

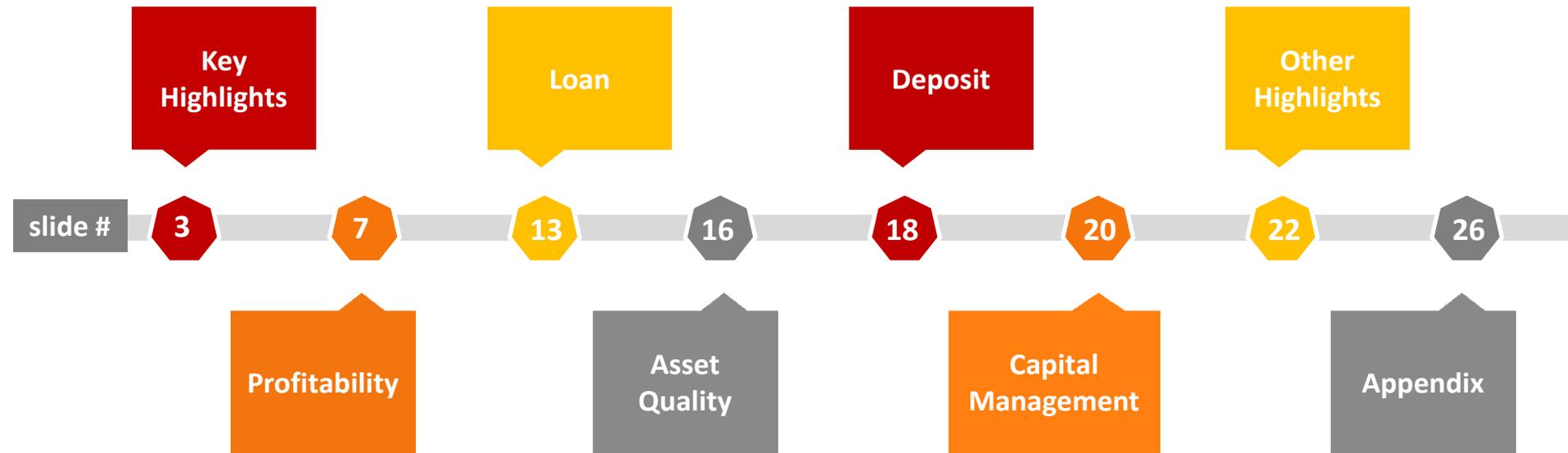


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Investor Presentation

December 2015 Results Update







- ❖ Pre-tax profit grew by 11.6% to RM6.49 billion, surpassing the RM6.0 billion mark for the first time
- ❖ Net profit attributable to shareholders increased by 12.0% to RM5.06 billion in 2015
- ❖ Net return on equity at 17.8% in 2015
- ❖ Loans grew by 11.6%
- ❖ Customer deposits grew by 8.9%
- ❖ Gross impaired loan ratio remained low and stable at 0.5%
- ❖ Net loan-to-deposit ratio remained healthy at 90.3%
- ❖ Non-interest income increased by 22.4%, attributed to higher income from unit trust business, foreign-exchange related transactions and transactional banking services
- ❖ Net interest margin continued to be under pressure
- ❖ Cost to income ratio remained efficient at 30.5%
- ❖ CET I ratio, Tier I capital ratio and total capital ratio were at healthy level of 10.9%, 12.0% and 15.5% respectively

Key Highlights



<p>Pre-tax profit</p> <p>RM6,491m</p> <p><i>2014:RM5,814m</i></p> <p> 11.6%</p>	<p>Net profit attributable to shareholders</p> <p>RM5,062m</p> <p><i>2014:RM4,519m</i></p> <p> 12.0%</p>	<p>Earnings per share</p> <p>131.1sen</p> <p><i>2014:123.7sen</i></p> <p> 6.0%</p>	<p>Total assets</p> <p>RM363.8b</p> <p><i>Dec2014:RM345.7b</i></p> <p> 5.2%</p>	<p>Net return on equity</p> <p>17.8%</p> <p><i>2014:19.9%</i></p> <p> 2.1%</p>
<p>Loan - Group</p> <p>RM273.4b</p> <p><i>Dec2014:RM245.0b</i></p> <p> 11.6%</p>	<p>Loan - Domestic</p> <p>RM251.8b</p> <p><i>Dec2014:RM228.3b</i></p> <p> 10.3%</p>	<p>Deposit - Group</p> <p>RM301.2b</p> <p><i>Dec2014:RM276.5b</i></p> <p> 8.9%</p>	<p>Deposit - Domestic</p> <p>RM277.9b</p> <p><i>Dec2014:RM258.5b</i></p> <p> 7.5%</p>	<p>Net loan to deposit ratio</p> <p>90.3%</p> <p><i>Dec2014:88.0%</i></p> <p> 2.3%</p>

Key Highlights



Cost to income ratio  30.5% <hr/> <i>Dec2014:30.0%</i>	Gross impaired loans ratio  0.5% <hr/> <i>Dec2014:0.6%</i>	Loan loss coverage⁺⁺  120.8% <hr/> <i>Dec2014:122.4%</i>
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Common equity Tier I capital ratio^π  10.9% <hr/> <i>Dec2014:10.8%</i>	Tier I capital ratio^π  12.0% <hr/> <i>Dec2014:12.2%</i>	Total capital ratio^π  15.5% <hr/> <i>Dec2014:15.8%</i>
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^π After deducting interim dividends declared subsequent to end of year

⁺⁺ Higher loan loss coverage ratio of 258.6% after including regulatory reserve

Key Highlights



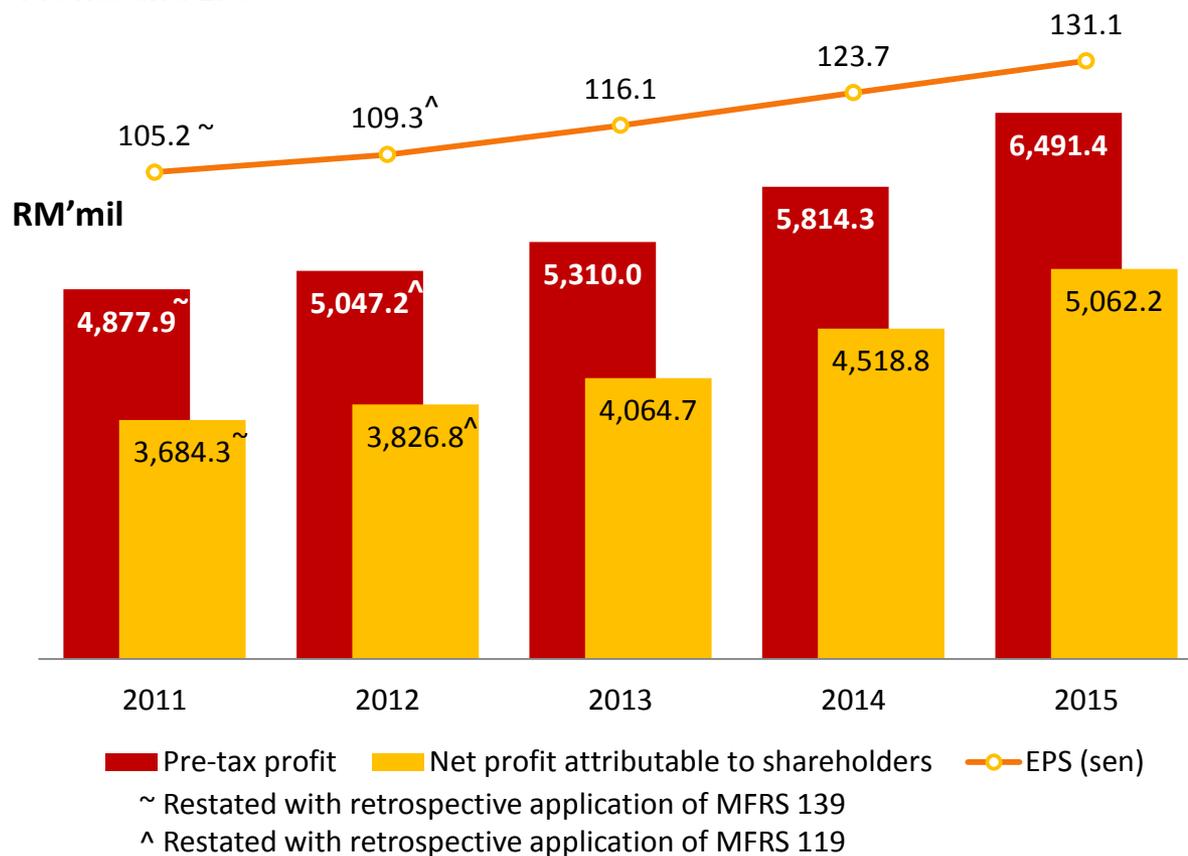
	2015	2014
First interim	24 sen	23 sen
Second interim	32 sen	31 sen
Dividend per share	56 sen	54 sen
Dividend payout	RM2.2 billion	RM2.1 billion
Dividend payout ratio	42.7%	46.1%



