



Investor Presentation

December 2018 Financial Results





Income Statement

	2018	2017	Change
Pre-tax profit	RM7,101 mil	RM7,118 mil	-0.2%
Net profit attributable to shareholders	RM5,591 mil	RM5,470 mil	2.2%
Earnings per share	144.4 sen	141.7 sen	1.9%

Balance Sheet

	2018	2017	Change
Total asset	RM419.7 bil	RM395.3 bil	6.2%
Loan:			
- Group	RM317.3 bil	RM304.5 bil	4.2%
- Domestic	RM294.1 bil	RM282.3 bil	4.2%
Deposit:			
- Group	RM339.2 bil	RM319.3 bil	6.2%
- Domestic	RM310.6 bil	RM293.2 bil	5.9%

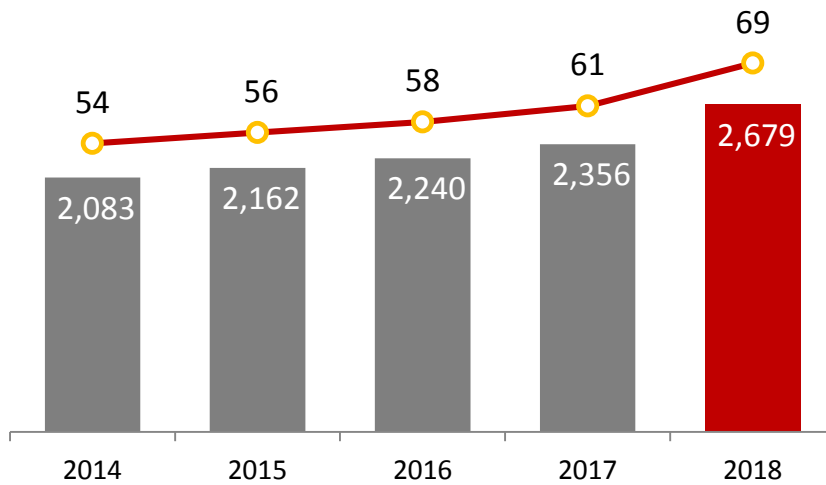
Financial Indicators (%)

	2018	2017
Net return on equity	14.8	15.8
Cost to income ratio	33.0	31.9
Gross impaired loans ratio	0.5	0.5
Gross loan to fund ratio [~]	88.4	90.0
Gross loan to fund and equity ratio [~]	79.0	80.7
Loan loss coverage	126.0	95.5
Common equity Tier I capital ratio ^π	13.1	12.2
Tier I capital ratio ^π	13.7	13.0
Total capital ratio ^π	16.3	16.0

^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

Strong Record of Growing Dividends

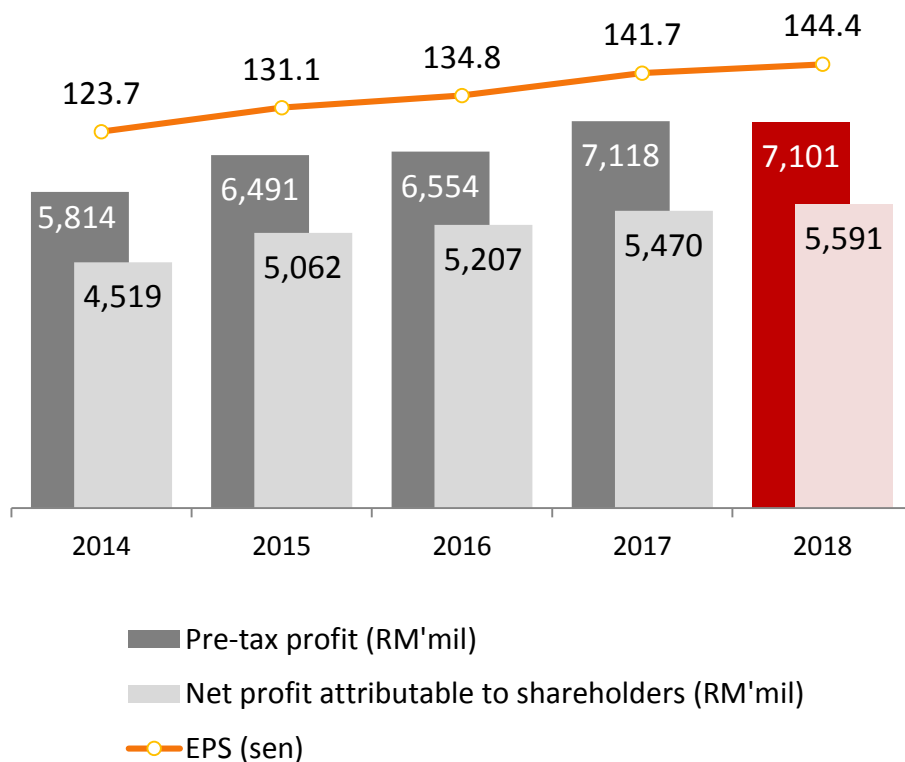


■ Total Dividends Paid/Declared (RM'mil)

● Gross Dividends Per Share (sen)

	2018	2017
First Interim	32 sen	27 sen
Second Interim	37 sen	34 sen
Dividend per share	69 sen	61 sen
Dividend payout	RM2.7 billion	RM2.4 billion
Dividend payout ratio	47.9%	43.1%

