



PUBLIC BANK

**Group Audited Financial Results
for the Year Ended
31 Dec 2007**

Analysts Briefing By

**Dato' Sri Tay Ah Lek
Managing Director**

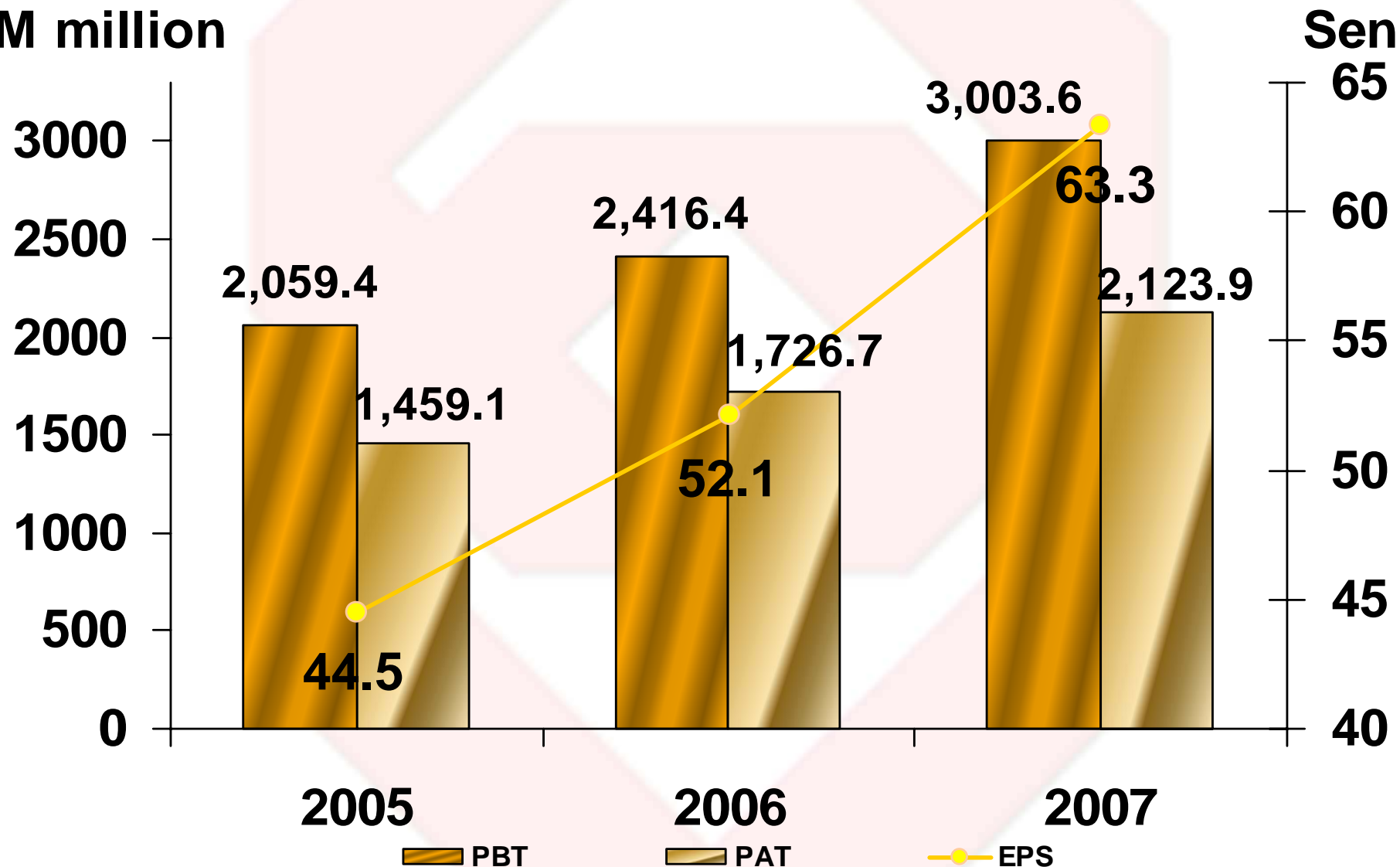
21 January 2008



24% Growth in Pre-Tax Profit to **RM3.0 billion**



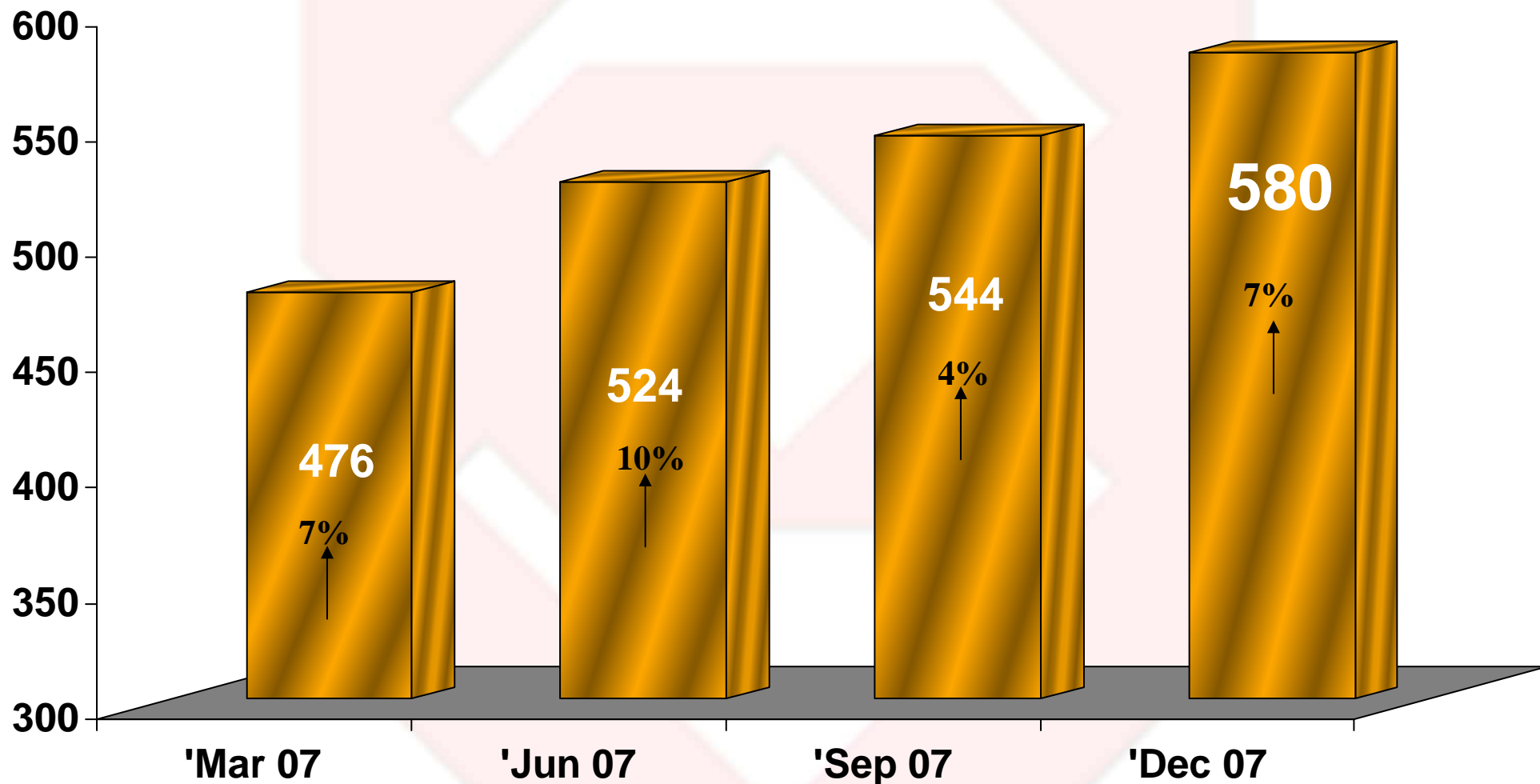
RM million





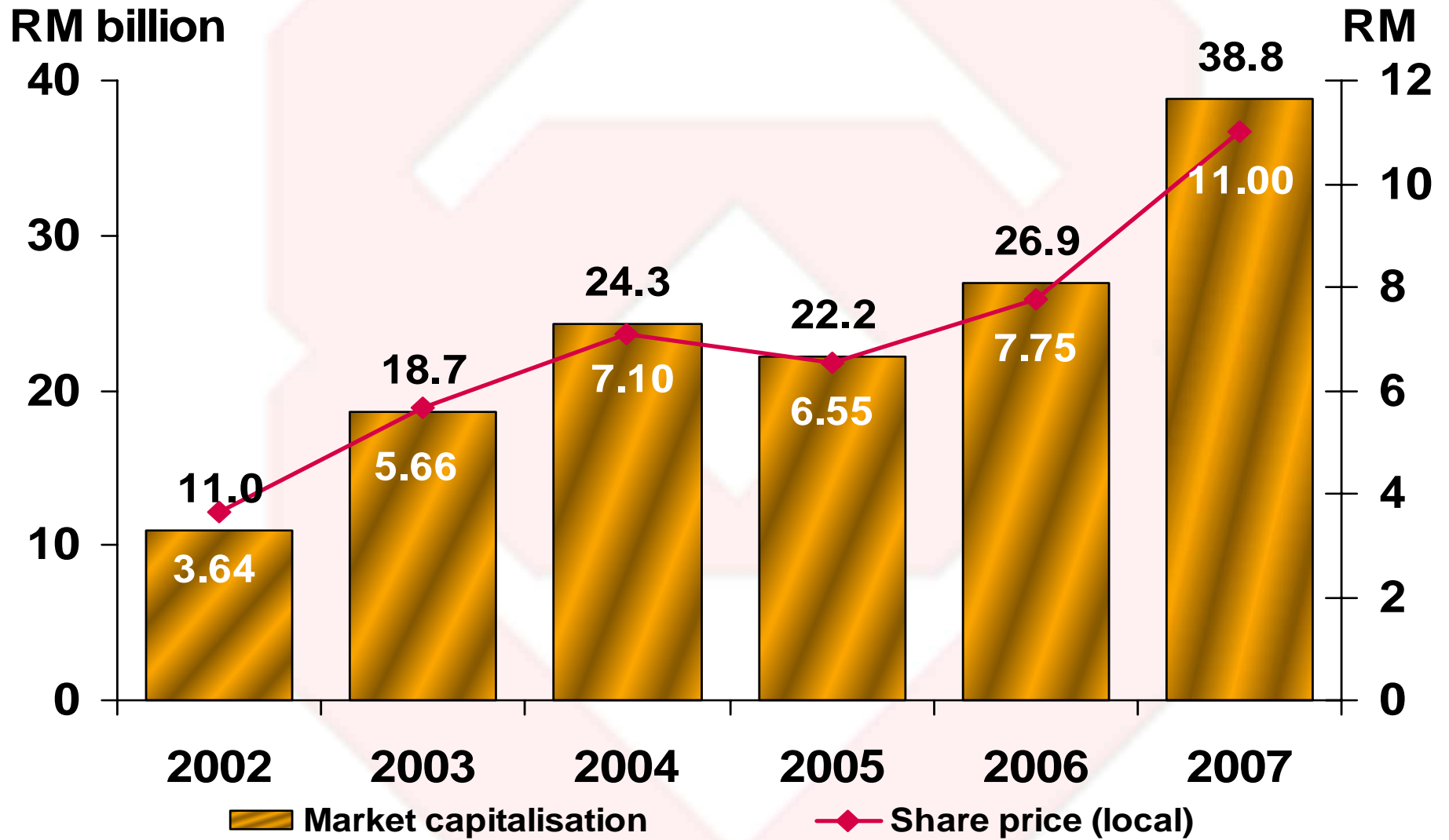
Quarterly Net Profit

RM million





Market Capitalisation



Financial Performance **Net profit up 23% to RM2.1b**



	4Q07 RM mil	3Q07 RM mil	% q-o-q	2007 RM mil	2006 RM mil	% y-o-y