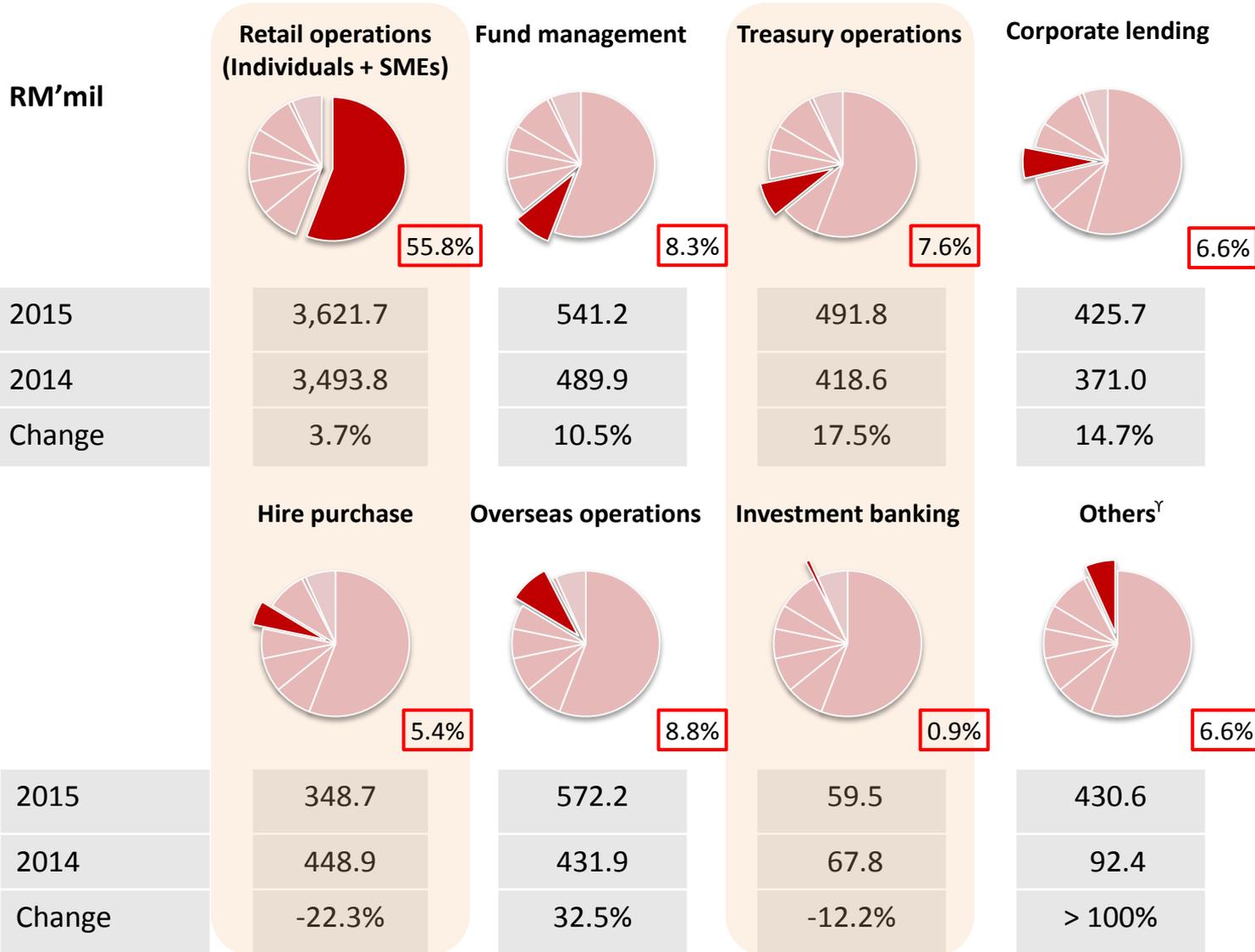
Steady Profit Growth



Profits and EPS

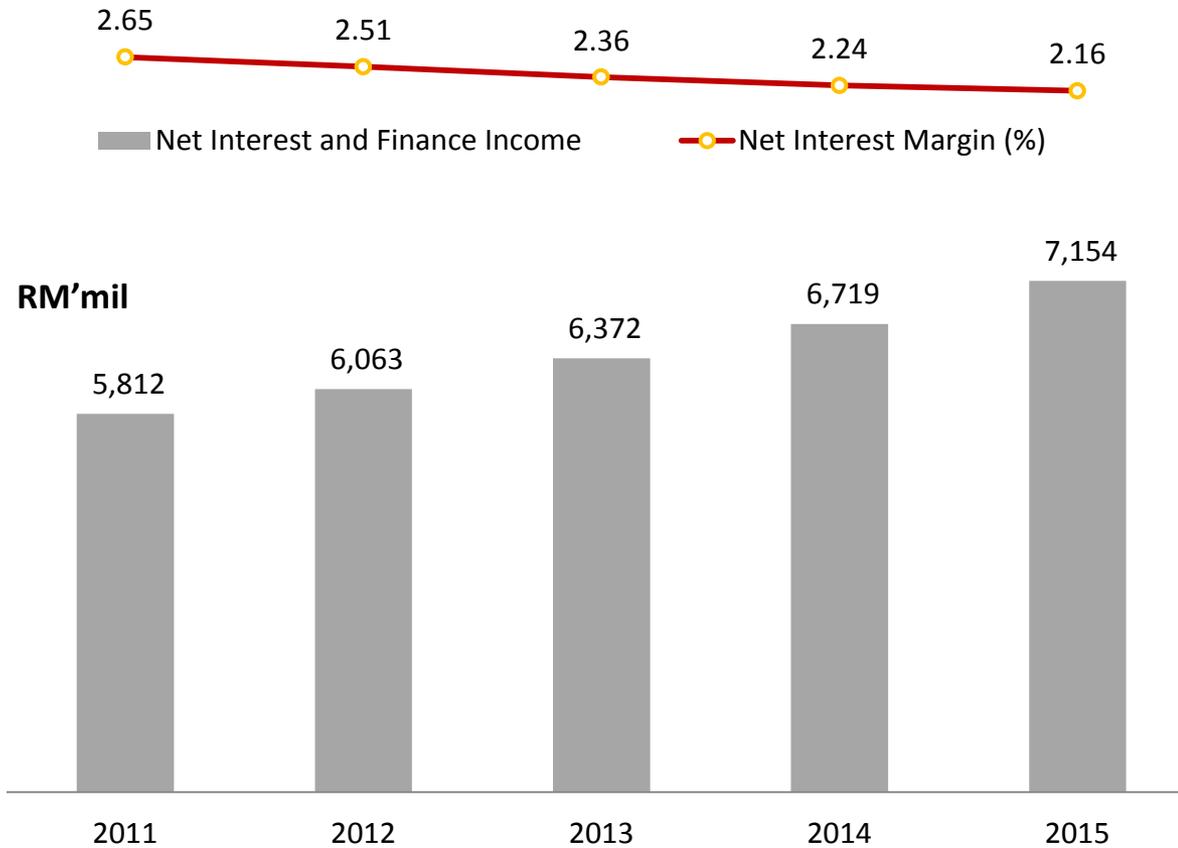


Segmental Profit – Retail Centric



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

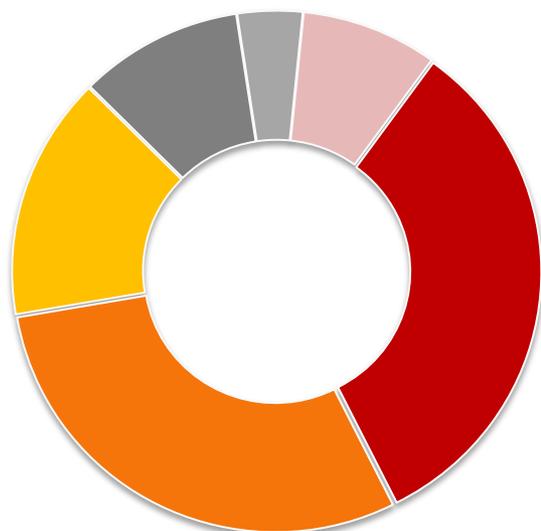