Steady Profit Growth



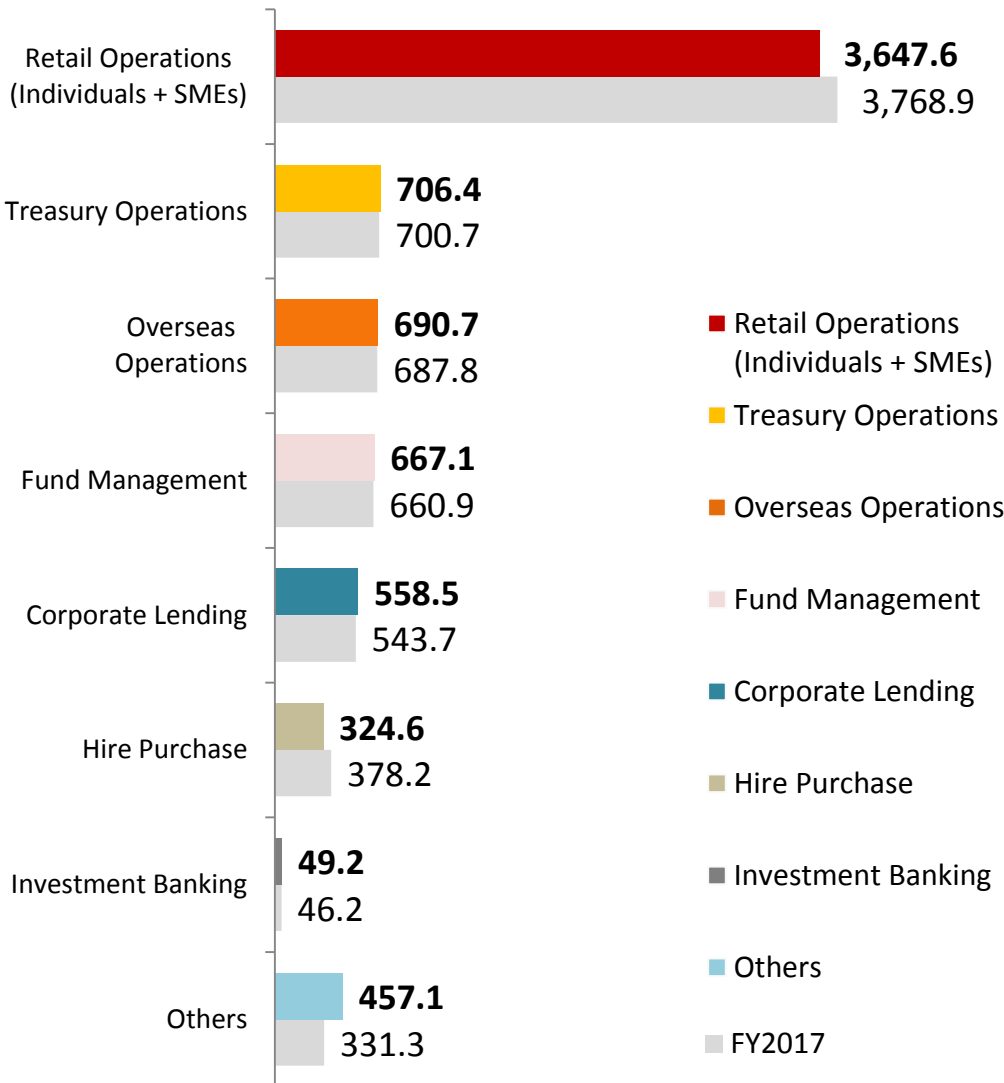
Income Statement

(RM'mil)	2018	2017	Change
Net interest income	7,563.0	7,417.1	↑ 2.0%
Net income from Islamic banking business	1,065.9	998.7	↑ 6.7%
Non-interest income	2,214.6	2,331.0	↓ 5.0%
Other operating expenses	(3,573.5)	(3,428.2)	↑ 4.2%
Loan loss allowance	(169.3)	(203.3)	↓ 16.7%
Profit before tax	7,101.2	7,117.7	↓ 0.2%
Net profit attrib. to shareholders	5,590.6	5,470.0	↑ 2.2%

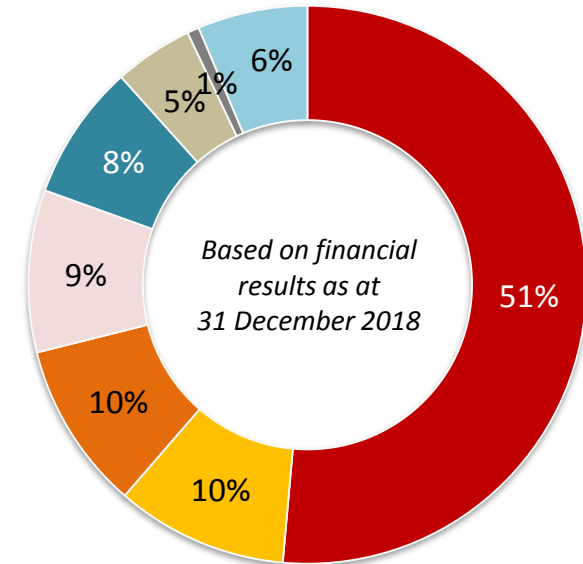
Segmental Profit – Retail Centric



FY2018 vs FY2017 PBT (RM'mil)



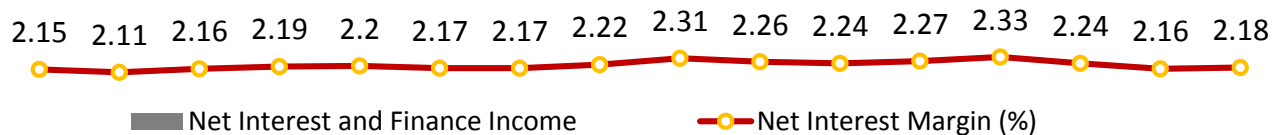
Profit Contribution



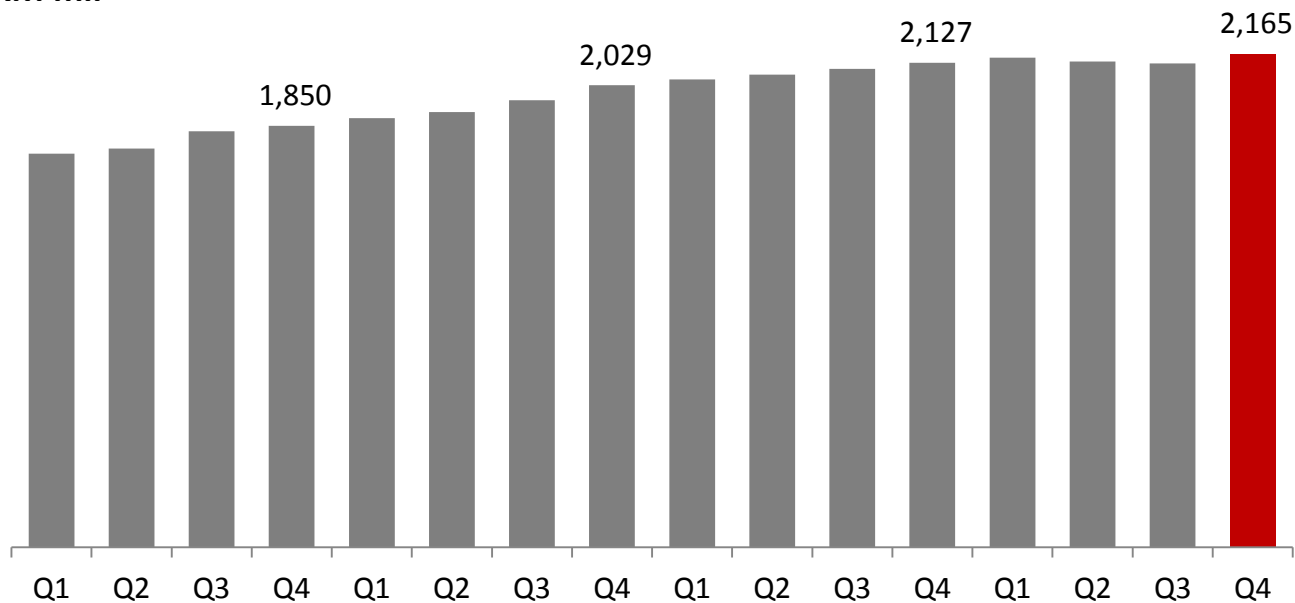
Based on financial results as at 31 December 2018

