



Investor Presentation

June 2018 Financial Results





Income Statement

	1H 2018	1H 2017	Change
Pre-tax profit	RM3,552 mil	RM3,367 mil	5.5%
Net profit attributable to shareholders	RM2,802 mil	RM2,580 mil	8.6%
Earnings per share	72.5 sen	66.8 sen	8.5%

Balance Sheet

	Jun 2018	Dec 2017	Change
Total asset	RM407.6 bil	RM395.3 bil	6.2%*
Loan:			
- Group	RM310.7 bil	RM304.5 bil	4.1%*
- Domestic	RM288.3 bil	RM282.3 bil	4.3%*
Deposit:			
- Group	RM329.9 bil	RM319.3 bil	6.7%*
- Domestic	RM304.1 bil	RM293.2 bil	7.4%*

Financial Indicators (%)

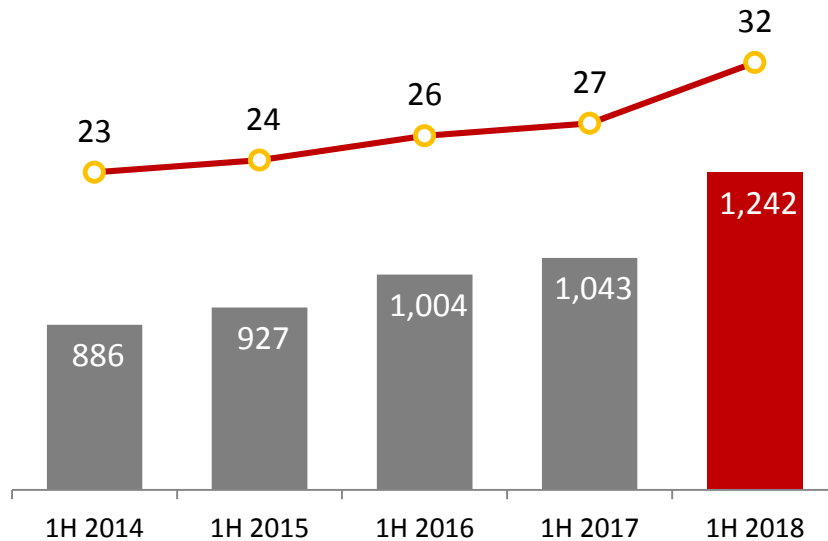
	Jun 2018	Dec 2017
Net return on equity	15.0	15.8
Cost to income ratio	33.1	31.9
Gross impaired loans ratio	0.5	0.5
Gross loan to fund ratio~	88.8	90.0
Gross loan to fund and equity ratio~	79.4	80.7
Loan loss coverage	117.3	95.5
Common equity Tier I capital ratio ^π	12.7	12.2
Tier I capital ratio ^π	13.4	13.0
Total capital ratio ^π	16.3	16.0

* Annualised growth

^π After deducting interim dividends declared subsequent to end of period/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

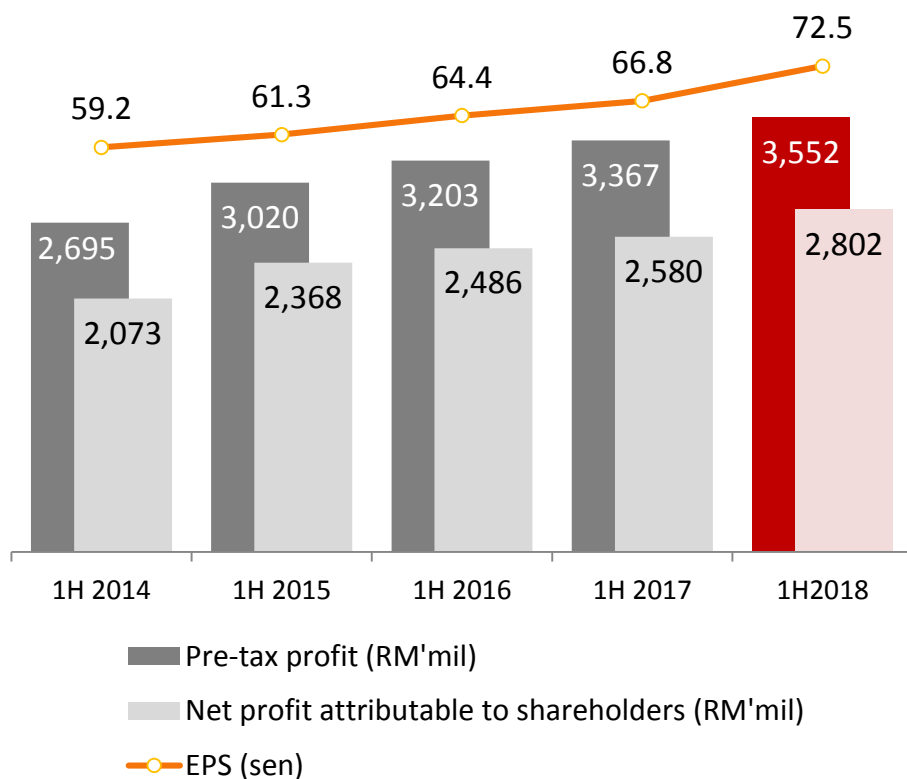


■ Total Dividends Paid/Declared (RM'mil)

○ Gross Dividends Per Share (sen)

	1H 2018	1H 2017
Single tier dividend	32 sen	27 sen
Dividend payout	RM1.24 billion	RM1.04 billion
Dividend payout ratio	44.3%	40.4%

