



Safeguarding Our

Brand Value

PUBLIC BANK
PUBLIC BANK

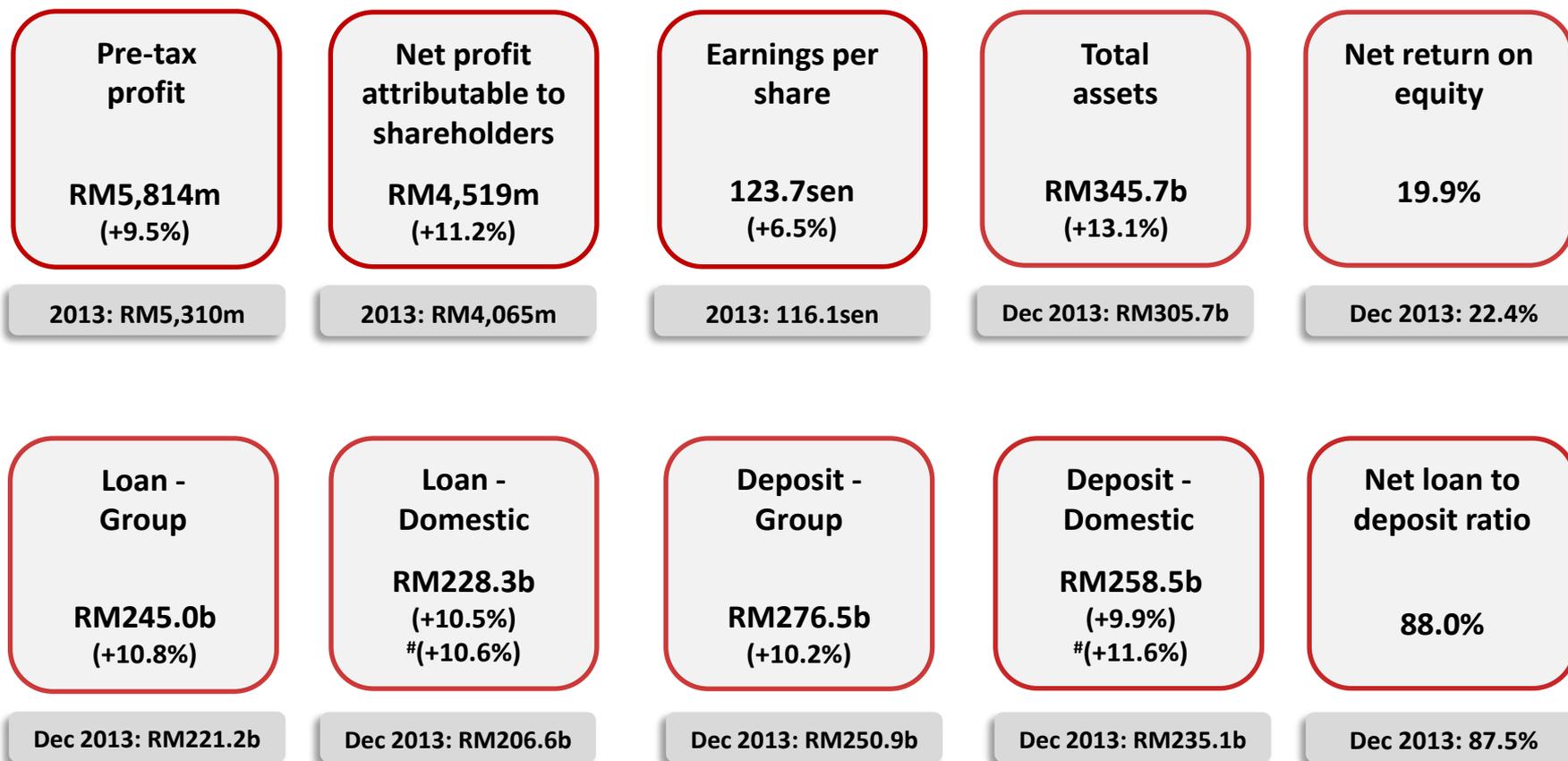
Investor Presentation

December 2014 Results Update



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Key Highlights



Domestic commercial banking operation

Key Highlights



**Cost to
income ratio**

30.0%

Dec 2013: 30.7%

**Gross
impaired
loans ratio**

0.6%

Dec 2013: 0.7%

**Loan loss
coverage⁺⁺**

122.4%

Dec 2013: 118.5%

**Common
equity Tier I
capital ratio^π**

10.8%

Dec 2013: 8.8%

**Tier I capital
ratio^π**

12.2%

Dec 2013: 10.5%

**Total capital
ratio^π**

15.8%

Dec 2013: 13.8%

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

⁺⁺ High loan loss coverage ratio of 218.6% after including regulatory reserve

Key Highlights – Dividends



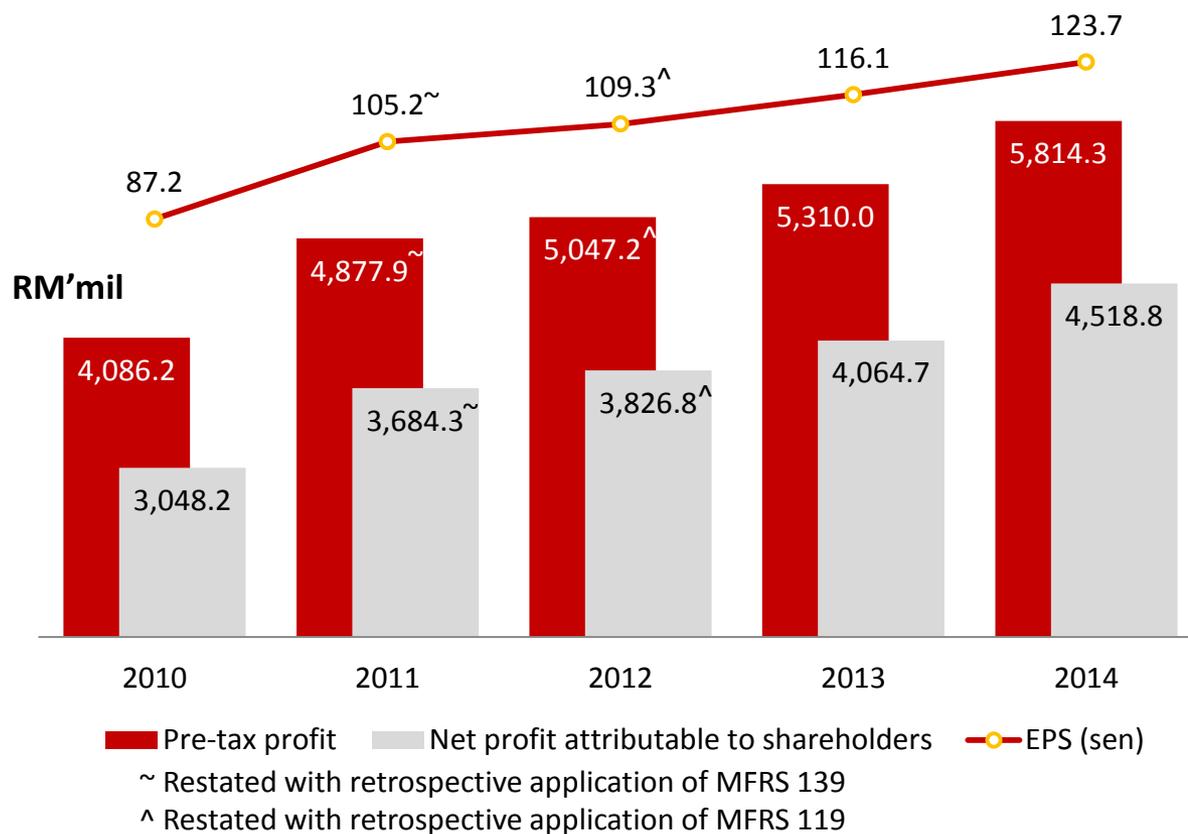
	2014	2013
First interim	23 sen	22 sen
Second interim	31 sen	30 sen
Dividend per share	54 sen	52 sen
Dividend payout	RM2.1 billion	RM1.8 billion
Dividend payout ratio	46.1%	44.8%