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



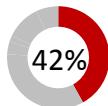
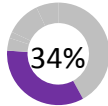
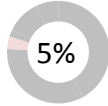
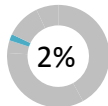
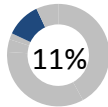
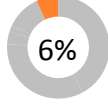
RM'mil



(%)	2015	2016	2017	2018
Yearly Average	2.16	2.20	2.28	2.22

Non-Interest Income



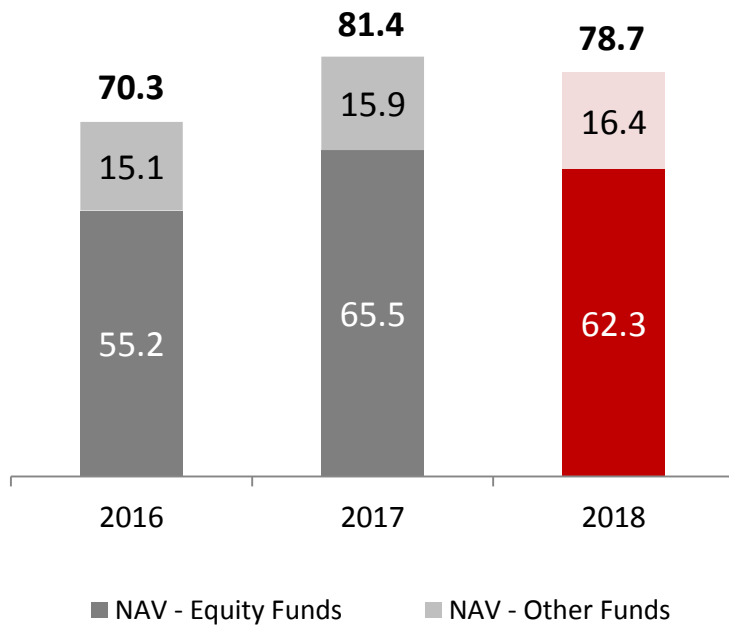
(RM'mil)	2018	2017	Change	Composition
Net fee and commission income	1,778.1	1,736.6	2.4%	
Of which: - Unit trust income	924.8	899.0	2.9%	 42%
- Fee & commission income	751.3	734.4	2.3%	 34%
- Stockbroking income	102.0	103.2	-1.2%	 5%
Net gains and losses on financial instruments	45.9	90.4	-49.3%	 2%
Other operating income	390.6	504.0	-22.5%	
Of which: - Foreign exchange income	243.7	342.4	-28.8%	 11%
- Others	146.9	161.6	-9.1%	 6%
Total non-interest income	2,214.6	2,331.0	-5.0%	100%



