



PUBLIC BANK
PUBLC BANK

Investor Presentation

September 2013 Results Update



Investor Presentation



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Key Highlights



	9M Q3 2013	9M Q3 2012 [^]	Change (%)
<u>Income Statement (RM'mil)</u>			
Pre-tax profit	3,969	3,756	5.7%
Net profit attributable to shareholders	3,039	2,845	6.8%
Earnings per share (sen)	86.8	81.2	6.9%
	Sep-13	Dec-12 [^]	Change (%)
<u>Balance Sheet (RM'bil)</u>			
Total assets	299.5	274.8	12.0%*
Loan - Group	215.6	197.8	12.0%*
- Domestic	201.2	184.5	12.1%*
Deposit - Group	247.3	225.0	13.2%*
- Domestic	231.6	210.7	13.3%*
<u>Financial Indicators</u>			
Net return on equity	22.4%	24.1%	-1.7%
Cost to income ratio	30.7%	31.2%	-0.5%
Gross impaired loans ratio	0.7%	0.7%	-
Loan loss coverage	117.3%	126.0%	-8.7%
Net loan to deposit ratio	86.5%	87.1%	-0.6%
Common equity Tier I capital ratio	8.2%	N/A	-
Tier I capital ratio	10.1%	10.8% ^π	-0.7%
Total capital ratio	12.8%	14.1% ^π	-1.3%

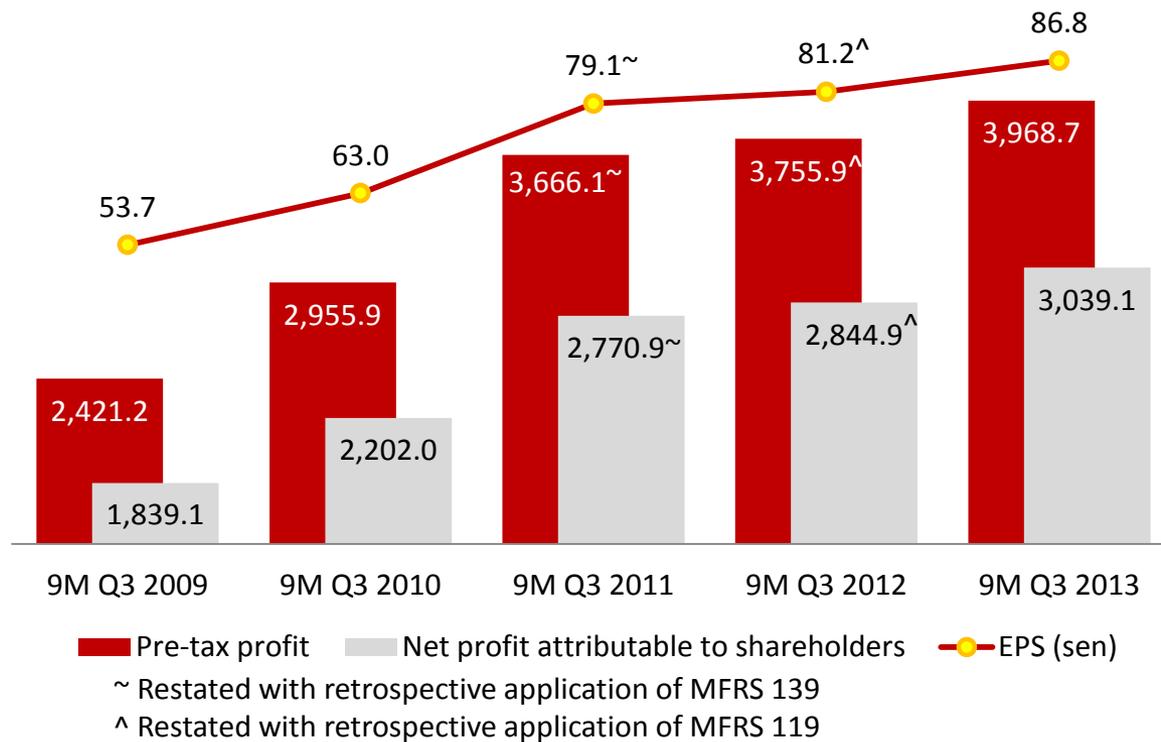
* Annualised growth [^] Restated with retrospective application of MFRS 119, where applicable

^π After deducting interim dividends declared subsequent to end of period/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

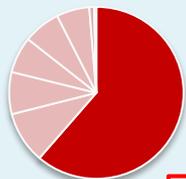
	Restated	Previously reported	Change
	9M Q3 2012	9M Q3 2012	
Other operating expenses (RM'mil)	1,822	1,779	43
Pre-tax profit (RM'mil)	3,756	3,799	-43
Net profit attributable to shareholders (RM'mil)	2,845	2,877	-32
Cost to income ratio (%)	31.6	30.8	0.8

	Restated	Previously reported	Change
	FY 2012	FY 2012	
Net return on equity (%)	24.1	24.5	-0.4

Segmental Profit – Remained focus on retail operations

RM'mil

Retail operations



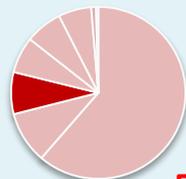
61.3%

Hire purchase



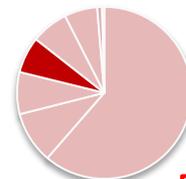
9.7%

Fund management



7.9%

Treasury operations



6.9%

9M Q3 2013

2,434.3

385.0

313.2

274.6

9M Q3 2012[^]

2,211.7

515.4

275.4

253.7

Change

10.1%

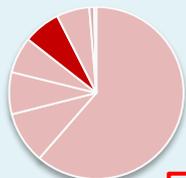
-25.3%

13.7%

8.2%

- Retail and HP operations contributed >70% of the Group's pre-tax profit

Overseas operations



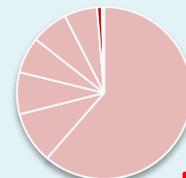
6.8%

Corporate lending



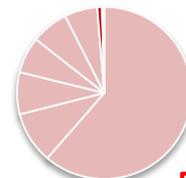
6.1%

Investment banking



0.9%

Others^Y



0.4%

9M Q3 2013

269.4

241.8

35.8

14.6

9M Q3 2012[^]

