

PUBLIC BANK

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Investor Presentation

September 2017 Results Update



Income Statement

	9M Q3 2017	9M Q3 2016	Change
Pre-tax profit	RM5,160 mil	RM4,761 mil	8.4%
Net profit attributable to shareholders	RM3,985 mil	RM3,724 mil	7.0%
Earnings per share	103.2 sen	96.4 sen	7.1%

Balance Sheet

	Sep 2017	Dec 2016	Change
Total asset	RM394.1 bil	RM380.1 bil	4.9%*
Loan:			
- Group	RM301.3 bil	RM294.0 bil	3.3%*
- Domestic	RM279.2 bil	RM269.9 bil	4.6%*
Deposit:			
- Group	RM322.6 bil	RM310.0 bil	5.4%*
- Domestic	RM295.1 bil	RM283.0 bil	5.7%*

Financial Indicators (%)

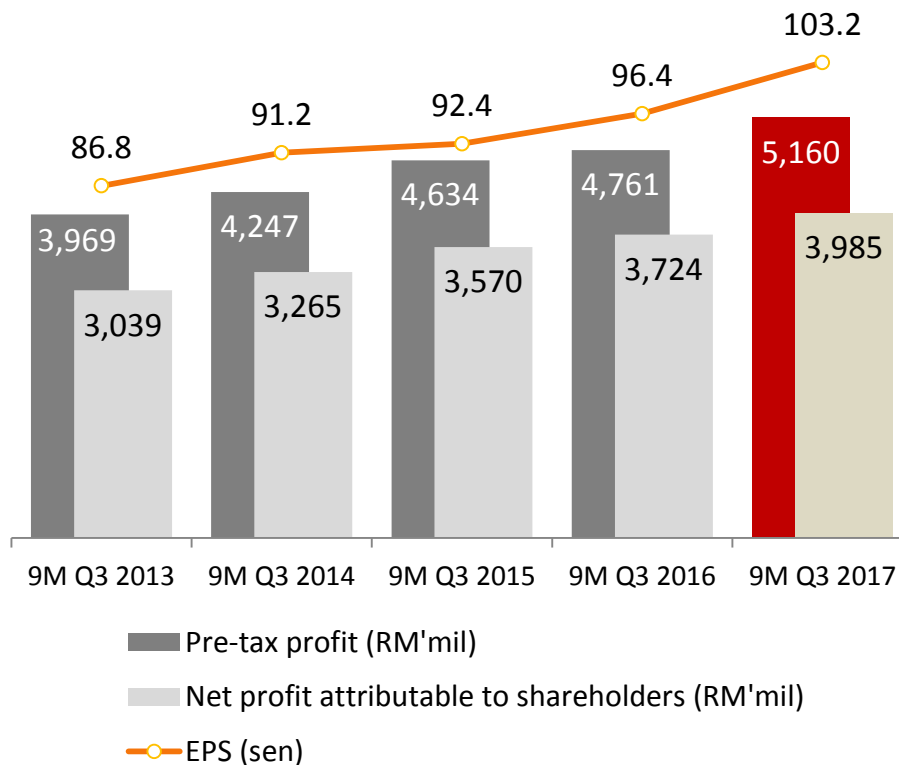
	Sep 2017	Dec 2016
Net return on equity	15.4	16.5
Cost to income ratio	32.8	32.3
Gross impaired loans ratio	0.5	0.5
Gross loan to fund ratio~	88.6	90.8
Gross loan to fund and equity ratio~	79.8	81.8
Loan loss coverage	98.2	102.7
Common equity Tier I capital ratio	11.7	11.4 ^π
Tier I capital ratio	12.4	12.2 ^π
Total capital ratio	15.4	15.5 ^π

* Annualised growth

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

~ Gross loans exclude loans/financing sold to Cagamas. Funds include deposits from customers and debt securities issued and other borrowed funds

