



PUBLIC BANK
PUBLIC BANK

19th CLSA Investors' Forum

10-14 September 2012

Hong Kong

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Quick Facts

- Top-tier bank in Malaysia
- Most award-winning bank in Malaysia*
- Highly experienced management
- Unbroken profit track record since incorporation in 1966
- Strong financial ratings & corporate governance
- Valuable PB Brand & retail franchise

* Certified by the Malaysia Book of Records



Our Strategies remain unchanged

“The Public Bank Group will continue to focus on its core retail banking and financing business whilst maintaining its prudent credit policies, and further improve on its cost efficiency.

The Group expects its strong asset quality to be sustained, and will continue to leverage on the strong PB Brand franchise and its wide and efficient branch network to deliver balance sheet and revenue growth. The Group remains steadfast in its commitment to upholding strong corporate governance and implementation of sound risk management policies to support long-term sustainable growth.

With the expectations that global uncertainties and volatility will persist over the medium term, we remain vigilant and focused in balancing growth with sustainable returns. On the service delivery front, we will continue to uphold our superior customer service and delivery excellence.

The outlook of the Malaysian banking sector, in which the Group largely operates, continues to be stable and supportive of growth. Barring unforeseen circumstances, the Group is expected to maintain its earnings momentum and continue to record satisfactory performance in the second half of 2012.”

Tan Sri Dato’ Sri Dr. Teh Hong Piow
Chairman



Investor Presentation

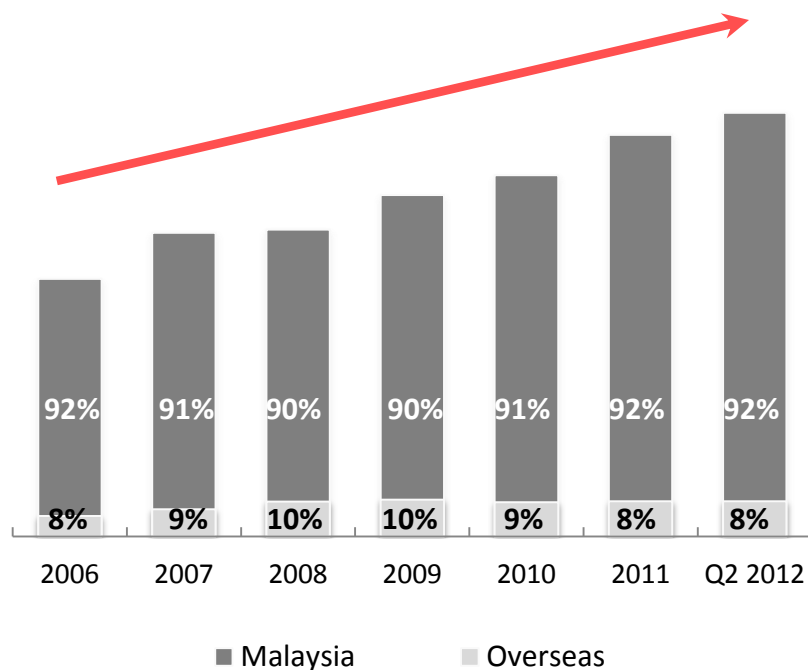
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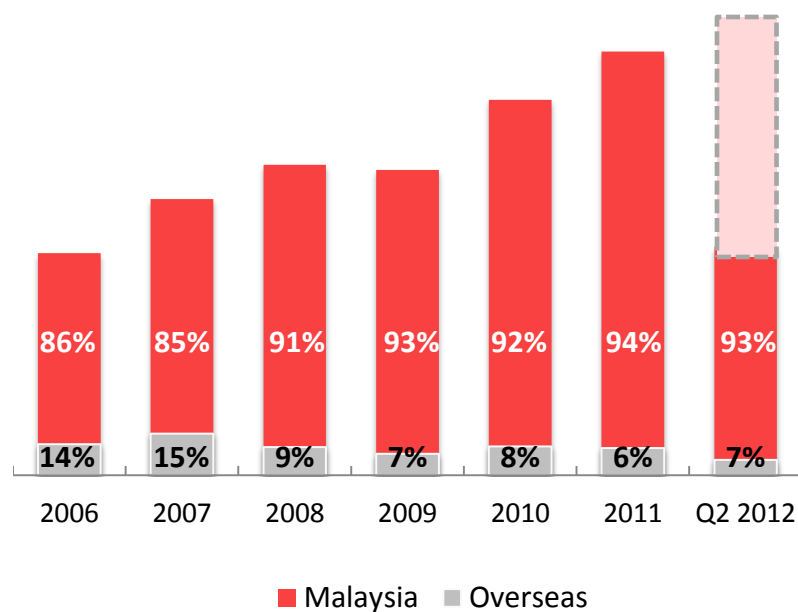
Introduction to Public Bank Group

- Commenced operations in 1966 with one branch
- Listed in April 1967 on Bursa Malaysia Securities Berhad (*then known as Kuala Lumpur Stock Exchange*)
- Geographical Contribution

Total Assets

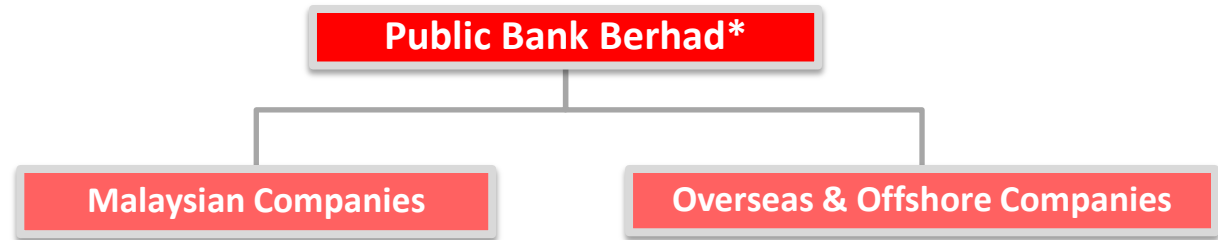


Pre-tax Profit



Group Corporate Structure

Key Subsidiaries & Associates



Banking, financing and related financial services	<ul style="list-style-type: none"> Public Islamic Bank Berhad (PIBB) (100%) 	<ul style="list-style-type: none"> Public Bank (Hong Kong) Limited (73.2%) Public Finance Limited (73.2%) Winton Financial Ltd (73.2%) Cambodian Public Bank Plc (100%) VID Public Bank (50%) Public Bank (L) Ltd (100%)
Wealth management	<ul style="list-style-type: none"> Public Mutual Berhad (100%) 	
Investment banking	<ul style="list-style-type: none"> Public Investment Bank Berhad (100%) 	
Property holding	<ul style="list-style-type: none"> Public Holdings Sdn. Bhd. (100%) 	
General insurance		<ul style="list-style-type: none"> Campu Lonpac Insurance Plc (55%)
Family Islamic life insurance	ING PUBLIC Takaful Ehsan Bhd (40% jointly owned by PIBB)	

* Holding company principally engaged in all aspects of banking and finance company businesses and the provision of related services.



Growth Strategy and Retail Business Focus

- **Growth strategy**
 - Sustainable Organic Growth
- **Retail business focus**

- **Lending:**
 - Consumer Financing: home mortgages, vehicle financing, credit cards, personal financing
 - Lending to SMEs: working capital, purchase of business premises, trade finance & microfinance

- **Deposits:**
 - Retail deposits: Fixed, savings and demand deposits
 - Wholesale deposits
 - Foreign currency deposits
 - Structured deposit products

- **Fee Based Business:**
Unit trusts, bancassurance and structured investment products

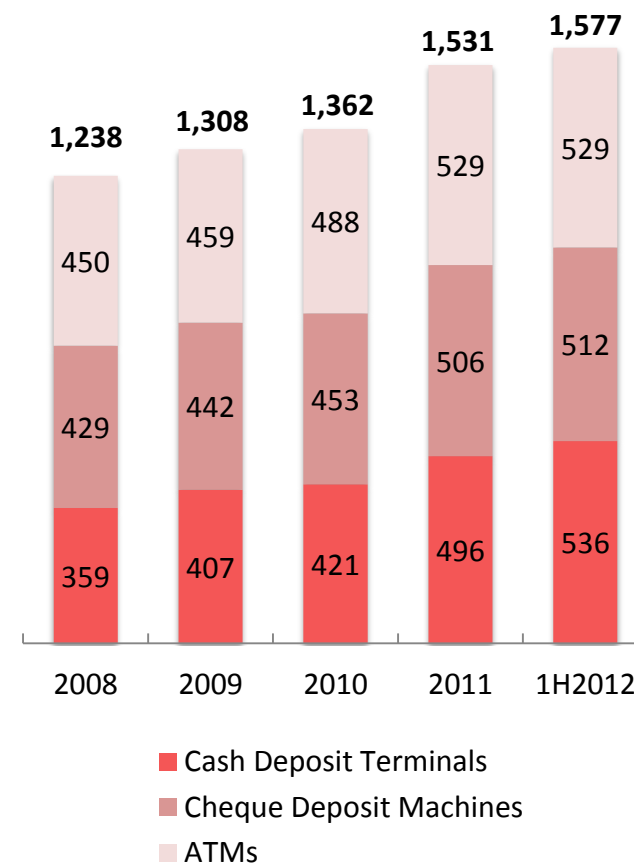


Expansion in Business Delivery Channel

Branch Network - Group	Jun 2012	Dec 2011	Dec 2006
Malaysian Operations			
Public Bank - Domestic	251	251	240
- Overseas	4	4	3
Public Islamic Bank	1	1	-
Public Mutual	28	28	25
Public Investment Bank	1	1	1
Hong Kong & China Operations			
Public Finance	42	42	40
Public Bank (HK) - Hong Kong	32	32	15
- China	3	3	1
Winton (B.V.I) Group	9	9	2
Indo-China Operations			
Cambodia Public Bank	23	23	5
VID Public Bank (Vietnam)	7	7	6
	401	401	338

Business Delivery Channel

Continuous investments in domestic self service terminals



Reaffirmed High Credit Ratings

	Long term	Short term	Latest update
RAM	AAA	P1	June 2012
Moody's	A3	P-1	April 2012
Standard & Poor's	A-	A-2	December 2011
Standard & Poor's ASEAN Scale Rating	axAA	axA-1	December 2011

RAM rating on Subordinated Notes and Capital Securities

	Long term	Latest update
Subordinated Medium Term Notes Programme of up to RM5.0 billion	AA1	June 2012
RM1.2 billion Innovative Tier 1 Capital Securities	AA2	June 2012
Non-Cumulative Perpetual Capital Securities Programme of up to RM5.0 billion	AA2	June 2012



Unbroken Profit Track Record

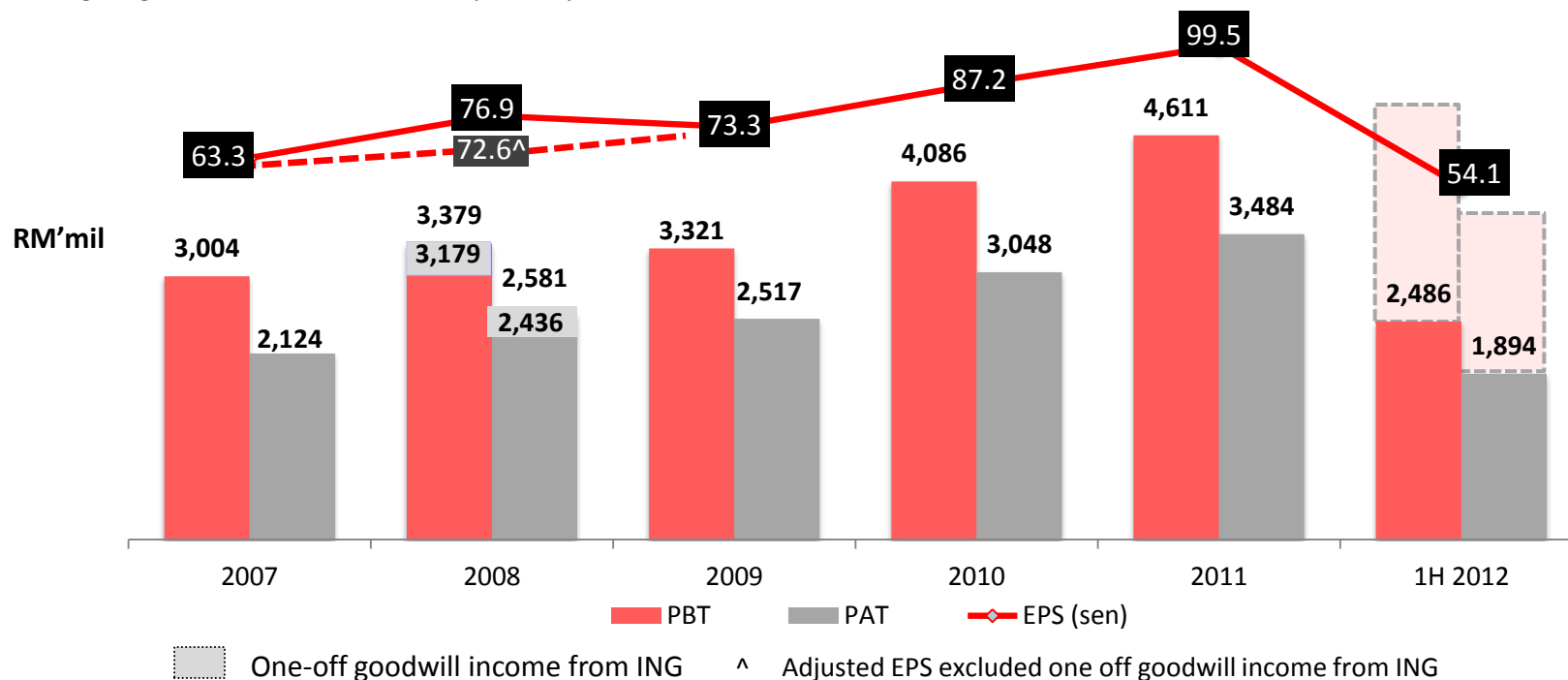
- 45 years of unbroken profitability
- Strong profit growth in past 5 years

	RM'million							y-o-y growth (%)					
	2006	2007	2008*	2009	2010	2011	1H2012**	2007	2008*	2009	2010	2011	1H2012**
Pre-tax profit	2,416	3,004	3,179	3,321	4,086	4,611	2,486	24.3	5.8	4.5	23.0	12.8	2.1 [^]
Net profit	1,727	2,124	2,436	2,517	3,048	3,484	1,894	23.0	14.7	3.3	21.1	14.3	3.0 [^]

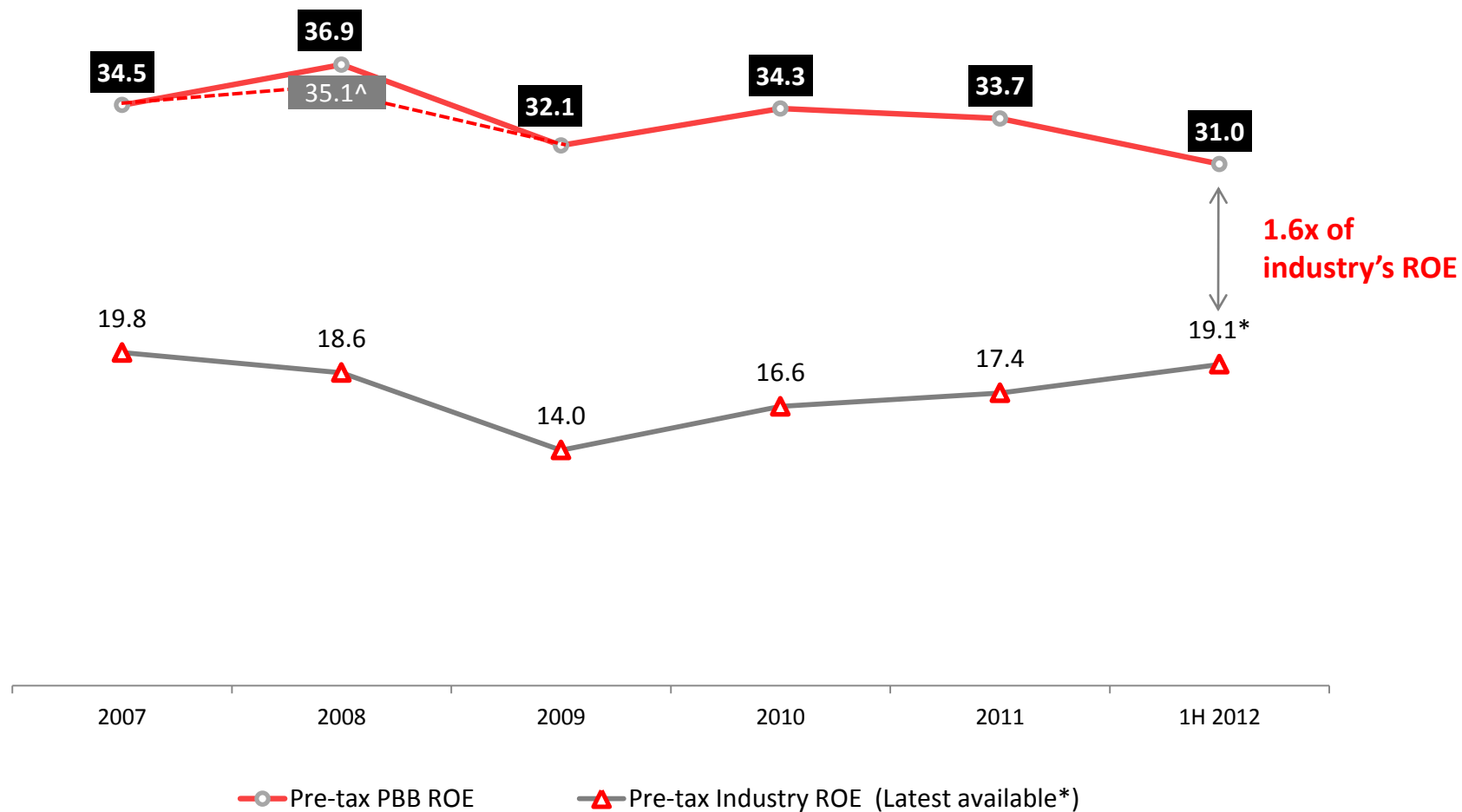
* Figures for 2008 exclude RM200 million one-off goodwill income from ING

