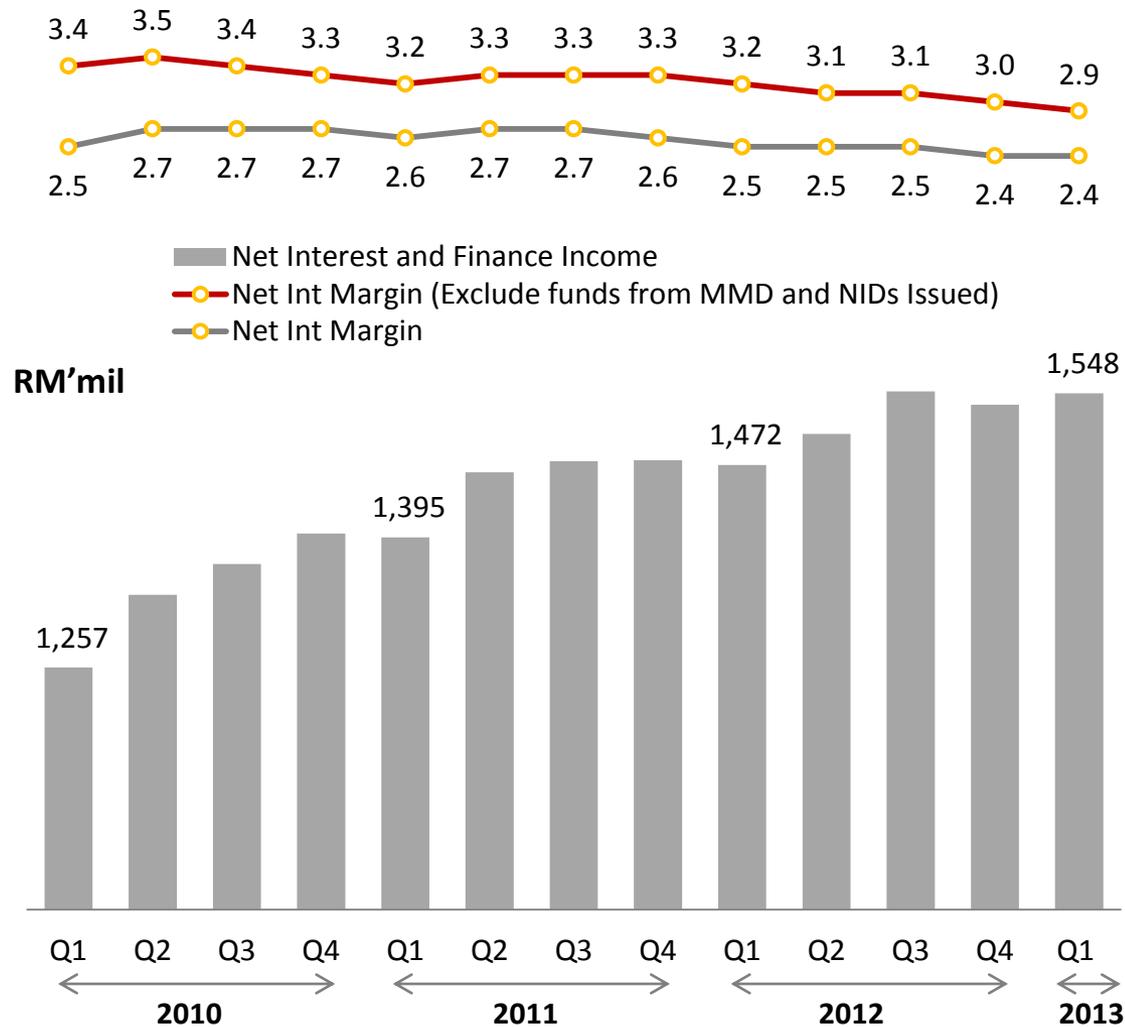
- Retail and HP operations contributed approximately 72% of the Group's pre-tax profit

^Y Others comprise mainly of domestic main office, other miscellaneous domestic segment and domestic share of profit after tax of equity accounted associated companies

[^] Restated with retrospective application of MFRS 119, where applicable



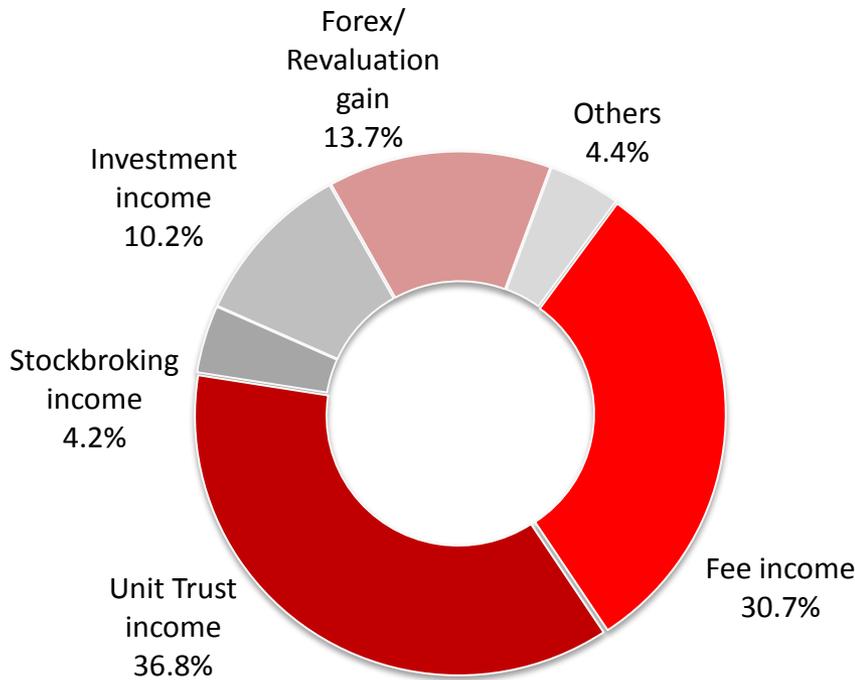
Net Interest Margin – Continue to be under pressure





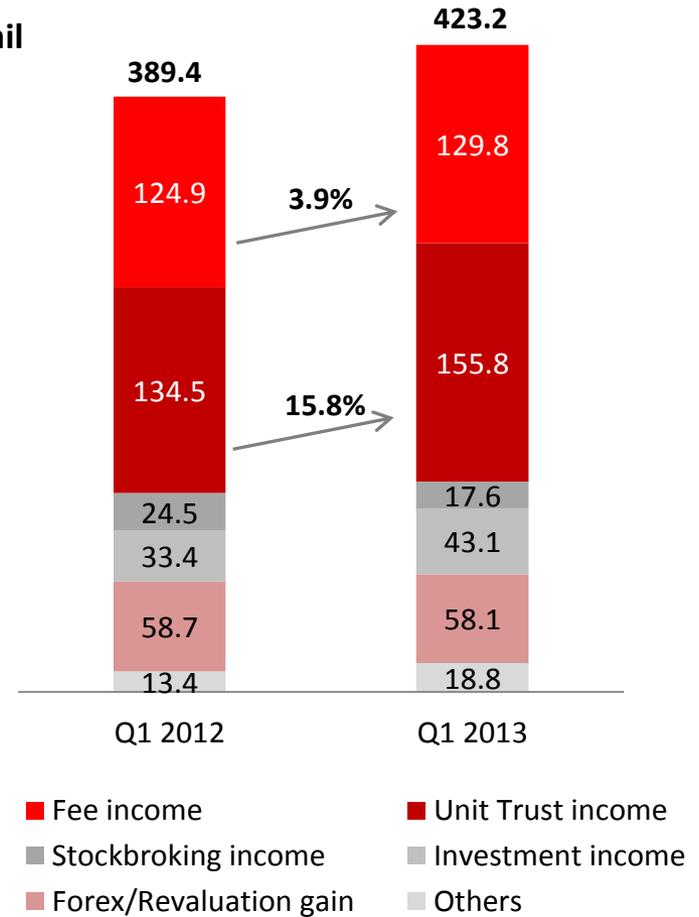
Non-Interest Income Composition & Growth

