



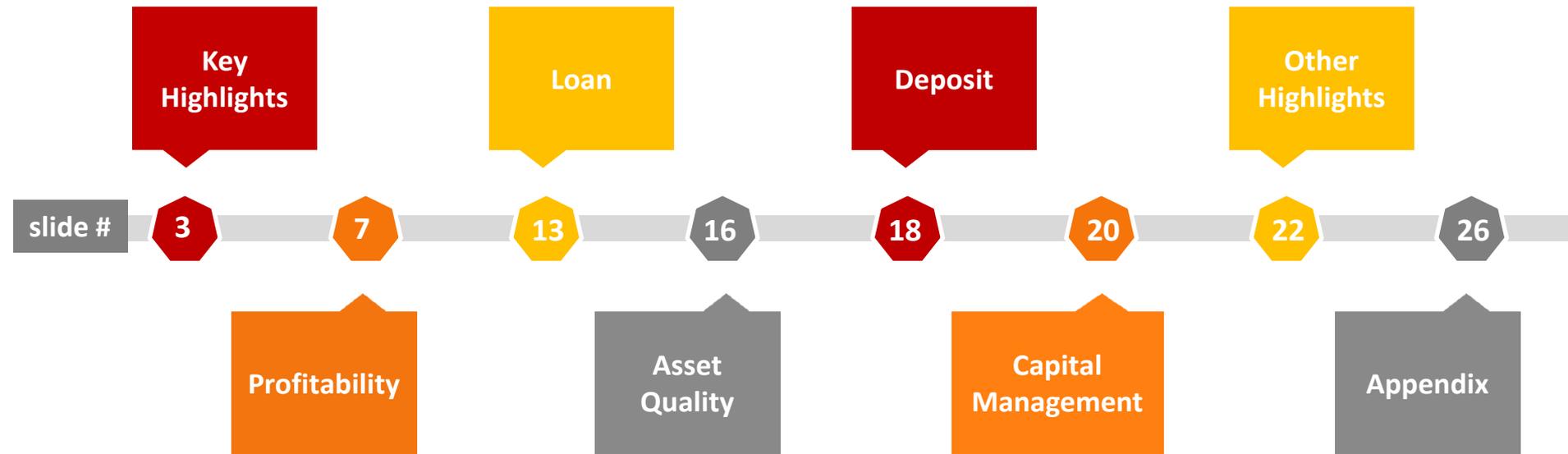
PUBLIC BANK

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Investor Presentation

June 2015 Results Update







- ❖ Net profit attributable to shareholders increased by 14.2% y-o-y to RM2.37 billion for 1H 2015
- ❖ Pre-tax profit grew by 12.1% to RM3.02 billion
- ❖ Net return on equity at 17.2% in 1H 2015
- ❖ Loan growth recorded an annualised rate of 11.2%
- ❖ Customer deposit grew at an annualised rate of 13.6%
- ❖ Gross impaired loan ratio remained low and stable at 0.54%
- ❖ Non-interest income increased by 15.3%, attributed to higher income from unit trust business, foreign-exchange related transactions and transactional banking services
- ❖ Net interest margin continued to be under pressure
- ❖ CET I ratio, Tier I capital ratio and total capital ratio were at healthy level of 10.7%, 11.9% and 15.4% respectively

Key Highlights



<p>Pre-tax profit</p> <p>RM 3,020m</p> <p><i>1H2014:RM2,695m</i></p> <p> 12.1%</p>	<p>Net profit attributable to shareholders</p> <p>RM 2,368m</p> <p><i>1H2014:RM2,073m</i></p> <p> 14.2%</p>	<p>Earnings per share</p> <p>61.3sen</p> <p><i>1H2014:59.2sen</i></p> <p> 3.5%</p>	<p>Total assets</p> <p>RM 363.6b</p> <p><i>Dec2014:RM345.7b</i></p> <p> 10.4%*</p>	<p>Net return on equity</p> <p>17.2%</p> <p><i>Dec2014:19.9%</i></p> <p> 2.7%</p>
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<p>Loan - Group</p> <p>RM 258.8b</p> <p><i>Dec2014:RM245.0b</i></p> <p> 11.2%*</p>	<p>Loan - Domestic</p> <p>RM 240.3b</p> <p><i>Dec2014:RM228.3b</i></p> <p> 10.5%*</p>	<p>Deposit - Group</p> <p>RM 295.3b</p> <p><i>Dec2014:RM276.5b</i></p> <p> 13.6%*</p>	<p>Deposit - Domestic</p> <p>RM 273.9b</p> <p><i>Dec2014:RM258.5b</i></p> <p> 11.9%*</p>	<p>Net loan to deposit ratio</p> <p>87.0%</p> <p><i>Dec2014:88.0%</i></p> <p> 1.0%</p>
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* Annualised growth

Key Highlights



Cost to income ratio  31.1% <hr/> <i>Dec2014:30.0%</i>	Gross impaired loans ratio  0.5% <hr/> <i>Dec2014:0.6%</i>	Loan loss coverage⁺⁺  129.2% <hr/> <i>Dec2014:122.4%</i>
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Common equity Tier I capital ratio^π  10.7% <hr/> <i>Dec2014:10.8%</i>	Tier I capital ratio^π  11.9% <hr/> <i>Dec2014:12.2%</i>	Total capital ratio^π  15.4% <hr/> <i>Dec2014:15.8%</i>
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^π After deducting interim dividends declared subsequent to end of period/year