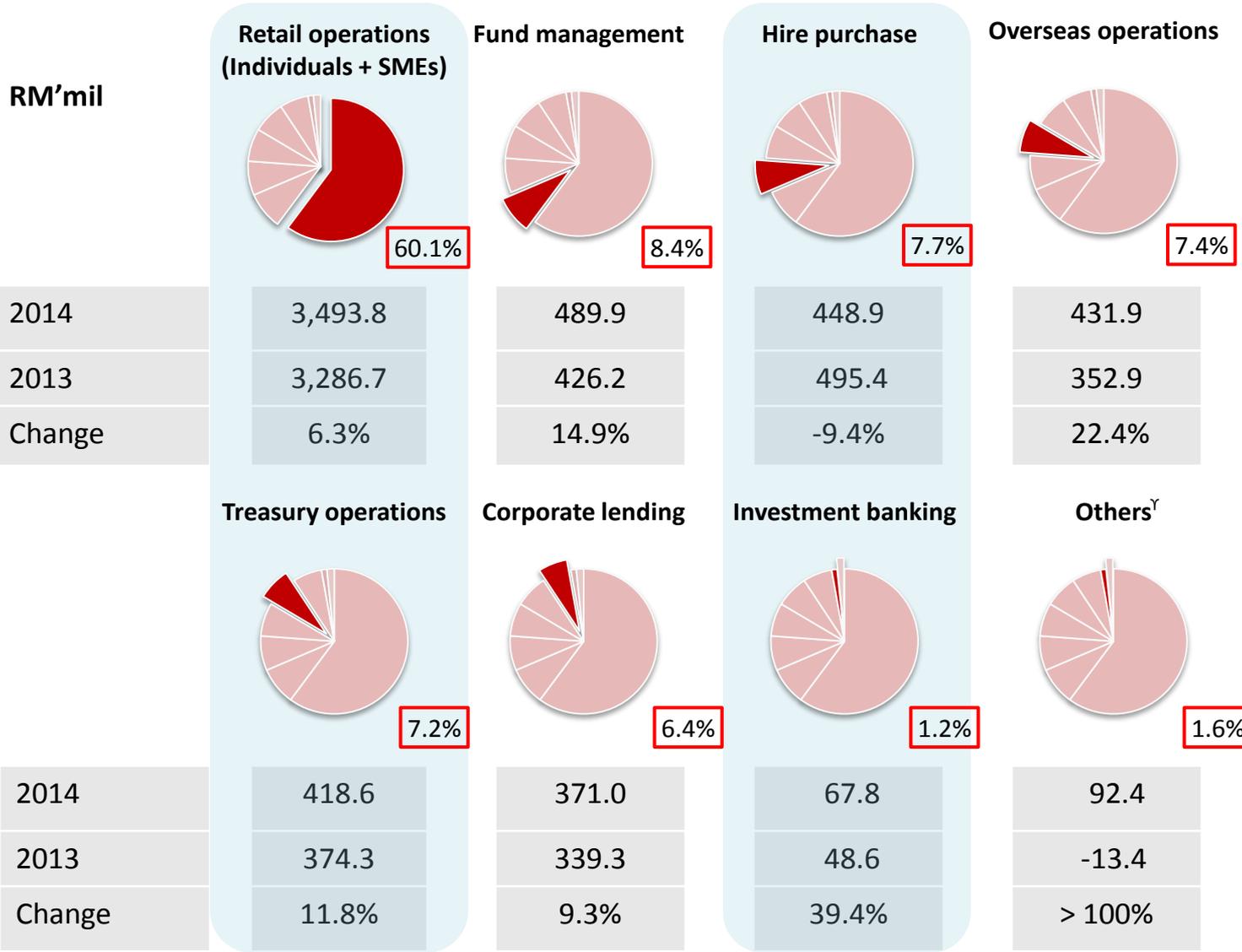
Steady Profit Growth



Profits and EPS

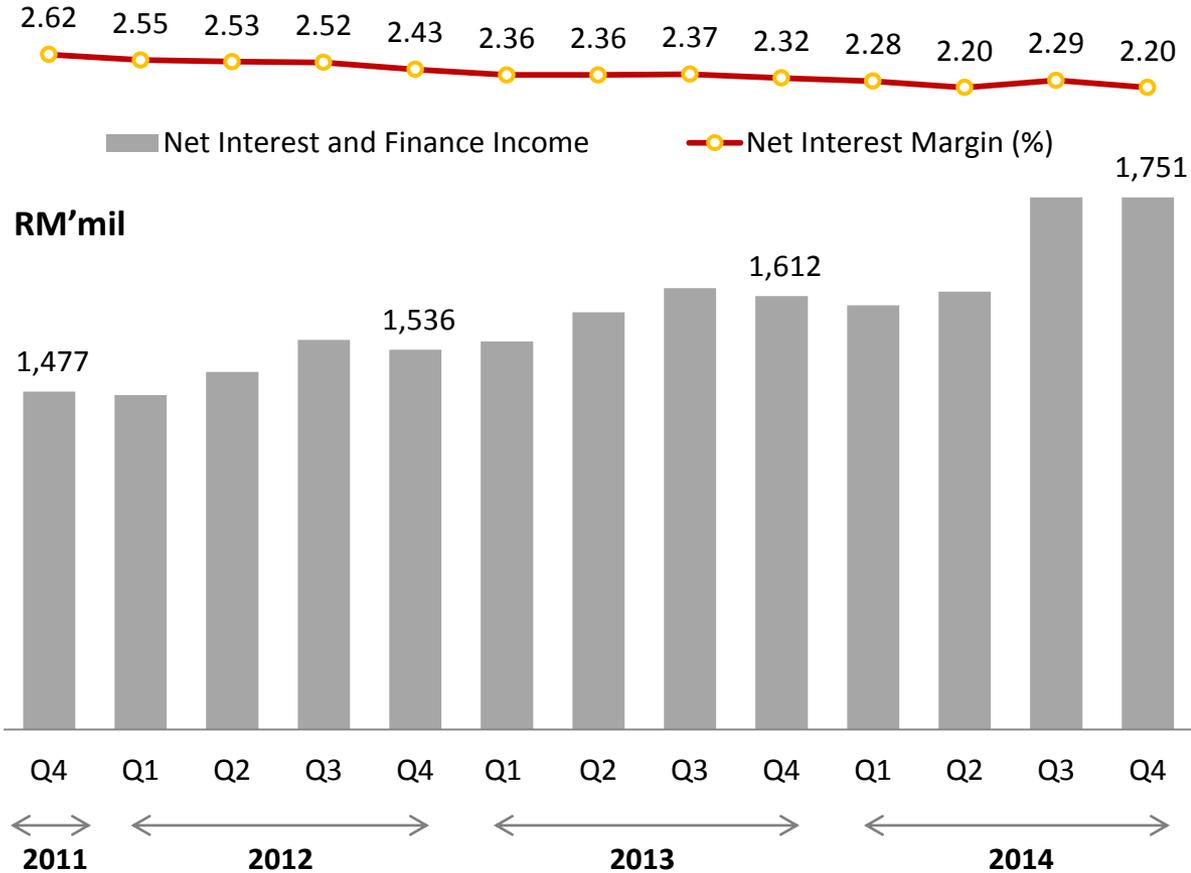


Segmental Profit – Retail Centric



^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

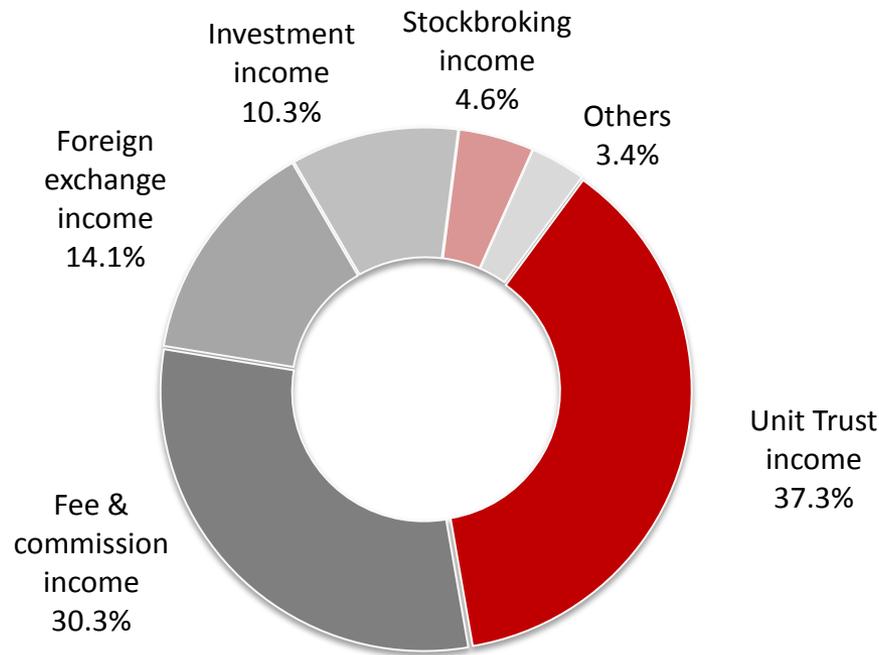


Net interest margin continue to be under pressure

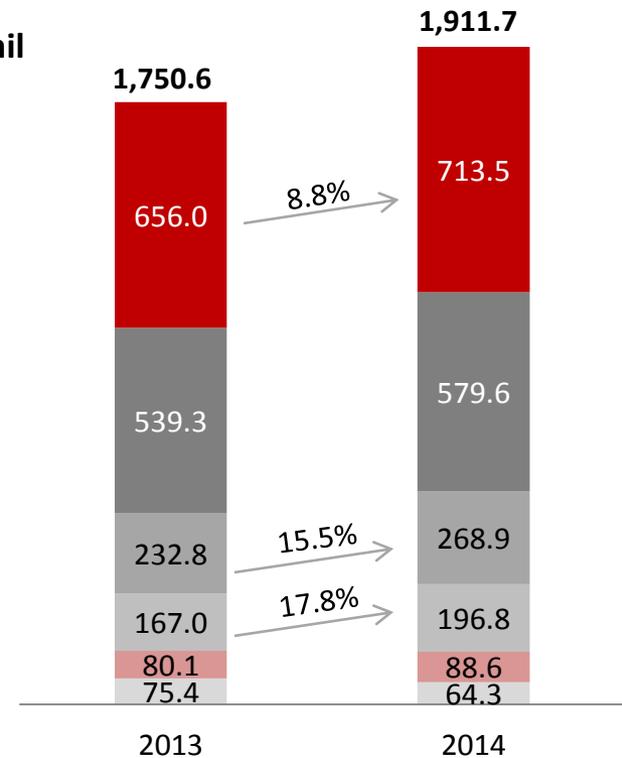
Non-Interest Income Composition & Growth



Non-interest Income Contribution