Non-interest Income Contribution



Based on financial results as at 31 March 2013

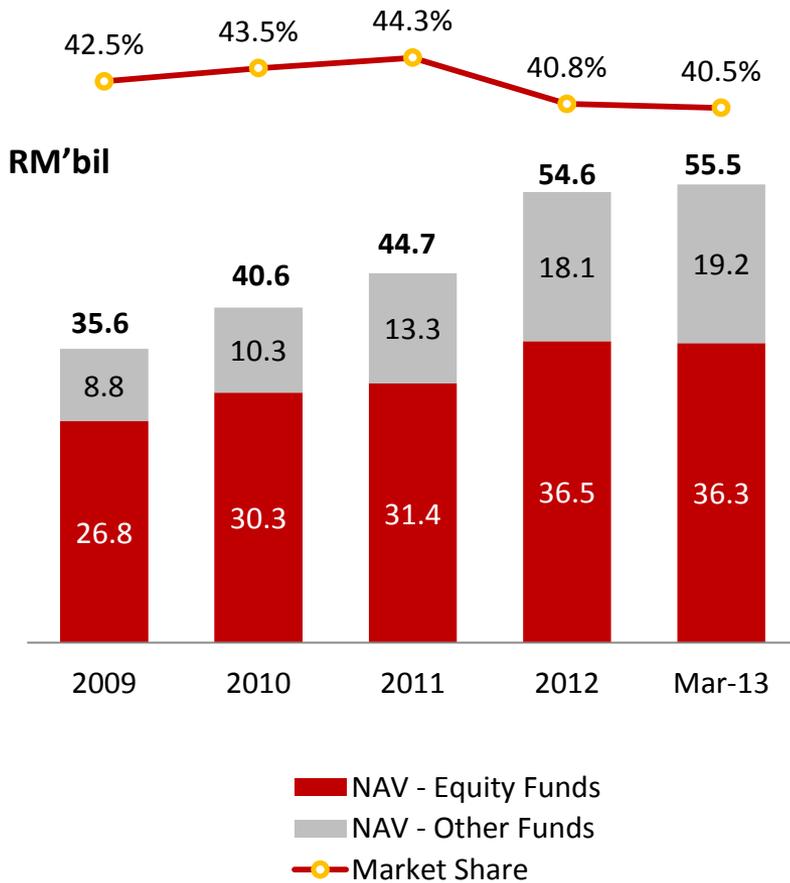
RM'mil



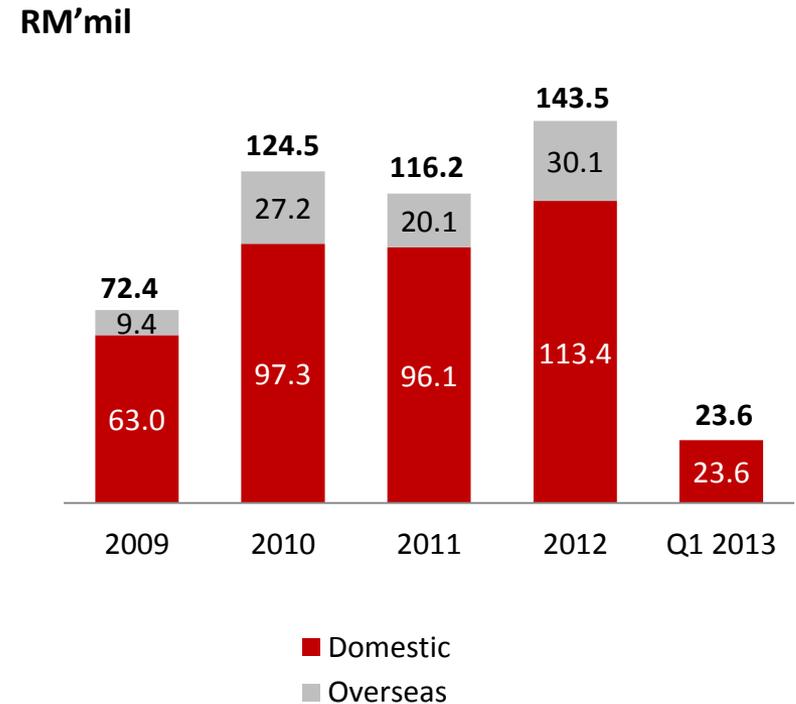


Unit Trust & Bancassurance

Net Asset Value of Funds under management



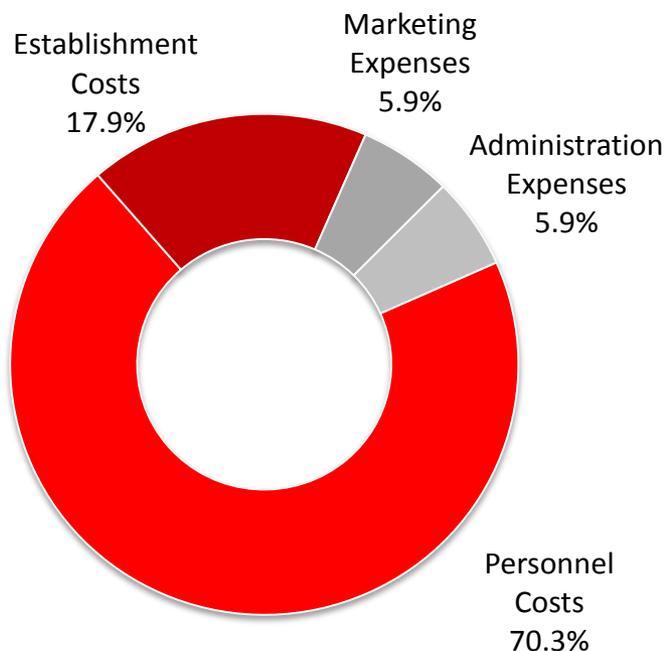
Bancassurance Business – Annual Premium Equivalent



Efficient Operating Overheads



Operating Costs Contribution



Based on financial results as at 31 March 2013

RM'mil	Q1 2013	Q1 2012 [^]	Changes
Personnel Costs	444.0	406.5	↑ 9.2%
Establishment Costs	113.0	114.5	↓ 1.3%
Marketing Expenses	37.3	41.4	↓ 9.8%
Administration Expenses	37.5	45.2	↓ 17.1%
Total	631.8	607.6	↑ 4.0%

	Q1 2013	2012 [^]	Industry Average
Gross loan per employee (RM'mil)	11.6	11.2	8.6
Deposit per employee (RM'mil)	13.3	12.8	11.0
PBT per employee (RM'000)	290*	286	229
Cost to Income Ratio (%)	31.9	31.2	46.6