⁺⁺ Higher loan loss coverage ratio of 241.4% after including regulatory reserve



1st Interim Dividend for 1H2015

Single tier dividend

24 sen per share

Dividend payout

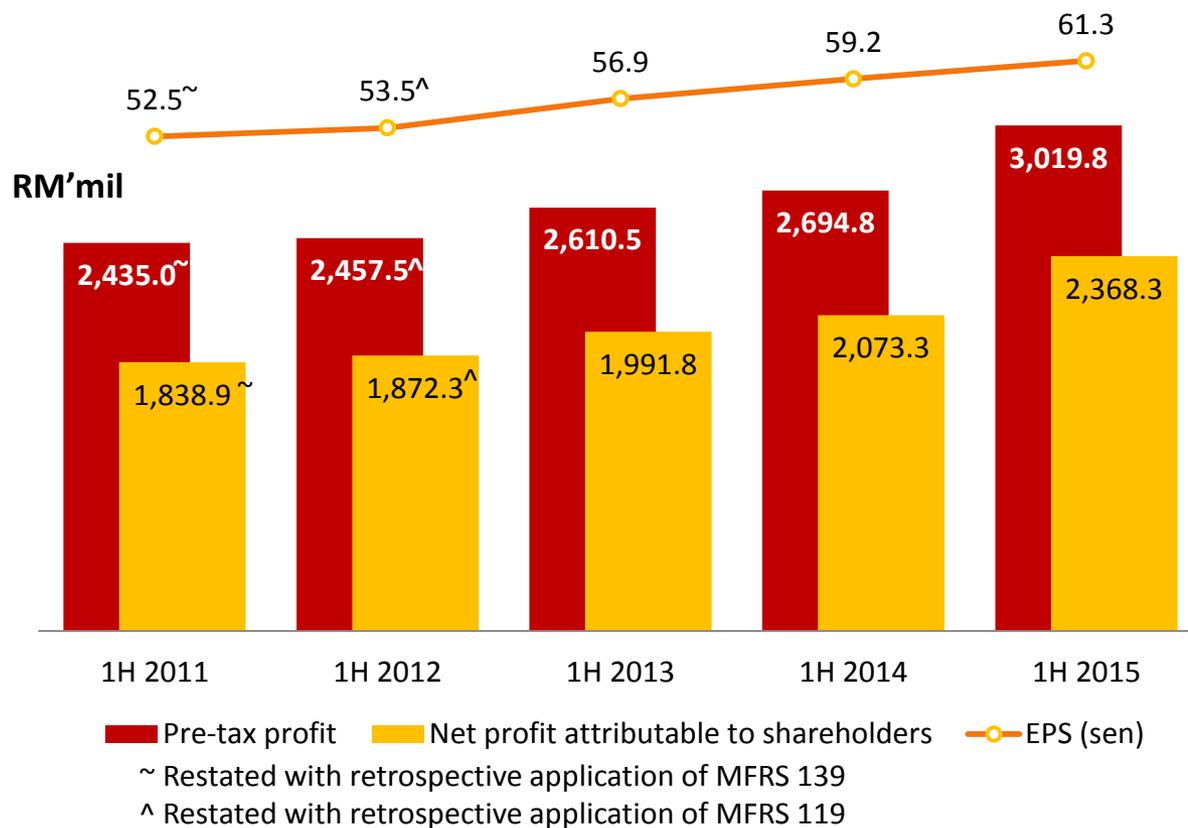
RM927 million



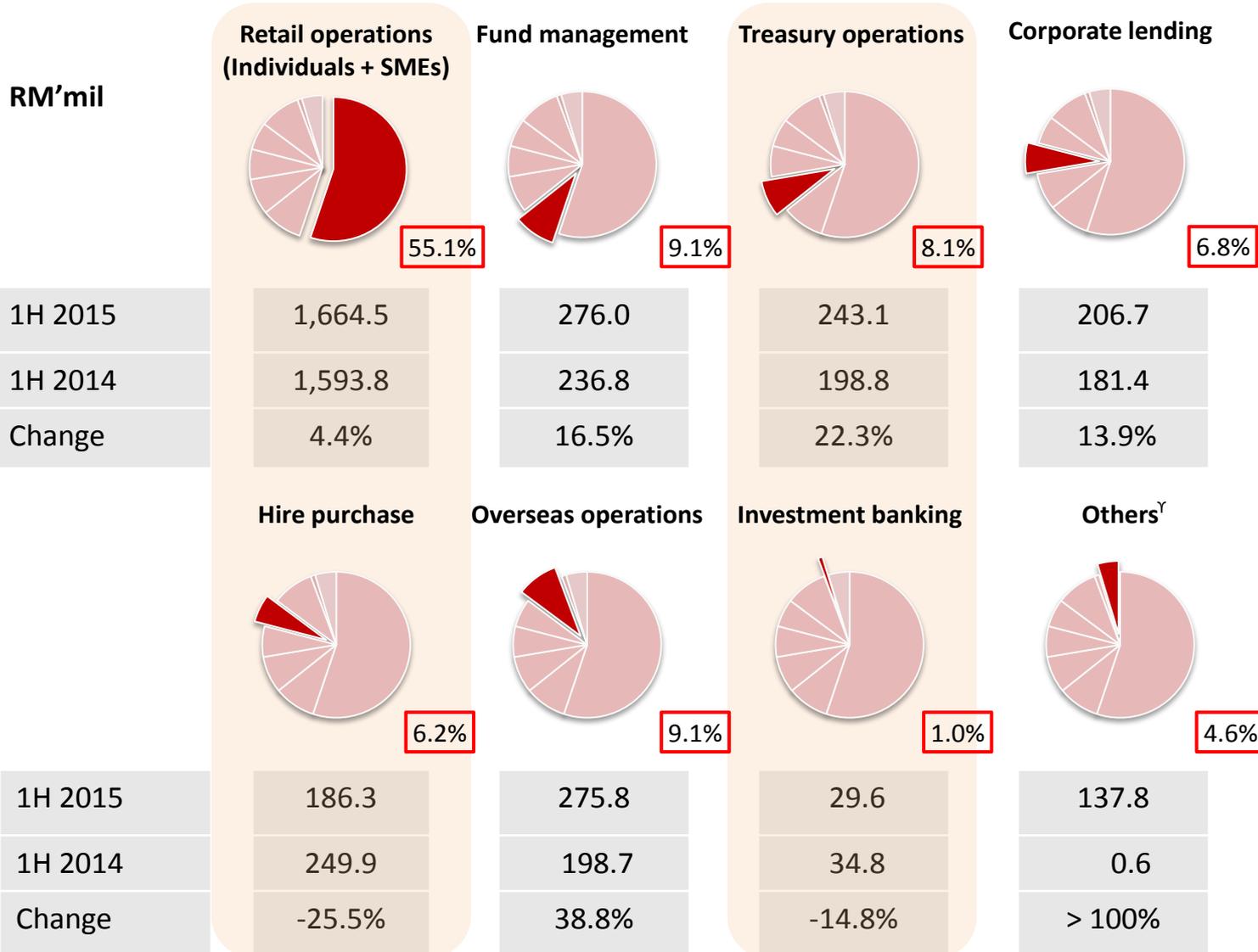
Steady Profit Growth



Profits and EPS

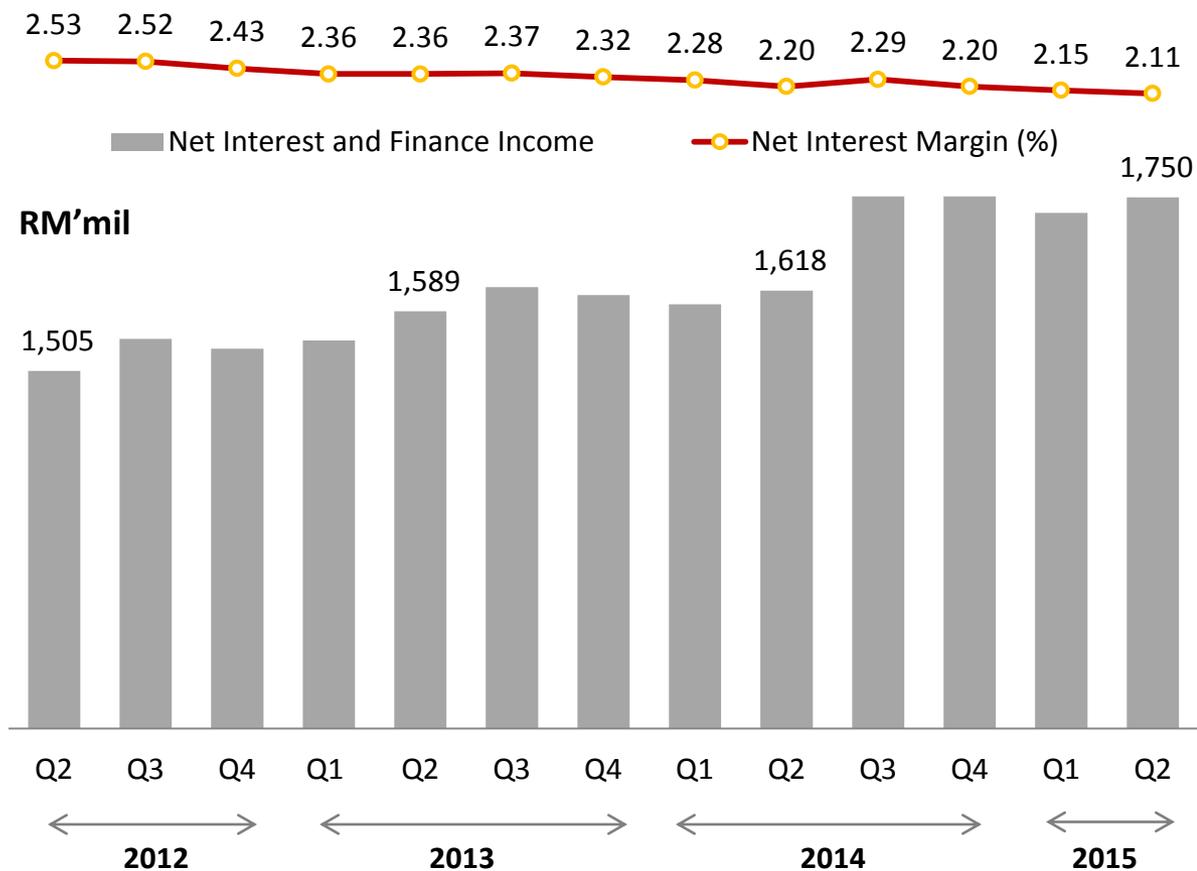


Segmental Profit – Retail Centric



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