Steady Profit Growth



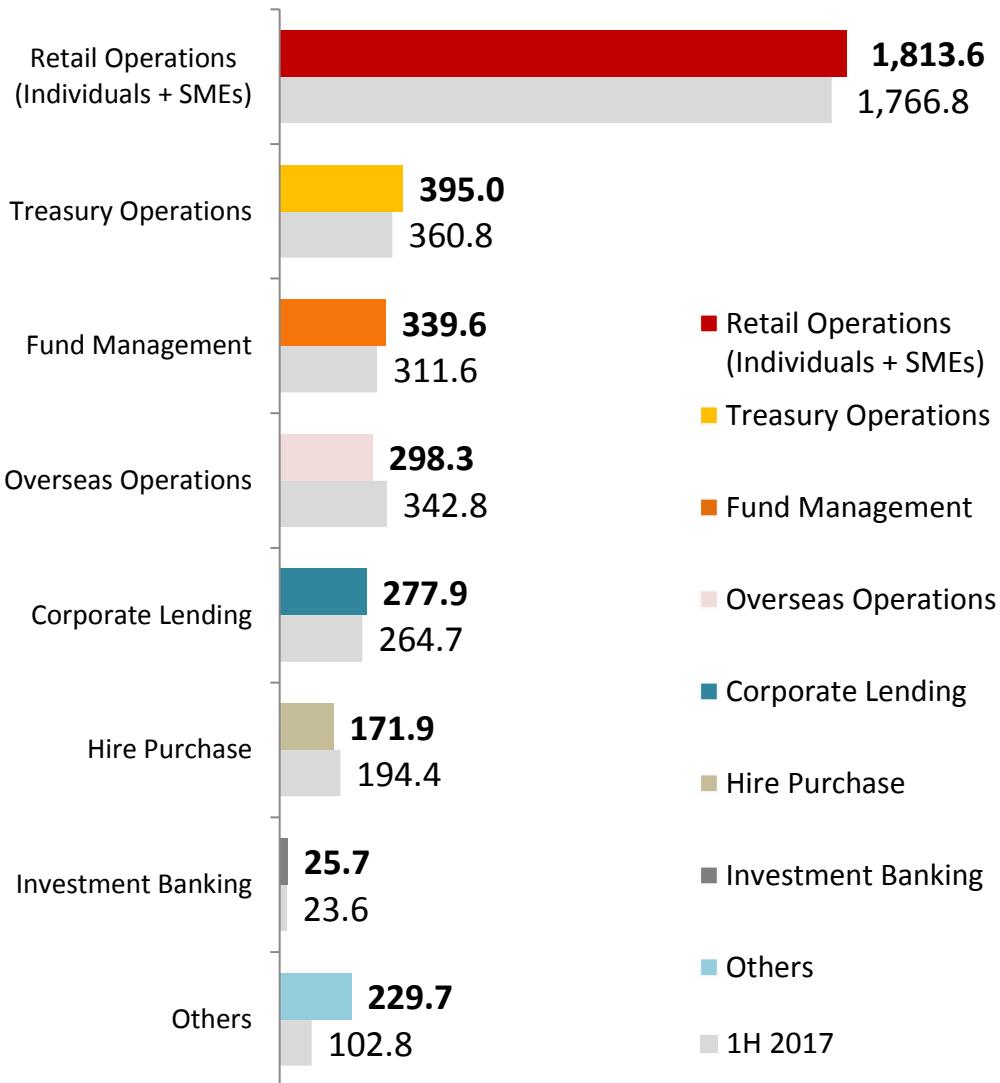
Income Statement

(RM'mil)	1H 2018	1H 2017	Change
Net interest income	3,777.1	3,665.2	↑ 3.1%
Net income from Islamic banking business	528.3	495.1	↑ 6.7%
Non-interest income	1,128.6	1,076.1	↑ 4.9%
Other operating expenses	(1,797.6)	(1,768.7)	↑ 1.6%
Loan loss allowance	(86.0)	(93.6)	↓ -8.2%
Profit before tax	3,551.7	3,367.5	↑ 5.5%
Net profit attrib. to shareholders	2,801.6	2,579.8	↑ 8.6%

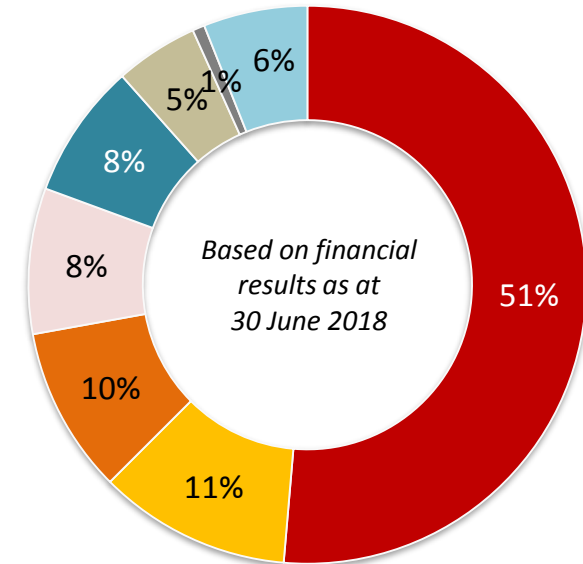
Segmental Profit – Retail Centric



1H 2018 vs 1H 2017 PBT (RM'mil)