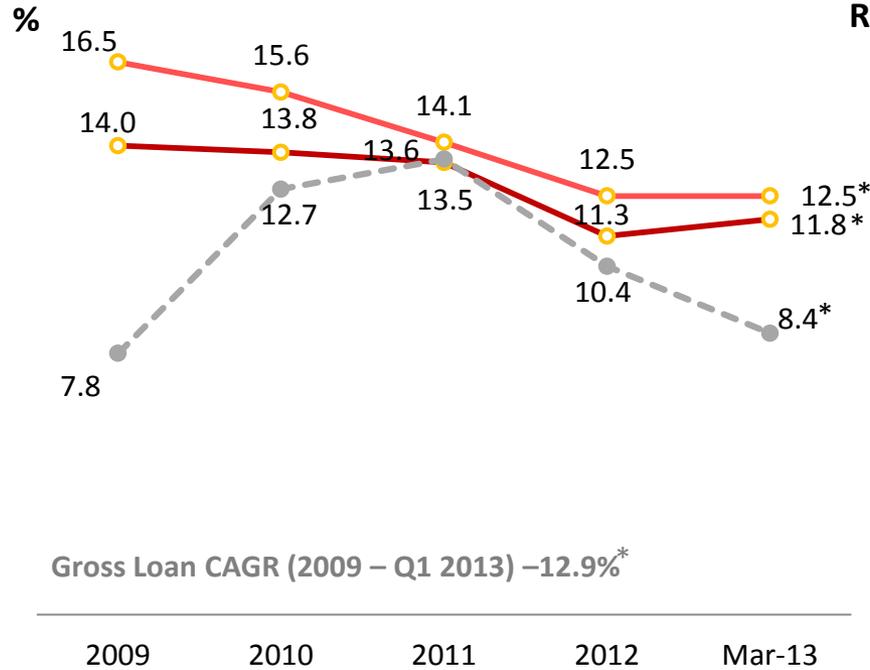
[^] Restated with retrospective application of MFRS 119, where applicable

* Annualised



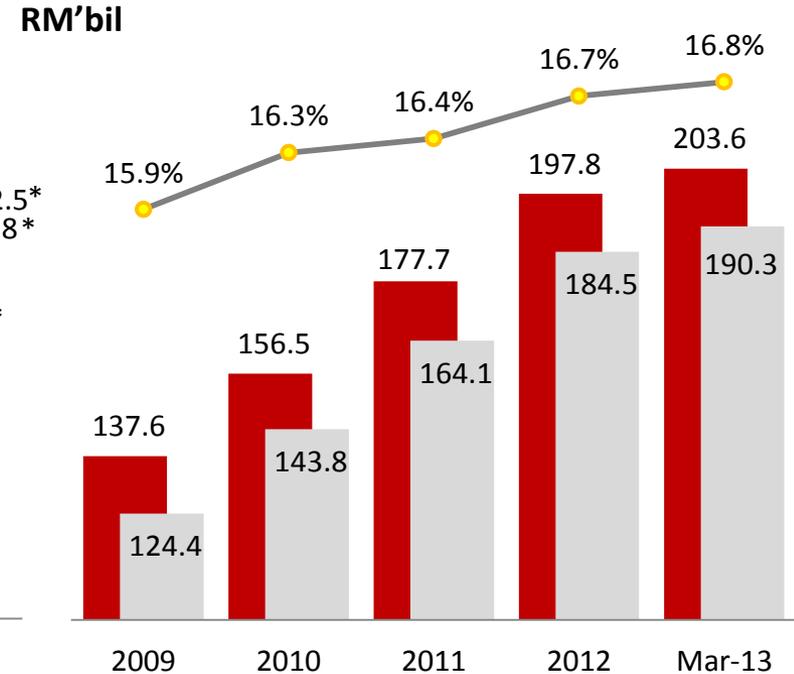
Consistently Above-Industry Loan Growth

Loan Growth vs Industry



- Group Loan Growth
- Domestic Loan Growth
- Domestic Industry Average (latest available)
- * Annualised growth

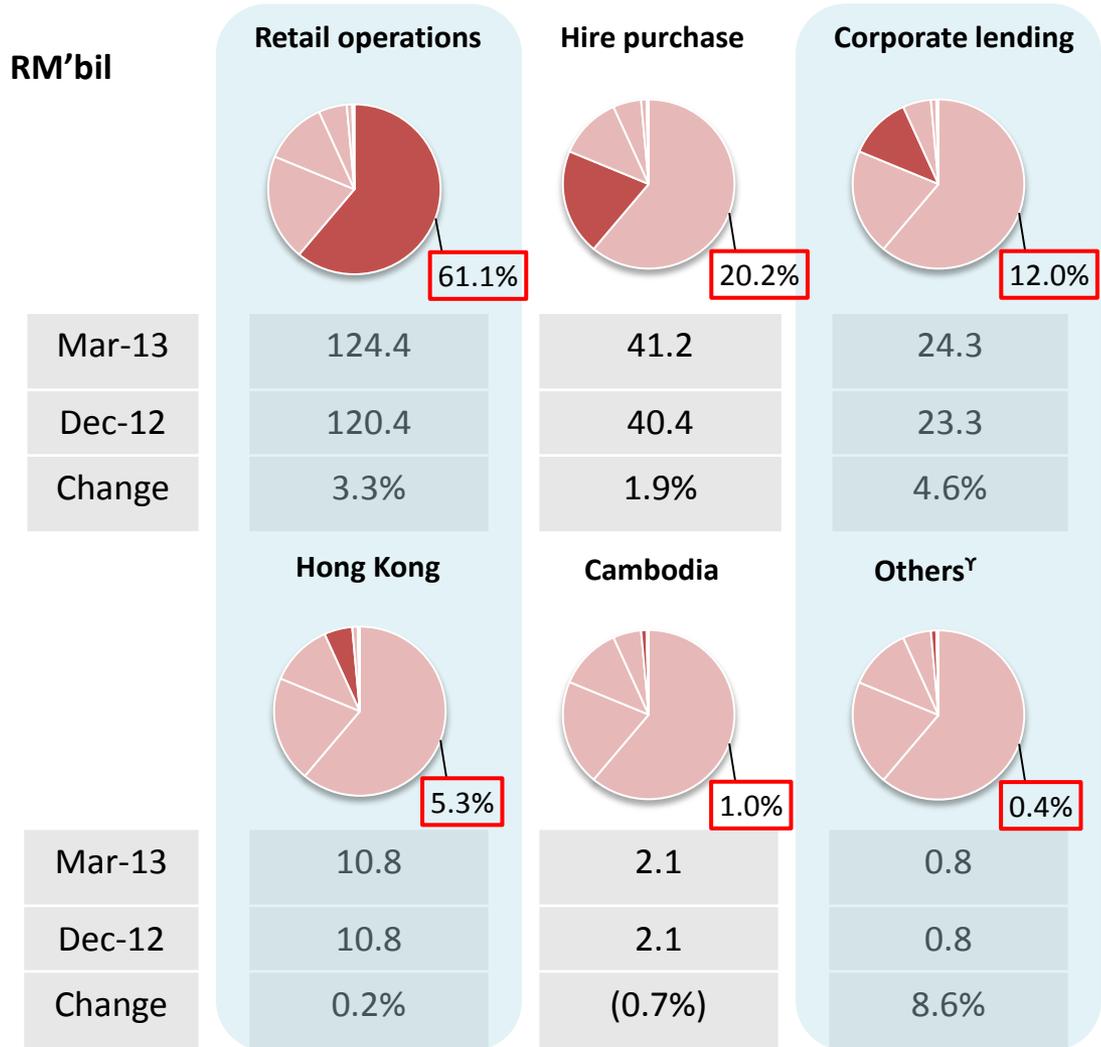
Gross Loans and Domestic Loan Market Share



- Gross Loan Outstanding
- Domestic Loan
- Domestic Loans Market Share (%)