Net Asset Value of Funds Under Management

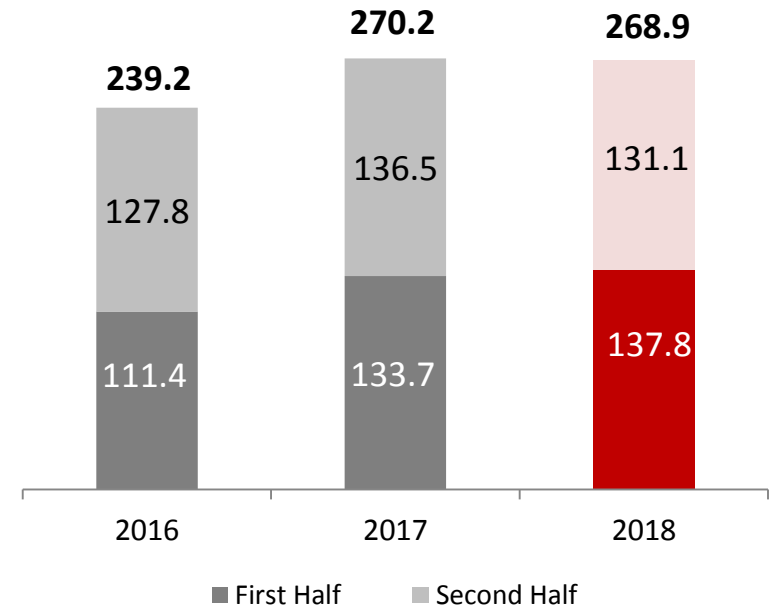
RM'bil

*Private Unit Trust –
Retail Market Share
37.2%*



Bancassurance Business – Annualised New Premium

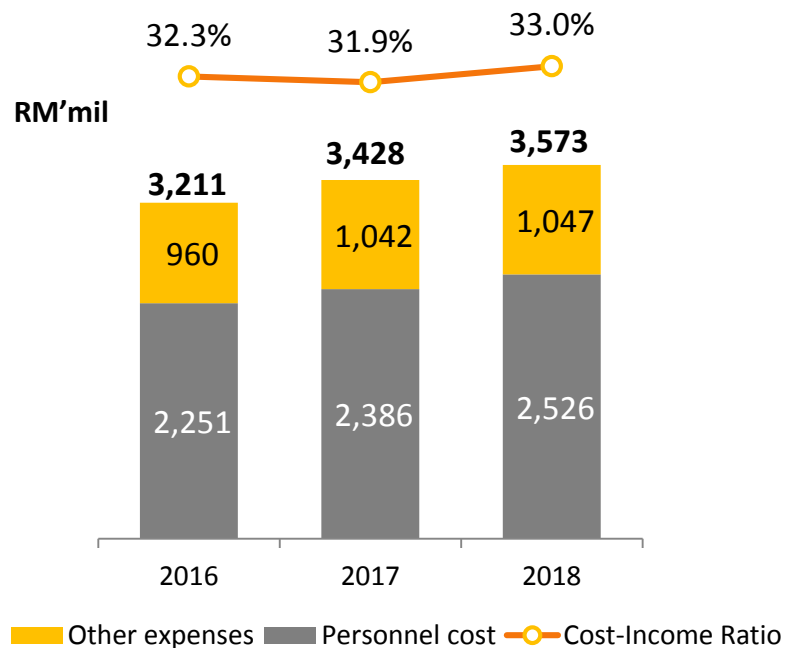
RM'mil



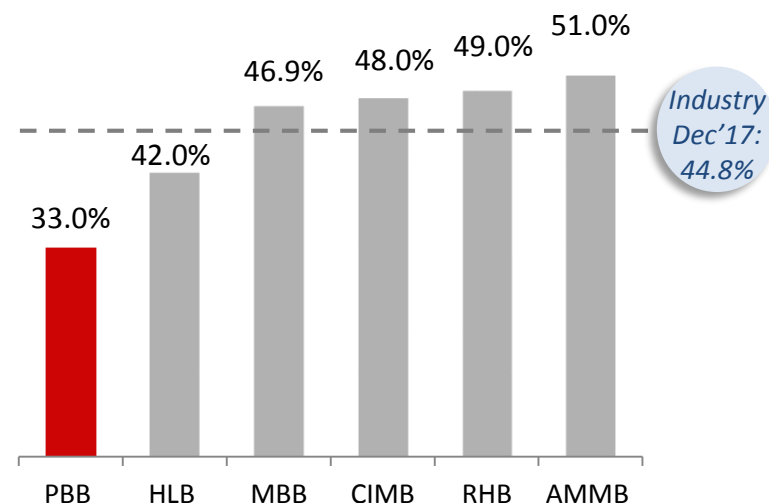
Efficient Operating Overheads & Lowest CIR



Operating Overheads



Market leader CIR among peers



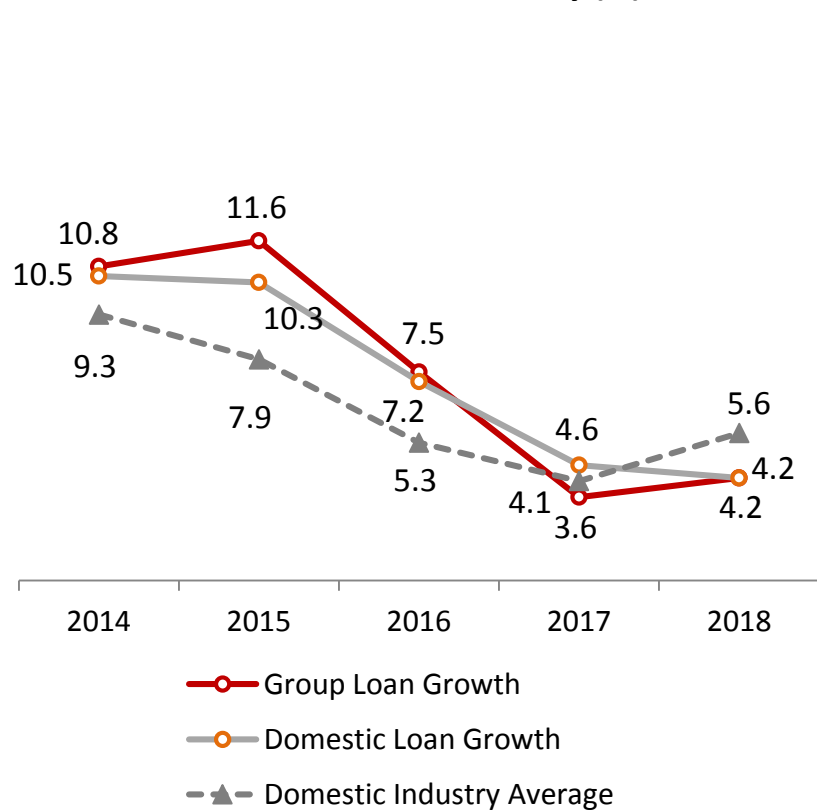
Note: Cost to income ratio (CIR) as extracted above are as at September 2018 position except for PBB.

RM'mil	2018	2017	Industry Average
Gross loan per employee	16.9	16.4	13.3
Deposit per employee	18.1	17.2	14.8
PBT per employee	0.38	0.38	0.30

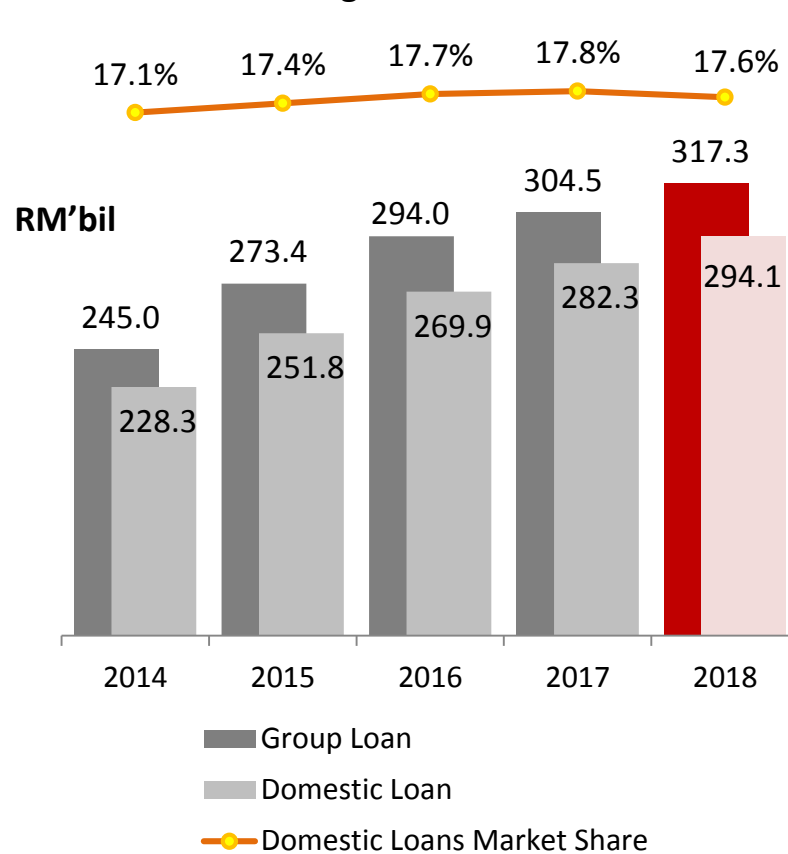
Steady Loan Growth



Loan Growth vs Industry (%)



