



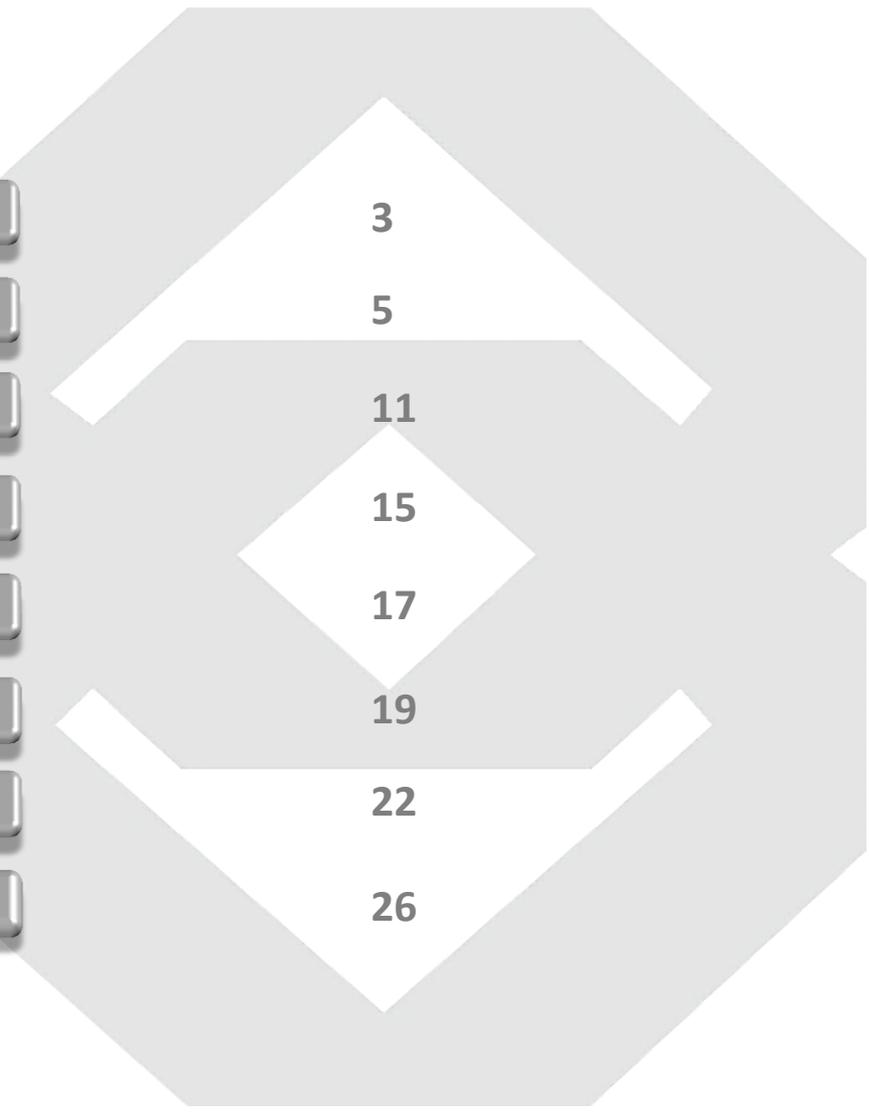
Safeguarding Our

Brand Value

PUBLIC BANK
PUBLIC BANK

Investor Presentation

September 2014 Results Update



Key Highlights	3
Profitability	5
Loan	11
Asset Quality	15
Deposit	17
Capital Management	19
Other Highlights	22
Appendix	26

Key Highlights



Pre-tax profit

RM4,247m
(+7.0%)

9MQ32013: RM3,969m

Net profit attributable to shareholders

RM3,265m
(+7.4%)

9MQ32013: RM3,039m

Earnings per share

91.2sen
(+5.1%)