233.8

232.9

36.6

-3.6

Change

15.2%

3.8%

-2.2%

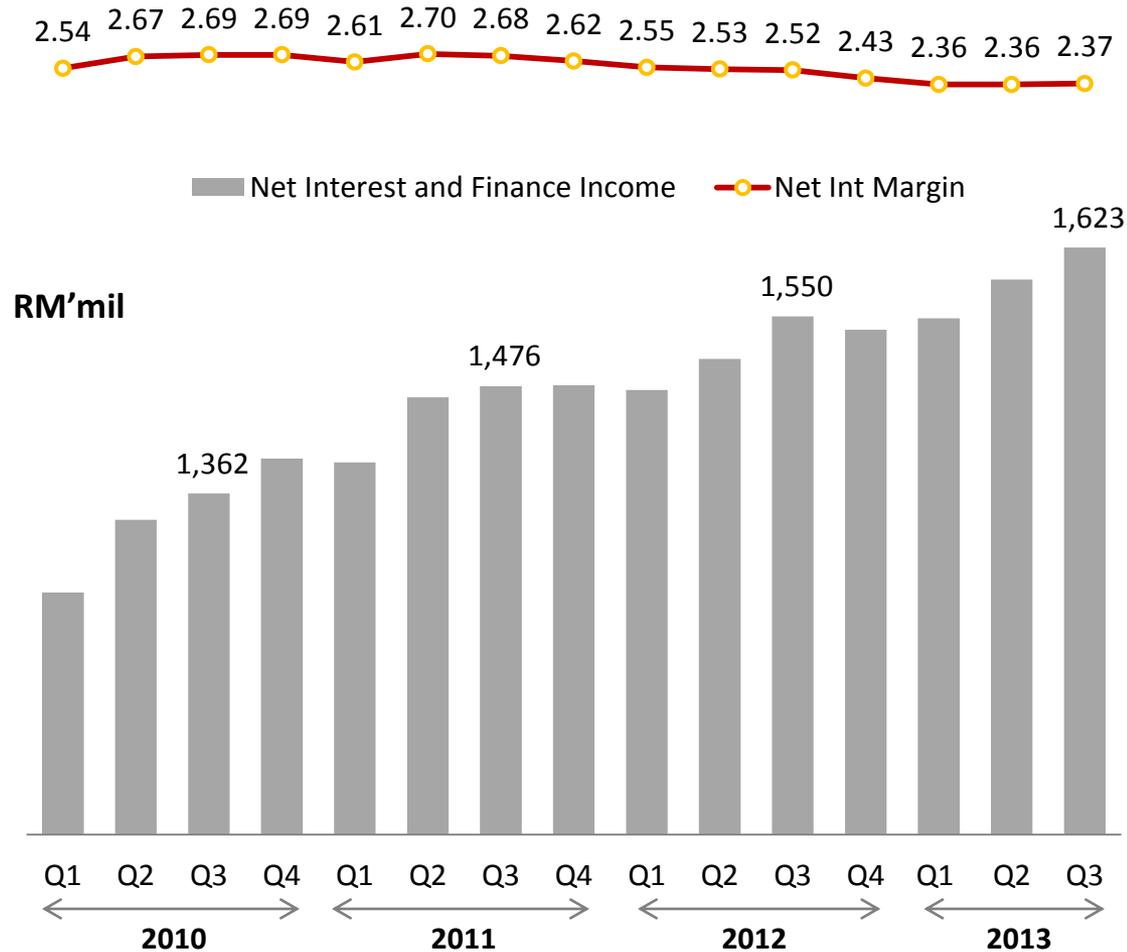
>100%

^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



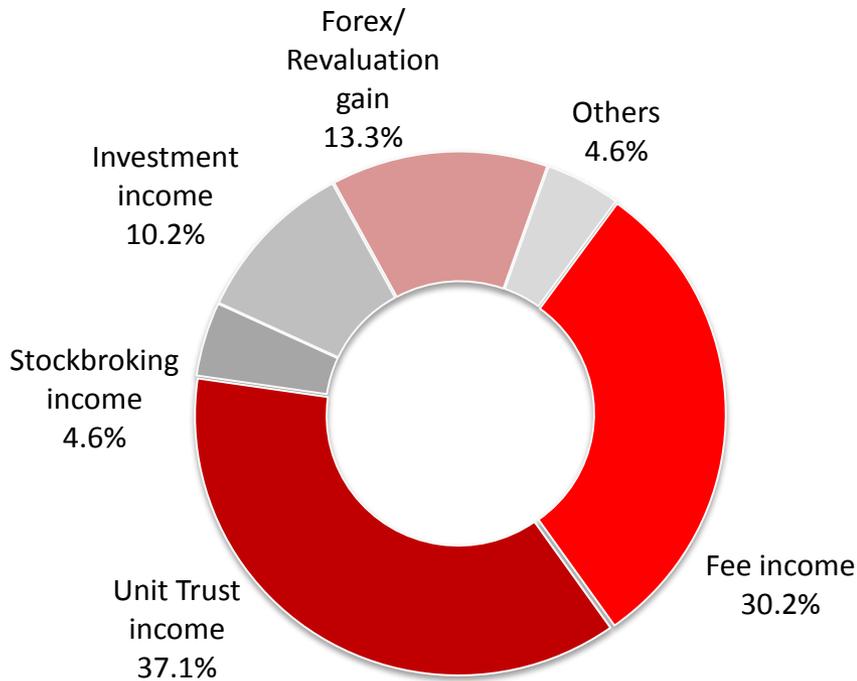
Net Interest Margin – Continue to be under pressure





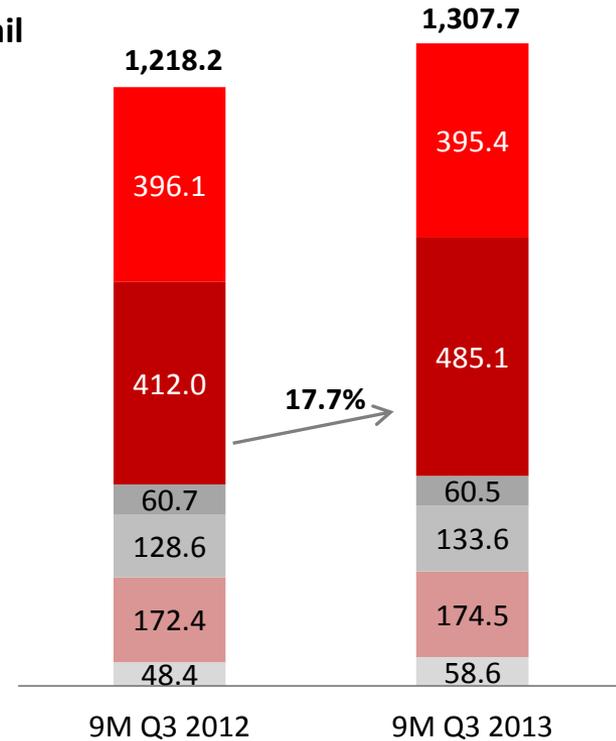
Non-Interest Income Composition & Growth

Non-interest Income Contribution



Based on financial results as at 30 September 2013

RM'mil

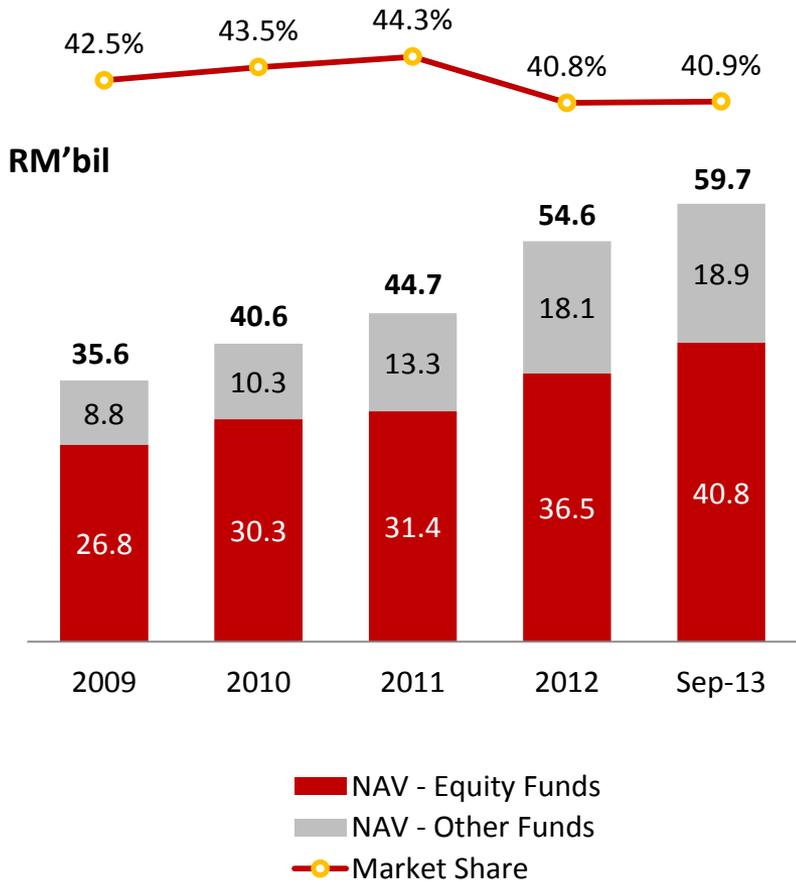


- Fee income
- Unit Trust income
- Stockbroking income
- Investment income
- Forex/Revaluation gain
- Others