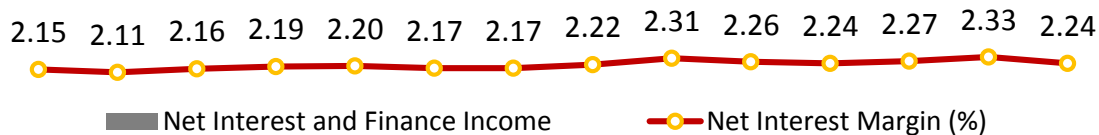


Profit Contribution

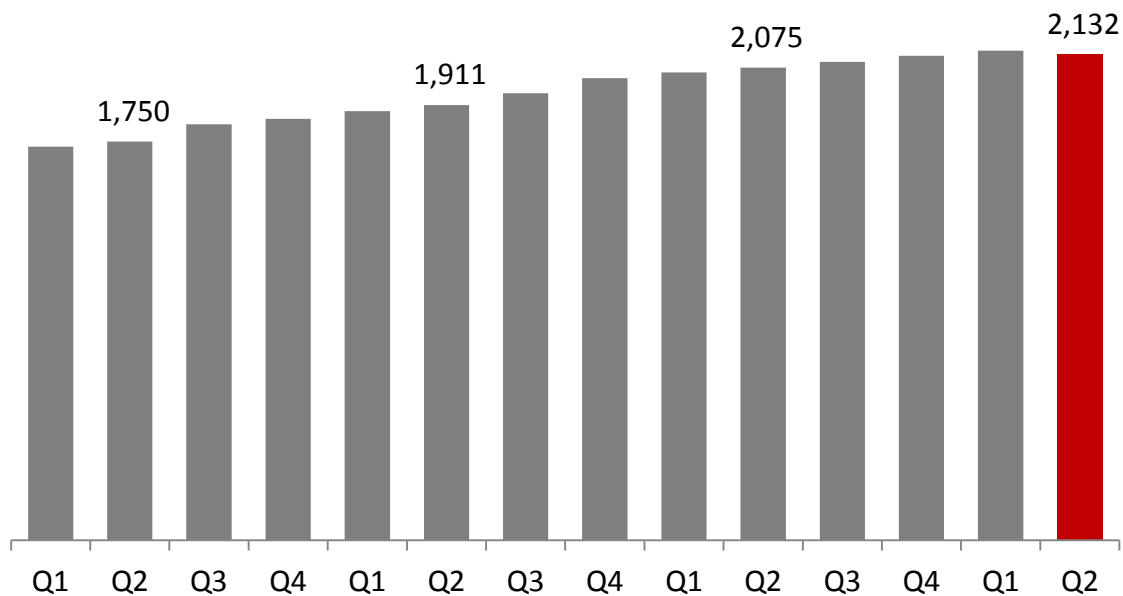


Note: Others comprise mainly of domestic main office, other miscellaneous domestic segment and domestic share of profit after tax of equity accounted associated companies

Net Interest Margin



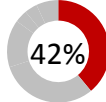
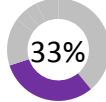
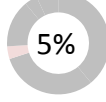
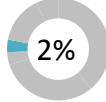
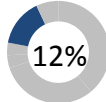
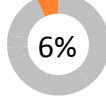
RM'mil



(%)	2015	2016	2017	1H 2018
Yearly Average	2.16	2.20	2.28	2.28

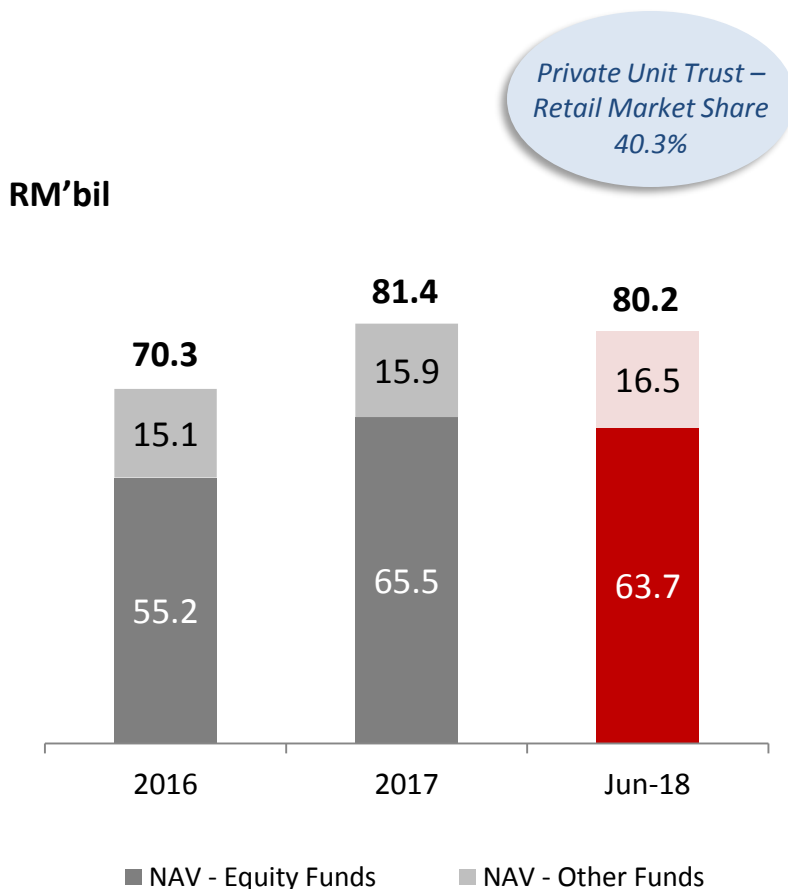
Non-Interest Income



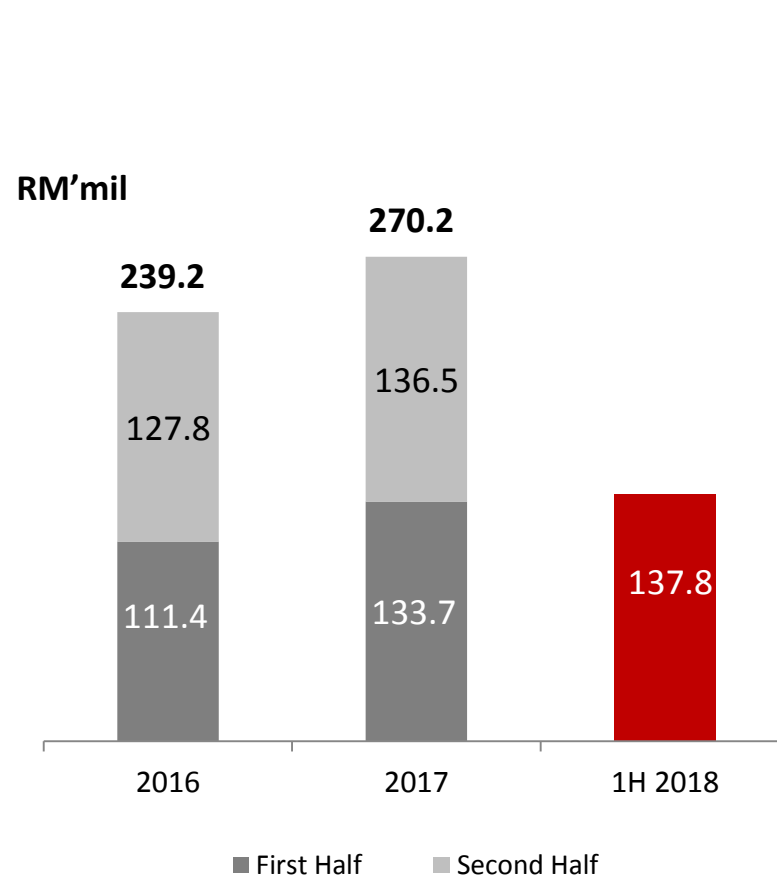
(RM'mil)	1H 2018	1H 2017	Change	Composition
Net fee and commission income	900.1	843.2	6.7%	
Of which: - Unit trust income	477.6	436.3	9.5%	 42%
- Fee & commission income	366.2	354.0	3.5%	 33%
- Stockbroking income	56.3	52.9	6.3%	 5%
Net gains and losses on financial instruments	26.1	26.0	0.3%	 2%
Other operating income	202.4	206.9	-2.2%	
Of which: - Foreign exchange income	139.6	157.0	-11.1%	 12%
- Others	62.8	49.9	25.9%	 6%
Total non-interest income	1,128.6	1,076.1	4.9%	100%