** Growth in comparison with corresponding period in 2011

[^] Excluding the impact of higher restated profits in prior year (with retrospective application of MFRS 139), pre-tax profit and net profit would have shown a higher growth of 10.0% & 10.9% respectively



Above-industry Return on Equity (ROE)



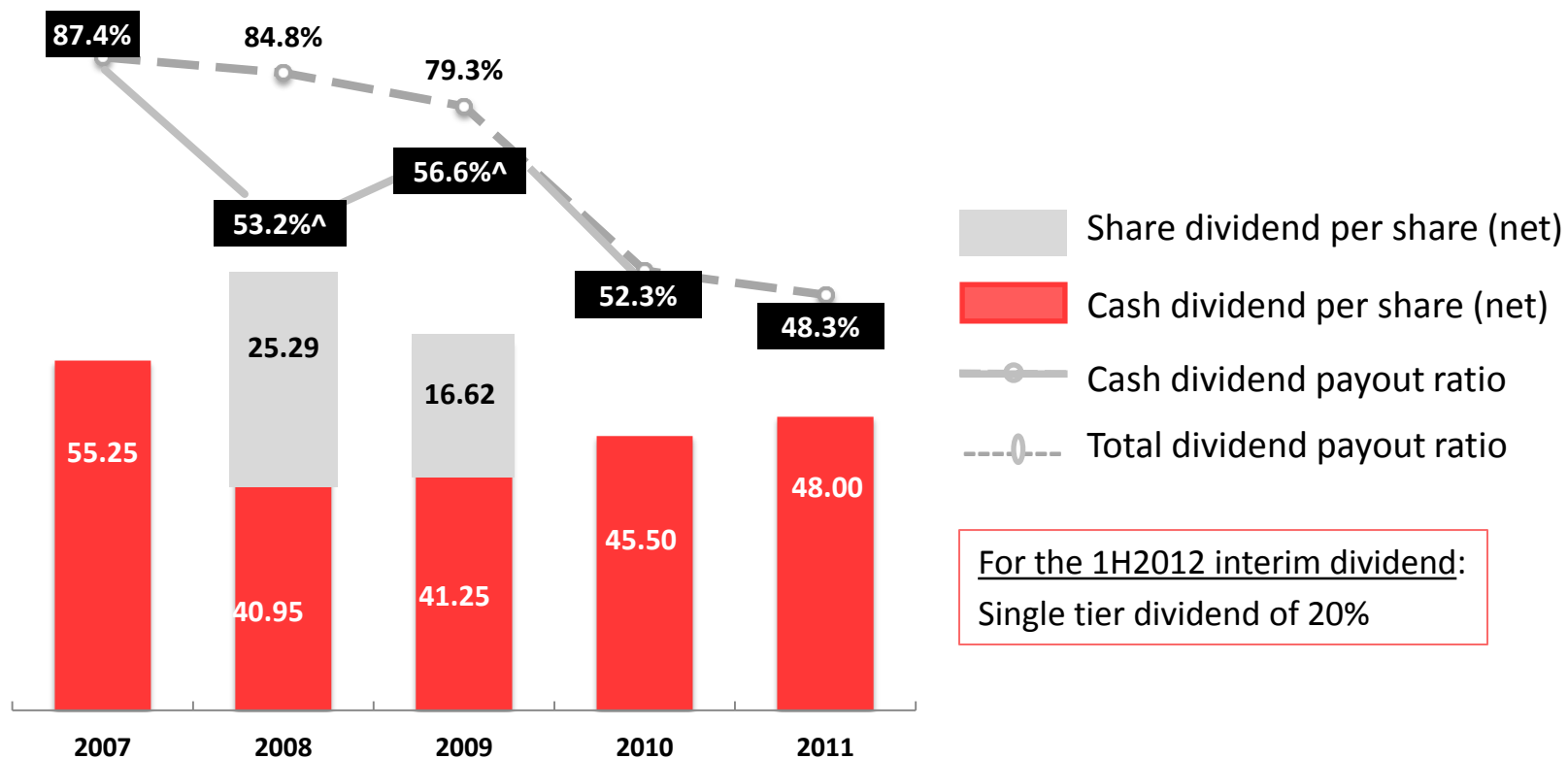
^ Excluding one-off goodwill income from ING



Dividend Track Record

- Paid dividends annually since 1970

Net Dividend
per share
(sen)



For the 1H2012 interim dividend:
Single tier dividend of 20%

Net dividend yield	5.0%	7.5%*	5.1%*	3.5%	3.6%
- Cash Dividend	5.0%	4.6%	3.7%	3.5%	3.6%
- Share Dividend	-	2.9%	1.4%	-	-

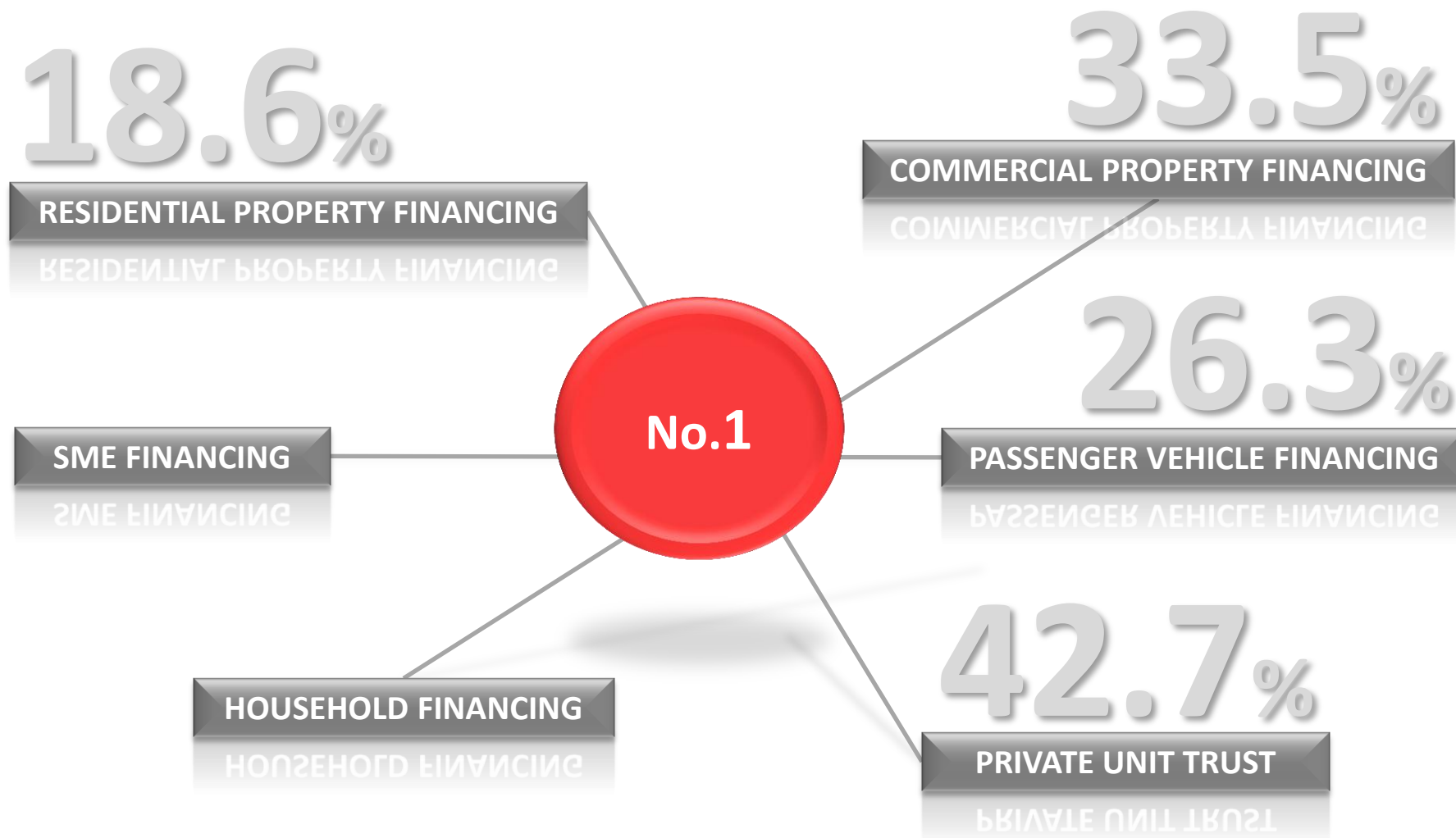
^ Dividend payout based on cash dividends

* Including share dividend



Taking the lead in what we do – Clear market leadership

We continue to maintain **market leadership** in our domestic core businesses



Taking the lead in what we do – High performance bank

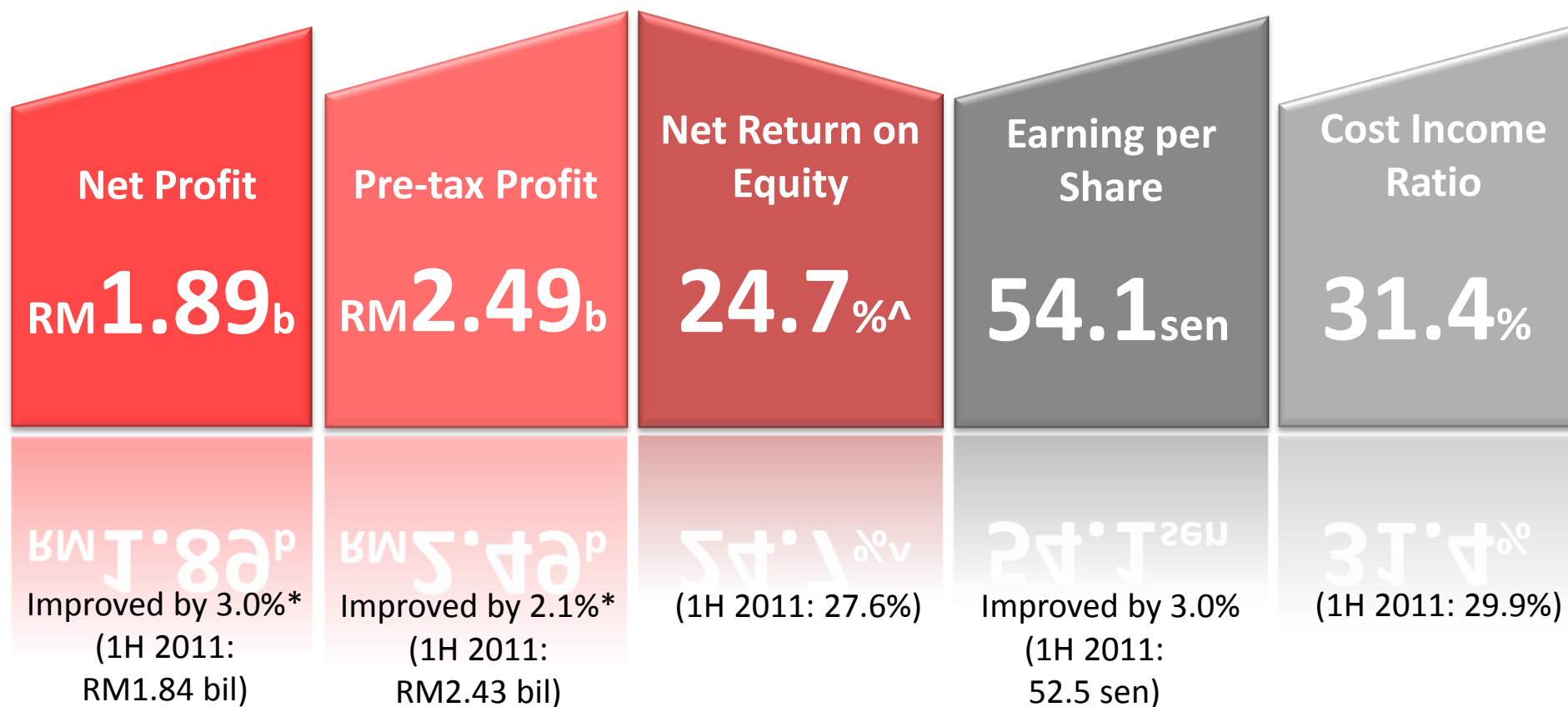
We continue to maintain **leadership** as a high performance bank in Malaysia



Key performance indicator	Public Bank Group	Latest industry average
Pre-tax return on average equity (%)	31.0	19.1
Pre-tax return on average assets (%)	1.9	1.7
Cost to income ratio (%)	31.4	46.0
Pre-tax profit per employee (RM'000)	285	202
Gross loans per employee (RM'mil)	10.7	8.1
Deposits per employee (RM'mil)	12.1	10.4
Gross impaired loans ratio (%)	0.8	2.2
Loan loss coverage (%)	122.9	98.9



Performance overview – Sustainable profit growth



[^] Based on annualised earnings

* Excluding the impact of higher restated profits in prior year (with retrospective application of MFRS 139), net profit and pre-tax profit would have shown a higher growth of 10.9% & 10.0% respectively.