Steady Profit Growth

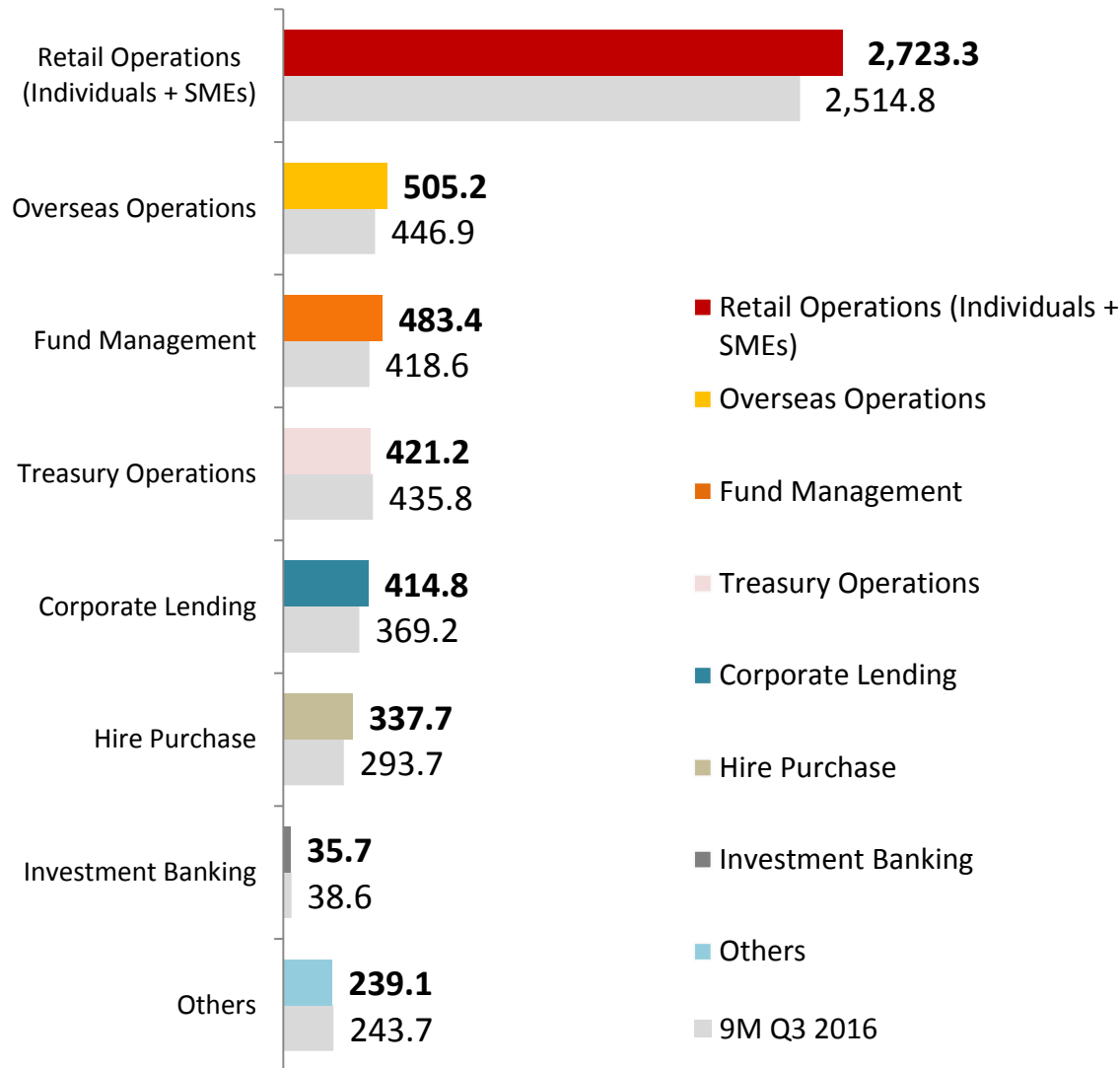


RM'mil	Sep-17	Sep-16	change
Net interest income	5,529.5	5,120.5	▲ 8.0%
Net income from Islamic banking business	745.9	709.7	▲ 5.1%
Net fee and commission income	1,290.8	1,153.2	▲ 11.9%
Net gains and losses on financial instruments	79.3	73.9	▲ 7.4%
Other operating income	314.8	338.4	▼ 7.0%
Other operating expenses	(2,614.5)	(2,406.0)	▲ 8.7%
Loan loss allowance	(179.5)	(229.8)	▼ 21.9%
Profit before tax	5,160.4	4,761.3	▲ 8.4%
Net profit attrib. to shareholders	3,984.6	3,724.1	▲ 7.0%

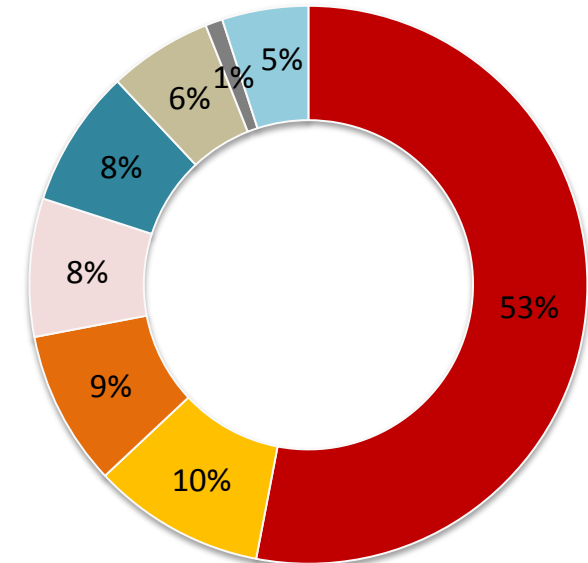
Segmental Profit – Retail Centric



9M Q3 2017 vs 9M Q3 2016 PBT (RM'mil)