Gross Loan Composition by Segment



- Loan growth continues to be supported through the Group's retail and hire purchase segments

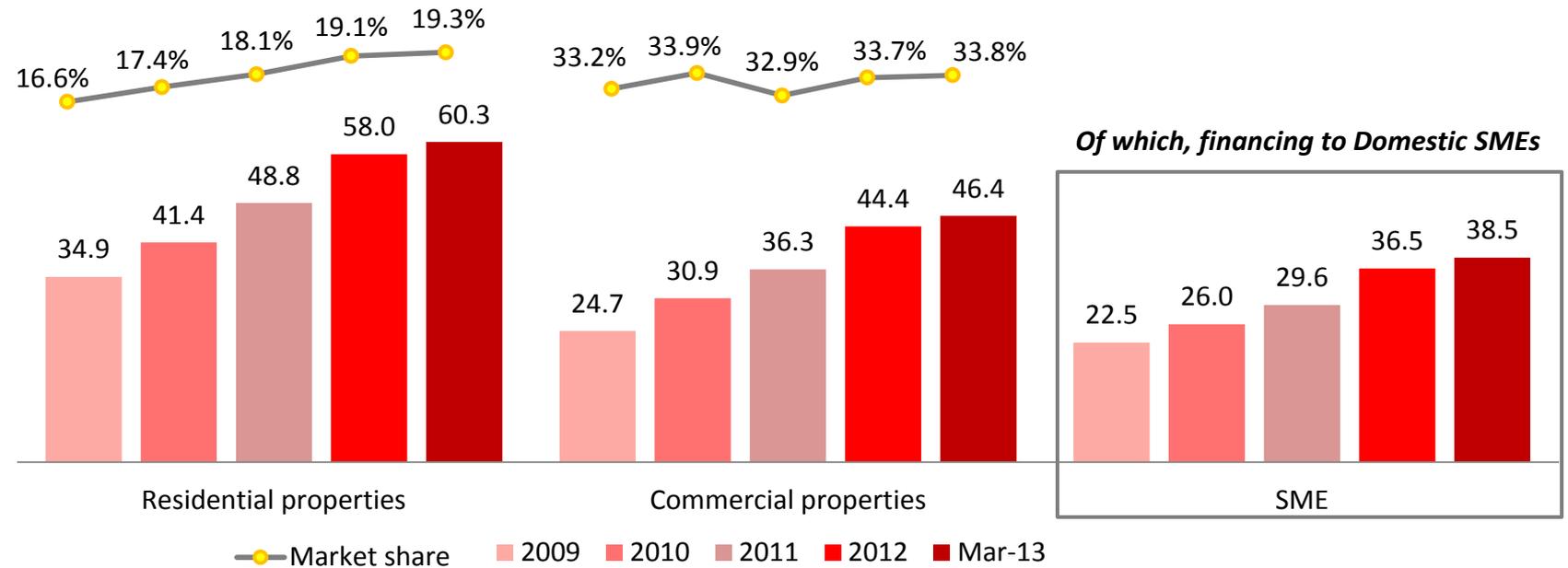
^Y Others comprise mainly of other miscellaneous domestic segments and other countries

Retail Operations



Gross loan & financing in Domestic Operations

RM'bil



- Remained market leader in the residential properties financing & commercial properties financing
- Steady growth trend in residential properties financing & commercial properties financing

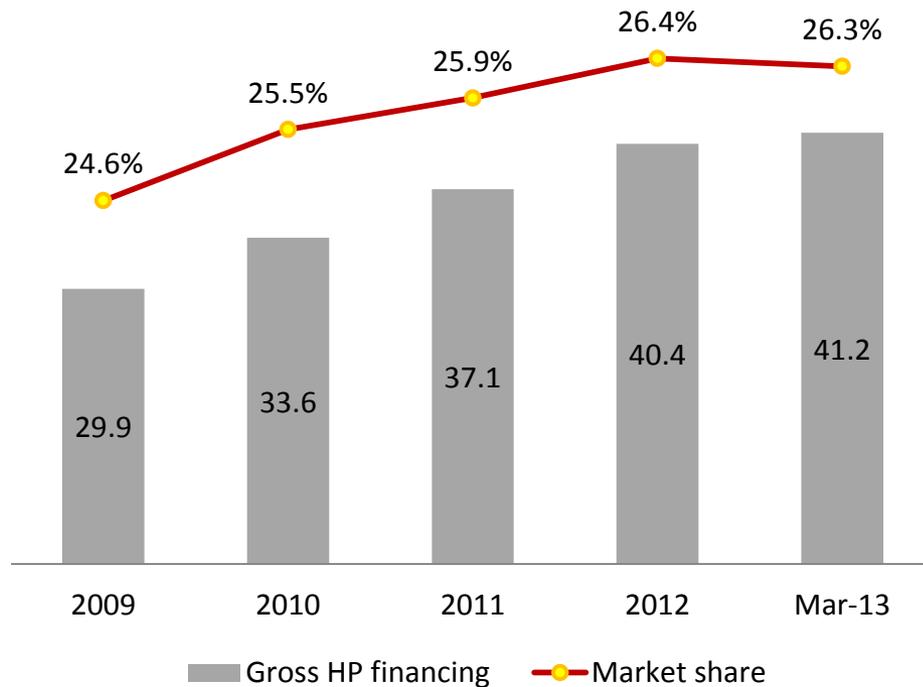




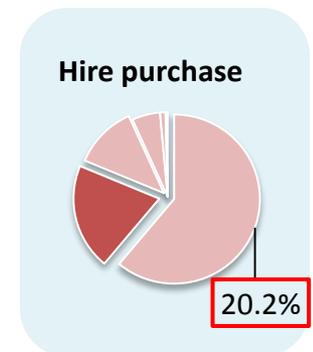
Hire Purchase

HP Financing in Domestic Operations

RM'bil



- Remained market leader in the passenger vehicle financing
- Consistent growth trend in hire purchase financing