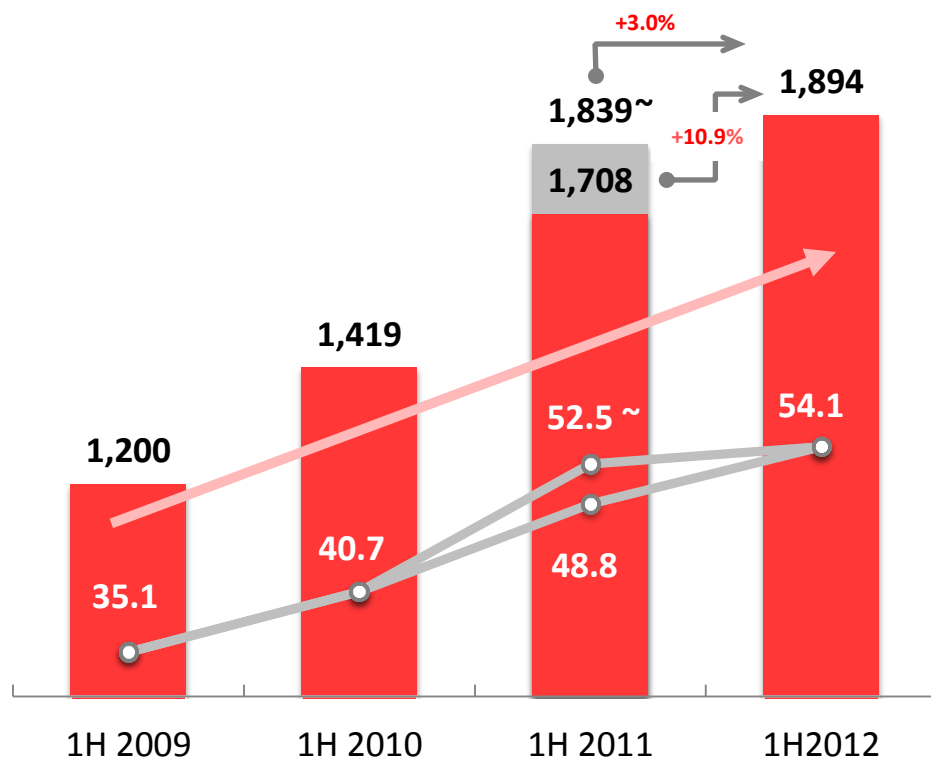


Performance overview – Steady net profit growth

Corresponding half-yearly net profit growth
(RM'mil)

Past 3 years average growth

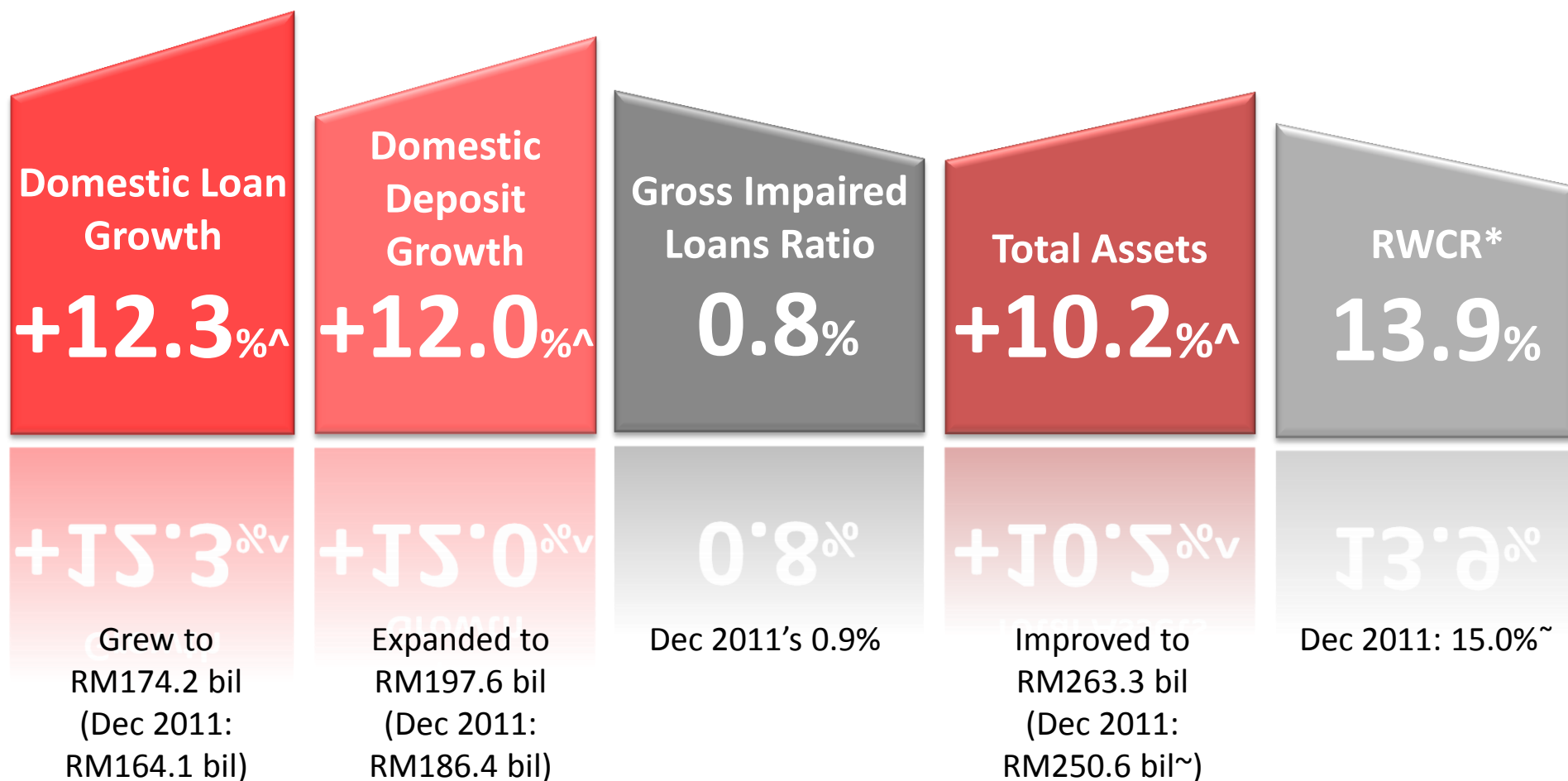
- Half-year profit : 17.0%
- EPS : 16.0%



■ Net profit —○— EPS (sen)
■ ~ Restated net profit with retrospective application of MFRS 139



Performance overview – From a position of strength



[^] Annualised growth

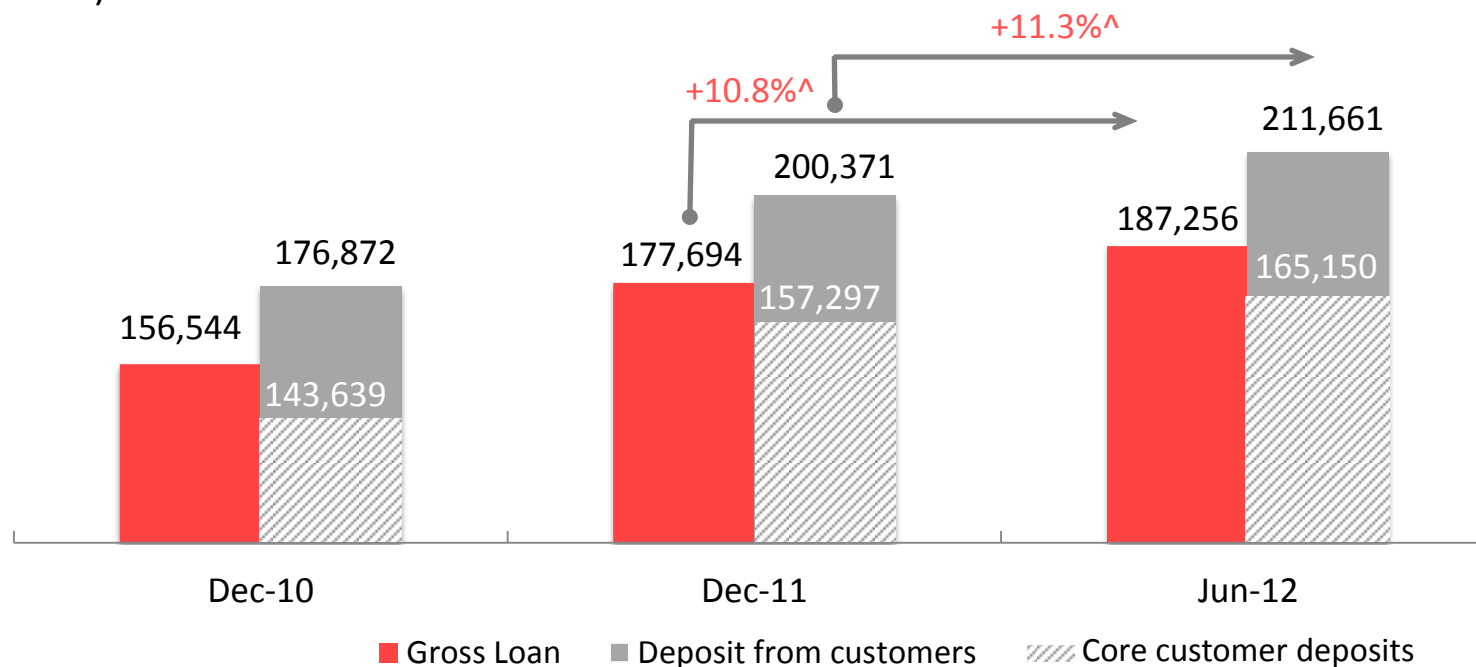
* After deducting interim dividends declared after period end

[~] Restated with retrospective application of MFRS 139



Performance overview – Sustainable loan and deposit growth

Group 3-year loan and deposit growths
(RM'mil)



	Dec-2010	Dec-2011	Jun-2012 [^]
Gross loan growth	13.8%	13.5%	10.8%
Customer deposit growth	3.5%	13.3%	11.3%
Core customer deposit growth	12.5%	9.5%	10.0%

[^] Annualised growth



Transition to MFRS Framework – Adoption of MFRS 139


The key impacts from the adoption of MFRS 139 effective 1 Jan 2012 are:

- Lower collective assessment allowances which resulted in :
 - excess in the brought forward collective assessment allowance and the corresponding write back of such excess in opening retained profits
 - lower collective assessment allowance charged in the income statement
- Accordingly, the write back of the excess collective assessment allowance as at 1 Jan 2012 has:
 - increased the shareholders' funds by RM859 million (net of tax)
 - enhanced the Group's common equity Tier 1 capital ratio by 0.5%
- Retrospective application of MFRS 139 which resulted in the restatement of comparative financial statements



Transition to MFRS Framework – Adoption of MFRS 139

Restatement of key comparatives

	Restated	Previously reported	
	Dec 2011	Dec 2011	Variance
Shareholders' funds (RM million)	15,722	14,863	 859
Tier 1 capital ratio (%)	10.6	10.1	 0.5
RWCR (%)	15.0	15.3	 0.3
Loan loss coverage (%)	113.8	188.9	 75.1



Transition to MFRS Framework – Adoption of MFRS 139

Restatement of key comparatives

		Restated	Previously reported
	1H 2012	1H 2011	1H 2011
Pre-tax profit (RM million)	2,486	2,435	2,260
Net profit (RM million)	1,894	1,839	1,708
Pre-tax profit growth (%)		2.1	10.0
Net profit growth (%)		3.0	10.9
Net return on equity (%)	24.7	27.6	27.1
Earning per share (sen)	54.1	52.5	48.8



Earnings Performance

RM'mil	Q2 2012	Q1 2012	Change	1H 2012	1H 2011~	Change
Net interest & Islamic Banking income	1,511.8	1,479.3	2.2%	2,991.1	2,872.3	4.1%
Non-interest income	406.0	389.3	4.3%	795.3	778.2	2.2%
Operating expenses	594.4	593.4	0.2%	1,187.8	1,091.4	8.8%
Operating profit	1,323.4	1,275.2	3.8%	2,598.6	2,559.1	1.5%
Loan impairment allowances	83.6	30.0	178.5%	113.6	129.9	12.6%
Pre-tax profit	1,240.3	1,245.6	0.4%	2,485.9	2,435.0	2.1%
Net profit	952.7	940.8	1.3%	1,893.5	1,838.9	3.0%

~ Restated with retrospective application of MFRS 139, where applicable

Income:

- Moderate growth in net interest and Islamic Banking income and non-interest income

Expenses:















- Increase in operating expenses were incidental to business expansion and growing loan base

Allowance:

- Lower loan impairment allowances in 1H2012 as compared to 1H2011 despite double-digit loan growth
- Increase in loan impairment allowances in Q2 vs Q1 was partly due to certain non-recurring recoveries in Q1



Earnings Performance

RM'mil	Q2 2012	Q1 2012	Change	1H 2012	1H 2011~	Change
Earnings per share (sen)	27.2	26.9	 1.1%	54.1	52.5	 3.0%
Net return on equity*	24.1%	24.7%	 0.6%	24.7%	27.6%	 2.9%
Pre-tax return on average assets	1.9%	2.0%	 0.1%	1.9%	2.1%	 0.2%
Net interest margin on yielding assets**	3.1%	3.2%	 0.1%	3.2%	3.3%	 0.1%
Non interest income/Total net income	21.2%	20.8%	 0.4%	21.0%	21.3%	 0.3%
Cost to income ratio	31.0%	31.8%	 0.8%	31.4%	29.9%	 1.5%
Overheads over average assets	0.9%	0.9%	 ---	0.9%	0.9%	 ---

* Based on average equity after deducting proposed dividend, if any

** Excluding Negotiable Instrument of Deposits and Money Market Deposits which are on-lent to banks

~ Restated with retrospective application of MFRS 139, where applicable

Note: 1H key earning indicators, excluding EPS, have been annualised for comparison purposes



Pre-tax Profit by Business Segment

RM'mil	1H 2012	1H 2011~	Change	
Retail operations	1,493.3	1,428.0	↑	4.6%
Hire purchase	346.8	327.3	↑	5.9%
Corporate lending	157.0	130.1	↑	20.6%
Treasury & capital market operations	97.9	83.0	↑	18.0%
Fund management	179.9	161.6	↑	11.3%
Overseas operations	164.9	149.0	↑	10.7%
<i>Of which : Public Financial Holdings</i>	83.2	99.2	↓	16.1%
<i>: Cambodian Public Bank</i>	64.1	40.7	↑	57.6%
Investment banking	25.1	25.4	↓	1.1%
Others*	21.0	130.6	↓	83.9%
Total	2,485.9	2,435.0	↑	2.1%

- Moderate growth in Retail and HP operations despite continued pressure on interest margin
- Retail and HP operations contributed around 74% of the Group's pre-tax profit
- Healthy volume growth contributed to improved profit performance in most business segments
- Pre-tax profit contribution of Hong Kong operations decreased by 16.1% mainly due to decline in net interest margin and challenging operating environment

* Others comprise mainly of domestic head office, other miscellaneous domestic segment and domestic share of profit after tax of equity accounted associated companies

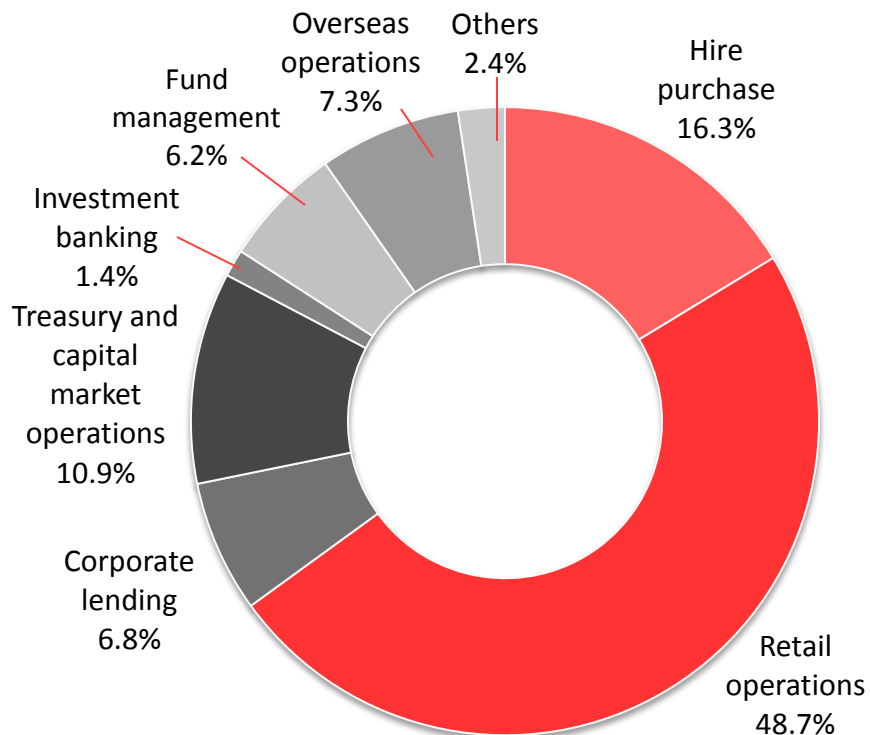
~ Restated with retrospective application of MFRS 139, where applicable

Note: Profit contribution by segments are based on pre-tax profit including share of results of associated companies