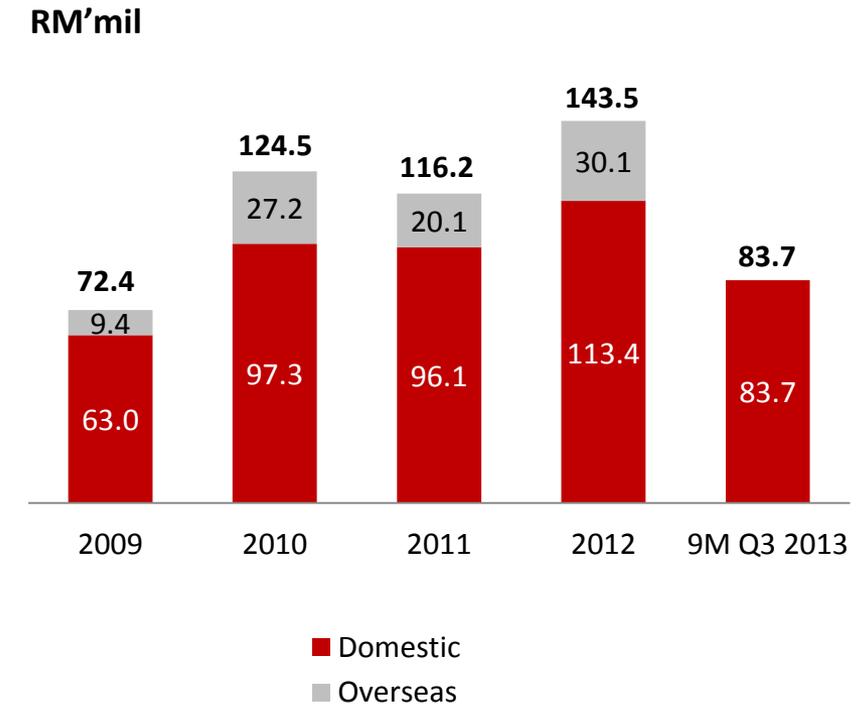


Unit Trust & Bancassurance

Net Asset Value of Funds under management



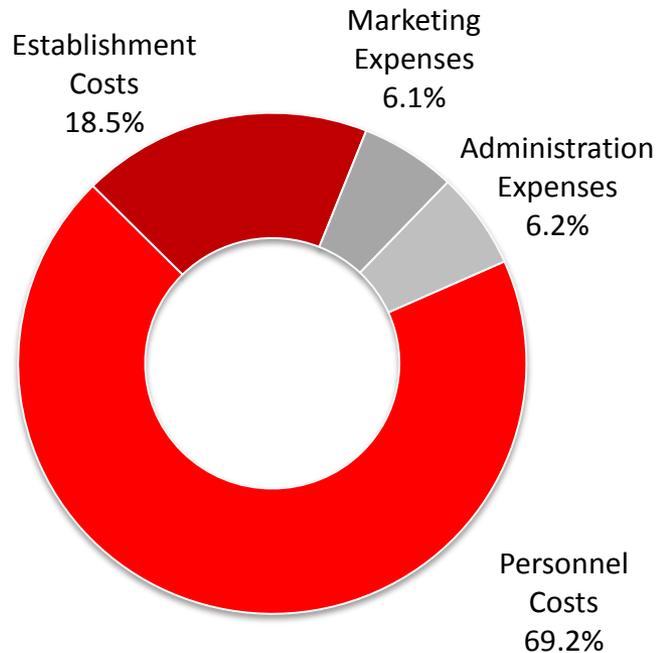
Bancassurance Business – Annual Premium Equivalent





Efficient Operating Overheads

Operating Costs Contribution



Based on financial results as at 30 September 2013

RM'mil	9M Q3 2013	9M Q3 2012 [^]	Changes
Personnel Costs	1,297.0	1,242.7	↑ 4.4%
Establishment Costs	347.4	342.6	↑ 1.4%
Marketing Expenses	113.4	118.8	↓ 4.5%
Administration Expenses	115.4	117.8	↓ 2.0%
Total	1,873.2	1,821.9	↑ 2.8%

	9M Q3 2013	2012 [^]	Industry Average
Gross loan per employee (RM'mil)	12.2	11.2	8.6
Deposit per employee (RM'mil)	14.0	12.8	11.0
PBT per employee (RM'000)	299*	286	229
Cost to Income Ratio (%)	30.7	31.2	46.6

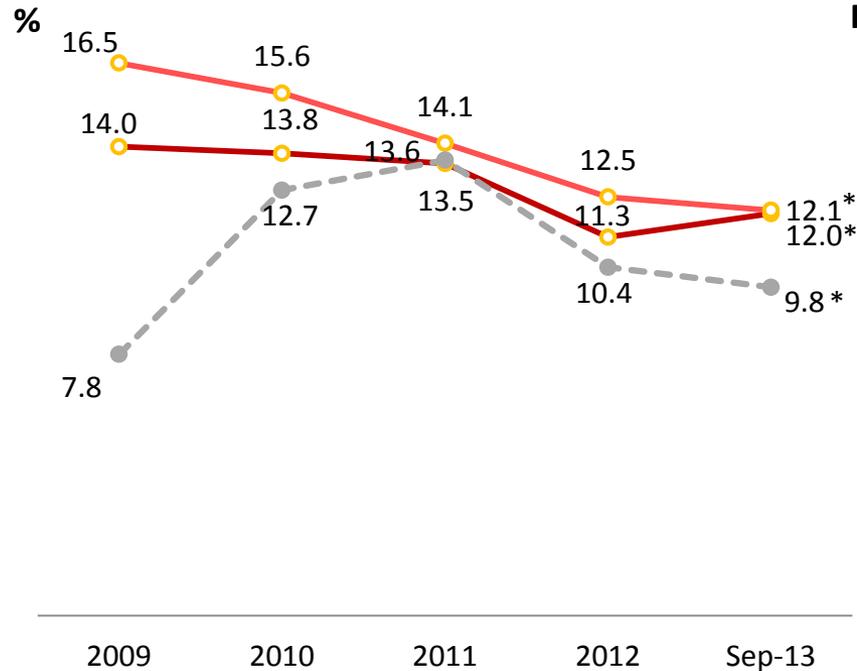
[^] Restated with retrospective application of MFRS 119, where applicable