RM'mil

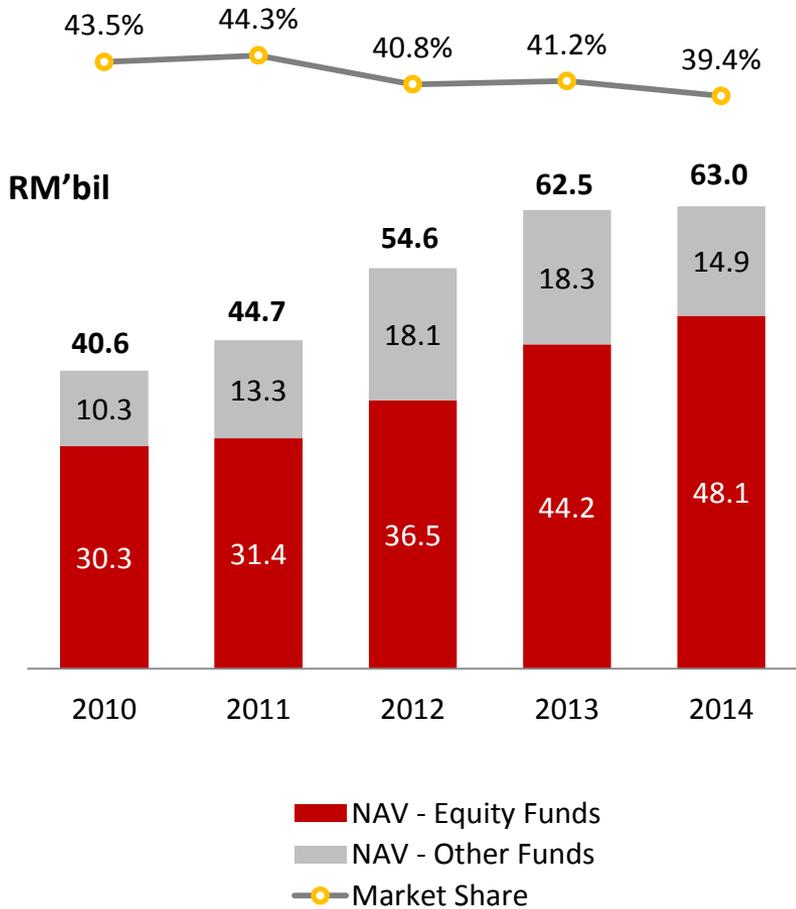


Based on financial results as at 31 December 2014

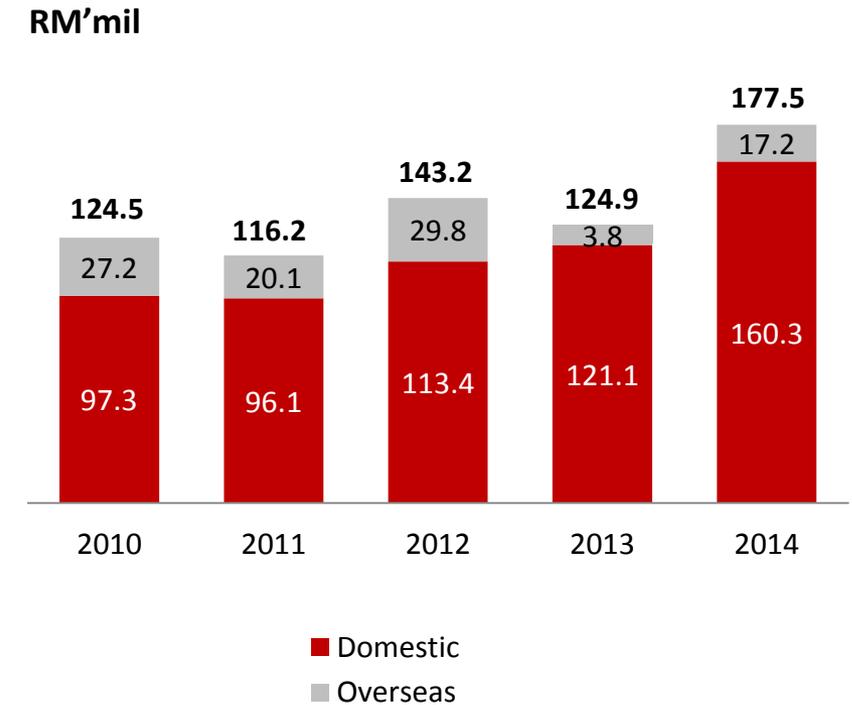
- Unit Trust income
- Foreign exchange income
- Stockbroking income
- Fee & commission income
- Investment income
- Others



Net Asset Value of Funds under management



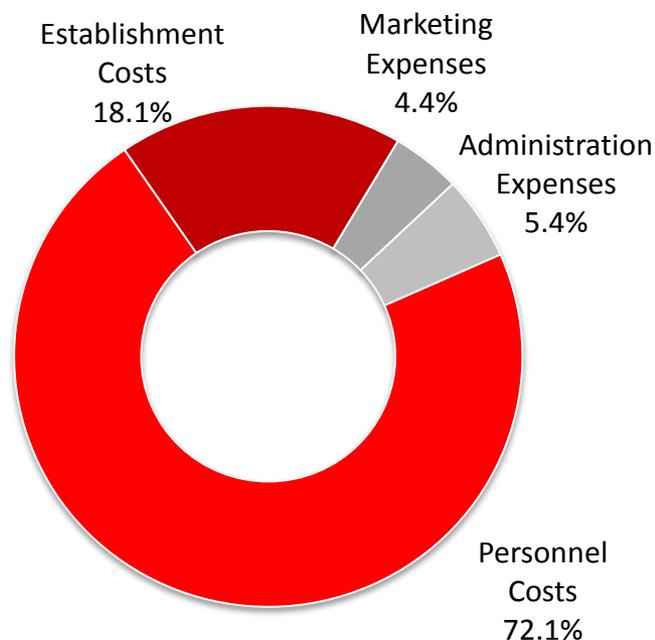
Bancassurance Business – Annualised New Premium