Loan – Outstanding Balance and Market Share

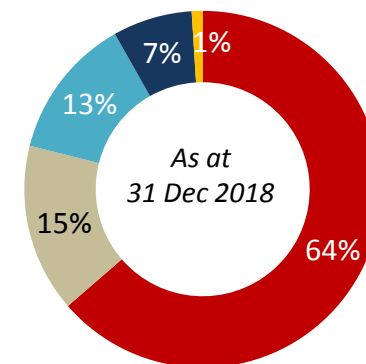
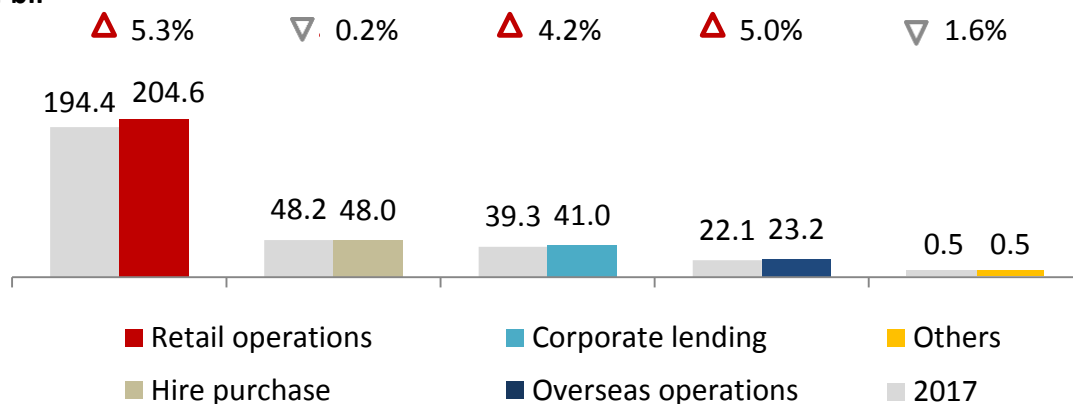


