



Investor Presentation

UBS APAC Financials Conference 2018

Hong Kong

23-25 May 2018





One of the Largest Premier Banks in Malaysia

In 1966, Tan Sri Dato' Sri Dr. Teh Hong Piow founded Public Bank with the vision of growing Public Bank to be a 'bank for the people' serving the banking needs of the people. For 51 years, this vision has been steering Public Bank's successful growth path and shaping its resilient business model. Today, the Public Bank Group is one of the largest premier banking groups in Malaysia with solid banking fundamentals and a track record of unbroken profitability.

Focused Organic Growth Strategy

The Group pursues a focused organic growth strategy in retail banking business, particularly on retail consumers and small and medium enterprises ("SMEs").

Regional Network

Public Bank has a network of 261 well distributed branches and over 2,000 self service terminals in Malaysia. The Group has an extensive branch network in the region with a network of 79 branches in Hong Kong, 4 branches in the People's Republic of China, 30 branches in Cambodia, 13 branches in Vietnam, 4 branches in Laos and 3 branches in Sri Lanka.

Leading Market Shares

The Group remains committed to sustain its leading market positions in consumer banking, retail commercial lending to SMEs as well as private unit trust business.

Diverse Range of Products and Services

The Group provides a comprehensive range of financial products and services comprising personal banking, commercial banking, Islamic banking, investment banking, share broking, trustee services, nominee services, sale and management of unit trust funds, bancassurance and general insurance products. In addition to conventional banking, the Group has advanced its services on the digital banking front. The PBe internet banking, PB engage mobile banking app and the cashless payment services provide customers faster and convenient banking experience. The Group continues to strengthen its digital capabilities to meet the evolving needs of customers.



Strong Credit Ratings

The Group continues to be accorded with strong credit and financial ratings from local and foreign rating agencies for its prudent management as well as strong and consistent financial performance.

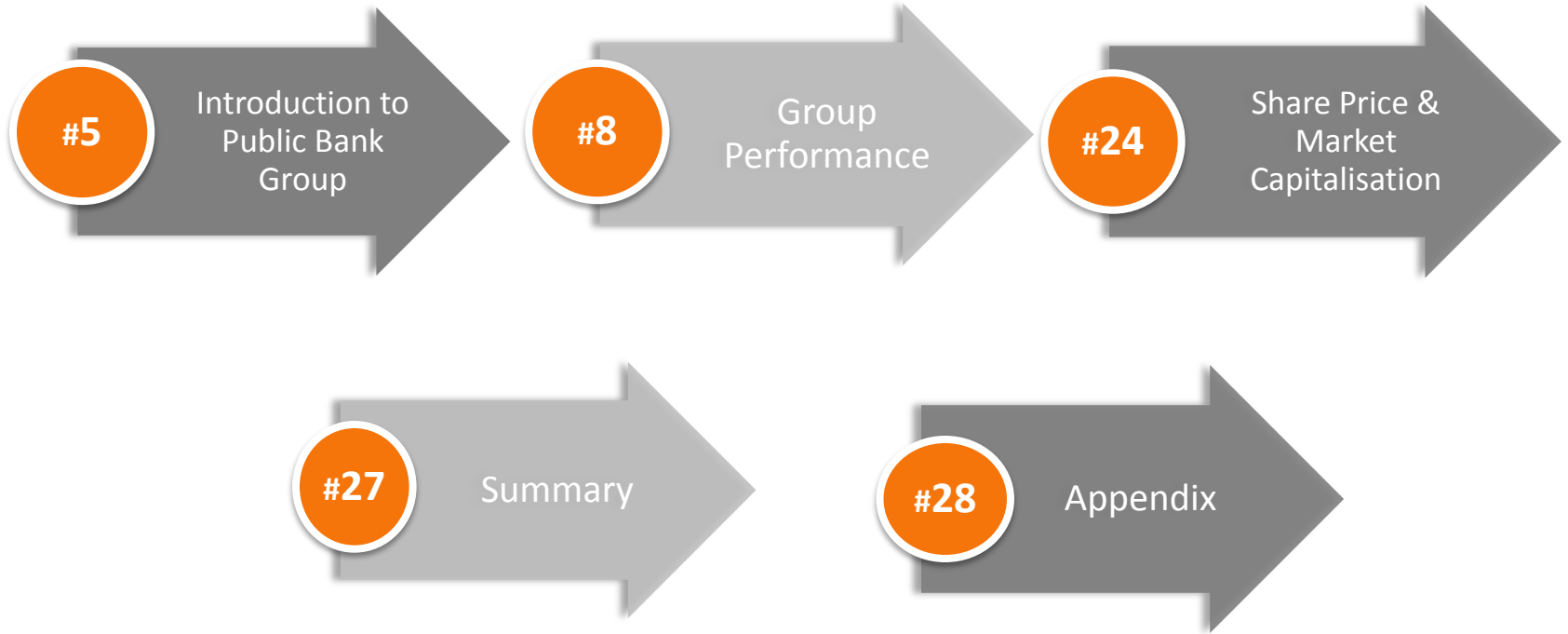
- **Standard & Poor's**
A– long-term rating
A-2 short-term counterparty credit rating with stable outlook
- **Moody's**
Long-term deposits rating of A3
Short-term deposits rating of P-2 with stable outlook
- **Rating Agency Malaysia**
Long-term rating of AAA, the highest rating accorded by Rating Agency Malaysia
Short-term rating of P1 with stable outlook