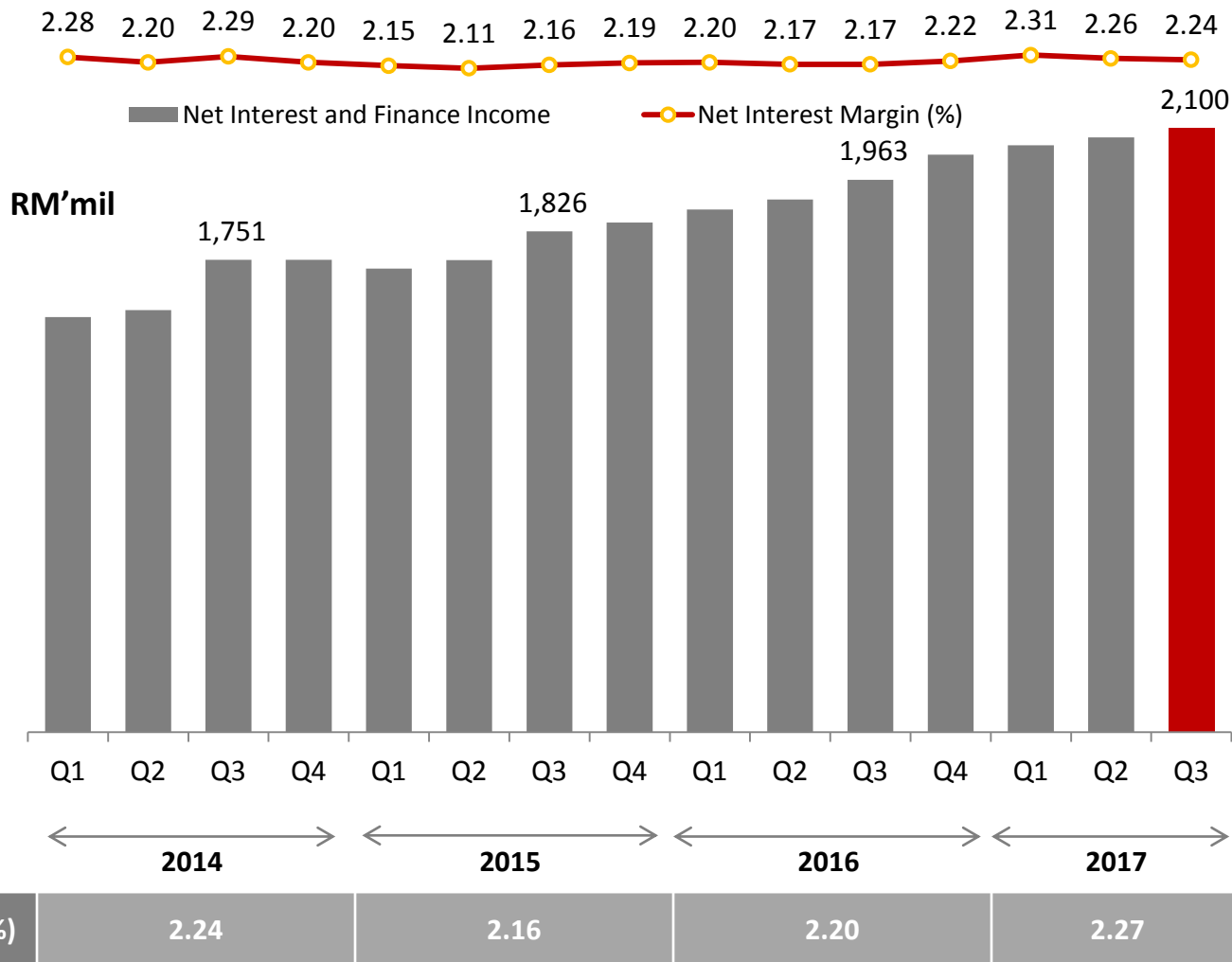
Profit Contribution



Based on financial results as at 30 September 2017

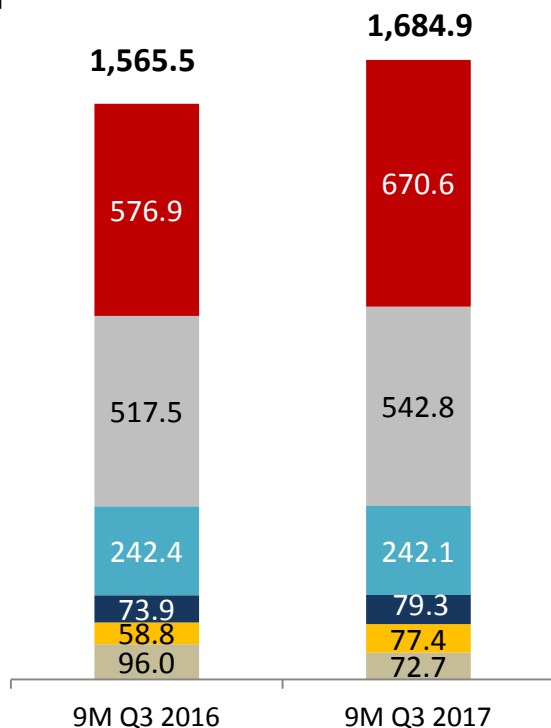
Note: Others comprise mainly of domestic main office, other miscellaneous domestic segment and domestic share of profit after tax of equity accounted associated companies

Net Interest Margin

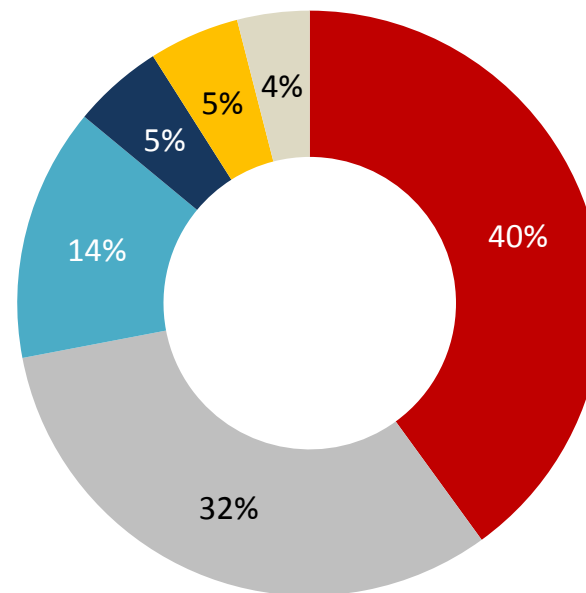




RM'mil



Non-Interest Income Contribution

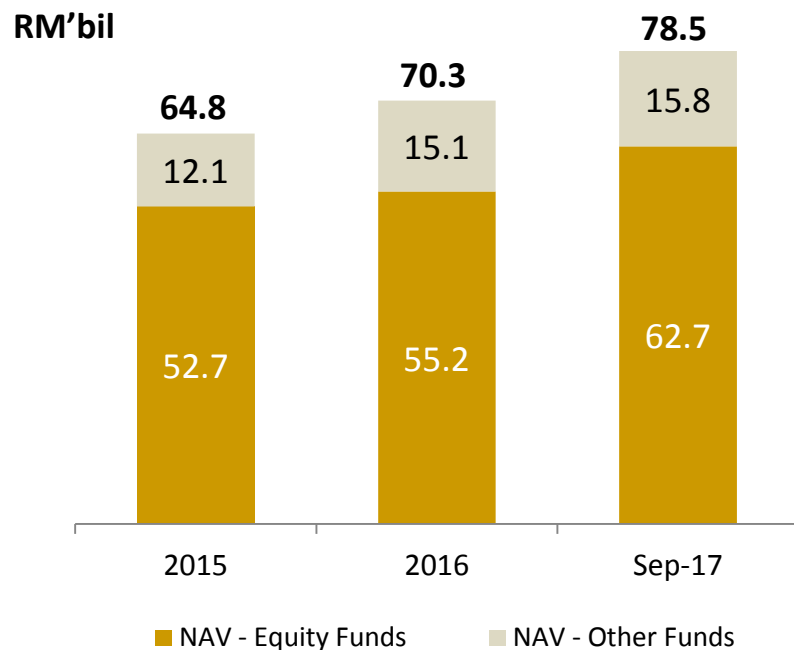


Based on financial results as at 30 September 2017

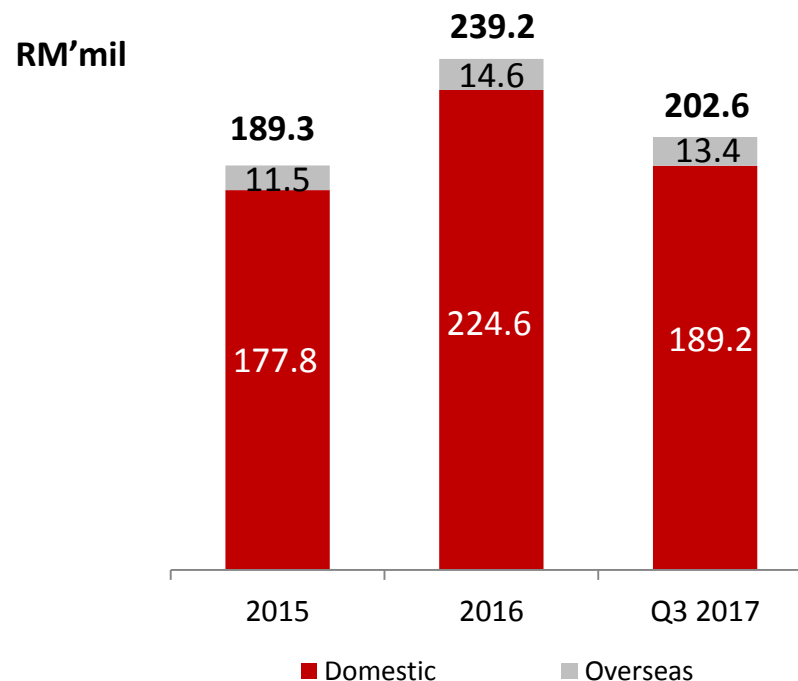
■ Unit Trust income
 ■ Fee & commission income
 ■ Foreign exchange income
 ■ Investment income
 ■ Stockbroking income
 ■ Others