Net Interest Margin



Non-Interest Income Composition & Growth

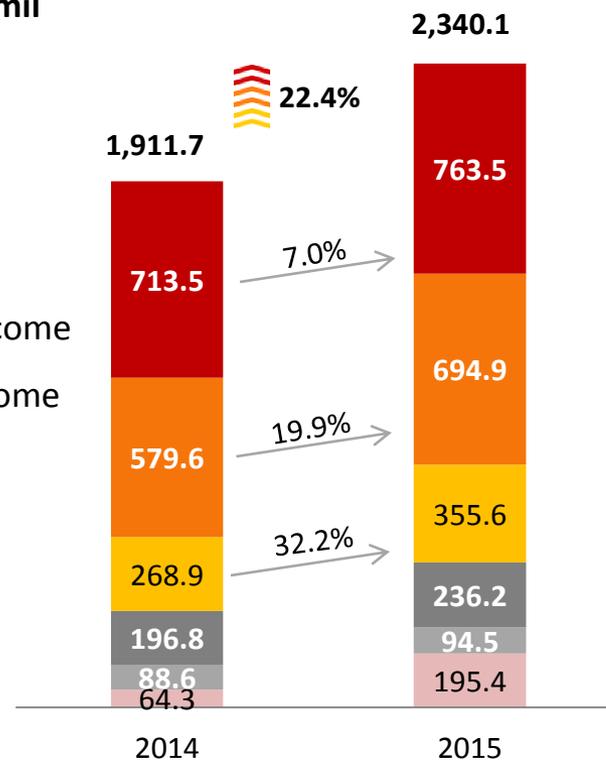


Non-interest Income Contribution



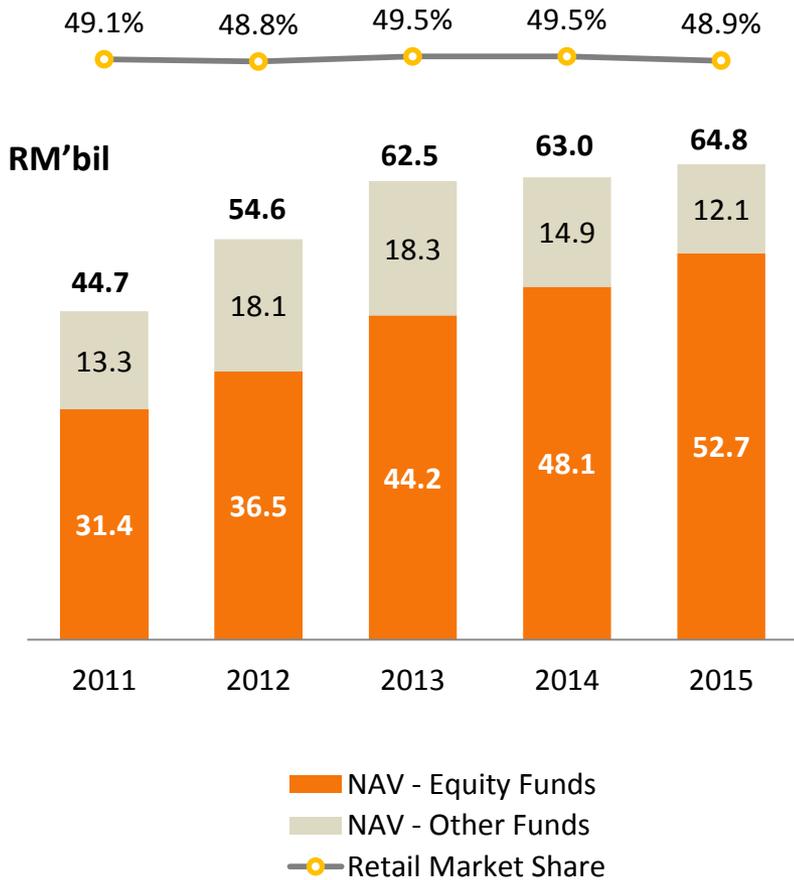
Based on financial results as at 31 December 2015

