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PUBLIC BANK
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Investor Presentation

March 2016 Results Update





Steady Profit Growth

- Pre-tax profit grew by 10.9% to RM1.65 billion
- Net profit attributable to shareholders increased by 5.0% to RM1.23 billion
- Net return on equity at 16.1% in Q1 2016
- Cost to income ratio remained efficient at 31.5%
- Net interest margin continued to be under pressure

Consistent Balance Sheet Growth

- Domestic loans grew at an annualised rate of 9.0%
- Domestic customer deposits grew at an annualised rate of 10.9%
- Net loan-to-deposit ratio remained healthy at 89.9%

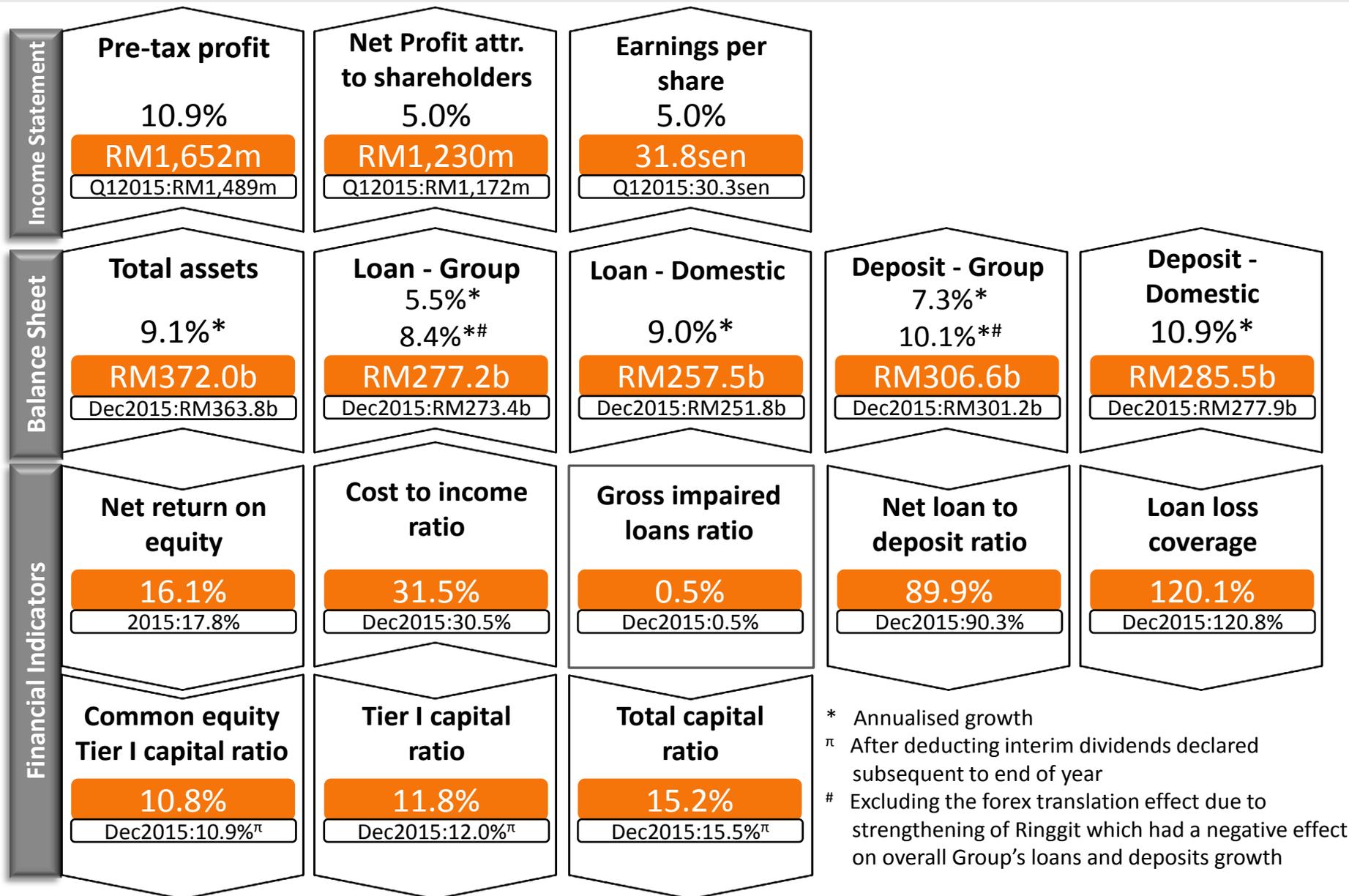
Excellent Asset Quality

- Gross impaired loan ratio remained low and stable at 0.5%
- Loan loss coverage ratio remained high at 120.1%

Healthy Capital Positions

- CET I ratio, Tier I capital ratio and total capital ratio were at healthy level of 10.8%, 11.8% and 15.2% respectively