Award-winning bank

Public Bank continues to earn accolades and recognition for its sustainable financial strength and prudent management throughout its 51 years of journey. In 2017, Public Bank was named as The Strongest Bank by Balance Sheet in Malaysia 2017 by The Asian Banker. During the year, the Group was honoured with many best bank awards and excellence in corporate governance by national and international publications. Not resting on its laurels, the Group will continue to strive for wider recognition and trust from the public.

Corporate Social Responsibility

As a key player in the financial industry, the Group plays its role in generating value and contributing to the nation's economic growth. Apart from being one of the significant contributor of taxes to the country, the Group also fulfils its responsibility as a corporate citizen by helping to improve the lives of people through acts of giving such as volunteerism, charitable donations and sponsorships focusing in the areas of educational development, improvement of community healthcare and well being, as well as preserving the environment.

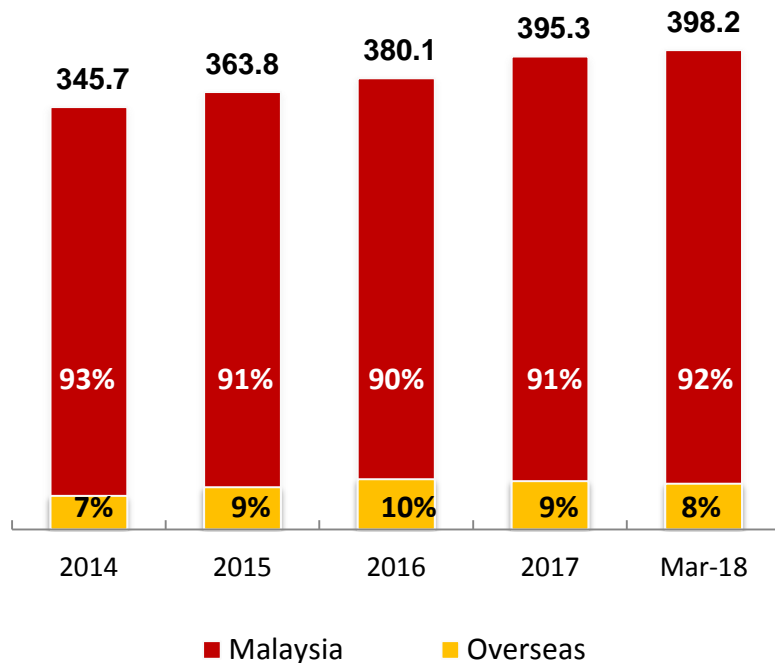


Introduction to Public Bank Group

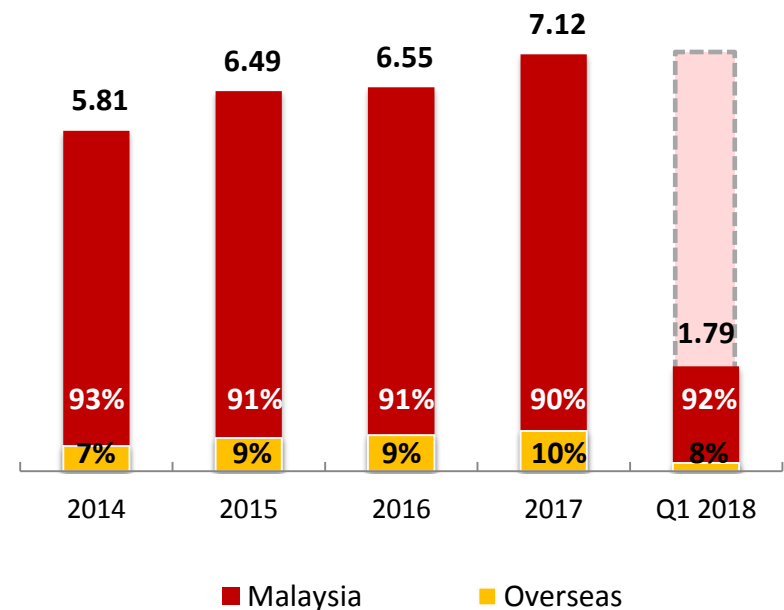


- Commenced operations in 1966 with one branch
- Listed in April 1967 on Bursa Malaysia Securities Berhad (*then known as Kuala Lumpur Stock Exchange*)
- A retail bank with domestic operations contributing over 90% of the Group's assets and profits