Net Interest Income	871.4	825.8	6	3,243.6	2,870.1	13
Islamic Banking Income	127.2	126.2	1	478.2	428.0	12
Other Operating Income	389.7	361.1	8	1,389.5	973.4	43
Other Operating Expenses	458.2	422.4	8	1,693.7	1,398.6	21
Operating Profit	930.1	890.7	4	3,417.6	2,872.9	19
Loan Loss Allowances	103.7	117.3	(12)	407.2	466.0	(13)
Pre-Tax Profit	821.2	774.4	6	3,003.6	2,416.4	24
Net Profit	580.0	543.6	7	2,123.9	1,726.7	23
EPS (sen)	17.3	16.2	7	63.3	52.1	21



Quarterly Growth vs Preceding Quarter

%	4Q07 q-o-q	3Q07 q-o-q	2Q07 q-o-q	1Q07 q-o-q
Net Interest Income (include IB income)	5	5	4	1
Other Operating Income	8	3	21	9
Other Operating Expenses	8	(1)	10	4
Operating Profit	4	8	7	2
Loan Loss Allowances	(12)	24	3	(18)
Pre-Tax Profit	6	6	8	4
Net Profit	7	4	10	7

Key Financial Ratios

Net ROE 26.3%



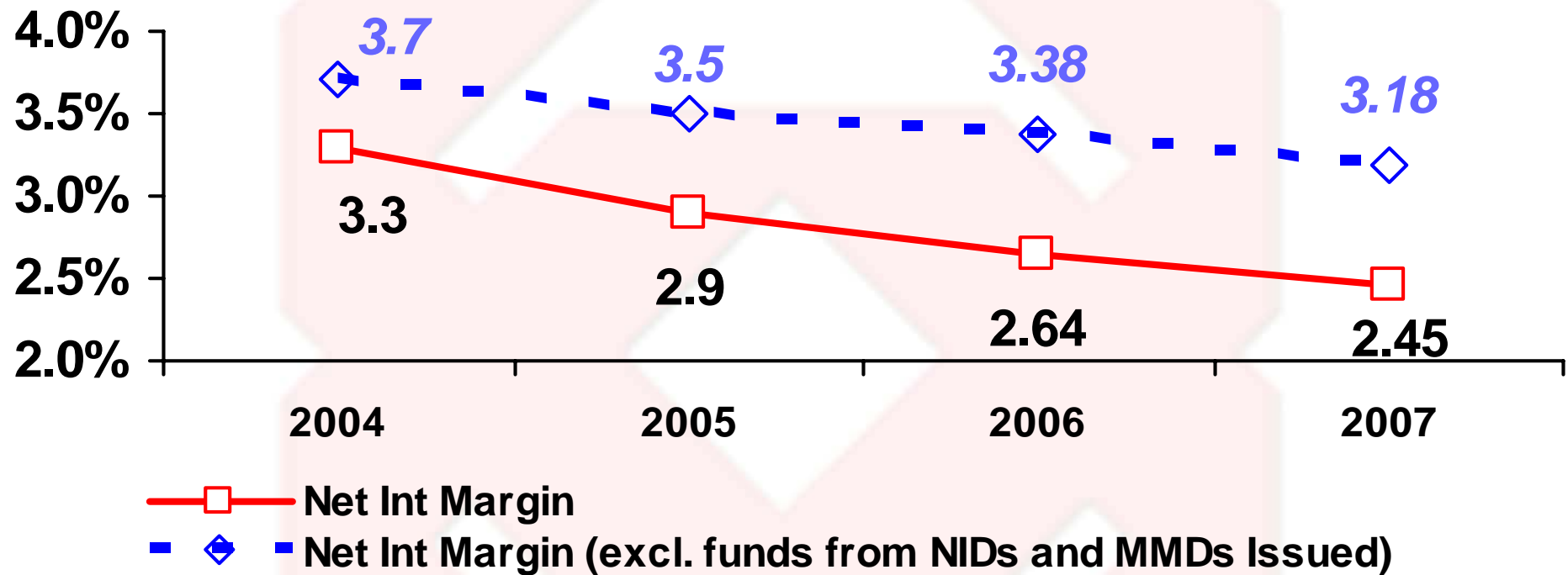
	2007	2006	% y-o-y	4Q07	3Q07	% q-o-q
Cost Income Ratio (%)	33.1	32.7	1	33.0	32.2	3
Return on Assets (%)	1.9	1.9	0	1.9	1.9	2
Net Return on Equity* (%)	26.3	21.9	20	27.5	25.2	9
Overheads / Avg. Assets (%)	1.1	1.1	(2)	1.1	1.0	5
Net Interest Margin on Yielding Assets** (%)	3.2	3.4	(6)	3.2	3.2	-

