



SINCE
1966

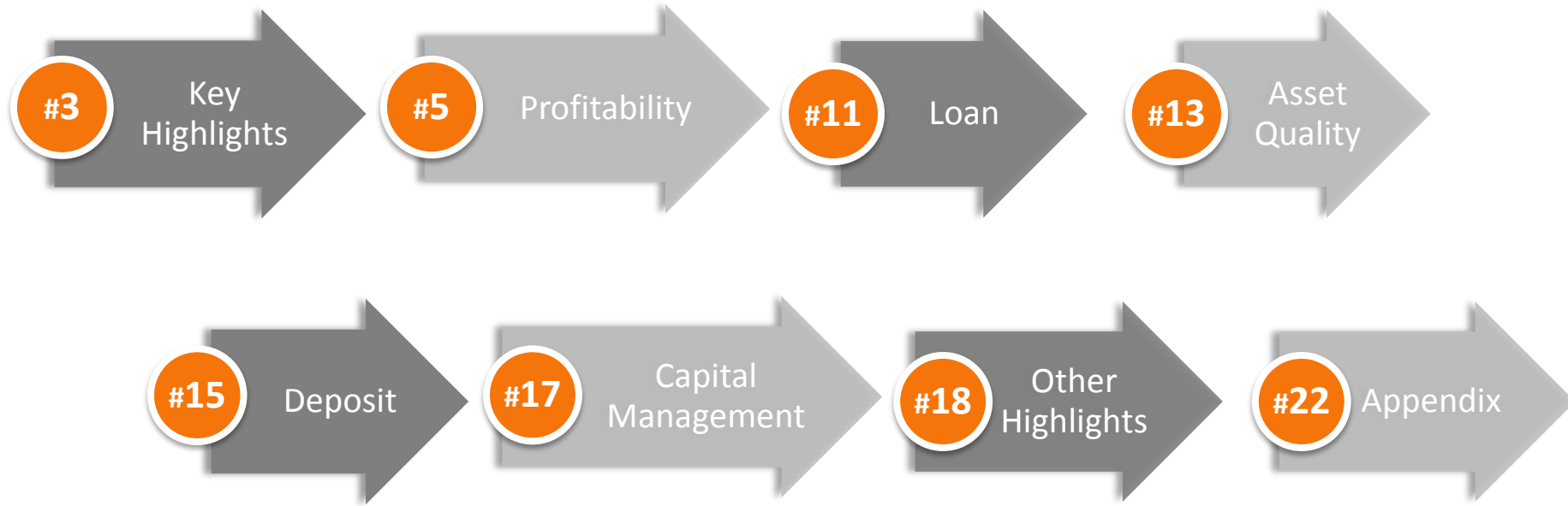
STILL
SURGING
AHEAD



PUBLIC BANK
PUBLIC BANK

Investor Presentation

September 2016 Results Update





Steady Profit Growth

- Pre-tax profit grew by 2.8% to RM4.76 billion
- Net profit attributable to shareholders increased by 4.3% to RM3.72 billion
- Net return on equity at 15.8% in 9M Q3 2016
- Cost to income ratio remained efficient at 32.5%
- Net interest margin continued to be under pressure

Consistent Balance Sheet Growth

- Domestic loans grew at an annualised rate of 7.8%
- Domestic customer deposits grew at an annualised rate of 7.5%
- Net loan-to-deposit ratio remained healthy at 90.2%

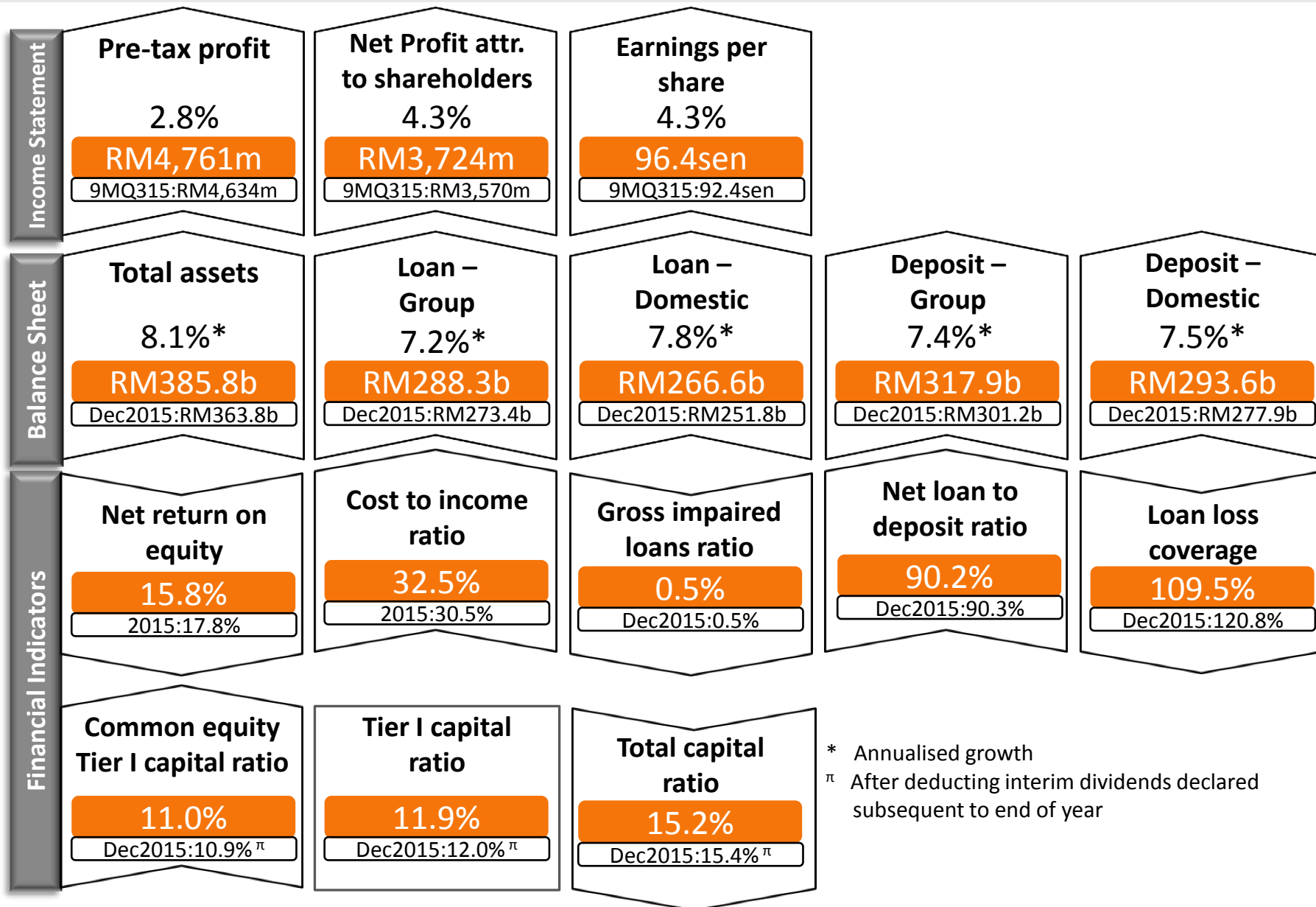
Excellent Asset Quality

- Gross impaired loan ratio remained low and stable at 0.5%
- Loan loss coverage ratio remained high at 109.5%