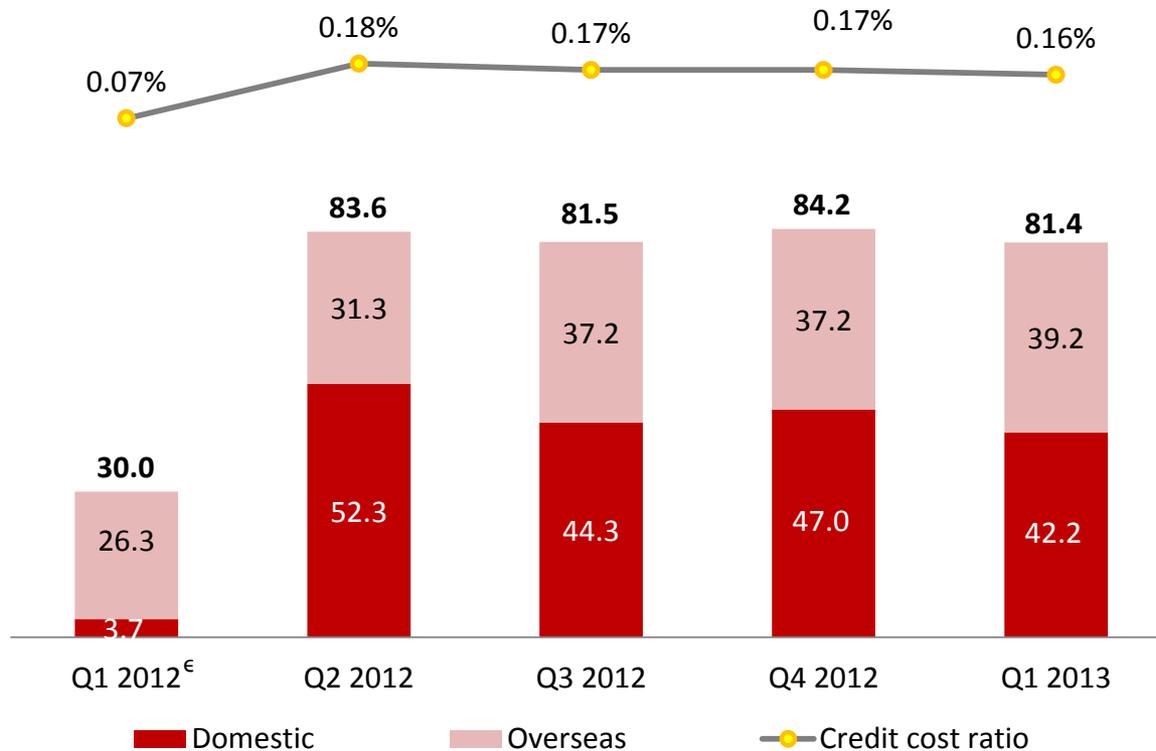




Upholding Strong Asset Quality

Quarterly Loan Impairment Allowances (including collective allowances)

RM'mil

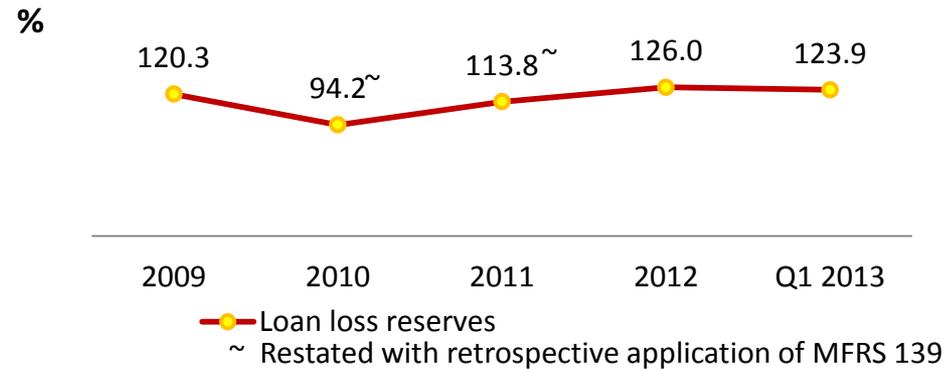


[€] Loan impairment allowance in Q1 2012 was lower mainly due to certain write-back of provision and recoveries which were non-recurring in nature

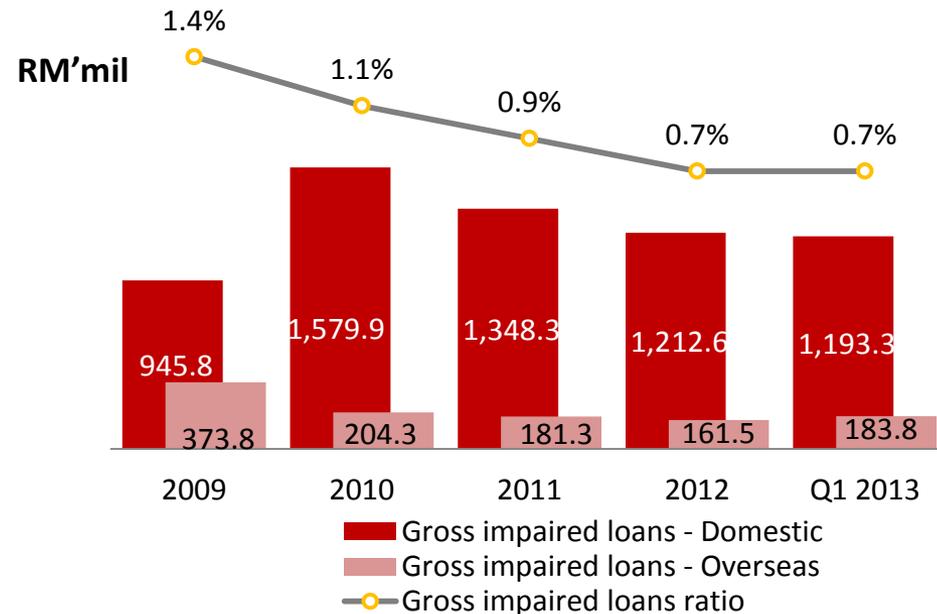
Gross Impaired Loan



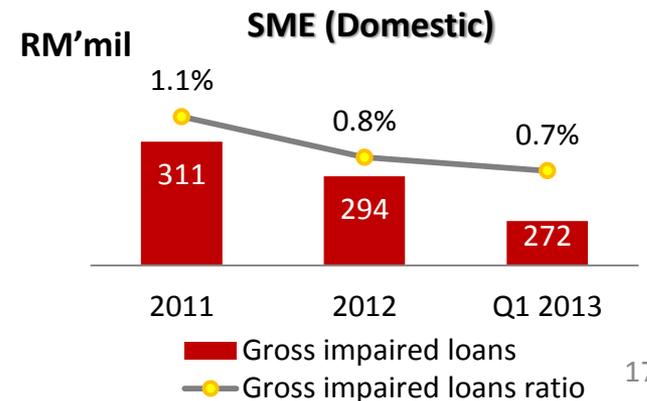
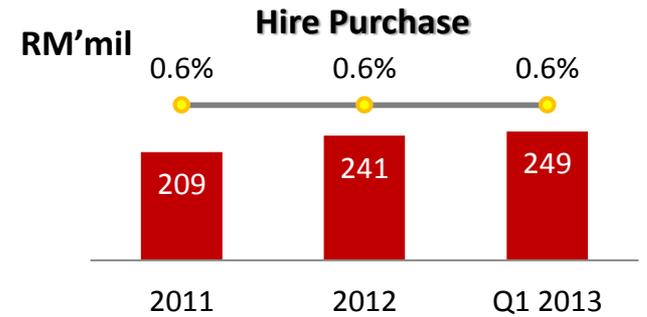
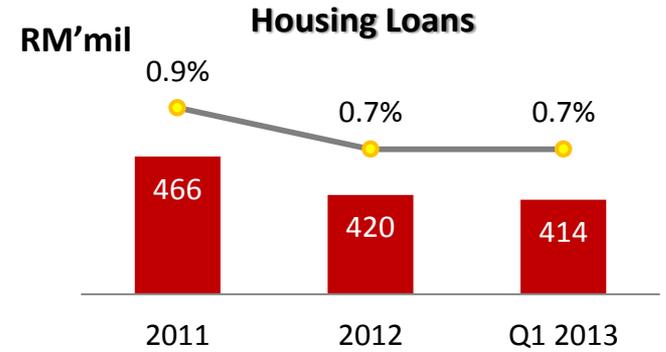
High loan loss reserves