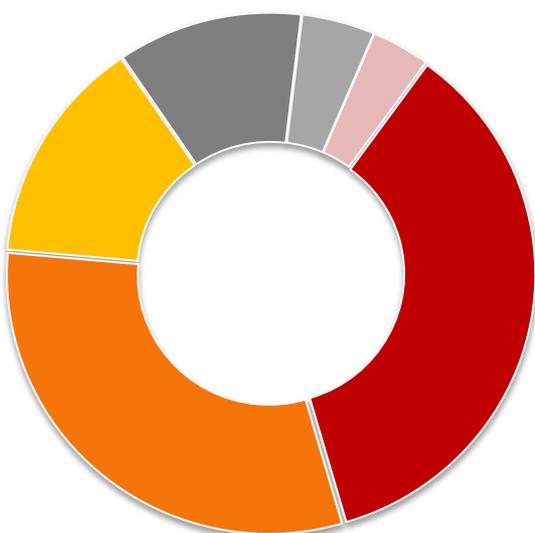
Net Interest Margin



Non-Interest Income Composition & Growth

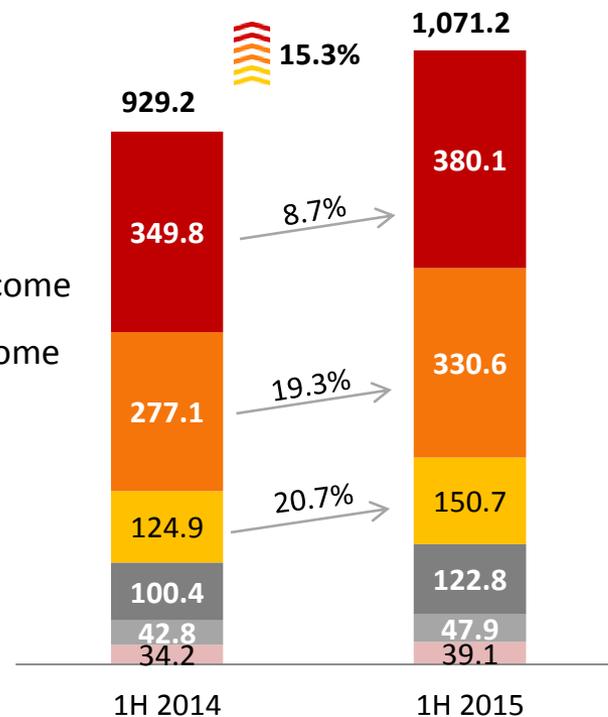


Non-interest Income Contribution



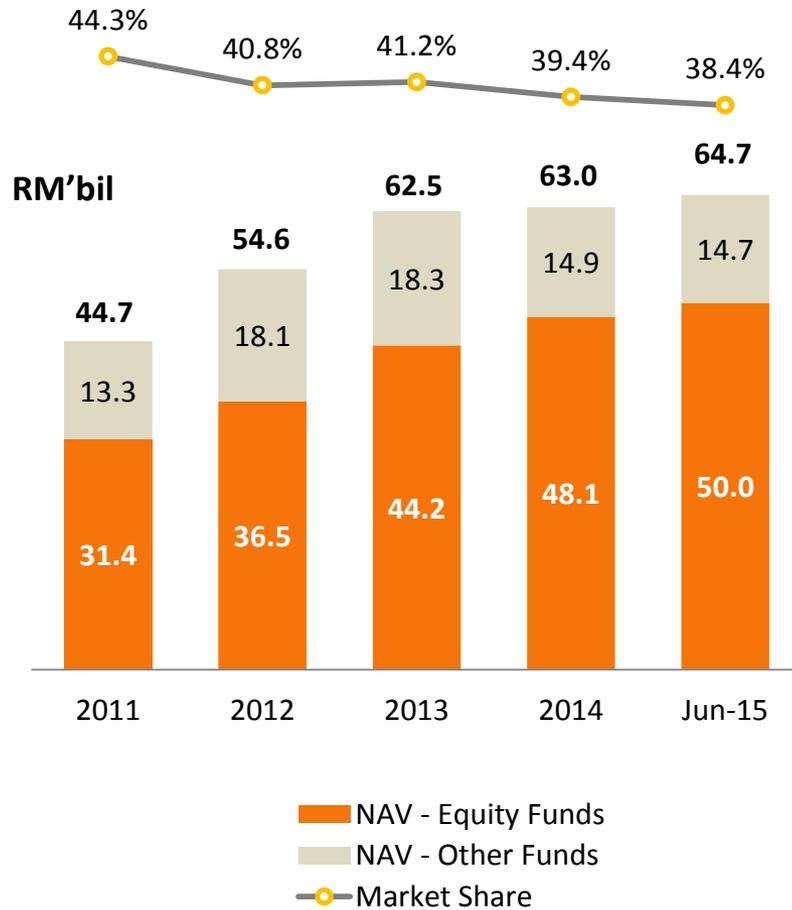
Based on financial results as at 30 June 2015

RM'mil

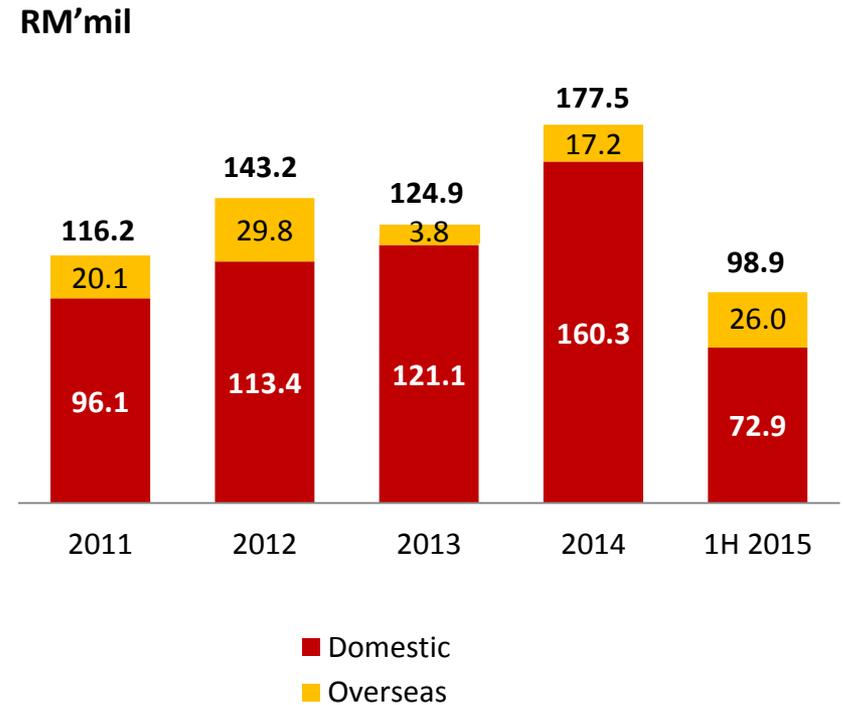




Net Asset Value of Funds under management



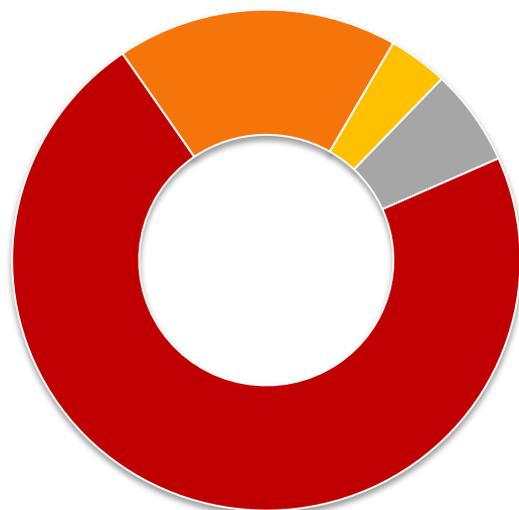
Bancassurance Business – Annualised New Premium