Healthy Capital Positions

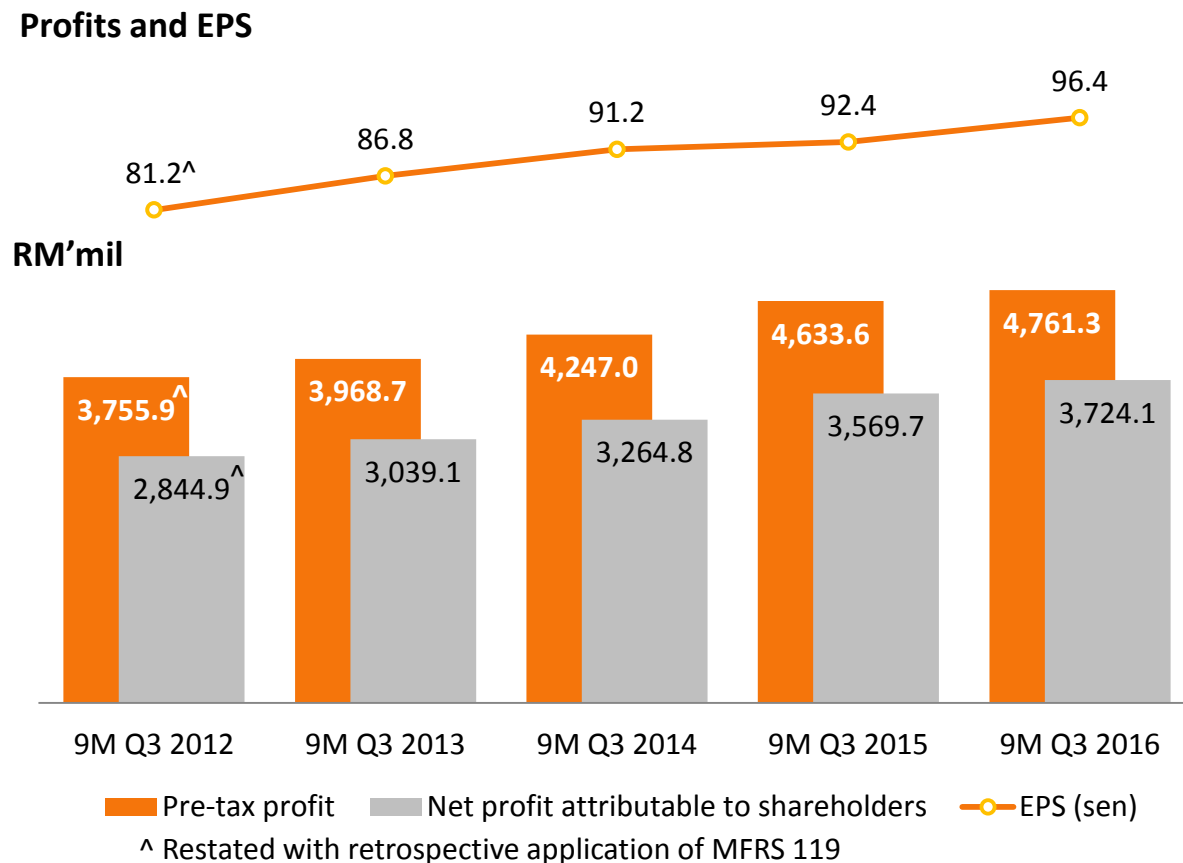
- CET I ratio, Tier I capital ratio and total capital ratio were at healthy level of 11.0%, 11.9% and 15.2% respectively

Key Highlights



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

Steady Profit Growth

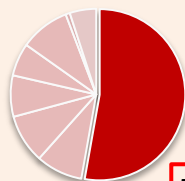


Segmental Profit – Retail Centric



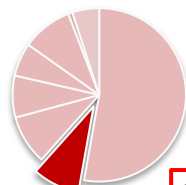
RM'mil

Retail operations (Individuals + SMEs)