Net Asset Value of Funds Under Management



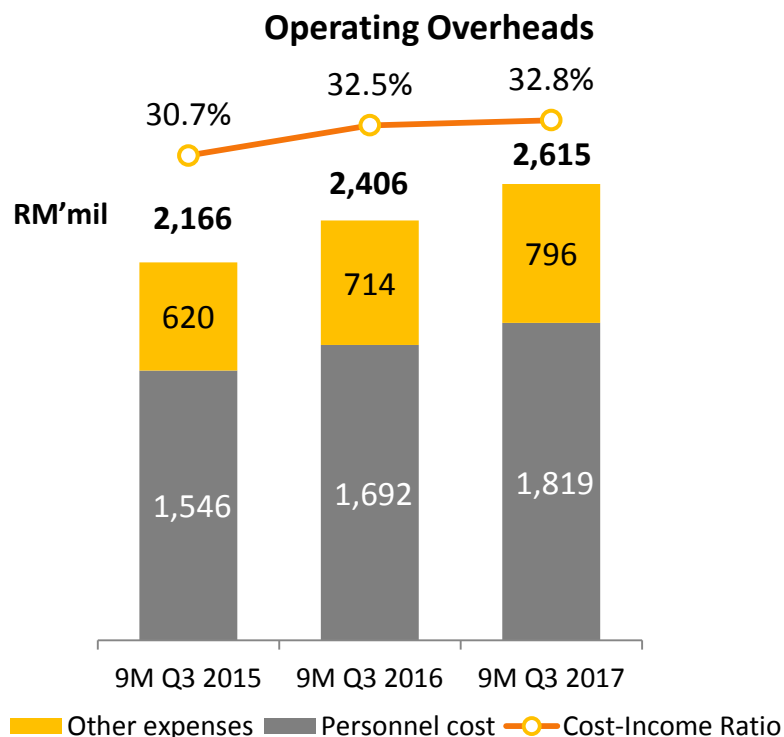
Bancassurance Business – Annualised New Premium



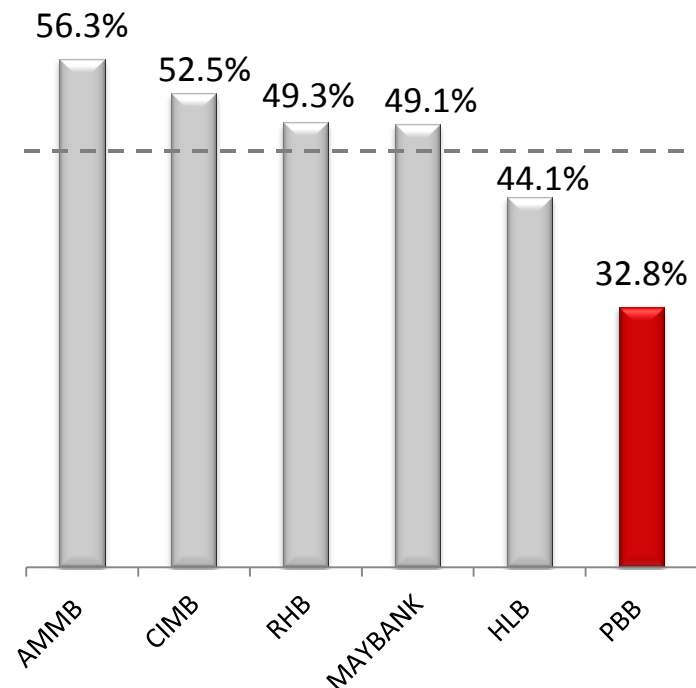
- Public Mutual maintained its market leadership position in the private unit trust industry, with a retail market share of 41.8% as at September 2017

- The Group has recorded bancassurance sales with annualised new premium of RM202.6 million in Q3 2017

Efficient Operating Overheads & Lowest CIR



Market leader Cost-Income Ratio among peers



--- Industry Average Cost-to-Income ratio of 45.8%

Note: CIR as extracted above are as at June 2017 position except for PBB

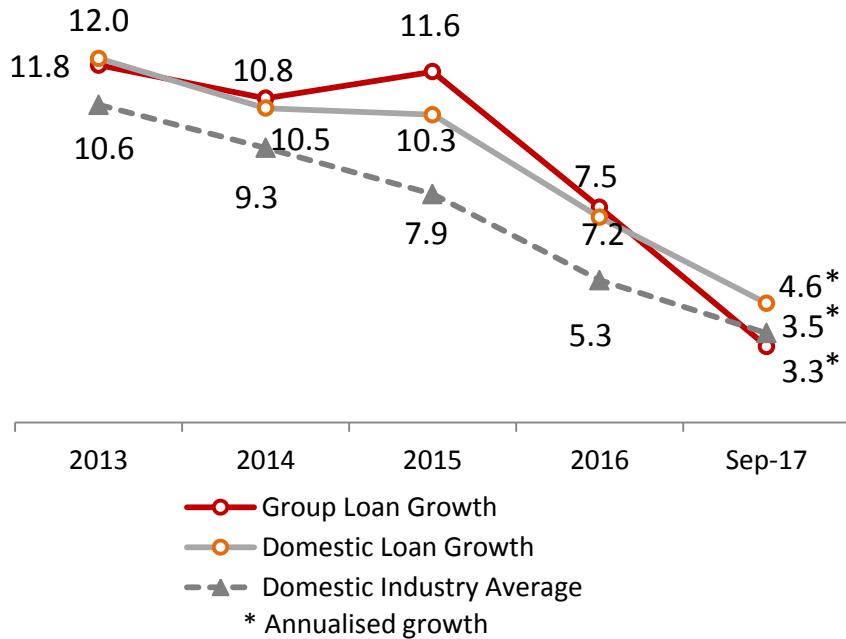
RM'mil	9M Q3 2017	2016	Industry Average
Gross loan per employee	16.3	15.8	13.0
Deposit per employee	17.4	16.6	14.5
PBT per employee	0.37*	0.35	0.28