RM'mil

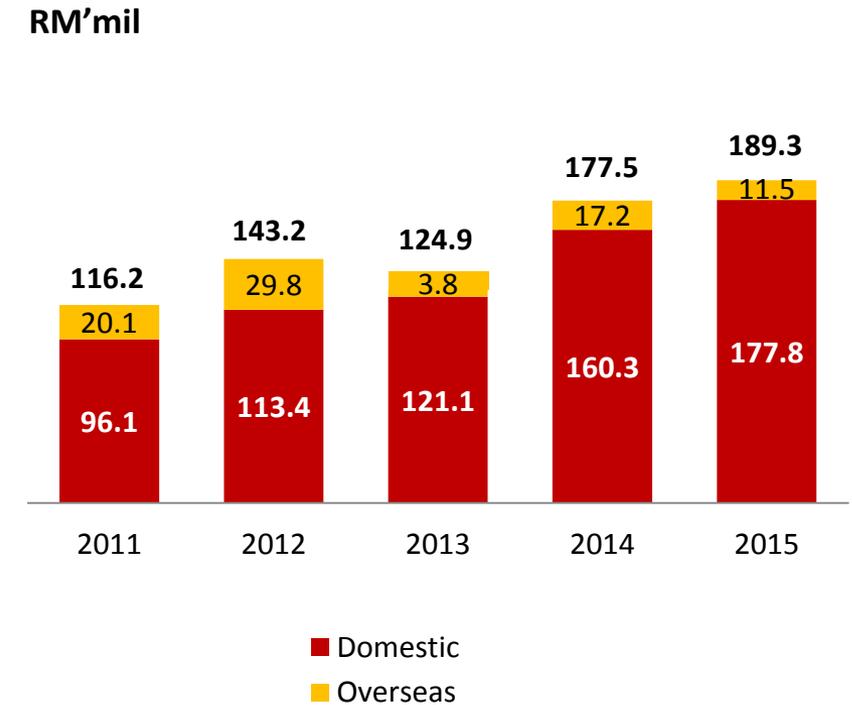




Net Asset Value of Funds Under Management



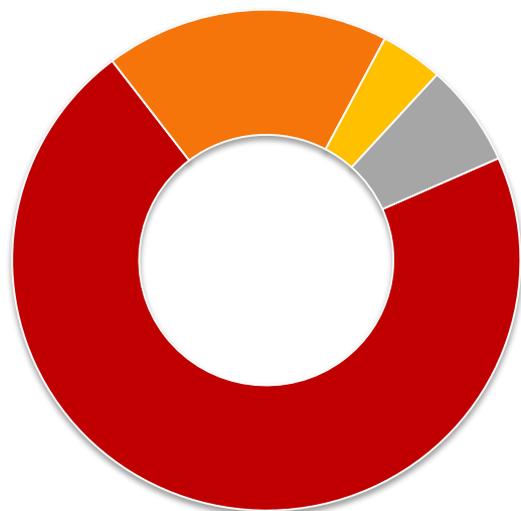
Bancassurance Business – Annualised New Premium



Efficient Operating Overheads



Operating Costs Composition



- 71.3%** ■ Personnel Costs
- 18.1%** ■ Establishment Costs
- 4.0%** ■ Marketing Expenses
- 6.6%** ■ Administration Expenses

Based on financial results as at 31 December 2015

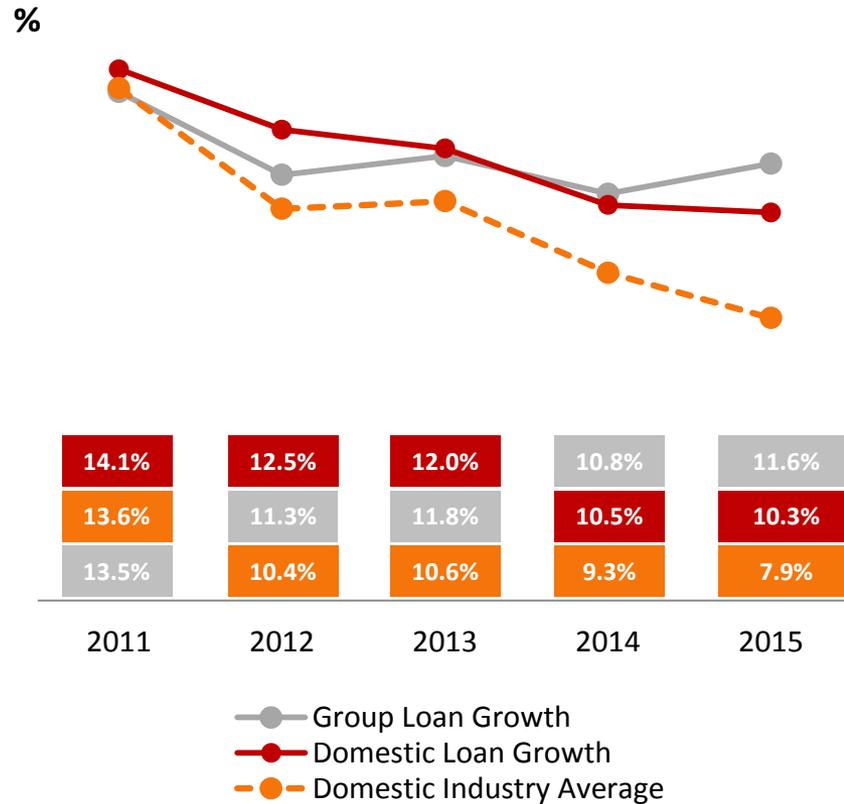
RM'mil	2015	2014	Changes
Personnel costs	2,078.0	1,878.6	↑ 10.6%
Establishment costs	528.1	472.8	↑ 11.7%
Marketing Expenses	116.0	114.2	↑ 1.6%
Administration Expenses	193.1	140.3	↑ 37.7%
Total	2,915.2	2,605.9	↑ 11.9%

	2015	2014	Industry Average
Gross loan per employee (RM'mil)	14.9	13.5	10.7
Deposit per employee (RM'mil)	16.4	15.2	13.1
PBT per employee (RM'000)	353	320	256
Cost to Income Ratio (%)	30.5	30.0	45.5