Low gross impaired loans ratios



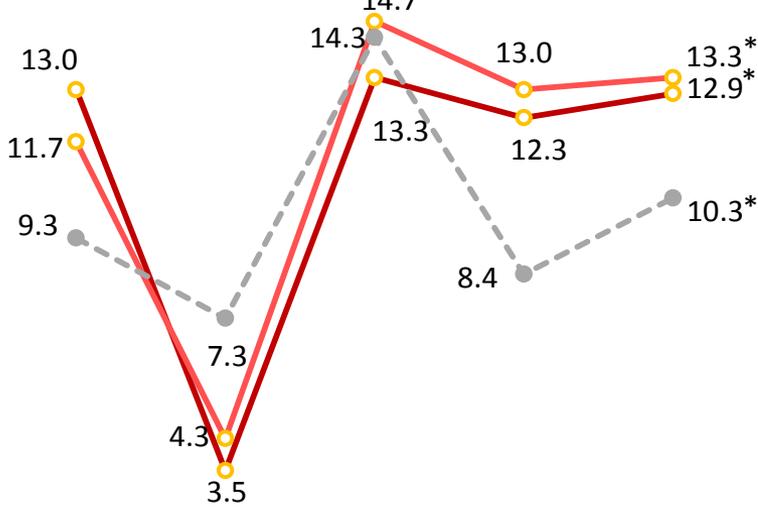
Of which:





Healthy Deposit Growth in Support of Liquidity

Deposit Growth vs Industry %

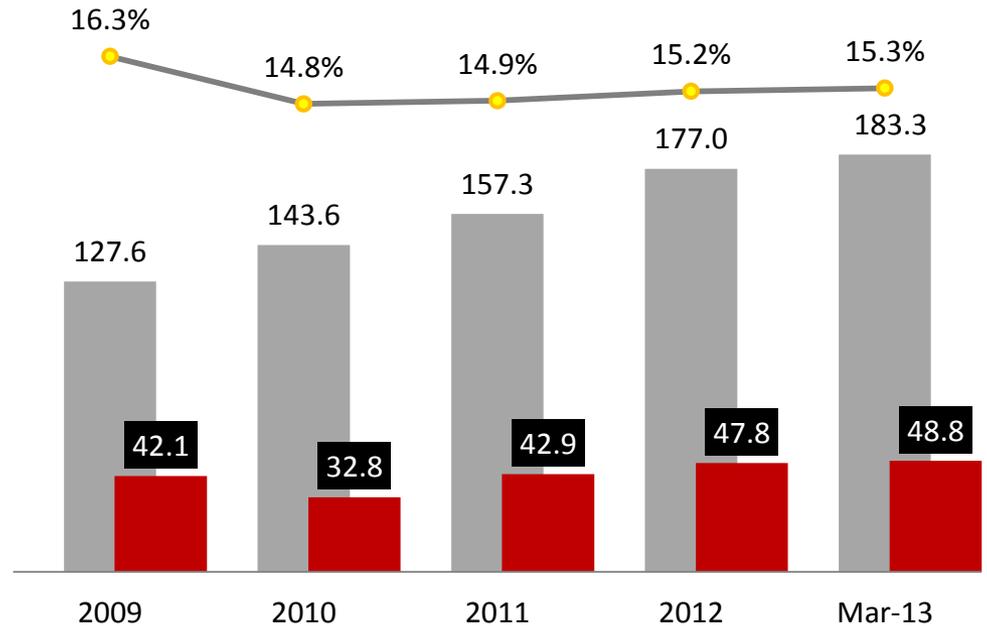


Customer Deposit CAGR (2009 – Q1 2013) – 10.9%*

2009 2010 2011 2012 Mar-13

- Group Deposit Growth
- Domestic Deposit Growth
- Domestic Industry Average (latest available)
- * Annualised growth

Deposits – Outstanding Balance and Market Share RM'bil



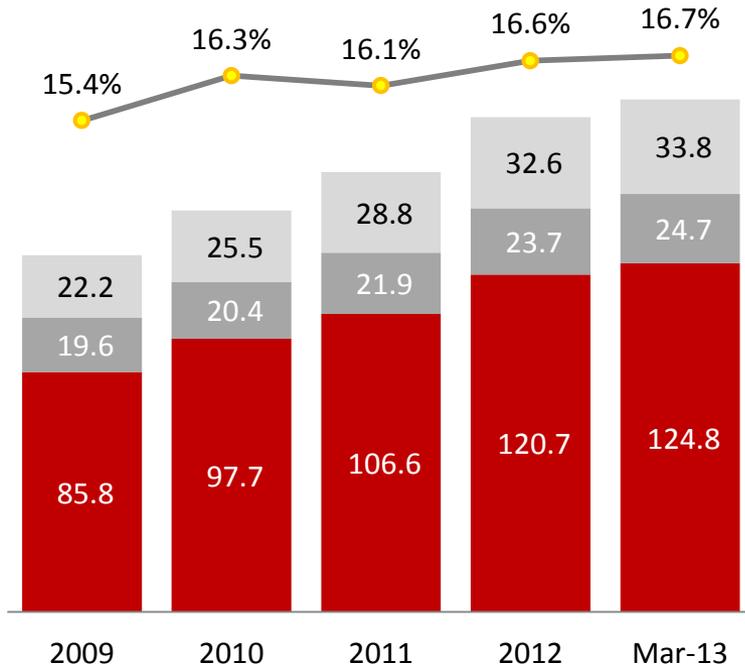
- Core customer deposit
- Wholesale deposit
- Customer deposit market share



Strong Core Deposit Growth

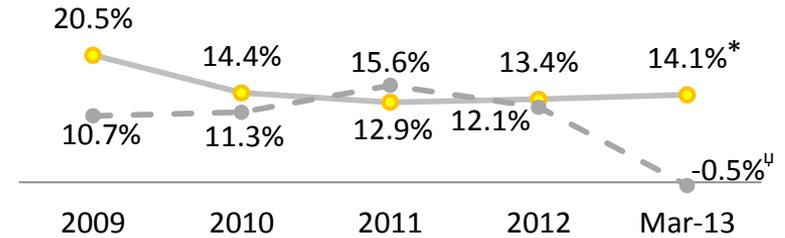
Source of Core Deposit

RM'bil

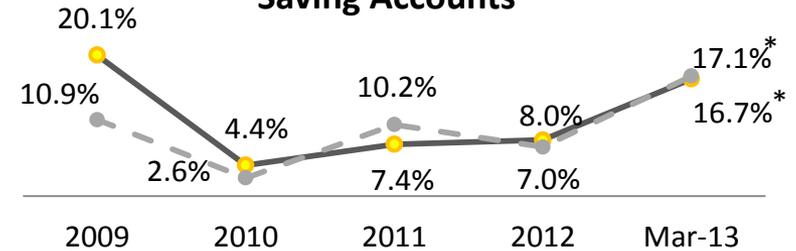


- Current accounts
- Saving accounts
- Fixed deposit
- Domestic core deposits market share