Efficient Operating Overheads



Operating Costs Composition



- 72.1%** ■ Personnel Costs
- 17.9%** ■ Establishment Costs
- 3.8%** ■ Marketing Expenses
- 6.2%** ■ Administration Expenses

Based on financial results as at 30 June 2015

RM'mil	1H 2015	1H 2014	Changes
Personnel costs	1,027.6	947.6	↑ 8.4%
Establishment costs	255.3	243.0	↑ 5.0%
Marketing Expenses	54.4	59.5	↓ 8.5%
Administration Expenses	87.7	71.8	↑ 22.2%
Total	1,425.0	1,321.9	↑ 7.8%

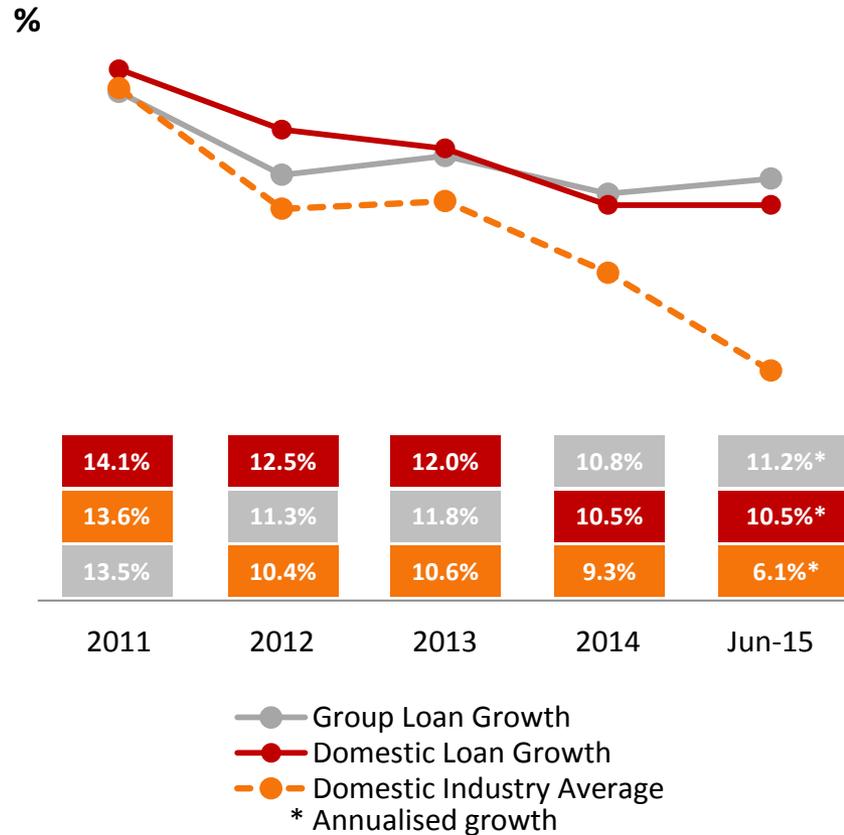
	1H 2015	2014	Industry Average
Gross loan per employee (RM'mil)	14.3	13.5	10.7
Deposit per employee (RM'mil)	16.3	15.2	13.1
PBT per employee (RM'000)	333*	320	256
Cost to Income Ratio (%)	31.1	30.0	45.5