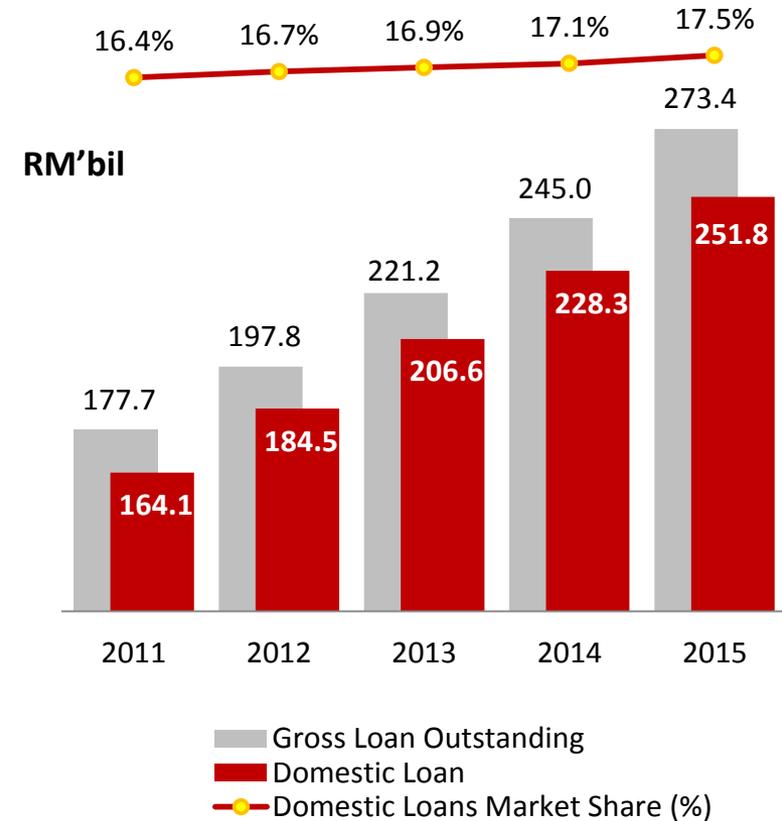
Consistently Above-Industry Loan Growth



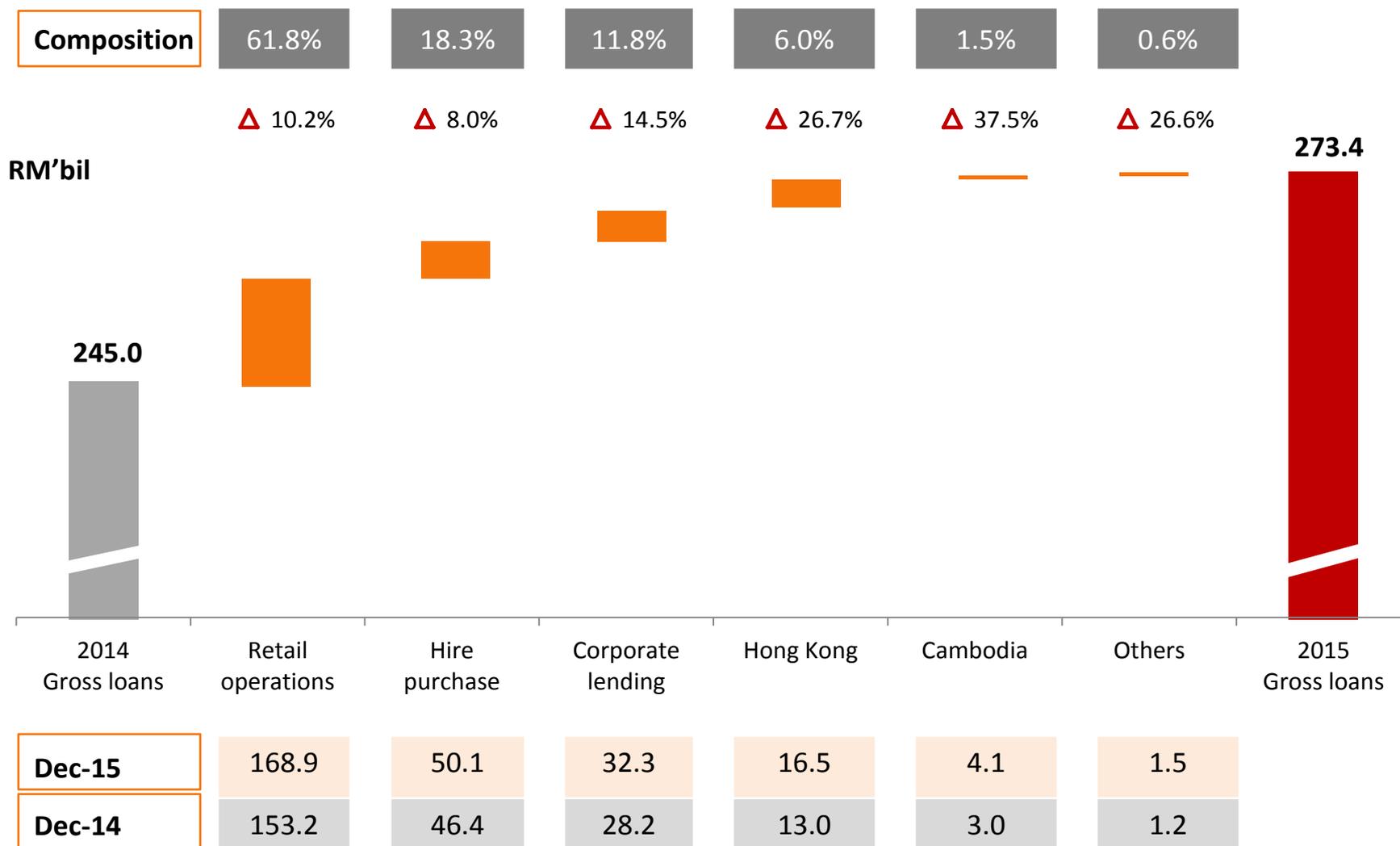
Loan Growth vs Industry



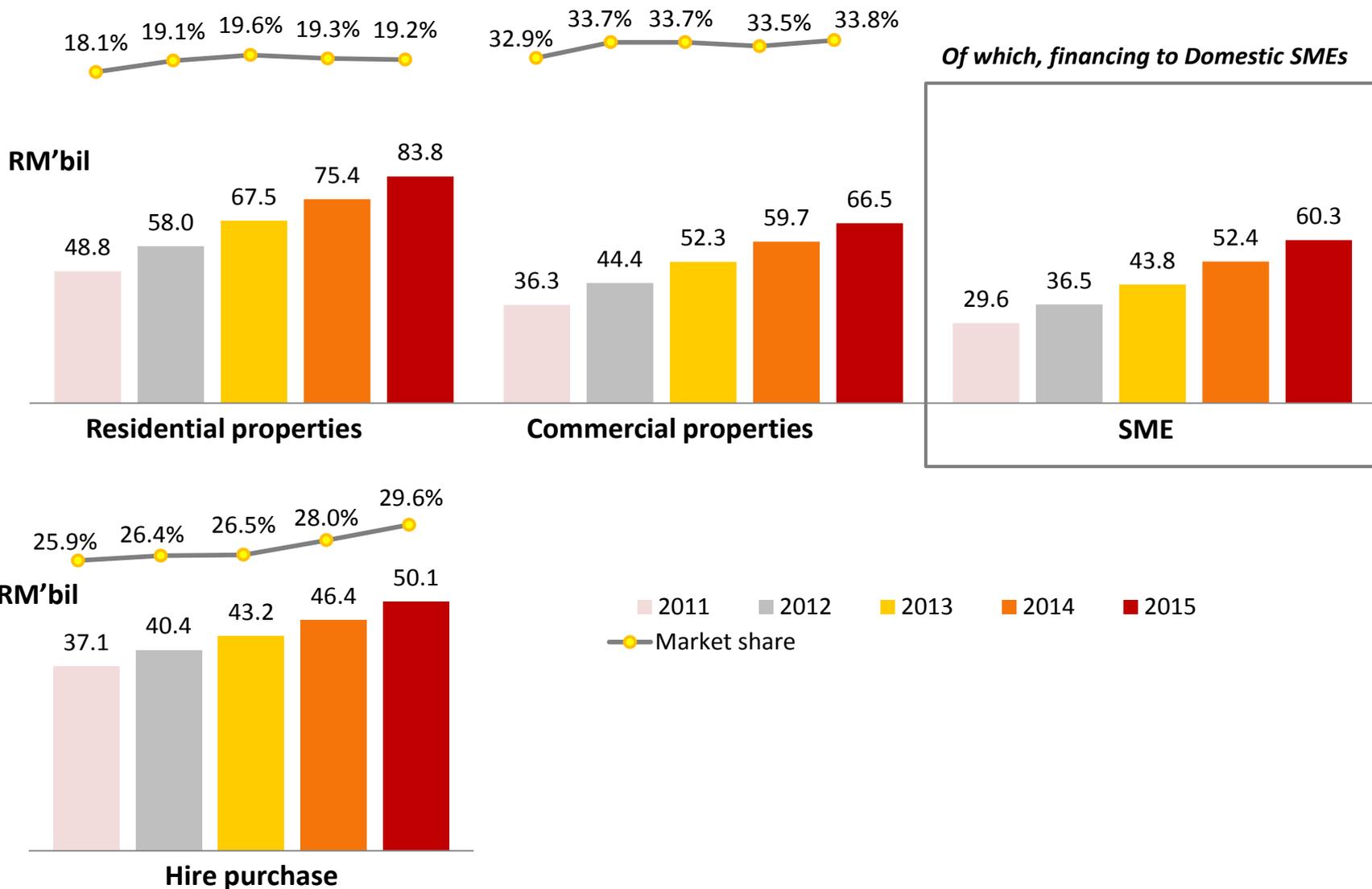
Gross Loans and Domestic Loan Market Share



Gross Loan Composition by Segment



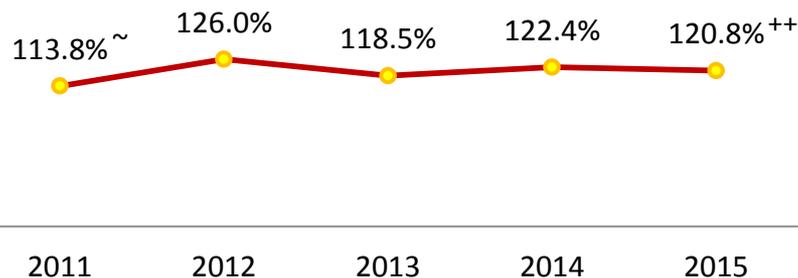
Gross Loan & Financing in Domestic Operations