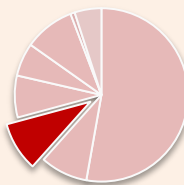
52.8%

Fund management



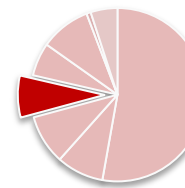
8.8%

Treasury operations



9.1%

Corporate lending



7.8%

9M Q3 2016

2,514.8

418.6

435.8

369.2

9M Q3 2015

2,526.9

410.3

364.8

313.5

Change

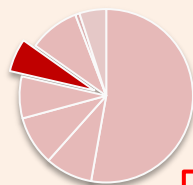
-0.5%

2.0%

19.5%

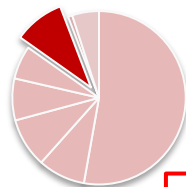
17.8%

Hire purchase



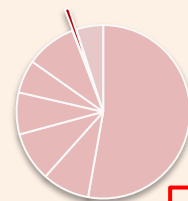
6.2%

Overseas operations



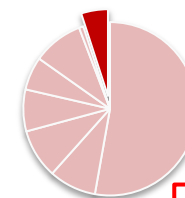
9.4%

Investment banking



0.8%

Others^Y



5.1%

9M Q3 2016

293.7

446.9

38.6

243.7

9M Q3 2015

261.4

462.6

42.9

251.2

Change

12.3%

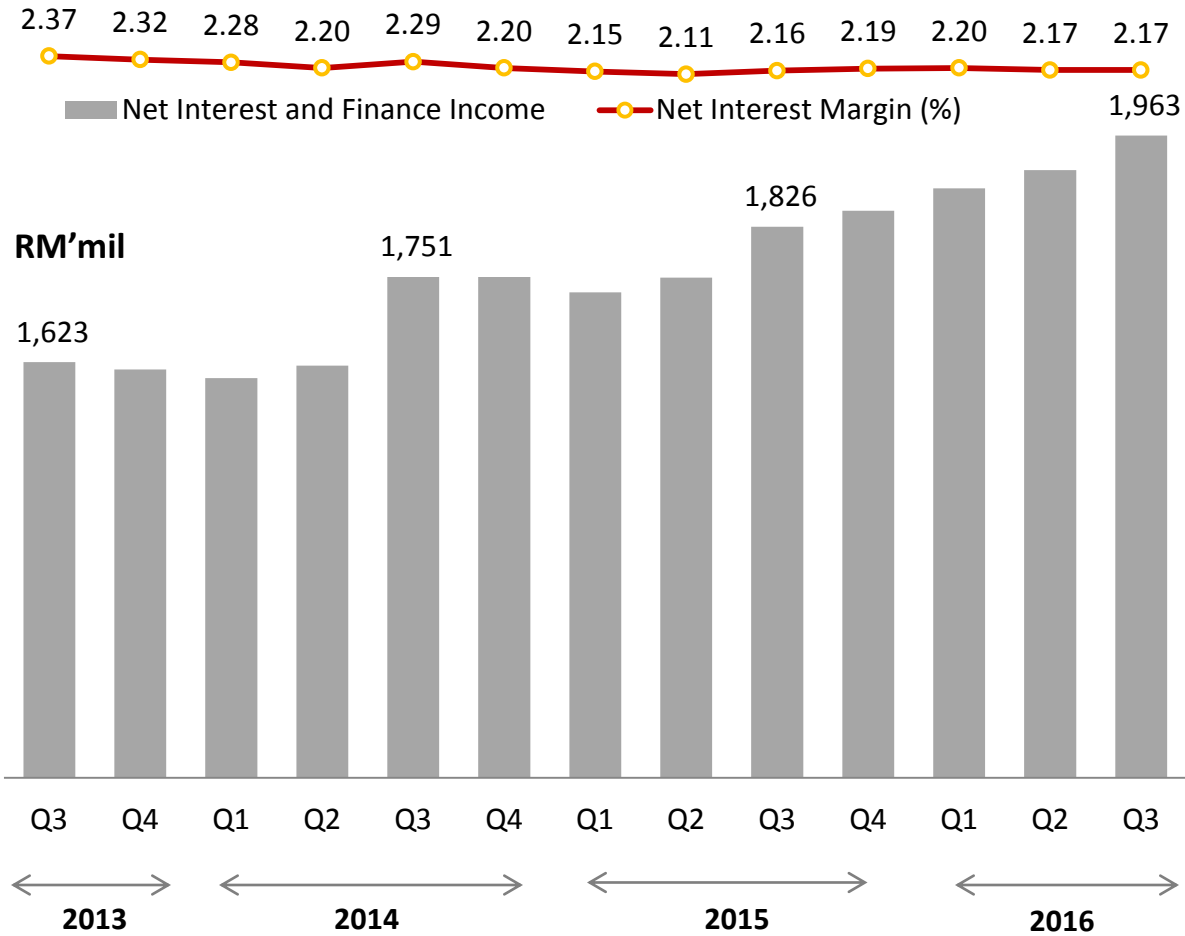
-3.4%

-9.9%

-3.0%

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

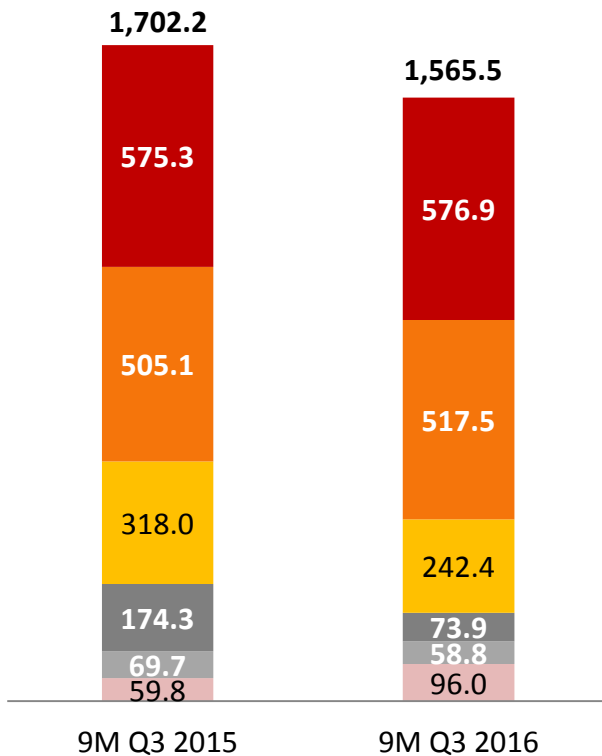
Net Interest Margin



Non-Interest Income Composition & Growth

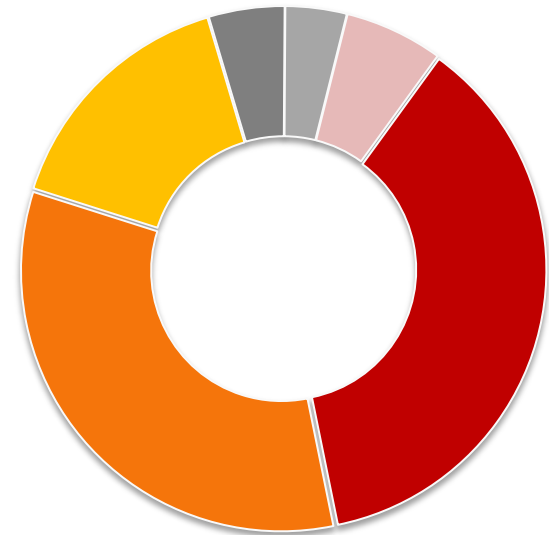


RM'mil



Non-interest Income Contribution

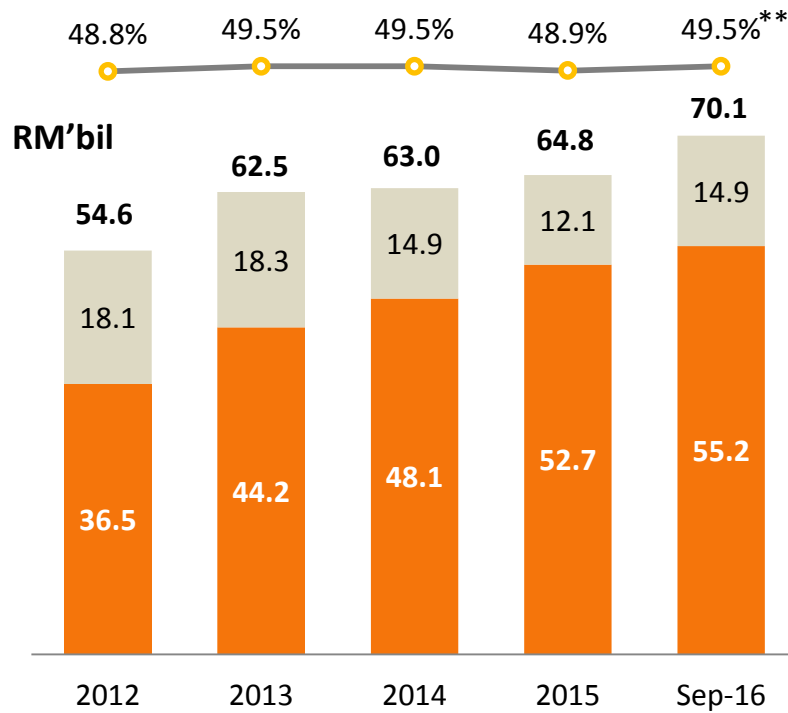
- 36.8%** ■ Unit trust income
- 33.1%** ■ Fee & commission income
- 15.5%** ■ Foreign exchange income
- 4.7%** ■ Investment income
- 3.8%** ■ Stockbroking income
- 6.1%** ■ Others



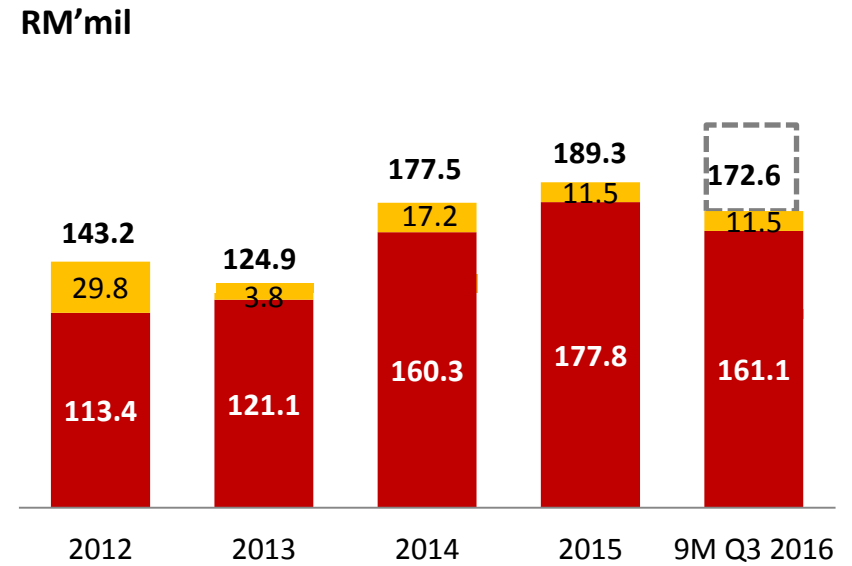
Based on financial results as at 30 September 2016



Net Asset Value of Funds Under Management



Bancassurance Business – Annualised New Premium



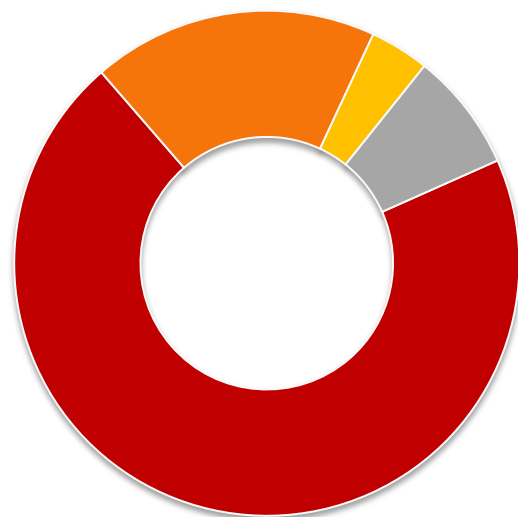
■ NAV - Equity Funds
■ NAV - Other Funds
—○— Retail Market Share