9MQ32013: 86.8sen

Total assets

RM331.0b
(+11.0%)*

Dec 2013: RM305.7b

Net return on equity

20.0%

Dec 2013: 22.4%

Loan - Group

RM237.5b
(+9.8%)*

Dec 2013: RM221.2b

Loan - Domestic

RM222.1b
(+10.0%)*
#(+10.2%)*

Dec 2013: RM206.6b

Deposit - Group

RM268.4b
(+9.3%)*

Dec 2013: RM250.9b

Deposit - Domestic

RM251.5b
(+9.3%)*
#(+11.0%)*

Dec 2013: RM235.1b

Net loan to deposit ratio

87.8%

Dec 2013: 87.5%

* Annualised growth

Domestic commercial banking operation

Key Highlights



**Cost to
income ratio**

30.7%

Dec 2013: 30.7%

**Gross
impaired
loans ratio**

0.7%

Dec 2013: 0.7%

**Loan loss
coverage**

117.1%

Dec 2013: 118.5%

**Common
equity Tier I
capital ratio**

10.4%

Dec 2013: 8.8%^π

**Tier I capital
ratio**

11.9%

Dec 2013: 10.5%^π

**Total capital
ratio**

15.8%

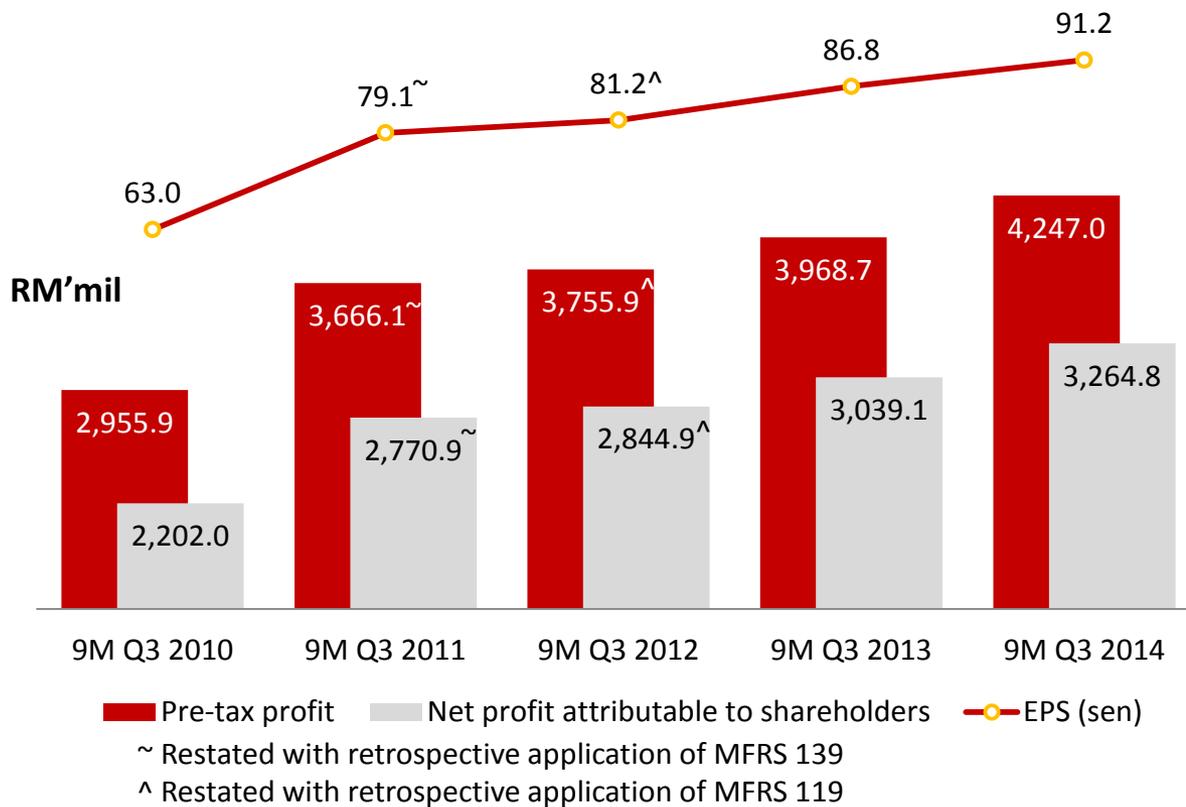
Dec 2013: 13.8%^π

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

Steady Profit Growth



Profits and EPS

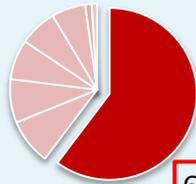


Segmental Profit – Retail Centric



RM'mil

Retail operations



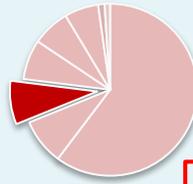
60.2%

Fund management



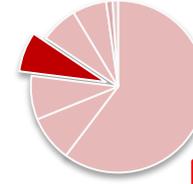
8.6%

Hire purchase



8.2%

Overseas operations



7.5%

9M Q3 2014

2,556.3

364.3

348.2

317.5

9M Q3 2013

2,434.3

313.2

385.0

269.4

Change

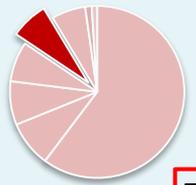
5.0%

16.3%

-9.6%

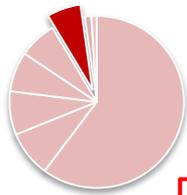
17.9%

Treasury operations



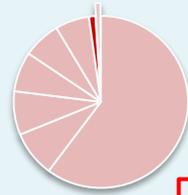
7.0%

Corporate lending



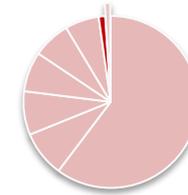
6.3%

Investment banking



1.2%

Others^Y



1.0%

9M Q3 2014

298.9

269.4

50.7

41.7

9M Q3 2013

287.7

241.8

35.8

1.5

Change

3.9%

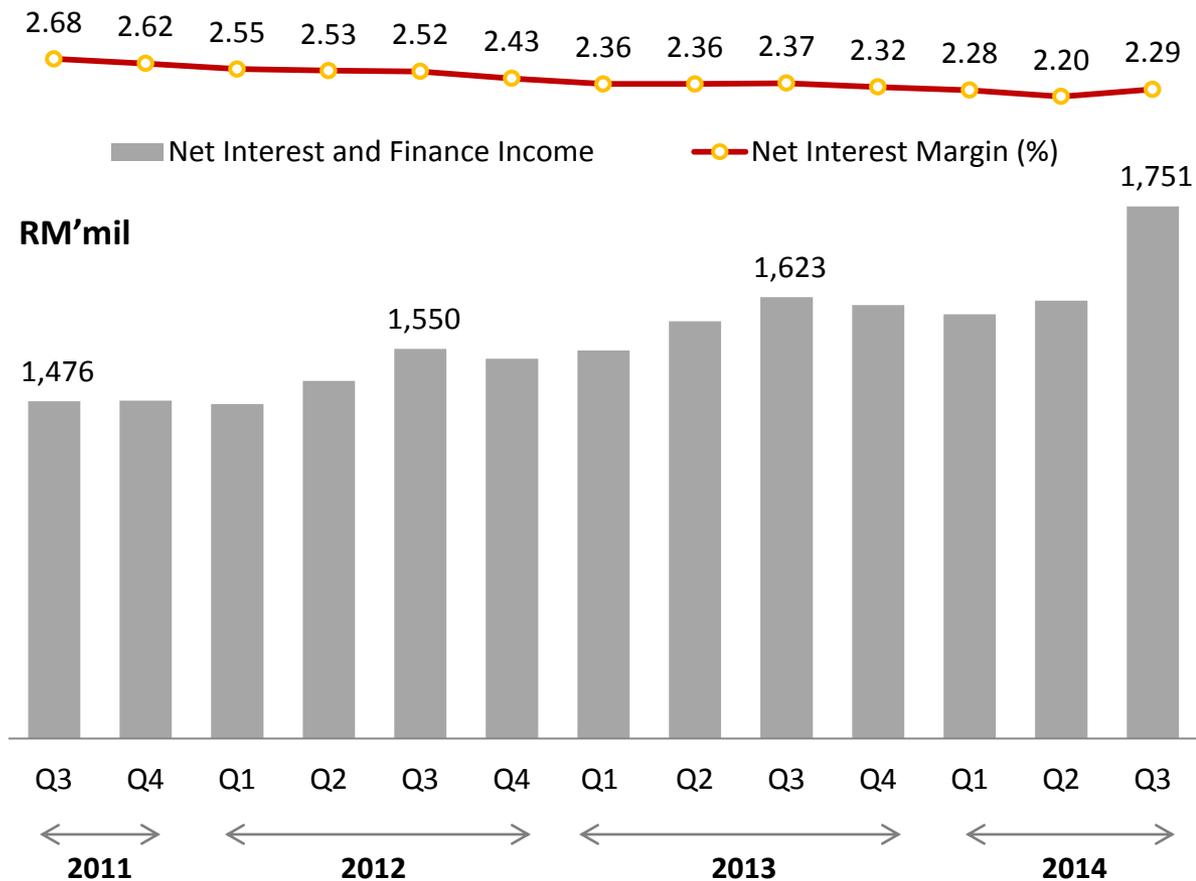
11.4%

41.6%

> 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

Net Interest Margin

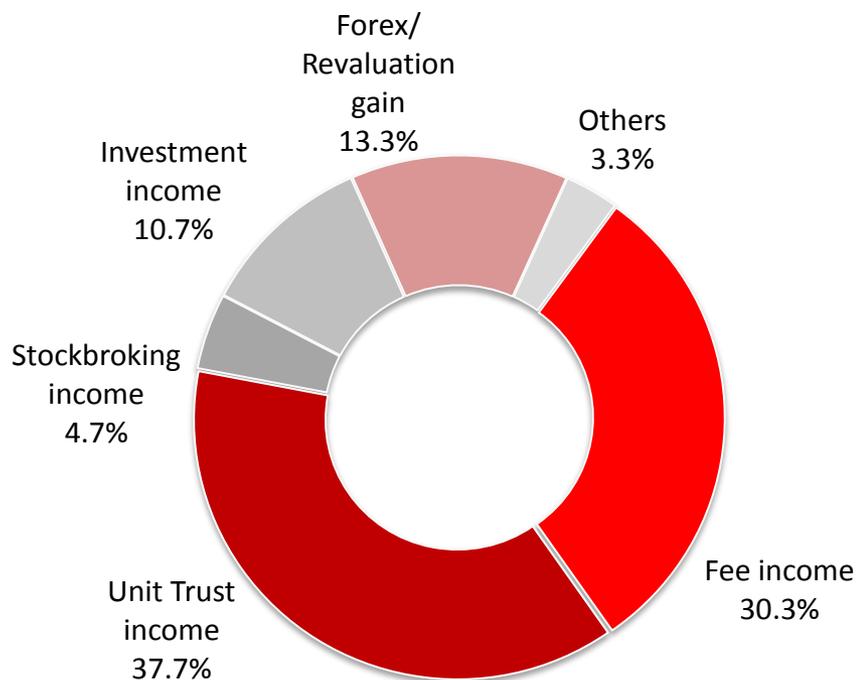


Improvement in net interest margin in Q32014 due to favourable impact of the OPR rise in July 2014