Efficient Operating Overheads



Operating Costs Composition



Based on financial results as at 31 December 2014

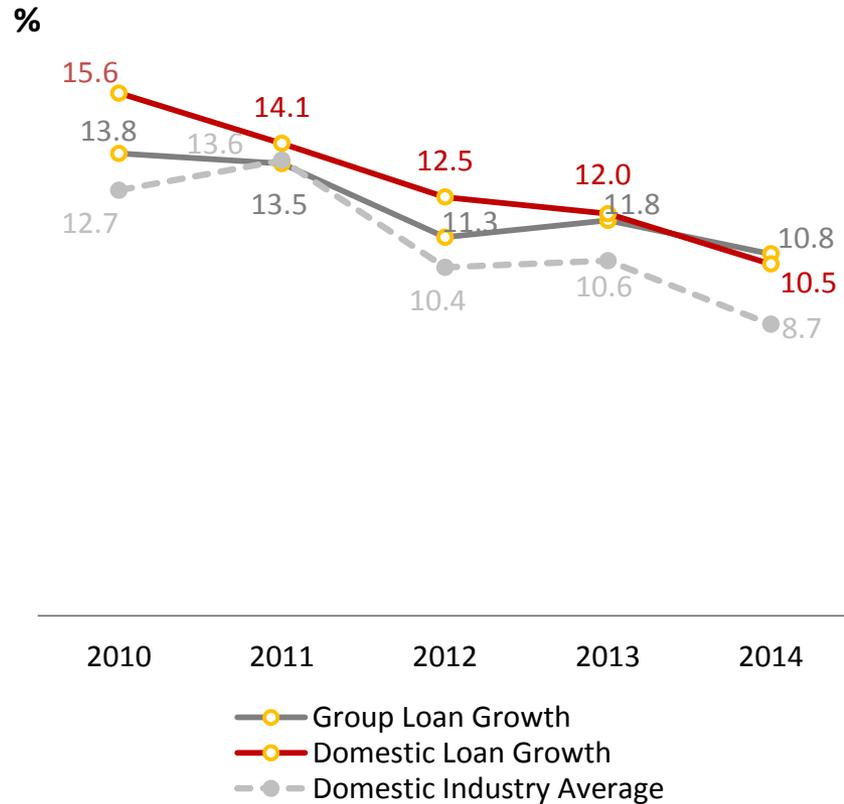
RM'mil	2014	2013	Changes
Personnel Costs	1,878.6	1,744.6	↑ 7.7%
Establishment Costs	472.8	466.6	↑ 1.3%
Marketing Expenses	114.2	147.4	↓ 22.5%
Administration Expenses	140.3	145.0	↓ 3.3%
Total	2,605.9	2,503.6	↑ 4.1%

	2014	2013	Industry Average
Gross loan per employee (RM'mil)	13.5	12.3	9.7
Deposit per employee (RM'mil)	15.2	14.0	12.1
PBT per employee (RM'000)	320	296	236
Cost to Income Ratio (%)	30.0	30.7	45.6