* Based on average equity after deducting proposed dividend

** Excluding Negotiable Instrument of Deposits and Money Market Deposits



Net Interest Margin



- ◆ Net interest income and financing income grew by RM418 m or 13% due to :
 - *strong loan growth (20.2% for the year)*
 - *Strong deposit growth (24.1% for the year)*
- ◆ Net interest margin will continue to be under pressure



Productivity & Efficiency

	2002 RM'000	2003 RM'000	2004 RM'000	2005 RM'000	2006 RM'000	2007 RM'000
Gross loan per employee	3,089	3,731	4,496	5,320	6,298	7,098
Deposit per employee	3,828	4,008	5,707	6,573	8,345	9,713
PBT per employee	100	115	149	161	180	210





PBT of Major Group Companies

(excluding dividend from subsidiaries)	2007 RM mil	2006 RM mil	Variance	
			RM mil	%
Public Bank	2,343.0	1,974.1	368.9	19
Public Mutual	182.9	97.3	85.6	88
Public Investment Bank	96.4	35.3	61.1	173
Public Bank (L)	28.1	17.7	10.4	59
Overseas Operations	435.6	331.0	104.6	32



Profit Contribution By Segments

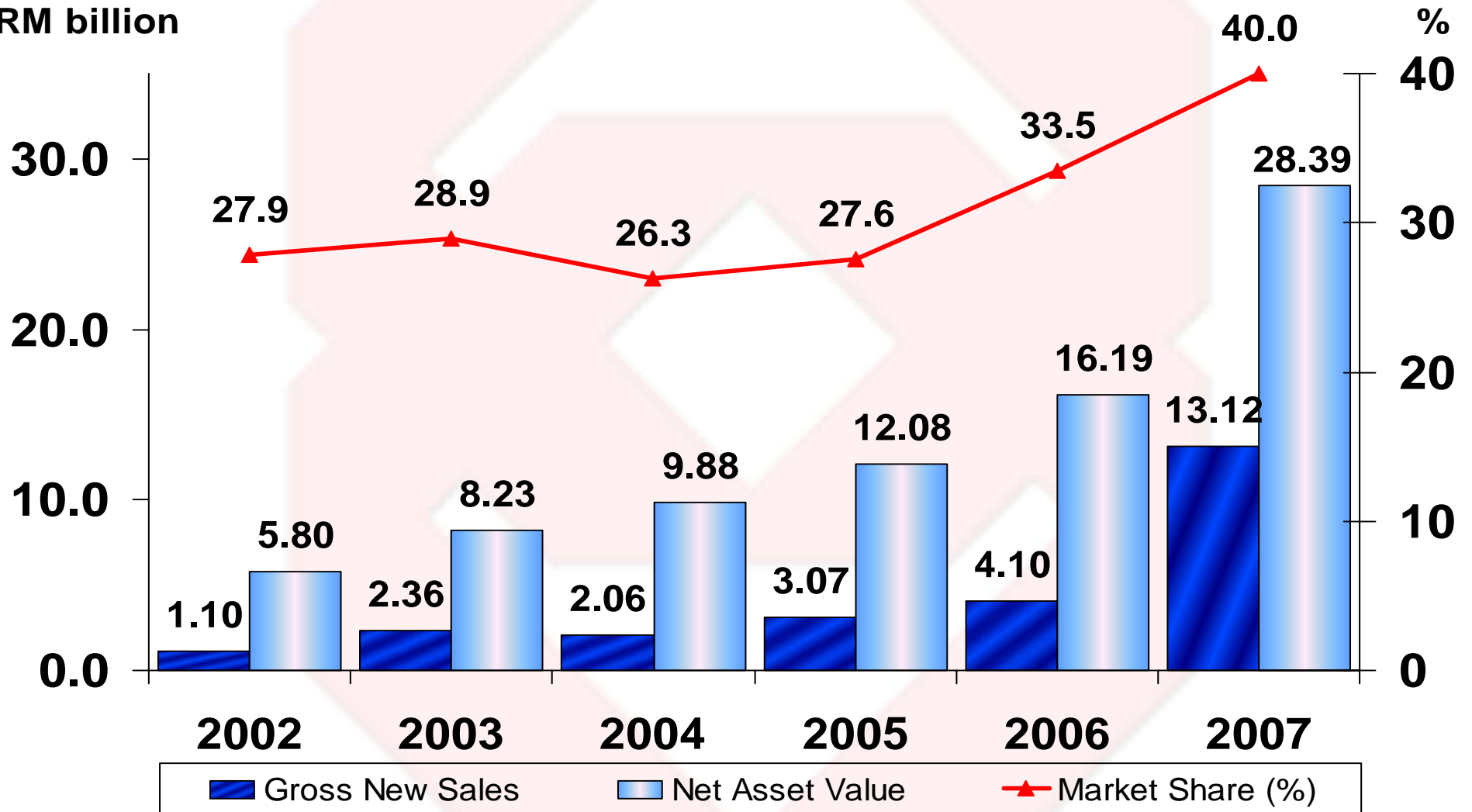
	2007		2006		Variance
	RM mil	%	RM mil	%	%
Retail Operations	2,307.8	73	1,893.0	74	22
Treasury & Capital Market Operations	390.2	12	477.8	19	(18)
Fund Management	182.9	6	97.3	4	88
Investment Banking	166.5	5	40.9	2	307
Corporate Lending	105.2	3	35.8	1	194
Others	13.6	1	7.9	(*)	72
	3,166.2	100	2,552.7	100	24
Unallocated Expenses	(167.9)	-	(141.2)	-	
Share of Results of Associates	5.3	-	4.9	-	
Profit Before Tax	3,003.6	-	2,416.4	-	24