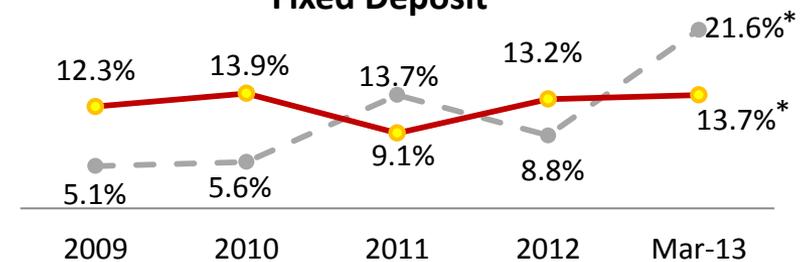
Current Accounts



Saving Accounts



Fixed Deposit



- Industry growth
- Fixed deposit
- Current accounts
- Saving accounts

^u Negative growth as at March 2013

* Annualised growth



Ensuring Healthy Capital Position

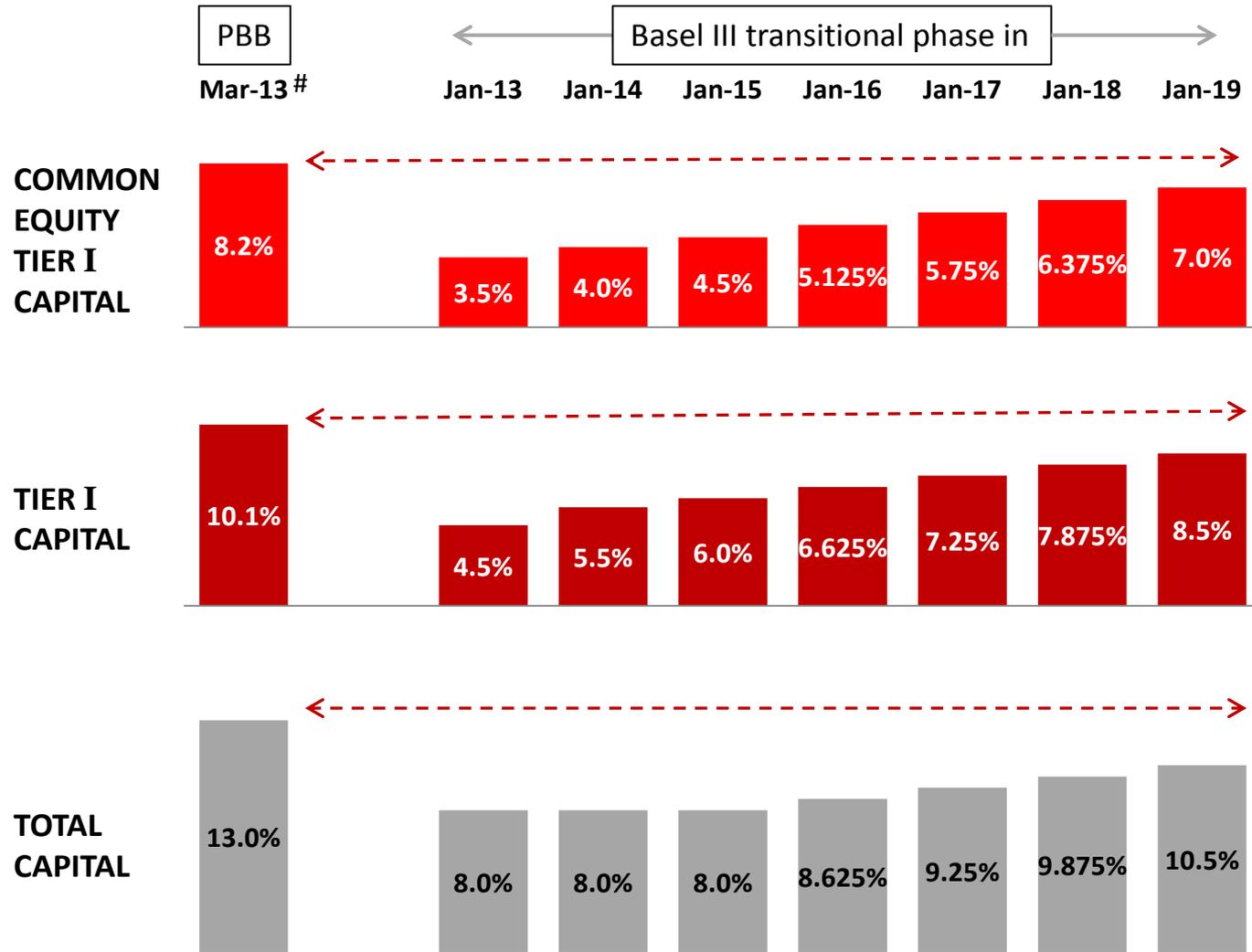
	RM'bil	Group		Bank	
		Mar 2013 [#]	Dec 2012 ^π	Mar 2013 [#]	Dec 2012 ^π
Common Equity Tier I Capital		15.2	15.6	15.4	15.5
Tier I Capital		18.7	19.5	18.9	19.4
Total Capital Base		24.1	25.3	19.8	20.7
Risk-weighted Assets		185.4	179.7	155.7	150.0
Common Equity Tier I Capital Ratio		8.2%	N/A	9.9%	N/A
Tier I Capital Ratio		10.1%	10.8%	12.1%	12.9%
Total Capital Ratio		13.0%	14.1%	12.7%	13.8%

^π After deducting second interim dividends declared subsequent to end of year

[#] Based on Basel III definition



Proactive Capital Management Initiative



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

Based on Basel III definition

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



Expansion in Business Delivery Channel

Key Performance Indicator

Mar 2013 **Dec 2012** **Dec 2008**

Malaysian Operations

Public Bank - Domestic	255	254	242
- Overseas	6	5	5
Public Islamic Bank	1	1	-
Public Mutual	28	28	26
Public Investment Bank	1	1	1

Hong Kong & China Operations

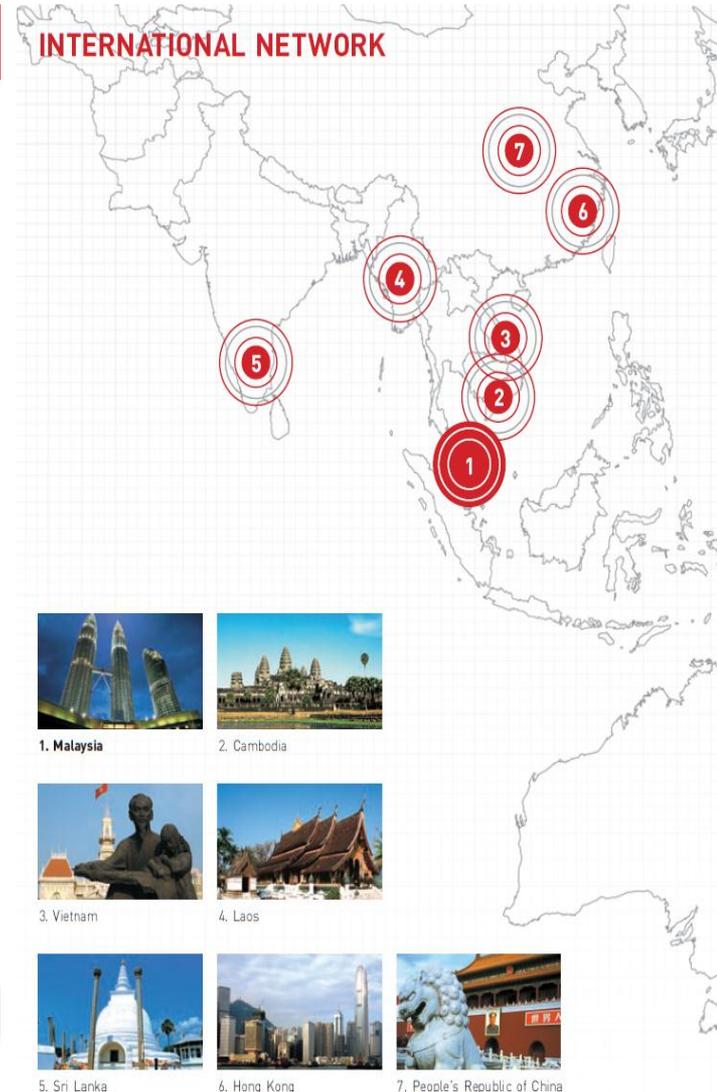
Public Finance	42	42	42
Public Bank (HK) - Hong Kong	32	32	28
- China	3	3	3
Winton (B.V.I) Group	9	9	3