Healthy Gross Loan Growth

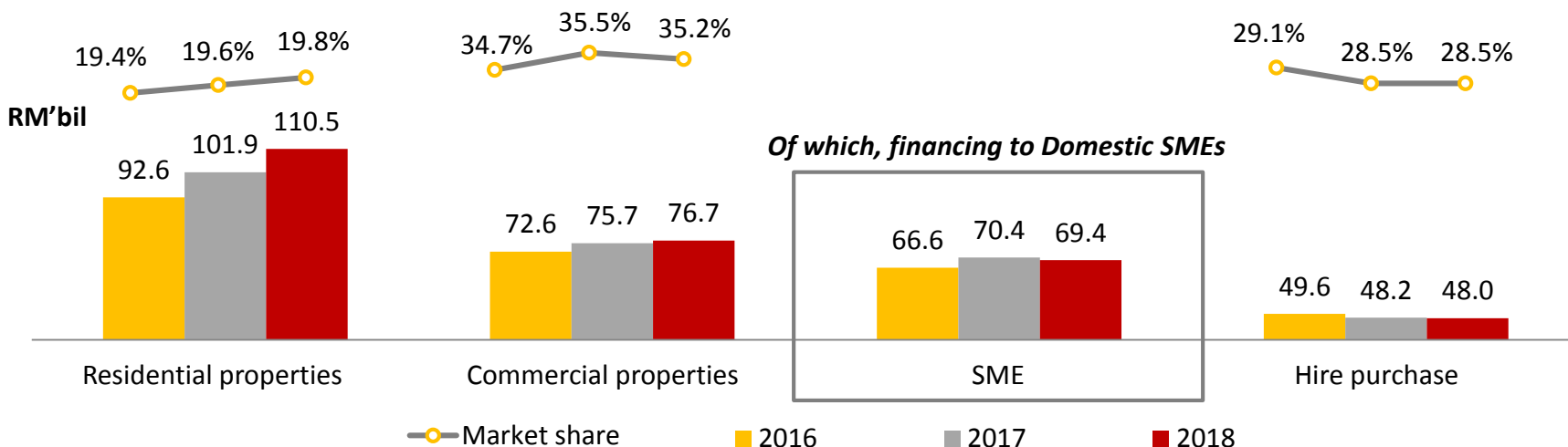


Gross Loan by Segment

RM'bil



Gross Loan in Domestic Operations

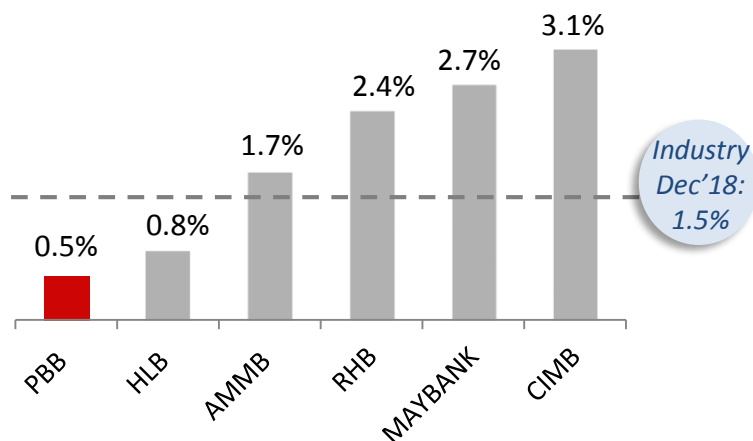


Of which, financing to Domestic SMEs

Upholding Strong Asset Quality

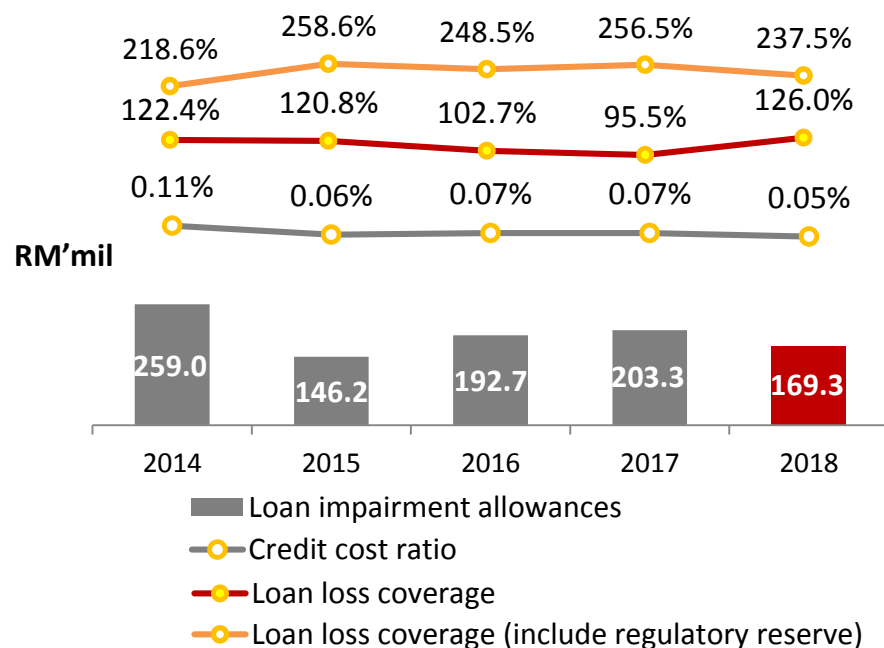


Market leader GIL Ratio among peers

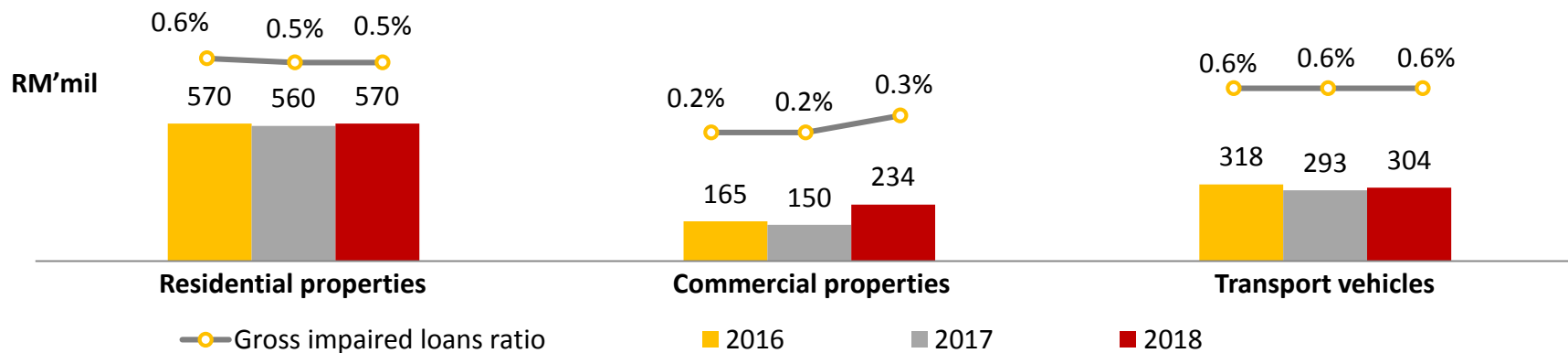


Note: Gross impaired loans ratio (GIL) as extracted above are as at September 2018 position except for PBB

Loan Impairment Allowances



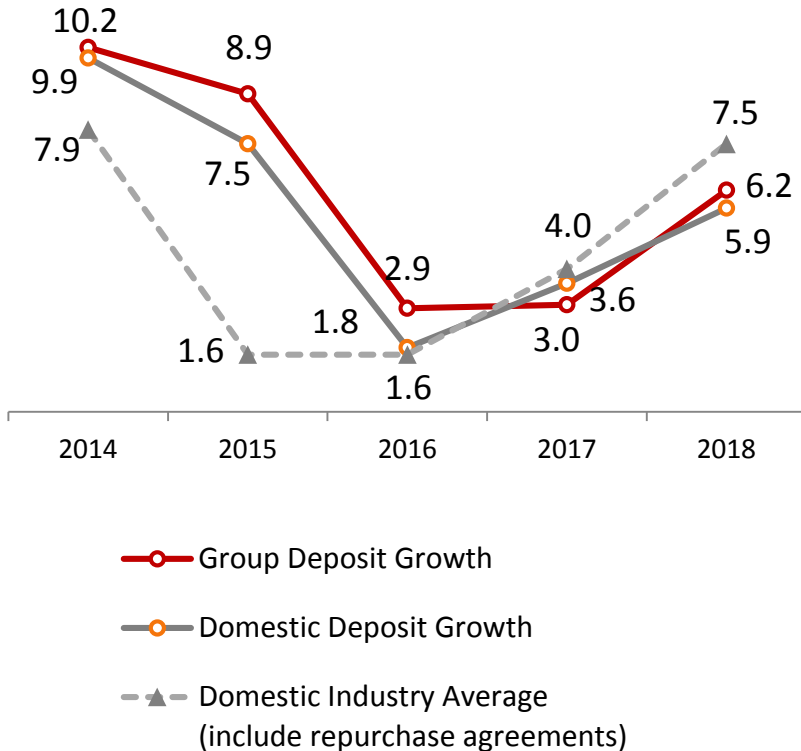
Gross impaired loans of which:



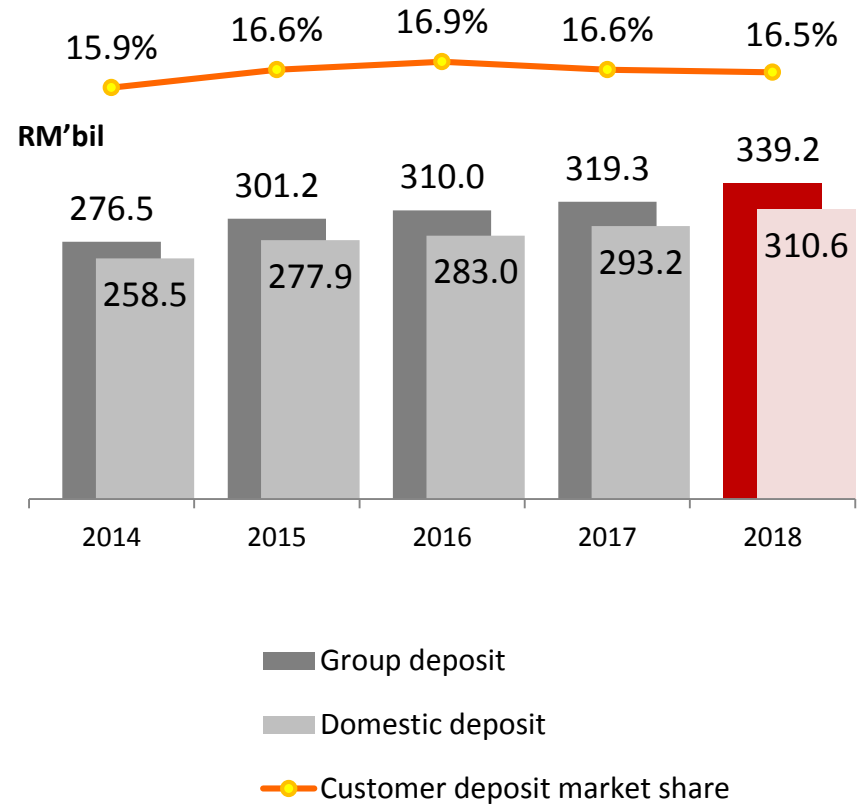
Healthy Deposit Growth in Support of Liquidity