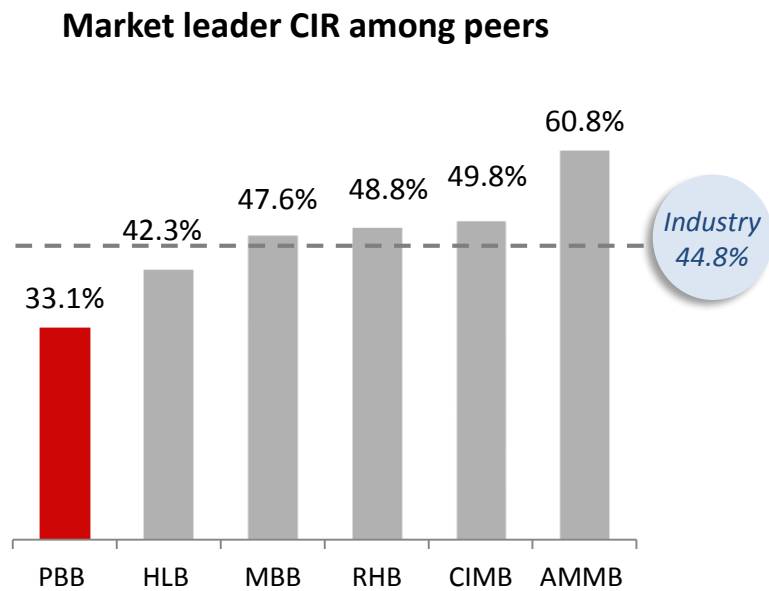
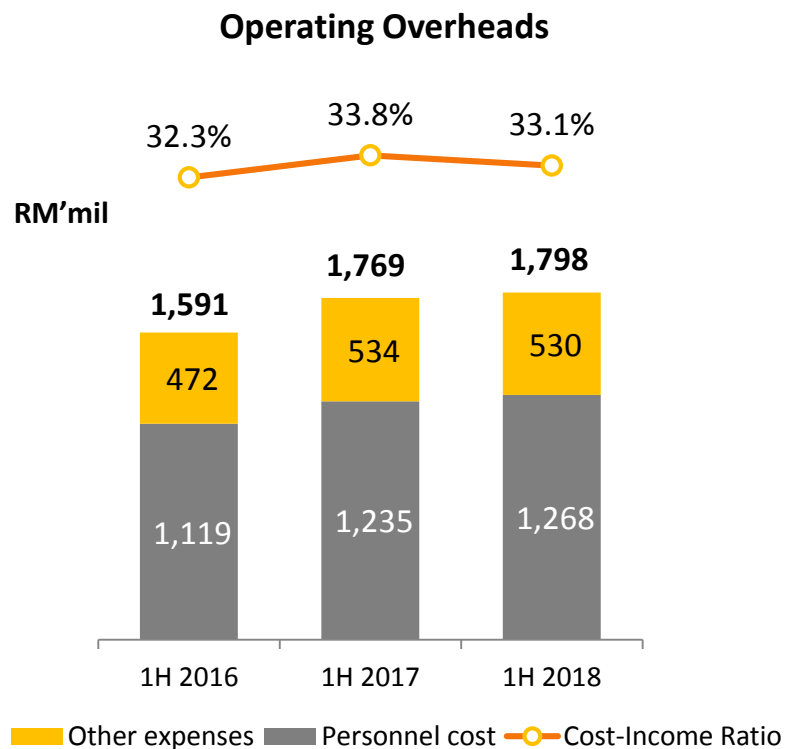
Net Asset Value of Funds Under Management



Bancassurance Business – Annualised New Premium



Efficient Operating Overheads & Lowest CIR



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

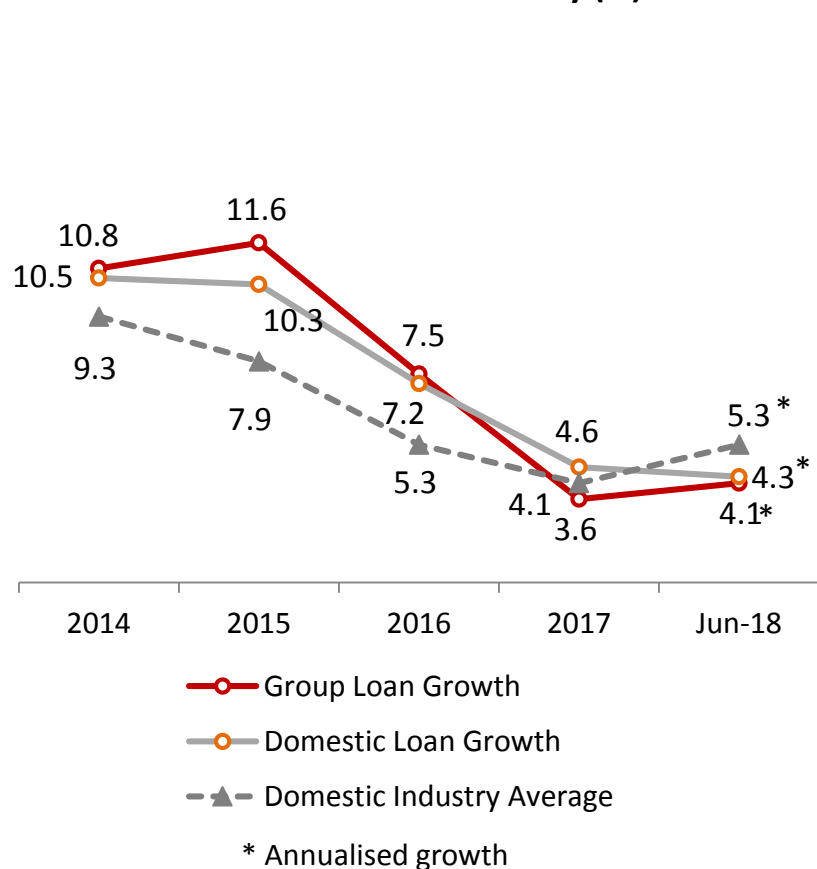
RM'mil	1H 2018	2017	Industry Average
Gross loan per employee	16.9	16.4	13.3
Deposit per employee	17.9	17.2	14.7
PBT per employee	0.39*	0.38	0.30

* Annualised

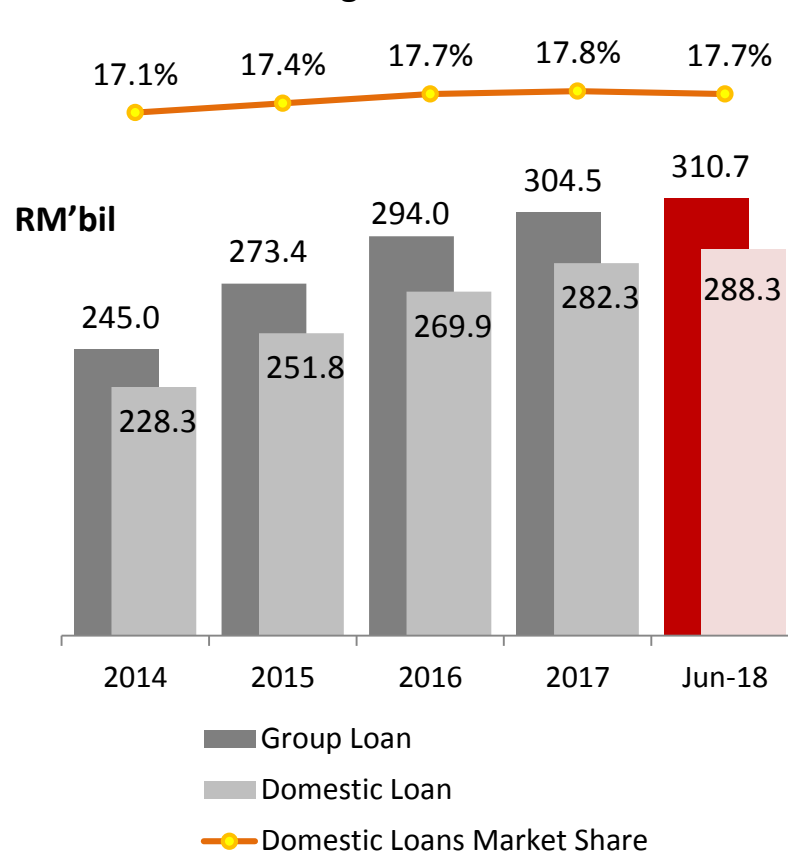
Steady Loan Growth



Loan Growth vs Industry (%)



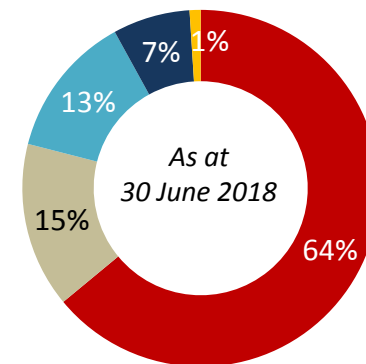
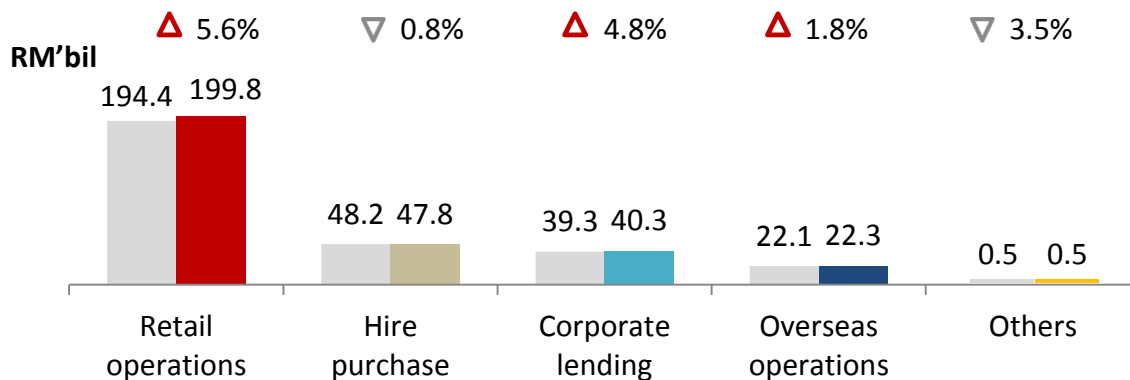
Loan – Outstanding Balance and Market Share



Healthy Gross Loan Growth

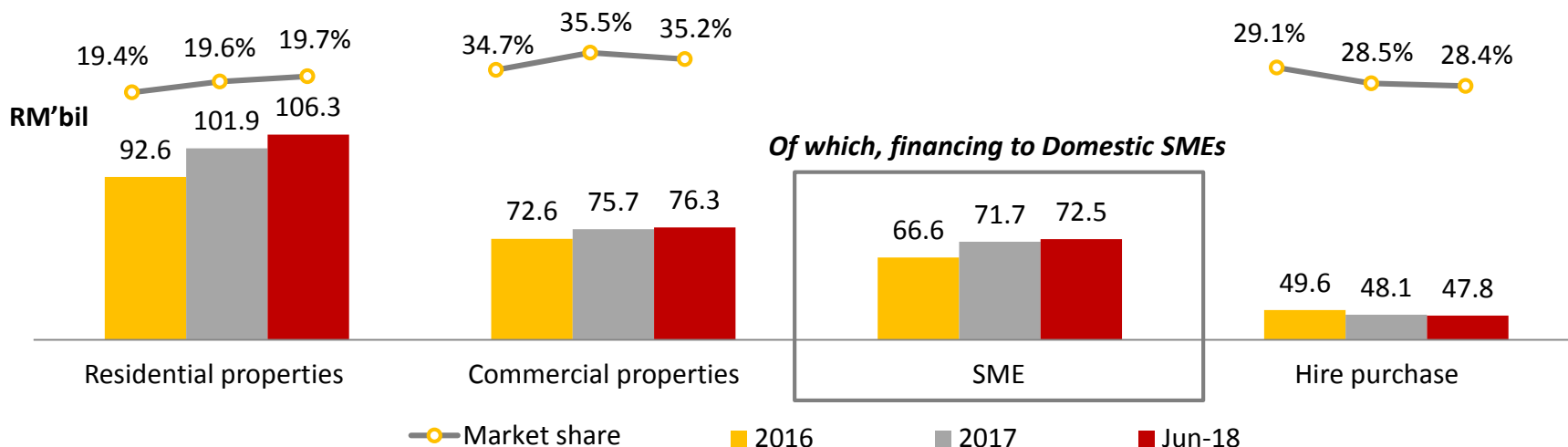


Gross Loan by Segment



Note: Annualised growth (Dec 2017 vs. June 2018)