Total Assets
RM'bil



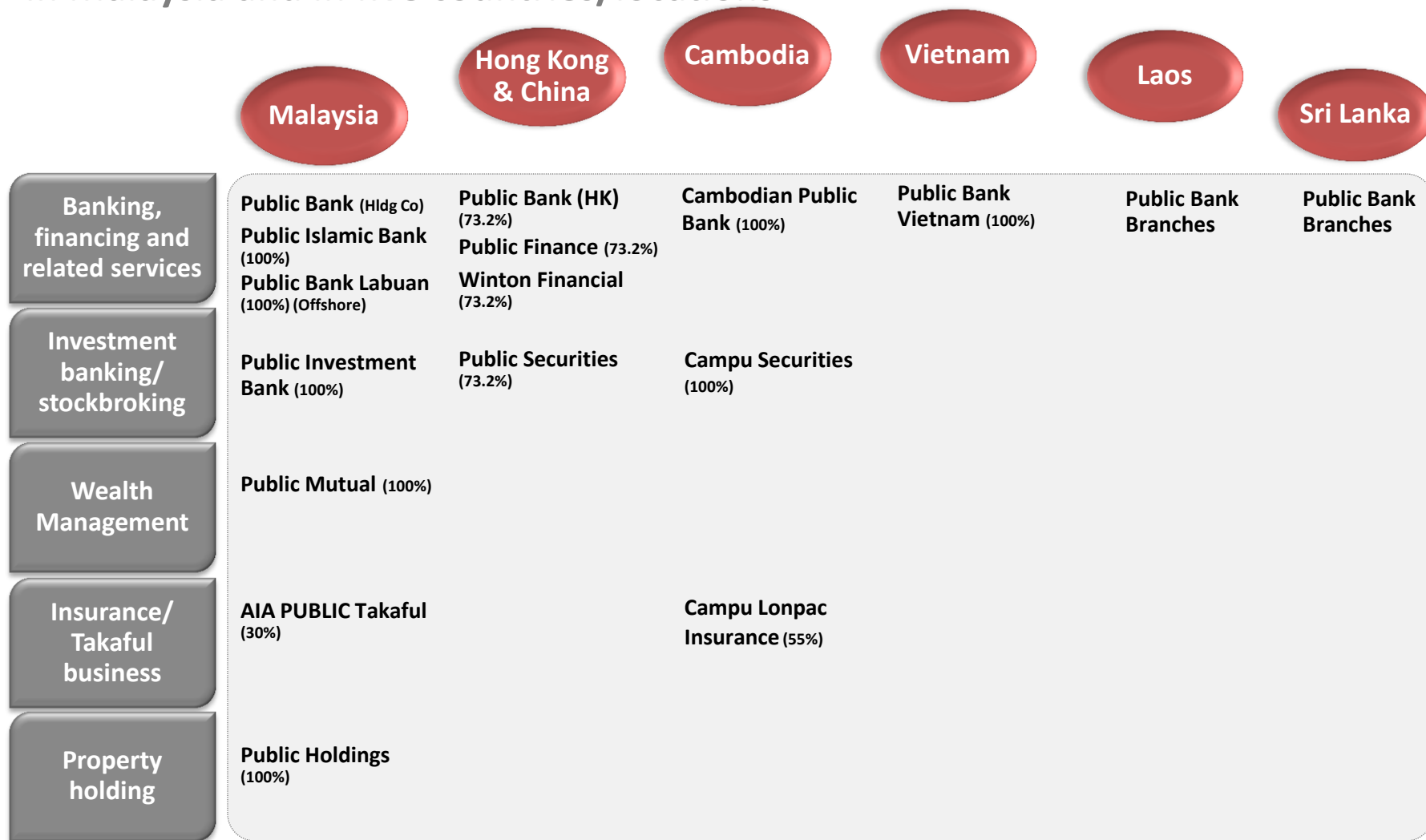
Pre-tax Profit
RM'bil



Overview of PBB Group



PBB Group is a full financial services group providing a wide range of services in Malaysia and in five countries/locations





Strategic Focus: Organic growth in focus areas

Core 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

Other Areas of Focus

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.