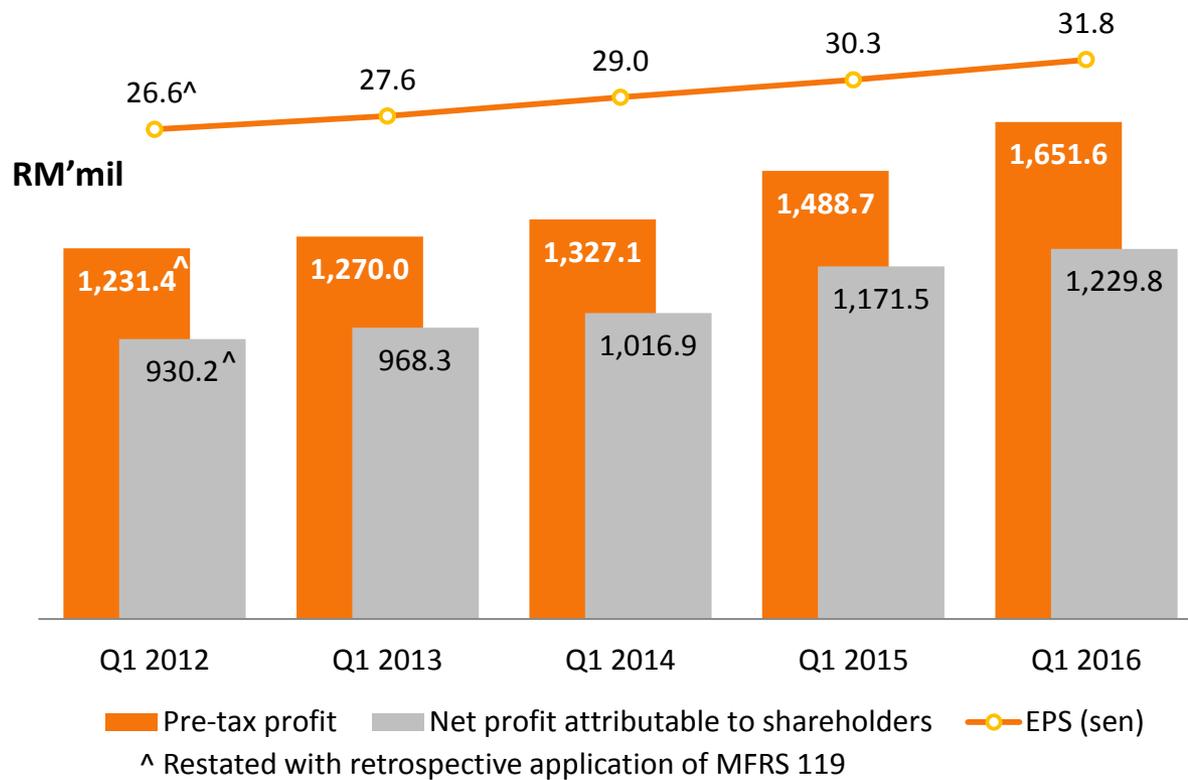
Key Highlights



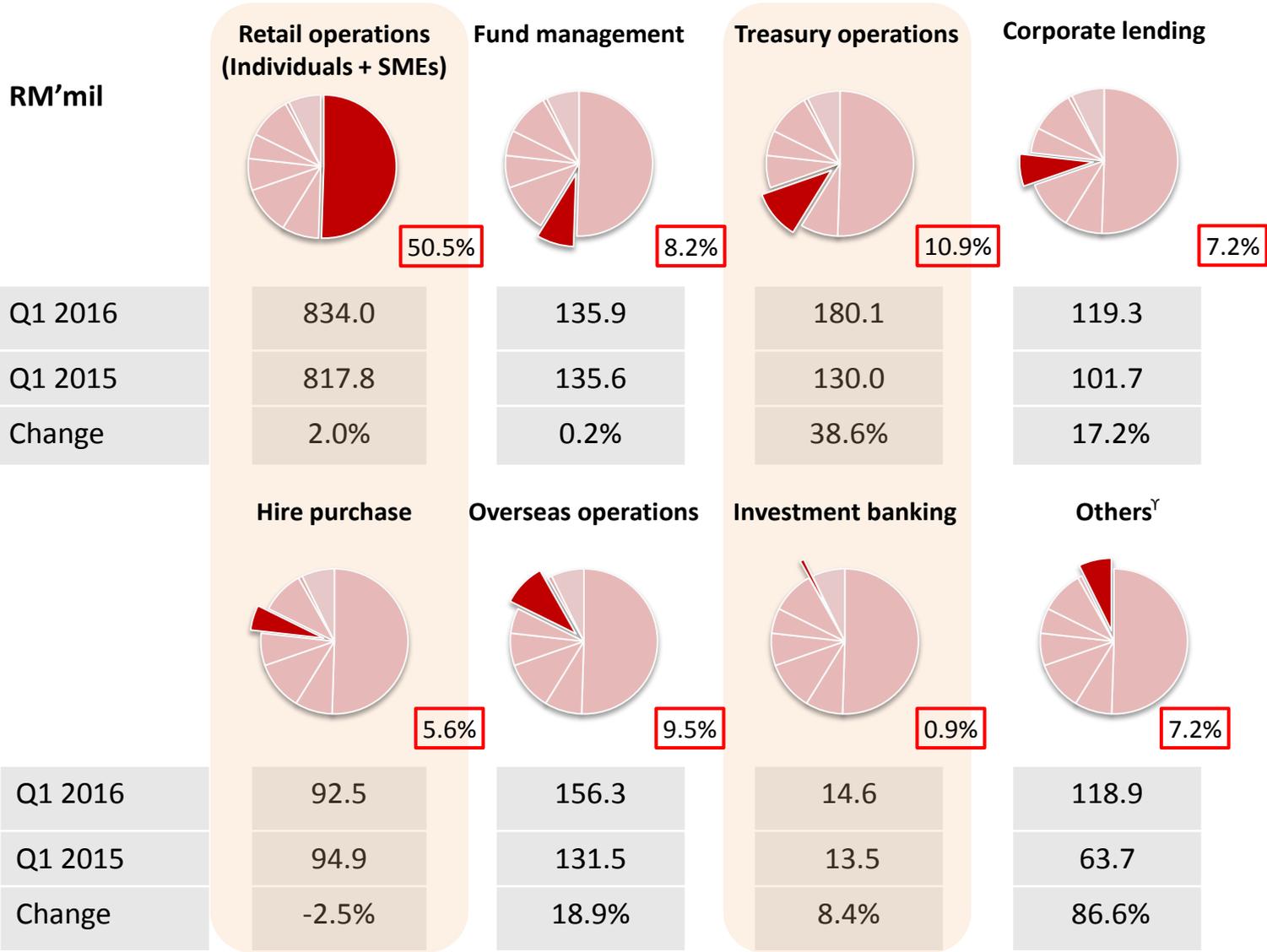
Steady Profit Growth



Profits and EPS

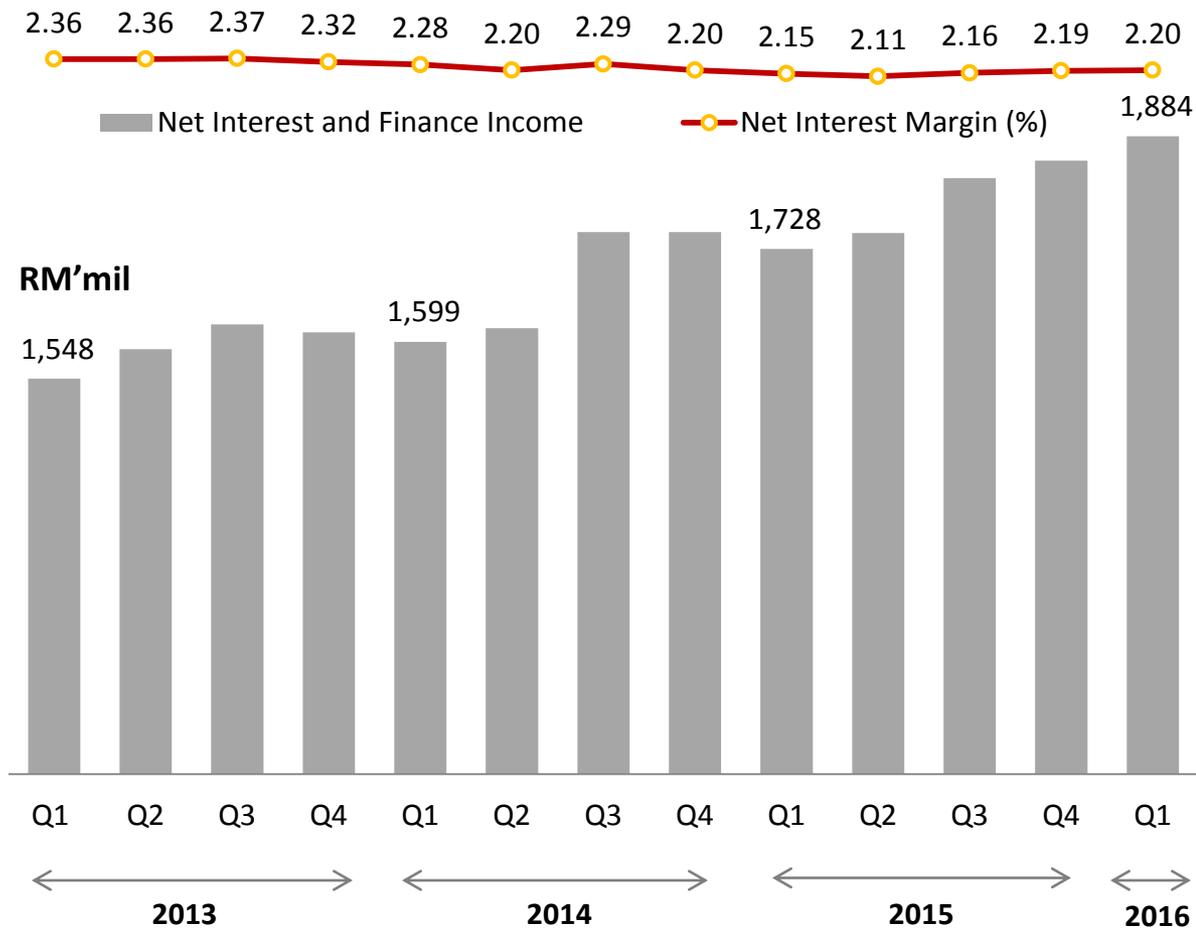


Segmental Profit – Retail Centric



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

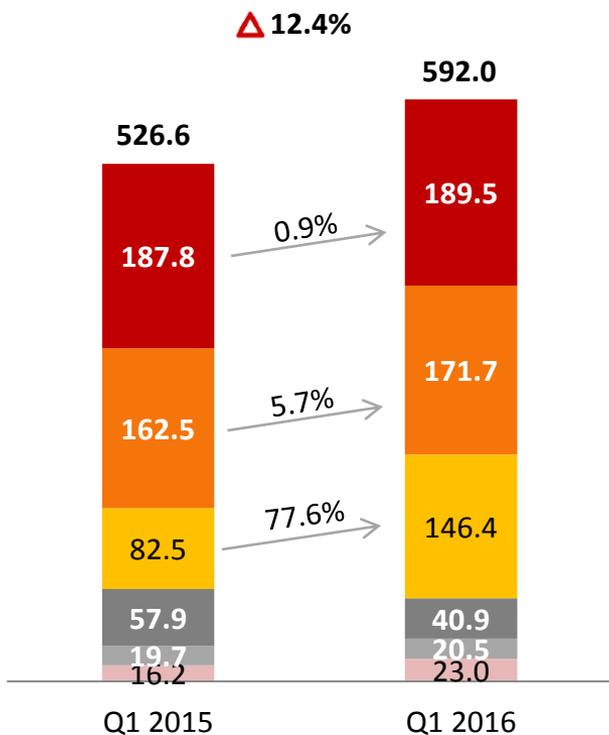
Net Interest Margin



Non-Interest Income Composition & Growth

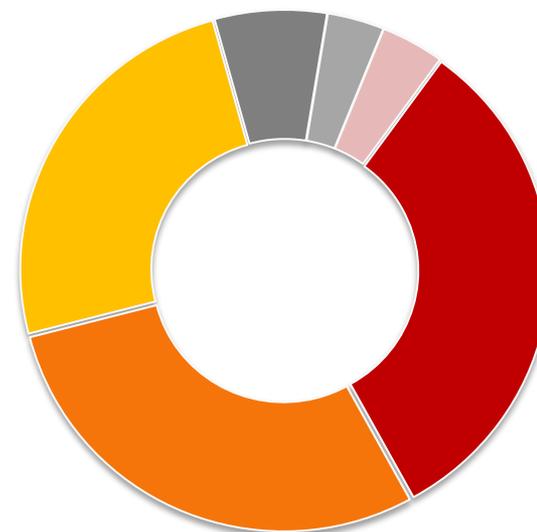


RM'mil



Non-interest Income Contribution

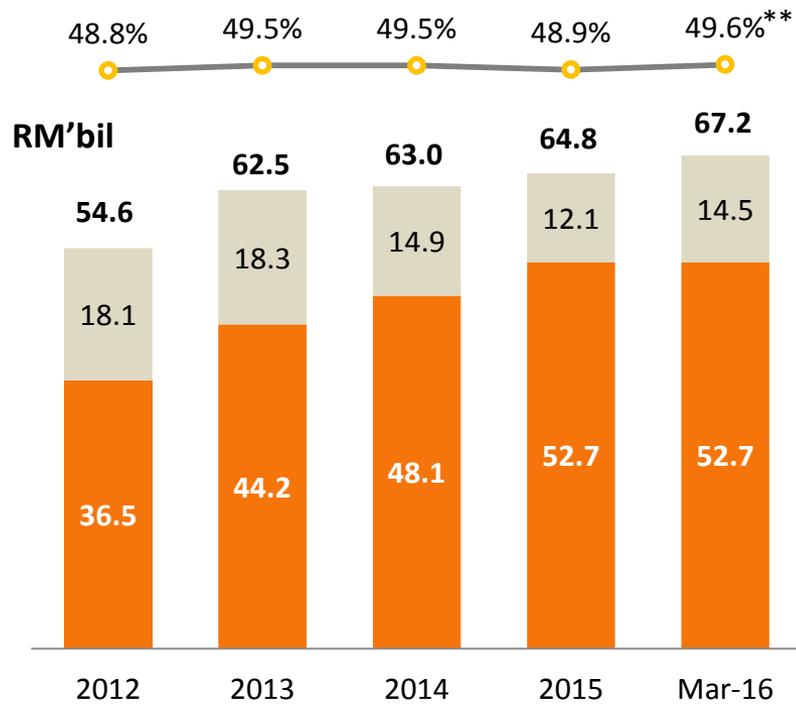