Upholding Strong Asset Quality

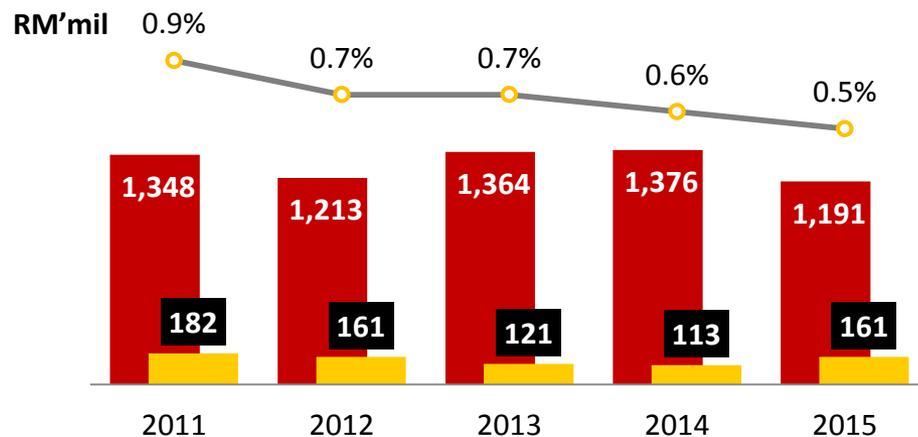


High loan loss coverage



—● Loan loss coverage
 ~ Restated with retrospective application of MFRS 139
⁺⁺ Higher loan loss coverage ratio of 258.6% after including regulatory reserve

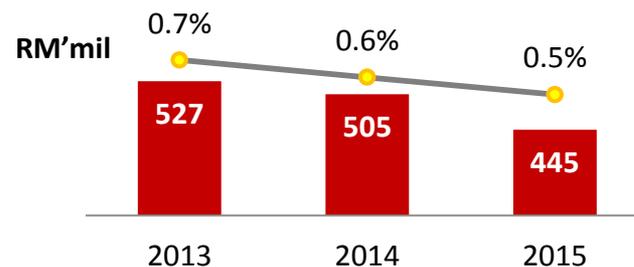
Low gross impaired loans ratios



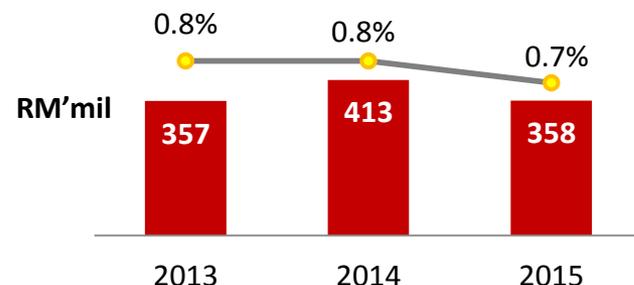
■ Gross impaired loans - Domestic
■ Gross impaired loans - Overseas
—○ Gross impaired loans ratio

Of which:

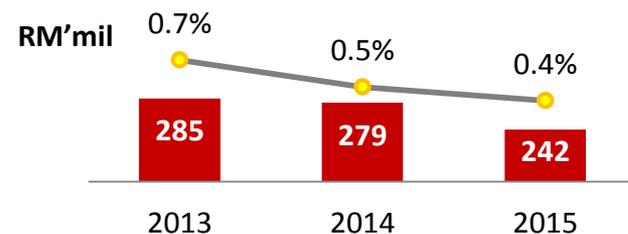
Residential properties financing



Transport vehicle financing



SME financing (Domestic)