Deposit Growth vs Industry (%)



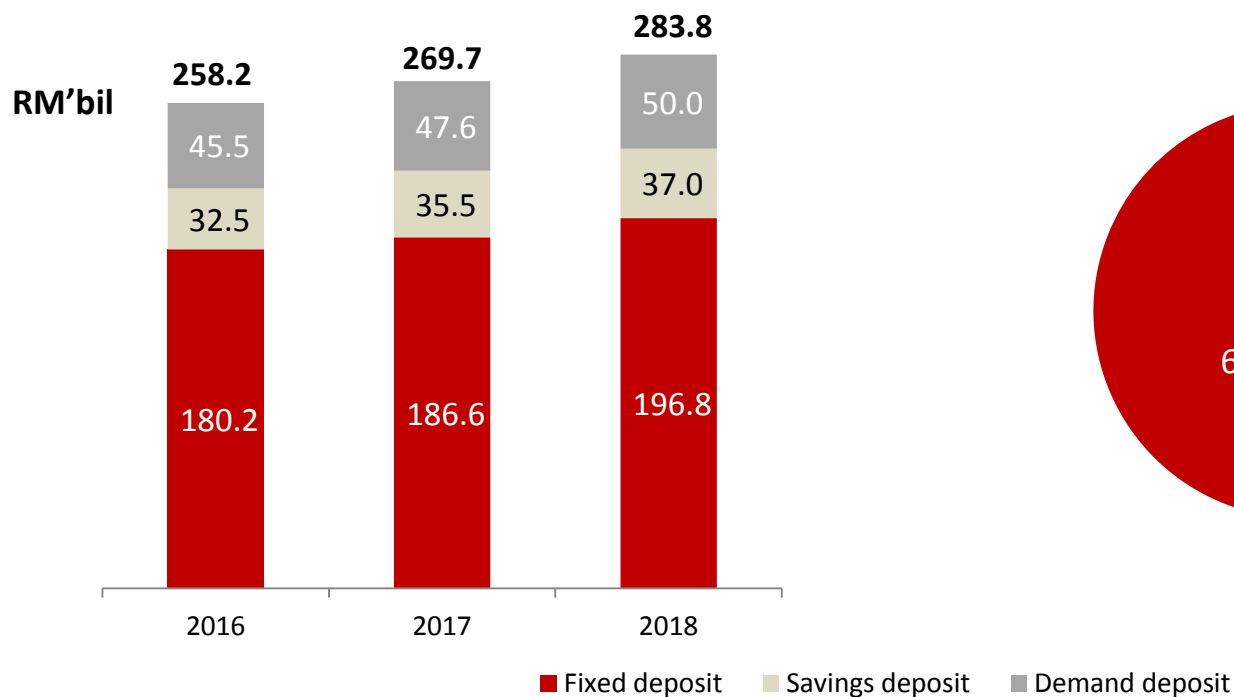
Deposit – Outstanding Balance and Market Share