■ Domestic
■ Overseas

** Market share as at August 2016



Operating Costs Composition



- 70.3%** ■ Personnel Costs
- 18.3%** ■ Establishment Costs
- 3.8%** ■ Marketing Expenses
- 7.6%** ■ Administration Expenses

Based on financial results as at 30 September 2016

RM'mil	9M Q3 16	9M Q3 15	Changes
Personnel costs	1,692.2	1,546.0	9.5%
Establishment costs	440.5	393.2	12.0%
Marketing expenses	90.4	85.9	5.2%
Administration expenses	182.9	141.0	29.7%
Total	2,406.0	2,166.1	11.1%

RM'mil	9M Q3 16	2015	Industry Average
Gross loan per employee (RM'mil)	15.5	14.9	12.1
Deposit per employee (RM'mil)	17.1	16.4	14.0
PBT per employee (RM'000)	342*	353	244
Cost to Income Ratio (%)	32.5	30.5	48.8

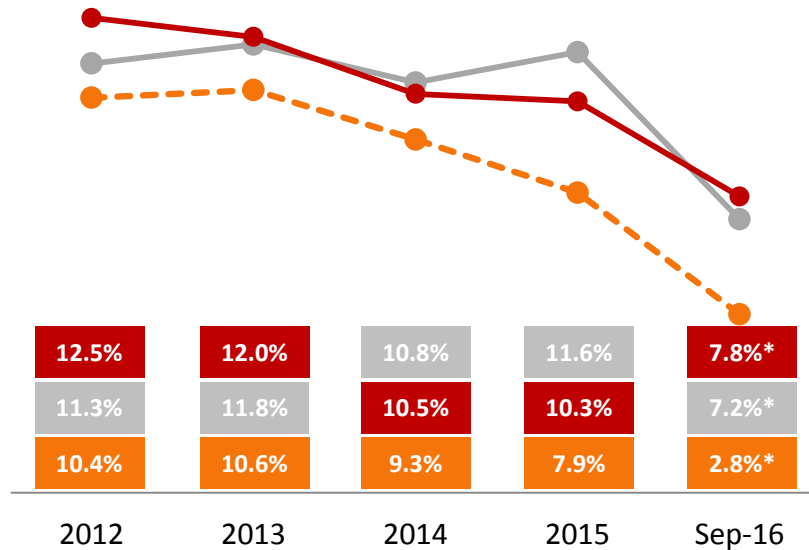
* Annualised

Consistently Above-Industry Loan Growth



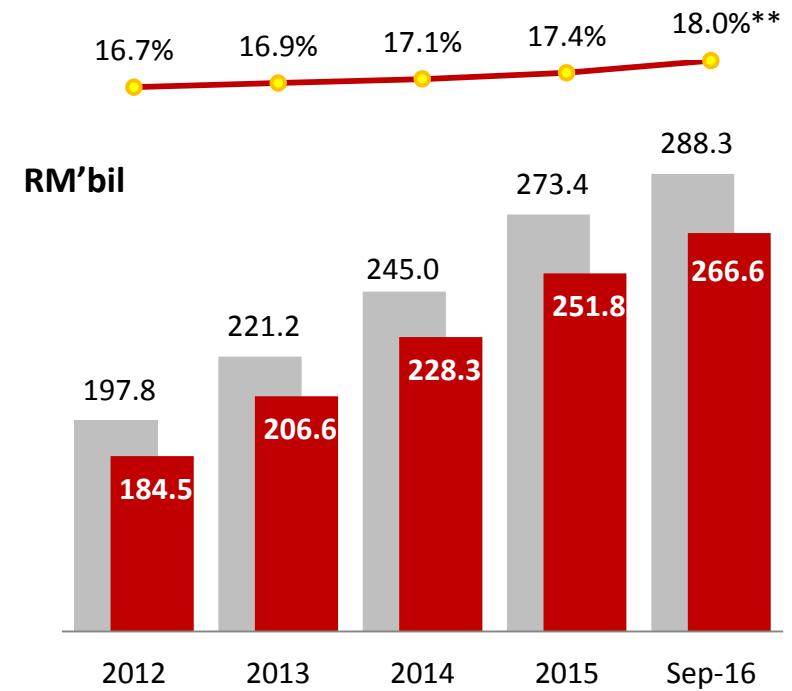
Loan Growth vs Industry

%



● Group Loan Growth
 ● Domestic Loan Growth
 ● Domestic Industry Average
 * Annualised growth

Gross Loans and Domestic Loan Market Share

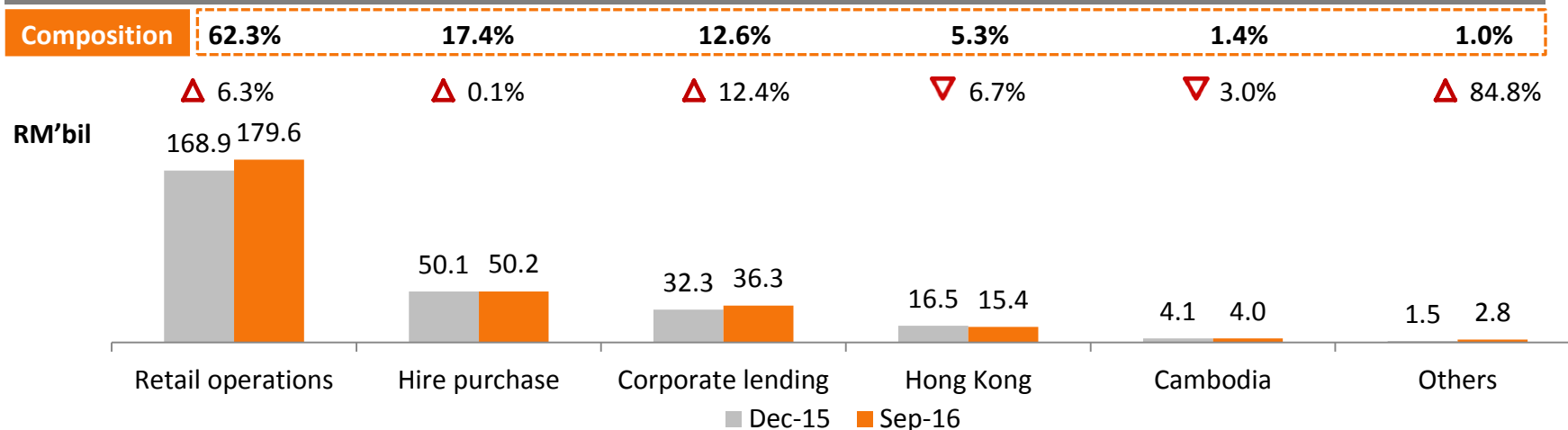


■ Gross Loan Outstanding
 ■ Domestic Loan
 ● Domestic Loans Market Share (%)
 ** Market share as at August 2016