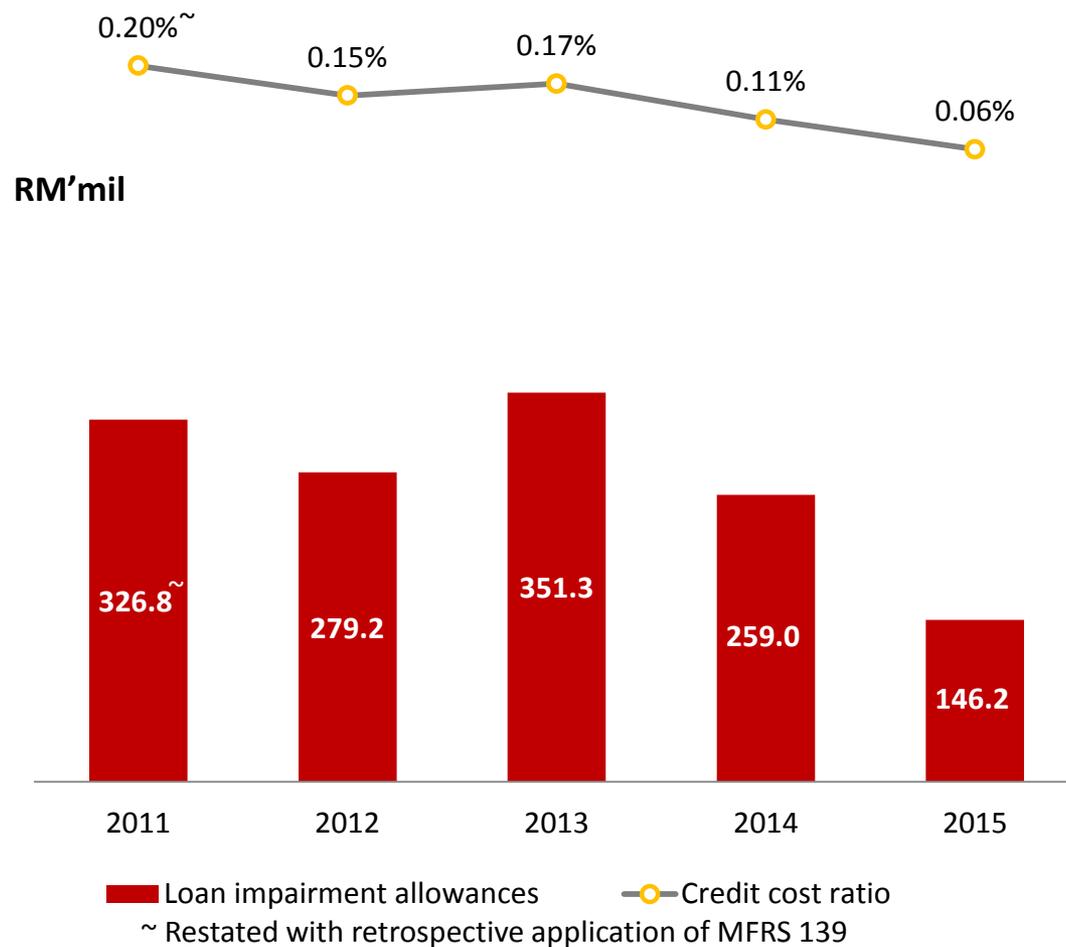


■ Gross impaired loans
—○ Gross impaired loans ratio

Upholding Strong Asset Quality



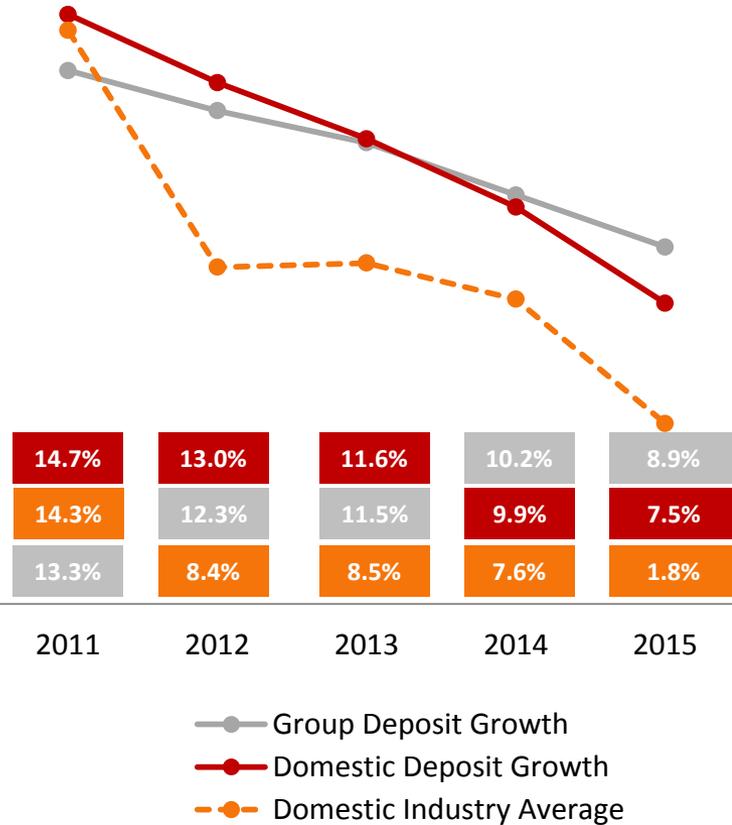
Loan Impairment Allowances (including collective allowances)



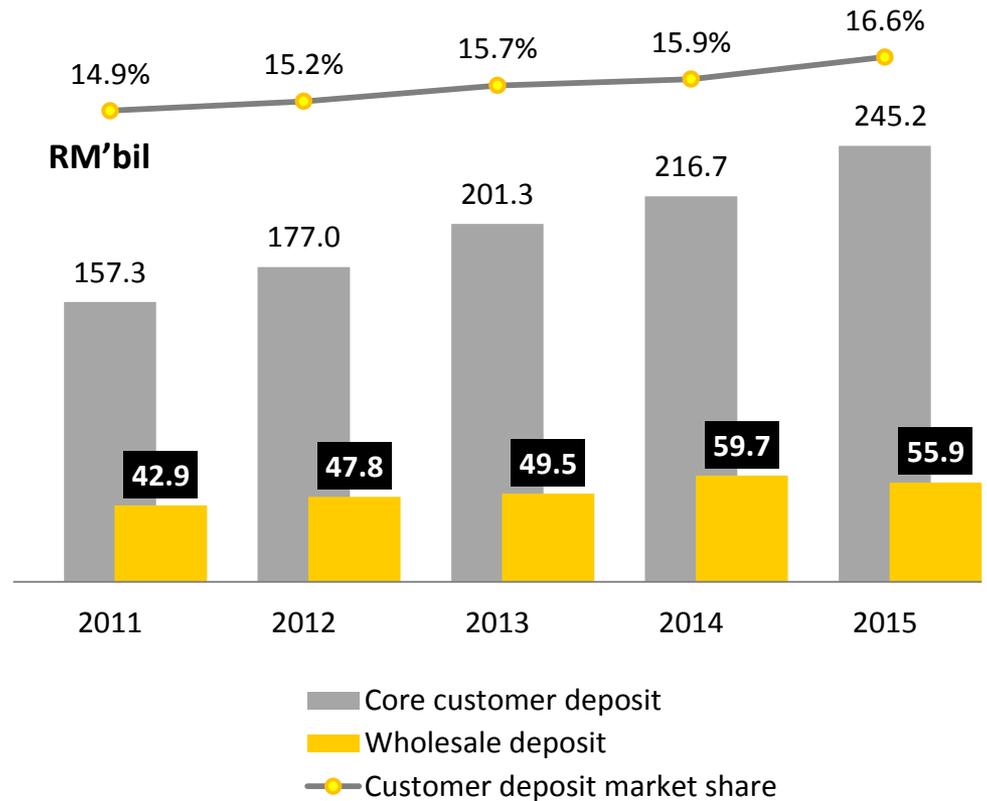
Healthy Deposit Growth in Support of Liquidity