* Annualised



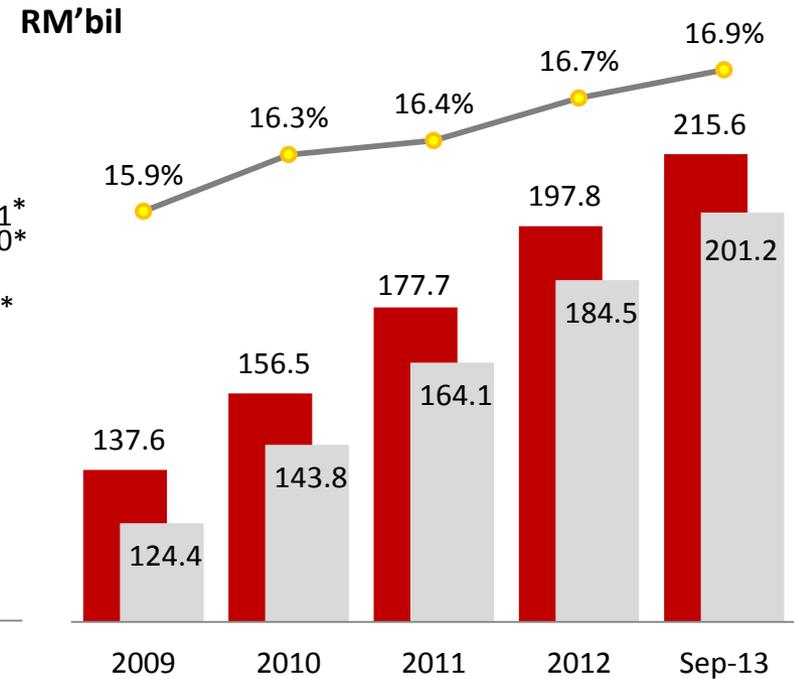
Consistently Above-Industry Loan Growth

Loan Growth vs Industry



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

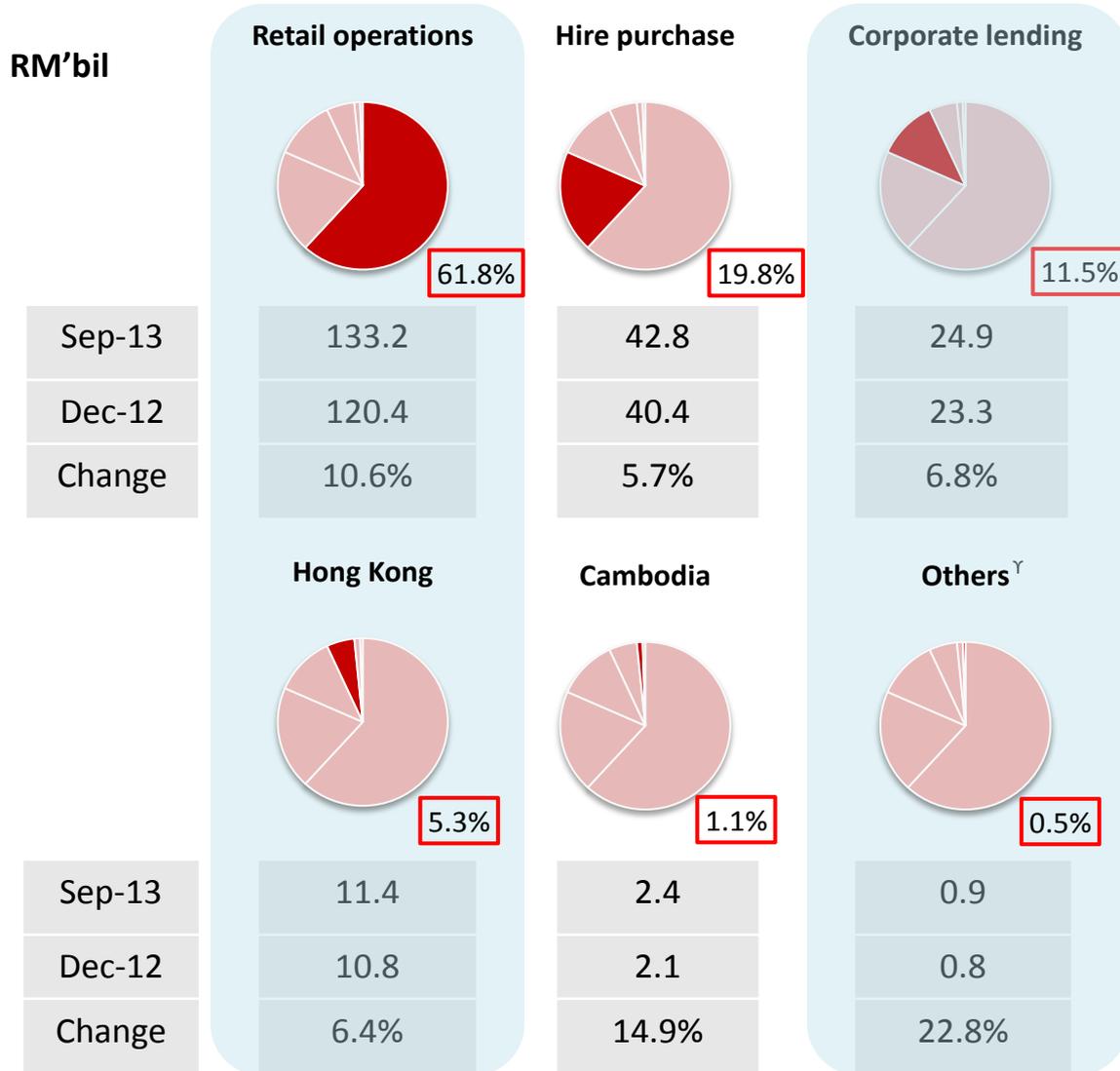
Gross Loans and Domestic Loan Market Share



- 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

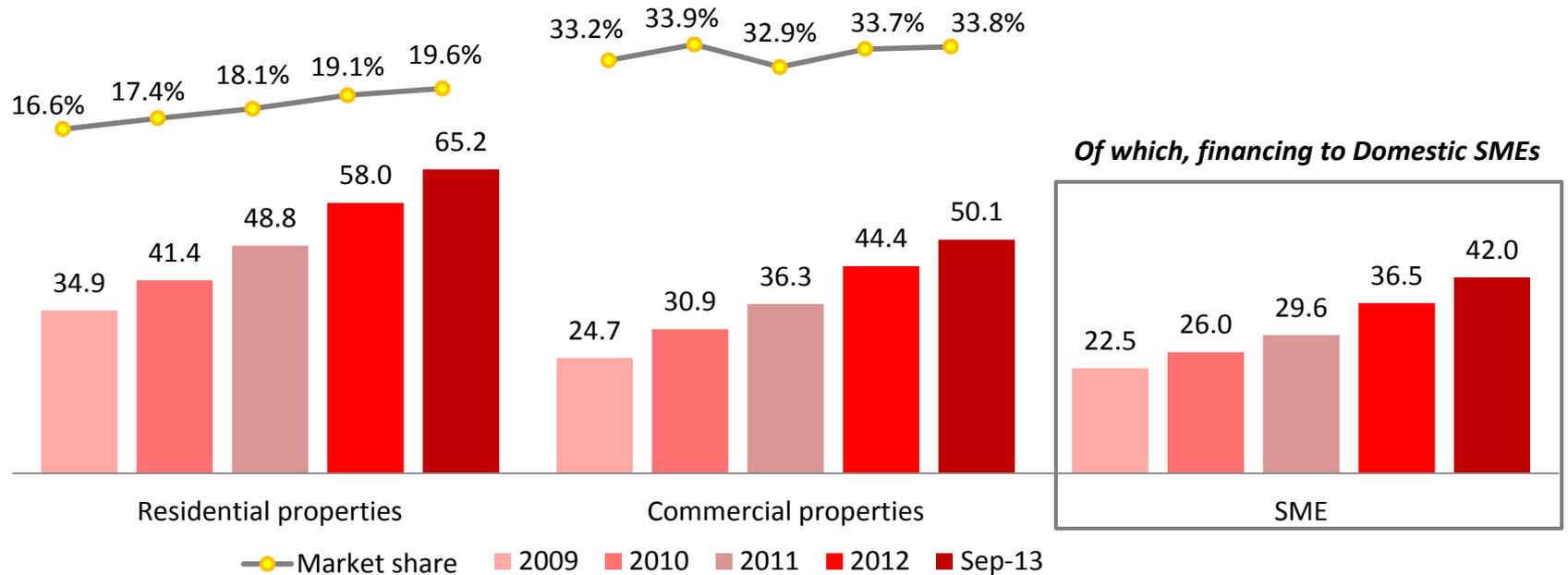
^Y Others comprise mainly of other miscellaneous domestic segments and other countries