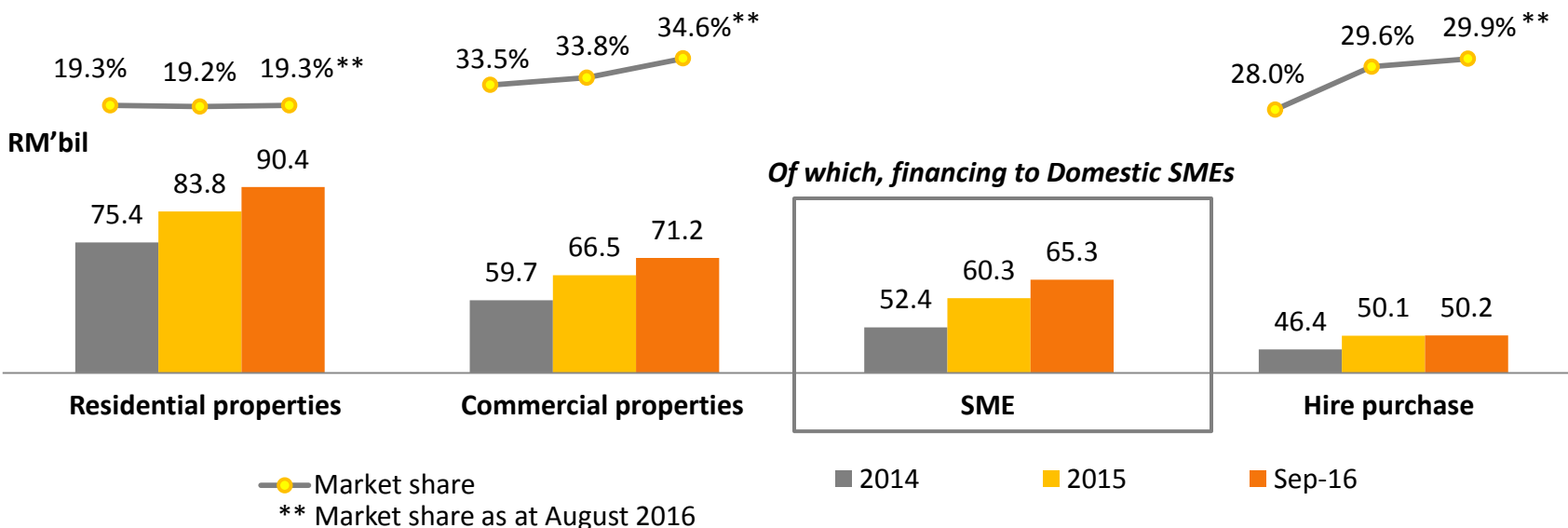
Healthy Gross Loan Growth



Gross Loan Composition by Segment



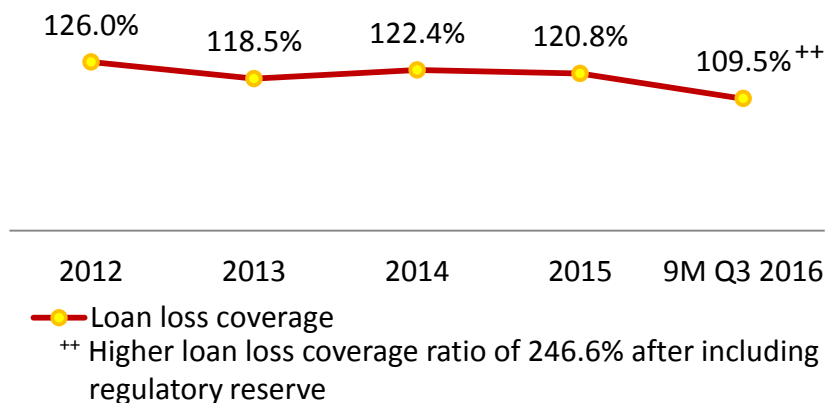
Gross Loan in Domestic Operations



Upholding Strong Asset Quality

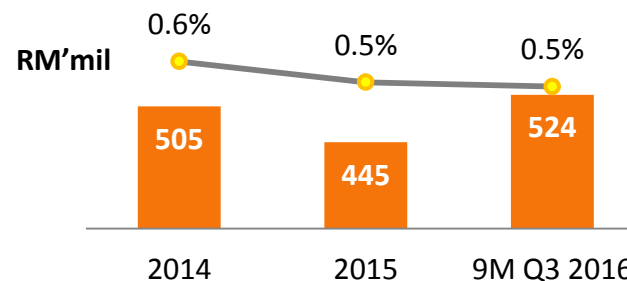


High loan loss coverage

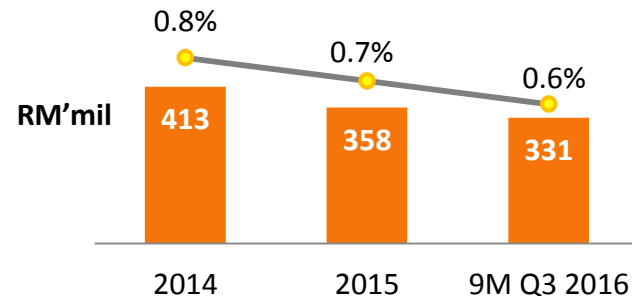


Of which:

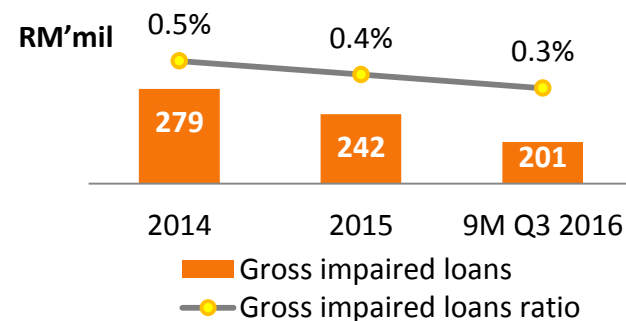
Residential properties financing



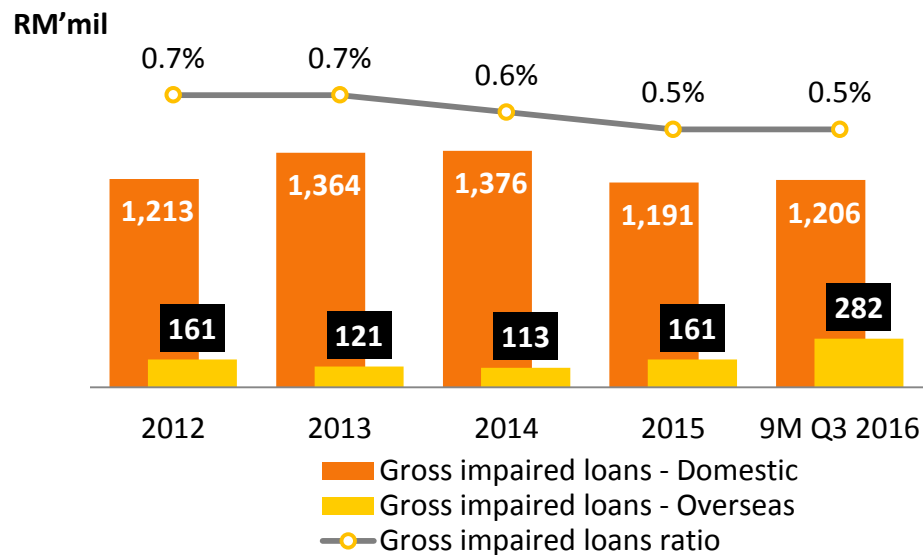
Transport vehicle financing



SME financing (Domestic)