* Annualised

Above Industry Loan Growth

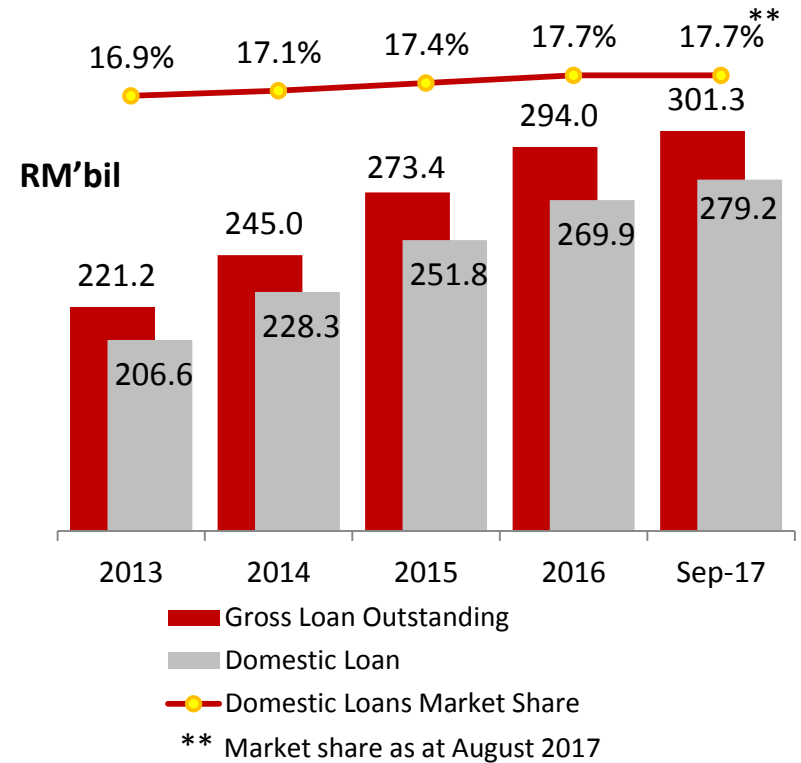


Loan Growth vs Industry (%)



- Group and domestic loan recorded an annualised growth of 3.3% and 4.6% respectively, with an industry average annualised growth of 3.5%

Gross Loans and Domestic Loan Market Share

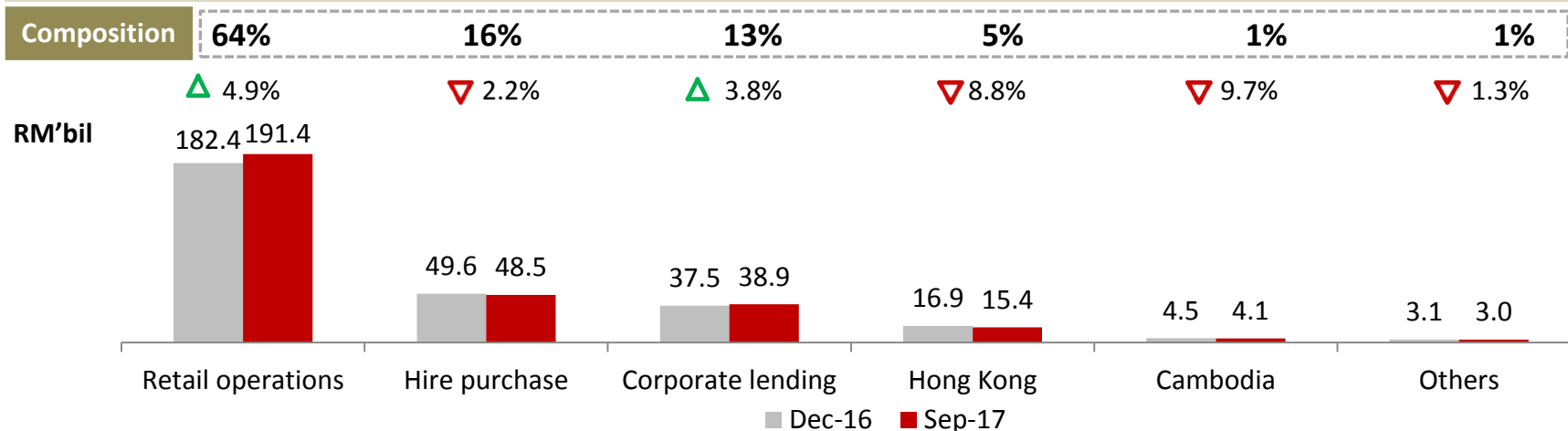


- Gross loan stood at RM301.3 billion, capturing 17.7% of market share in the domestic lending market