Deposit Growth vs Industry %



Deposits – Outstanding Balance and Market Share

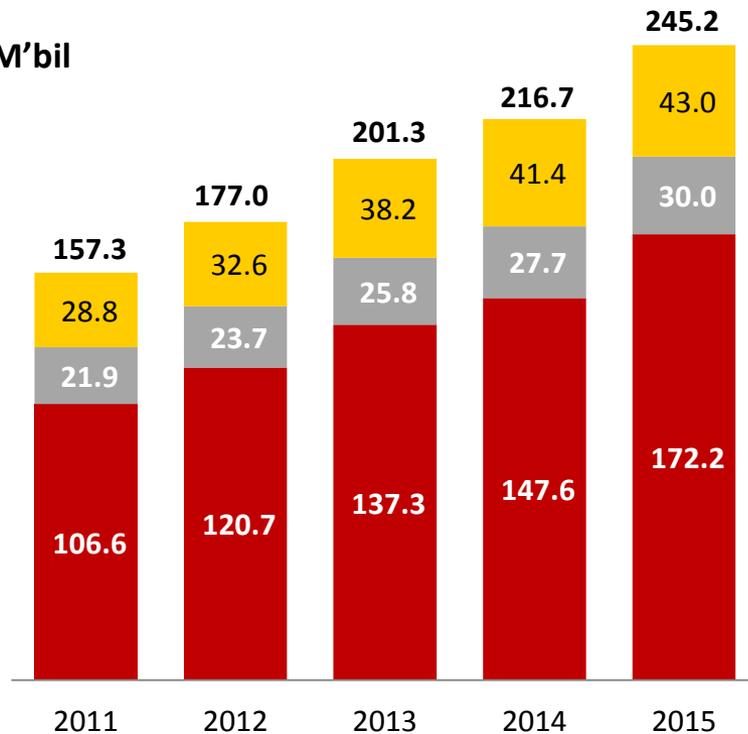


Healthy Core Deposit Growth



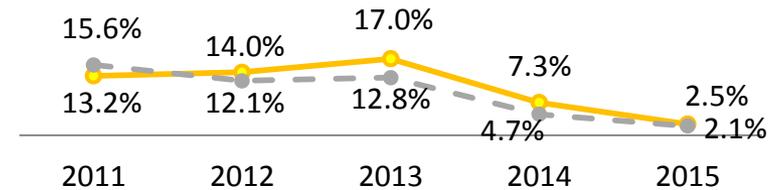
Source of Core Deposit

RM'bil

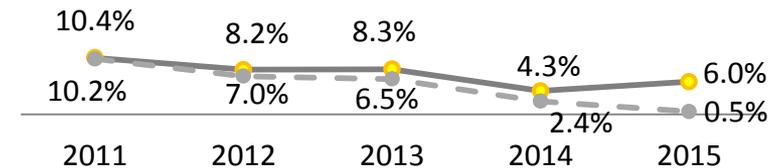


- Fixed deposit
- Saving accounts
- Current accounts

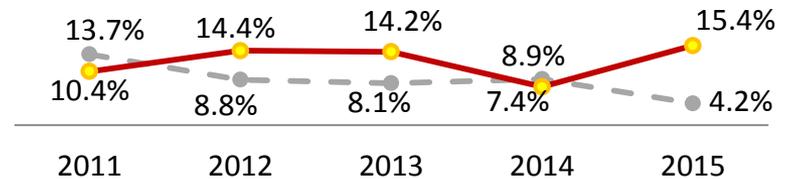
Domestic Current Deposit



Domestic Savings Deposit



Domestic Fixed Deposit



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

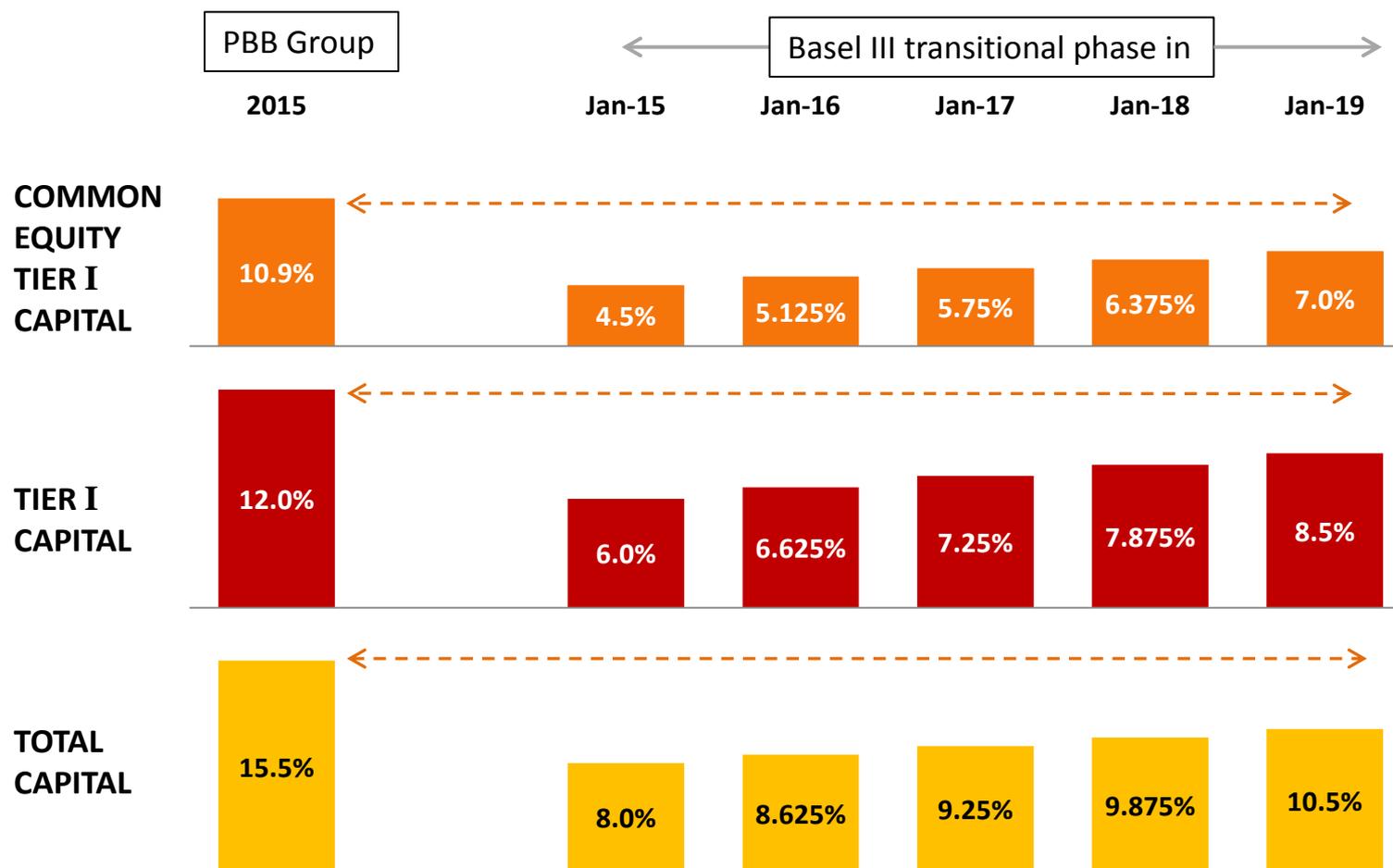
Strong Capital Position



	RM'bil	Group ^π		Bank ^π	
		2015	2014	2015	2014
Common Equity Tier I Capital		26.1	23.6	22.5	21.9
Tier I Capital		28.9	26.7	25.2	25.1
Total Capital		37.1	34.6	29.7	28.6
Risk-weighted Assets		239.7	218.7	194.4	182.4
Common Equity Tier I Capital Ratio		10.9%	10.8%	11.5%	12.0%
Tier I Capital Ratio		12.0%	12.2%	13.0%	13.7%
Total Capital Ratio		15.5%	15.8%	15.3%	15.7%

^π After deducting interim dividends declared subsequent to end of 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



	2015	2014	2010
<u>Malaysian Operations</u>			
Public Bank - Domestic	257	257	249
- Overseas	7	7	4
Public Islamic Bank	2	2	1
Public Mutual	29	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	28	27	21
VID Public Bank (Vietnam)	7	7	7
	417	415	393
Self Service Terminal - domestic	2,023	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	2016 Targets
Net Return on Equity [Ⓟ]	>16%	17.8%	>15%
Total Capital Ratio	>13%	15.5%	>13%
Gross Impaired Loan Ratio	<1%	0.5%	<1%
Cost to Income Ratio	<32%	30.5%	<33%
Loan Growth – Domestic – Group	9% to 10%	10.3% 11.6%	8% to 9%
Deposit Growth – Domestic – Group	9% to 10%	7.5% 8.9%	7% to 8%

[Ⓟ] 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	2015
Profitability	Operating profit	5,200	5,329	5,655	6,067	6,631
	Profit before tax	4,878	5,047	5,310	5,814	6,491
	Net profit	3,684	3,827	4,065	4,519	5,062
Shareholder Value	Earnings per share (sen)	105.2	109.3	116.1	123.7	131.1
	Net assets per share (RM)	4.52	5.15	5.83	7.26	8.09
	Dividend per share (sen)	48.0	50.0	52.0	54.0	56.0
	Dividend payout ratio (%)	48.3	45.3	44.8	46.1	42.7
Key Balance Sheet Data	Total assets	250,773	274,824	305,725	345,722	363,758
	Gross loan	177,694	197,783	221,176	245,044	273,447
	Domestic loan	164,081	184,542	206,635	228,338	251,802
	Deposit from customers	200,371	225,042	250,873	276,540	301,157
	Domestic deposit	186,445	210,680	235,142	258,472	277,942
	Core customer deposit	157,297	177,035	201,258	216,707	245,171
	Shareholders' equity	15,813	18,018	20,424	28,025	31,231

~ 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	2015	Industry
Profitability Ratios	Net interest margin on yielding assets	2.65	2.51	2.36	2.24	2.16	N/A
	Net return on equity ⁺	26.8	24.1	22.4	19.9	17.8	N/A
	Pre-tax return on average assets	2.0	1.9	1.8	1.8	1.8	1.5
	Cost to income ratio	29.8	31.2	30.7	30.0	30.5	45.5
	Non interest income/Total income	21.1	21.3	21.5	22.0	24.5	32.3
Liquidity	Net loan to deposit ratio	87.8	87.1	87.5	88.0	90.3	85.2
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	120.8	96.2
Capital Adequacy	Common equity Tier I capital ratio ^π	N/A	N/A	8.8	10.8	10.9	12.8
	Tier I capital ratio ^π	10.6	10.8	10.5	12.2	12.0	13.8
	Total capital ratio ^π	15.0	14.1	13.8	15.8	15.5	16.1
Market Share	<u>Domestic market share</u>						
	Commercial property financing	32.9	33.7	33.7	33.5	33.8	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	29.6	N/A
	Private unit trust (Retail)	49.1	48.8	49.5	49.5	48.9	N/A
	Domestic loans	16.4	16.7	16.9	17.1	17.5	N/A
	Domestic deposits	14.9	15.2	15.7	15.9	16.6	N/A

⁺ Based on average equity adjusted with proposed dividend, if any

[~] 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

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