* Annualised

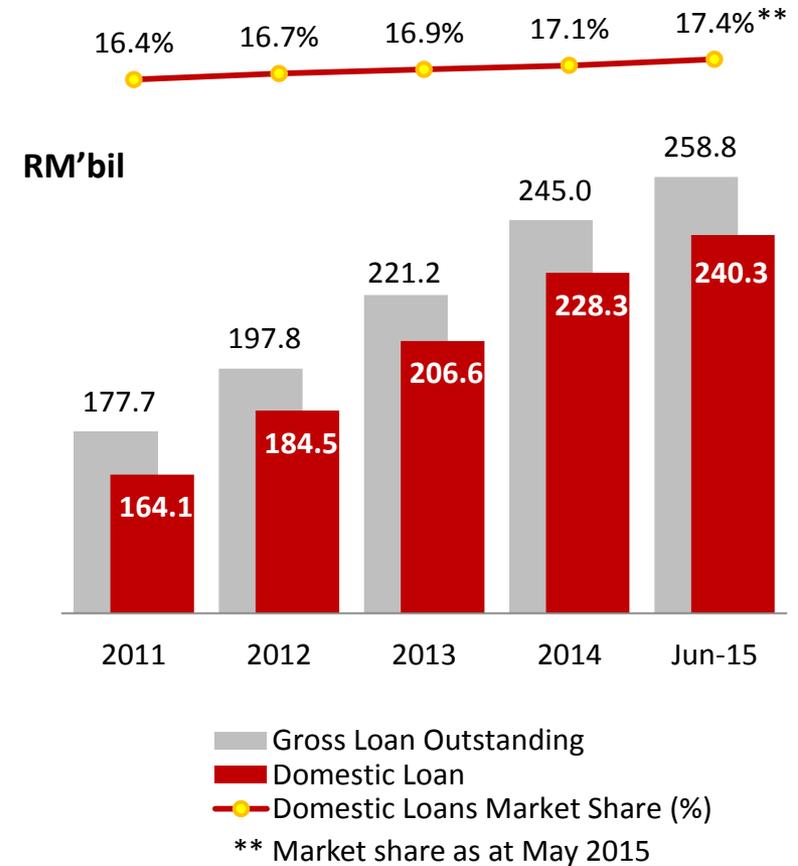
Consistently Above-Industry Loan Growth



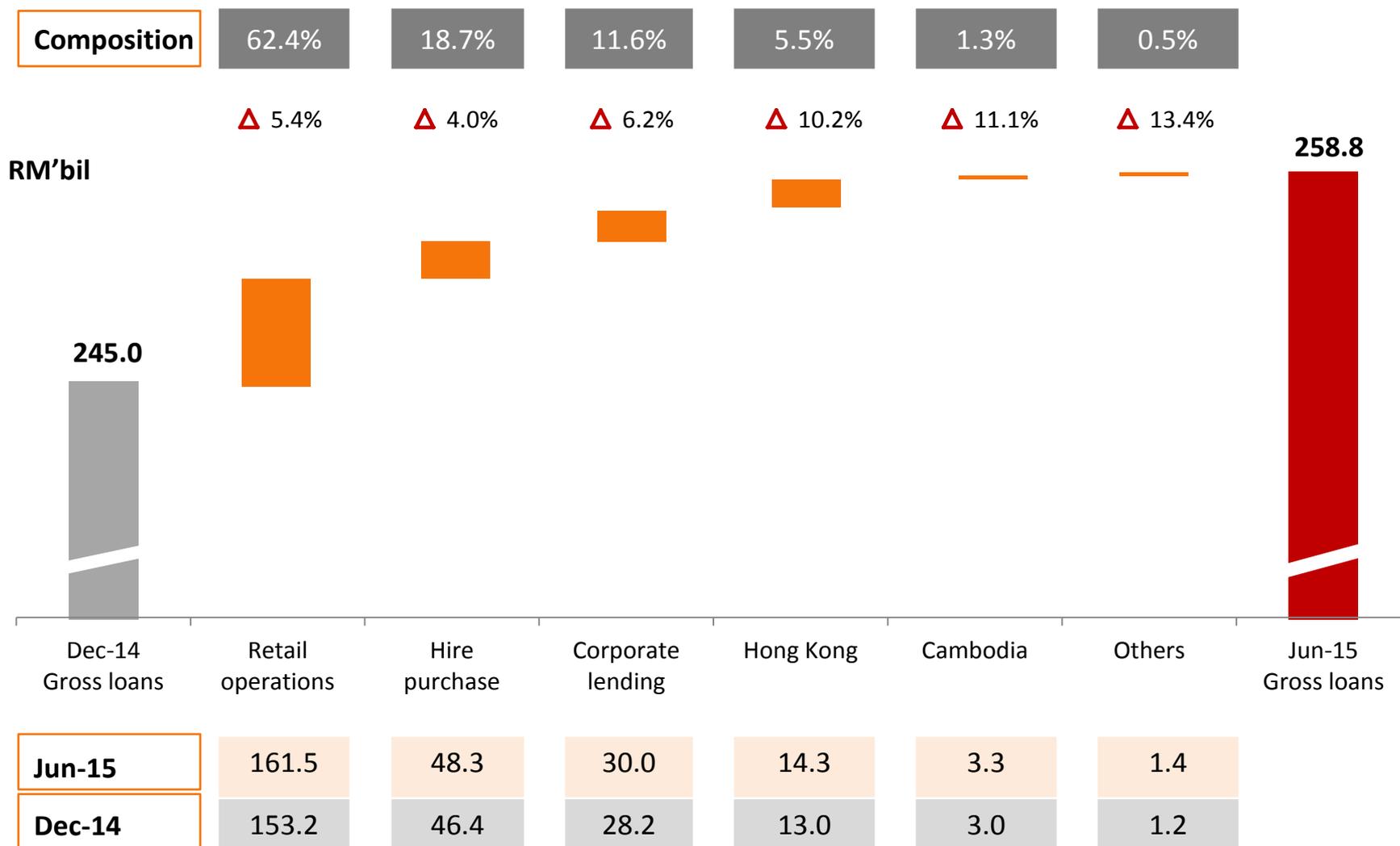
Loan Growth vs Industry



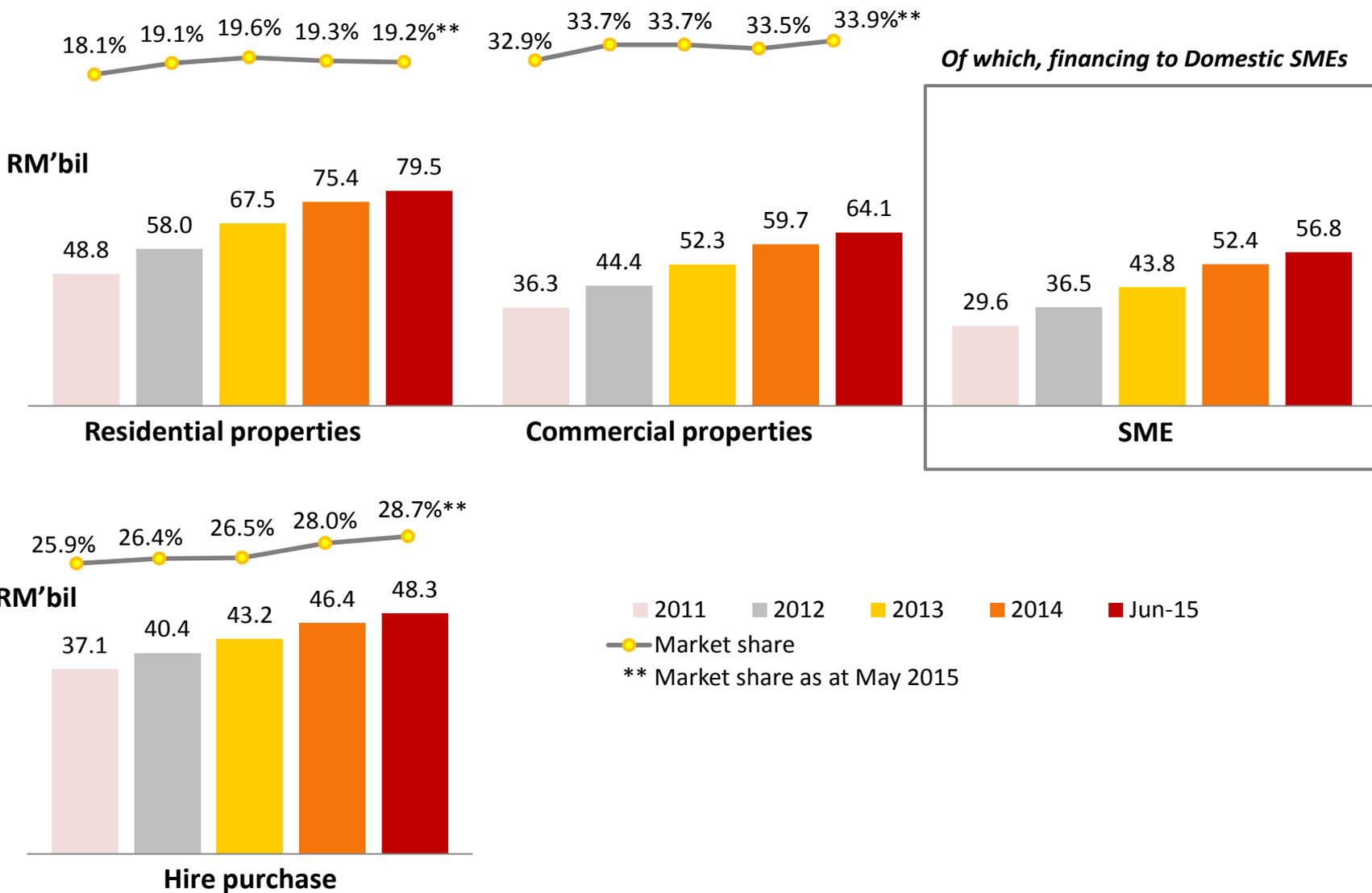
Gross Loans and Domestic Loan Market Share



Gross Loan Composition by Segment



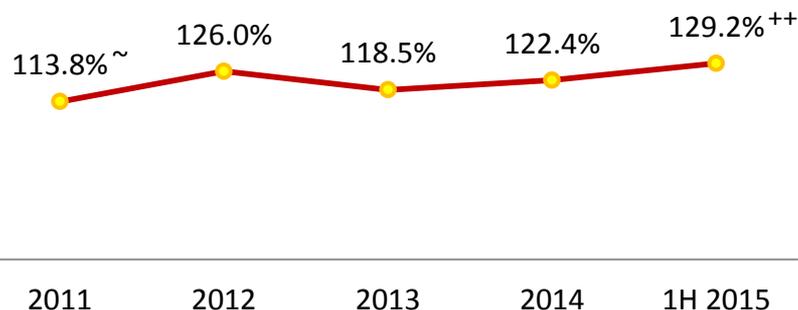
Gross Loan & Financing in Domestic Operations