Non-Interest Income Composition & Growth

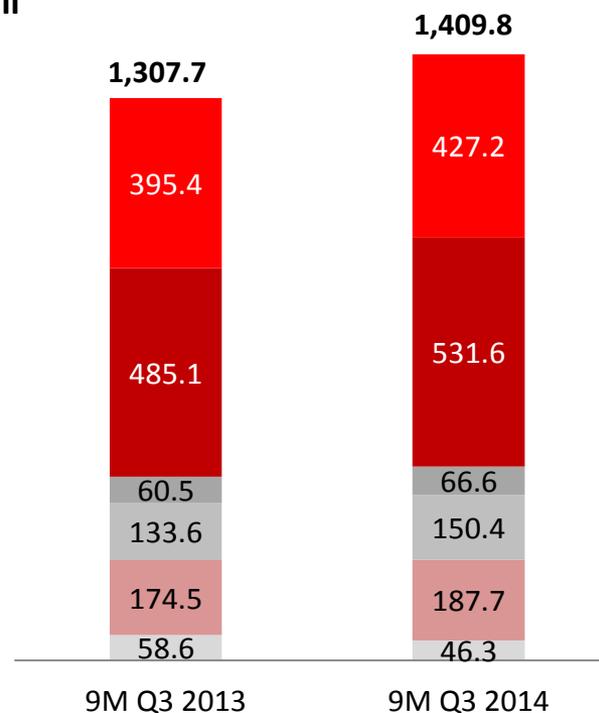


Non-interest Income Contribution



Based on financial results as at 30 September 2014

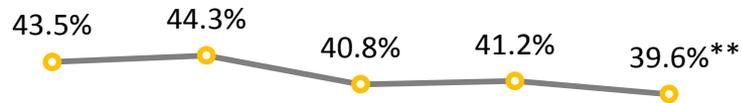
RM'mil



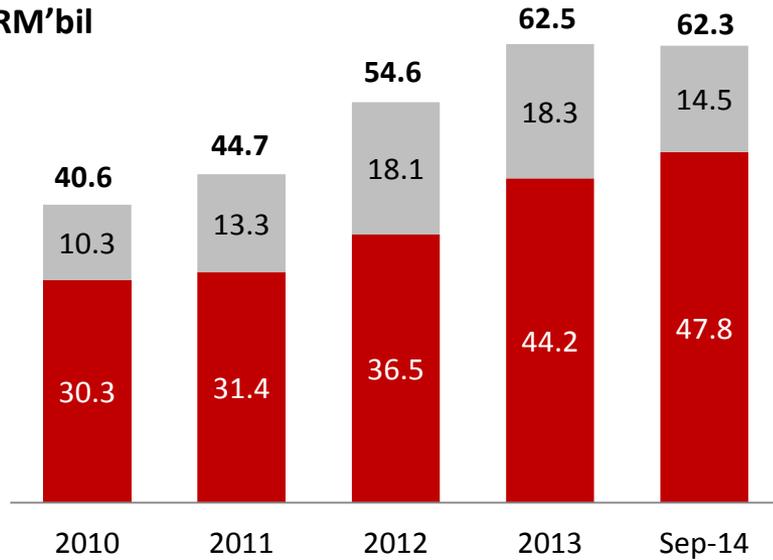
- Fee income
- Unit Trust income
- Stockbroking income
- Investment income
- Forex/Revaluation gain
- Others



Net Asset Value of Funds under management

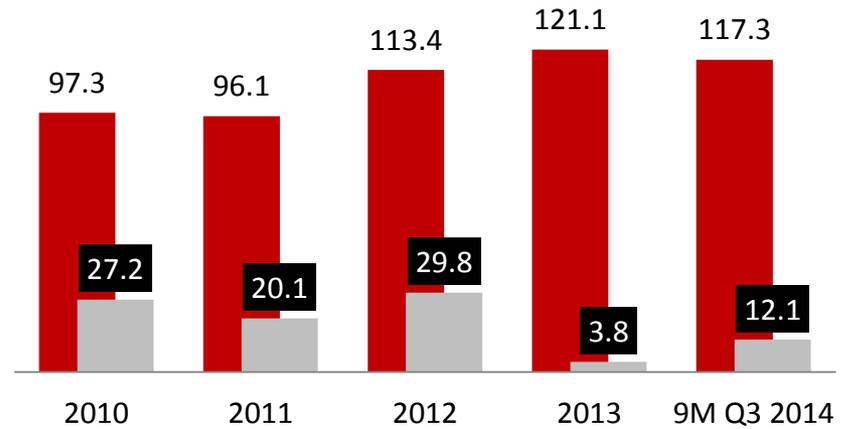


RM'bil



Bancassurance Business – Annualised Premium Equivalent

RM'mil



■ NAV - Equity Funds
■ NAV - Other Funds
● Market Share

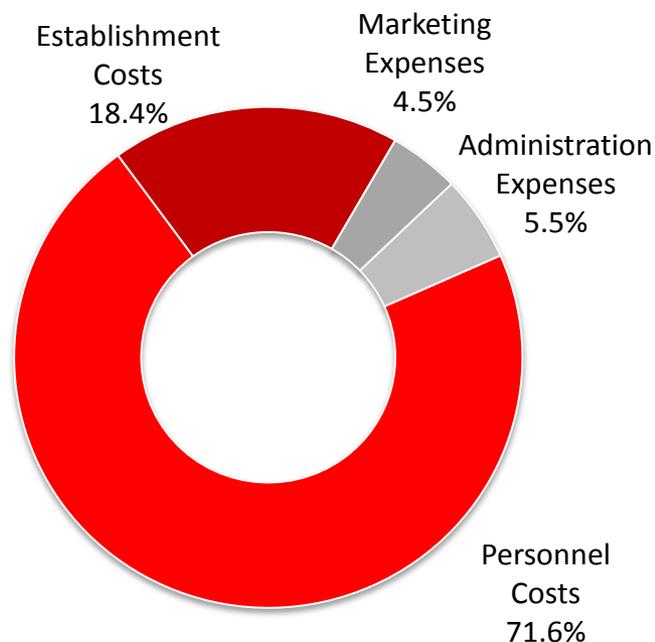
■ Domestic
■ Overseas

** Market Share as at August 2014

Efficient Operating Overheads



Operating Costs Composition



Based on financial results as at 30 September 2014

RM'mil	9M Q3 2014	9M Q3 2013	Changes
Personnel Costs	1,409.9	1,297.0	↑ 8.7%
Establishment Costs	362.8	347.4	↑ 4.4%
Marketing Expenses	89.3	113.4	↓ 21.3%
Administration Expenses	108.4	115.4	↓ 6.0%
Total	1,970.4	1,873.2	↑ 5.2%

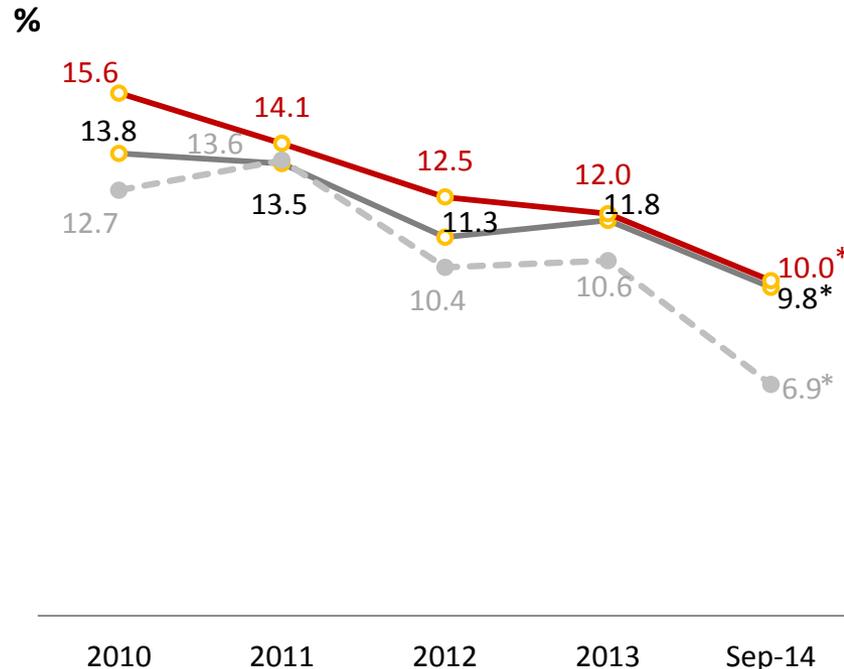
	9M Q3 2014	2013	Industry Average
Gross loan per employee (RM'mil)	13.2	12.3	9.7
Deposit per employee (RM'mil)	14.9	14.0	12.1
PBT per employee (RM'000)	315*	296	236
Cost to Income Ratio (%)	30.7	30.7	45.6