- 32.0%** ■ Unit trust income
- 29.0%** ■ Fee & commission income
- 24.7%** ■ Foreign exchange income
- 6.9%** ■ Investment income
- 3.5%** ■ Stockbroking income
- 3.9%** ■ Others



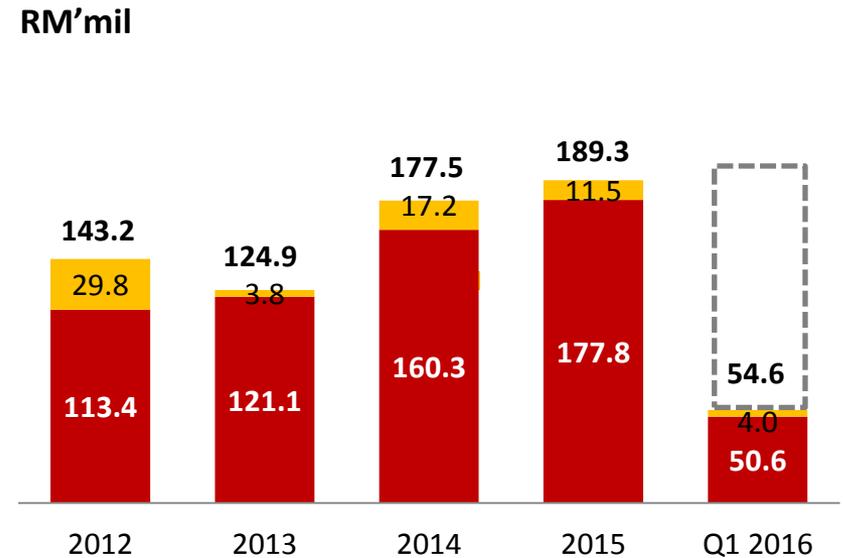
Based on financial results as at 31 March 2016



Net Asset Value of Funds Under Management



Bancassurance Business – Annualised New Premium



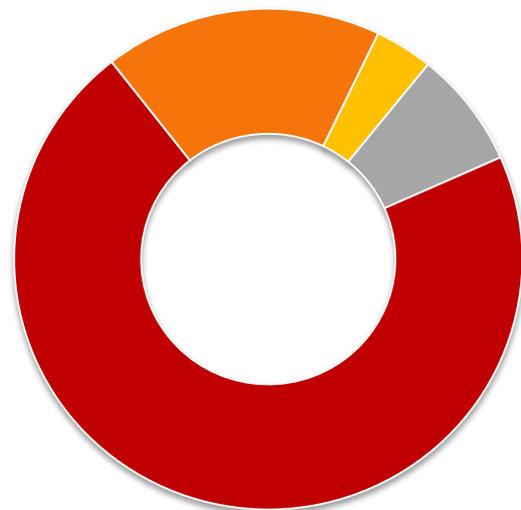
■ NAV - Equity Funds
■ NAV - Other Funds
—○— Retail Market Share