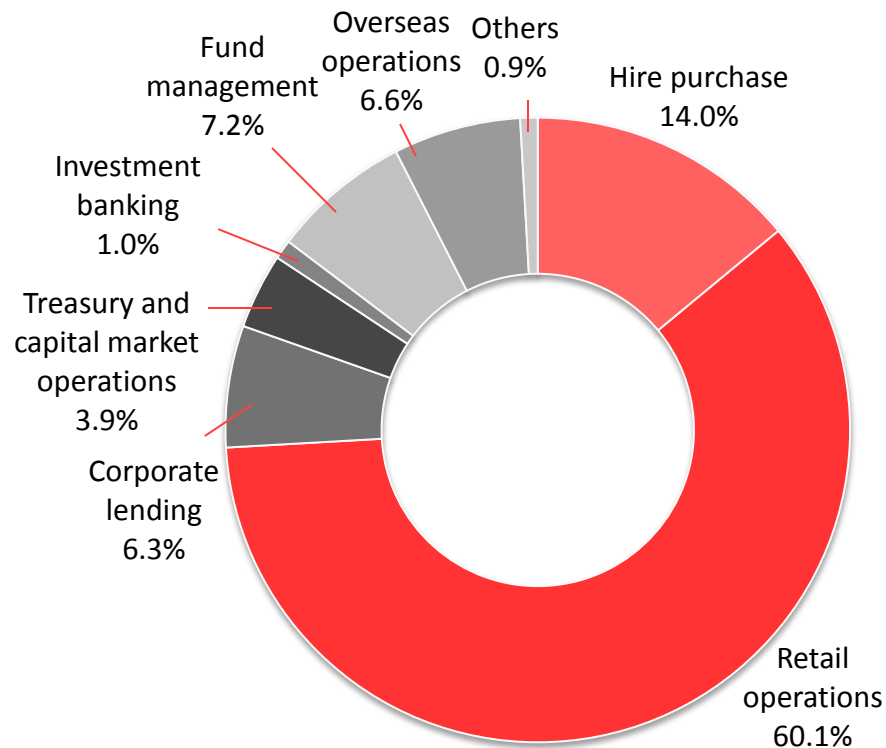


Contribution to Revenue & Pre-tax Profit – by Business

Revenue Contribution



Pre-tax Profit Contribution



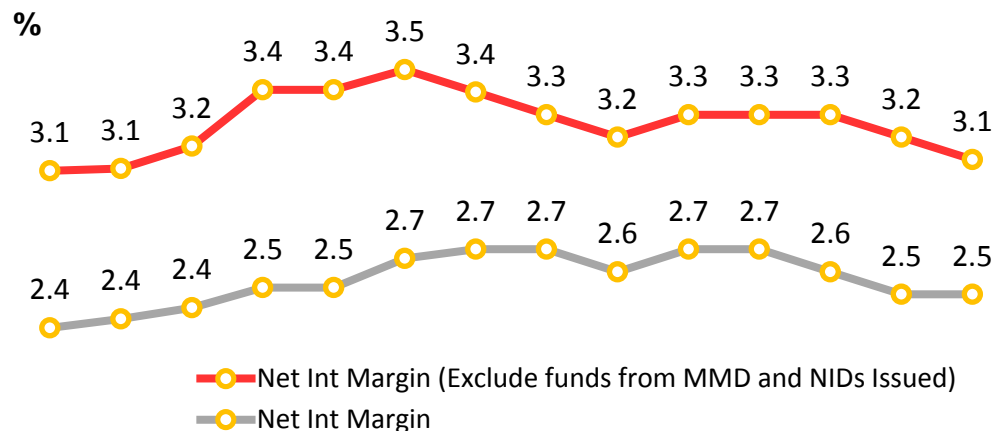
Based on financial results as of 30 June 2012

- Retail operations and hire purchase segment continue to be the major contributor to revenue and profits of the Group

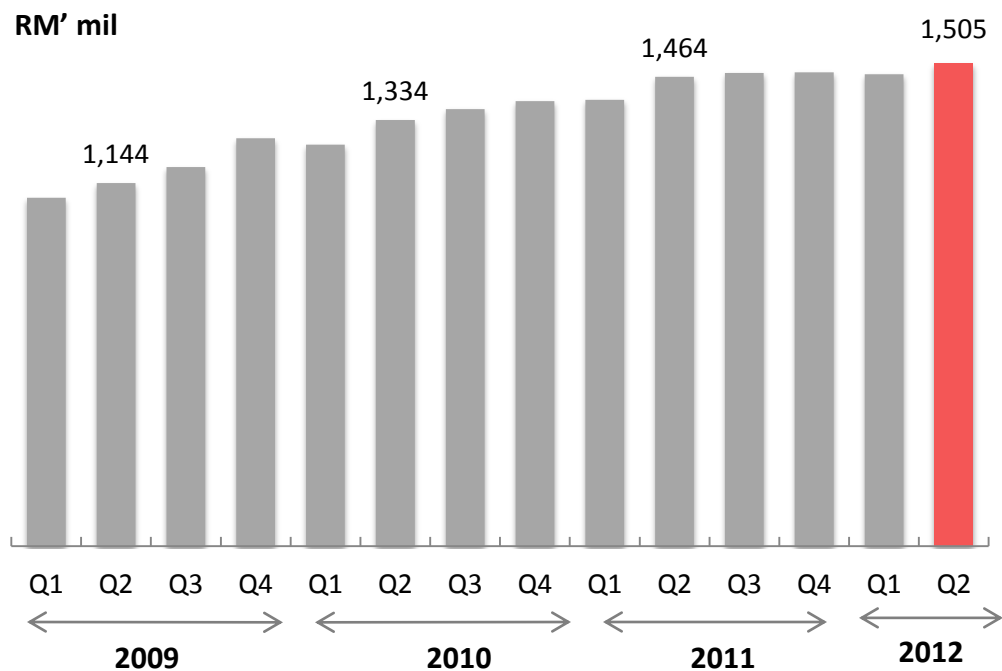


Net Interest Income & Margins

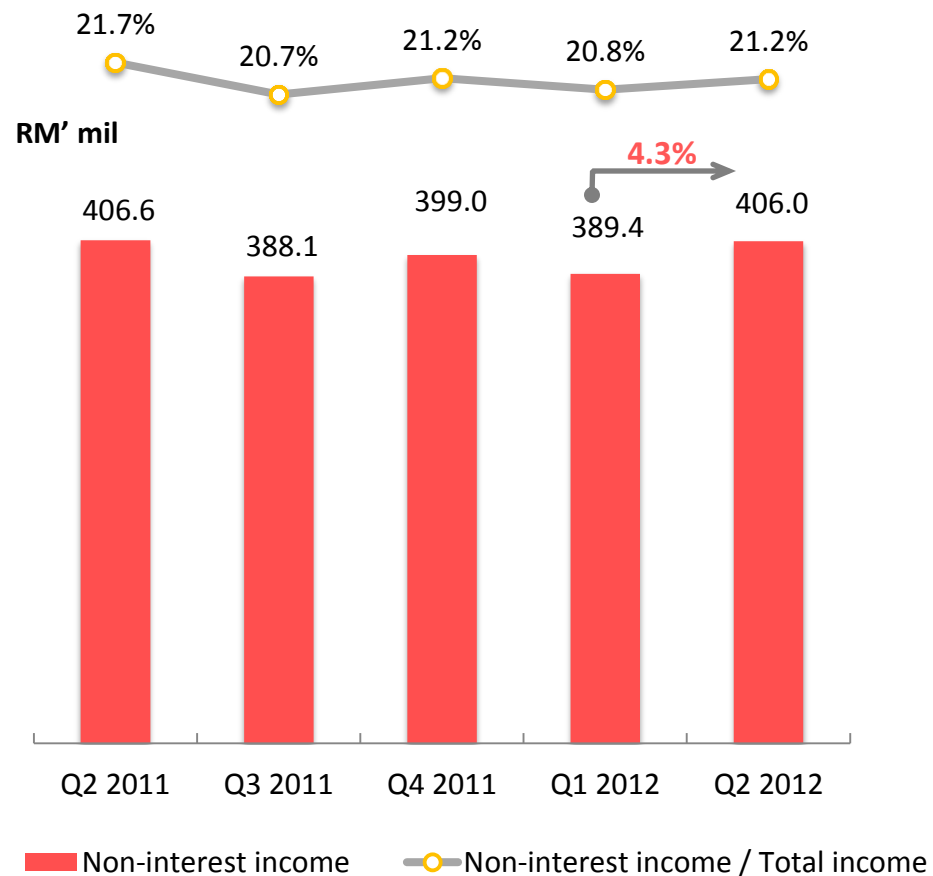
Net Interest Income and margin



- Overall NIM for 1H 2012 has marginally declined from earlier quarters due to competitive pressure on interest margins and funding costs
- Growth in net interest and finance income during the quarter was due to healthy loan and deposit growth



Non-Interest Income

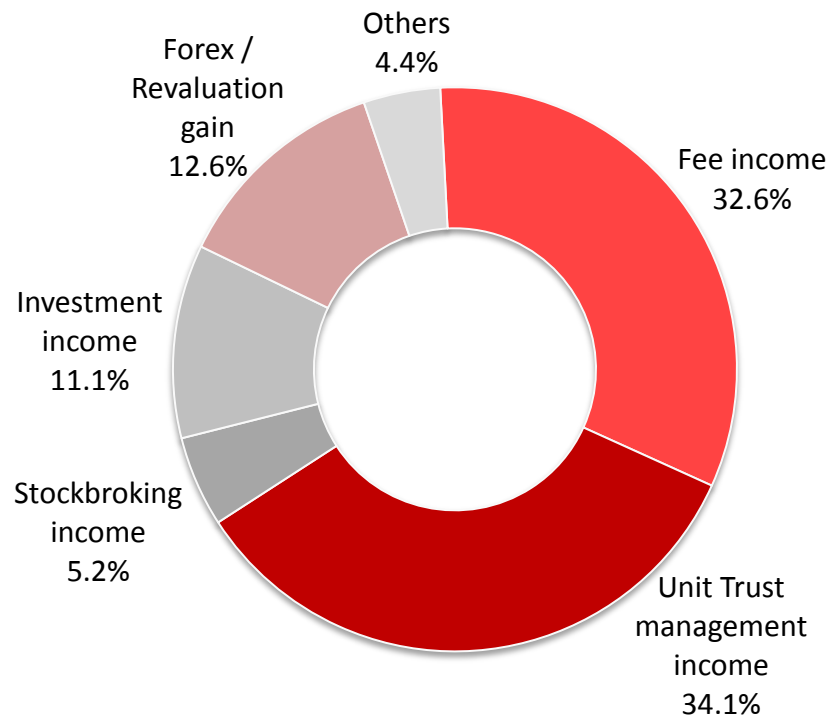


- The Group's non-interest income in Q2 2012 has increased from Q1 2012 by 4.3% or RM16.6 million

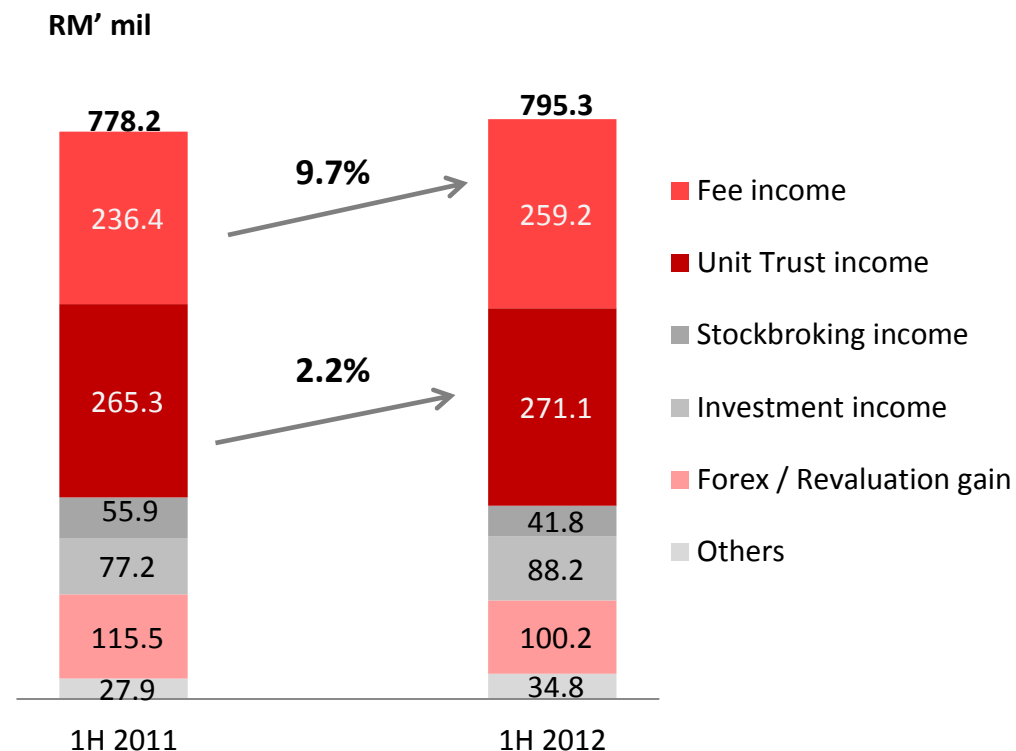


Non-Interest Income Contribution & Growth Traction

Non-Interest Income Contribution



Based on financial results as of 30 June 2012

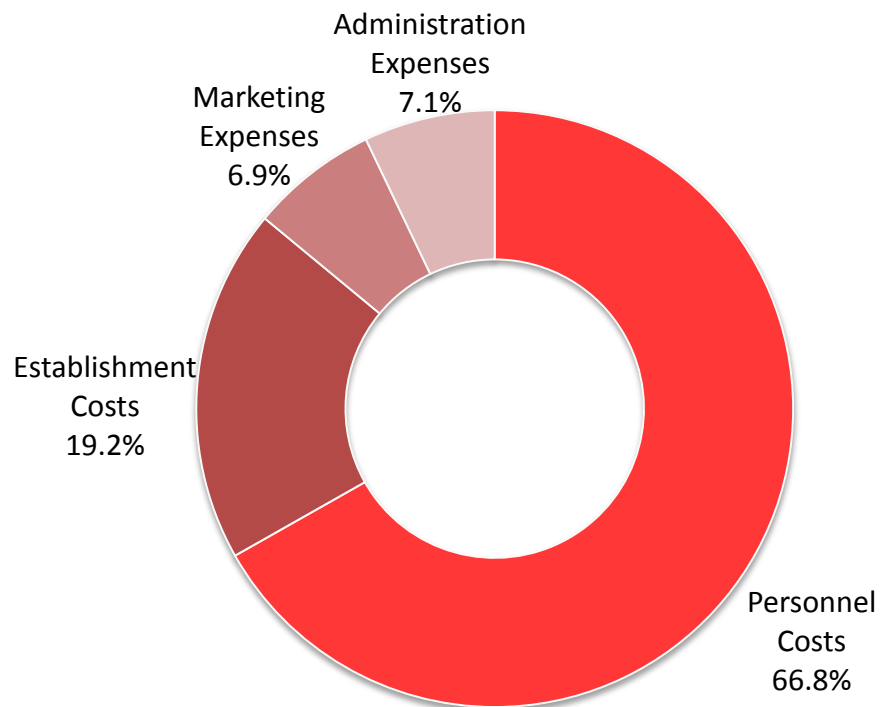


- The increase in non-interest income in 1H 2012 was mainly contributed by the Group's fee income, unit trust and investment income



Efficient Operating Overheads

Operating Costs Contribution



RM'mil	1H 2012	1H 2011	Change
Personnel Costs	793.6	745.1	↑ 6.5%
Establishment Costs	228.3	197.4	↑ 15.6%
Marketing Expenses	81.7	80.3	↑ 1.7%
Administration Expenses	84.2	68.6	↑ 22.8%
Total	1,187.8	1,091.4	↑ 8.8%

Based on financial result as at 30 June 2012

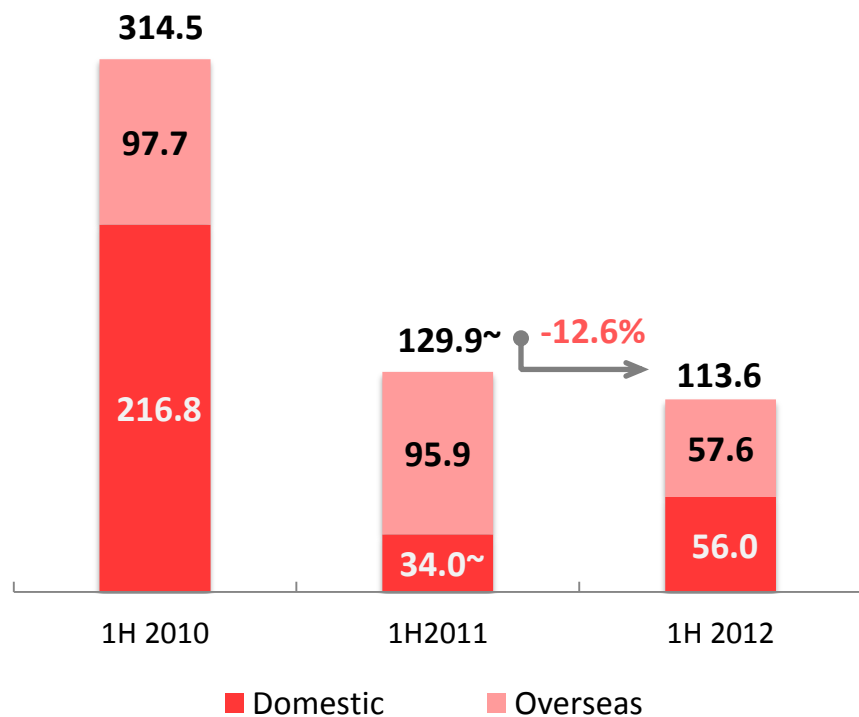
- Higher operating expenses were incidental to business expansion and growing loan base
- Personnel costs remain the main operating cost as the Group continue to invest in its people



Improving Loan Loss Allowances

Loan Impairment Allowances (including collective allowance)










RM' mil



- Loan impairment allowances reduced by 12.6% despite an annualised loan growth of 10.8% during the half year



Robust Financial Position

	RM' bil	Jun 2012	Dec 2011~	Change
Total assets		263.3	250.6	 5.1%
Gross loans and advances		187.3	177.7	 5.4%
<i>Of which:</i>				
Domestic loans and advances		174.2	164.1	 6.1%
Overseas loans and advances		13.1	13.6	 3.8%
Deposits from customers		211.7	200.4	 5.6%
<i>Of which:</i>				
Domestic customer deposits		197.6	186.4	 6.0%
Shareholders' funds		16.6	15.7	 5.8%
Net assets per share (RM)		4.8	4.5	 5.8%
Net loans to deposits (LD) ratio (%)		87.7	87.8	 0.1%

~ Restated with retrospective application of MFRS 139, where applicable

Assets:

- Assets expansion driven by healthy loan and deposit growth

Loan:

- Domestic loan growth is stronger at 6.1% as at end-Jun 2012
- Overseas loans see a decrease of 3.8% to RM13.1 billion, partly due to the challenging operating environment

Deposit:

- Deposit growth of 5.6%, supported by steady inflows of deposits, particularly demand deposits and savings deposits

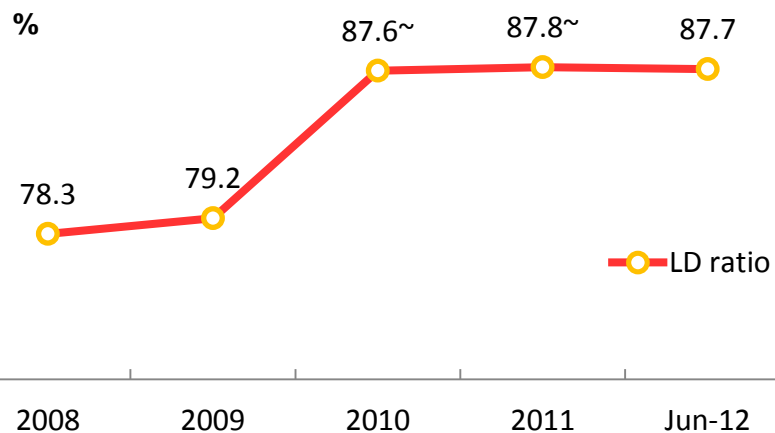
Equity:

- Shareholders' fund stood at RM16.6 billion



Strong Liquidity With Healthy Loan/Deposit Ratio

Net Loan Deposit Ratio

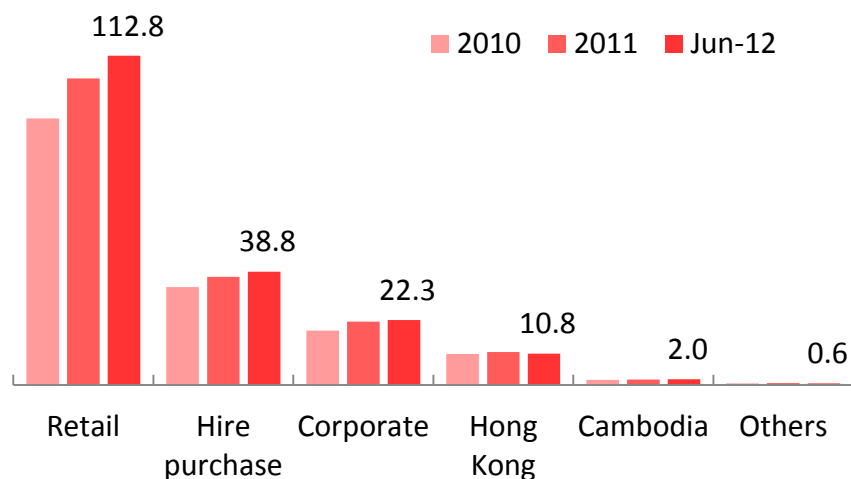


- Net loan deposit ratio as at Jun 2012 remained healthy
- Loan growth continues to be supported through the Group's retail and hire purchase segment whilst retail deposits remain the main contributor to the deposit growth of the Group with >60% contribution

~ Restated with retrospective application of MFRS 139

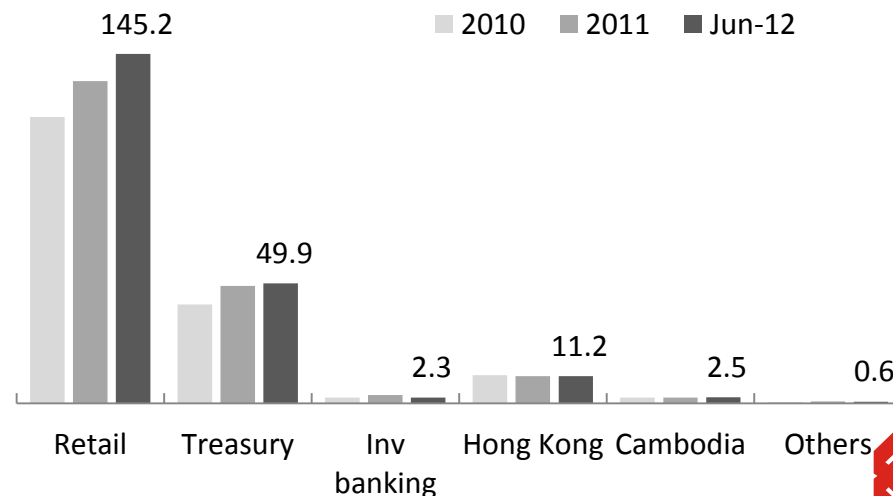
Gross Loan Composition by Segment

RM' bil



Deposit Composition by Segment

RM' bil

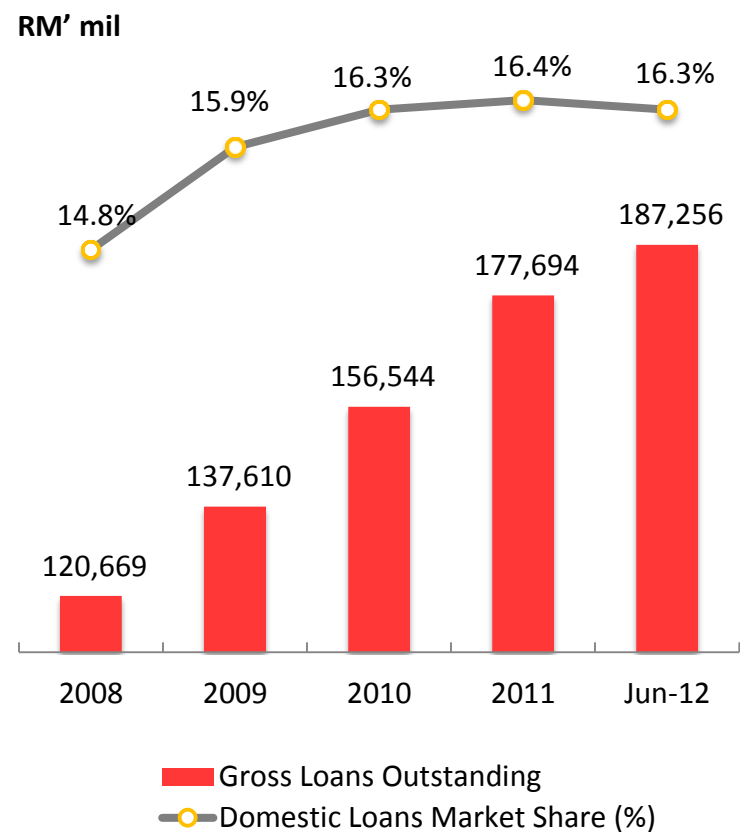


Consistently Above-industry Loan Growth

Loan Growth vs Industry



Gross Loans and Domestic Loan Market Share

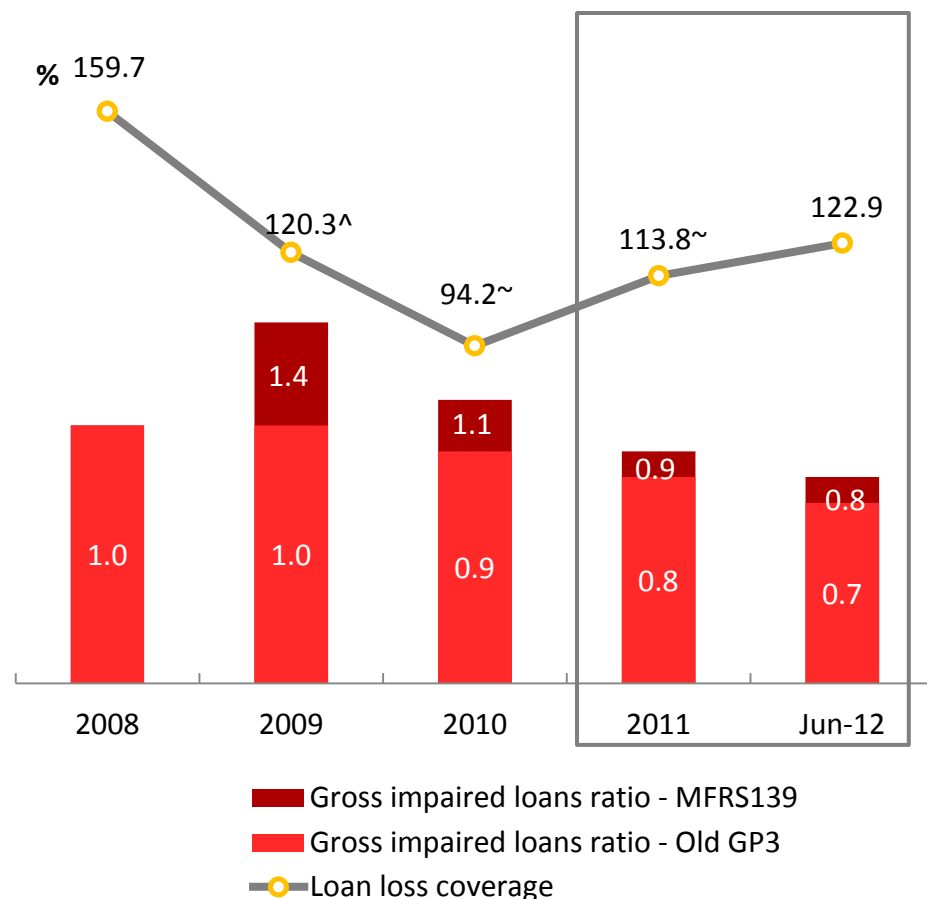


Note: Growth rate for 1H 2012 represent annualised growth for the period



Asset Quality Remained Strong

Improving gross impaired loans ratios with high loan loss reserves



- Continued improvement in gross impaired loans ratio to 0.8% as at Jun 2012
- Despite write back of excess collective assessment allowance due to full adoption of MFRS 139 with effect from 2012, loan loss reserve continued to remain high at 122.9% as at Jun 2012 as compared to industry average of 93%

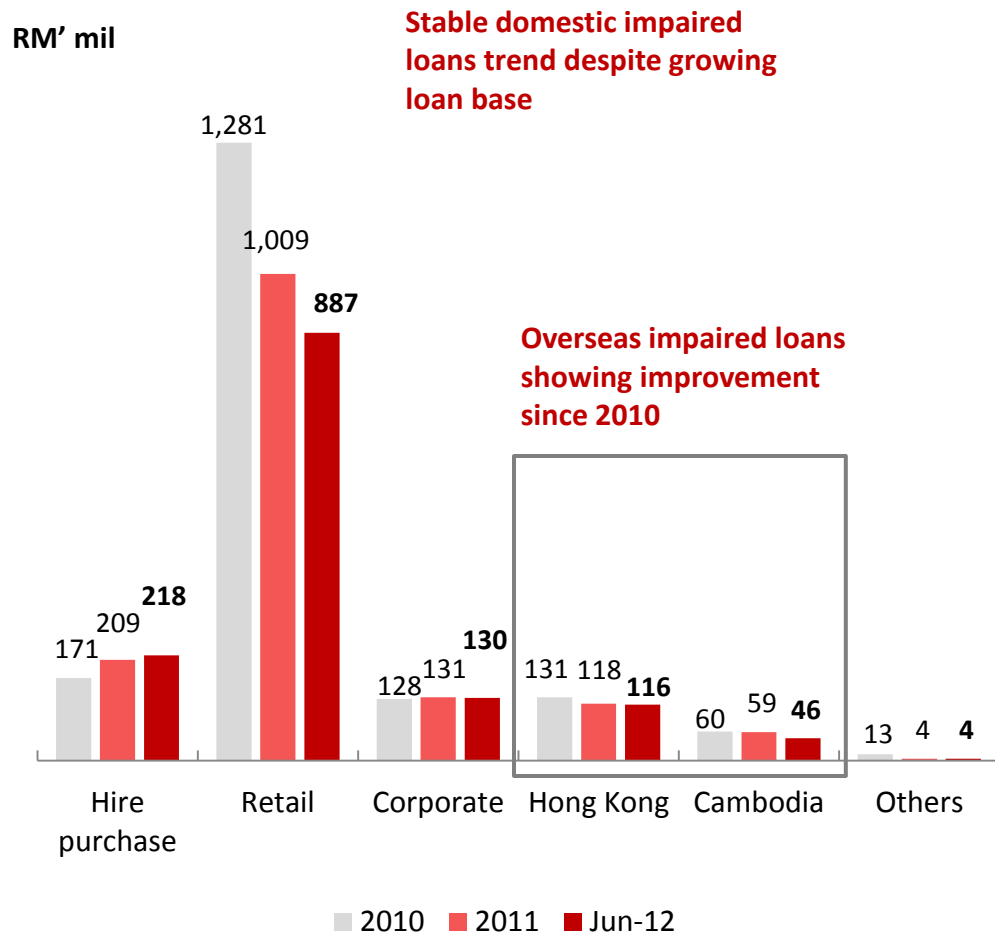
[^] Restated due to the adoption of FRS 139

[~] Restated with retrospective application of MFRS 139

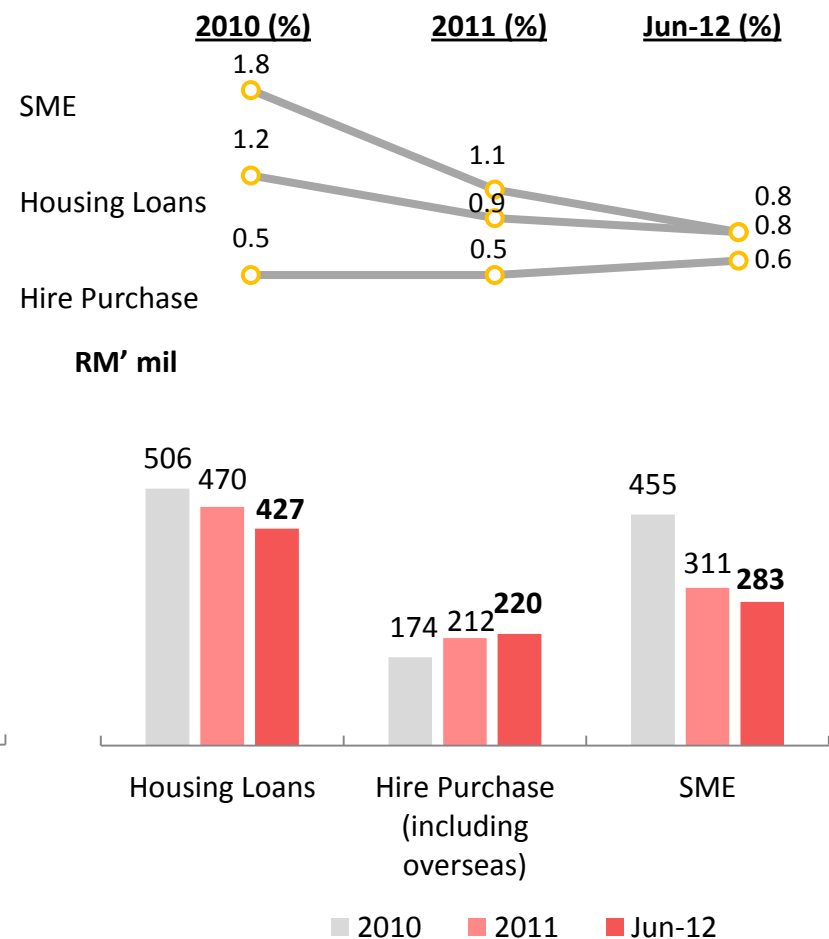


Asset Quality Remained Strong

Gross Impaired Loans by Segment



Gross Impaired Loans & Gross Impaired Loans Ratio by Key Sectors



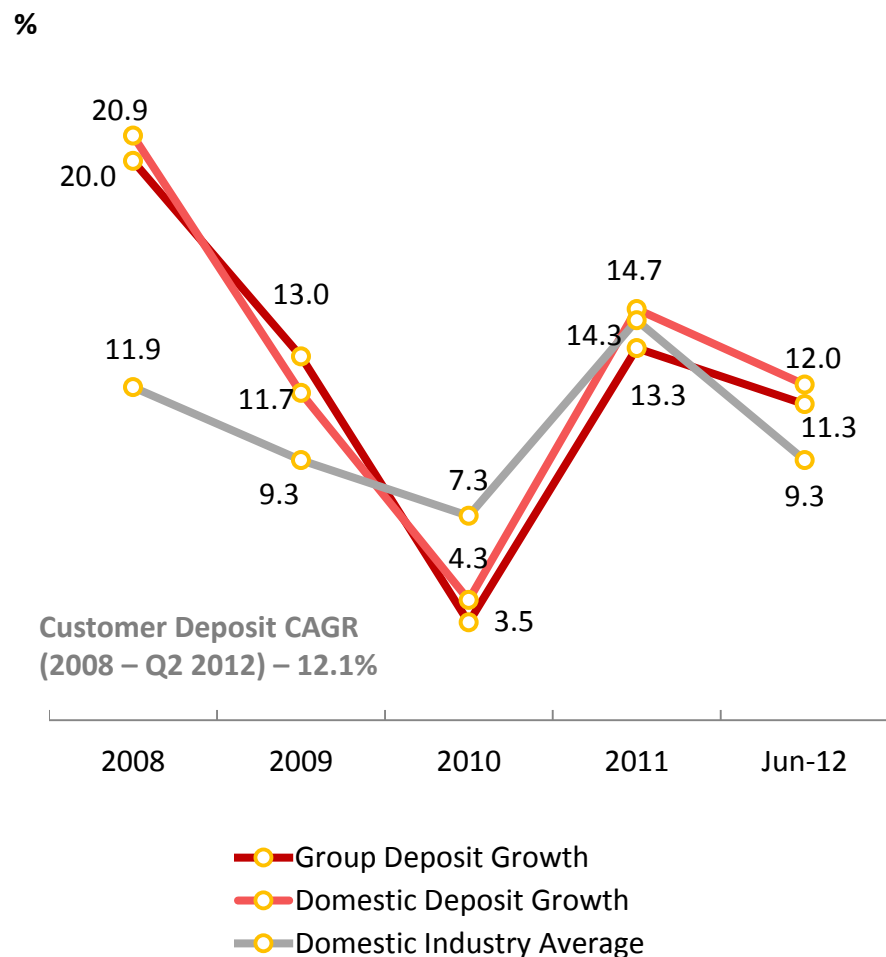
Sustaining Strong Asset Quality

- Focus on lower risk customer segments
 - Traditional urban/ suburban mortgages
 - Passenger vehicle hire purchase
 - Middle market business enterprises
- Sound credit appraisal and approval process
- Strong credit risk culture
- Proactive loan restructuring and rescheduling

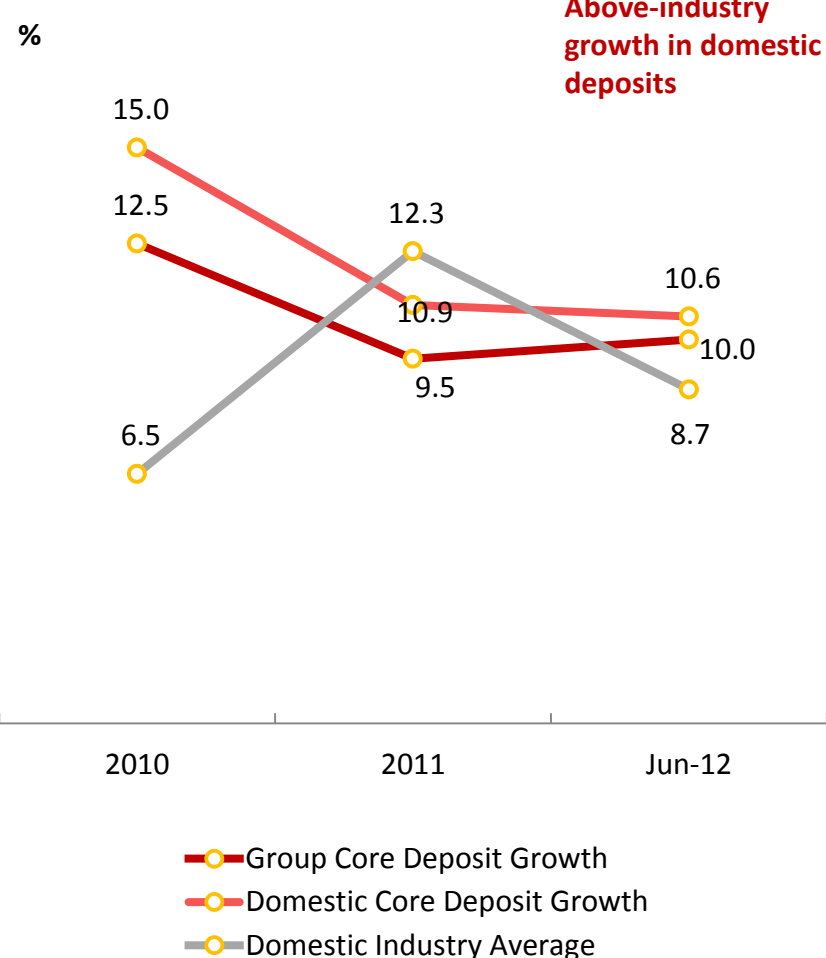


Healthy Deposit Growth in Support of Liquidity

Deposit Growth vs Industry



Core Deposit Growth



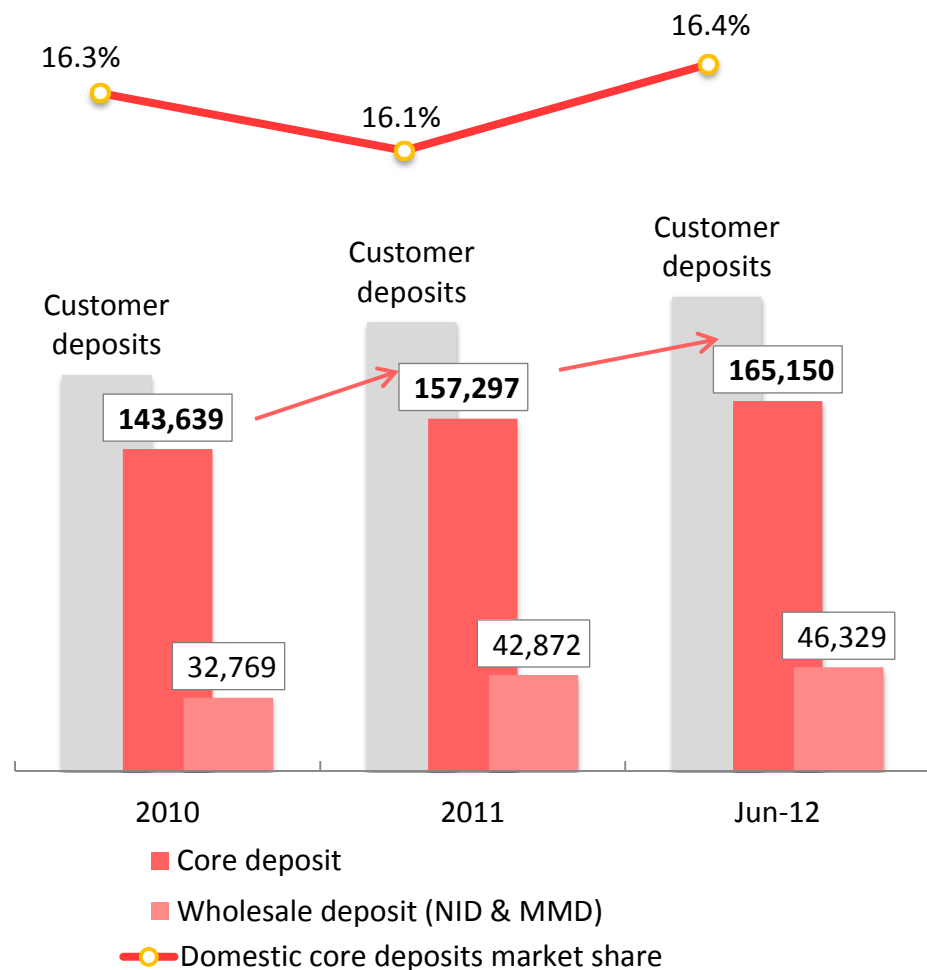
Note: Growth rate for 1H 2012 represents annualised growth for the period



Diversified Source of Customer Deposit

Type of Deposit

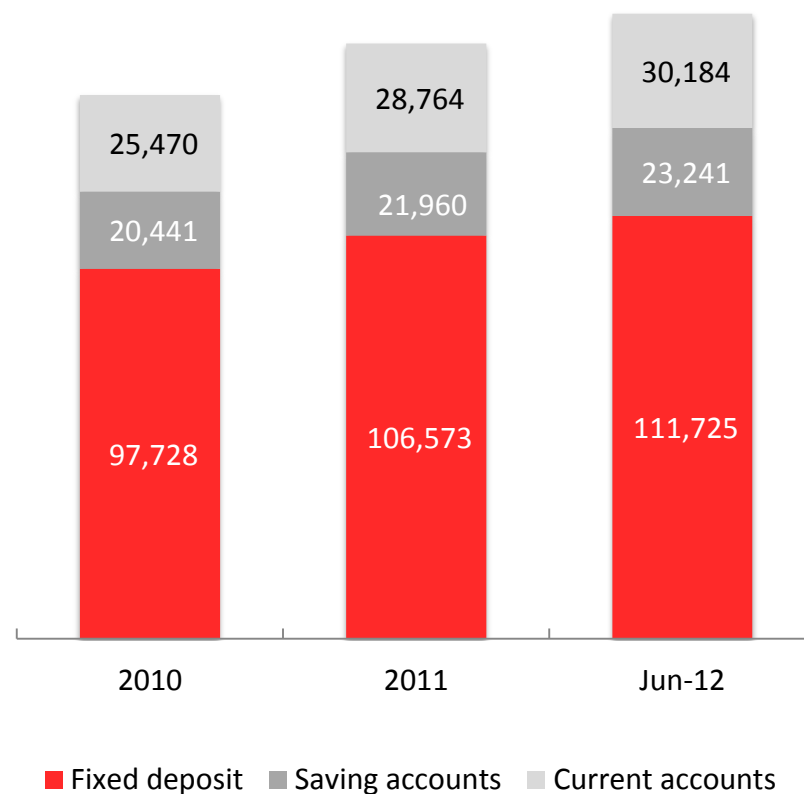
RM' mil



Source of Core Deposit

RM' mil

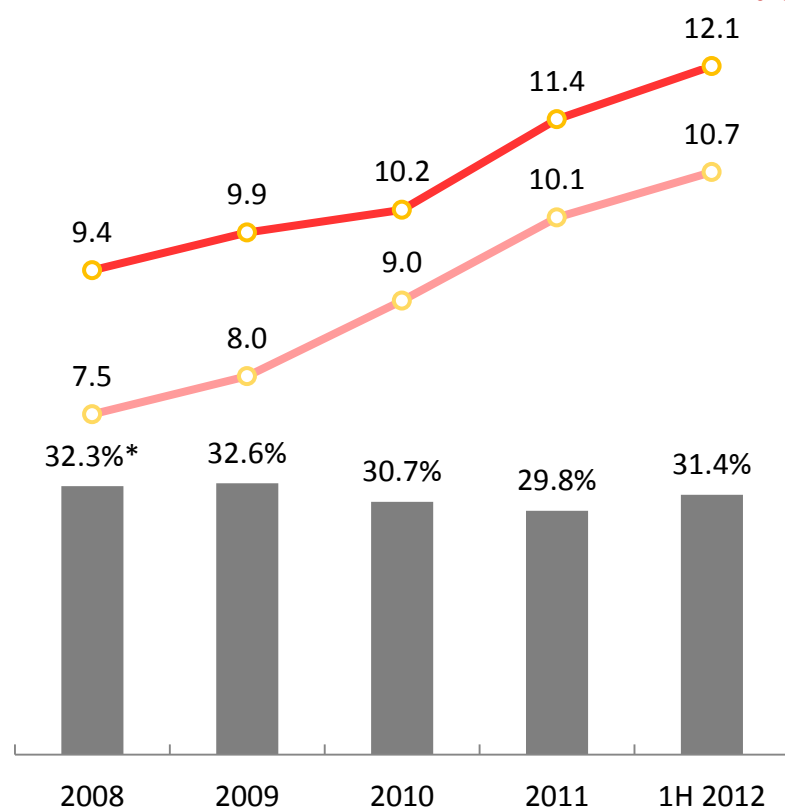
Core deposit mainly comprise of fixed deposits, with steady improved contributions from saving and current accounts



Continued High Productivity & Cost Efficiency

Productivity and Cost Efficiency

RM' mil

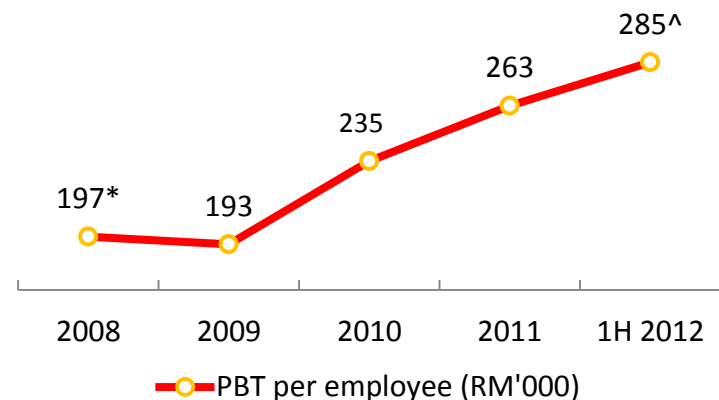


- Cost income ratio (%)
- Gross loan per employee
- Deposit per employee

* Exclude one-off goodwill income from ING

PBT per employee

RM' 000







* Exclude one-off goodwill income from ING

	1H 2012	2011	Industry Average
Gross loan per employee (RM mil)	10.7	10.1	8.1
Deposit per employee (RM mil)	12.1	11.4	10.4
PBT per employee (RM'000)	285^	263	202
Cost Income Ratio (%)	31.4	29.8	46.0

^ Annualised



Retail Operations

RM'mil	1H 2012	1H 2011~	Change
Net Income	2,186.5	2,051.1	 6.6%
Operating Expenses	(678.9)	(640.3)	 6.0%
Allowances for impairment on loans and other assets	(14.3)	17.2	 >100%
Profit by segment	1,493.3	1,428.0	 4.6%

~ Restated with retrospective application of MFRS 139, where applicable

- Improved profit and business performance of the retail operations segment were mainly driven by healthy growth in the lending and deposit-taking businesses
- Asset quality further improved with gross impaired loans ratio declining to 0.8%

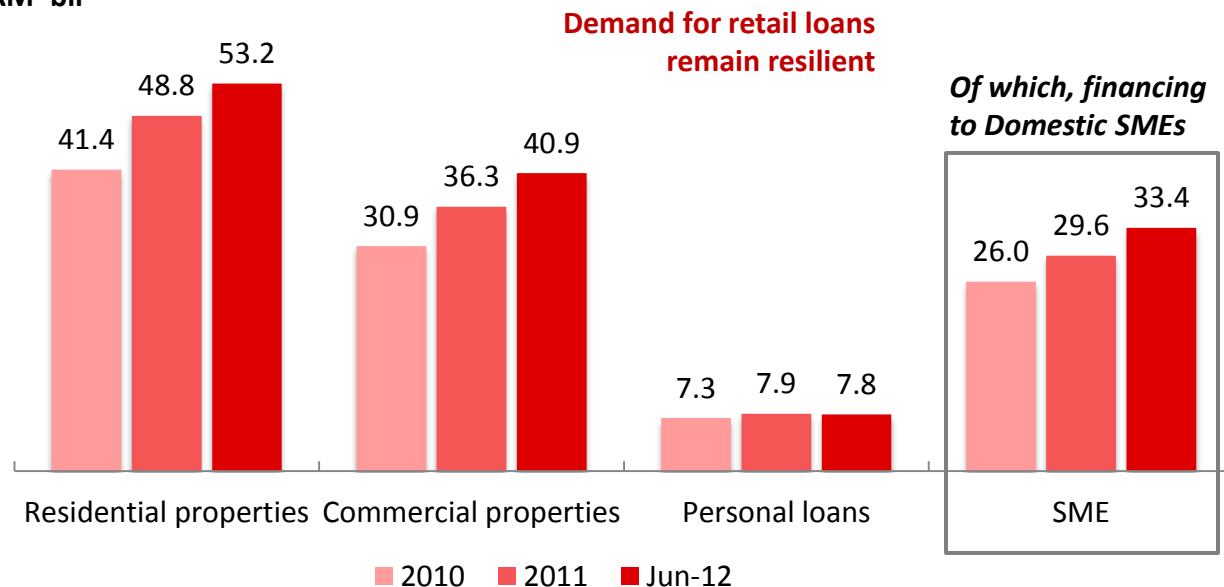
	Jun 2012	Dec 2011	Change
Gross Loans and Advances (RM' bil)	112.8	105.0	 7.5%
Customer Deposits (RM' bil)	145.2	133.9	 8.5%
Gross Impaired Loans (RM' bil)	0.9	1.0	 12.0%
Gross Impaired Loans Ratio	0.8%	1.0%	 0.2%



Retail Operations

Gross loan & financing in Domestic Operations

RM' bil



Key Drivers in Domestic Retail Banking & Financing Operations

Residential properties financing:

- Attractive loan package under the HOME and MORE plans
- Strong sales force and marketing network

SME:

- Comprehensive SWIFT loan plans and full range of trade financing facilities offered
- Support government initiated financing schemes

Personal loans:

- Mainly driven by Public Islamic Bank with its Bai'-Al-Einah (BAE) Personal Financing-i offered to staff of government agencies, quasi government corporations, institutions of higher learning and GLCs



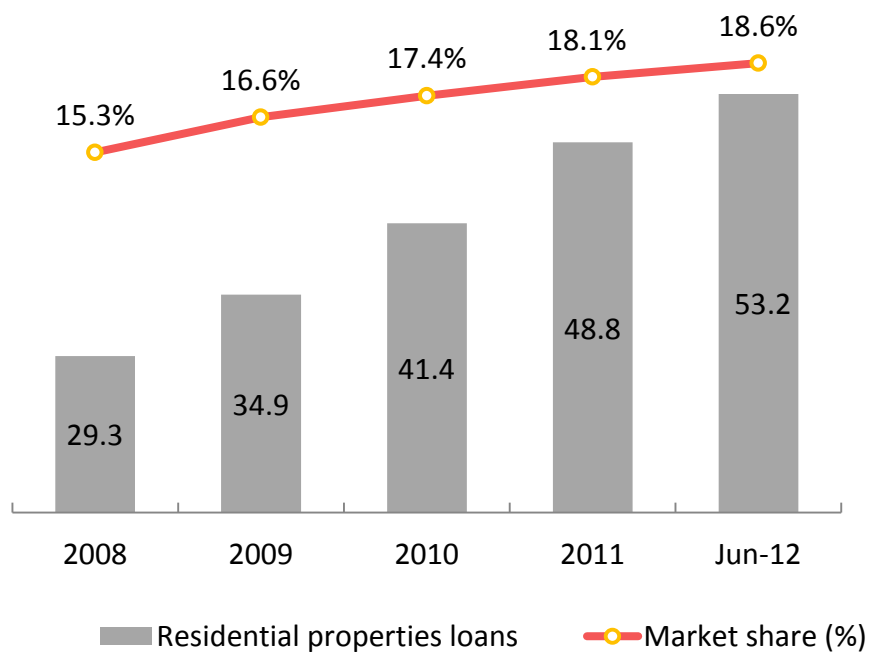
Retail Operations

Market Share in Residential Properties

Remained market leader in the residential property financing

No.1

RM' bil

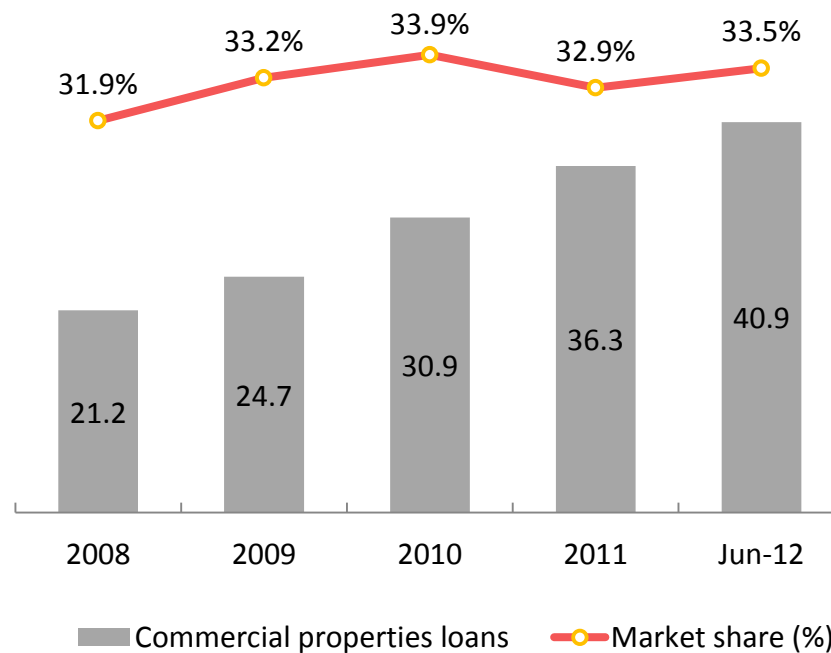


Market Share in Commercial Properties

Remained market leader in the commercial property financing

No.1

RM' bil



Hire Purchase

RM'mil	1H 2012	1H 2011~	Change
Net Income	502.7	452.9	 11.0%
Operating Expenses	(106.0)	(80.0)	 32.4%
Allowances for impairment on loans and other assets	(49.9)	(45.6)	 9.6%
Profit by segment	346.8	327.3	 5.9%

~ Restated with retrospective application of MFRS 139, where applicable

- Profit growth for the HP segment mainly driven by healthy growth in HP loan base
- Asset quality remained stable as reflected by the stable impaired loan ratio at 0.6%

	Jun 2012	Dec 2011	Change
Gross Loans and Advances (RM' bil)	38.8	37.1	 4.5%
Gross Impaired Loans (RM' bil)	0.2	0.2	 4.5%
Gross Impaired Loans Ratio	0.6%	0.6%	 ---

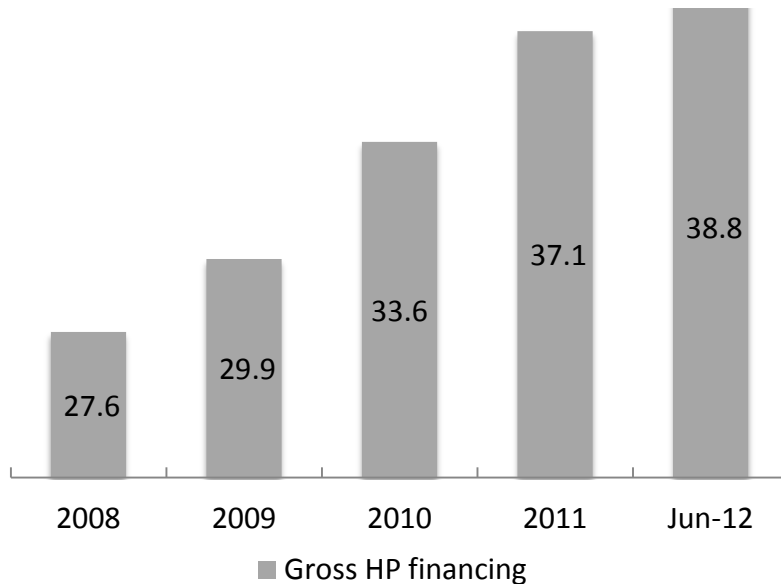


Hire Purchase

HP Financing in Domestic Operations

RM' bil

Steady growth in HP financing



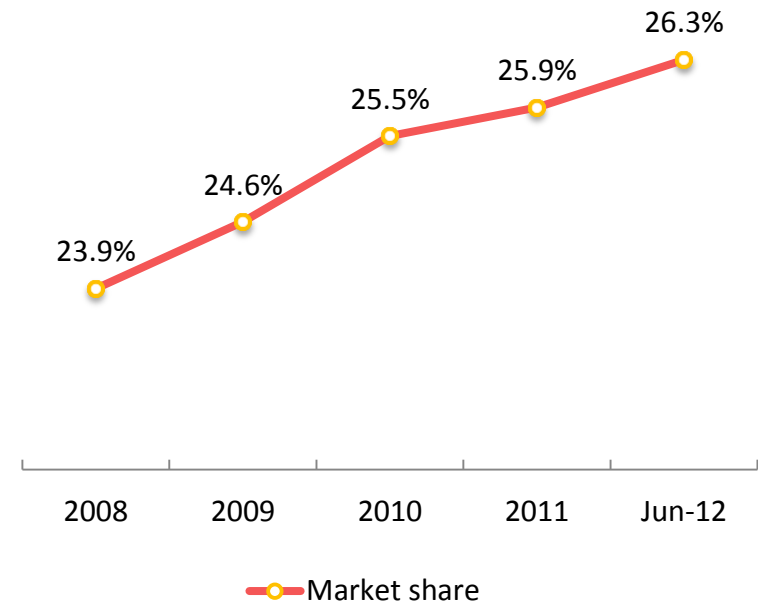
Key Drivers in Domestic Hire Purchase Financing

- Better customer service delivery through the 27 HP Centres in key locations nationwide and continuous improvement in credit processing turnaround time
- Experienced and dedicated HP Centre staff force

Market Share in Passenger Vehicle Financing

Remained market leader in the passenger vehicle financing

No.1

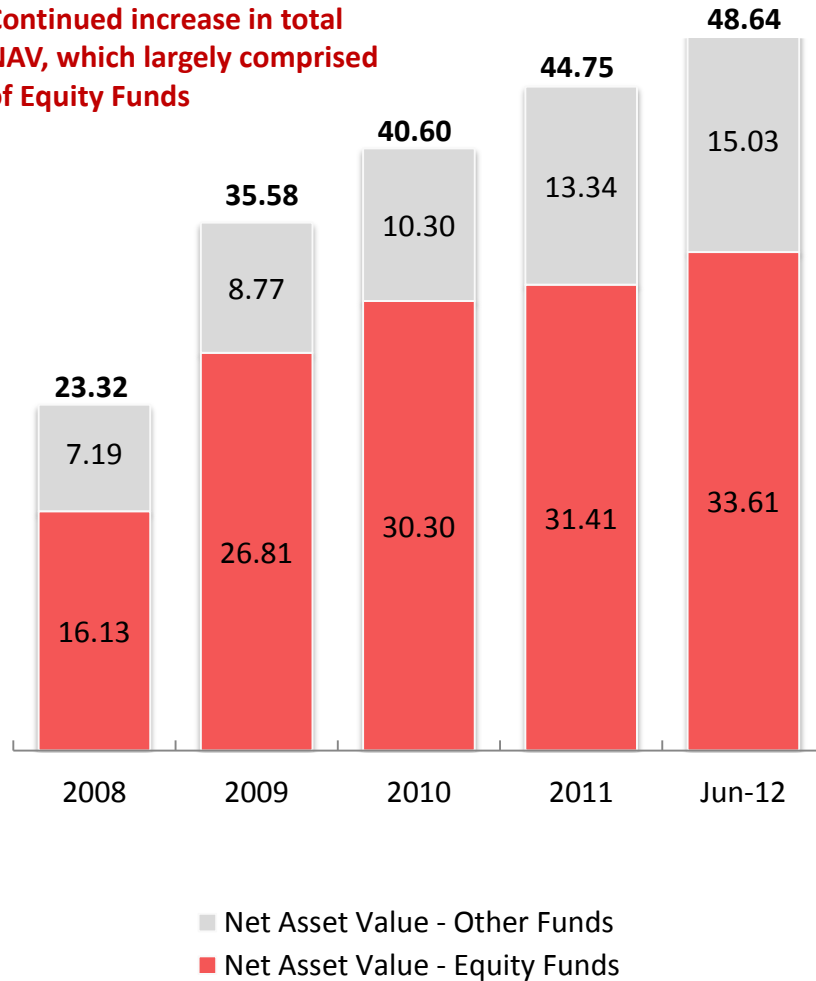


Wealth Management

Net Asset Value of Funds under management

RM' bil

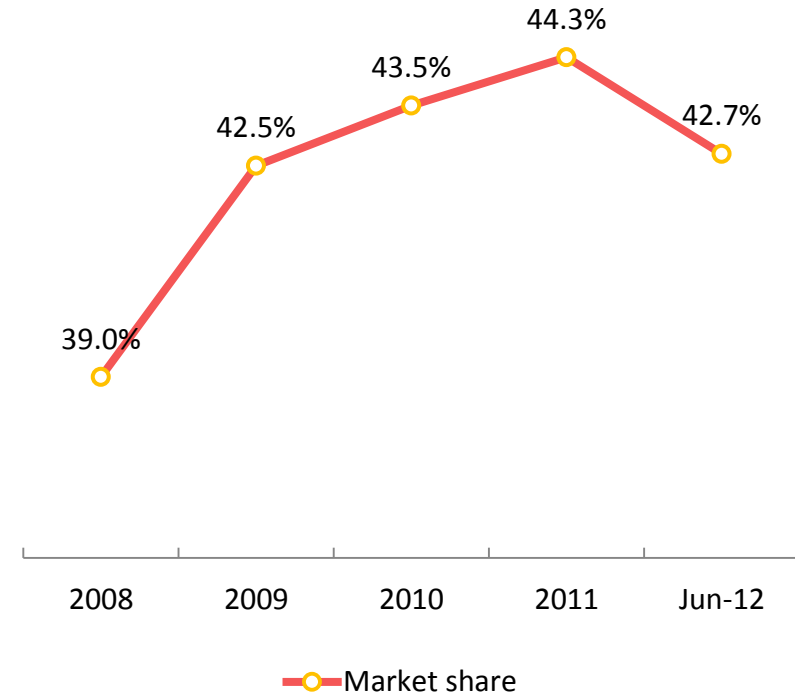
Continued increase in total NAV, which largely comprised of Equity Funds



Market Share in Private Unit Trust Industry

No.1

Public Mutual continues to maintain its market leadership

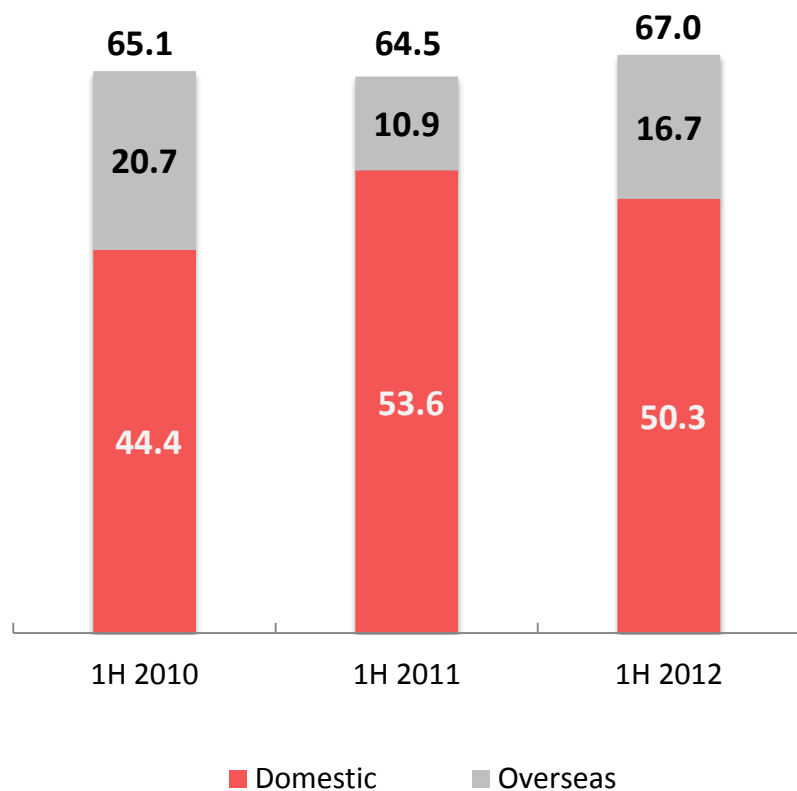


Wealth Management

Bancassurance Business Performance

RM' mil

Sales of Bancassurance products as measured by Annual Premium Equivalent



- Continue to focus on building infrastructures and business volumes
- Driven by single premium investment linked insurance, regular premium unit linked insurance and credit-related insurance product
- Launched a total of 2 new products during the half year.
- Continued to build its bancassurance sales force