* Less than 0.5%



Fund Management Business

RM billion





Other Operating Income

	2007 RM mil	2006 RM mil	% y-o-y	4Q07 RM mil	3Q07 RM mil	% q-o-q
Fee Income	1,028.4	678.1	52	304.9	258.4	18
Non Fee Income	361.1	295.3	22	84.8	102.7	(17)
Total	1,389.5	973.4	43	389.7	361.1	8

Included in fee income are:

Fund Management Income	2007 RM mil	2006 RM mil	% y-o-y	4Q07 RM mil	3Q07 RM mil	% q-o-q
Unit Trust Management Fees	285.4	174.2	64	89.2	76.0	17
Fee on Sale of Trust Units	200.4	62.5	221	67.9	46.4	46
Total	485.8	236.7	105	157.1	122.4	28

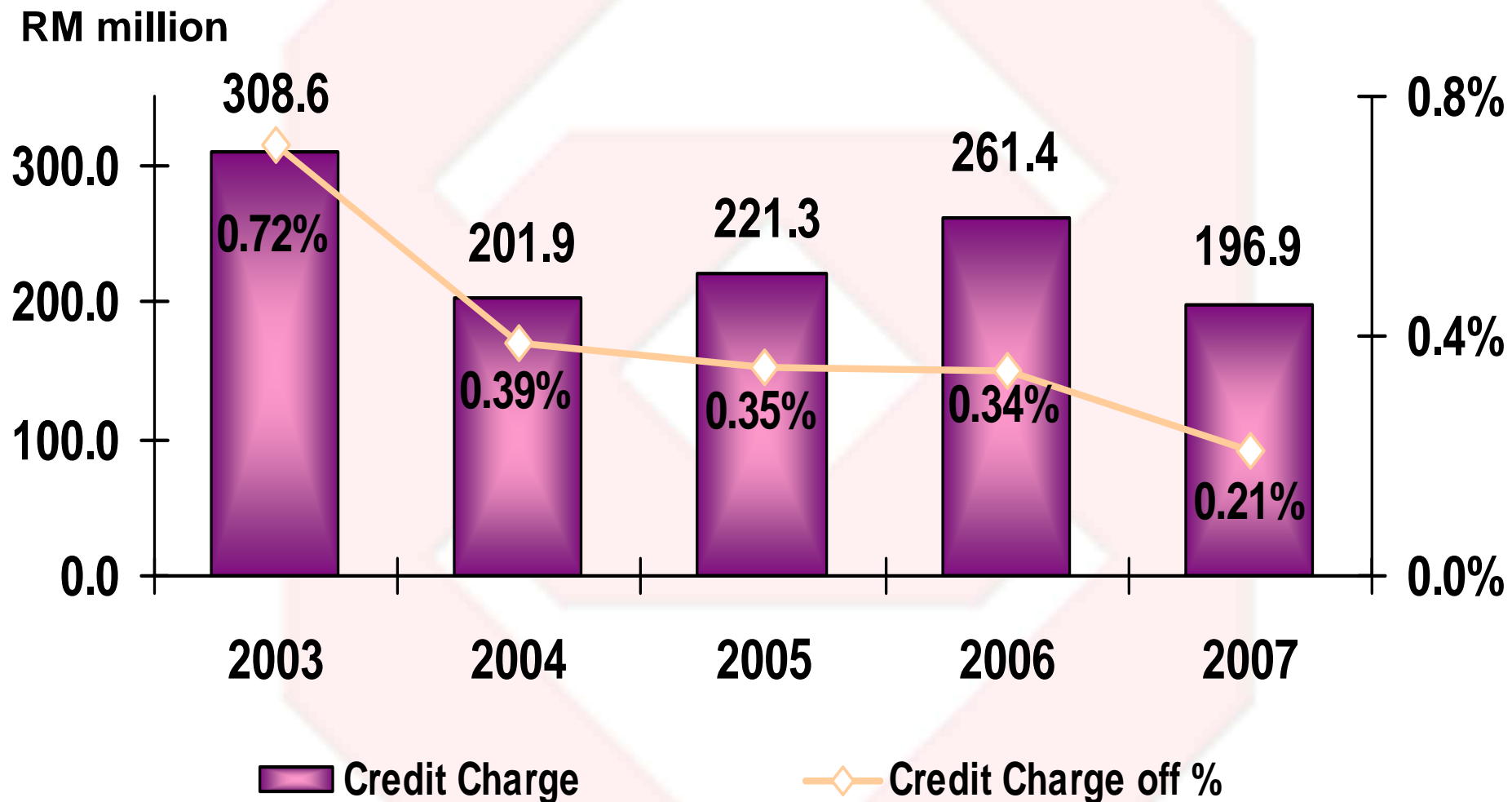


Other Operating Expenses

	2007 RM mil	2006 RM mil	% y-o-y	4Q07 RM mil	3Q07 RM mil	% q-o-q
Personnel Costs	960.6	811.5	18	258.1	238.5	8
Establishment Costs	306.4	287.1	7	71.8	78.3	(8)
Marketing Expenses	278.8	165.9	68	84.4	71.7	18
Administration Expenses	147.9	134.1	10	43.9	33.9	29
Total	1,693.7	1,398.6	21	458.2	422.4	8