* Annualised

Consistently Above-Industry Loan Growth

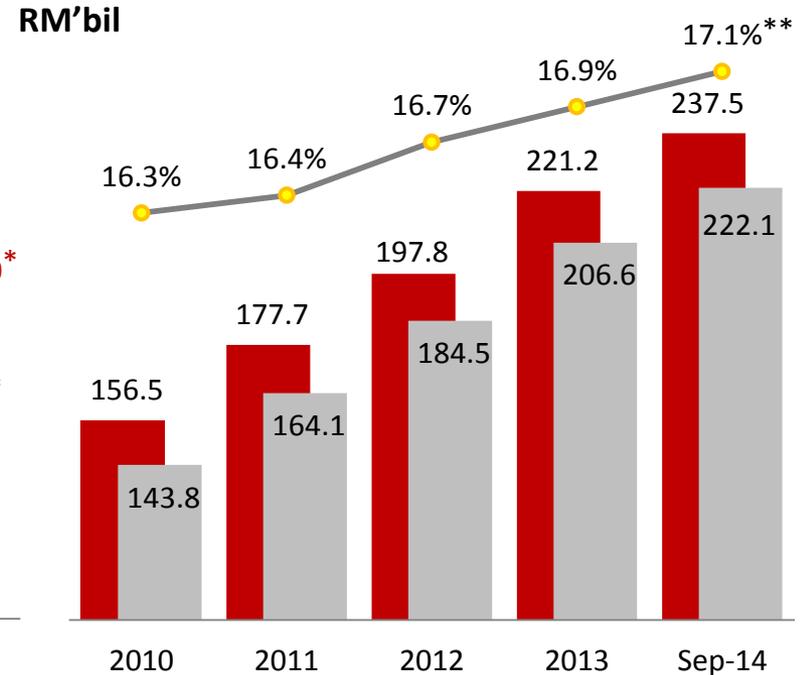


Loan Growth vs Industry



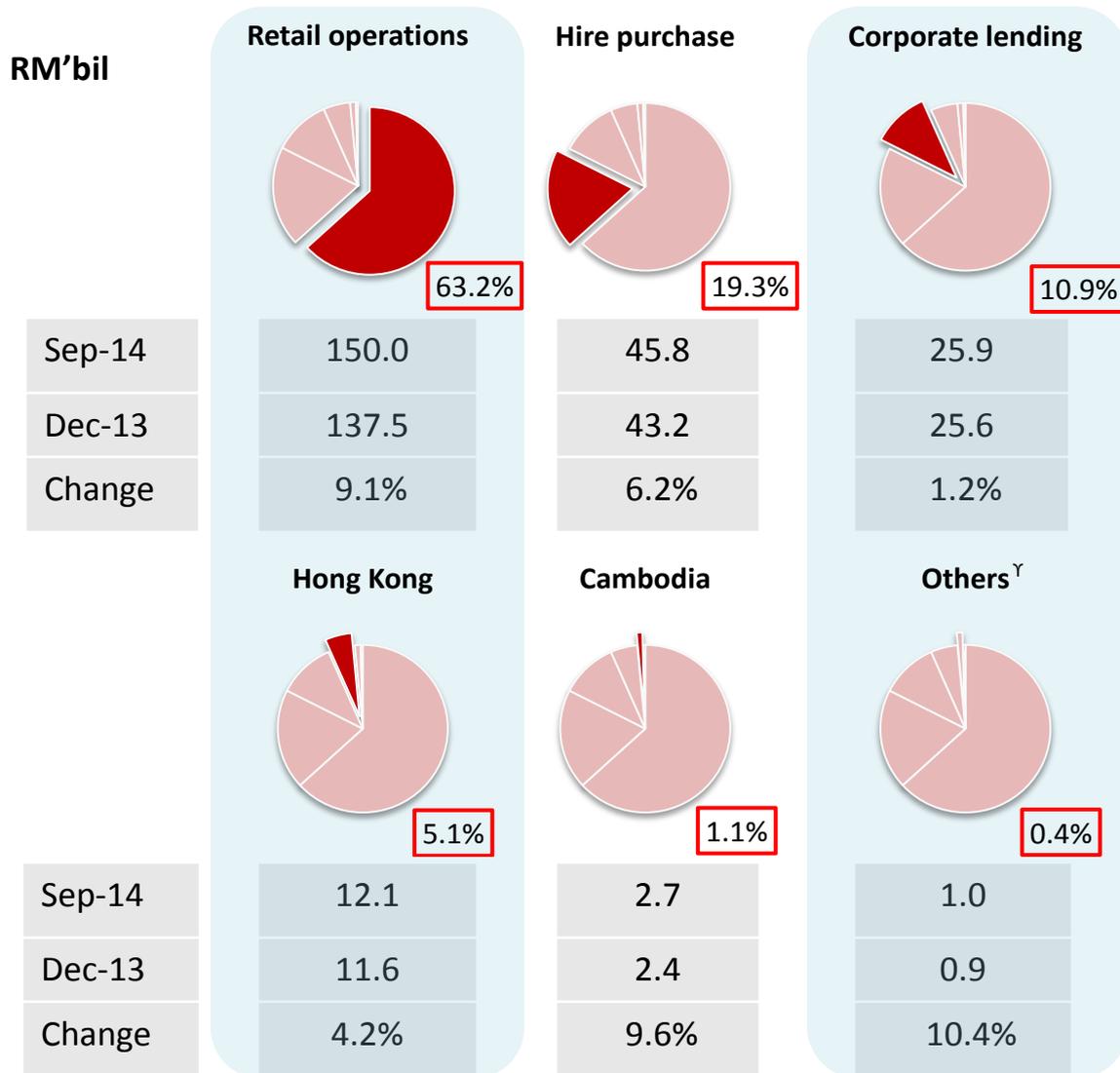
- Group Loan Growth
- Domestic Loan Growth
- -●- Domestic Industry Average (latest available)
- * Annualised growth

Gross Loans and Domestic Loan Market Share



- Gross Loan Outstanding
- Domestic Loan
- Domestic Loans Market Share (%)
- ** Market Share as at August 2014

Gross Loan Composition by Segment



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

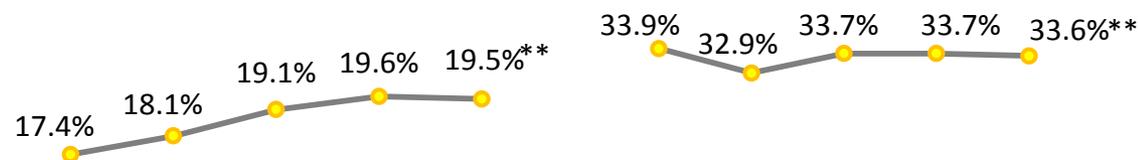
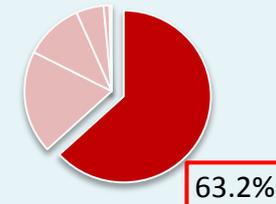
^Y Others comprise mainly of other miscellaneous domestic segments and other countries