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

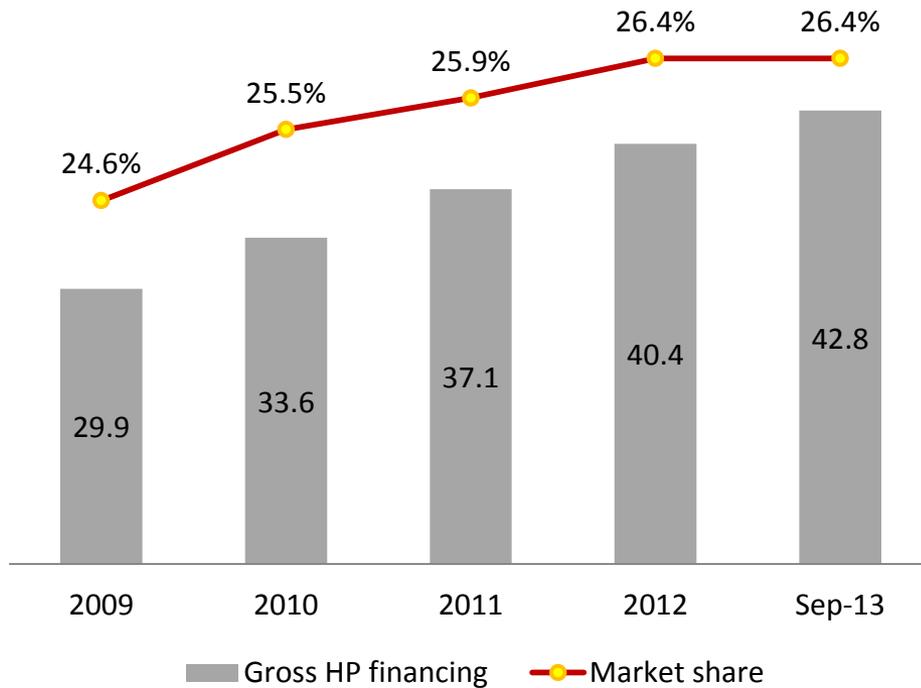




Hire Purchase

HP Financing in Domestic Operations

RM'bil



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

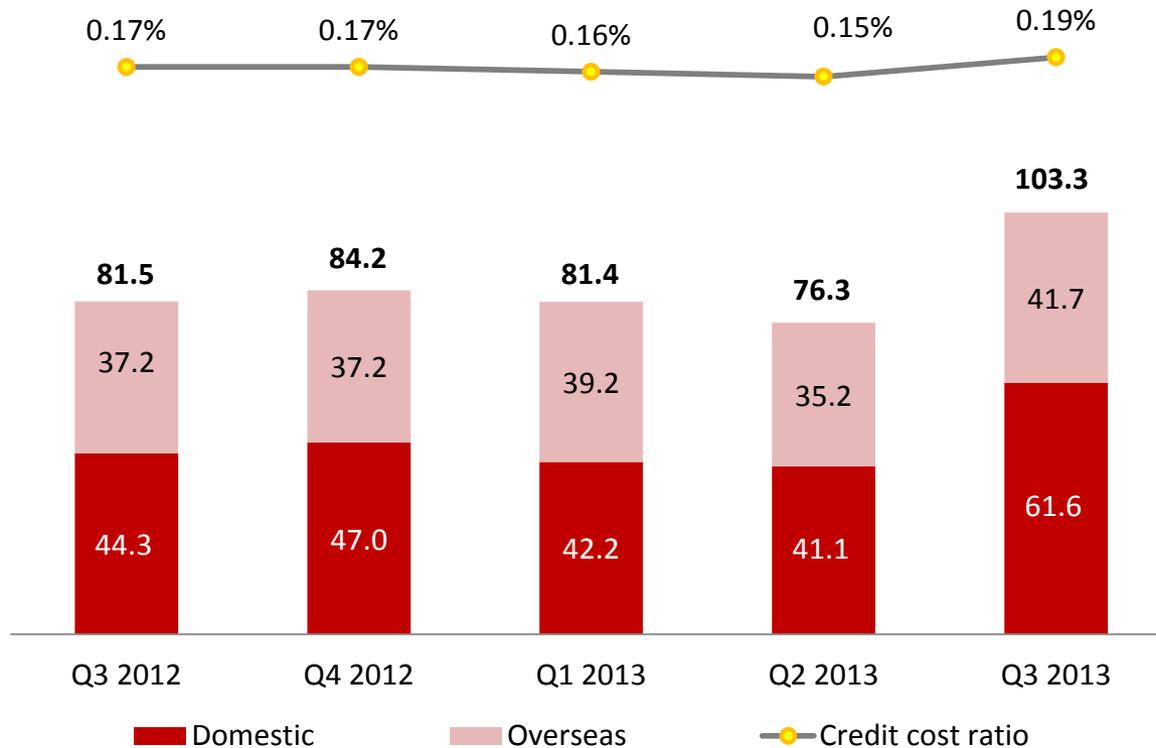




Upholding Strong Asset Quality

Quarterly Loan Impairment Allowances (including collective allowances)