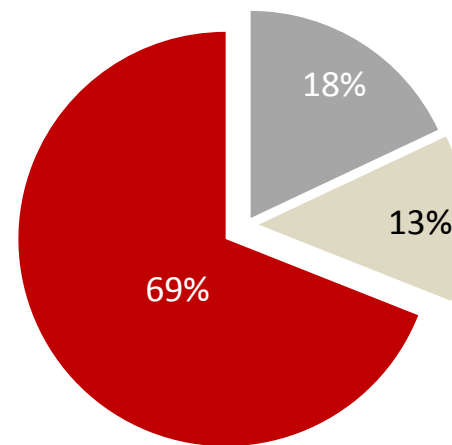
Healthy Core Deposit Growth



Source of Core Deposit



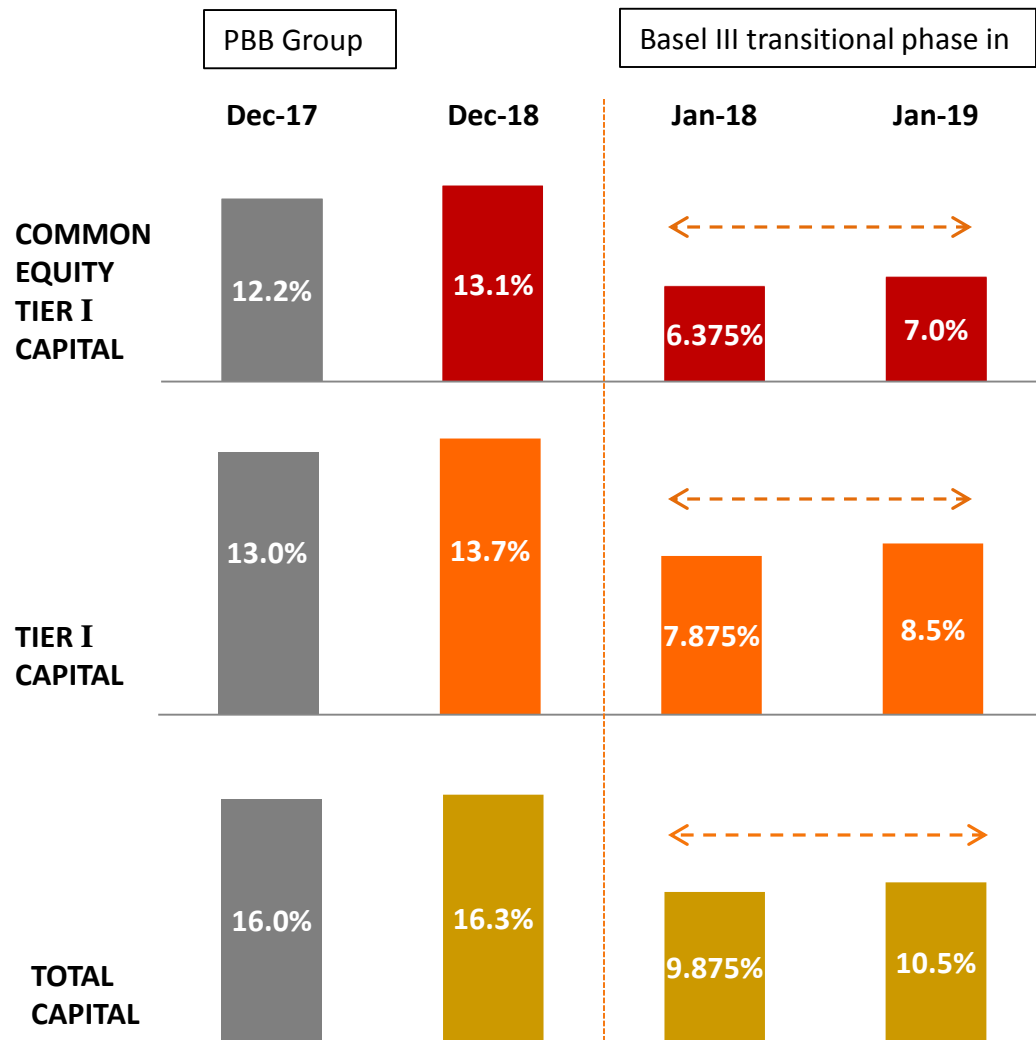
Core Deposit Contribution



Core Deposit Growth in Domestic Operations

	Demand deposit	Industry		Savings deposit	Industry		Fixed deposit	Industry
2016	3.6%	4.1%	2016	7.9%	7.0%	2016	3.7%	2.8%
2017	3.7%	12.2%	2017	5.9%	3.7%	2017	5.7%	6.3%
2018	2.7%	-0.3%	2018	4.7%	4.5%	2018	5.3%	9.6%

Stable 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 and Domestic Systemically – Important Bank (DSIB) buffer which are yet to be introduced by BNM

Expansion in Business Delivery Channel



	2018	2017	2010
Malaysian Operations			
Public Bank - Domestic	263	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	3	5	9
Indo-China Operations			
Cambodia Public Bank	31	30	21
Public Bank Vietnam	18	13	7
	432	422	393
Self Service Terminal - domestic	2,132	2,107	1,362



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

Key Performance Benchmarks			
	2018 Targets	2018 Achievement	2019 Targets
Net Return on Equity	14% to 15%	14.8%	13% to 14%
Total Capital Ratio	>13%	16.3%	>13%
Gross Impaired Loan Ratio	<1%	0.5%	<1%
Cost to Income Ratio	33% to 34%	33.0%	34% to 35%
Loan Growth – Group	5%	4.2%	5%
– Domestic		4.2%	
Deposit Growth – Group	5%	6.2%	5%
– Domestic		5.9%	



Strategic Focus: Organic growth in focus areas

Core Focus

Other Areas of Focus

Domestic Consumer Banking and SME Lending

- Consumer lending to focus on purchase of residential properties and passenger vehicles
- Continue to penetrate mid-market SME-financing in encouraged sectors
- Secure higher growth in retail and low cost deposits
- Sustain existing pool of deposits
- Achieve balance between growth and escalating cost of funds

Wealth Management

- Sustain its leading market position in the private unit trust business
- Offer superior services to customers and diversify product range
- Develop new insurance products with AIA

Transactional Services

- Promote e-payment
- Maintain effective collaboration with its banking and non-banking partners

Capital Market Operations

- Continue to focus on commercial foreign exchange revenue
- Continue to grow existing corporate portfolio and acquire targeted new corporate clients
- Continue to grow retail and institutional customer base in the investment banking space

International Operations

- Organic growth to enhance contribution from overseas operations in Hong Kong / People's Republic of China and Indo-China

SUPPORTED BY

Serving the Customer

Provide top-notch customer service in line with the Group's corporate tagline "Excellence Is Our Commitment".

Channel Management

Serve customers through multi-channel network comprising branches, self service terminals and digital channels which include mobile, internet and social media platform.

Information and Communication Technology

Harness information technology to support the Group's business needs and improve customer experience.



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	RM'mil	2014	2015	2016	2017	2018
Profitability	Operating profit	6,067	6,631	6,745	7,319	7,270
	Profit before tax	5,814	6,491	6,554	7,118	7,101
	Net profit	4,519	5,062	5,207	5,470	5,591
Shareholder Value	Earnings per share (sen)	123.7	131.1	134.8	141.7	144.4
	Net assets per share (RM)	7.26	8.09	8.86	9.68	10.55
	Dividend per share (sen)	54.0	56.0	58.0	61.0	69.0
	Dividend payout ratio (%)	46.1	42.7	43.0	43.1	47.9
Key Balance Sheet Data	Total assets	345,722	363,758	380,053	395,276	419,693
	Gross loan	245,044	273,447	293,959	304,453	317,302
	Domestic loan	228,338	251,802	269,915	282,326	294,074
	Deposit from customers	276,540	301,157	309,974	319,259	339,160
	Domestic deposit	258,472	277,942	282,967	293,178	310,585
	Core customer deposit	216,707	245,171	258,155	269,723	283,846
	Shareholders' equity	28,025	31,231	34,213	37,365	40,973
	Common equity Tier I capital ^π	23,578	26,093	28,620	31,521	35,104
	Tier I capital ^π	26,745	28,882	30,771	33,528	36,825
	Total capital ^π	34,636	36,975	38,970	41,134	43,716
Risk-weighted assets	218,712	239,703	251,662	257,352	268,125	

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

Appendix (cont'd)



	%	2014	2015	2016	2017	2018	Industry
Profitability Ratios	Net interest margin on yielding assets	2.24	2.16	2.20	2.28	2.22	N/A
	Net return on equity ⁺	19.9	17.8	16.5	15.8	14.8	N/A
	Pre-tax return on average assets	1.8	1.8	1.8	1.8	1.7	1.5
	Cost to income ratio	30.0	30.5	32.3	31.9	33.0	44.8
	Non interest income/Total income	22.0	24.5	21.0	21.7	20.4	33.2
Liquidity	Gross loan to fund ratio [~]	84.4	86.8	90.8	90.0	88.4	82.7 [^]
	Gross loan to fund and equity ratio [~]	76.7	78.7	81.8	80.7	79.0	72.4 [#]
Asset Quality	Gross impaired loans ratio	0.6	0.5	0.5	0.5	0.5	1.5
	Loan loss coverage ratio	122.4	120.8	102.7	95.5	126.0	97.9
	Credit cost ratio	0.11	0.06	0.07	0.07	0.05	N/A
Capital Adequacy	Common equity Tier I capital ratio ^π	10.8	10.9	11.4	12.2	13.1	13.1
	Tier I capital ratio ^π	12.2	12.0	12.2	13.0	13.7	13.9
	Total capital ratio ^π	15.8	15.4	15.5	16.0	16.3	17.4
Market Share	<u>Domestic market share</u>						
	Commercial property financing	33.5	33.8	34.7	35.5	35.2	N/A
	Residential property financing	19.3	19.2	19.4	19.6	19.8	N/A
	Passenger vehicle financing	28.0	29.6	29.1	28.5	28.5	N/A
	Domestic loans	17.1	17.4	17.7	17.8	17.6	N/A
	Domestic deposits	15.9	16.6	16.9	16.6	16.5	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 and retained earnings

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