■ Domestic
■ Overseas

** Market share as at February 2016



Operating Costs Composition



- 71.1%** ■ Personnel Costs
- 17.7%** ■ Establishment Costs
- 3.7%** ■ Marketing Expenses
- 7.5%** ■ Administration Expenses

Based on financial results as at 31 March 2016

RM'mil	Q1 2016	Q1 2015	Changes
Personnel costs	560.3	512.2	9.4%
Establishment costs	139.8	125.9	11.1%
Marketing expenses	29.2	26.1	11.5%
Administration expenses	59.2	38.6	53.2%
Total	788.5	702.8	12.2%

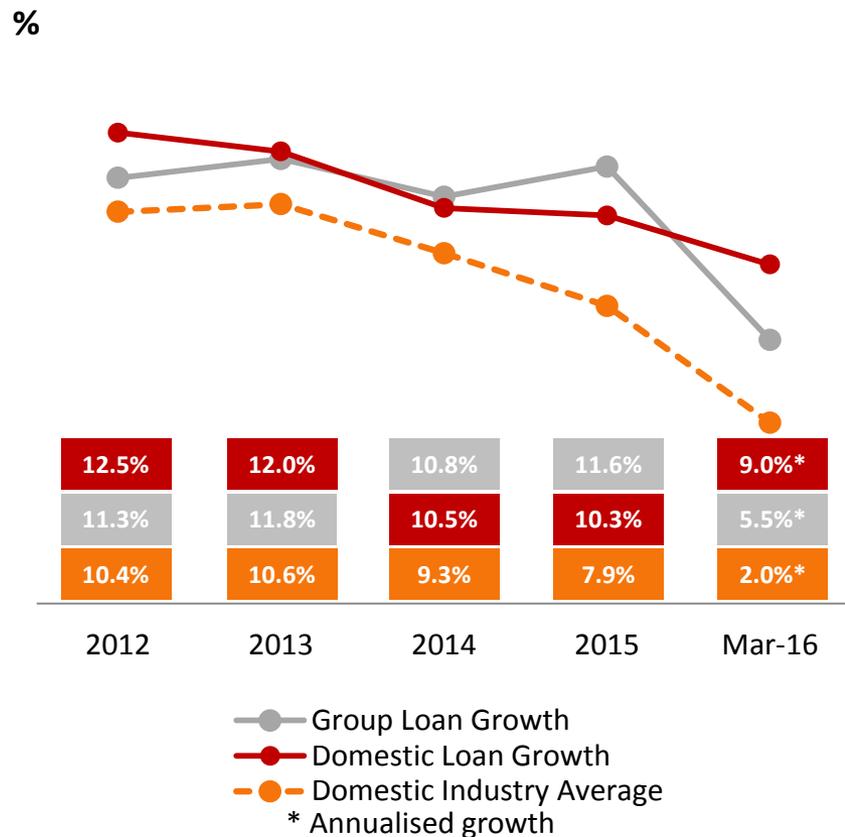
RM'mil	Q1 2016	2015	Industry Average
Gross loan per employee (RM'mil)	15.2	14.9	12.1
Deposit per employee (RM'mil)	16.8	16.4	14.0
PBT per employee (RM'000)	362*	353	244
Cost to Income Ratio (%)	31.5	30.5	48.8

* Annualised

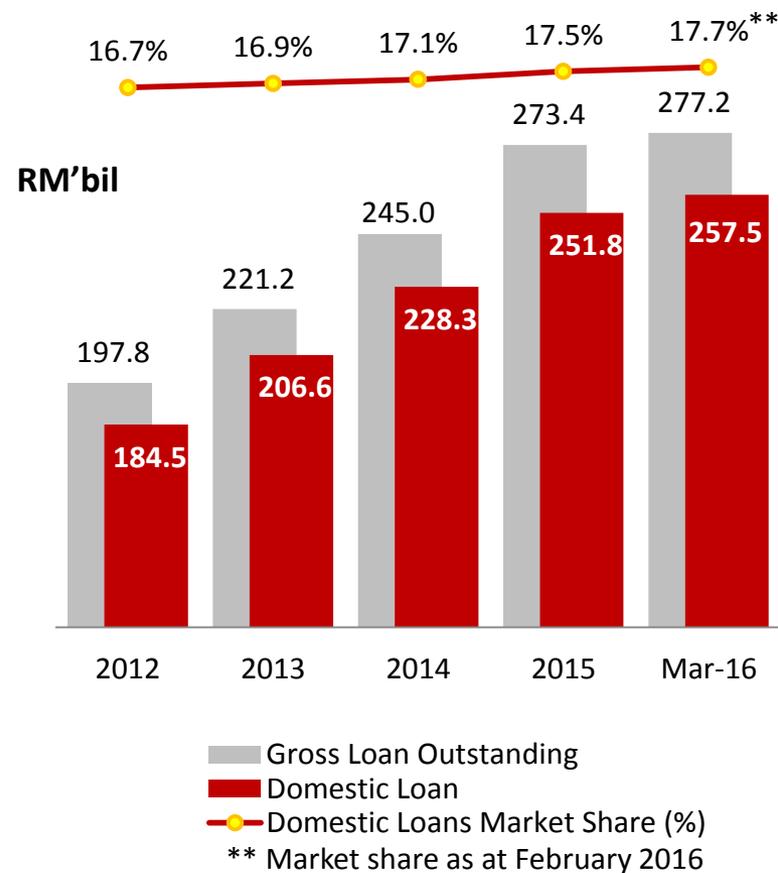
Consistently Above-Industry Loan Growth



Loan Growth vs Industry



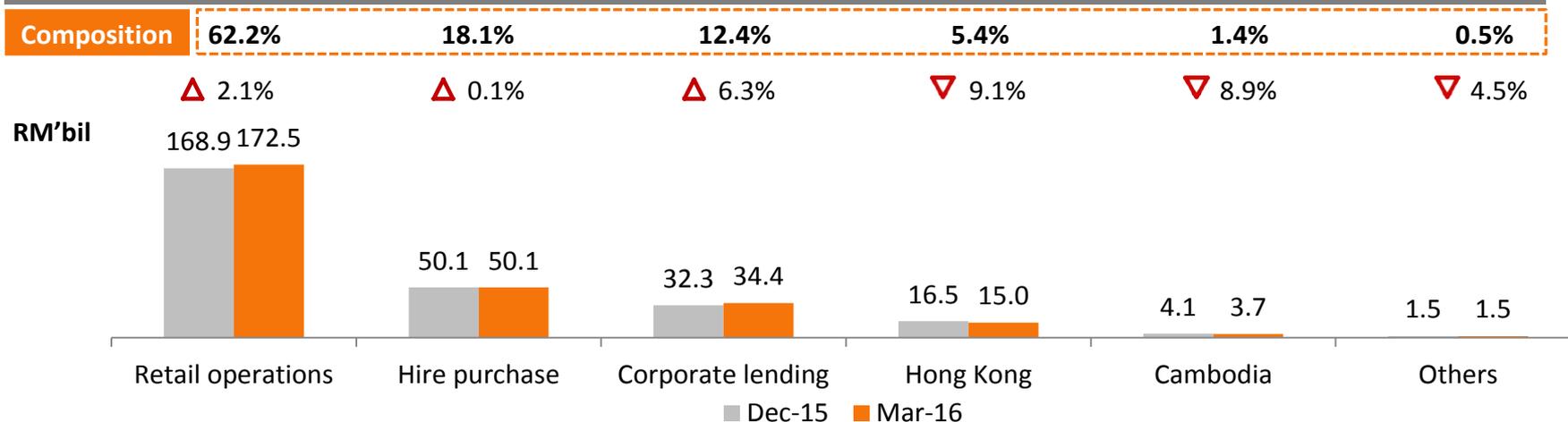
Gross Loans and Domestic Loan Market Share