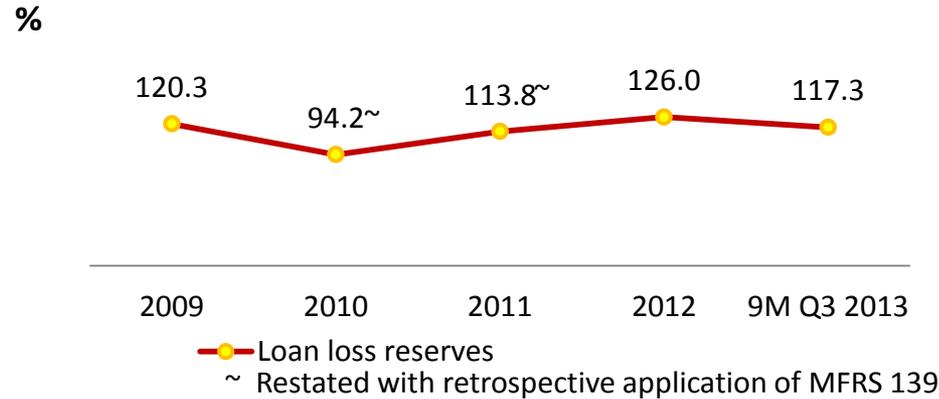
RM'mil



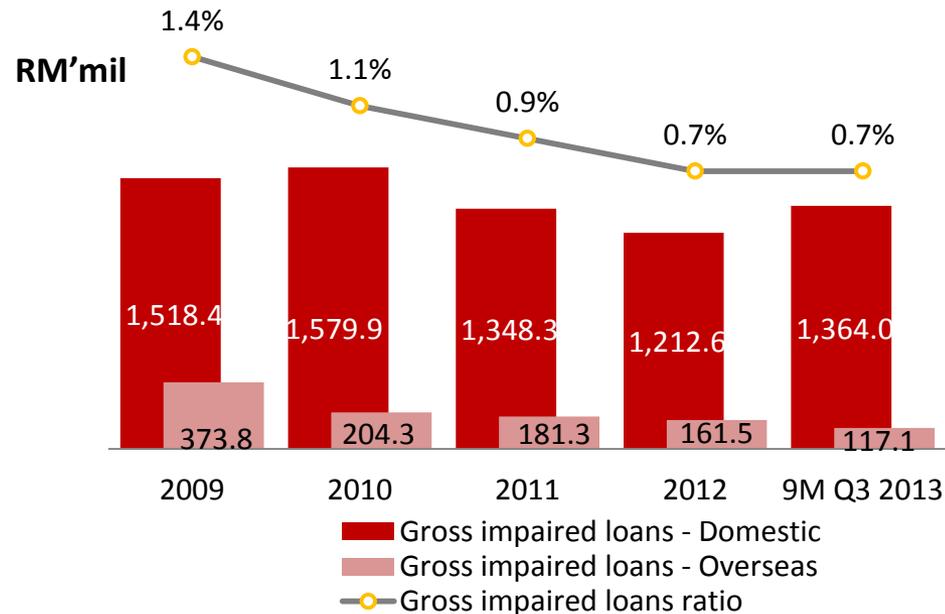


Gross Impaired Loan

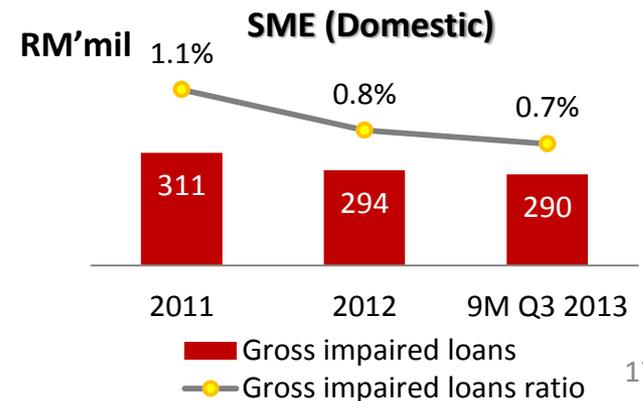
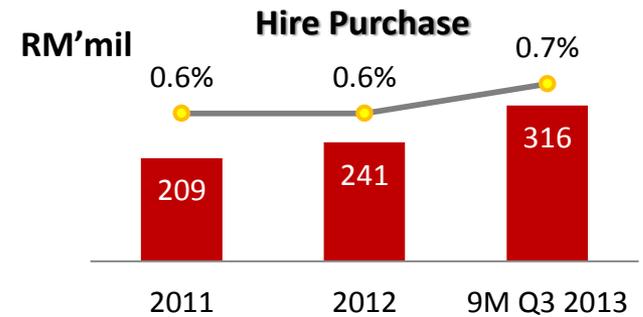
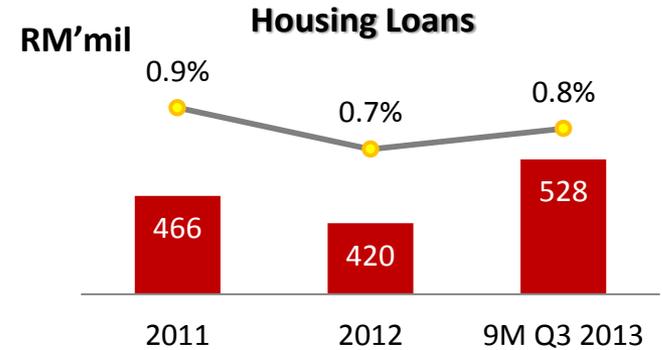
High loan loss reserves



Low gross impaired loans ratios



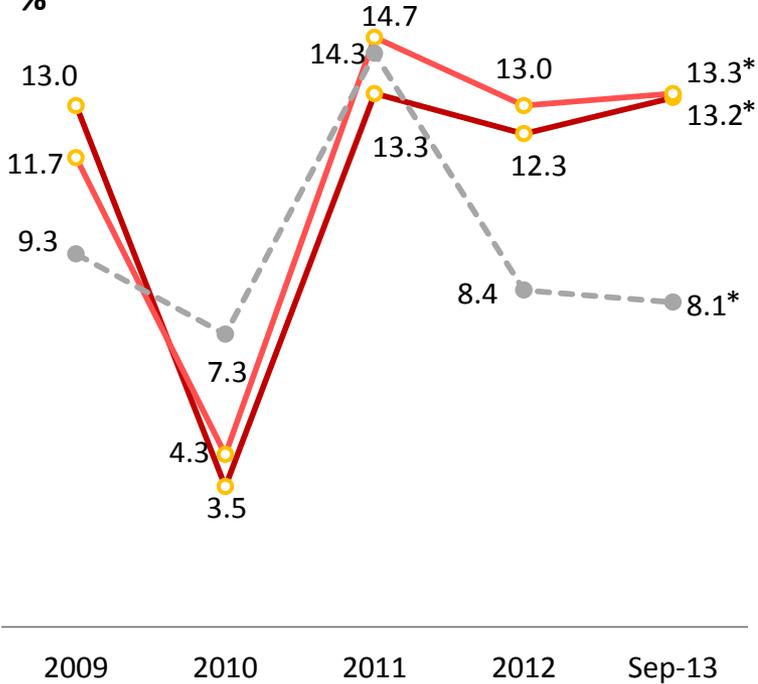
Of which:





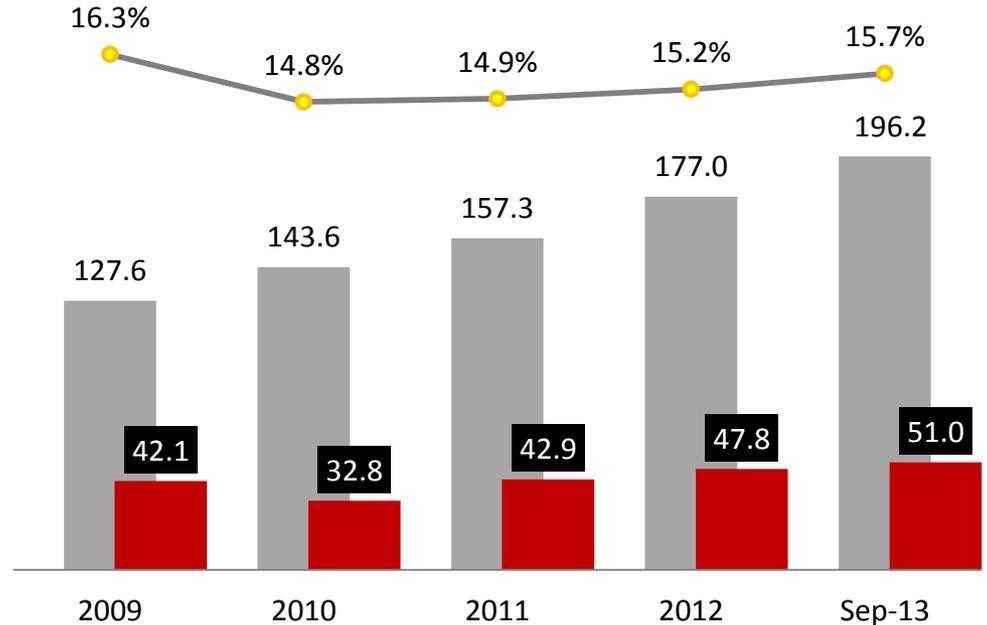
Healthy Deposit Growth in Support of Liquidity

Deposit Growth vs Industry %



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

Deposits – Outstanding Balance and Market Share RM'bil



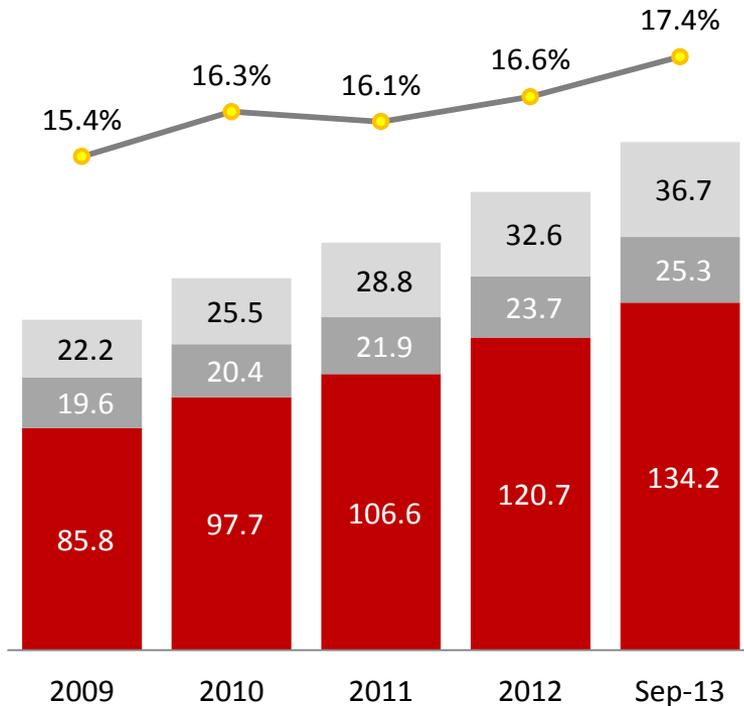
- Core customer deposit
- Wholesale deposit
- Customer deposit market share