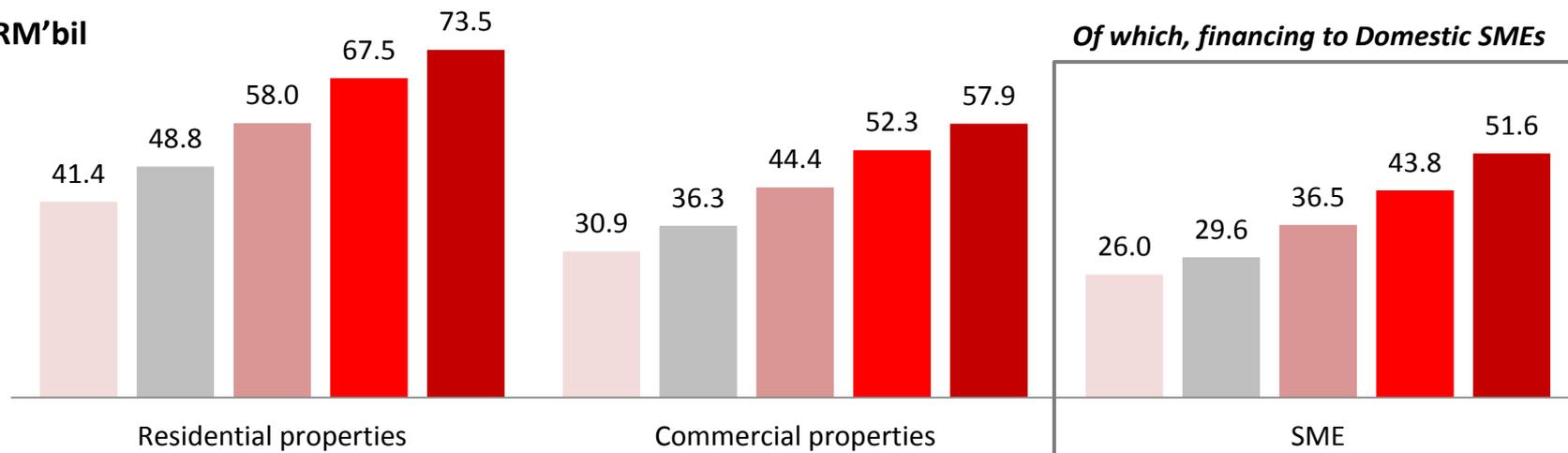
Gross loan & financing in Domestic Operations

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

Retail operations



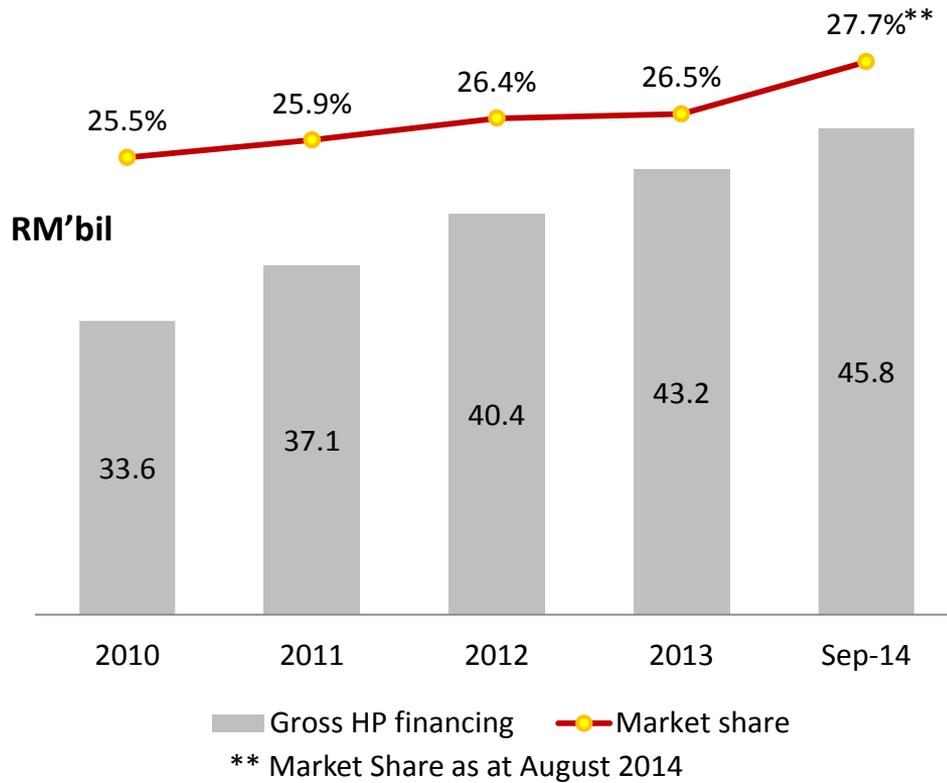
RM'bil



—●— Market share 2010 2011 2012 2013 Sep-14
 ** Market Share as at August 2014



HP Financing in Domestic Operations

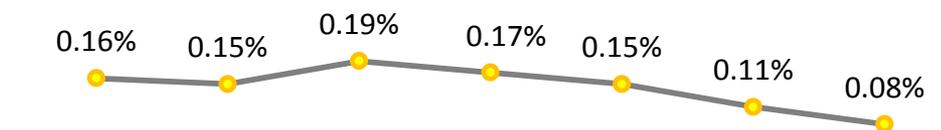


- Remained market leader in the domestic passenger vehicle financing
- Consistent growth trend in hire purchase financing

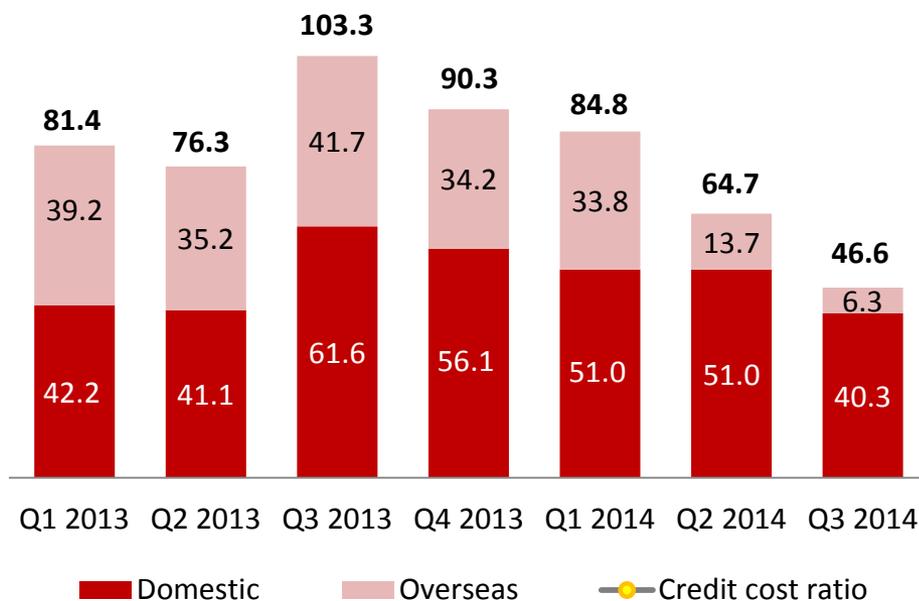
Upholding Strong Asset Quality



Quarterly Loan Impairment Allowances (including collective allowances)