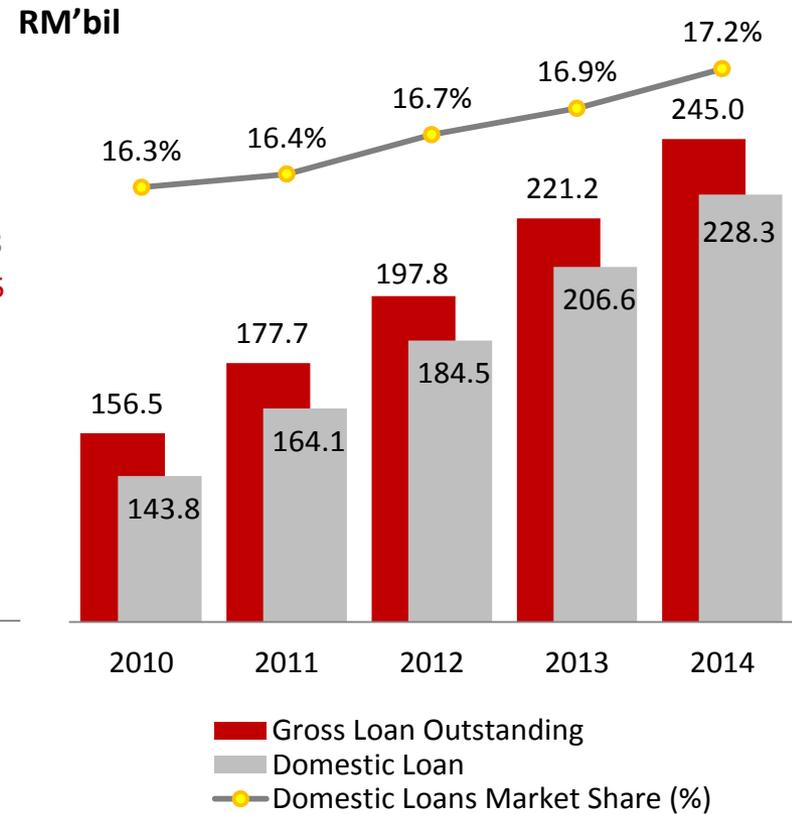
Consistently Above-Industry Loan Growth



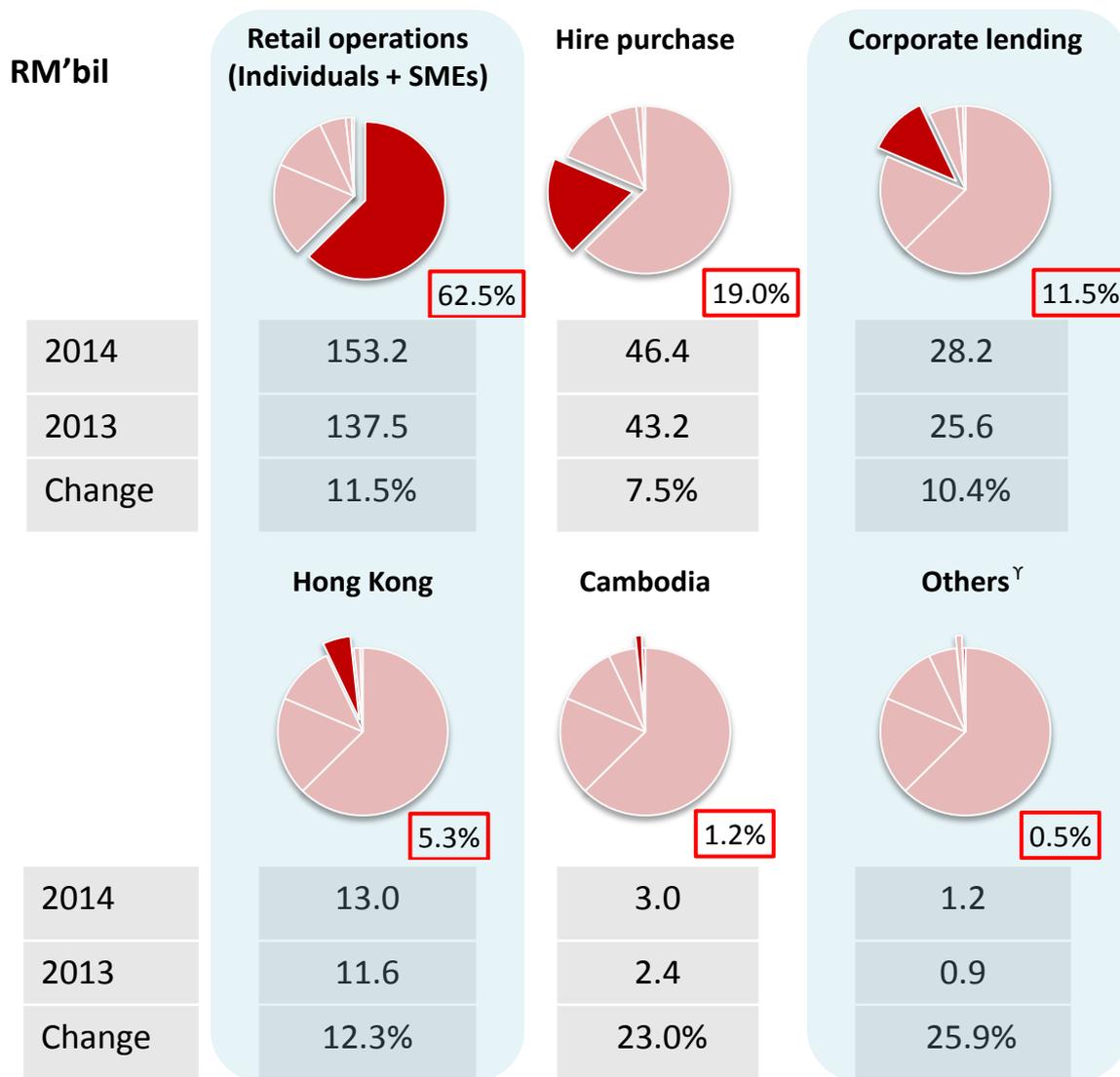
Loan Growth vs Industry



Gross Loans and Domestic Loan 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 (Individuals + SMEs)



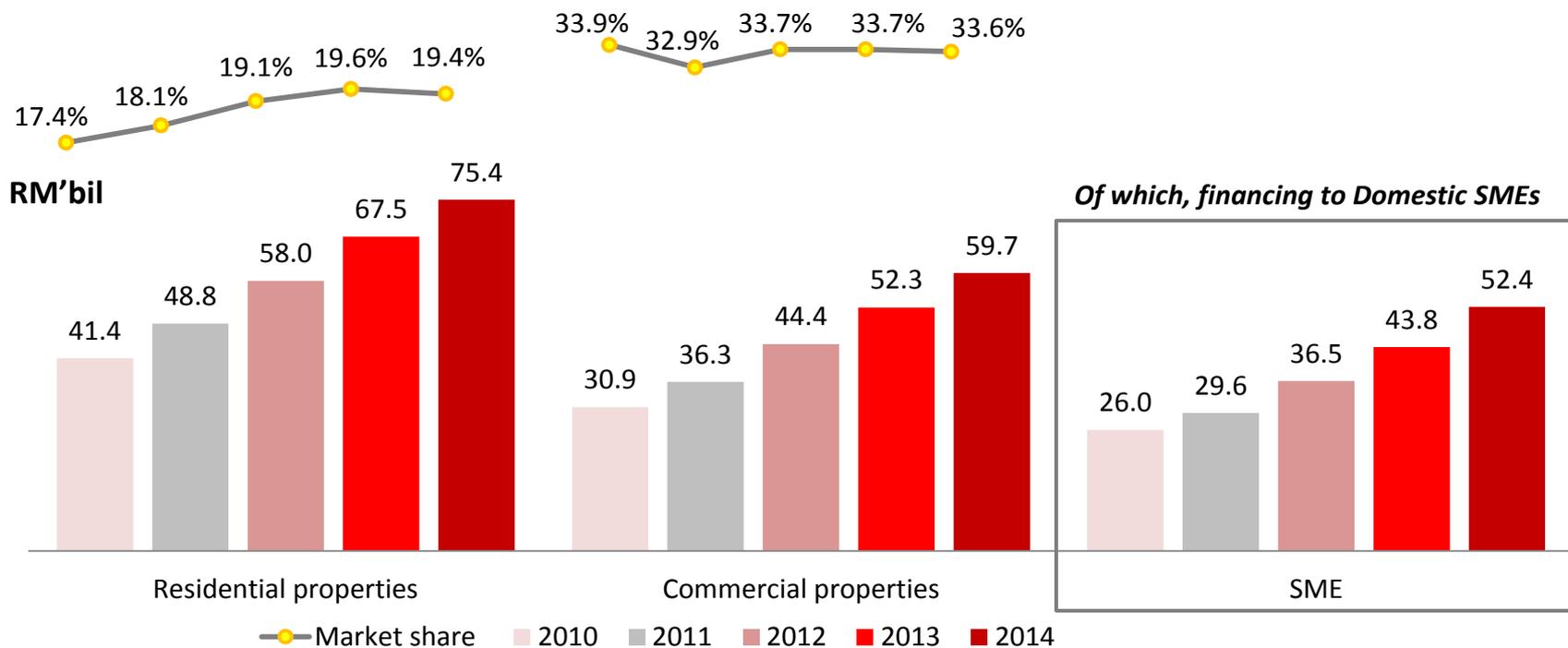
Gross loan & financing in Domestic Operations

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

Retail operations
(Individuals + SMEs)

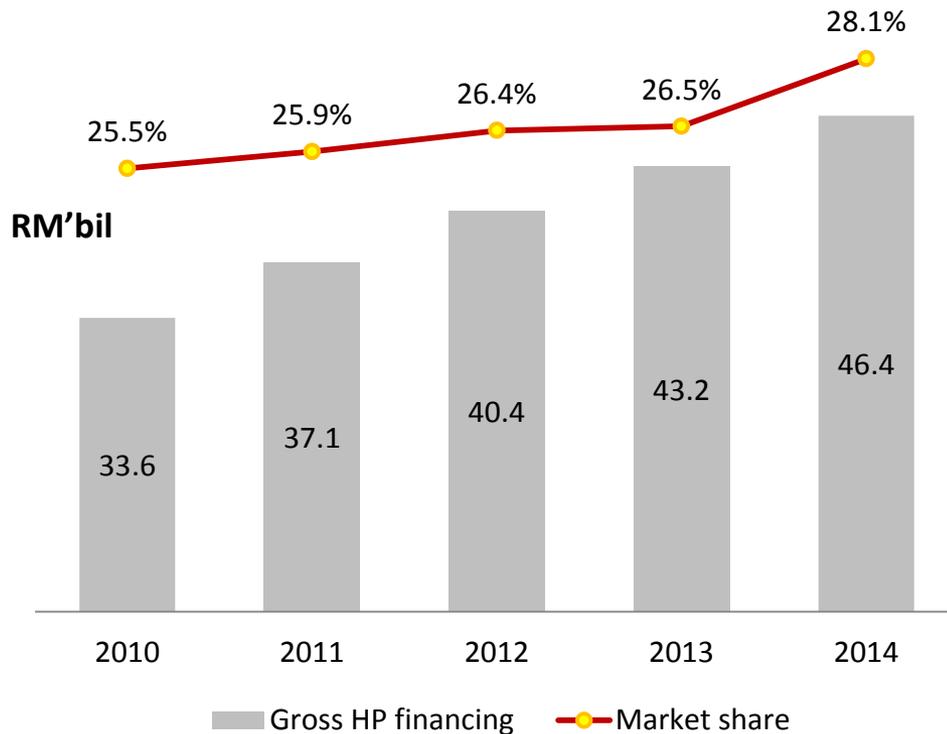


62.5%





HP Financing in Domestic Operations

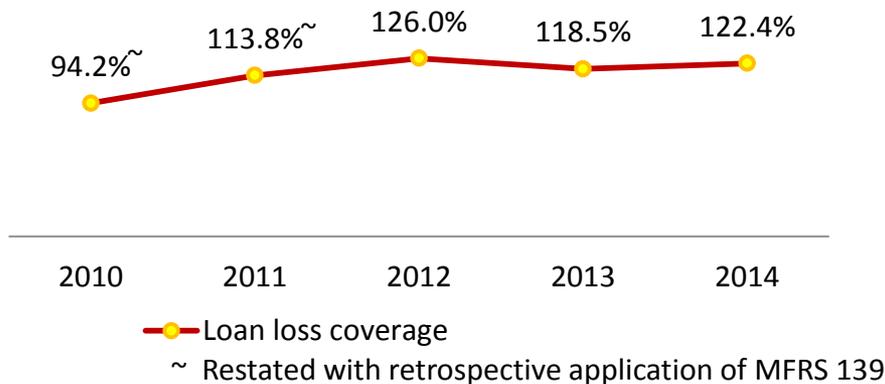


- Remained market leader in the domestic passenger vehicle financing
- Consistent growth trend in hire purchase financing