Strong Core Deposit Growth

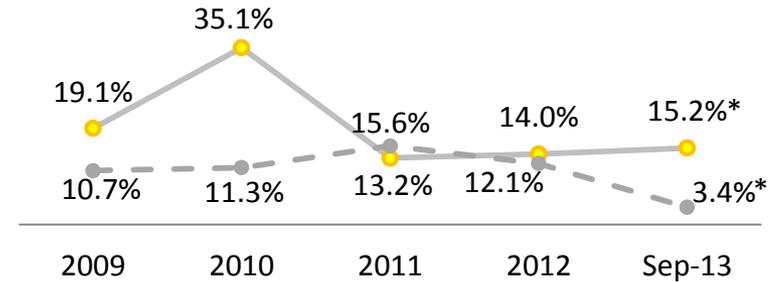
Source of Core Deposit

RM'bil

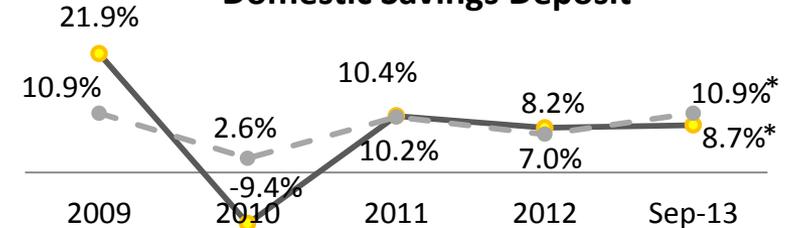


- Current accounts
- Saving accounts
- Fixed deposit
- Domestic core deposits market share

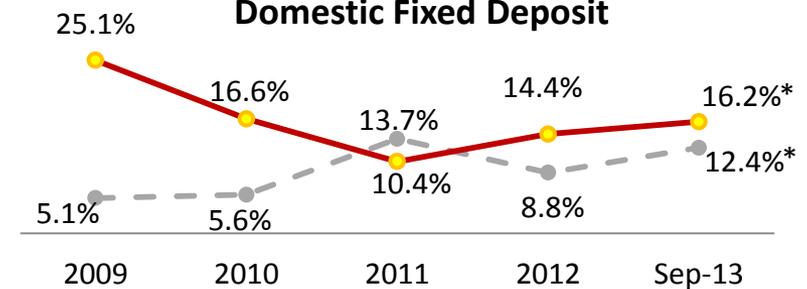
Domestic Current Deposit



Domestic Savings Deposit



Domestic Fixed Deposit



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



Ensuring Healthy Capital Position

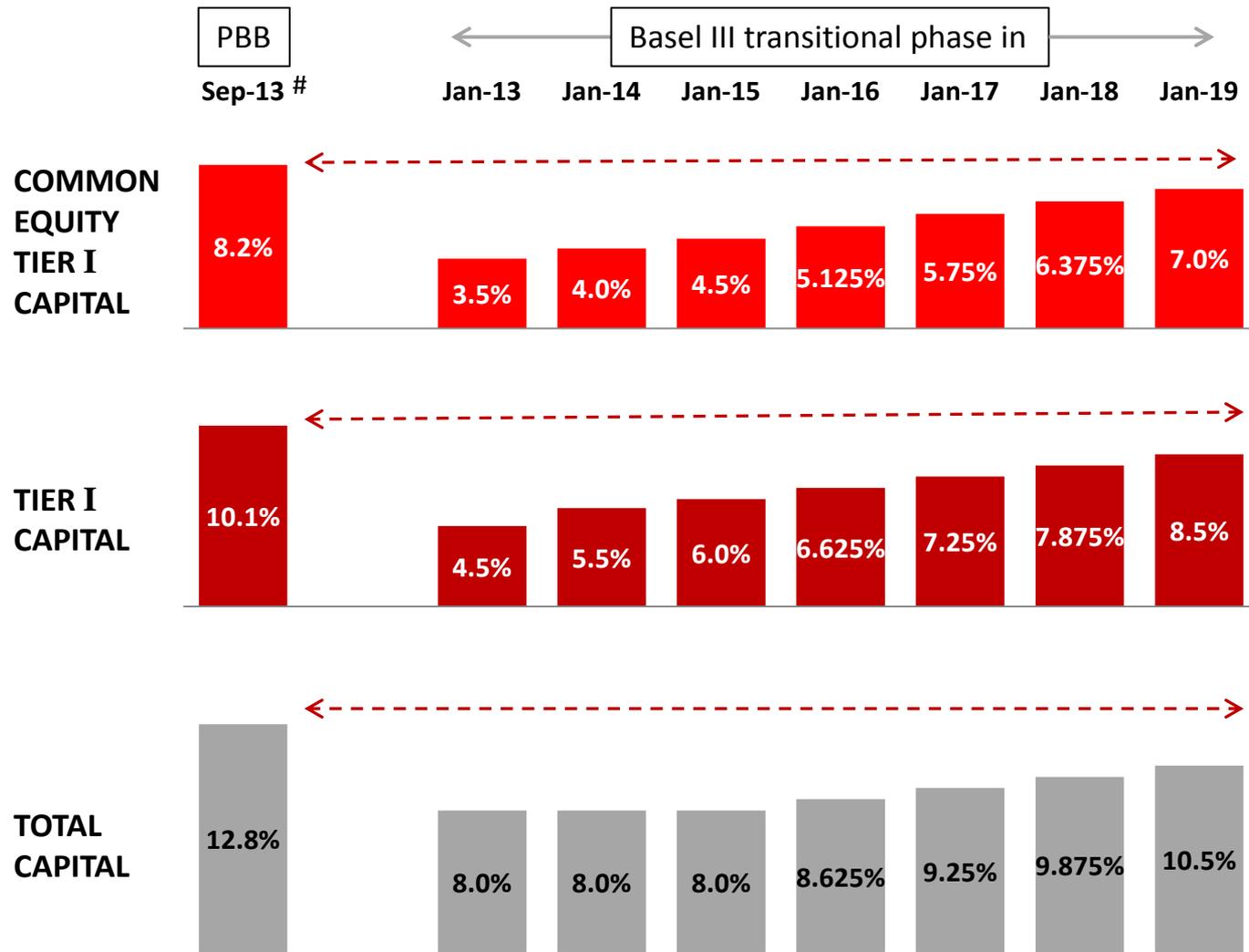
	RM'bil	Group		Bank	
		Sep 2013 [#]	Dec 2012 ^π	Sep 2013 [#]	Dec 2012 ^π
Common Equity Tier I Capital		16.2	15.6	16.4	15.5
Tier I Capital		19.7	19.5	19.9	19.4
Total Capital Base		25.2	25.3	20.7	20.7
Risk-weighted Assets		196.4	179.7	163.8	150.0
Common Equity Tier I Capital Ratio		8.2%	N/A	10.0%	N/A
Tier I Capital Ratio		10.1%	10.8%	12.2%	12.9%
Total Capital Ratio		12.8%	14.1%	12.7%	13.8%

^π After deducting interim dividends declared subsequent to end of period/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