Loan Loss Allowances





Summary of Balance Sheet

	2007	2006	Variance	
	RM bil	RM bil	RM bil	%
Total Assets	174.2	147.8	26.4	17.9
Gross Loans and Advances:				
- including Islamic financing sold to Cagamas	101.4	84.4	17.0	20.2
- excluding Islamic financing sold to Cagamas	101.0	84.4	16.6	19.7
Domestic Gross Loans and Advances	90.5	76.3	14.2	18.6
Deposits from Customers	138.8	111.8	27.0	24.1
Shareholders' Funds	9.3	9.0	0.3	3.4
Net Assets per Share (RM)	2.79	2.71		
Net Loans to Deposits Ratio (%)	71.6	74.1		



Loans Growth of **20.2%**

	2007 (%)
PBB	
- including Islamic financing sold to Cagamas	20.2
- excluding Islamic financing sold to Cagamas	19.7
Industry Average*	10.5

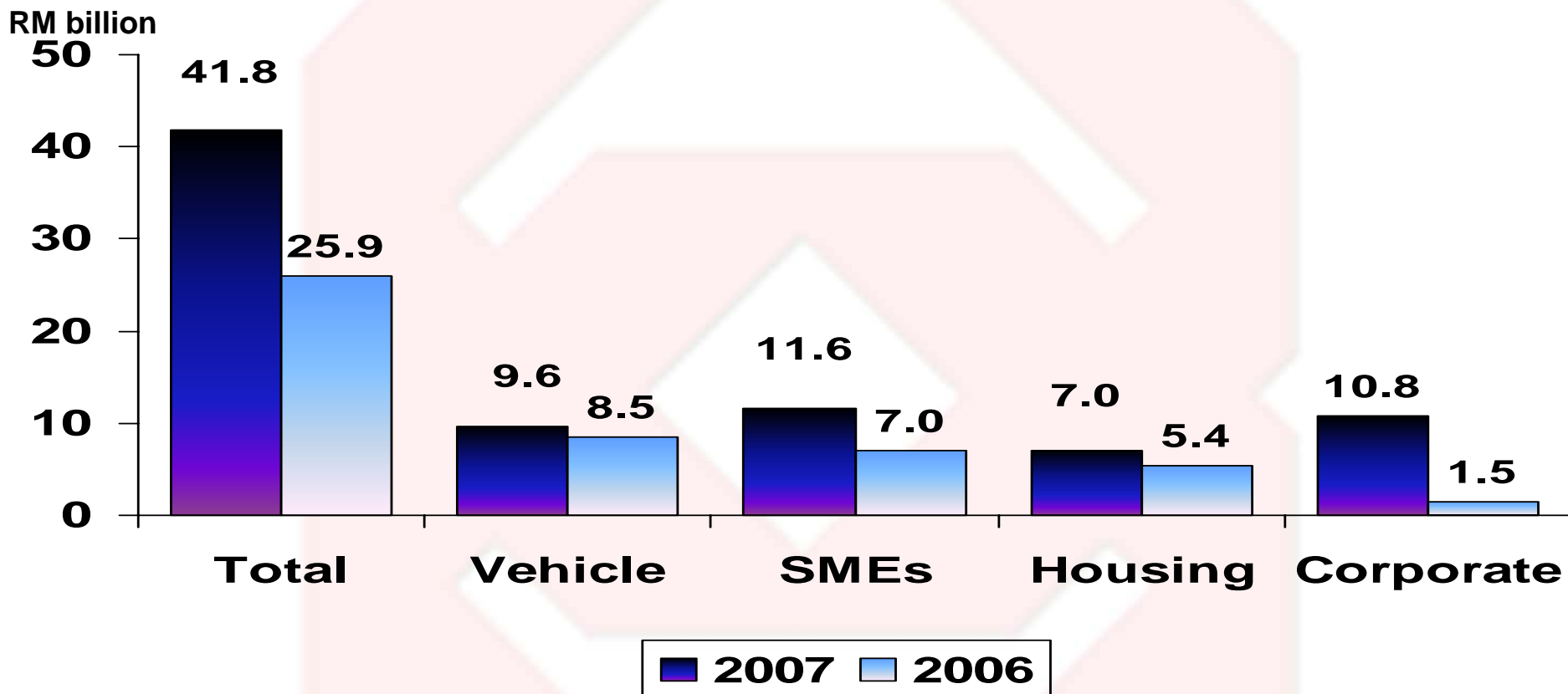
Market Share:

2007(Nov)	-	14.0%
2006	-	13.2%
2005	-	12.0%
2004	-	11.1%

*Industry figures and market share are based on position as at 30 November 2007.



Loans Approved



- Vehicle financing - RM1.1 b or 13% increase
- SMEs loans - RM4.6 b or 66% increase
- Housing loan - RM1.6 b or 30% increase
- Corporate loans - RM9.3 b or 620% increase