Upholding Strong Asset Quality

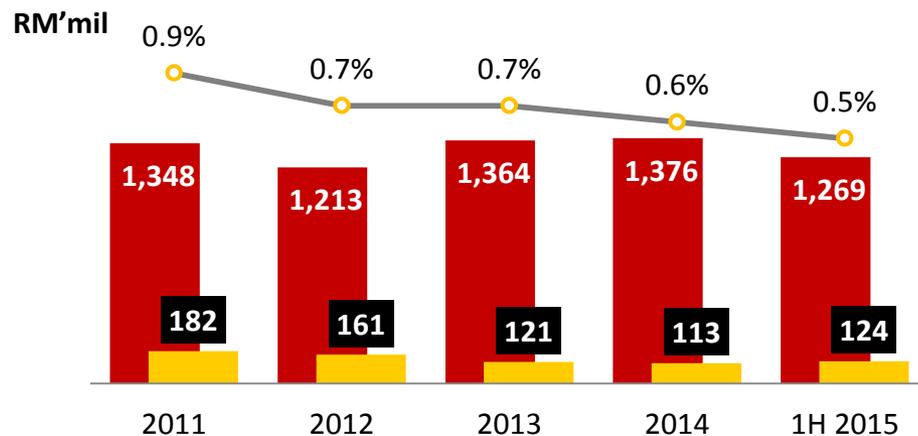


High loan loss coverage



—● Loan loss coverage
 ~ Restated with retrospective application of MFRS 139
 ++ Higher loan loss coverage ratio of 241.4% after including regulatory reserve

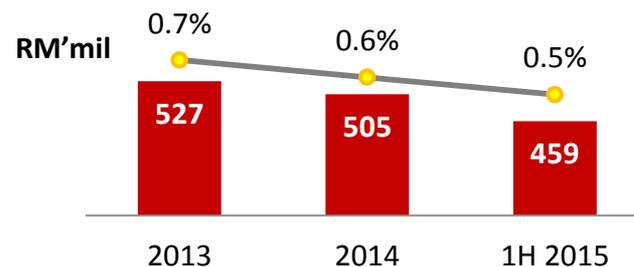
Low gross impaired loans ratios



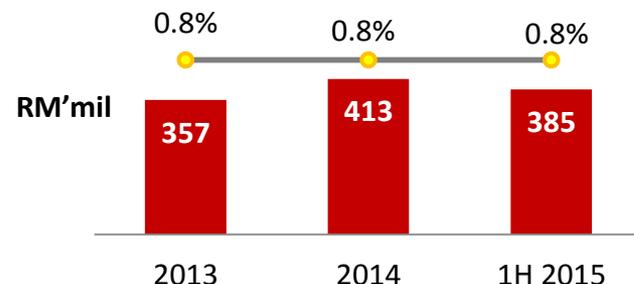
■ Gross impaired loans - Domestic
■ Gross impaired loans - Overseas
—○ Gross impaired loans ratio

Of which:

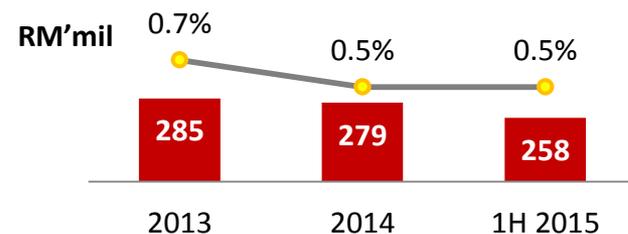
Residential properties financing



Transport vehicle financing



SME financing (Domestic)

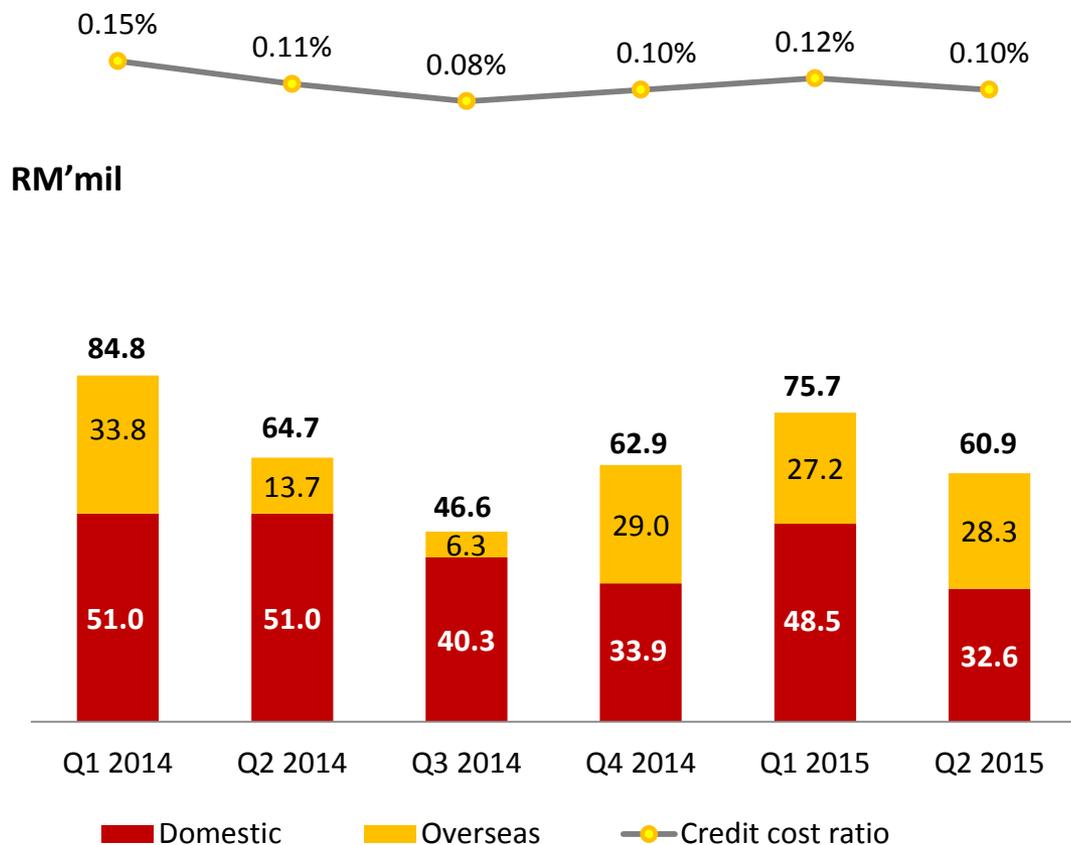


■ Gross impaired loans
—○ Gross impaired loans ratio

Upholding Strong Asset Quality



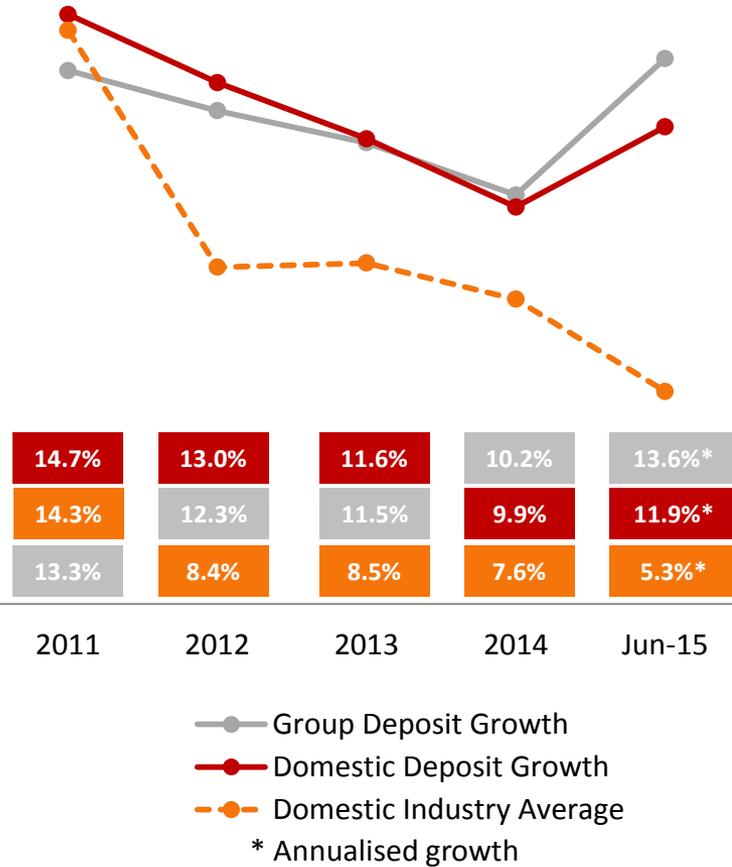
Quarterly Loan Impairment Allowances (including collective allowances)