Malaysian Operations

Public Bank - Domestic
- Overseas

Public Islamic Bank

Public Mutual

Public Investment Bank

Hong Kong & China Operations

Public Finance

Public Bank (HK) - Hong Kong
- China

Winton (B.V.I) Group

Indo-China Operations

Cambodia Public Bank

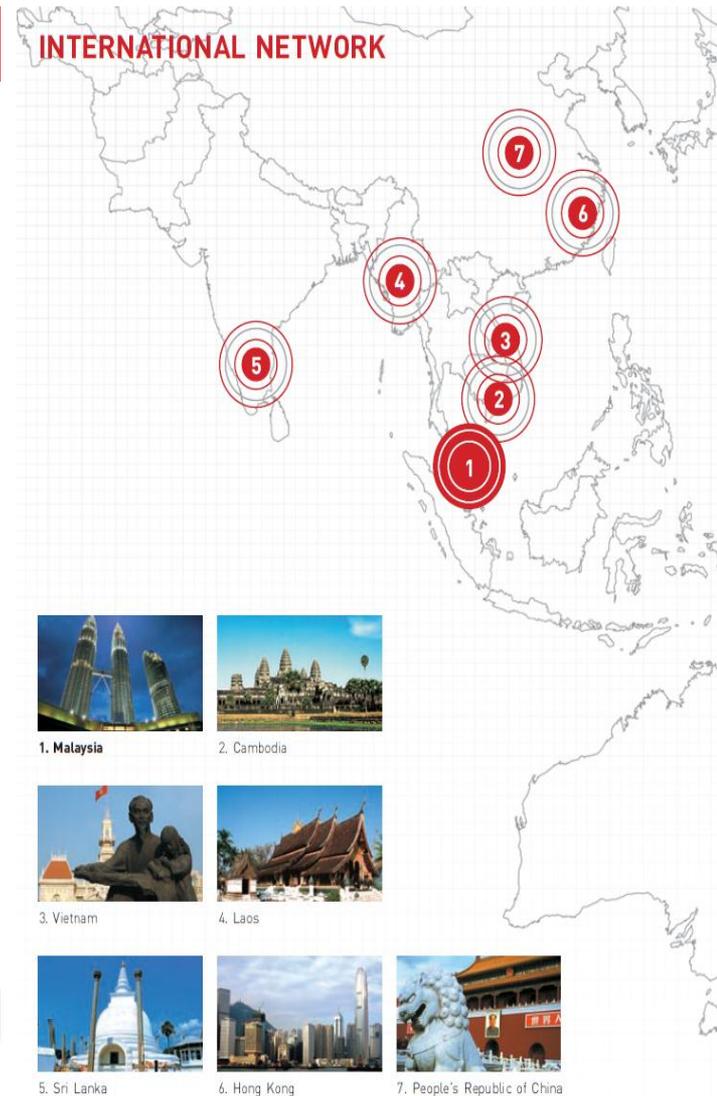
VID Public Bank (Vietnam)

Sep 2013 Dec 2012 Dec 2008

	Sep 2013	Dec 2012	Dec 2008
Public Bank - Domestic	256	254	242
- Overseas	6	5	5
Public Islamic Bank	1	1	-
Public Mutual	28	28	26
Public Investment Bank	1	1	1
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
Cambodia Public Bank	25	24	12
VID Public Bank (Vietnam)	7	7	7
Total	410	406	369

Self Service Terminal - domestic

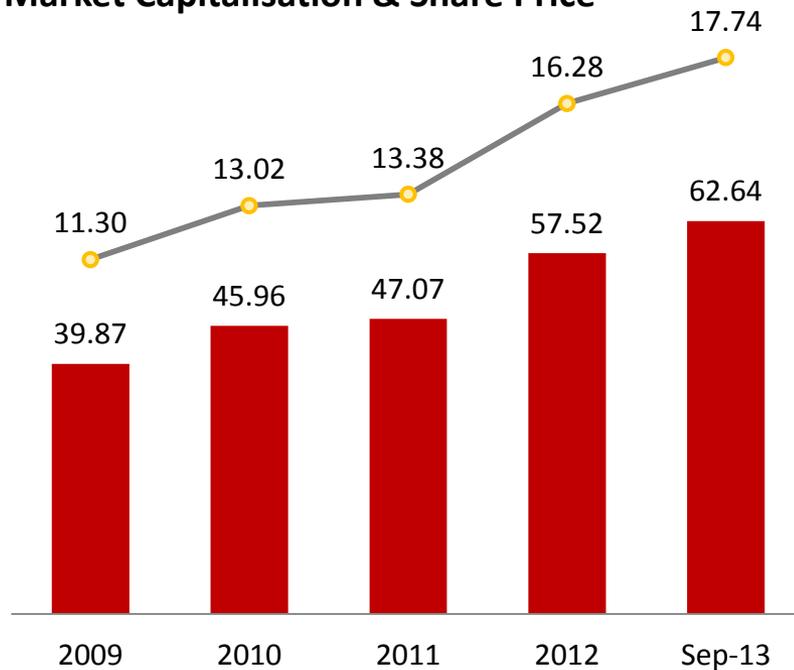
1,699 1,645 1,238



Improving Share Price and Continued High Productivity



Market Capitalisation & Share Price



■ Market Capitalisation (RM'bil)
—●— Share price - PBB (local) (RM)

30 Sep 2013	Market Capitalisation (RM'bil)
PBB	62.6
MBB	85.9
CIMB	57.3
HLB	26.3
AMMB	22.4
RHB	19.1



Targets for 2013

For 9M Q3 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%	22.4%* 
Total Capital Ratio	>12%	12.8% 
Gross Impaired Loan Ratio	<1%	0.7% 
Cost to Income Ratio	<32%	30.7% 
Loan Growth	11% to 12%	12.0%* 
Deposit Growth	11% to 12%	13.2%* 

* Annualised

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^	9M Q3 2013
Profitability	Operating profit	3,948	4,015	4,738	5,200	5,329	4,225
	Profit before tax	3,379	3,321	4,086	4,878	5,047	3,969
	Net profit	2,581	2,517	3,048	3,684	3,827	3,039
Shareholder Value	Earnings per share (sen)	76.9	73.3	87.2	105.2	109.3	86.8
	Net assets per share (RM)	2.84	3.19	3.91	4.52	5.15	5.50
	Net dividend per share (sen)						
	- Cash dividend	41.0	41.3	45.5	48.0	50.0	22.0
	- Share dividend	1 for 35	1 for 68	-	-	-	-
	Dividend payout ratio (%)	53.2	56.6	52.3	48.3	45.3	25.4
	Dividend payout ratio (including share dividend) (%)	84.8	79.3	52.3	48.3	45.3	25.4
Key Balance Sheet Data	Total assets	196,163	217,136	226,988	250,773	274,824	299,499
	Gross loan	120,669	137,610	156,544	177,694	197,783	215,591
	Domestic loan	106,791	124,362	143,822	164,081	184,542	201,230
	Deposit from customers	151,185	170,892	176,872	200,371	225,042	247,332
	Domestic deposit	139,494	155,810	162,578	186,445	210,680	231,633
	Core customer deposit	111,204	127,623	143,639	157,297	177,035	196,237
	Shareholders' equity	9,537	11,023	13,692	15,813	18,018	19,275

~ 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 (cont'd)



	%	2008	2009	2010~	2011~^	2012^	9M Q3 2013	Industry
Profitability Ratios	Net interest margin on yielding assets	2.5	2.4	2.7	2.7	2.5	2.4	N/A
	Net return on equity ⁺	30.4	26.1	27.1	26.8	24.1	22.4	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	30.7	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	86.5	77.9
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	117.3	98.2
Capital Adequacy	Common equity Tier I capital ratio	N/A	N/A	N/A	N/A	N/A	8.2	12.0
	Tier I capital ratio ^π	7.7	9.9	10.6	10.6	10.8	10.1	12.8
	Total capital ratio ^π	13.1	14.0	13.5	15.0	14.1	12.8	14.1
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	19.6	N/A
	Passenger vehicle financing	23.9	24.6	25.5	25.9	26.4	26.4	N/A
	Private unit trust	39.0	42.5	43.5	44.3	40.8	40.9	N/A
	Domestic loans	14.8	15.9	16.3	16.4	16.7	16.9	N/A
	Domestic deposits	15.5	16.3	14.8	14.9	15.2	15.7	N/A

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

[~] 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 interim dividends declared subsequent to end of period/year



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