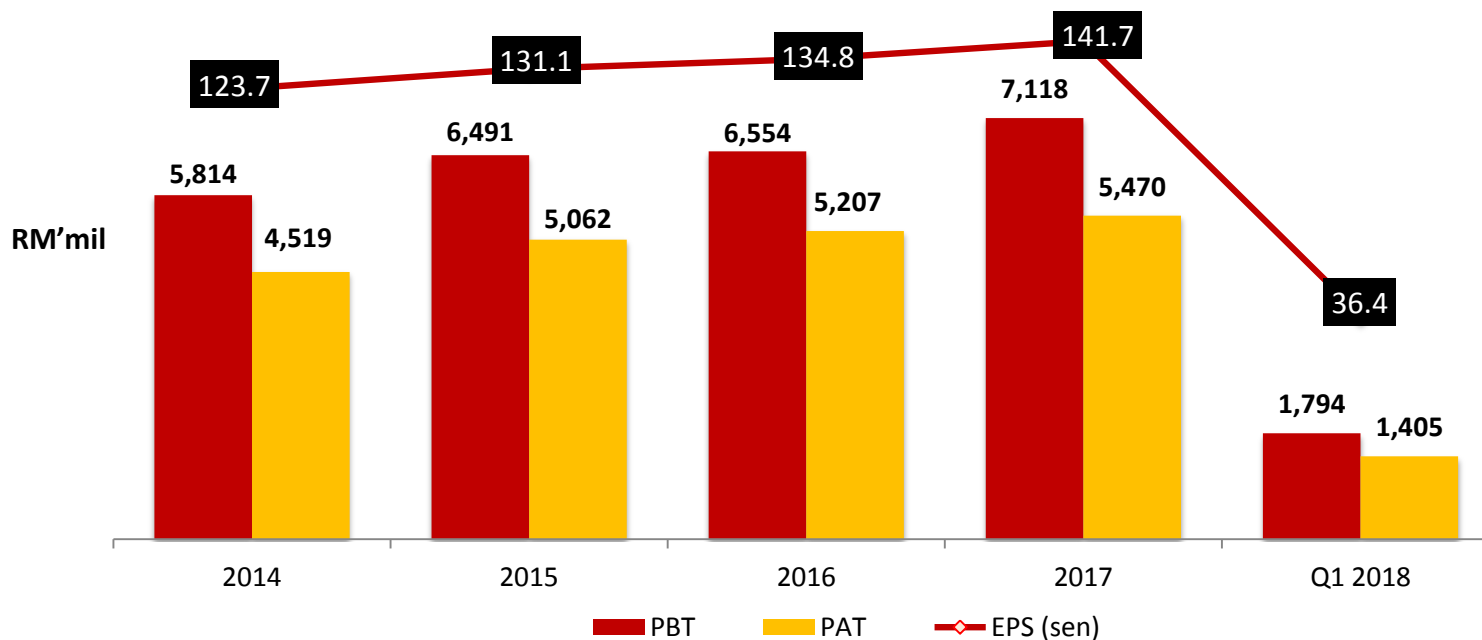
Unbroken Profit Track Record



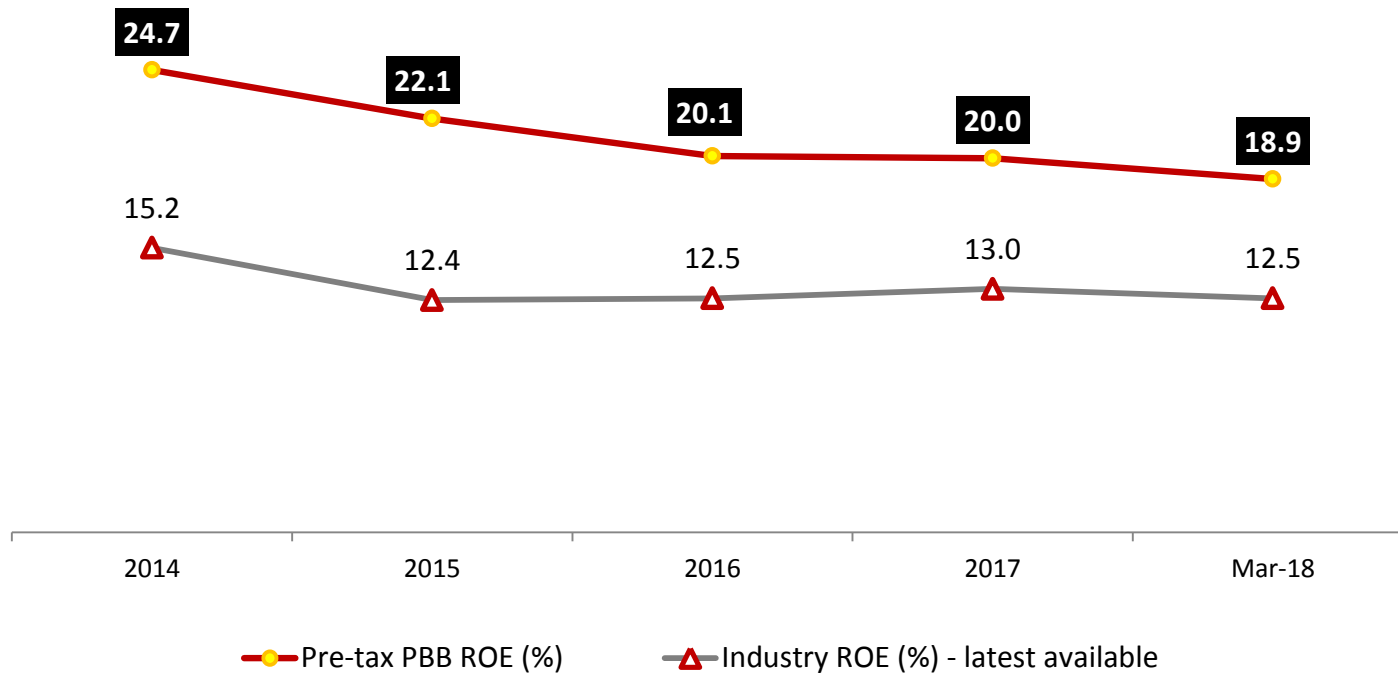
- 51 years of unbroken profitability

	RM'mil						y-o-y growth (%)				
	2013	2014	2015	2016	2017	Q1 2018	2014	2015	2016	2017	Q1 2018**
Pre-tax profit	5,310	5,814	6,491	6,554	7,118	1,794	9.5	11.6	1.0	8.6	10.0
Net profit	4,065	4,519	5,062	5,207	5,470	1,405	11.2	12.0	2.9	5.1	12.6

** Growth in comparison with corresponding period in 2017



Above-industry Return on Equity (ROE)





Income Statement

	Q1 2018	Q1 2017	Change
Pre-tax profit	RM1,794 mil	RM1,631 mil	10.0%
Net profit attributable to shareholders	RM1,405 mil	RM1,248 mil	12.6%
Earnings per share	36.4 sen	32.3 sen	12.7%

Balance Sheet

	Mar 2018	Dec 2017	Change
Total asset	RM398.2 bil	RM395.3 bil	0.7%
Loan:			
- Group	RM306.8 bil	RM304.5 bil	3.0%*
- Domestic	RM285.8 bil	RM282.3 bil	5.0%*
Deposit:			
- Group	RM325.9 bil	RM319.3 bil	8.3%*
- