



PUBLIC BANK

Investor Presentation

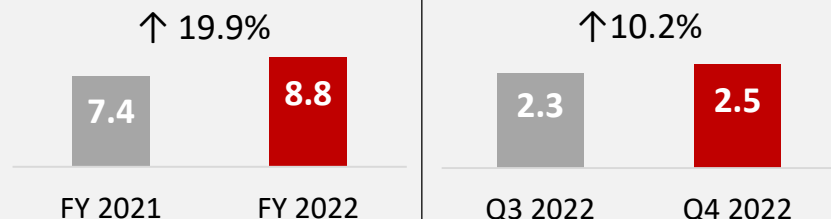
December 2022 Financial Results



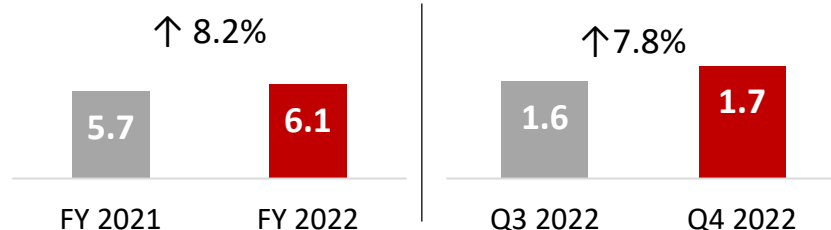
FY 2022 Financial Highlights

*Resilient
performance
with PBT
surpassing the
RM8 billion mark
for the first time*

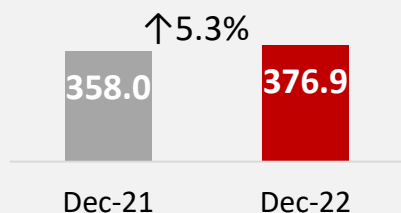
Profit before tax (RM'bil)



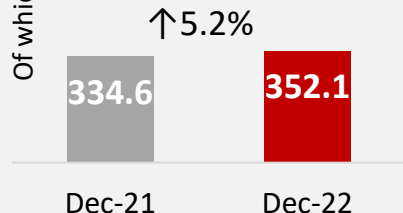
Net profit (RM'bil)



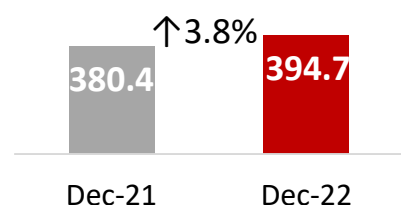
Gross loans (RM'bil)



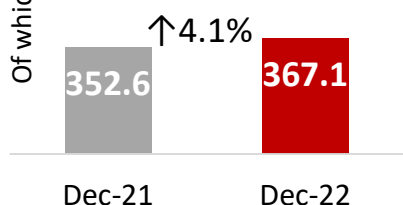
Domestic operations



Customer deposits (RM'bil)



Domestic operations



- Overall 2022 profitability improvement was due to growing loan and deposit businesses, improved credit cost as well as higher net interest income arising from the OPR hikes
- Positive JAWS with cost-to-income ratio of 31.5%
- Loan loss coverage ratio remained strong at 272.0%
- Credit cost improved to 10 bps
- Higher net ROE at 12.8%
- Healthy capital and liquidity position

Net ROE

12.8%

Dec-21: 12.4%

Cost-to-income ratio

31.5%

Dec-21: 31.6%

Gross impaired loans ratio

0.4%

Dec-21: 0.3%

NIM

2.39%

Dec-21: 2.22%

Credit cost ratio

0.10%

Dec-21: 0.34%

Loan loss coverage ratio

272.0%

Dec-21: 360.7%

Liquidity coverage ratio

127.7%

Dec-21: 127.3%

Total capital ratio^π

17.6%

Dec-21: 17.7%

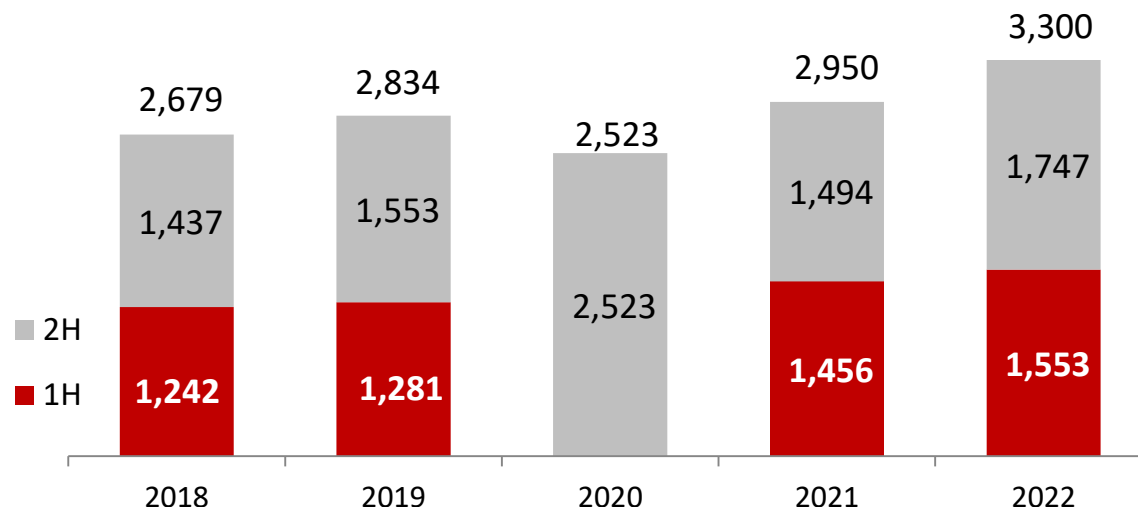
^π After deducting interim dividends declared subsequent to end of year



Dividend Payout

Higher
FY2022
dividend
payment of
17.0 sen per
share

Dividend Paid / Declared (RM'mil)



2022 Dividend

1 st interim dividend	8.0 sen
2 nd interim dividend	4.0 sen
3 rd interim dividend	5.0 sen
Full year dividend	17.0 sen

	2018	2019	2020	2021	2022
Gross dividend per share	13.8 sen	14.6 sen	13.0 sen	15.2 sen	17.0 sen
Dividend payout ratio	47.9%	51.4%	51.8%	52.2%	53.9%

Note: For comparative purpose, the gross dividend per share had been adjusted to reflect the bonus issue of 4 bonus shares for every 1 existing ordinary share which was completed on 29 January 2021.



Profitability

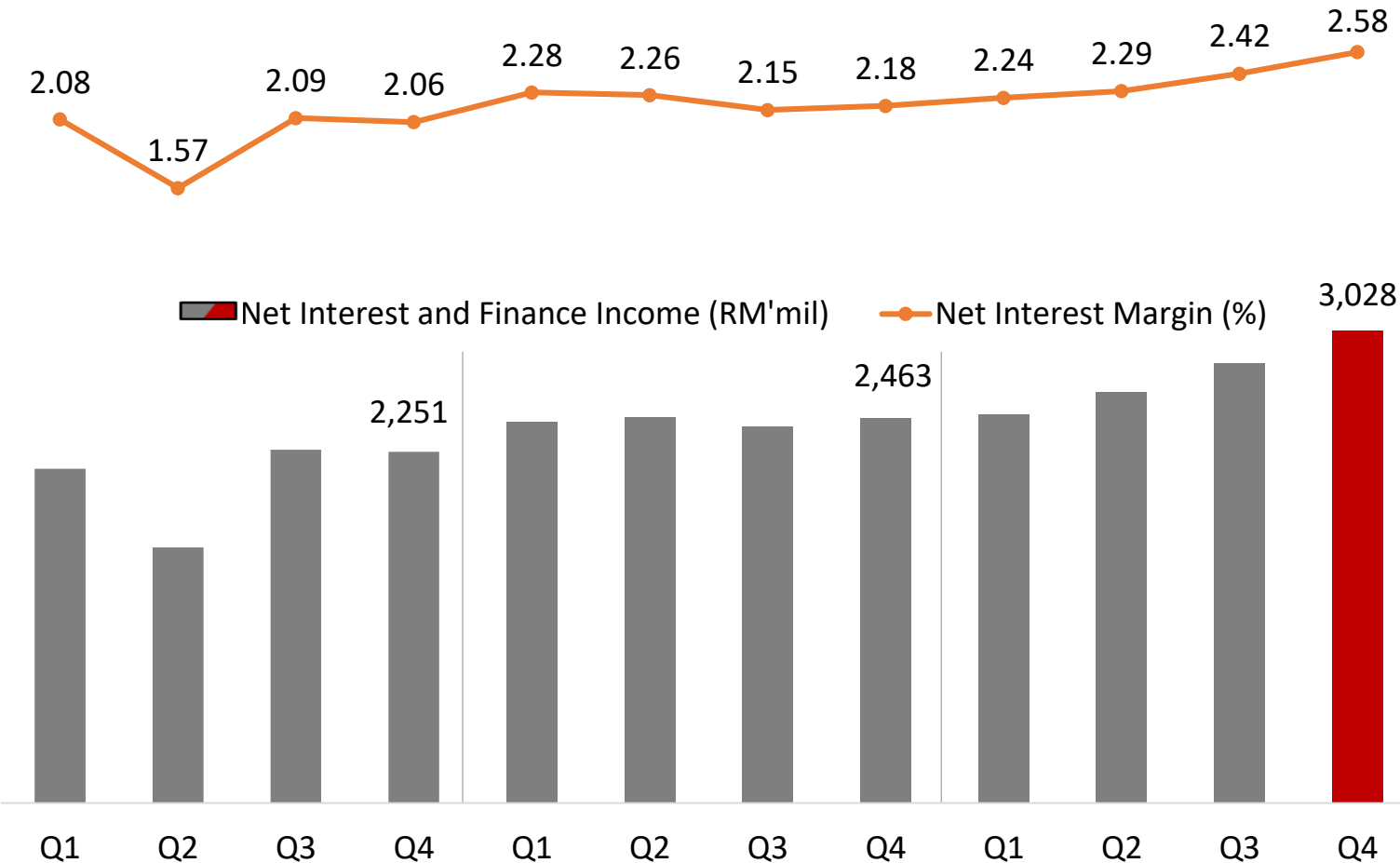
*Improved
FY2022 earnings
fueled by higher
net interest
income, net
income from
Islamic banking,
and lower loan
loss allowance*

Income Statement						
(RM'mil)	FY 2021	FY 2022	y-o-y	Q3 2022	Q4 2022	q-o-q
Net interest income	8,315.0	9,166.9	10.2%	2,387.4	2,457.5	2.9%
Net income from Islamic banking business	1,613.7	1,857.2	15.1%	448.5	591.6	31.9%
Non-interest income	2,615.8	2,414.2	-7.7%	625.7	601.1	-3.9%
Net income	12,544.5	13,438.3	7.1%	3,461.6	3,650.2	5.4%
Other operating expenses	(3,965.3)	(4,235.4)	6.8%	(1,077.5)	(1,040.3)	-3.5%
Operating profit	8,579.2	9,202.9	7.3%	2,384.1	2,609.9	9.5%
Loan loss allowance	(1,201.2)	(365.5)	-69.6%	(95.9)	(90.0)	-6.2%
Other allowances	(5.9)	(13.2)	>100%	(2.3)	(6.1)	>100%
Share of profit / (loss) after tax of equity accounted associated companies	(5.5)	6.9	>100%	1.3	7.1	>100%
Profit before tax	7,366.6	8,831.1	19.9%	2,287.2	2,520.9	10.2%
Net profit attrib. to shareholders	5,656.5	6,119.5	8.2%	1,590.3	1,713.7	7.8%
Earnings per share (sen)	29.14	31.53	8.2%	8.19	8.83	7.8%



Net Interest Income & Margin

Growing NIM supported by OPR hikes



	2020	2021	2022
Year Average NIM	1.95%	2.22%	2.39%



Non-Interest Income

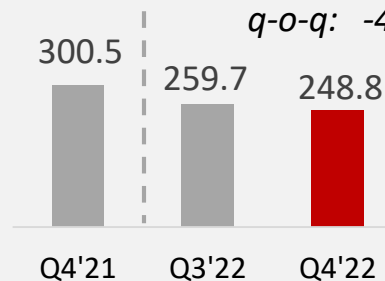
Unfavourable market conditions led to decline in profit in the unit trust and stockbroking business

(RM'mil)	Composition	FY 2021	FY 2022	y-o-y
Net fee and commission		2,146.8	1,914.5	-10.8%
Of which: - Unit trust income		1,241.7	1,061.8	-14.5%
- Fee & commission income		714.9	742.8	3.9%
- Stockbroking income		190.2	109.9	-42.2%
Net gains and losses on financial instruments		60.2	70.9	17.8%
Other operating income		408.8	428.8	4.9%
Of which: - Foreign exchange income		255.3	308.9	21.0%
- Others		153.5	119.9	-21.9%
Total non-interest income	100%	2,615.8	2,414.2	-7.7%
Non-interest income/Total income		20.9%	18.0%	

Unit trust income (RM'mil)

y-o-y: -17.2%

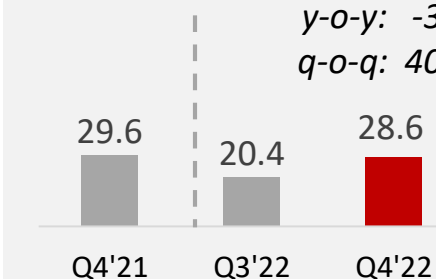
q-o-q: -4.2%



Stockbroking income (RM'mil)

y-o-y: -3.3%

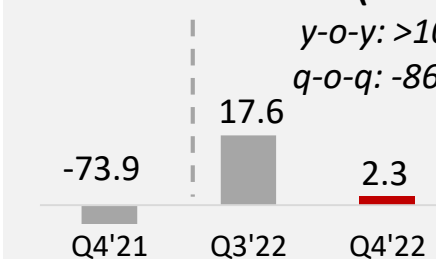
q-o-q: 40.5%



Net gains and losses on financial instruments (RM'mil)

y-o-y: >100%

q-o-q: -86.9%





Segmental Profit

Mainly attributed to domestic retail operations and hire purchase segment, which accounted for 47% and 10% respectively of the Group's profit.

Profit before tax by Operating Segments

(RM'mil)	Composition	FY 2021	FY 2022	y-o-y	Q3 2022	Q4 2022	q-o-q
Retail operations	 47%	4,311.4	4,197.5	-2.6%	1,131.3	1,047.8	-7.4%
Hire purchase	 10%	(117.1)	906.8	>100%	217.6	362.2	66.5%
Corporate lending	 5%	444.8	425.5	-4.3%	-2.5	135.6	>100%
Fund Management	 9%	878.1	780.4	-11.1%	188.2	200.0	6.3%
Treasury Operations	 4%	432.6	346.8	-19.8%	83.0	86.5	4.2%
Investment Banking	 1%	80.7	52.1	-35.4%	8.8	8.9	1.0%
Others	 16%	713.5	1,457.1	>100%	443.6	494.3	11.4%
Overseas Operations	 8%	622.6	664.9	6.8%	217.2	185.6	-14.5%
Profit before tax	100%	7,366.6	8,831.1	19.9%	2,287.2	2,520.9	10.2%

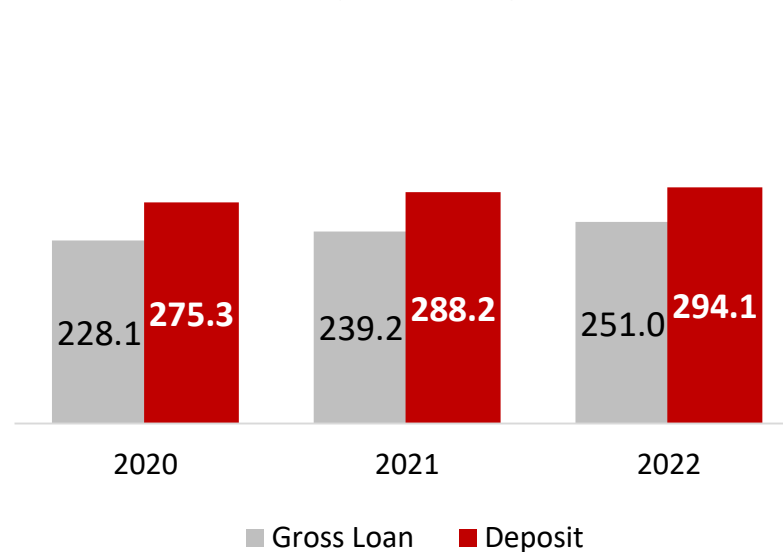


Retail Operations

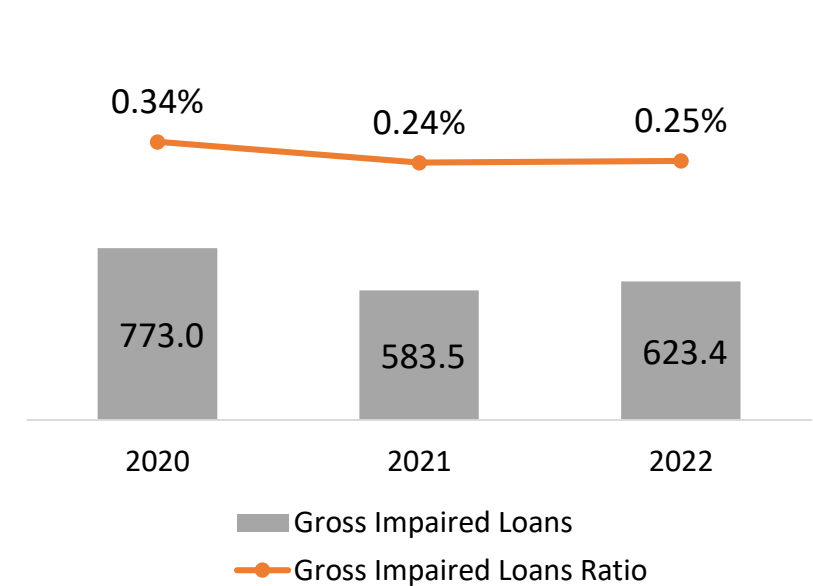
Retail operations PBT impacted by higher pre-emptive loan loss allowances re-allocated from other business segments & higher other operating expenses

Retail Operations			
(RM'mil)	FY 2021	FY 2022	y-o-y
Net interest income	5,830.7	6,147.4	5.4%
Non-interest income	824.8	750.1	-9.1%
Net income	6,655.5	6,897.5	3.6%
Other operating expenses	(2,076.0)	(2,272.3)	9.5%
Allowance for impairment on loans and other assets	(268.1)	(427.7)	59.5%
Profit before tax	4,311.4	4,197.5	-2.6%

Loans & Deposit-taking (RM'bil)



Gross Impaired Loans (RM'mil)

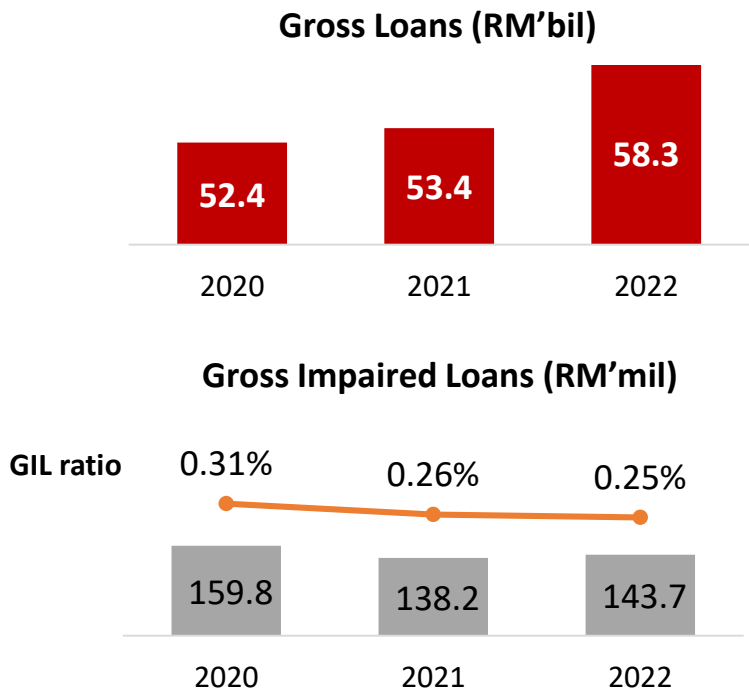




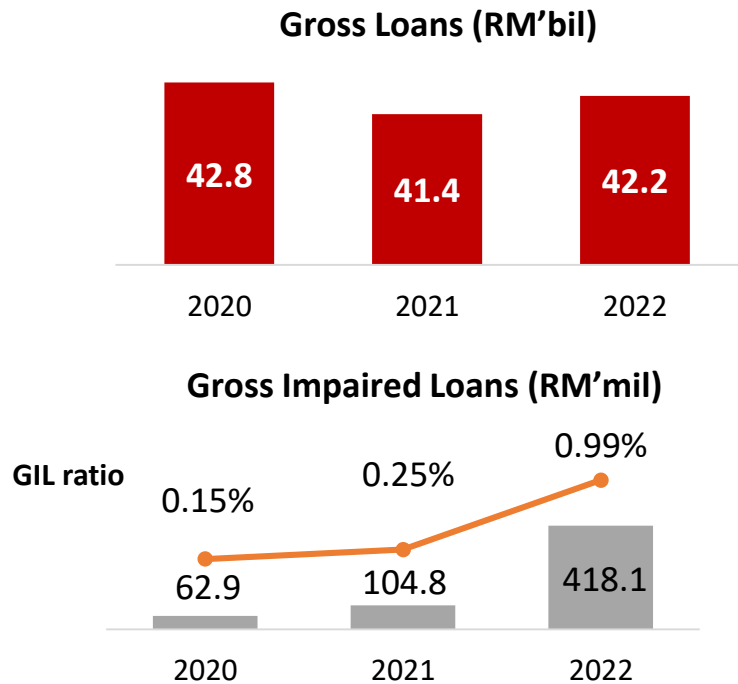
Hire Purchase and Corporate Lending

A write-back of allowances for loan impairments and higher revenue led to hire purchase PBT growth; corporate lending generated lower top-line, resulting in lower PBT

Hire Purchase			
(RM'mil)	FY 2021	FY 2022	y-o-y
Net interest income	799.6	861.2	7.7%
Non-interest income	1.5	1.8	14.0%
Net income	801.1	863.0	7.7%
Other operating expenses	(247.4)	(254.8)	3.0%
(Allowance)/Writeback of allowance for impairment on loans and other assets	(670.8)	298.5	>-100%
Profit before tax	(117.1)	906.7	>100%



Corporate Lending			
(RM'mil)	FY 2021	FY 2022	y-o-y
Net interest income	634.1	589.5	-7.0%
Non-interest income	31.2	25.9	-17.1%
Net income	665.3	615.4	-7.5%
Other operating expenses	(20.6)	(18.7)	-9.0%
Allowance of allowance for impairment on loans and other assets	(199.9)	(171.2)	-14.4%
Profit before tax	444.8	425.5	-4.3%





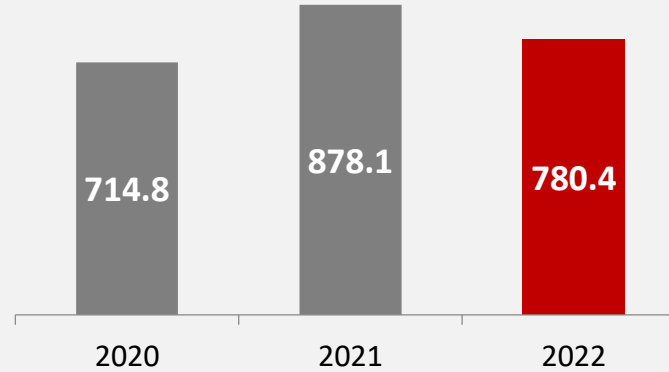
Wealth Management

Challenges remained for the unit trust business; Bancassurance business continued to grow, albeit at a slower pace

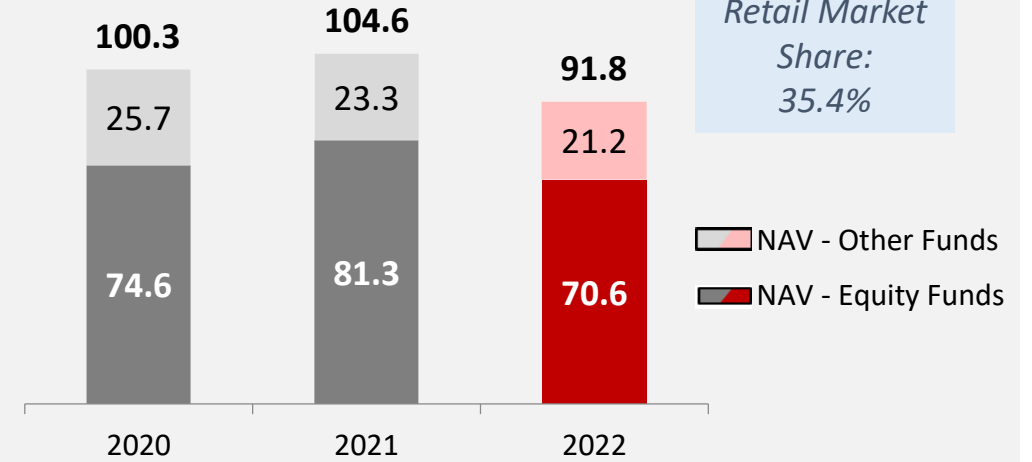
Of which: Unit Trust Business

Public Mutual Berhad

Profit Before Tax (RM'mil)

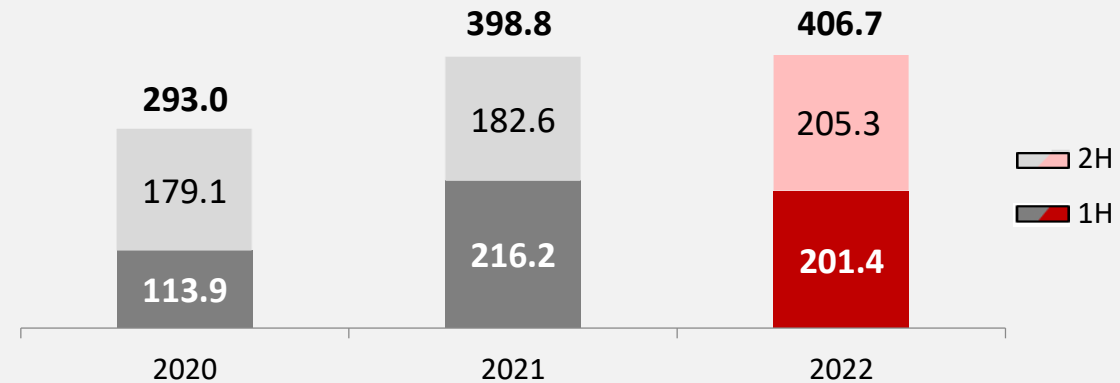


Net Asset Value of Funds Under Management (RM'bil)



Of which: Bancassurance Business

Annualised New Premium (RM'mil)

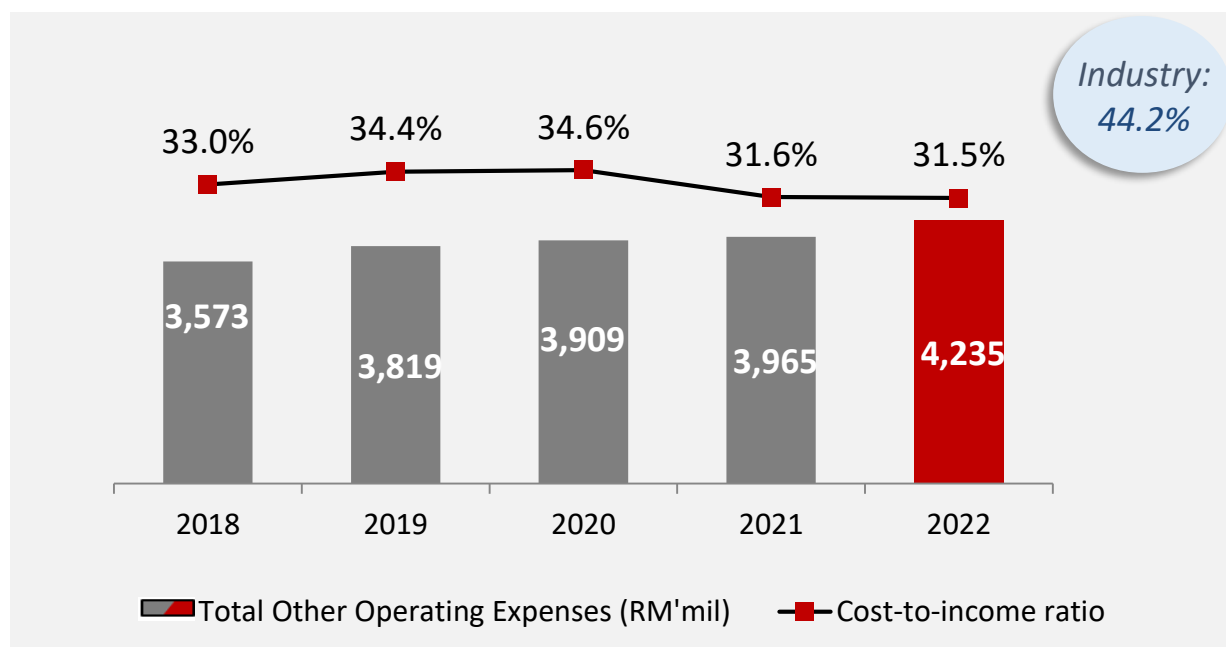




Other Operating Expenses

Positive JAWS with an efficient level of cost-to-income ratio at 31.5%

(RM'mil)	Composition	FY 2021	FY 2022	y-o-y	Q3 2022	Q4 2022	q-o-q
Personnel costs		2,896.2	3,043.8	5.1%	770.1	748.8	-2.8%
Establishment costs		738.8	765.9	3.7%	193.4	191.2	-1.1%
Marketing expenses		117.6	111.2	-5.5%	31.4	22.4	-28.6%
Administration and general expenses		212.7	314.5	47.8%	82.6	77.9	-5.7%
Total other operating expenses	100%	3,965.3	4,235.4	6.8%	1,077.5	1,040.3	-3.5%

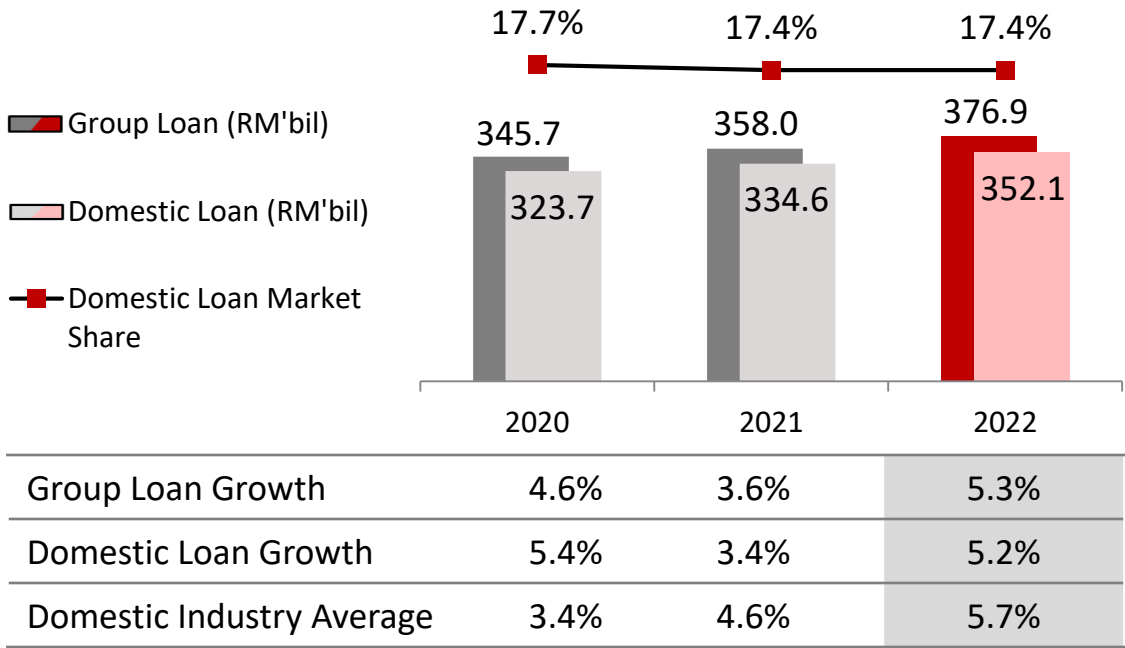




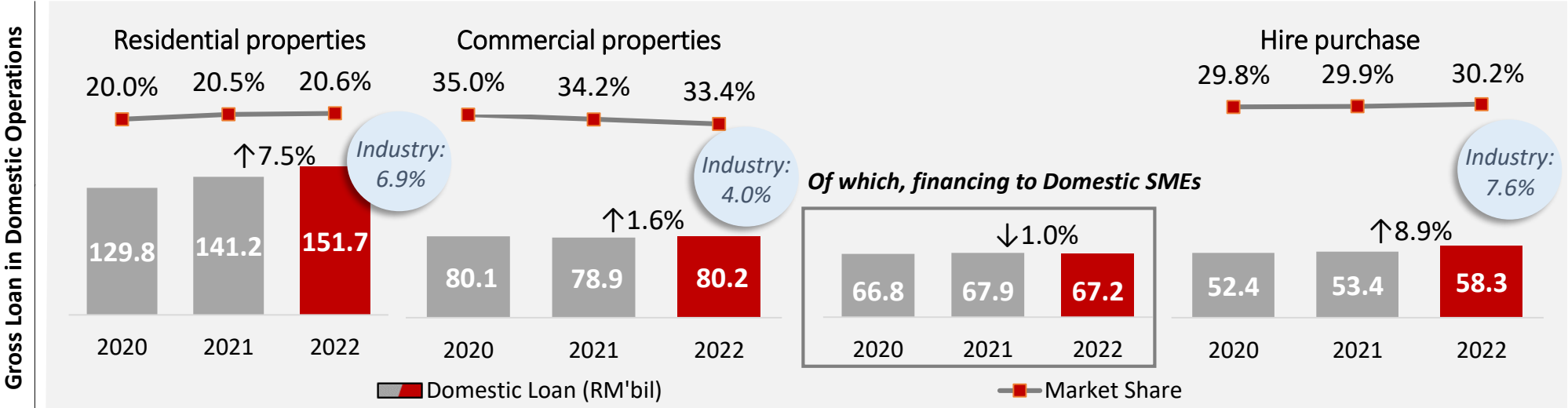
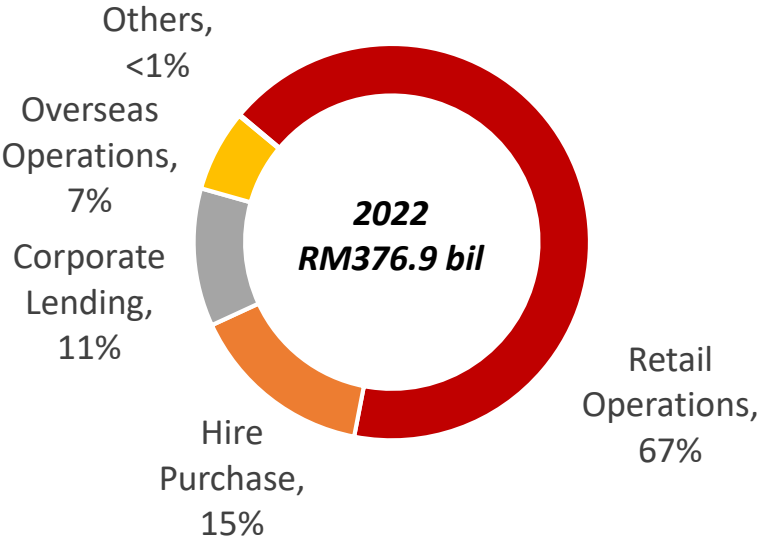
Loan Growth

Healthy growth in the lending portfolio of residential, commercial properties and hire purchase

Loans – Outstanding Balance and Market Share



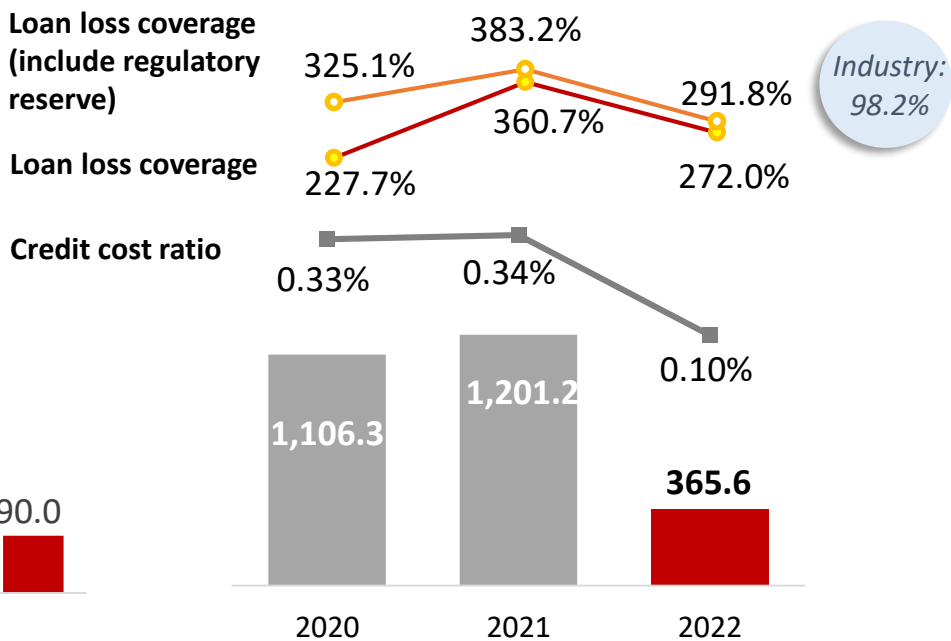
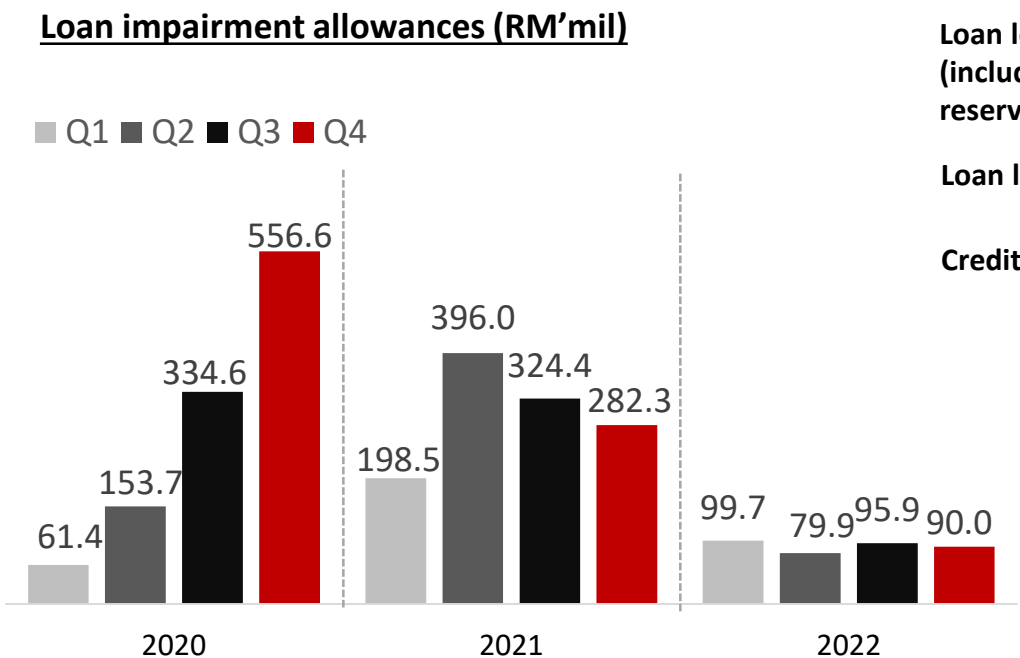
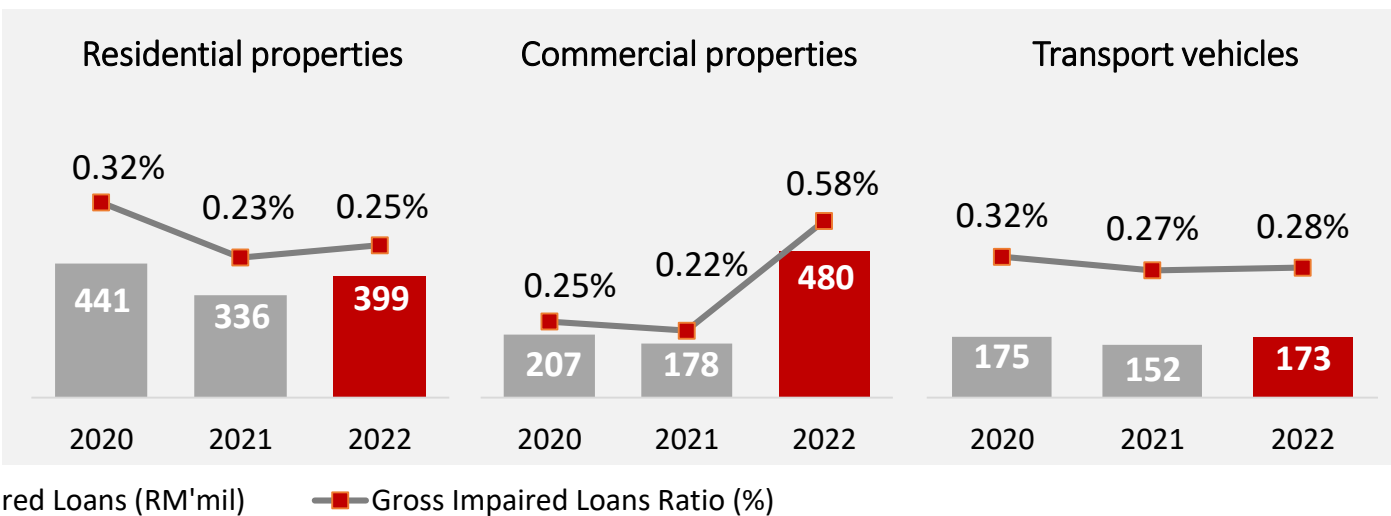
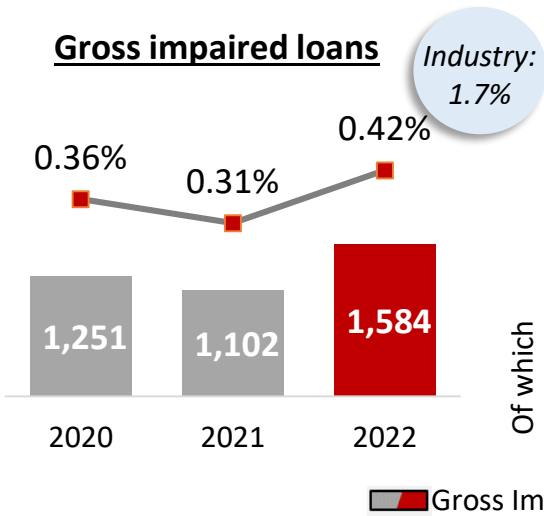
Loans – By Segment





Asset Quality

Asset quality remained sound with gross impaired loans ratio of 0.4%





Repayment Assistance Programme

About 4% of domestic loans are under the RA programme

REPAYMENT ASSISTANCE (RA)

% Against Total Domestic Loans Outstanding of Respective Loan Segment

	Apr-22	Jul-22	Oct-22	Jan-23
Individual Customers of which:	5%	5%	3%	2%
Housing Loan	4%	4%	3%	3%
Hire Purchase	5%	4%	3%	0%
Non-individual Customers of which:	9%	9%	7%	7%
Retail business	8%	8%	4%	4%
Total	6%	6%	4%	4%

Expiry and Reapplication of RA

After the expiry of PEMULIH RA

- About 11% applied for further RA
- About 89% resumed original instalment, of which:
 - Stage 1: 95%

AGEING ANALYSIS OF TOTAL DOMESTIC LOANS

% Ageing Profile of Past Due Loans / Financing

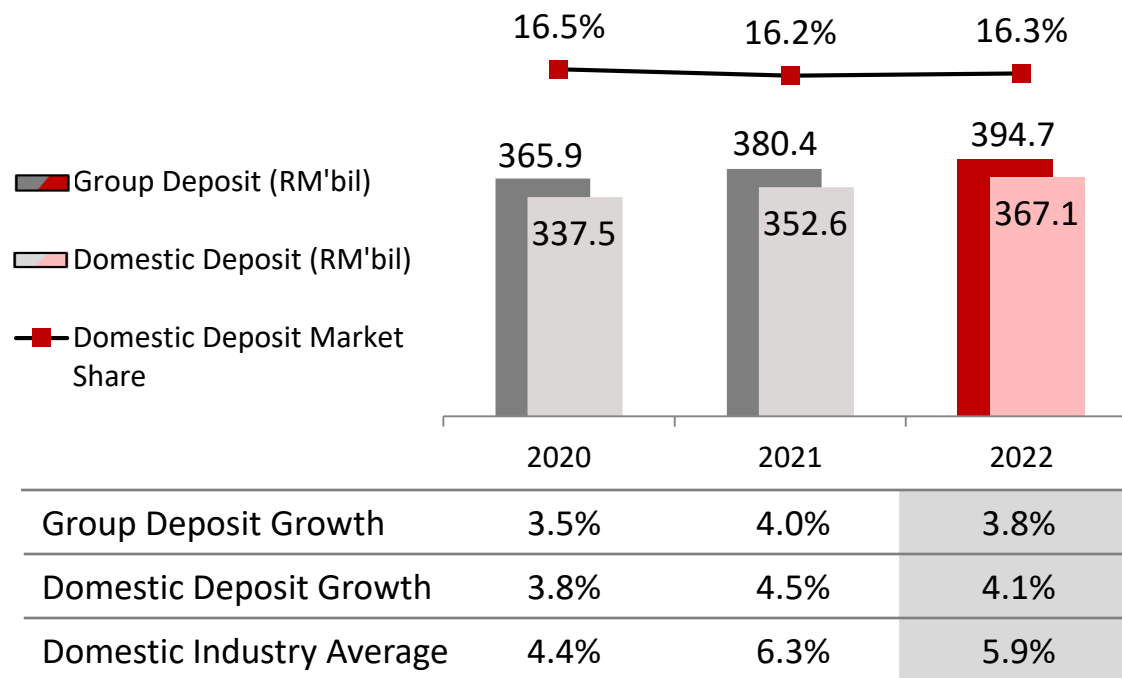
	Pre-pandemic		At present
	2018	2019	2022
1 mth to <2 mths	2.6%	2.2%	1.2%
2 mths to <3 mths	1.0%	1.0%	0.6%
Impaired Loans	0.4%	0.4%	0.3%



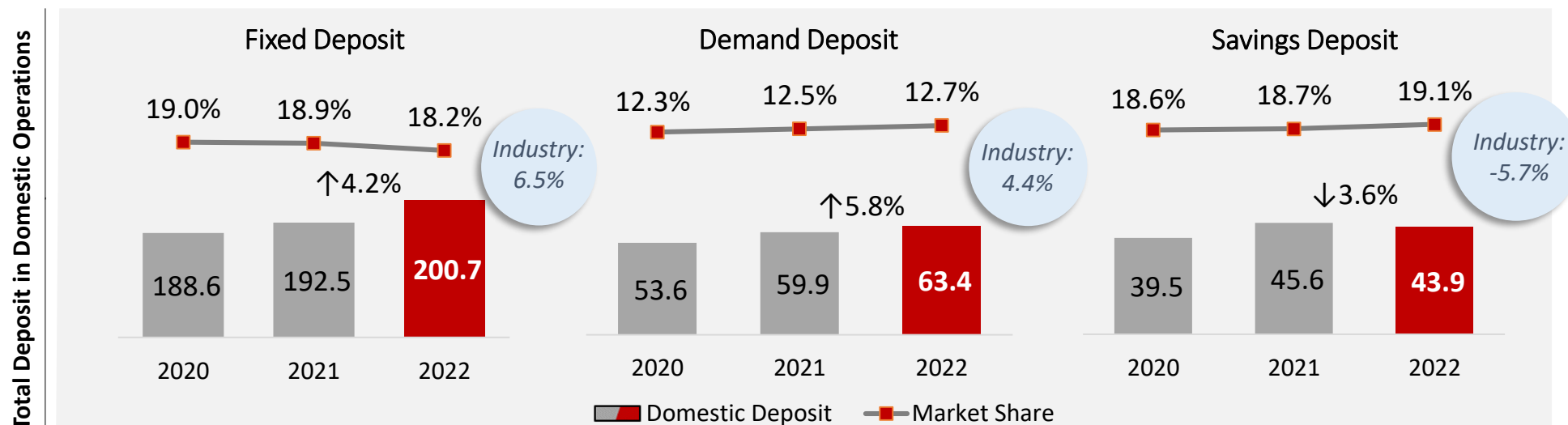
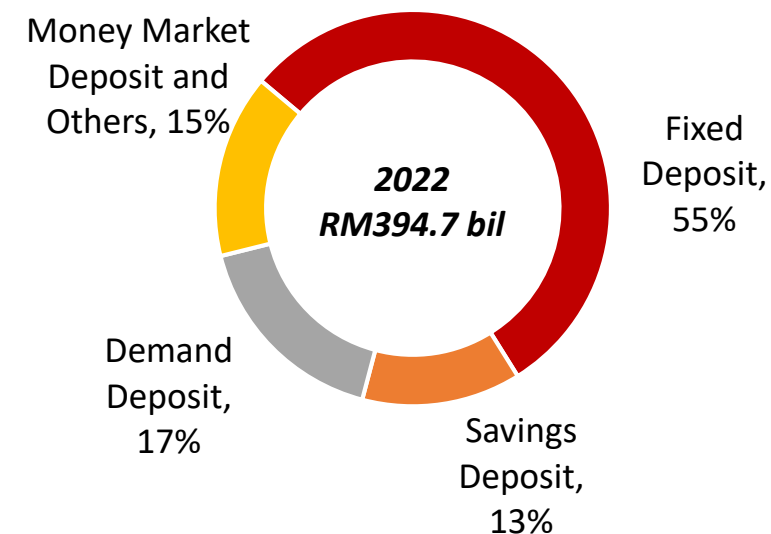
Deposit Growth

Stable increase in fixed deposit and demand deposit with stable liquidity position

Deposit – Outstanding Balance and Market Share



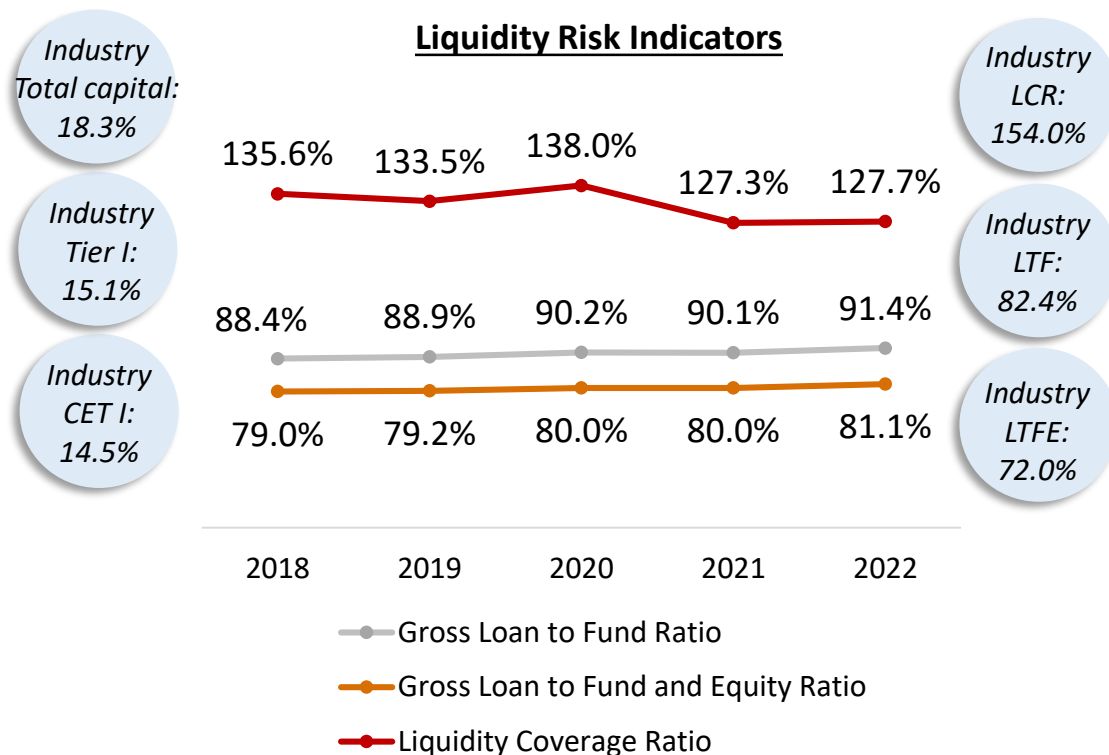
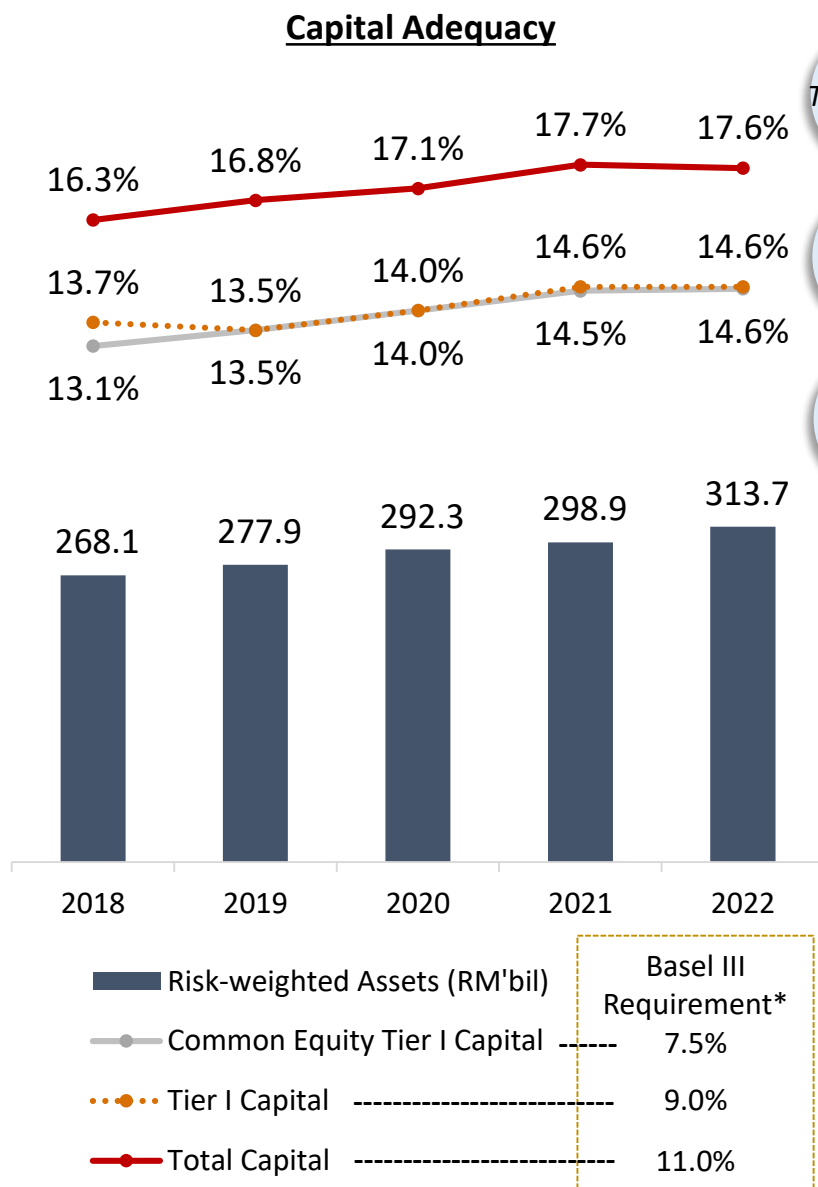
Deposit – By Type





Capital & Liquidity Position

Resilient balance sheet supported by stable capital and liquidity position



- * The Basel III capital ratio requirements are inclusive of:
- (i) 2.5% capital conservation buffer
 - (ii) Domestic Systemically Important Bank (DSIB) buffer of 0.5% imposed on PBB as announced by BNM, which was effective on 31 Jan 2021

Note: PBB did not opt for the BNM transitional arrangement on capital relief



2022 Key Highlights on ESG

Key Commitments

- Carbon neutral position (Scope 1 & 2) by 2030
- Net zero carbon by 2050
- Mobilise RM33 bil in EEV financing and RM15 bil in affordable home financing by 2025
- Improving the lives of 1.5 million individuals by 2025

ENVIRONMENTAL

Sustainable Financing

- Mobilised **RM30 billion** for **EEV financing**, exceeded the initial target of RM25 billion three years ahead
- Approved **more than RM620 million** under the **Green Financing Facilities**
- Provided **more than RM7 million** for **solar panel financing**
- Approved **RM2.6 million** of financing under the **Low Carbon Transition Facility**

Collaborated with property developers in offering **Special Sustainable Financing Package** for customers who purchase green-certified and sustainable residential as well as commercial properties

Commenced the **solar panel project at Bangunan Public Bank**

Implemented **“The Green Influencer”** campaign to nurture green influencer to spread ESG awareness to employees and customers

Implemented **“Bring Your Own Container”** staff campaign

ENVIRONMENTAL + SOCIAL

Developed a **General Risk Acceptance Criteria** as well as **Risk Acceptance Criteria Checklist** for **palm oil, construction and infrastructure sectors**

Identified **72 green and environmentally-friendly economic activities** for financing

SOCIAL

Achieved **RM11.8 billion** for the **financing of affordable homes**

Elevated the financial wellbeing of **about 639,000 individuals** since 2021

Identified **21 economic activities** with high positive social values to assist branches in promoting social agenda financing

GOVERNANCE

Set up the **Board Sustainability Management Committee** to strengthen sustainability governance

No material instances of non-compliance

RECOGNITION



FTSE4Good





2022 Key Digital Initiatives

Recognition

Malaysia e-Payments
Excellence Awards
2022 by PayNet

- Best MyDebit Bank
- Best MyDebit (Acquirer – Bank)



INTERNET BANKING PBe  Total subscribers ↑4.7% Active users ↑15.1% Value of financial transactions ↓9.8%	INTERNET BANKING PB enterprise  Total subscribers ↑72.5% Active users ↑74.9% Value of financial transactions ↑46.1%	MOBILE BANKING PB engage  Total subscribers ↑29.2% Active users ↑20.7% Value of financial transactions ↑39.9%
 Payment Ecosystem First bank in Malaysia to launch DuitNow Online Banking/Wallets First bank in Malaysia to launch DuitNow QR Cross Border Payment	Empowering our SME customers Partnered with digital solution providers in PB enterprise Digital SME Assist programme, offering business customers a wide array of digital business solutions in the fields of human resource management, property management to cloud base accounting and payroll solutions	
Digital Customer Onboarding Digital application for credit card, debit card, housing loan and hire purchase	Cyber Resilience Participated in the joint effort with industry players in the National Scam Awareness Campaign as well as the National Scam Response Centre to combat financial scams. In addition, the following initiatives was implemented to further strengthen cybersecurity: • Setting up Case Management Unit to provide 24-hour assistance • Deploying PB SecureSign to replace SMS one-time password • Implementing the “Kill Switch” whereby customers are able to deactivate their online banking access immediately without the need to contact Public Bank’s helpline	
Collaboration with Carsome Signed MOU with Carsome, Southeast Asia’s largest car e-commerce platform to provide stock-financing and end-financing arrangement for vehicles	Mobile Banking Platform in Vietnam Public Bank Vietnam launched its mobile banking application, PB engage VN for individual customers 	



Business Delivery Channel

	2010	2021	2022
<u>Malaysian Operations</u>			
Public Bank - Domestic	249	262	260
- Overseas	4	7	7
Public Islamic Bank	1	2	4
Public Mutual	26	28	28
Public Investment Bank	1	1	1
<u>Hong Kong & China Operations</u>			
Public Finance	42	43	42
Public Bank (HK) - Hong Kong	30	32	32
- China	3	5	5
Winton (B.V.I) Group	9	3	3
<u>Indo-China Operations</u>			
Cambodia Public Bank	21	31	31
Public Bank Vietnam	7	29	32
	393	443	445




>19,000
Staff


>2,000
Self Service
Terminals



PBe Internet Banking
PB enterprise Internet Banking
PB engage Mobile Banking



Strategic Direction

Driving responsible growth for a sustainable future

Strategic Priorities			
Delivering sustainable returns to shareholders	Enhancing customer experience	Developing employees	Increased focus on sustainability
❖ Increase profitability by focusing on areas of strength ▪ Focus on synergistic growth ▪ Preserve asset quality ▪ Maintain cost discipline ▪ Uphold strong corporate governance ❖ Enhance capital strength and risk management ▪ Maintain an appropriate balance between optimising returns to shareholders and upholding prudent capital management ▪ Compliance with regulatory requirements ▪ Maintenance of strong external credit ratings by domestic and international rating agencies	❖ Solidify customer loyalty and trust ▪ Uphold service quality ▪ Ethical banking ▪ Enhance data security ❖ Digital transformation ▪ Embrace digital transformation to meet customers' evolving needs	❖ Build capabilities for the future ▪ Nurture talents ▪ Employee health and safety, and well-being ▪ Diversity and inclusion	❖ Financial inclusion and accessibility ▪ Expand financial inclusion and support the community's financial needs ❖ Community contribution ▪ Contribute to nation building and nurture future generations ▪ Strengthen communities through volunteerism and charitable donations ❖ Transition to a sustainable future ▪ Support the transition to a climate resilient future
Key Value Drivers			
Key innovative initiatives are benchmarked not only on creating value and growth opportunities but also in line with ESG, focusing on the Bank's areas of strength while leveraging on the latest technology to gain long term competitive advantages.			
Business Pillars			
➤ Lending Business ➤ Deposit-Taking Business ➤ Non-interest Income ➤ Corporate Banking ➤ Treasury Operations ➤ Islamic Banking Business ➤ Investment Banking ➤ Overseas Operations			
Sustainability Strategies			
The Bank is committed to deliver sustainable growth through responsible ESG practices to maximise stakeholders' value.			
ESG Focus Areas			
➤ Protecting the Environment ➤ Proficient Employees ➤ Prosperous Customers and Communities ➤ Principled Conduct			



Appendix

RM'mil		2018	2019	2020	2021	2022
Profitability	Operating profit	7,270	7,283	7,403	8,579	9,203
	Profit before tax	7,101	7,134	6,285	7,367	8,831
	Net profit	5,591	5,512	4,872	5,657	6,119
Shareholder Value	Earnings per share (sen) ^x	28.87	28.39	25.10	29.14	31.53
	Net assets per share (RM) ^x	2.11	2.25	2.43	2.48	2.59
	Dividend per share (sen) ^x	13.8	14.6	13.0	15.2	17.0
	Dividend payout ratio (%)	47.9	51.4	51.8	52.2	53.9
Key Balance Sheet Data	Total assets	419,693	432,831	451,257	462,739	493,263
	Gross loan	317,302	330,468	345,651	358,027	376,892
	Domestic loan	294,074	307,164	323,728	334,646	352,065
	Deposit from customers	339,160	353,340	365,871	380,394	394,719
	Domestic deposit	310,585	325,199	337,458	352,615	367,144
	Core customer deposit	283,846	294,646	310,144	325,770	335,570
	Shareholders' equity	40,973	43,594	47,248	48,163	50,179
	Common equity Tier I capital ^π	35,104	37,406	40,778	43,428	45,648
	Tier I capital ^π	36,825	37,564	40,935	43,587	45,806
	Total capital ^π	43,716	46,571	50,119	52,878	55,256
	Risk-weighted assets	268,125	277,906	292,284	298,890	313,678

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

^x The comparatives had been adjusted to reflect the bonus issue of 4 bonus shares for every 1 existing ordinary share which was completed on 29 January 2021



Appendix

		%	2018	2019	2020	2021	2022	Industry ^b
Profitability Ratios	Net interest margin on yielding assets		2.22	2.15	1.95	2.22	2.39	N/A
	Net return on equity ⁺		14.8	13.6	11.2	12.4	12.8	N/A
	Pre-tax return on average assets		1.7	1.7	1.4	1.6	1.8	1.4
	Cost to income ratio		33.0	34.4	34.6	31.6	31.5	44.2
	Non interest income/Total income		20.4	21.6	24.9	20.9	18.0	28.8
Liquidity	Gross loan to fund ratio [~]		88.4	88.9	90.2	90.1	91.4	82.4 [^]
	Gross loan to fund and equity ratio [~]		79.0	79.2	80.0	80.0	81.1	72.0 ^{^#}
	Liquidity coverage ratio		135.6	133.5	138.0	127.3	127.7	154.0
Asset Quality	Gross impaired loans ratio		0.5	0.5	0.4	0.3	0.4	1.7
	Loan loss coverage ratio		126.0	124.1	227.7	360.7	272.0	98.2
	Credit cost ratio		0.05	0.05	0.33	0.34	0.10	0.22
Capital Adequacy	Common equity Tier I capital ratio ^π		13.1	13.5	14.0	14.5	14.6	14.5
	Tier I capital ratio ^π		13.7	13.5	14.0	14.6	14.6	15.1
	Total capital ratio ^π		16.3	16.8	17.1	17.7	17.6	18.3
Market Share	<u>Domestic market share</u>							
	Commercial property financing		35.1	35.0	35.0	34.2	33.4	N/A
	Residential property financing		19.6	19.9	20.0	20.5	20.6	N/A
	Passenger vehicle financing		28.4	29.4	29.8	29.9	30.2	N/A
	Domestic loans		17.2	17.3	17.7	17.4	17.4	N/A
	Domestic deposits		16.2	16.5	16.5	16.2	16.3	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

^b Based on latest available industry statistics

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