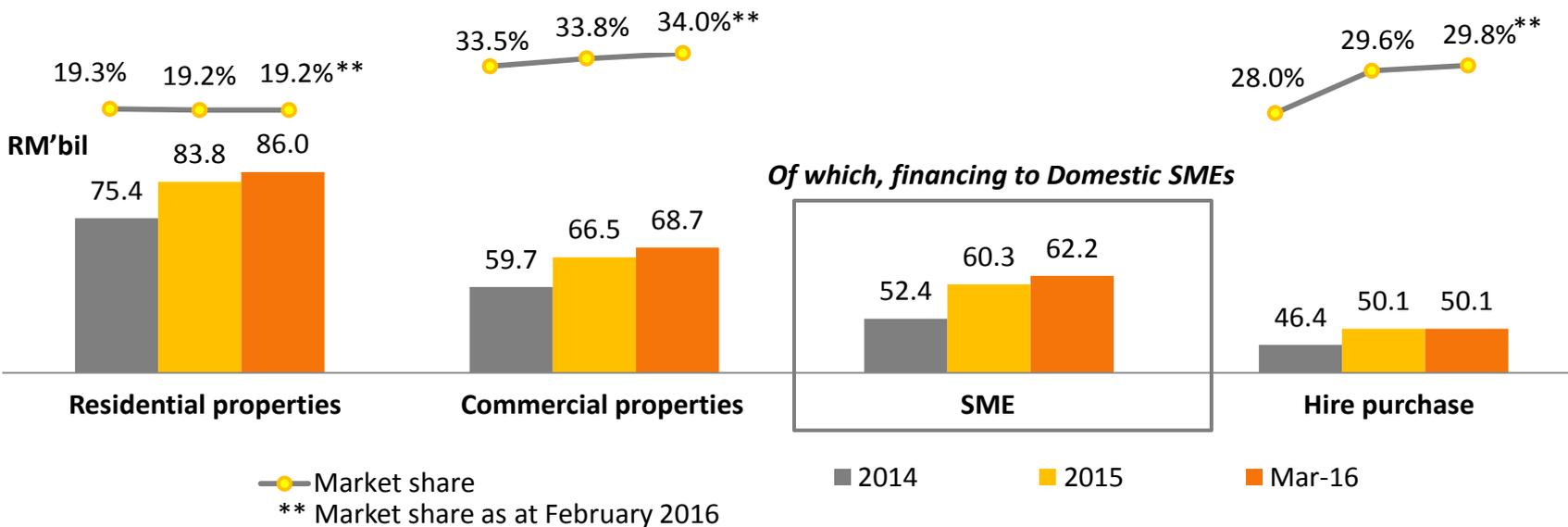
Healthy Gross Loan Growth



Gross Loan Composition by Segment



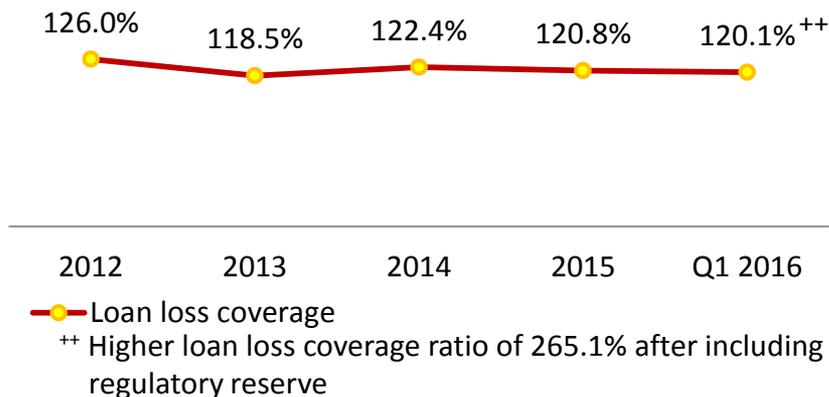
Gross Loan in Domestic Operations



Upholding Strong Asset Quality

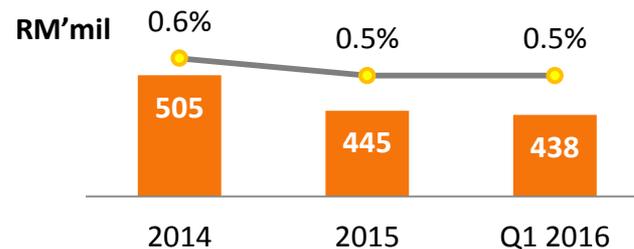


High loan loss coverage

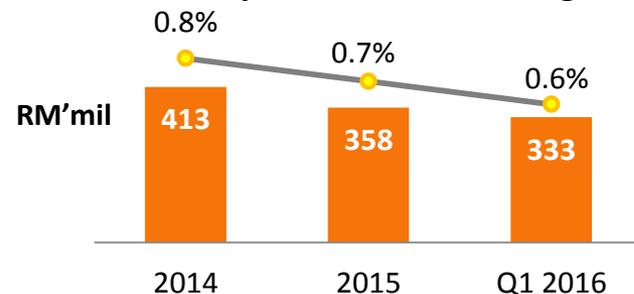


Of which:

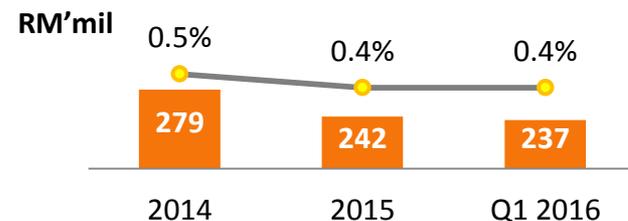
Residential properties financing



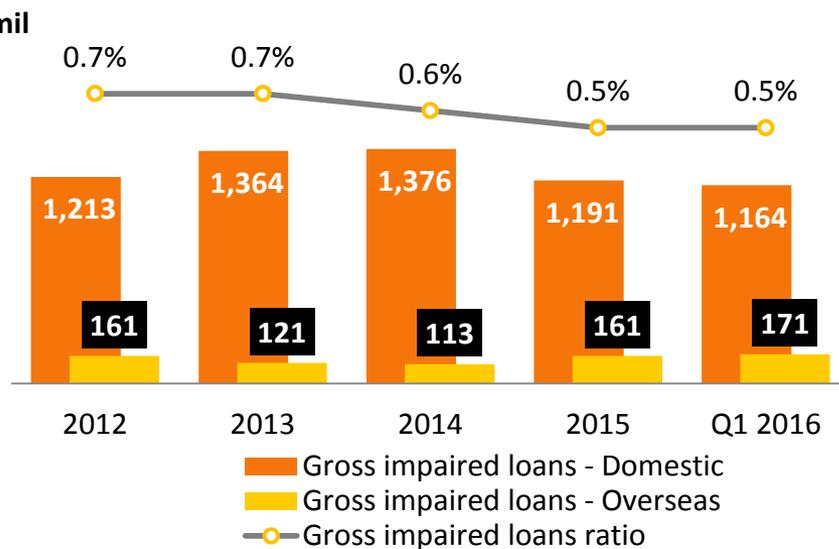
Transport vehicle financing



SME financing (Domestic)