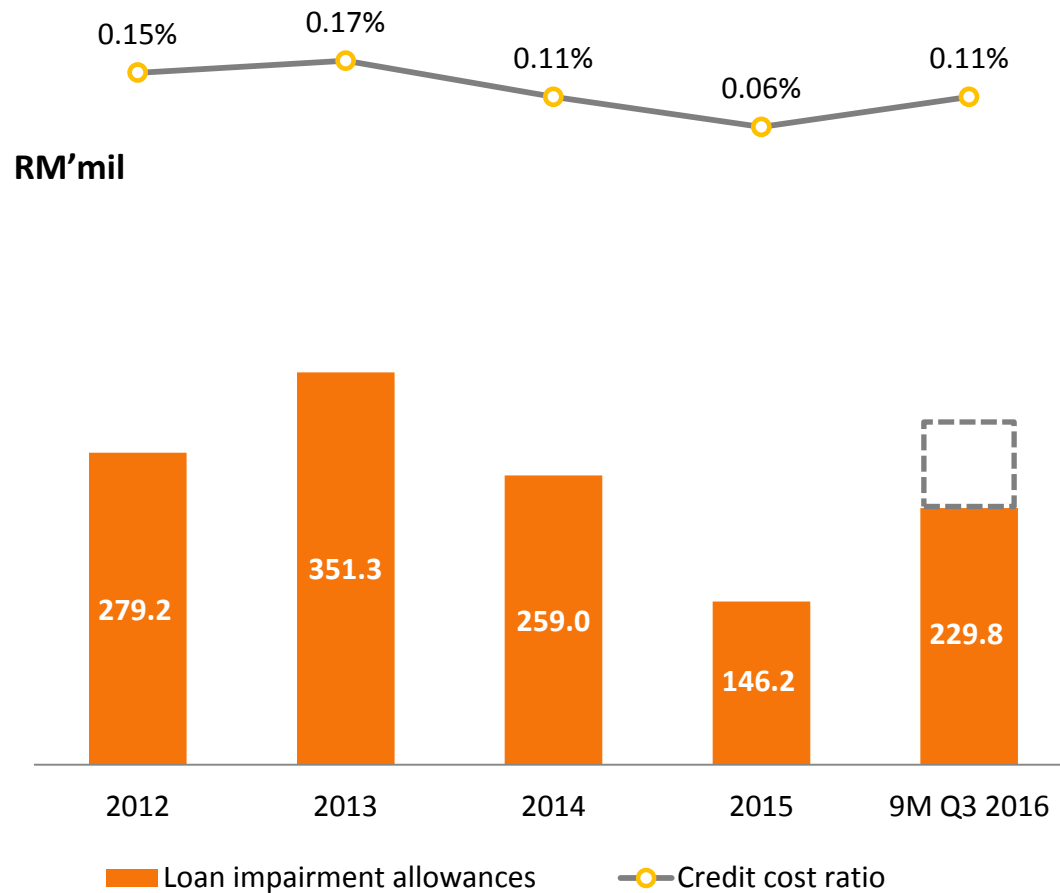
Low gross impaired loans ratios



Upholding Strong Asset Quality



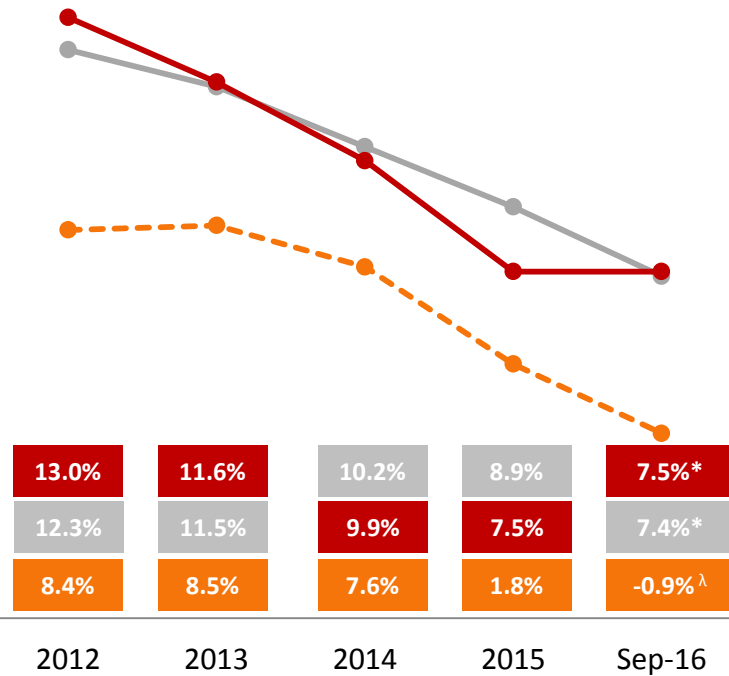
Loan Impairment Allowances (including collective allowances)



Healthy Deposit Growth in Support of Liquidity

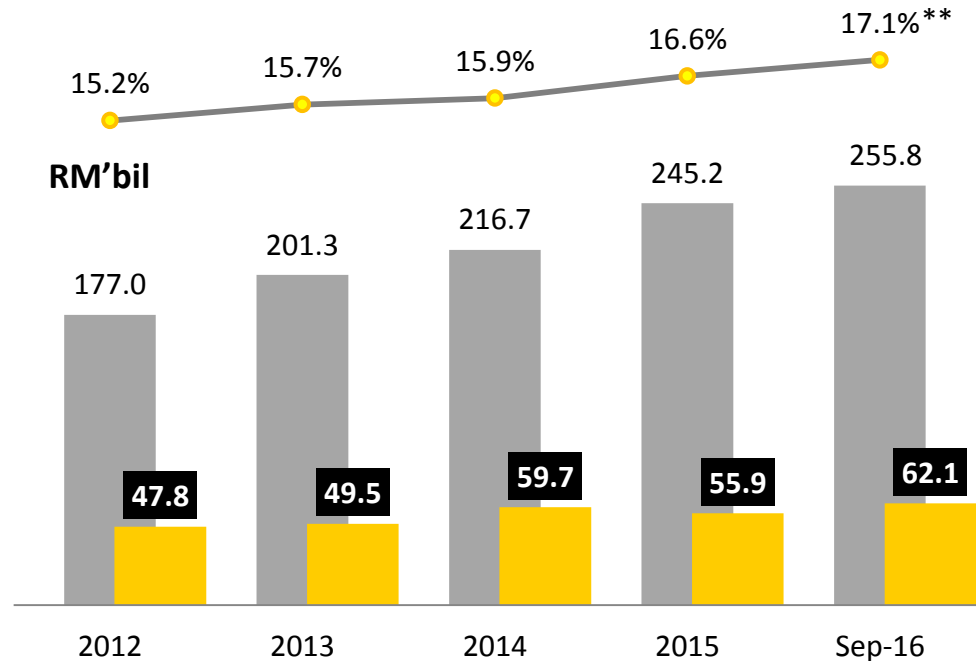


Deposit Growth vs Industry
%



● Group Deposit Growth
 ● Domestic Deposit Growth
 ● Domestic Industry Average
 * Annualised growth
^λ Negative growth as at August 2016