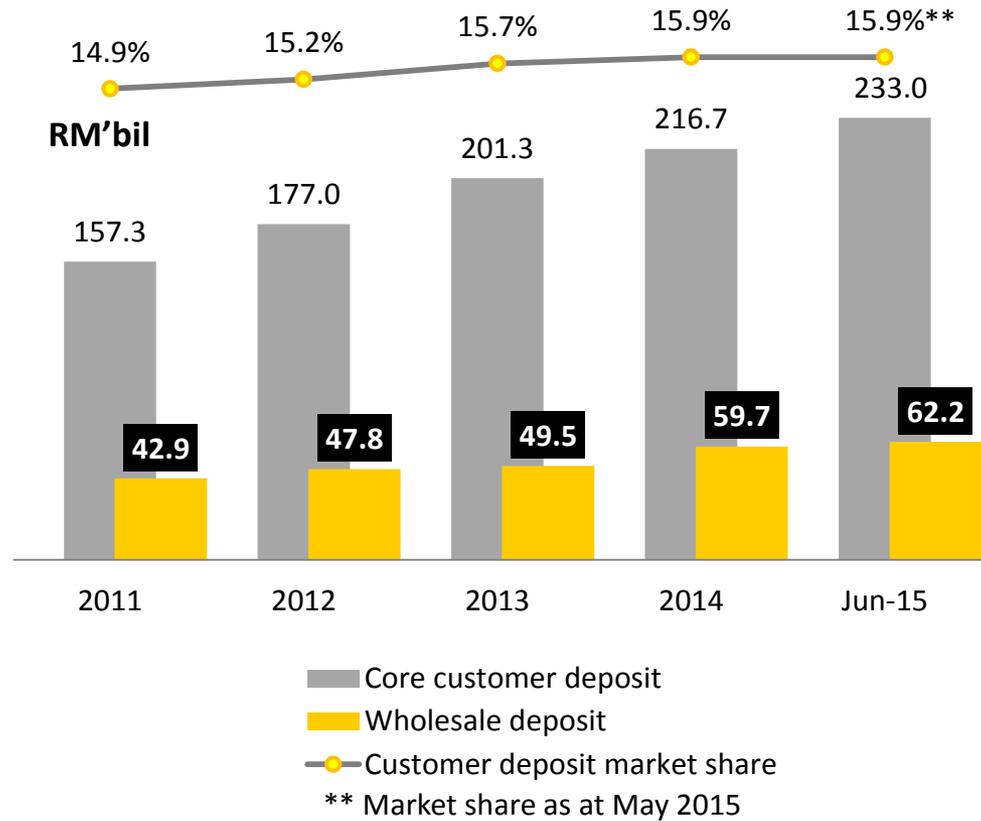
Healthy Deposit Growth in Support of Liquidity