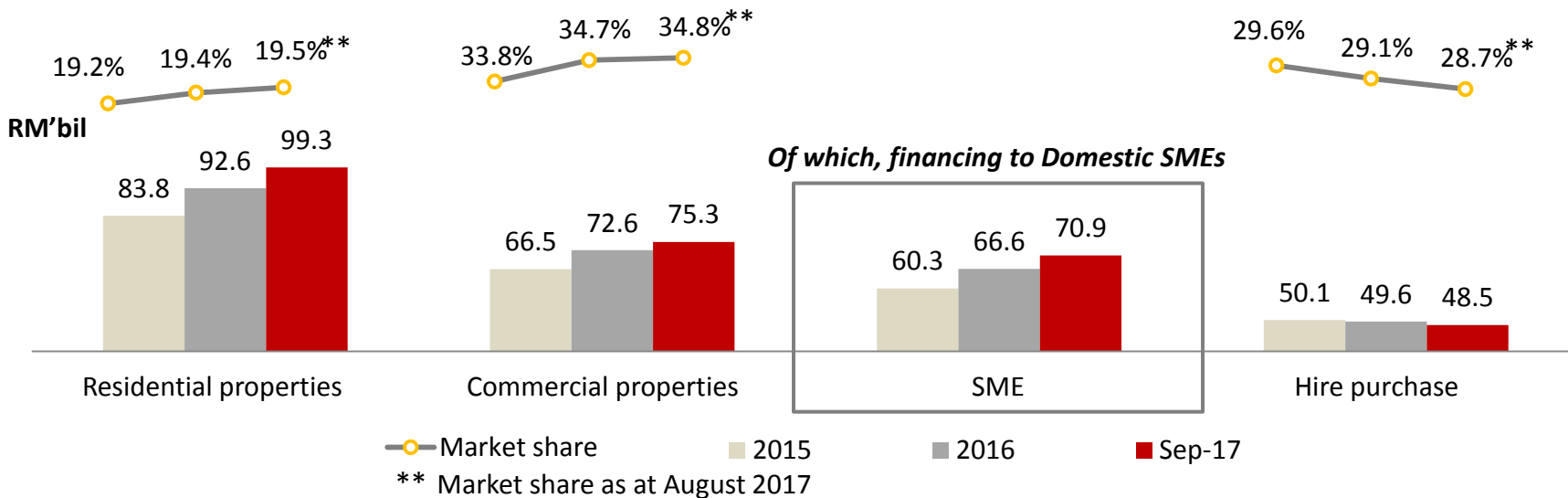
Healthy Gross Loan Growth



Gross Loan Composition by Segment



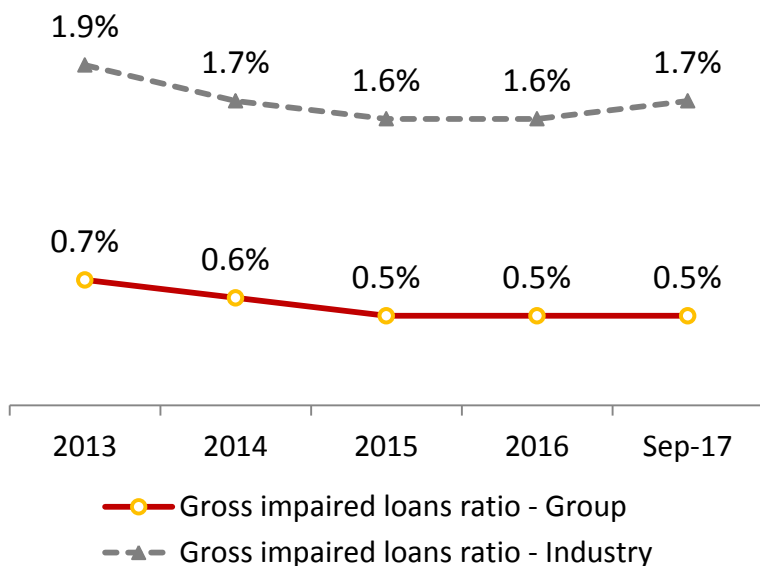
Gross Loan in Domestic Operations



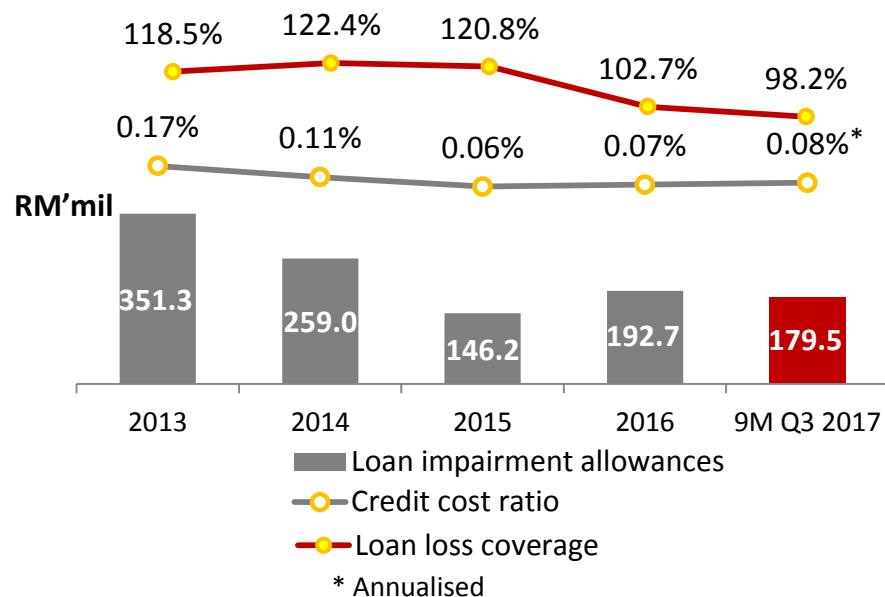
Upholding Strong Asset Quality



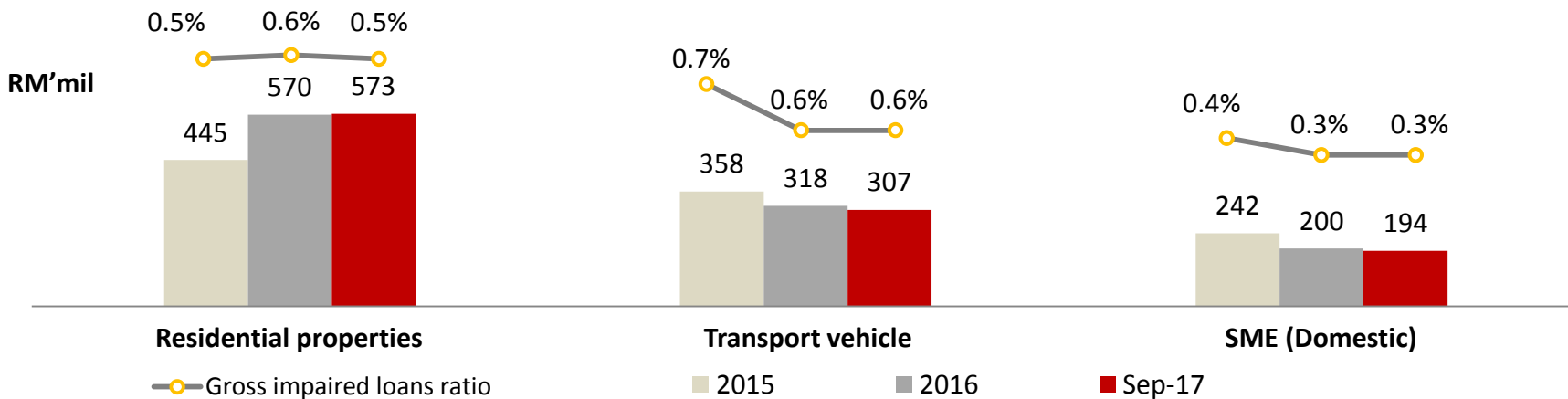
Gross impaired loans ratio



Loan Impairment Allowances (including CA)



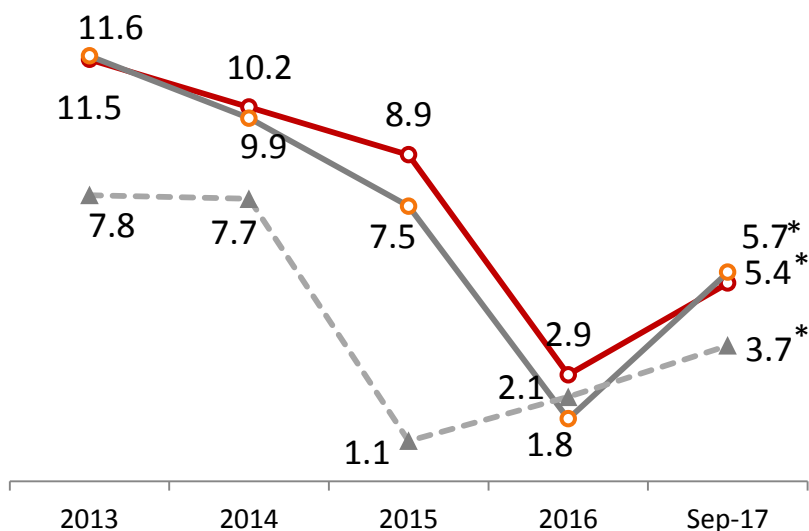
Gross impaired loans of which:



Healthy Deposit Growth in Support of Liquidity

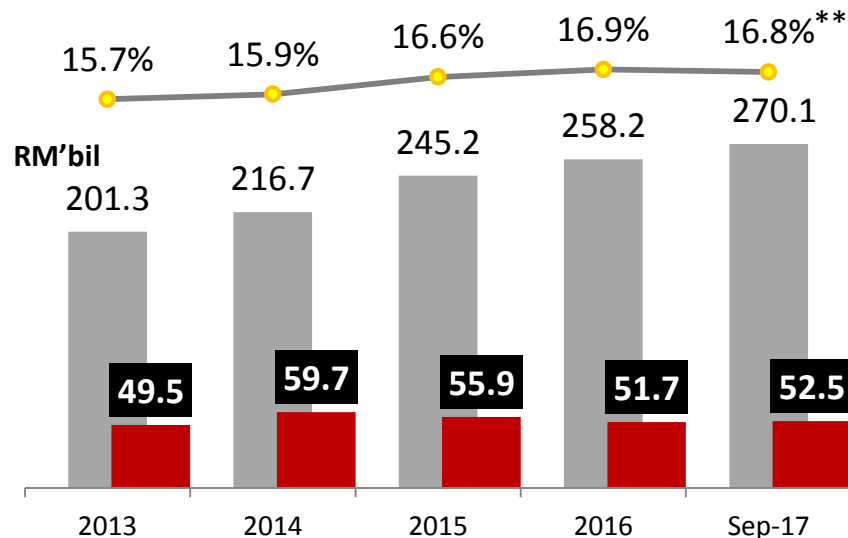


Deposit Growth vs Industry (%)



- Group Deposit Growth
- Domestic Deposit Growth
- ▲- Domestic Industry Average
- * Annualised growth

Deposits – Outstanding Balance and Market Share

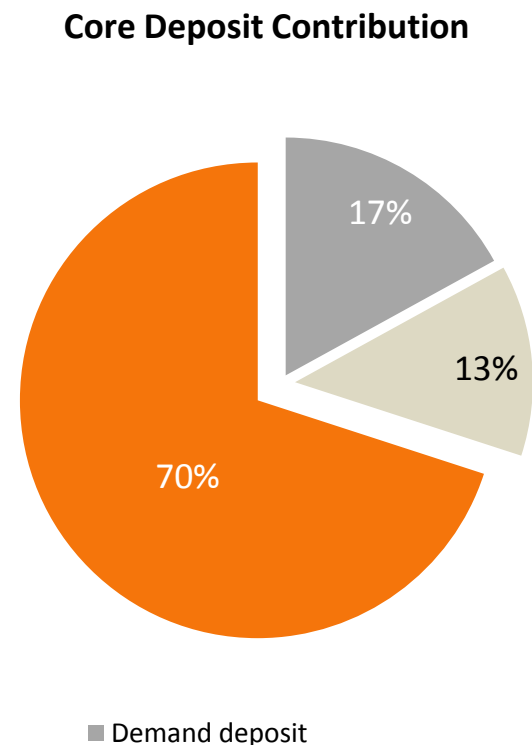
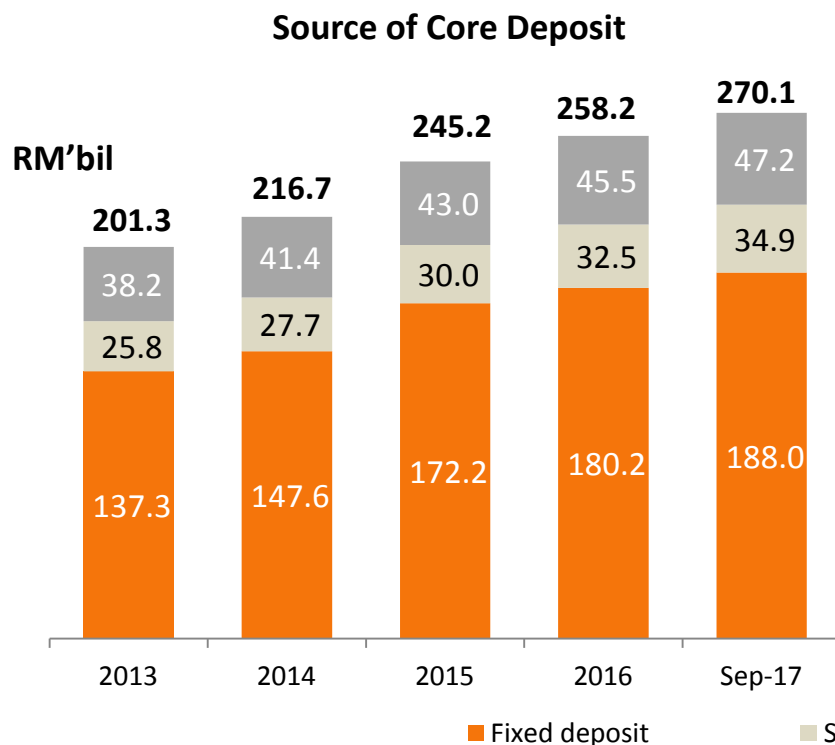


- Core customer deposit
- Wholesale deposit
- Customer deposit market share
- ** Market share as at August 2017

- Both Group and domestic deposit achieved an annualised growth of 5.4% and 5.7% respectively, above the industry average annualised growth of 3.7%

- Core customer deposit rose from RM258.2 million to RM270.1 million, with domestic market share of 16.8% as at August 2017