Deposits – Outstanding Balance and Market Share

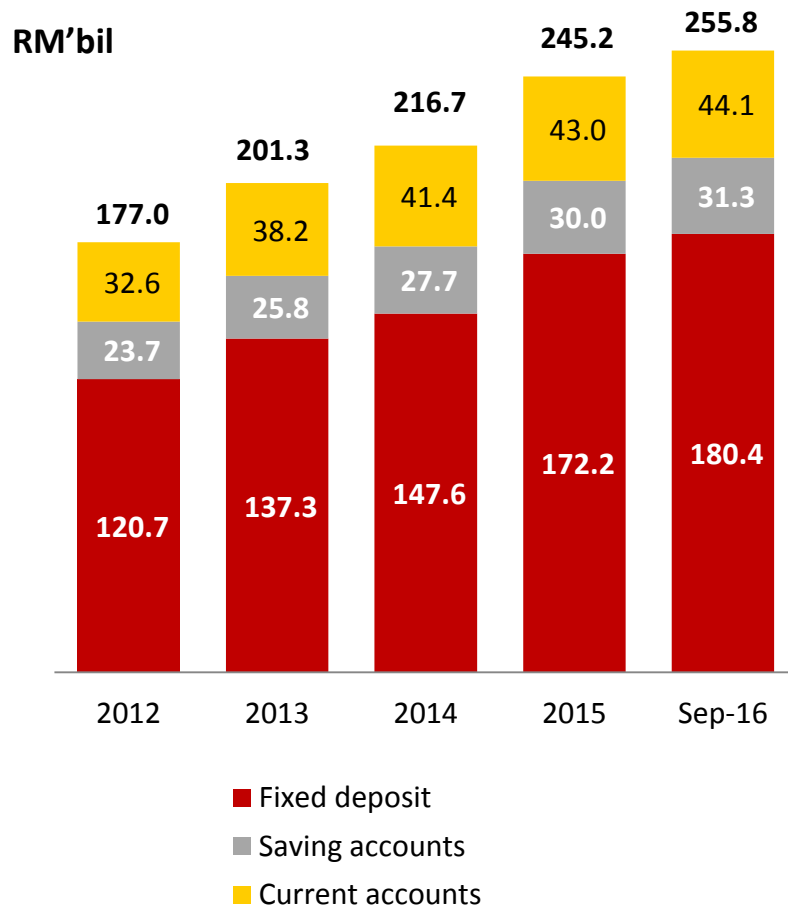


■ Core customer deposit
 ■ Wholesale deposit
 ● Customer deposit market share
 ** Market share as at August 2016

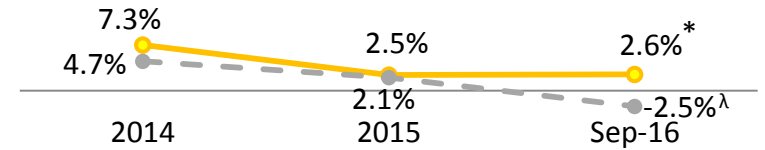
Healthy Core Deposit Growth



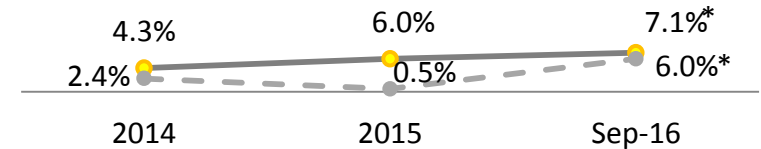
Source of Core Deposit



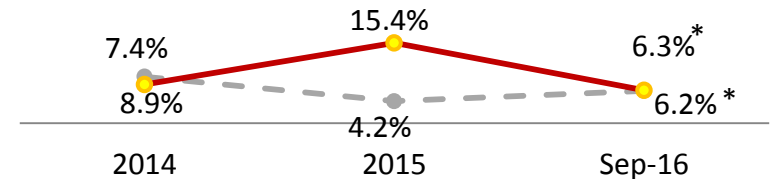
Domestic Current Deposit



Domestic Savings Deposit



Domestic Fixed Deposit

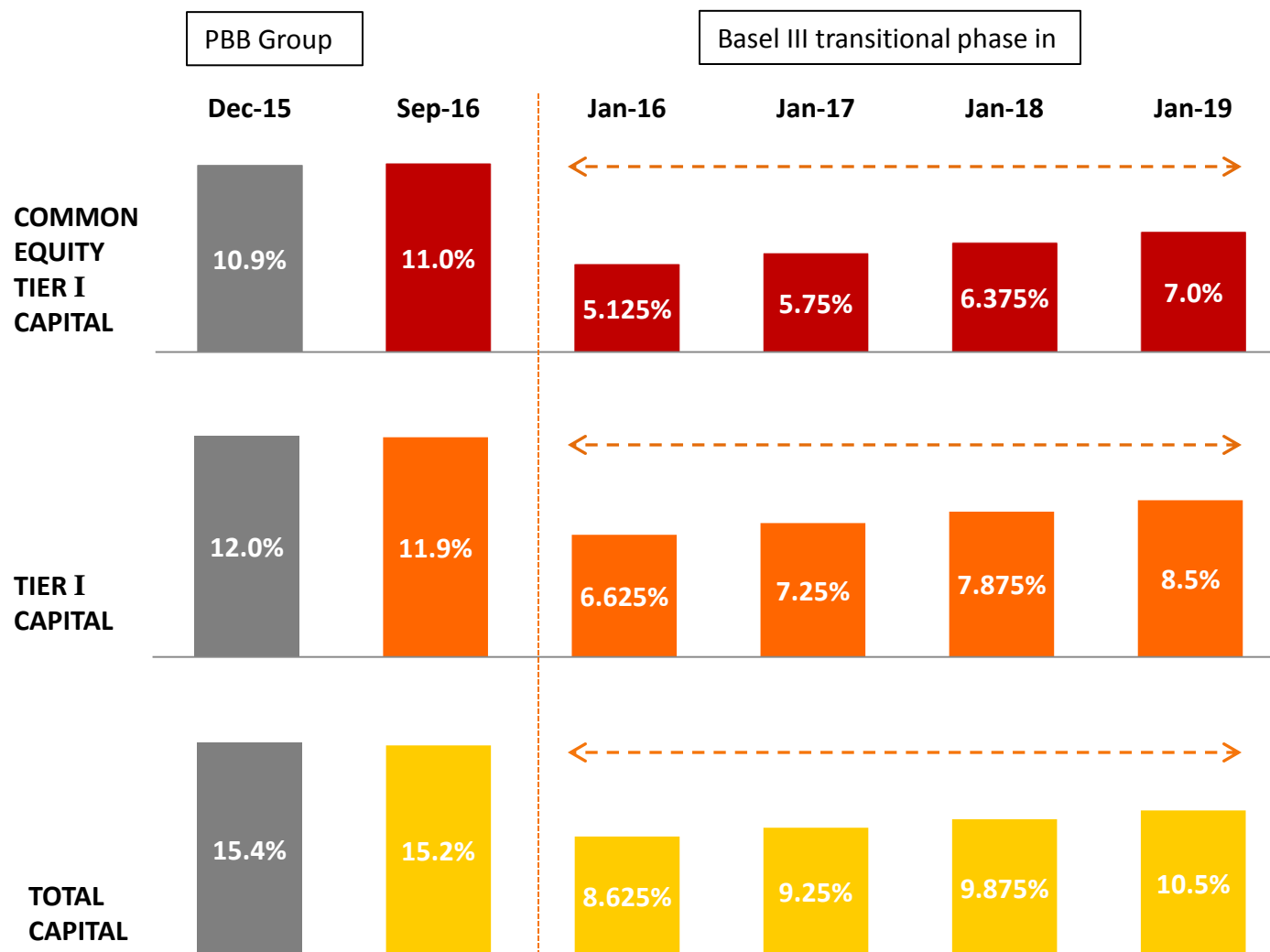


—●— Industry growth —●— Fixed deposit
—●— Current accounts —●— Saving accounts

* Annualised growth

^λ Negative growth as at August 2016

Healthy 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



	Sep-16	2015	2010
Malaysian Operations			
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
Hong Kong & China Operations			
Public Finance	42	42	42
Public Bank (HK) - Hong Kong	32	32	30
- China	4	3	3
Winton (B.V.I) Group	8	9	9
Indo-China Operations			
Cambodia Public Bank	30	28	21
Public Bank Vietnam	7	7	7
	419	417	393
Self Service Terminal - domestic	2,055	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%	15.8%
Total Capital Ratio	>13%	15.2%
Gross Impaired Loan Ratio	<1%	0.5%
Cost to Income Ratio	<33%	32.5%
Loan Growth – Domestic	8% to 9%	7.8%*
– Group		7.2%*
Deposit Growth – Domestic	7% to 8%	7.5%*
– Group		7.4%*