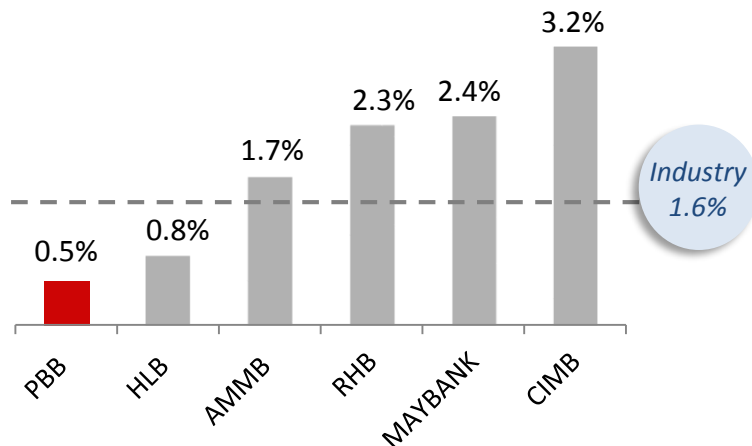
Gross Loan in Domestic Operations



Upholding Strong Asset Quality

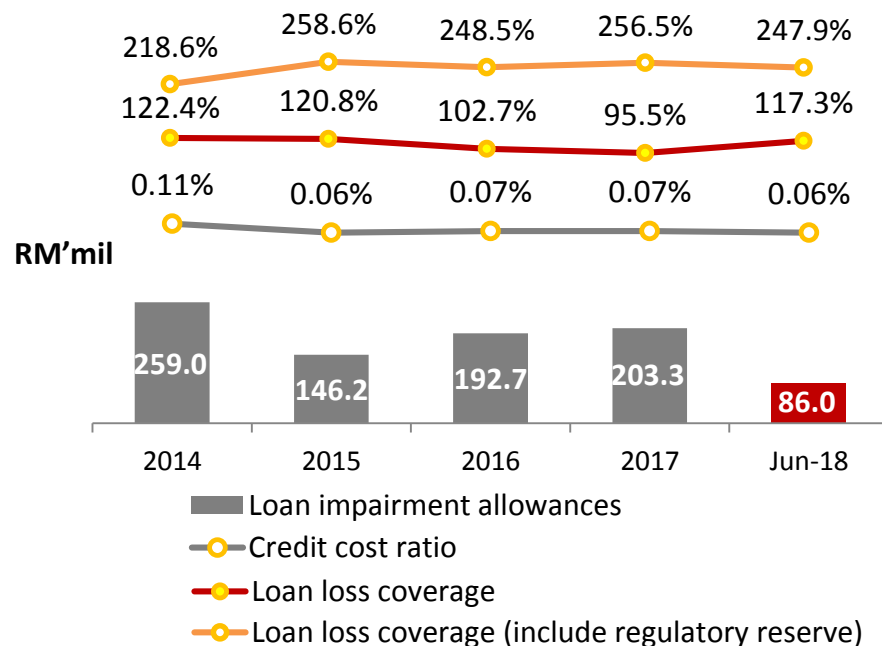


Market leader GIL Ratio among peers

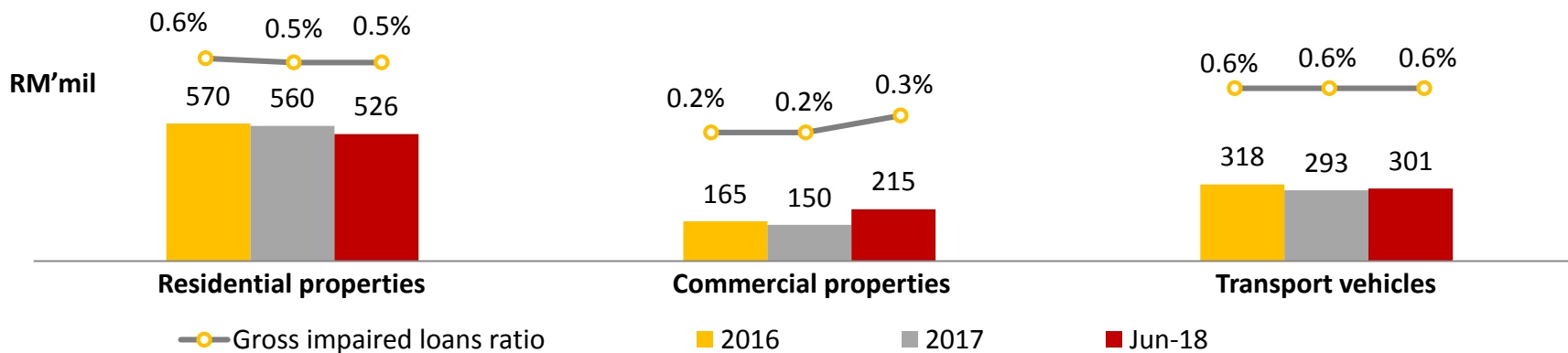


Note: Gross impaired loans ratio (GIL) as extracted above are as at March 2018 position except for PBB

Loan Impairment Allowances (including CA)