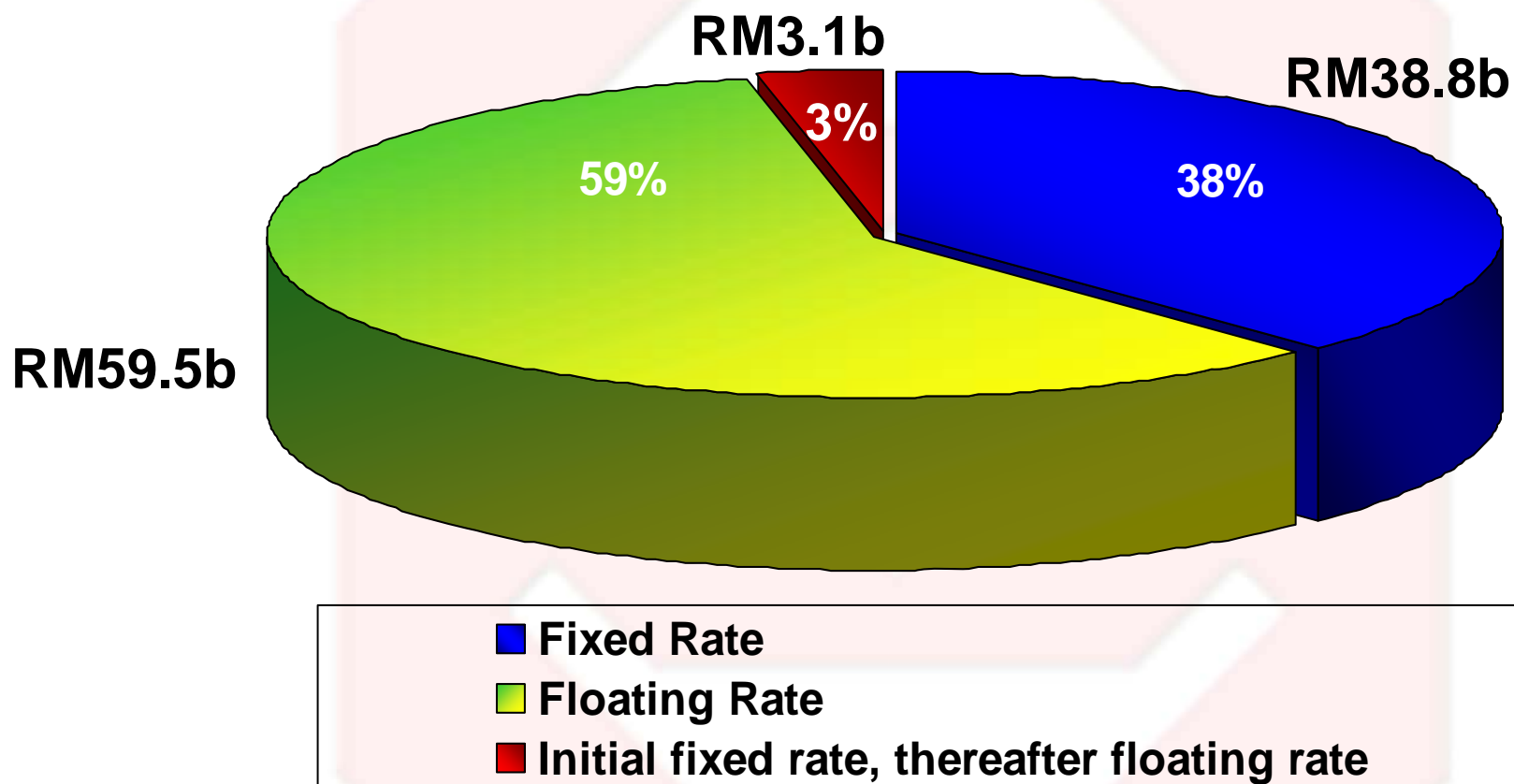


Loan by Purpose

	2007 RM bil	% of total loans	2006 RM bil	% of total loans	Growth (%)
Purchase of Landed Properties	45.2	44	37.3	44	21
- Residential	26.7	26	23.0	27	16
- Non-residential	18.5	18	14.3	17	29
Purchase of Transport Vehicles	26.1	26	23.3	28	12
Working Capital	17.2	17	13.5	16	27
Personal Use	6.3	6	5.5	6	16
Others	6.6	7	4.8	6	38
	101.4	100	84.4	100	20
<i>Islamic financing sold to Cagamas</i>	(0.4)		-		
	101.0		84.4		20



Fixed Rate & Floating Rate Loans



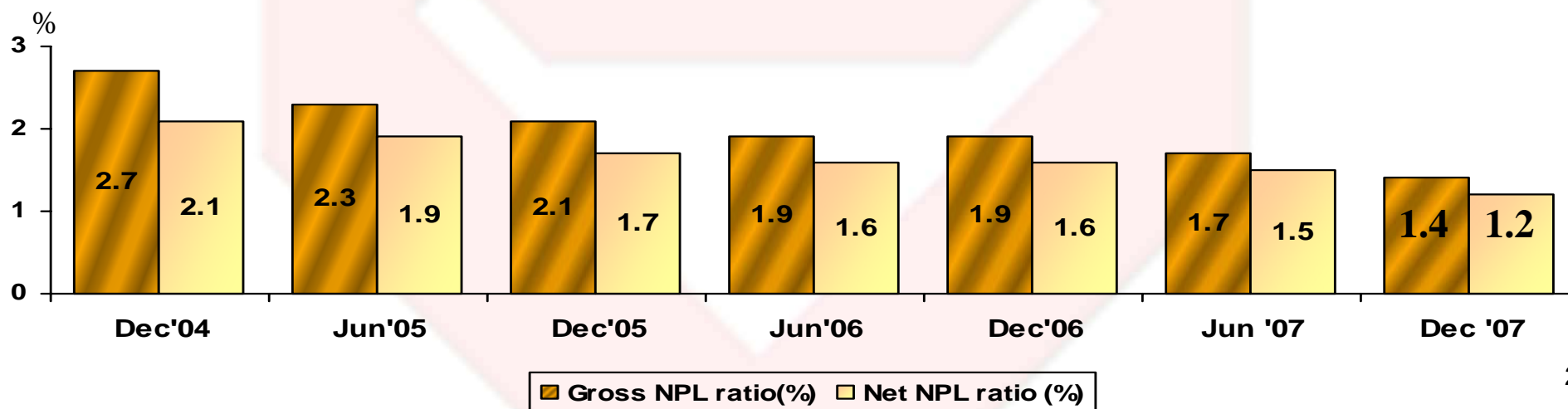
- ◆ Interest rate Impact: 1% hike in interest rate would result in a RM118m increase in the Group's net interest income.
- ◆ Duration : Modified duration is 1.6 years.

Asset Quality

Net NPL Ratio 1.2%



3-months classification	2007	2006
Gross NPL (RM mil)	1,404	1,578
Gross NPL ratio (%)	1.4	1.9
Net NPL ratio (%)	1.2	1.6
Loan loss coverage (%)	119.5	99.9
GP ratio (%)	1.5	1.6
GP/Net NPL (%)	121.9	99.9





NPL Ratio for Key Lending Sectors

Key Lending Sectors	2007	Gross NPL	2006	Gross NPL
	RM mil	%	RM mil	%
Housing Loans	648	2.4	706	3.1
Hire Purchase	230	0.9	248	1.1
SME	250	1.3	295	1.7



Deposit Growth of 24.1%

	2007 (%)
PBB	24.1
Industry Average*	18.5

Market Share:

2007(Nov)	-	14.3%
2006	-	14.2%
2005	-	13.2%
2004	-	12.4%

*Industry figures and market share are based on position as at 30 November 2007.



Total Deposits Grew By 24%

	2007	2006	Growth	
	RM bil	RM bil	RM bil	(%)
Demand Deposits	14.0	11.3	2.7	24
Savings Deposits	16.9	14.8	2.1	14
Fixed Deposits	64.5	53.4	11.1	21
Others	0.8	0.3	0.5	103
	96.2	79.8	16.4	20
NIDs	18.1	32.0	}	33
Money Market Deposits	24.5	-		
Total	138.8	111.8	27.0	24

◆ Cost of deposits

(exclude Negotiable Instrument Deposits & Money Market Deposits Issued)

<u>2007</u>	<u>2006</u>
2.39%	2.37

Overseas Operations – 15% of the Group’s Pre-tax Profit



	2007 mil	2006 mil	Variance	
			mil	%
Pre-tax Profit				
➤ <i>Public Financial Holdings Limited Group – (HKD)</i>	785.1	596.1	189.0	32
➤ <i>Cambodian Public Bank Ltd – (USD)</i>	24.0	14.6	9.4	65
Loans Growth				
➤ <i>Public Bank (HK) Ltd - (HKD)</i>	15,464	10,226	5,238	51
➤ <i>Cambodian Public Bank Ltd - (USD)</i>	363	158	205	130
Deposit Growth				
➤ <i>Public Bank (HK) Ltd – (HKD)</i>	20,438	14,201	6,237	44
➤ <i>Cambodian Public Bank Ltd - (USD)</i>	300	189	111	59



Overseas Operations (cont.)

Expansion of Branch Network

	Number of Branches as at			
	May 06*	Dec 06	Dec 07	Mac 08 (Target)
Hong Kong/China:	53	56	66	68
<i>Public Finance - Hong Kong</i>	40	40	41	41
<i>PB(HK) - Hong Kong</i>	12	15	23	25
<i>- China</i>	1	1	2	2
Cambodia	5	5	9	11
Laos	1	1	1	3
Vietnam	5	6	6	7

* Date of acquisition of Public Bank (Hong Kong)

Dividend



Interim dividend (paid in Aug '07)

25 sen

Proposed:

- *Final dividend*

40 sen

- *Special dividend*

10 sen

Total

50 sen

per share

Total

75 sen

per share

for 2007

Dividend (cont.)



Net dividend payout

RM 1.85b

87.3%



Capital Adequacy Ratio

Before Proposed Dividend	2007	2006	Variance	
	RM mil	RM mil	RM mil	%
- Equity Capital	7,626.6	7,151.0	475.6	7
- Hybrid Capital	1,345.9	1,262.0	83.9	7
<i>Total Tier 1 Capital</i>	<i>8,972.5</i>	<i>8,413.0</i>	<i>559.5</i>	<i>7</i>
- General Allowance	1,523.0	1,318.5	204.5	16
- Subordinated Notes	2,469.8	2,627.8	(158.0)	(6)
- Hybrid Capital Securities	512.4	640.8	(128.4)	(20)
<i>Total Tier 2 Capital</i>	<i>4,505.2</i>	<i>4,587.1</i>	<i>(81.9)</i>	<i>(2)</i>
Total Capital Base	13,477.7	13,000.1	477.6	4
Risk-Weighted Assets	99,092.4	82,425.4	16,667.0	20
Capital Adequacy Ratio	Impact of Proposed Dividend			
	Before (%)	After (%)		
Risk-Weighted Capital Ratio	13.6	12.4		
Core Capital Ratio	9.1	7.6		



Prospects for Year 2008

- ◆ To maintain earning growth momentum leveraging on:
 - continued strong loans & deposits growth;
 - continued growth in net interest income;
 - stable NPL.
- ◆ To build on existing strengths (Strong brand, market positions, capital strength and asset quality).
- ◆ Loan growth will continue to focus on SME, mortgage loans and HP financing.
- ◆ To grow other operating income, particularly on fund management and strategic tie up for bank assurance business with ING.
- ◆ Further improve the productivity and operational efficiency.
- ◆ Enhance Red Carpet Business from transaction base to wealth management services.
- ◆ Expansion of overseas business particularly in Hong Kong & Indo-China.



Thank you