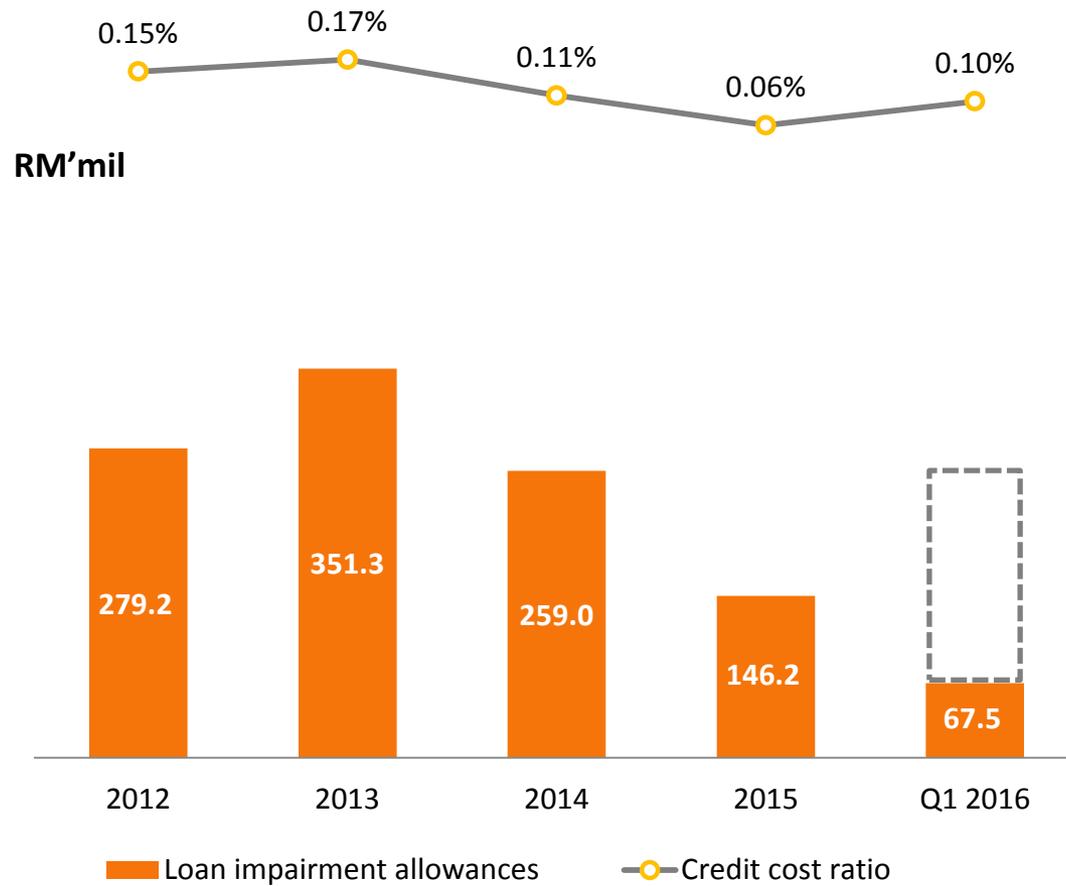
Low gross impaired loans ratios



Upholding Strong Asset Quality



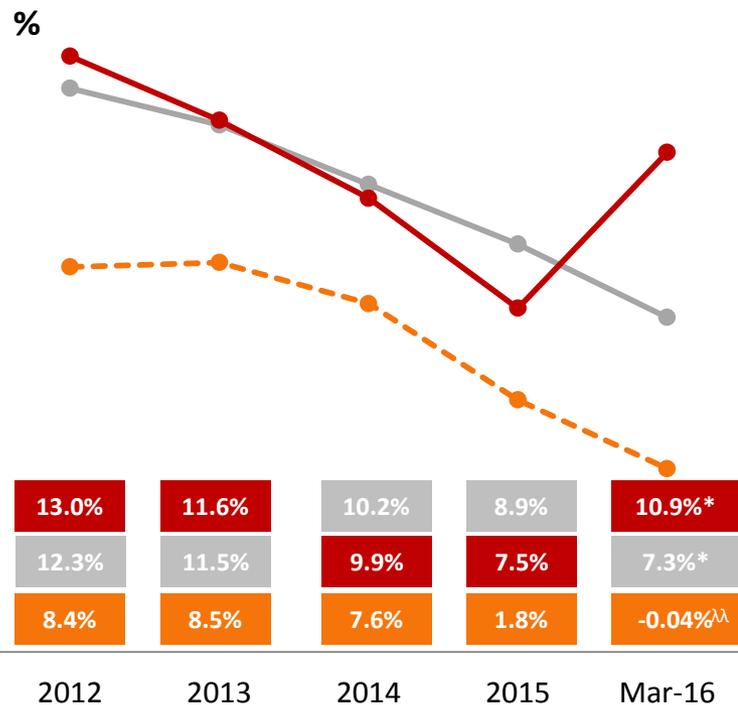
Loan Impairment Allowances (including collective allowances)



Healthy Deposit Growth in Support of Liquidity

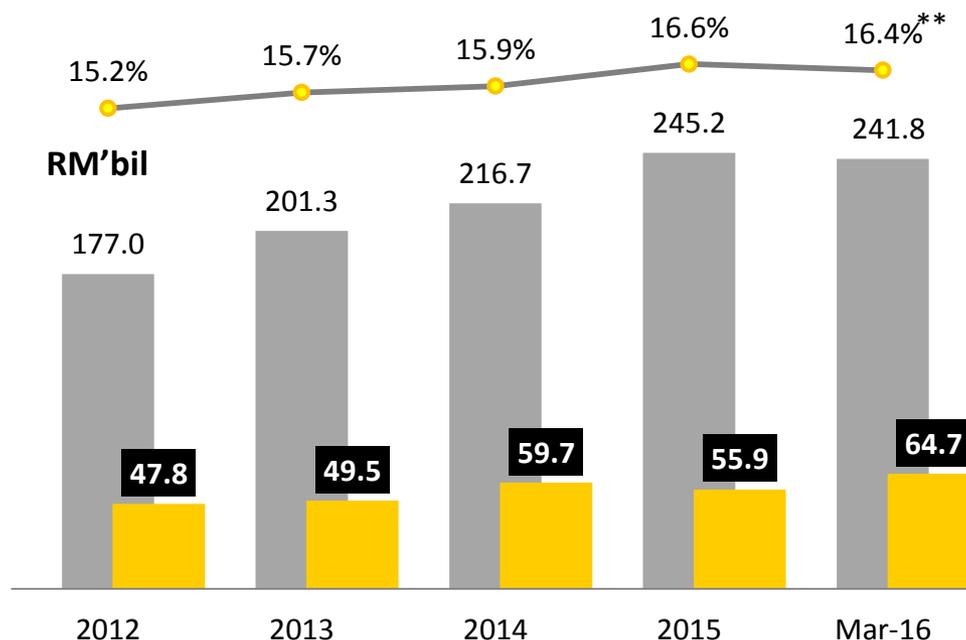


Deposit Growth vs Industry



● Group Deposit Growth
 ● Domestic Deposit Growth
 ● Domestic Industry Average
 * Annualised growth
^{λλ} Negative growth as at February 2016