	2010	2011	Jun-12
Bancassurance Sales Executives	250	230	241
Personal Financial Executives	272	233	265
Total	522	463	506



Capital Management

RM'mil	Group#			Bank#		
	Jun 2012	Dec 2011*	Change	Jun 2012	Dec 2011*	Change
Tier I Capital	18,355.7	17,269.3	↑ 6.3%	18,369.8	17,235.8	↑ 6.6%
Tier II Capital	5,868.9	7,211.6	↓ 18.6%	5,541.2	6,860.2	↓ 19.2%
Deduct: Inv in subs/asso and other deductions	(47.9)	(45.4)	↑ 5.5%	(4,209.3)	(4,031.8)	↑ 4.4%
Total Capital Base	24,176.7	24,435.5	↓ 1.1%	19,701.7	20,064.2	↓ 1.8%
Risk-Weighted Assets	174,027.6	163,027.3	↑ 6.7%	144,926.8	134,887.8	↑ 7.4%
RWCR (%)	13.9%	15.0%	↓ 1.1%	13.6%	14.9%	↓ 1.3%
Tier-I Capital Ratio (%)	10.5%	10.6%	↓ 0.1%	12.7%	12.8%	↓ 0.1%

* Restated with retrospective application of MFRS 139, where applicable

After deducting interim dividends declared after period end

- Decrease in RWCR during the period was due to the redemption of USD400 million subordinated notes in Jun 2012



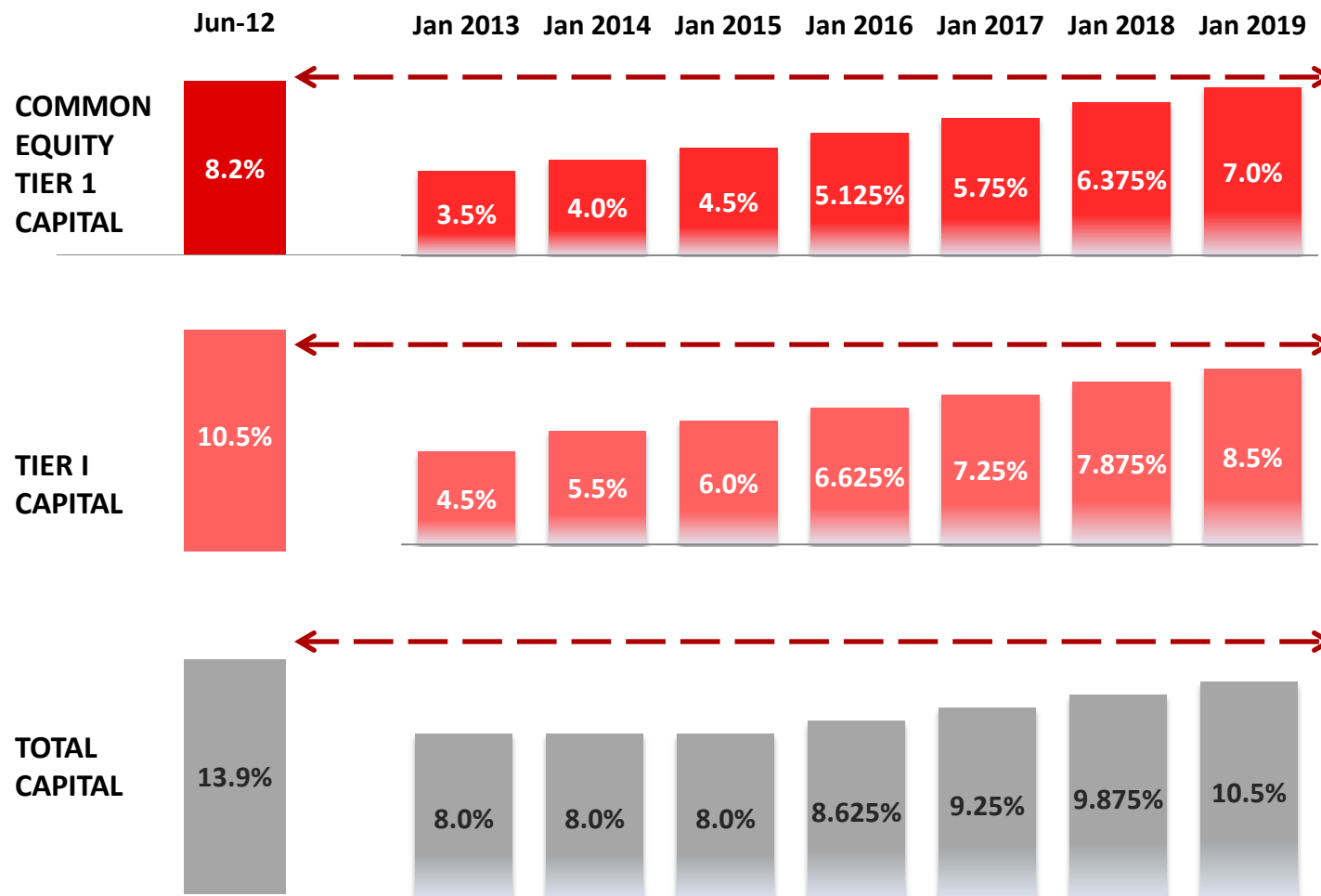
Capital Management

Basel III Implementation

- BNM's latest circular indicated BNM's intention to follow the International Basel III capital requirement and transitional timeline from January 2013 – January 2019
- No capital buffer required for “systemically important banks” for the time being
- BNM will issue concept paper by 2014 on counter-cyclical capital buffer requirement
- The counter-cyclical buffer to be introduced will be gradually phased in over a 4-year period commencing 2016 (based on BNM's concept paper)



Capital Management



Enhancement to Group's Core Equity Capital to be achieved by:

- Strong profit generation capacity
- Strong asset quality
- Continuous enhancement of efficient capital usage, in particular emphasis on less capital-intensive fee based and non-interest income businesses

The Basel III capital ratio requirements are inclusive of the 2.5% capital conservation buffer, but excluding any counter-cyclical buffer which is subject to regulator's discretion.



Our Business Growth Strategies

Continue in Achieving Organic Growth While Sustaining Our Premier Status in the Local Banking Industry

Core business focus: Consumer Lending & Lending to SMEs

Lending Business

- Consumer lending to focus on purchases of properties and passenger vehicles
- Penetrate mid-market SMEs & micro enterprises in encourage sectors
- Expanding credit card financing & corporate lending

Deposit-Taking Business

- Securing higher retail and low cost deposits
- Sustaining existing pool of deposits

Maintain earning growth momentum

- Continued quality loans growth at above industry growth rate
- Further expand depositor base
- Further improve productivity and operational efficiency
- Continued organic expansion of overseas business

Build on existing strength

- Strong brand & market position
- Healthy capital and asset quality
- Proactive capital management to ensure healthy level of capital while maintaining high returns to shareholders

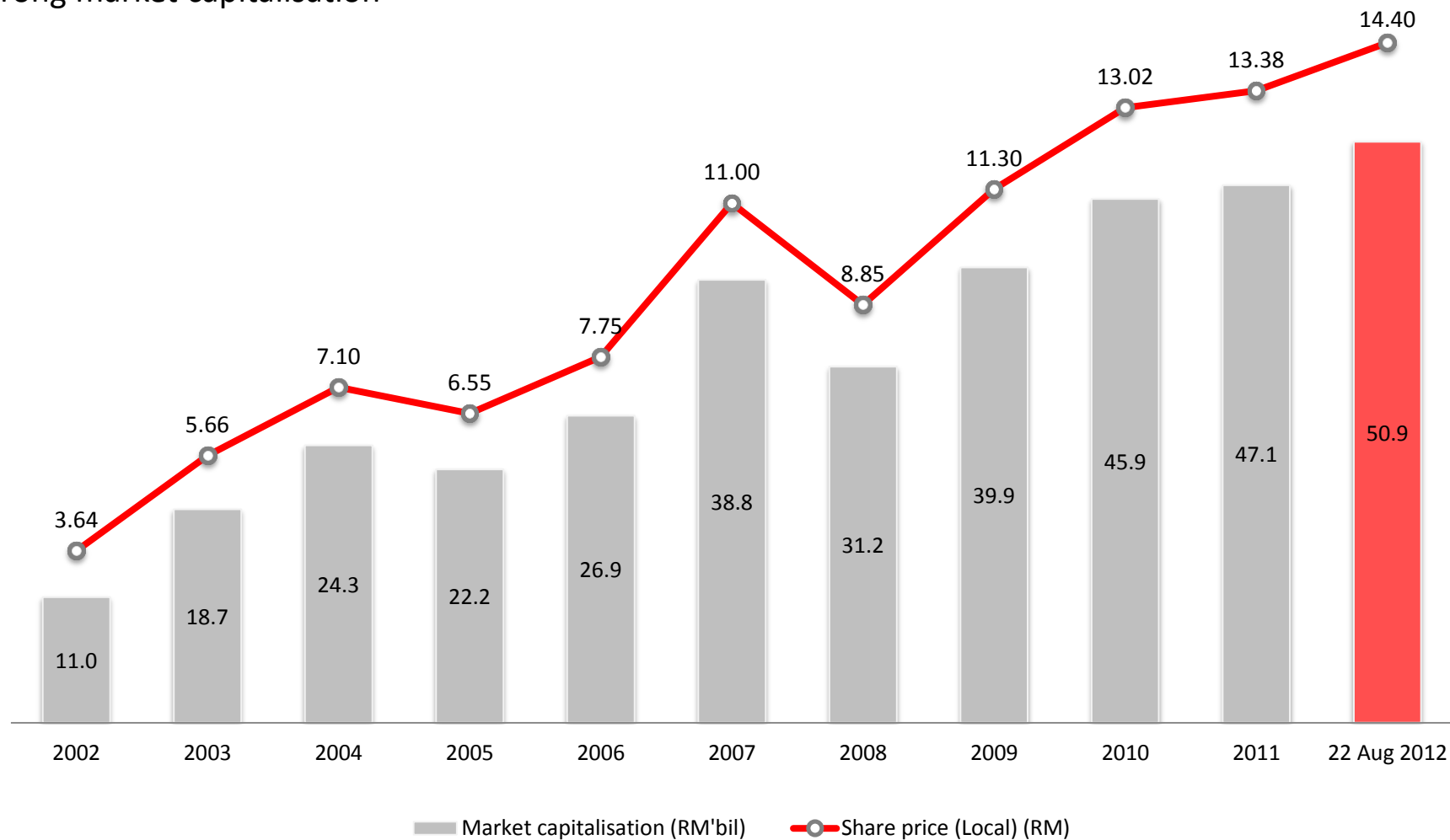
Prudence

- Continue to remain prudent and uphold its strong corporate governance and risk management policies
- Sustainable low impaired loans leveraging on PBB's prudent lending policy
- Maintain strong liquidity



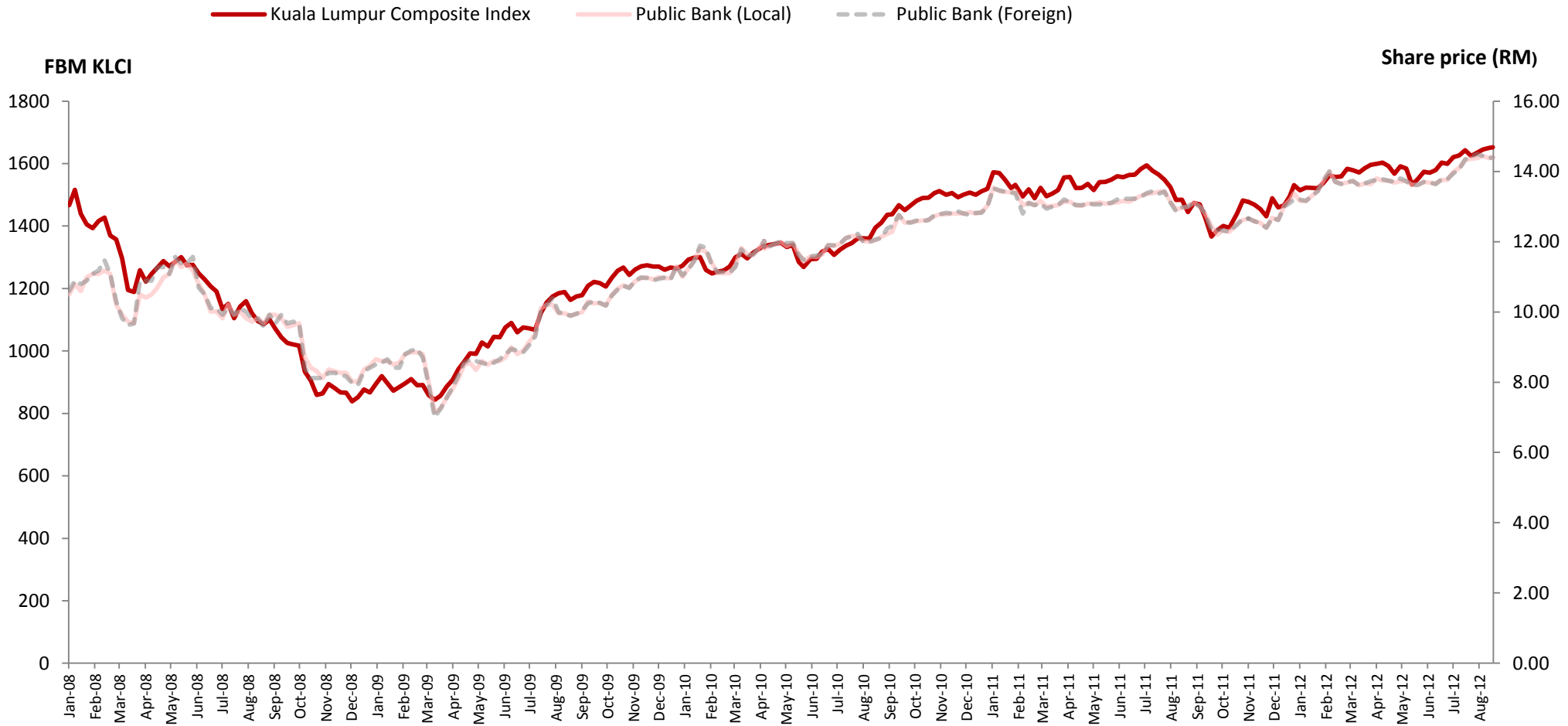
Market Capitalisation and Analysts' Poll

Strong market capitalisation



Market Capitalisation and Analysts' Poll

Resilient share price performance



Market Capitalisation and Analysts' Poll

- Superior investment returns

Illustration on investment returns

	Shares acquired since	Total returns (capital appreciation [^] + dividends)	Compounded annual rate of return
Medium term - 5 years	1 January 2007	+118.4%	+18.9%
Long term - since listing	1967	+5,207.1%	+19.5%

[^] Capital appreciation is calculated based on the PBB local share value at closing price as of 31/12/2011 less initial investment cost at the illustrated acquisition dates, assuming shareholders had subscribed for all rights issues to date and had not sold any Public Bank shares.

- Other share information

	2007	2008	2009	2010	2011
Price to earnings multiple (times)	17.4	11.5	15.4	14.9	13.4
Price to book multiple (times)	3.9	3.1	3.5	3.5	3.2



Market Capitalisation and Analysts' Poll

- Average daily volume/ value traded:

	Average Daily Volume (million)	Average Daily Value (RM'million)
2011	3.7	48.6
YTD 22 August 2012	4.4	60.8

- Consensus net profit estimates (RM'mil):

2012	2013	2014
3,843	4,235	4,717

- Poll of analysts Buy/ Hold/ Sell recommendations on PBB Shares as at 22 August 2012

	<u>Buy</u>	<u>Hold</u>	<u>Sell</u>	<u>No. of Analysts</u>
PBB	21	8	1	30

Source: Bloomberg, Reuters and Analyst Reports



Summary

- **Profitable retail franchise**
 - Domestic and Indo-China markets
 - Growing market share
 - Affluent and quality retail customer base for lending and wealth management business
- **Unbroken profit track record and sustained strong asset quality**
- **Strong brand**
- **Proactive capital management**
- **Large market capitalisation**
 - High liquidity and high free-float
- **Proven management record** in execution
- **Strong working commitment and excellent career environment**





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