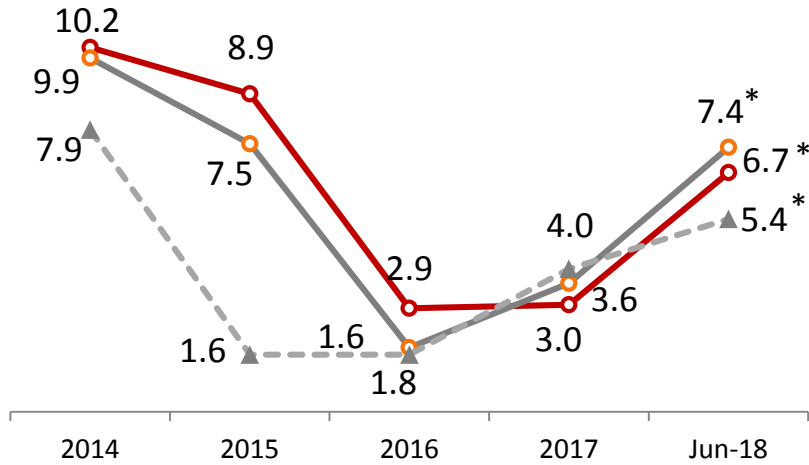
Gross impaired loans of which:



Above Industry Deposit Growth in Support of Liquidity

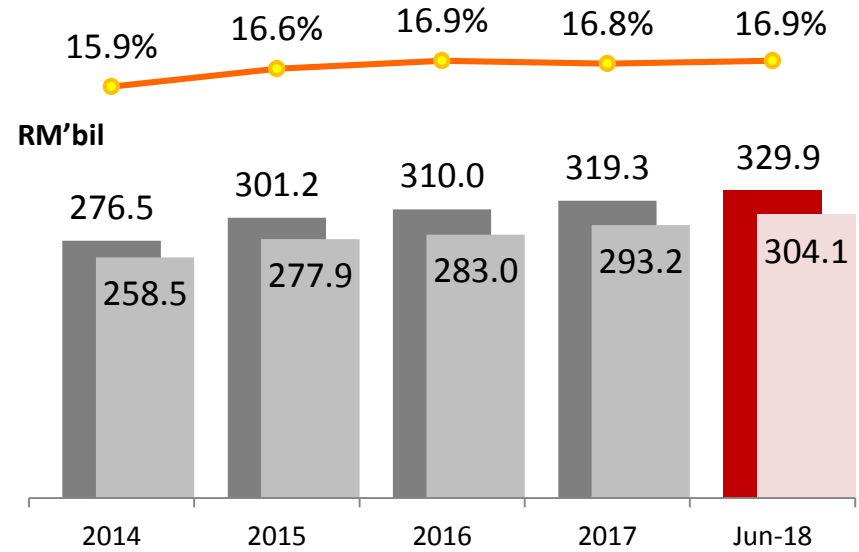


Deposit Growth vs Industry (%)



- Group Deposit Growth
 - Domestic Deposit Growth
 - ▲- Domestic Industry Average (include repurchase agreements)
- * Annualised growth