Deposit Growth vs Industry %



Deposits – Outstanding Balance and Market Share

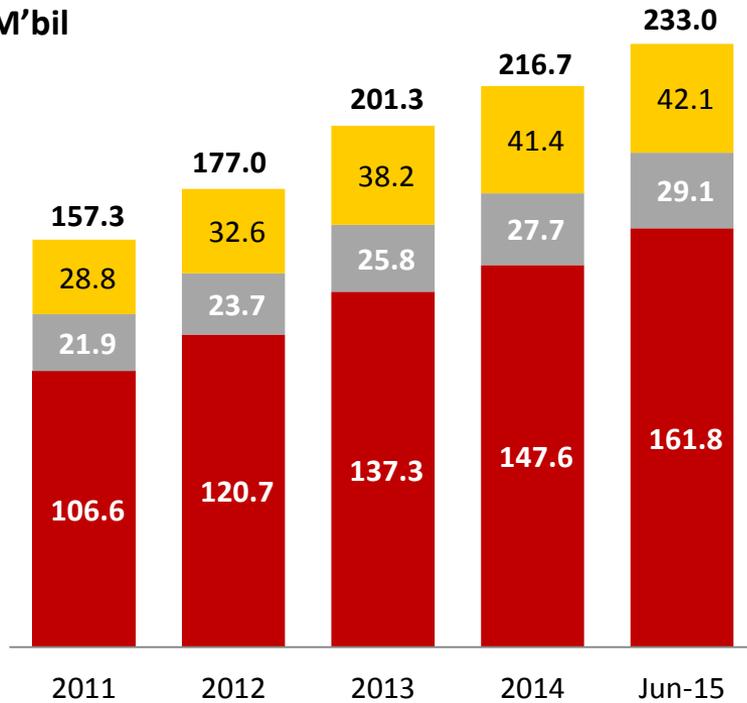


Strong Core Deposit Growth



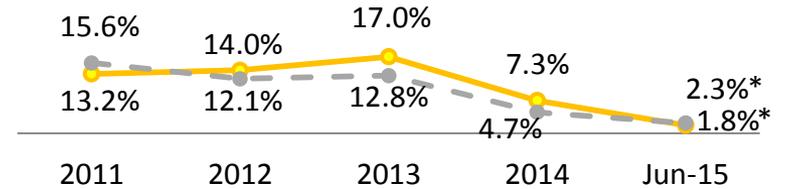
Source of Core Deposit

RM'bil

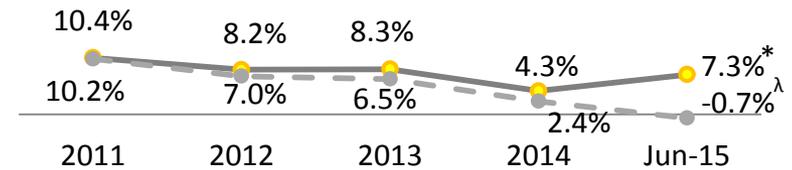


- Fixed deposit
- Saving accounts
- Current accounts

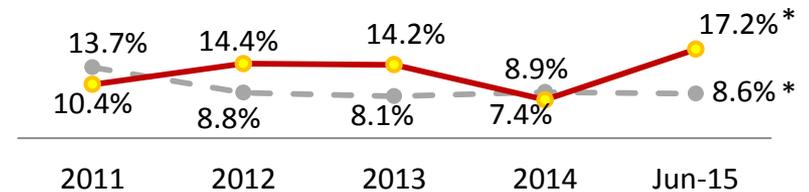
Domestic Current Deposit



Domestic Savings Deposit



Domestic Fixed Deposit



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

^λ Negative growth as at May 2015

* Annualised growth

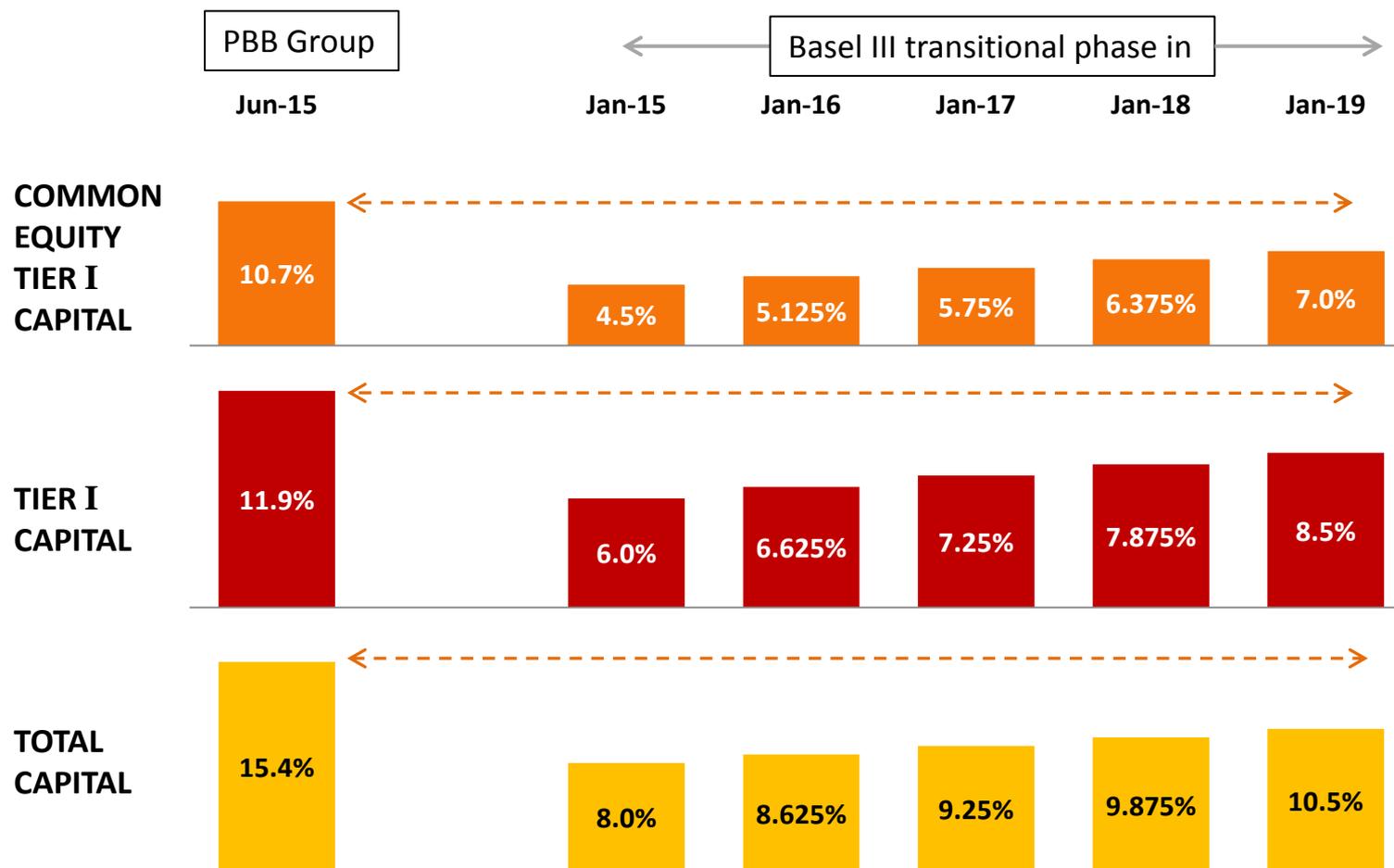
Strong Capital Position



	RM'bil	Group ^π		Bank ^π	
		Jun-15	Dec-14	Jun-15	Dec-14
Common Equity Tier I Capital		24.6	23.6	22.1	21.9
Tier I Capital		27.4	26.7	24.8	25.1
Total Capital		35.5	34.6	29.3	28.6
Risk-weighted Assets		230.2	218.7	189.3	182.4
Common Equity Tier I Capital Ratio		10.7%	10.8%	11.7%	12.0%
Tier I Capital Ratio		11.9%	12.2%	13.1%	13.7%
Total Capital Ratio		15.4%	15.8%	15.5%	15.7%

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

Proactive Capital Management Initiative



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



	Jun-15	2014	2010
<u>Malaysian Operations</u>			
Public Bank - Domestic	257	257	249
- Overseas	7	7	4
Public Islamic Bank	2	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	9
<u>Indo-China Operations</u>			
Cambodia Public Bank	27	27	21
VID Public Bank (Vietnam)	7	7	7
	415	415	393
Self Service Terminal - domestic	1,948	1,801	1,362



Targets & Achievements



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

Key Performance Benchmarks	2015 Targets	Achievement
Net Return on Equity ^β	>16%	17.2%
Total Capital Ratio	>13%	15.4%
Gross Impaired Loan Ratio	<1%	0.5%
Cost to Income Ratio	<32%	31.1%
Loan Growth – Domestic – Group	9% to 10%	10.5%* 11.2%*
Deposit Growth – Domestic – Group	9% to 10%	11.9%* 13.6%*

* Annualised

^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



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RM'mil		2011~^	2012^	2013	2014	1H 2015
Profitability	Operating profit	5,200	5,329	5,655	6,067	3,153
	Profit before tax	4,878	5,047	5,310	5,814	3,020
	Net profit	3,684	3,827	4,065	4,519	2,368
Shareholder Value	Earnings per share (sen)	105.2	109.3	116.1	123.7	61.3
	Net assets per share (RM)	4.52	5.15	5.83	7.26	7.59
	Dividend per share (sen)	48.0	50.0	52.0	54.0	24.0
	Dividend payout ratio (%)	48.3	45.3	44.8	46.1	39.1
Key Balance Sheet Data	Total assets	250,773	274,824	305,725	345,722	363,632
	Gross loan	177,694	197,783	221,176	245,044	258,807
	Domestic loan	164,081	184,542	206,635	228,338	240,304
	Deposit from customers	200,371	225,042	250,873	276,540	295,299
	Domestic deposit	186,445	210,680	235,142	258,472	273,894
	Core customer deposit	157,297	177,035	201,258	216,707	232,958
	Shareholders' equity	15,813	18,018	20,424	28,025	29,322

~ Restated with retrospective application of MFRS 139

^ 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)



%		2011~ [^]	2012 [^]	2013	2014	1H 2015	Industry
Profitability Ratios	Net interest margin on yielding assets	2.65	2.51	2.36	2.24	2.13	N/A
	Net return on equity ⁺	26.8	24.1	22.4	19.9	17.2	N/A
	Pre-tax return on average assets	2.0	1.9	1.8	1.8	1.7	1.5
	Cost to income ratio	29.8	31.2	30.7	30.0	31.1	45.5
	Non interest income/Total income	21.1	21.3	21.5	22.0	23.4	32.3
Liquidity	Net loan to deposit ratio	87.8	87.1	87.5	88.0	87.0	80.6
Asset Quality	Gross impaired loans ratio	0.9	0.7	0.7	0.6	0.5	1.6
	Loan loss coverage ratio	113.8	126.0	118.5	122.4	129.2	100.6
Capital Adequacy	Common equity Tier I capital ratio ^π	N/A	N/A	8.8	10.8	10.7	12.3
	Tier I capital ratio ^π	10.6	10.8	10.5	12.2	11.9	13.1
	Total capital ratio ^π	15.0	14.1	13.8	15.8	15.4	15.1
Market Share	<u>Domestic market share</u>						
	Commercial property financing	32.9	33.7	33.7	33.5	33.9 **	N/A
	Residential property financing	18.1	19.1	19.6	19.3	19.2 **	N/A
	Passenger vehicle financing	25.9	26.4	26.5	28.0	28.7 **	N/A
	Private unit trust	44.3	40.8	41.2	39.4	38.5 **	N/A
	Domestic loans	16.4	16.7	16.9	17.1	17.4 **	N/A
	Domestic deposits	14.9	15.2	15.7	15.9	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

^{**} Market share as at May 2015

[^] 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 period/year