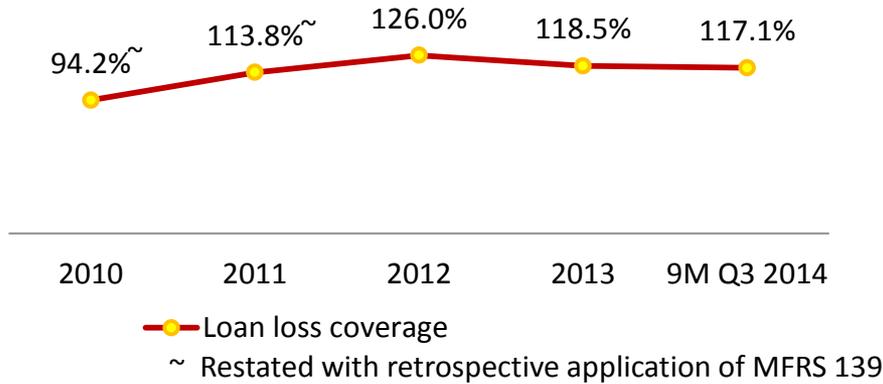
RM'mil



Gross Impaired Loan

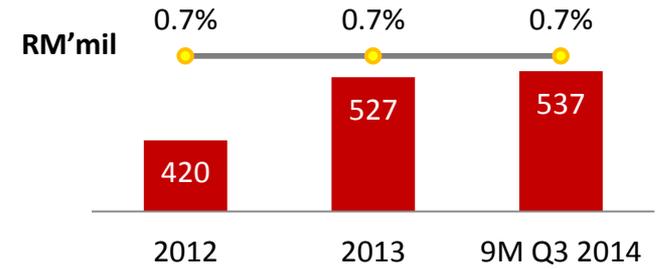


High loan loss coverage

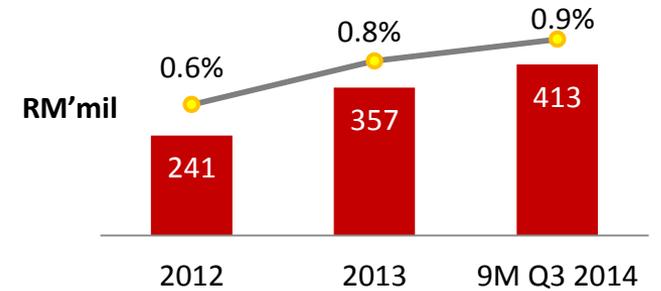


Of which:

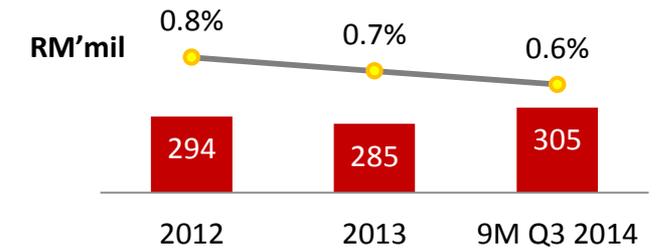
Residential properties financing



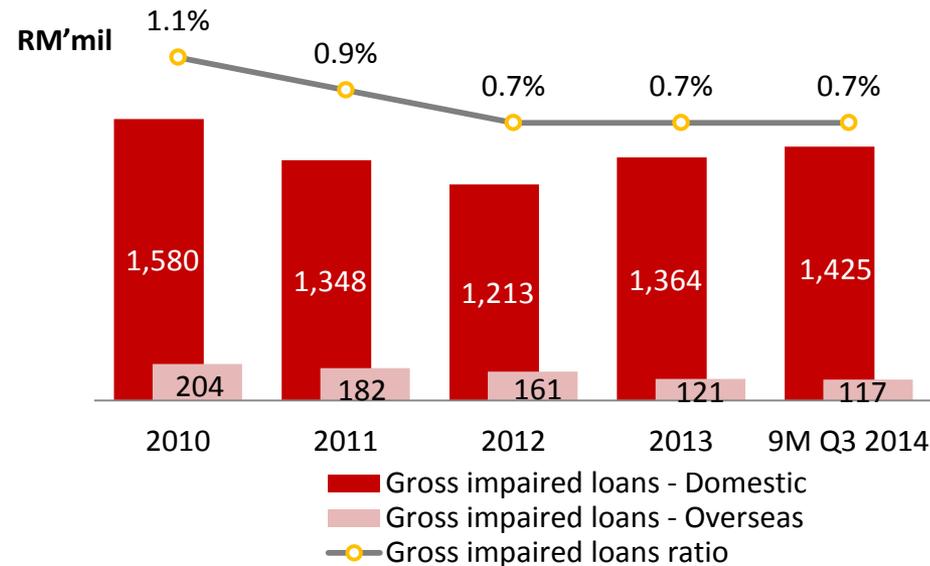
Passenger vehicle financing



SME financing (Domestic)