* Annualised

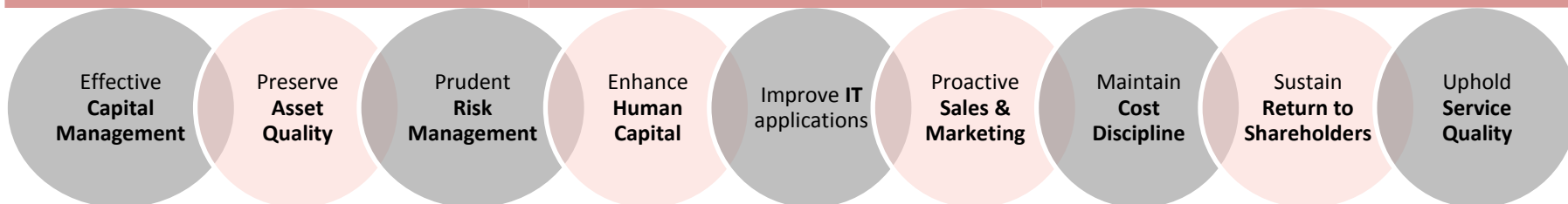
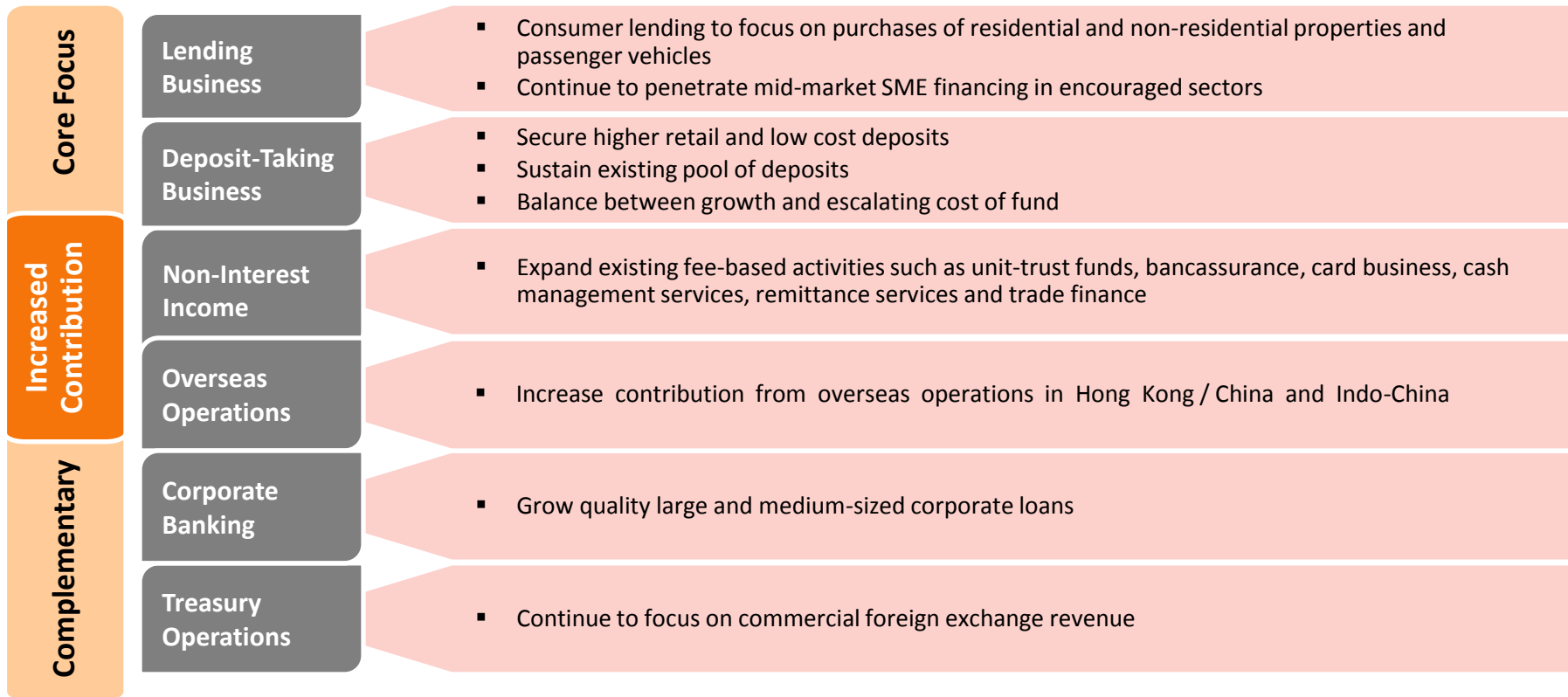
PBB's Business Growth Strategies



Strategic Focus: Organic growth in focus areas

Business

Strategic Approach





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	RM'mil	2012 [^]	2013	2014	2015	9M Q3 2016
Profitability	Operating profit	5,329	5,655	6,067	6,631	4,990
	Profit before tax	5,047	5,310	5,814	6,491	4,761
	Net profit	3,827	4,065	4,519	5,062	3,724
Shareholder Value	Earnings per share (sen)	109.3	116.1	123.7	131.1	96.4
	Net assets per share (RM)	5.15	5.83	7.26	8.09	8.50
	Dividend per share (sen)	50.0	52.0	54.0	56.0	26.0
	Dividend payout ratio (%)	45.3	44.8	46.1	42.7	40.4
Key Balance Sheet Data	Total assets	274,824	305,725	345,722	363,758	385,769
	Gross loan	197,783	221,176	245,044	273,447	288,264
	Domestic loan	184,542	206,635	228,338	251,802	266,578
	Deposit from customers	225,042	250,873	276,540	301,157	317,935
	Domestic deposit	210,680	235,142	258,472	277,942	293,621
	Core customer deposit	177,035	201,258	216,707	245,171	255,755
	Shareholders' equity	18,018	20,424	28,025	31,231	32,826
	Common equity Tier I capital ^π	N/A	17,477	23,578	26,093	27,298
	Tier I capital ^π	19,461	21,028	26,745	28,882	29,697
	Total capital ^π	25,322	27,486	34,636	36,975	37,871
Risk-weighted assets	179,726	199,723	218,712	239,703	249,049	

[^] 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	9M Q3 2016	Industry
Profitability Ratios	Net interest margin on yielding assets	2.51	2.36	2.24	2.16	2.18	N/A
	Net return on equity ⁺	24.1	22.4	19.9	17.8	15.8	N/A
	Pre-tax return on average assets	1.9	1.8	1.8	1.8	1.7	1.3
	Cost to income ratio	31.2	30.7	30.0	30.5	32.5	48.8
	Non interest income/Total income	21.3	21.5	22.0	24.5	21.2	32.3
Liquidity	Net loan to deposit ratio	87.1	87.5	88.0	90.3	90.2	87.6
Asset Quality	Gross impaired loans ratio	0.7	0.7	0.6	0.5	0.5	1.7
	Loan loss coverage ratio	126.0	118.5	122.4	120.8	109.5	89.6
Capital Adequacy	Common equity Tier I capital ratio ^π	N/A	8.8	10.8	10.9	11.0	13.4
	Tier I capital ratio ^π	10.8	10.5	12.2	12.0	11.9	14.3
	Total capital ratio ^π	14.1	13.8	15.8	15.4	15.2	16.8
Market Share	<u>Domestic market share</u>						
	Commercial property financing	33.7	33.7	33.5	33.8	34.6**	N/A
	Residential property financing	19.1	19.6	19.3	19.2	19.3**	N/A
	Passenger vehicle financing	26.4	26.5	28.0	29.6	29.9**	N/A
	Private unit trust (Retail)	48.8	49.5	49.5	48.9	49.5**	N/A
	Domestic loans	16.7	16.9	17.1	17.4	18.0**	N/A
	Domestic deposits	15.2	15.7	15.9	16.6	17.1**	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 August 2016