Indo-China Operations

Cambodia Public Bank	25	24	12
VID Public Bank (Vietnam)	7	7	7

409 **406** **369**

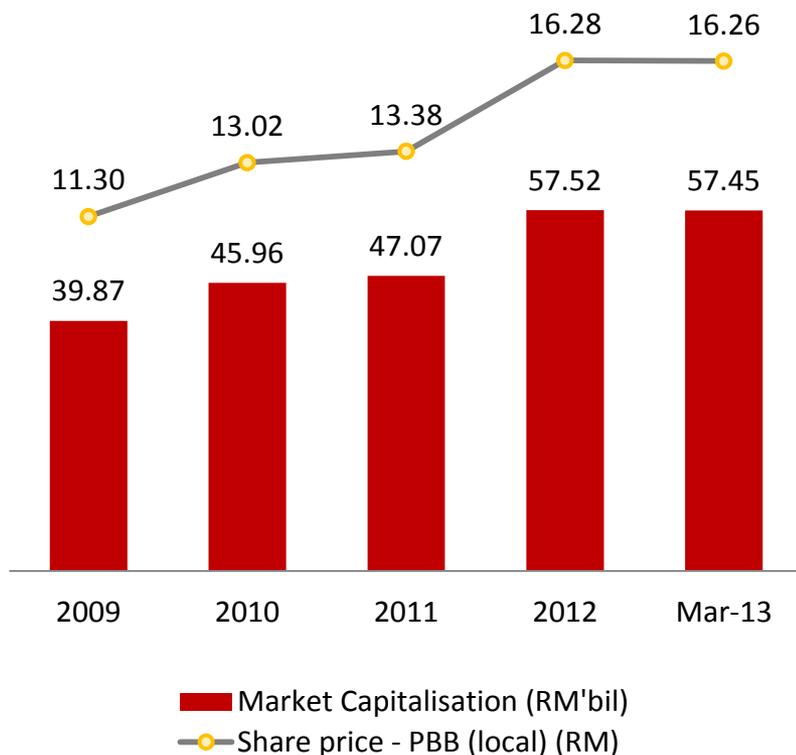
Self Service Terminal - domestic 1,657 1,645 1,238



Improving Share Price and continued High Productivity



Market Capitalisation & Share Price



31 Mar 2013	Market Capitalisation (RM'bil)
PBB	57.5
MBB	78.9
CIMB	56.7
HLB	27.2
RHB	21.1
AMMB	19.7



Targets for 2013

For Q1 2013, the Public Bank Group's achievement vs key performance targets are as follows:

<u>Key Performance Benchmarks</u>	2013 Targets	Achievement
Net Return on Equity	>20%	22.2% 
Risk Weighted Capital Ratio	>12%	13.0% 
Gross Impaired Loan Ratio	<1%	0.7% 
Cost to Income Ratio	<32%	31.9% 
Loan Growth	11% to 12%	11.8% 
Deposit Growth	11% to 12%	12.9% 

Our Business Growth Strategies



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

Lending Business

- Consumer lending to focus on purchases of properties and passenger vehicles
- Penetrate mid-market SMEs & micro enterprises in encouraged 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

Appendix



RM'mil		2008	2009	2010~	2011~^	2012^	Q1 2013
Profitability	Operating profit	3,948	4,015	4,738	5,200	5,329	1,348
	Profit before tax	3,379	3,321	4,086	4,878	5,047	1,270
	Net profit	2,581	2,517	3,048	3,684	3,827	968
Shareholder Value	Earnings per share (sen)	76.9	73.3	87.2	105.2	109.3	27.6
	Net assets per share (RM)	2.84	3.19	3.91	4.52	5.15	5.12
	Net dividend per share (sen)						
	- Cash dividend	41.0	41.3	45.5	48.0	50.0	N/A
	- Share dividend	1 for 35	1 for 68	-	-	-	N/A
	Dividend payout ratio (%)	53.2	56.6	52.3	48.3	45.3	N/A
	Dividend payout ratio (including share dividend) (%)	84.8	79.3	52.3	48.3	45.3	N/A
Key Balance Sheet Data	Total assets	196,163	217,136	226,988	250,773	274,824	287,011
	Gross loan	120,669	137,610	156,544	177,694	197,783	203,625
	Domestic loan	106,791	124,362	143,822	164,081	184,542	190,332
	Deposit from customers	151,185	170,892	176,872	200,371	225,042	232,286
	Domestic deposit	139,494	155,810	162,578	186,445	210,680	217,694
	Core customer deposit	111,204	127,623	143,639	157,297	177,035	183,298
	Shareholders' equity	9,537	11,023	13,692	15,813	18,018	17,934

~ Restated with retrospective application of MFRS 139. For FYE 2010, only relevant balance sheet items have been restated to position as at 1 January 2011

^ Restated with retrospective application of MFRS 119, where applicable. For FYE 2011, only relevant balance sheet items have been restated to position as at 1 January 2012

Appendix



%		2008	2009	2010~	2011~^	2012^	Q1 2013	Industry
Profitability Ratios	Net interest margin on yielding assets ⁺⁺	3.2	3.2	3.4	3.3	3.1	2.9	N/A
	Net return on equity ⁺	30.4	26.1	27.1	26.8	24.1	22.2	N/A
	Pre-tax return on average assets	1.8	1.6	1.8	2.0	1.9	1.8	1.6
	Cost to income ratio	31.2	32.6	30.7	29.8	31.2	31.9	46.6
	Non interest income/Total income	22.6	20.6	21.3	21.1	21.3	21.4	N/A
Liquidity	Net loan to deposit ratio	78.3	79.2	87.6	87.8	87.1	86.9	76.8
Asset Quality	Gross impaired loans ratio	1.0	1.4 ^{##}	1.1	0.9	0.7	0.7	2.0
	Loan loss coverage ratio	159.7	120.3 ^{##}	94.2	113.8	126.0	123.9	100.3
Capital Adequacy	Common equity Tier I capital ratio	N/A	N/A	N/A	N/A	N/A	8.2	12.2
	Tier I capital ratio ^π	7.7	9.9	10.6	10.6	10.8	10.1	13.1
	Total capital ratio ^π	13.1	14.0	13.5	15.0	14.1	13.0	14.5
Market Share	<u>Domestic market share</u>							
	Commercial property financing	31.9	33.2	33.9	32.9	33.7	33.8	N/A
	Residential property financing	15.3	16.6	17.4	18.1	19.1	19.3	N/A
	Passenger vehicle financing	23.9	24.6	25.5	25.9	26.4	26.3	N/A
	Private unit trust	39.0	42.5	43.5	44.3	40.8	40.5	N/A
	Domestic loans	14.8	15.9	16.3	16.4	16.7	16.8	N/A
	Domestic deposits	15.5	16.3	14.8	14.9	15.2	15.3	N/A

⁺ Based on average equity after deducting proposed dividend, if any

⁺⁺ Excluding Negotiable instrument of Deposits and Money Market Deposits which are on-lent to interbank

[~] Restated with retrospective application of MFRS 139. For FYE 2010, only relevant balance sheet items have been restated to position as at 1 January 2011

[^] Restated with retrospective application of MFRS 119, where applicable. For FYE 2011, only relevant balance sheet items have been restated to position as at 1 January 2012

^{##} Restated due to the adoption of FRS 139

^π After deducting second interim dividends declared subsequent to end of year



Investor Relations Contact

Ms Chang Siew Yen

Senior General Manager

+(603) 2176 7460

changsiewyen@publicbank.com.my

Mr Ng Seiw Kuan

Director, Corporate Planning and Strategy

+(603) 2177 3170

ngseiwkuan@publicbank.com.my

Ms Yik Sook Ling

Chief Financial Officer

+(603) 2177 3310

yiksookling@publicbank.com.my