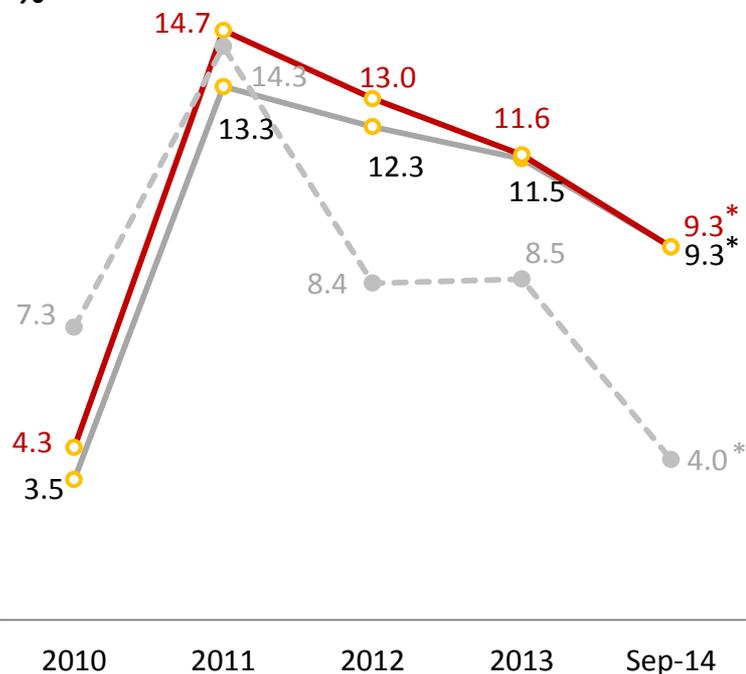
Low gross impaired loans ratios



Healthy Deposit Growth in Support of Liquidity

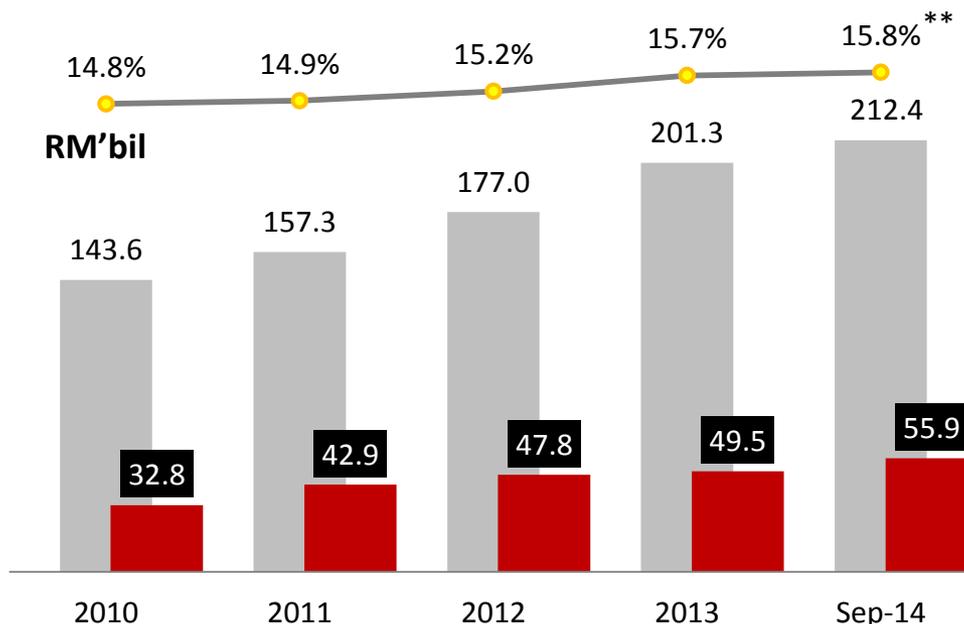


Deposit Growth vs Industry %



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

Deposits – Outstanding Balance and Market Share

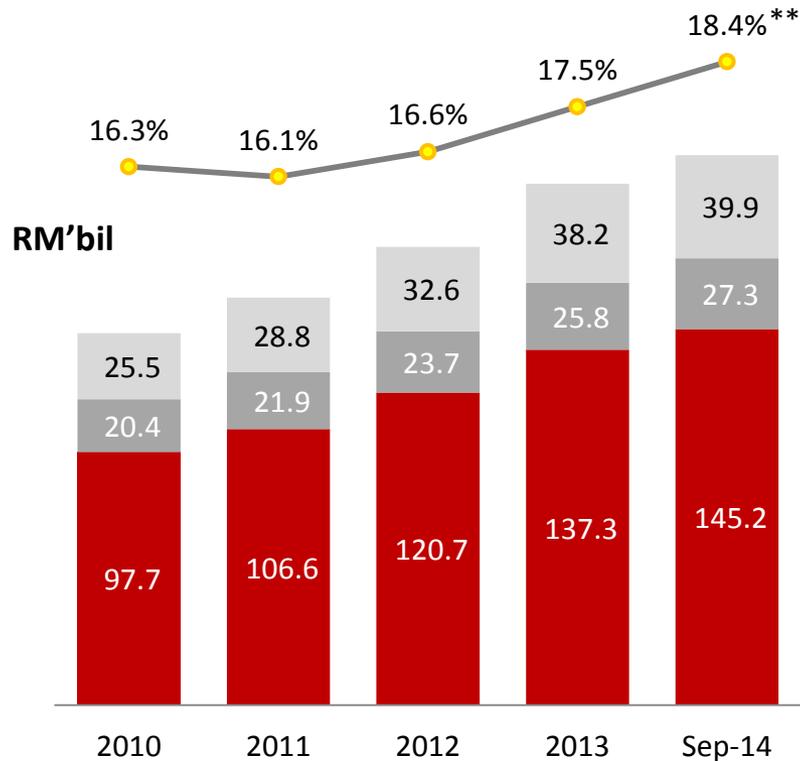


- Core customer deposit
- Wholesale deposit
- Customer deposit market share
- ** Market Share as at August 2014

Strong Core Deposit Growth

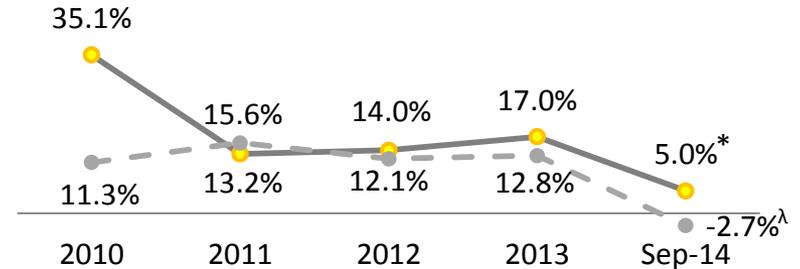


Source of Core Deposit



- Current accounts
- Saving accounts
- Fixed deposit
- Domestic core deposits market share
- ** Market Share as at August 2014

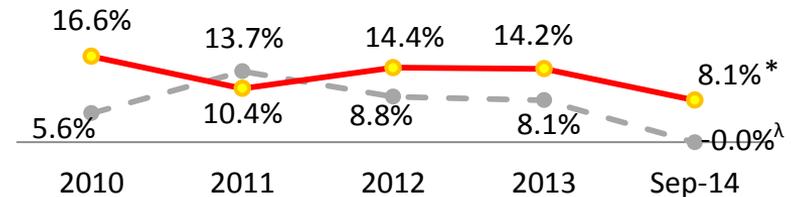
Domestic Current Deposit



Domestic Savings Deposit



Domestic Fixed Deposit



- Industry growth
- Current accounts
- * Annualised growth
- Fixed deposit
- Saving accounts
- ^λ Negative growth as at August 2014

Ensuring Healthy Capital Position



	RM'bil	Group		Bank	
		Sep-14	Dec-13 ^π	Sep-14	Dec-13 ^π
Common Equity Tier I Capital		22.1	17.5	21.0	17.2
Tier I Capital		25.3	21.0	24.1	20.8
Total Capital		33.6	27.5	28.0	22.5
Risk-weighted Assets		212.9	199.7	178.2	167.4
Common Equity Tier I Capital Ratio		10.4%	8.8%	11.8%	10.3%
Tier I Capital Ratio		11.9%	10.5%	13.5%	12.4%
Total Capital Ratio		15.8%	13.8%	15.7%	13.5%

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

Capital ratios as at 30 September 2014 are after incorporating the followings:

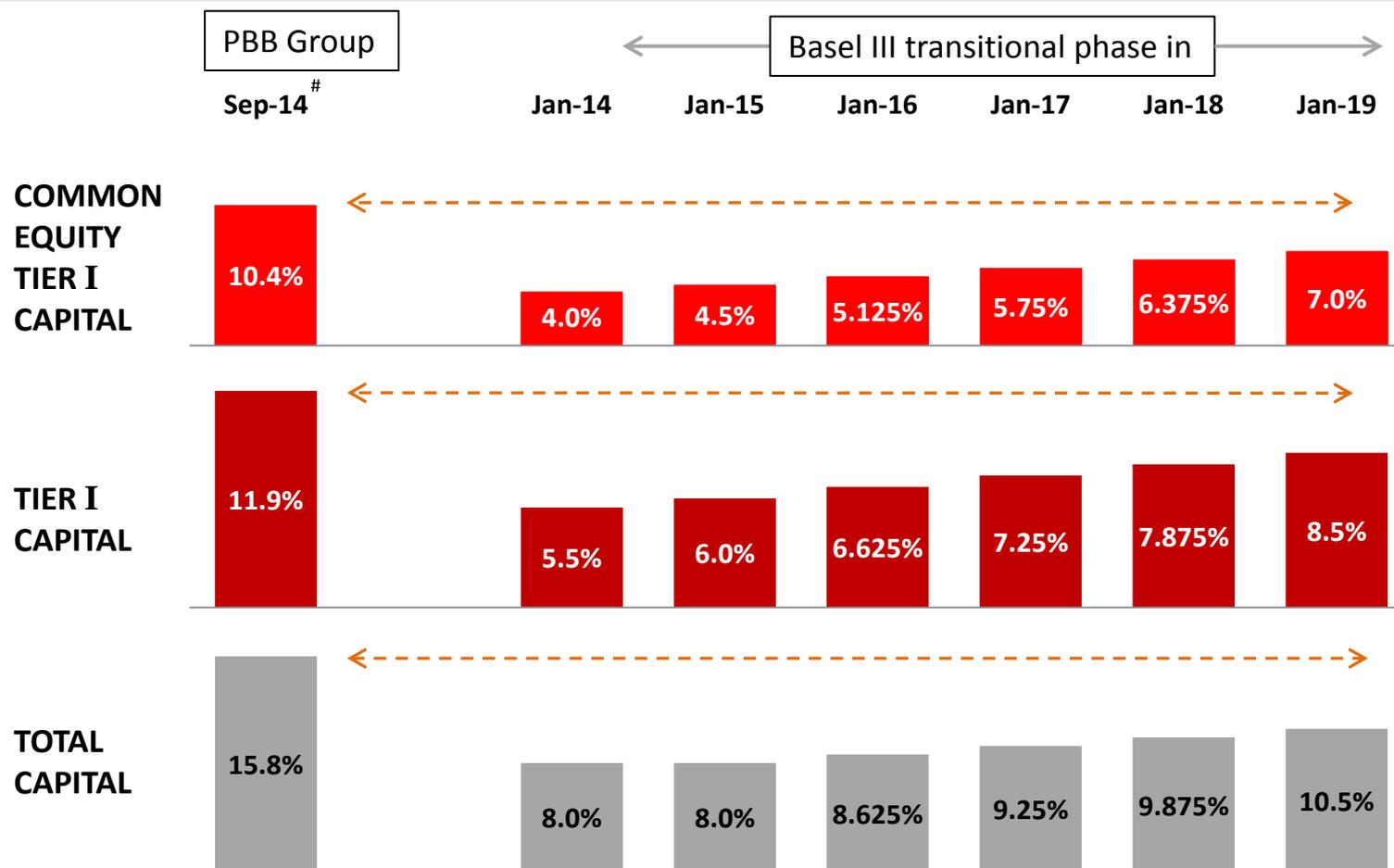
- Rights issue of RM4.83 billion completed in August 2014
- Transfer of RM1.25 billion from retained earnings to regulatory reserves in compliance with BNM requirement