Healthy Core Deposit Growth

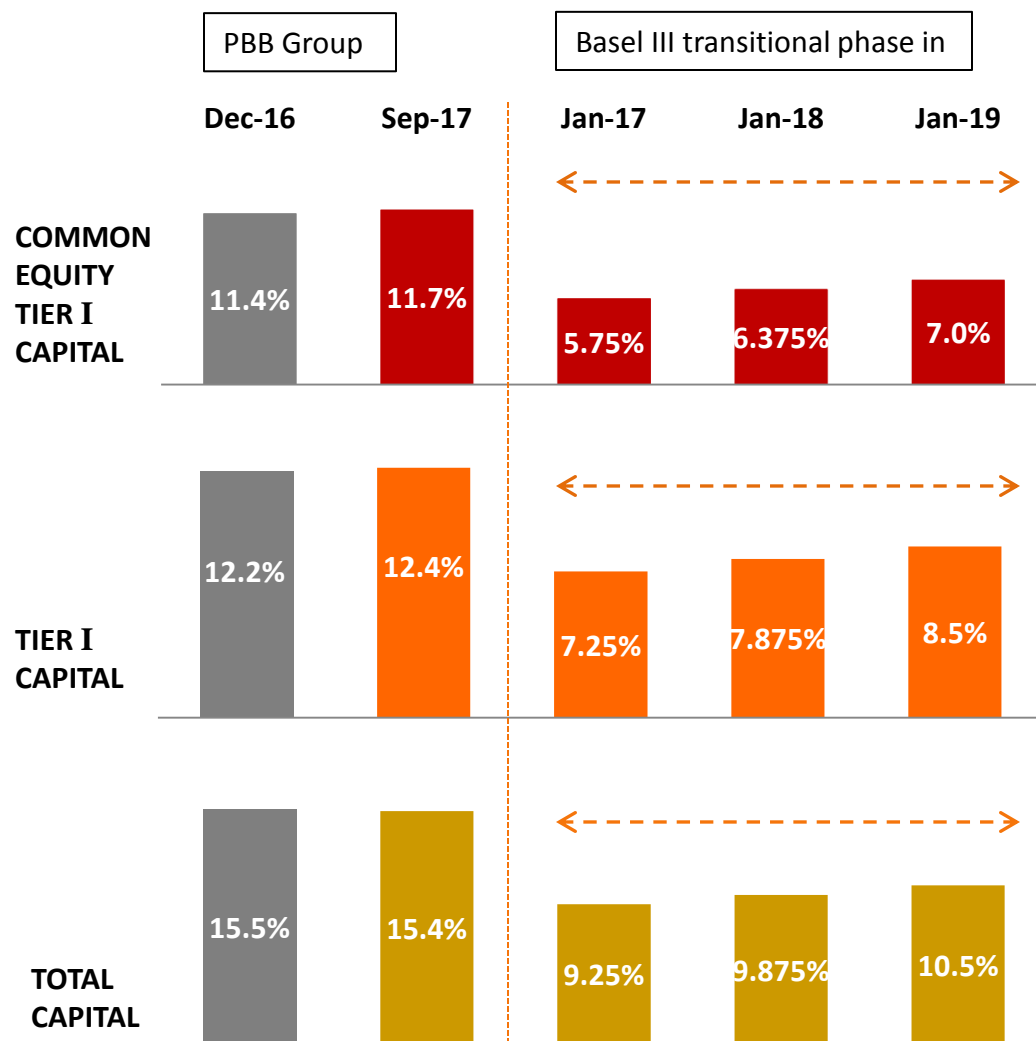


Core Deposit Growth in Domestic Operations

	Demand deposit	Industry		Savings deposit	Industry		Fixed deposit	Industry
2015	2.5%	2.1%	2015	6.0%	0.5%	2015	15.4%	4.8%
2016	3.6%	4.1%	2016	7.9%	7.0%	2016	3.7%	2.8%
Sep-17	2.5%*	5.5%*	Sep-17	6.6%*	6.2%*	Sep-17	7.7%*	6.9%*

* Annualised growth

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-17	2016	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	4	3
Winton (B.V.I) Group	5	8	9
Indo-China Operations			
Cambodia Public Bank	30	30	21
Public Bank Vietnam	9	7	7
	418	419	393
Self Service Terminal - domestic	2,075	2,059	1,362



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

Key Performance Benchmarks	2017 Targets	Sep-17 Achievement
Net Return on Equity	14% to 15%	15.4%
Total Capital Ratio	>13%	15.4%
Gross Impaired Loan Ratio	<1%	0.5%
Cost to Income Ratio	33% to 34%	32.8%
Loan Growth – Group	4% to 5%	3.3%*
– Domestic		4.6%*
Deposit Growth – Group	5% to 6%	5.4%*
– Domestic		5.7%*

* Annualised growth



Strategic Focus: Organic growth in focus areas

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





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	RM'mil	2013	2014	2015	2016	9M Q3 2017
Profitability	Operating profit	5,655	6,067	6,631	6,745	5,346
	Profit before tax	5,310	5,814	6,491	6,554	5,160
	Net profit	4,065	4,519	5,062	5,207	3,985
Shareholder Value	Earnings per share (sen)	116.1	123.7	131.1	134.8	103.2
	Net assets per share (RM)	5.83	7.26	8.09	8.86	9.30
	Dividend per share (sen)	52.0	54.0	56.0	58.0	N/A
	Dividend payout ratio (%)	44.8	46.1	42.7	43.0	N/A
Key Balance Sheet Data	Total assets	305,725	345,722	363,758	380,053	394,064
	Gross loan	221,176	245,044	273,447	293,959	301,333
	Domestic loan	206,635	228,338	251,802	269,915	279,249
	Deposit from customers	250,873	276,540	301,157	309,974	322,554
	Domestic deposit	235,142	258,472	277,942	282,967	295,133
	Core customer deposit	201,258	216,707	245,171	258,155	270,056
	Shareholders' equity	20,424	28,025	31,231	34,213	35,908
	Common equity Tier I capital ^π	17,477	23,578	26,093	28,620	30,070
	Tier I capital ^π	21,028	26,745	28,882	30,771	32,080
	Total capital ^π	27,486	34,636	36,975	38,970	39,711
Risk-weighted assets	199,723	218,712	239,703	251,662	258,090	

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

Appendix (cont'd)



	%	2013	2014	2015	2016	9M Q3 2017	Industry
Profitability Ratios	Net interest margin on yielding assets	2.36	2.24	2.16	2.20	2.27	N/A
	Net return on equity ⁺	22.4	19.9	17.8	16.5	15.4	N/A
	Pre-tax return on average assets	1.8	1.8	1.8	1.8	1.8	1.3
	Cost to income ratio	30.7	30.0	30.5	32.3	32.8	45.8
	Non interest income/Total income	21.5	22.0	24.5	21.0	21.2	33.2
Liquidity	Gross loan to fund ratio [~]	84.5	84.4	86.8	90.8	88.6	83.4 [^]
	Gross loan to fund and equity ratio [~]	78.1	76.7	78.7	81.8	79.8	73.2 ^{^#}
Asset Quality	Gross impaired loans ratio	0.7	0.6	0.5	0.5	0.5	1.7
	Loan loss coverage ratio	118.5	122.4	120.8	102.7	98.2	81.4
Capital Adequacy	Common equity Tier I capital ratio ^π	8.8	10.8	10.9	11.4	11.7	13.3
	Tier I capital ratio ^π	10.5	12.2	12.0	12.2	12.4	14.2
	Total capital ratio ^π	13.8	15.8	15.4	15.5	15.4	17.2
Market Share	<u>Domestic market share</u>						
	Commercial property financing	33.7	33.5	33.8	34.7	34.8**	N/A
	Residential property financing	19.6	19.3	19.2	19.4	19.5**	N/A
	Passenger vehicle financing	26.5	28.0	29.6	29.1	28.7**	N/A
	Domestic loans	16.9	17.1	17.4	17.7	17.7**	N/A
	Domestic deposits	15.7	15.9	16.6	16.9	16.8**	N/A

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

[~] Gross loans exclude loans/financing sold to Cagamas. Funds include deposits from customers and debt securities issued and other borrowed funds

[^] Loans exclude loans extended to banking institutions

[#] Equity comprises ordinary and preferred shares, share premium and retained earnings

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

** Market share as at August 2017