Upholding Strong Asset Quality



High loan loss coverage



Of which:

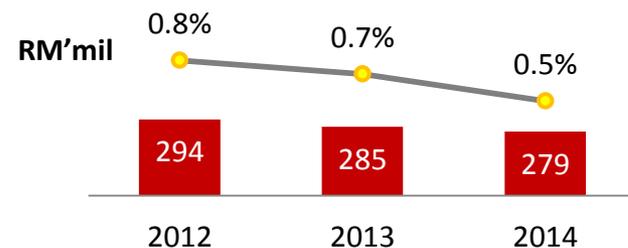
Residential properties financing



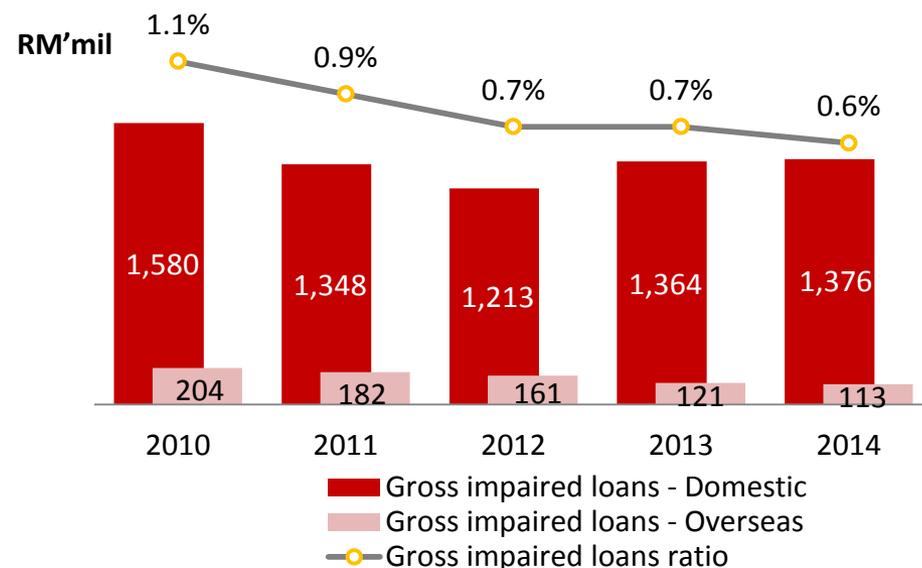
Passenger vehicle financing



SME financing (Domestic)



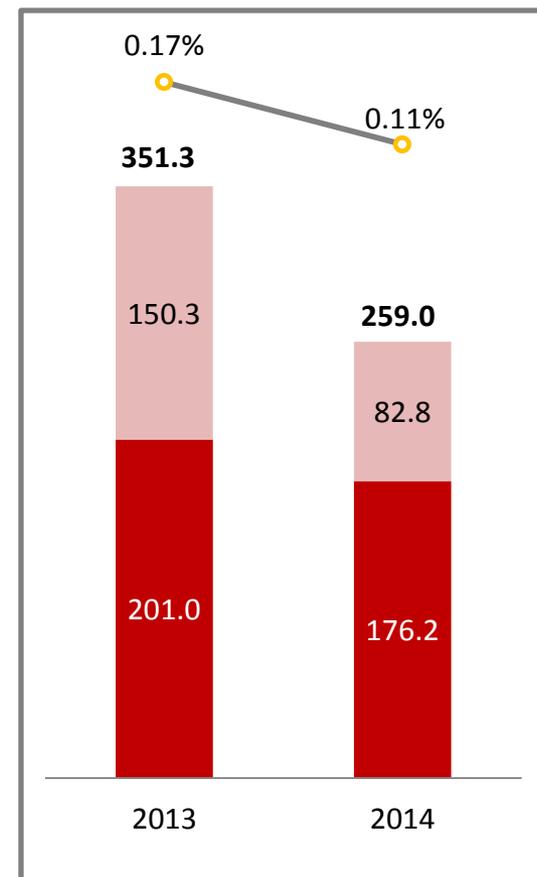
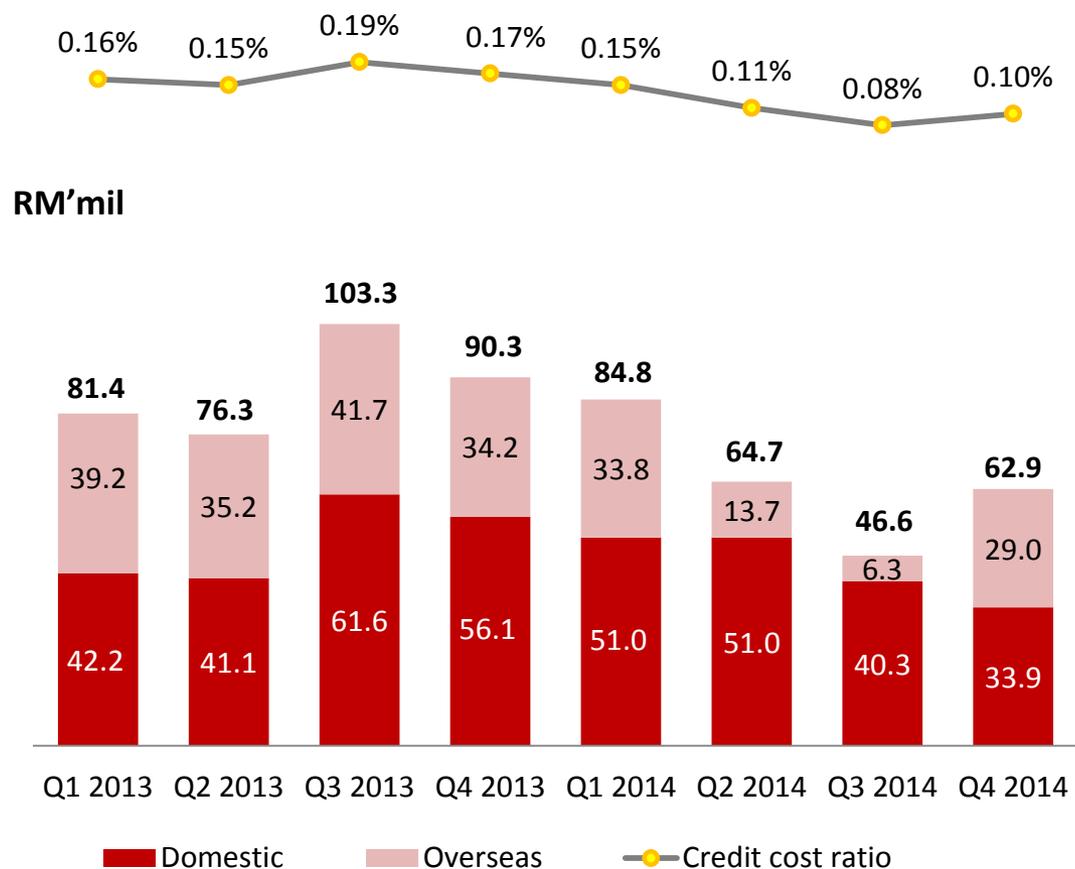
Low gross impaired loans ratios