The regulatory reserves requirement by Bank Negara Malaysia (“BNM”) and impacts towards the Group are as follows:

- To maintain, in aggregate, collective impairment provisions and regulatory reserves of no less than 1.2% of total outstanding loans/financing net of individual impairment provisions
- To comply with this requirement by 31 December 2015
- There will be no impact to the profit or loss of the Group/Bank as the regulatory reserves required to be set aside will be transferred from retained earnings
- Regulatory reserves is treated as a Tier II capital and does not qualify as Common Equity Tier (“CET”) I capital under BNM’s Capital Adequacy Framework (Capital Components)
- The Group has fully complied with the above requirement via a transfer of RM1.25 billion from retained earnings to regulatory reserves in Quarter 3 of 2014. This had resulted in a drop of 0.6% in CET I capital and a corresponding increase in Tier II capital

Proactive Capital Management Initiative



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 yet to be introduced by BNM

Expansion in Business Delivery Channel



	Sep-14	2013	2009
<u>Malaysian Operations</u>			
Public Bank - Domestic	257	257	248
- Overseas	6	6	5
Public Islamic Bank	2	1	-
Public Mutual	28	28	26
Public Investment Bank	1	1	1
<u>Hong Kong & China Operations</u>			
Public Finance	42	42	42
Public Bank (HK) - Hong Kong	32	32	30
- China	3	3	3
Winton (B.V.I) Group	9	9	8
<u>Indo-China Operations</u>			
Cambodia Public Bank	27	25	15
VID Public Bank (Vietnam)	7	7	7
	414	411	385
Self Service Terminal - domestic	1,783	1,738	1,308



Targets & Achievements



The Public Bank Group's achievement vs key performance targets are as follows:

<u>Key Performance Benchmarks</u>	2014 Targets	Achievement
Net Return on Equity	>18% [€]	20.0%
Total Capital Ratio	>12%	15.8%
Gross Impaired Loan Ratio	<1%	0.7%
Cost to Income Ratio	<32%	30.7%
Loan Growth – Domestic Commercial Banking		10.2%*
– Domestic		10.0%*
– Group	10% to 11%	9.8%*
Deposit Growth – Domestic Commercial Banking		11.0%*
– Domestic		9.3%*
– Group	10% to 11%	9.3%*

* Annualised

[€] Revised from >20% target to >18% after incorporating effect of the rights issue

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



Investor Relations

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RM'mil		2009	2010~	2011~^	2012^	2013	9M Q3 2014
Profitability	Operating profit	4,015	4,738	5,200	5,329	5,655	4,440
	Profit before tax	3,321	4,086	4,878	5,047	5,310	4,247
	Net profit	2,517	3,048	3,684	3,827	4,065	3,265
Shareholder Value	Earnings per share (sen)	73.3	87.2	105.2	109.3	116.1	91.2
	Net assets per share (RM)	3.19	3.91	4.52	5.15	5.83	6.93
	Net dividend per share (sen)						
	- Cash dividend	41.3	45.5	48.0	50.0	52.0	23.0
	- Share dividend	1 for 68	-	-	-	-	-
	Dividend payout ratio (%)	56.6	52.3	48.3	45.3	44.8	42.7
	Dividend payout ratio (including share dividend) (%)	79.3	52.3	48.3	45.3	44.8	42.7
Key Balance Sheet Data	Total assets	217,136	226,988	250,773	274,824	305,725	331,025
	Gross loan	137,610	156,544	177,694	197,783	221,176	237,475
	Domestic loan	124,362	143,822	164,081	184,542	206,635	222,124
	Deposit from customers	170,892	176,872	200,371	225,042	250,873	268,374
	Domestic deposit	155,810	162,578	186,445	210,680	235,142	251,527
	Core customer deposit	127,623	143,639	157,297	177,035	201,258	212,397
	Shareholders' equity	11,023	13,692	15,813	18,018	20,424	26,748

~ 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)



	%	2009	2010~	2011~^	2012^	2013	9M Q3 2014	Industry
Profitability Ratios	Net interest margin on yielding assets	2.4	2.7	2.7	2.5	2.4	2.3	N/A
	Net return on equity ⁺	26.1	27.1	26.8	24.1	22.4	20.0	N/A
	Pre-tax return on average assets	1.6	1.8	2.0	1.9	1.8	1.8	1.5
	Cost to income ratio	32.6	30.7	29.8	31.2	30.7	30.7	45.6
	Non interest income/Total income	20.6	21.3	21.1	21.3	21.5	22.0	N/A
Liquidity	Net loan to deposit ratio	79.2	87.6	87.8	87.1	87.5	87.8	80.4
Asset Quality	Gross impaired loans ratio	1.4 ⁺⁺	1.1	0.9	0.7	0.7	0.7	1.7
	Loan loss coverage ratio	120.3 ⁺⁺	94.2	113.8	126.0	118.5	117.1	104.8
Capital Adequacy	Common equity Tier I capital ratio ^π	N/A	N/A	N/A	N/A	8.8	10.4	12.8
	Tier I capital ratio ^π	9.9	10.6	10.6	10.8	10.5	11.9	13.5
	Total capital ratio ^π	14.0	13.5	15.0	14.1	13.8	15.8	15.5
Market Share	<u>Domestic market share</u>							
	Commercial property financing	33.2	33.9	32.9	33.7	33.7	33.6 **	N/A
	Residential property financing	16.6	17.4	18.1	19.1	19.6	19.5 **	N/A
	Passenger vehicle financing	24.6	25.5	25.9	26.4	26.5	27.7 **	N/A
	Private unit trust	42.5	43.5	44.3	40.8	41.2	39.6 **	N/A
	Domestic loans	15.9	16.3	16.4	16.7	16.9	17.1 **	N/A
	Domestic deposits	16.3	14.8	14.9	15.2	15.7	15.8 **	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
- ^{**} Market Share as at August 2014

- [^] 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