Deposits – Outstanding Balance and Market Share



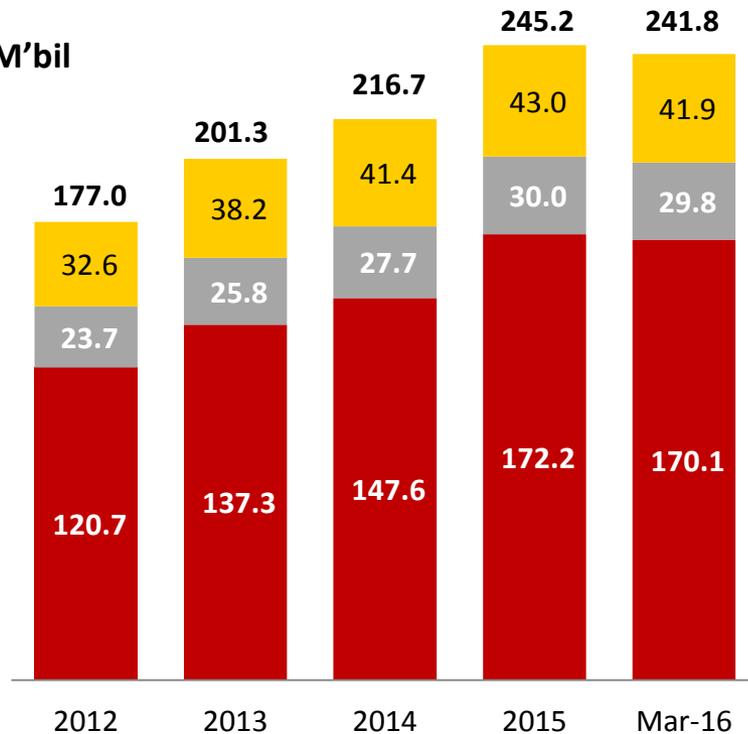
■ Core customer deposit
 ■ Wholesale deposit
 ● Customer deposit market share
 ** Market share as at February 2016

Healthy Core Deposit Growth



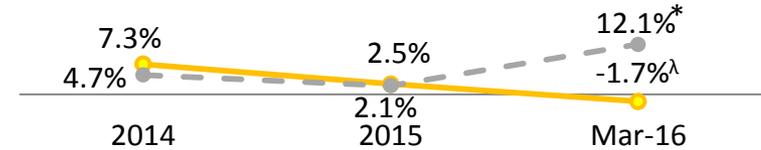
Source of Core Deposit

RM'bil

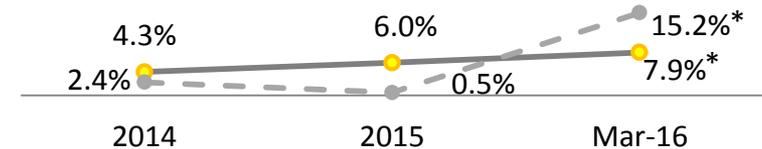


- Fixed deposit
- Saving accounts
- Current accounts

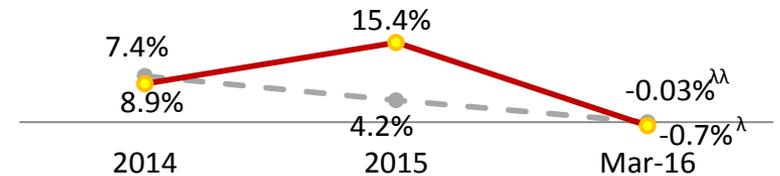
Domestic Current Deposit



Domestic Savings Deposit



Domestic Fixed Deposit



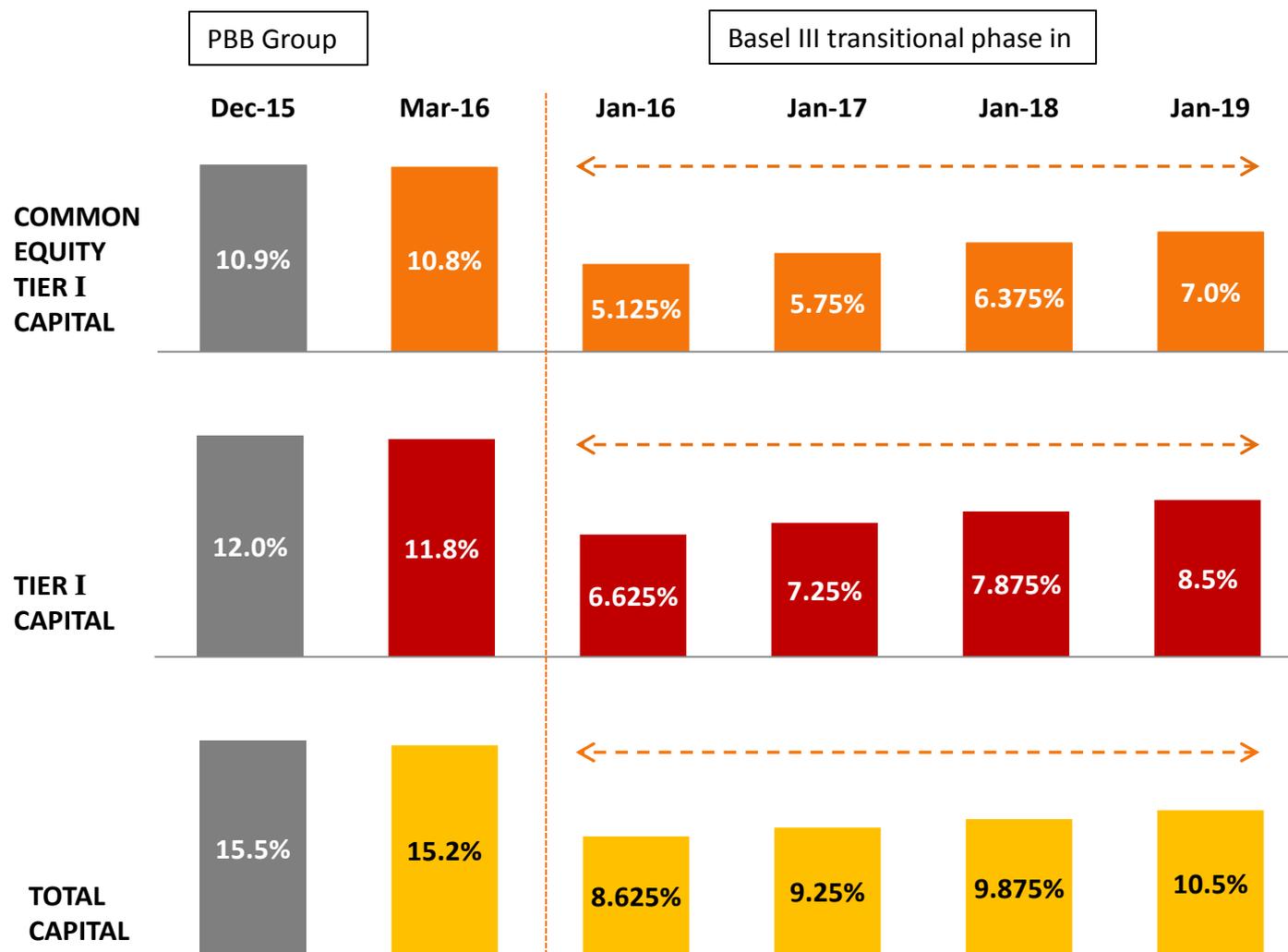
- Industry growth
- Fixed deposit
- Current accounts
- Saving accounts