Upholding Strong Asset Quality



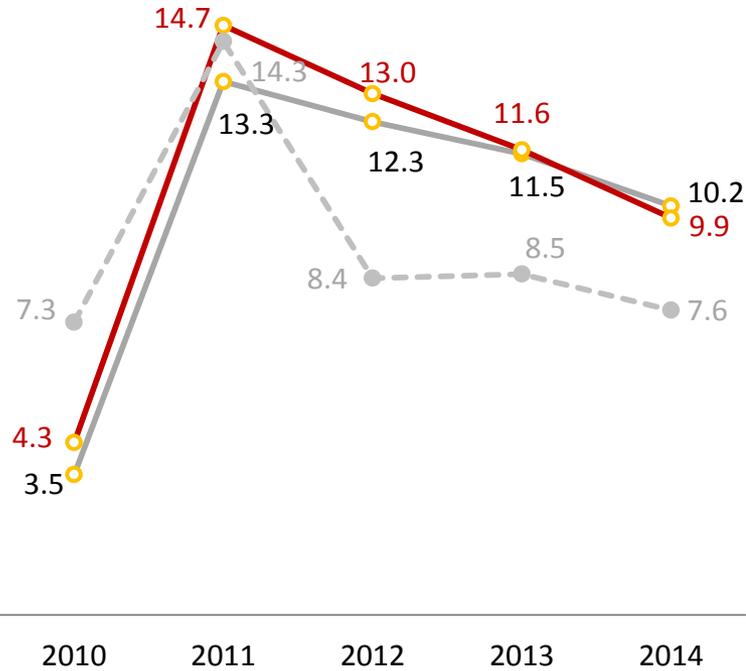
Quarterly Loan Impairment Allowances (including collective allowances)



Healthy Deposit Growth in Support of Liquidity

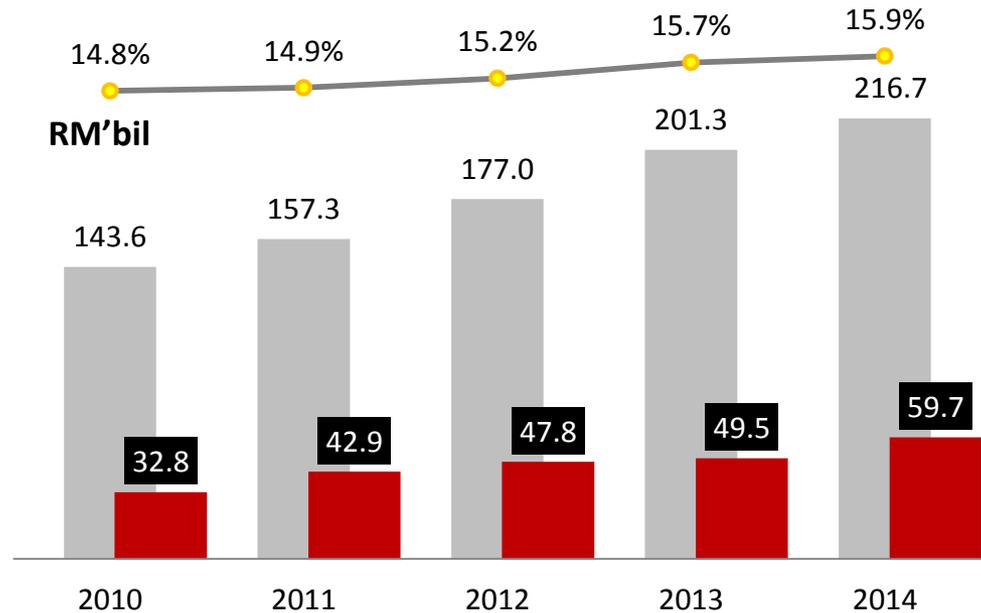


Deposit Growth vs Industry
%



- Group Deposit Growth
- Domestic Deposit Growth
- Domestic Industry Average

Deposits – Outstanding Balance and Market Share

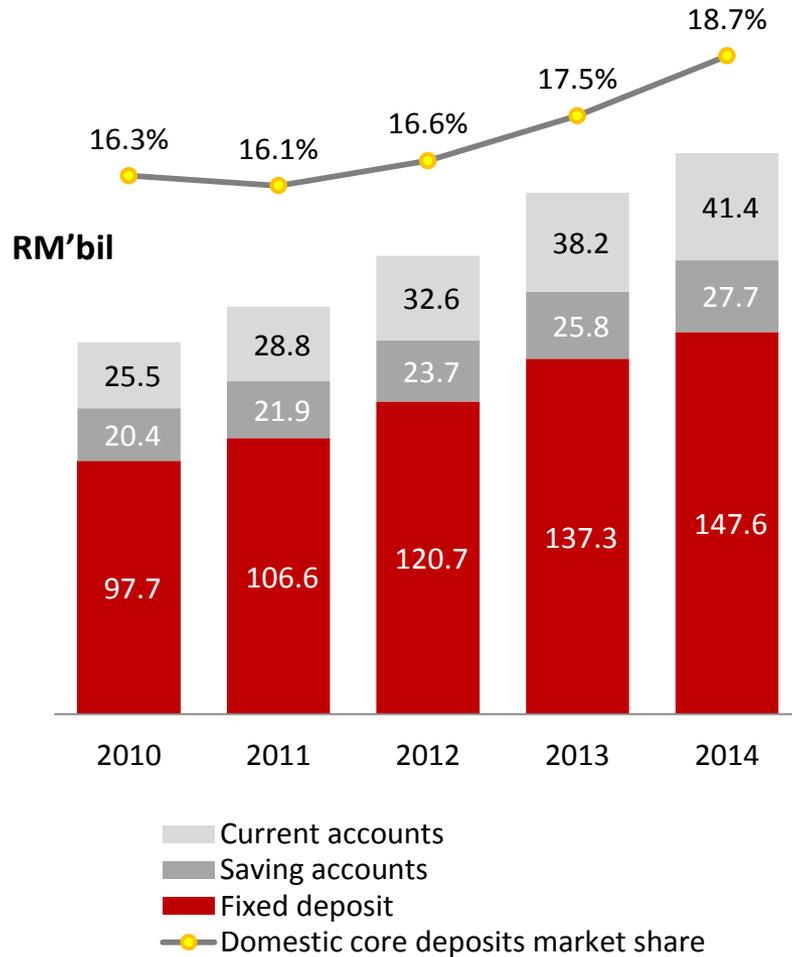


- Core customer deposit
- Wholesale deposit
- Customer deposit market share

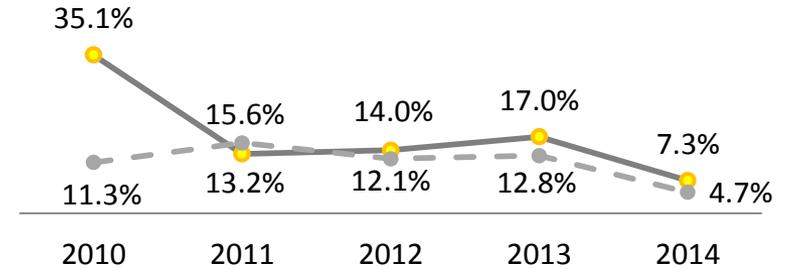
Strong Core Deposit Growth



Source of Core Deposit



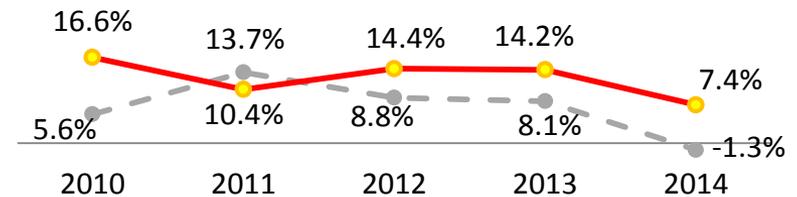
Domestic Current Deposit



Domestic Savings Deposit



Domestic Fixed Deposit



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

Strong Capital Position



	RM'bil	Group ^π		Bank ^π	
		2014	2013	2014	2013
Common Equity Tier I Capital		23.6	17.5	21.9	17.2
Tier I Capital		26.7	21.0	25.1	20.8
Total Capital		34.6	27.5	28.6	22.5
Risk-weighted Assets		218.7	199.7	182.4	167.4
Common Equity Tier I Capital Ratio		10.8%	8.8%	12.0%	10.3%
Tier I Capital Ratio		12.2%	10.5%	13.7%	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 31 December 2014 are after incorporating the followings:

- Rights issue of RM4.8 billion completed in August 2014
- Transfer of RM1.3 billion from retained earnings (CET I capital) to regulatory reserves (Tier II capital) in compliance with BNM requirement

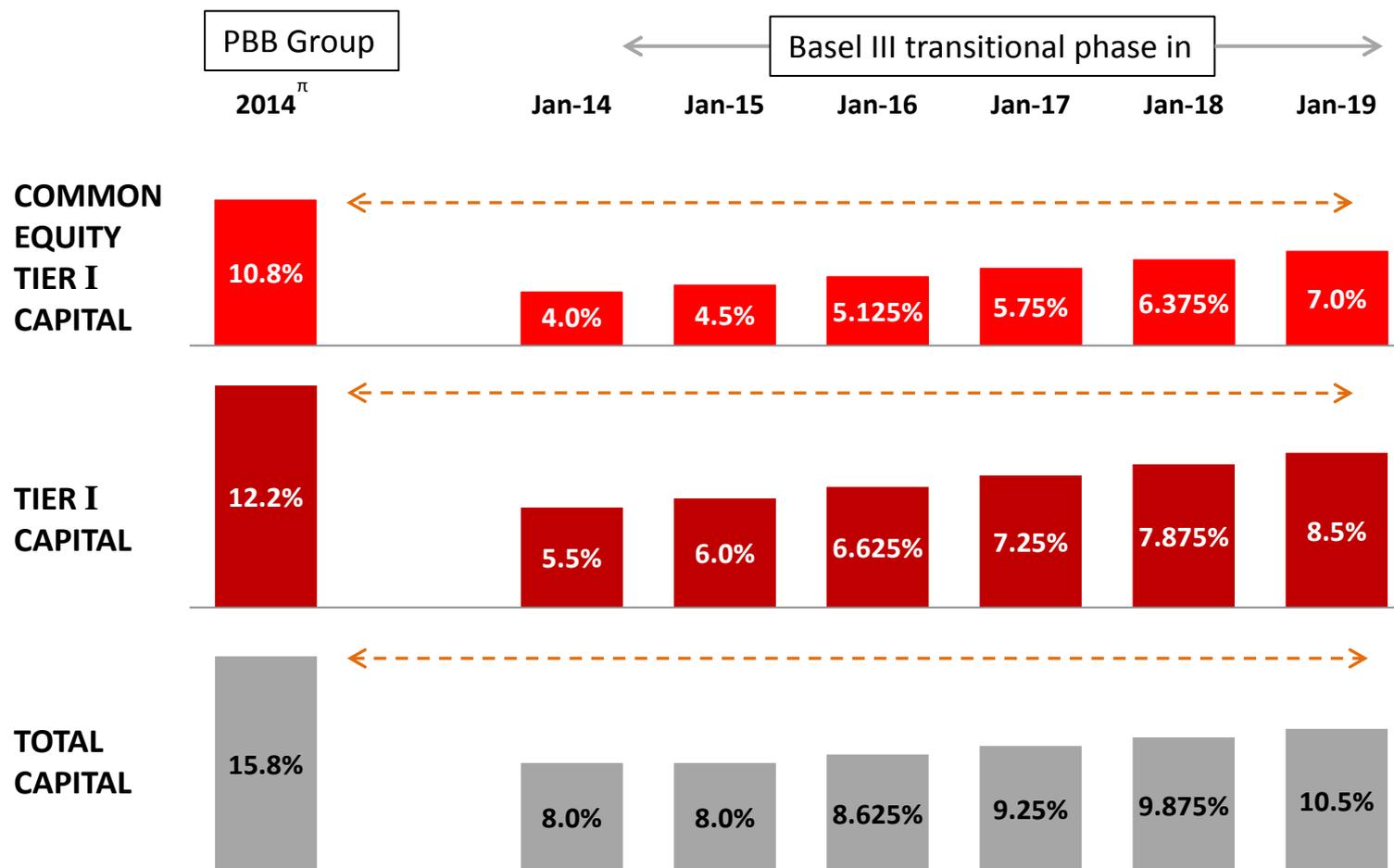
BNM's Requirement:

- 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)

Early Compliance by PBB Group:

- The Group has fully complied with the above requirement via a transfer of RM1.3 billion from retained earnings to regulatory reserves during the year. 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



^π After deducting second interim dividend declared subsequent to year end

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



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)

2014

2013

2009

257

257

248

7

6

5

2

1

-

28

28

26

1

1

1

42

42

42

32

32

30

3

3

3

9

9

8

27

25

15

7

7

7

415

411

385

Self Service Terminal - domestic

1,801

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	2014 Achievement	2015 Targets
Net Return on Equity	>18% [€]	19.9%	>16% ^β
Total Capital Ratio	>12%	15.8%	>13%
Gross Impaired Loan Ratio	<1%	0.6%	<1%
Cost to Income Ratio	<32%	30.0%	<32%
Loan Growth – Domestic Commercial Banking		10.6%*	
– Domestic	10% to 11%	10.5%*	9% to 10%
– Group		10.8%*	
Deposit Growth – Domestic Commercial Banking		11.6%*	
– Domestic	10% to 11%	9.9%*	9% to 10%
– Group		10.2%*	

* Annualised

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

β After incorporating full dilution impact of the rights issue



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
- Accelerate fee income growth
- 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		2010~	2011~^	2012^	2013	2014
Profitability	Operating profit	4,738	5,200	5,329	5,655	6,067
	Profit before tax	4,086	4,878	5,047	5,310	5,814
	Net profit	3,048	3,684	3,827	4,065	4,519
Shareholder Value	Earnings per share (sen)	87.2	105.2	109.3	116.1	123.7
	Net assets per share (RM)	3.91	4.52	5.15	5.83	7.26
	Dividend per share (sen)	45.5	48.0	50.0	52.0	54.0
	Dividend payout ratio (%)	52.3	48.3	45.3	44.8	46.1
Key Balance Sheet Data	Total assets	226,988	250,773	274,824	305,725	345,722
	Gross loan	156,544	177,694	197,783	221,176	245,044
	Domestic loan	143,822	164,081	184,542	206,635	228,338
	Deposit from customers	176,872	200,371	225,042	250,873	276,540
	Domestic deposit	162,578	186,445	210,680	235,142	258,472
	Core customer deposit	143,639	157,297	177,035	201,258	216,707
	Shareholders' equity	13,692	15,813	18,018	20,424	28,025

~ 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)



	%	2010~	2011~^	2012^	2013	2014	Industry
Profitability Ratios	Net interest margin on yielding assets	2.66	2.65	2.51	2.36	2.24	N/A
	Net return on equity ⁺	27.1	26.8	24.1	22.4	19.9	N/A
	Pre-tax return on average assets	1.8	2.0	1.9	1.8	1.8	1.5
	Cost to income ratio	30.7	29.8	31.2	30.7	30.0	45.6
	Non interest income/Total income	21.3	21.1	21.3	21.5	22.0	33.3
Liquidity	Net loan to deposit ratio	87.6	87.8	87.1	87.5	88.0	79.8
Asset Quality	Gross impaired loans ratio	1.1	0.9	0.7	0.7	0.6	1.7
	Loan loss coverage ratio	94.2	113.8	126.0	118.5	122.4	106.3
Capital Adequacy	Common equity Tier I capital ratio ^π	N/A	N/A	N/A	8.8	10.8	12.6
	Tier I capital ratio ^π	10.6	10.6	10.8	10.5	12.2	13.3
	Total capital ratio ^π	13.5	15.0	14.1	13.8	15.8	15.2
Market Share	<u>Domestic market share</u>						
	Commercial property financing	33.9	32.9	33.7	33.7	33.6	N/A
	Residential property financing	17.4	18.1	19.1	19.6	19.4	N/A
	Passenger vehicle financing	25.5	25.9	26.4	26.5	28.1	N/A
	Private unit trust	43.5	44.3	40.8	41.2	39.4	N/A
	Domestic loans	16.3	16.4	16.7	16.9	17.2	N/A
	Domestic deposits	14.8	14.9	15.2	15.7	15.9	N/A

⁺ Based on average equity adjusted with weighted average of net proceeds from rights issue, excluding 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

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