Deposit – Outstanding Balance and Market Share

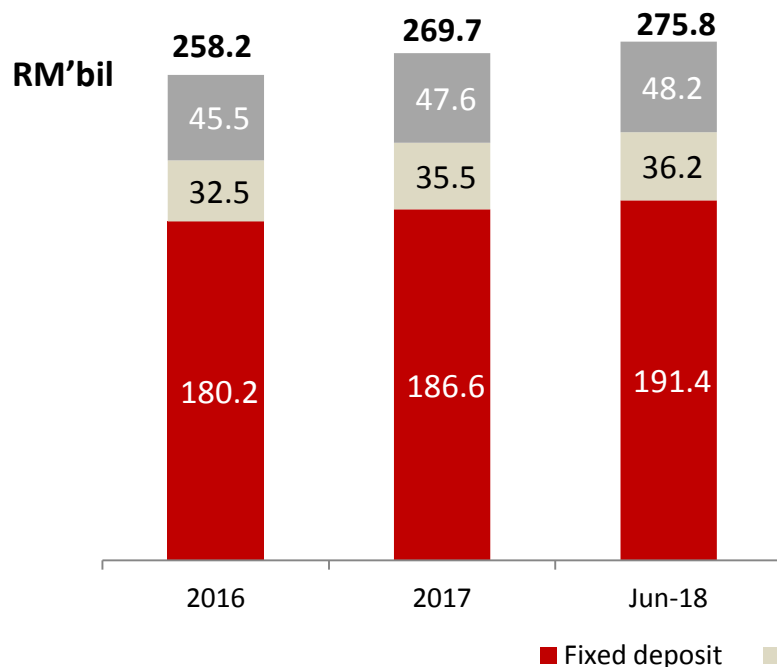


- Group deposit
- Domestic deposit
- Customer deposit market share

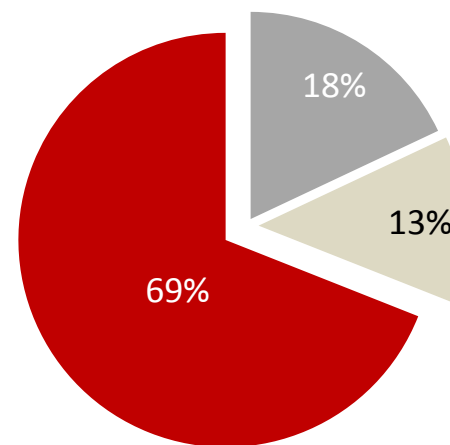
Healthy Core Deposit Growth



Source of Core Deposit



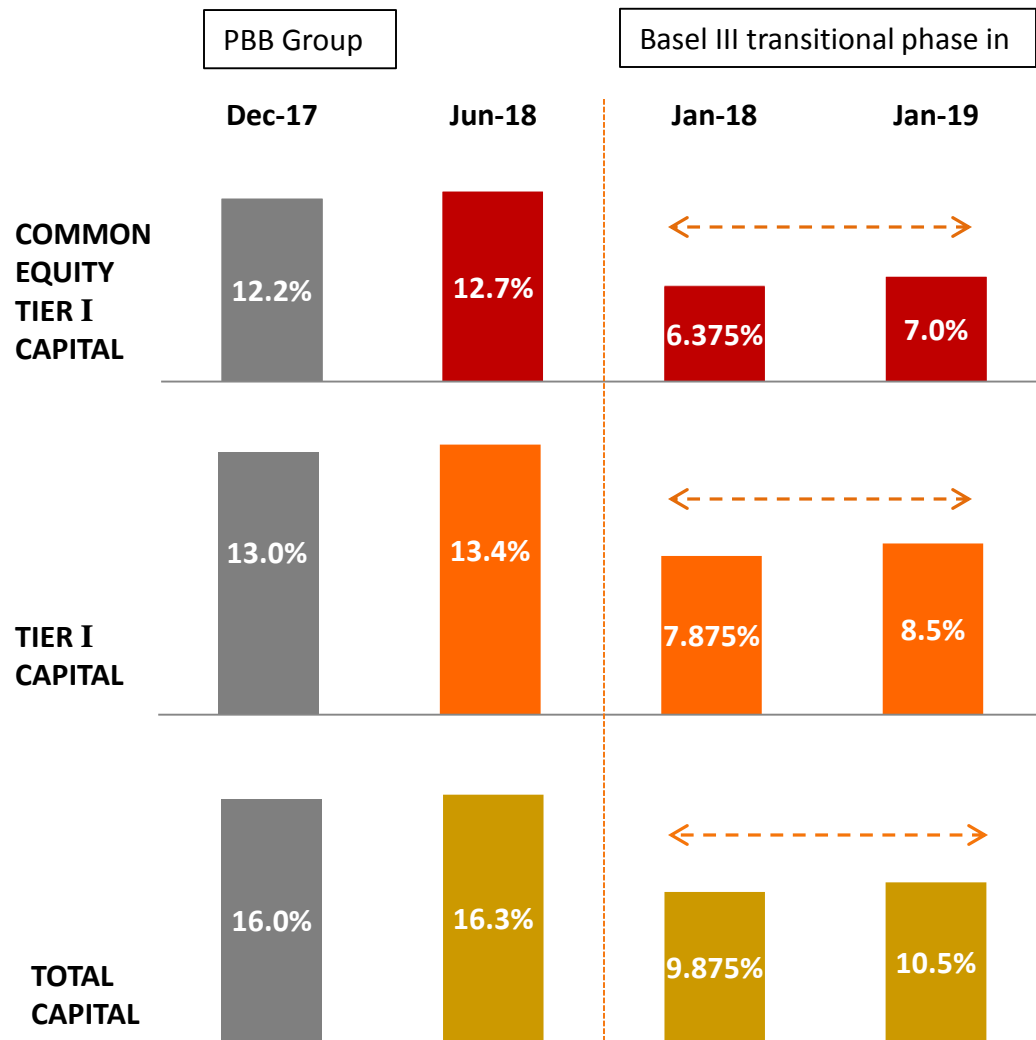
Core Deposit Contribution



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%
Jan-Jun 18	-0.2%	-3.5%	Jan-Jun 18	3.7%	3.9%	Jan-Jun 18	3.1%	4.1%

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



	Jun-18	2017	2010
Malaysian Operations			
Public Bank - Domestic	259	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	4	5	9
Indo-China Operations			
Cambodia Public Bank	31	30	21
Public Bank Vietnam	13	13	7
	424	422	393
Self Service Terminal - domestic	2,114	2,107	1,362



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

Key Performance Benchmarks		
	2018 Targets	Jun-18 Achievement
Net Return on Equity	14% to 15%	15.0%
Total Capital Ratio	>13%	16.3%
Gross Impaired Loan Ratio	<1%	0.5%
Cost to Income Ratio	33% to 34%	33.1%
Loan Growth – Group	5%	4.1%*
– Domestic		4.3%*
Deposit Growth – Group	5%	6.7%*
– Domestic		7.4%*

* Annualised growth



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	Jun-18
Profitability	Operating profit	6,067	6,631	6,745	7,319	3,636
	Profit before tax	5,814	6,491	6,554	7,118	3,552
	Net profit	4,519	5,062	5,207	5,470	2,802
Shareholder Value	Earnings per share (sen)	123.7	131.1	134.8	141.7	72.5
	Net assets per share (RM)	7.26	8.09	8.86	9.68	10.2
	Dividend per share (sen)	54.0	56.0	58.0	61.0	32.0
	Dividend payout ratio (%)	46.1	42.7	43.0	43.1	44.3
Key Balance Sheet Data	Total assets	345,722	363,758	380,053	395,276	407,575
	Gross loan	245,044	273,447	293,959	304,453	310,658
	Domestic loan	228,338	251,802	269,915	282,326	288,328
	Deposit from customers	276,540	301,157	309,974	319,259	329,900
	Domestic deposit	258,472	277,942	282,967	293,178	304,069
	Core customer deposit	216,707	245,171	258,155	269,723	275,811
	Shareholders' equity	28,025	31,231	34,213	37,365	39,504
	Common equity Tier I capital ^π	23,578	26,093	28,620	31,521	33,541
	Tier I capital ^π	26,745	28,882	30,771	33,528	35,257
	Total capital ^π	34,636	36,975	38,970	41,134	43,044
Risk-weighted assets	218,712	239,703	251,662	257,352	263,950	

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

Appendix (cont'd)



	%	2014	2015	2016	2017	Jun-18	Industry
Profitability Ratios	Net interest margin on yielding assets	2.24	2.16	2.20	2.28	2.28	N/A
	Net return on equity ⁺	19.9	17.8	16.5	15.8	15.0	N/A
	Pre-tax return on average assets	1.8	1.8	1.8	1.8	1.8	1.5
	Cost to income ratio	30.0	30.5	32.3	31.9	33.1	44.8
	Non interest income/Total income	22.0	24.5	21.0	21.7	20.8	33.2
Liquidity	Gross loan to fund ratio [~]	84.4	86.8	90.8	90.0	88.8	83.9 [^]
	Gross loan to fund and equity ratio [~]	76.7	78.7	81.8	80.7	79.4	73.2 [#]
Asset Quality	Gross impaired loans ratio	0.6	0.5	0.5	0.5	0.5	1.6
	Loan loss coverage ratio	122.4	120.8	102.7	95.5	117.3	93.8
	Credit cost ratio	0.11	0.06	0.07	0.07	0.06	N/A
Capital Adequacy	Common equity Tier I capital ratio ^π	10.8	10.9	11.4	12.2	12.7	12.7
	Tier I capital ratio ^π	12.2	12.0	12.2	13.0	13.4	13.5
	Total capital ratio ^π	15.8	15.4	15.5	16.0	16.3	17.0
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	19.7	N/A
	Passenger vehicle financing	28.0	29.6	29.1	28.5	28.4	N/A
	Domestic loans	17.1	17.4	17.7	17.8	17.7	N/A
	Domestic deposits	15.9	16.6	16.9	16.8	16.9	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 period/year