* Annualised growth

^λ Negative growth as at March 2016

^{λλ} Negative growth as at February 2016

Strong Capital Position



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



	Mar-2016	2015	2010
<u>Malaysian Operations</u>			
Public Bank - Domestic	257	257	249
- Overseas	7	7	4
Public Islamic Bank	2	2	1
Public Mutual	29	29	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	8	9	9
<u>Indo-China Operations</u>			
Cambodia Public Bank	28	28	21
VID Public Bank (Vietnam)	7	7	7
	416	417	393
Self Service Terminal - domestic	2,038	2,023	1,362

Targets & Achievements



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

Key Performance Benchmarks	2016 Targets	Achievement
Net Return on Equity	>15%	16.1%
Total Capital Ratio	>13%	15.2%
Gross Impaired Loan Ratio	<1%	0.5%
Cost to Income Ratio	<33%	31.5%
Loan Growth – Domestic	8% to 9%	9.0%*
– Group		5.5%*
– Group (adjusted)		8.4%#
Deposit Growth – Domestic	7% to 8%	10.9%*
– Group		7.3%*
– Group (adjusted)		10.1%#

* Annualised

Excluding the forex translation effect due to strengthening of Ringgit which had a negative effect on overall Group's loans and deposits growth

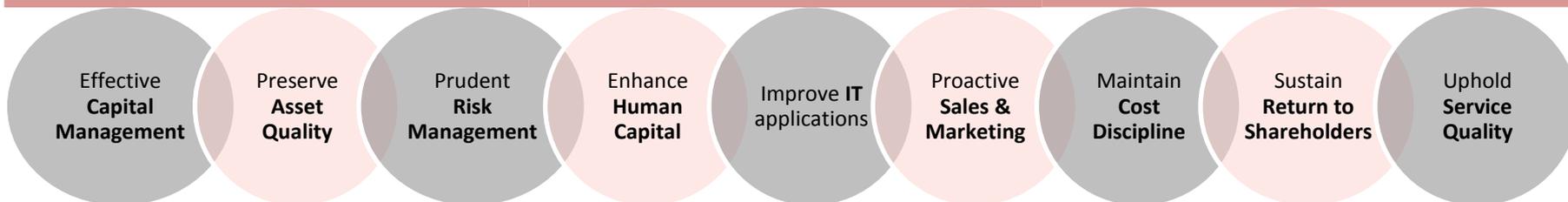


Strategic Focus: Organic growth in focus areas

Business

Strategic Approach

Business Category	Business Area	Strategic Approach
Core Focus	Lending Business	<ul style="list-style-type: none"> Consumer lending to focus on purchases of residential and non-residential properties and passenger vehicles Continue to penetrate mid-market SME financing in encouraged sectors
	Deposit-Taking Business	<ul style="list-style-type: none"> Secure higher retail and low cost deposits Sustain existing pool of deposits Balance between growth and escalating cost of fund
Increased Contribution	Non-Interest Income	<ul style="list-style-type: none"> Expand existing fee-based activities such as unit-trust funds, bancassurance, card business, cash management services, remittance services and trade finance
	Overseas Operations	<ul style="list-style-type: none"> Increase contribution from overseas operations in Hong Kong / China and Indo-China
Complementary	Corporate Banking	<ul style="list-style-type: none"> Grow quality large and medium-sized corporate loans
	Treasury Operations	<ul style="list-style-type: none"> Continue to focus on commercial foreign exchange revenue





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	RM'mil	2012 [^]	2013	2014	2015	Q1 2016
Profitability	Operating profit	5,329	5,655	6,067	6,631	1,716
	Profit before tax	5,047	5,310	5,814	6,491	1,652
	Net profit	3,827	4,065	4,519	5,062	1,230
Shareholder Value	Earnings per share (sen)	109.3	116.1	123.7	131.1	31.8
	Net assets per share (RM)	5.15	5.83	7.26	8.09	8.06
	Dividend per share (sen)	50.0	52.0	54.0	56.0	N/A
	Dividend payout ratio (%)	45.3	44.8	46.1	42.7	N/A
Key Balance Sheet Data	Total assets	274,824	305,725	345,722	363,758	372,048
	Gross loan	197,783	221,176	245,044	273,447	277,186
	Domestic loan	184,542	206,635	228,338	251,802	257,478
	Deposit from customers	225,042	250,873	276,540	301,157	306,647
	Domestic deposit	210,680	235,142	258,472	277,942	285,505
	Core customer deposit	177,035	201,258	216,707	245,171	241,817
	Shareholders' equity	18,018	20,424	28,025	31,231	31,112
	Common equity Tier I capital ^π	N/A	17,477	23,578	26,093	26,029
	Tier I capital ^π	19,461	21,028	26,745	28,882	28,422
	Total capital ^π	25,322	27,486	34,636	37,085	36,581
Risk-weighted assets	179,726	199,723	218,712	239,703	240,939	

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

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

Appendix (cont'd)



	%	2012 [^]	2013	2014	2015	Q1 2016	Industry
Profitability Ratios	Net interest margin on yielding assets	2.51	2.36	2.24	2.16	2.20	N/A
	Net return on equity ⁺	24.1	22.4	19.9	17.8	16.1	N/A
	Pre-tax return on average assets	1.9	1.8	1.8	1.8	1.8	1.3
	Cost to income ratio	31.2	30.7	30.0	30.5	31.5	48.8
	Non interest income/Total income	21.3	21.5	22.0	24.5	23.6	32.3
Liquidity	Net loan to deposit ratio	87.1	87.5	88.0	90.3	89.9	85.5
Asset Quality	Gross impaired loans ratio	0.7	0.7	0.6	0.5	0.5	1.6
	Loan loss coverage ratio	126.0	118.5	122.4	120.8	120.1	92.8
Capital Adequacy	Common equity Tier I capital ratio ^π	N/A	8.8	10.8	10.9	10.8	12.7
	Tier I capital ratio ^π	10.8	10.5	12.2	12.0	11.8	13.7
	Total capital ratio ^π	14.1	13.8	15.8	15.5	15.2	16.3
Market Share	<u>Domestic market share</u>						
	Commercial property financing	33.7	33.7	33.5	33.8	34.0**	N/A
	Residential property financing	19.1	19.6	19.3	19.2	19.2**	N/A
	Passenger vehicle financing	26.4	26.5	28.0	29.6	29.8**	N/A
	Private unit trust (Retail)	48.8	49.5	49.5	48.9	49.6**	N/A
	Domestic loans	16.7	16.9	17.1	17.5	17.7**	N/A
	Domestic deposits	15.2	15.7	15.9	16.6	16.4**	N/A

⁺ Based on average equity adjusted with proposed dividend, if any
[^] Restated with retrospective application of MFRS 119, where applicable

^π After deducting interim dividends declared subsequent to end of year
^{**} Market share as at February 2016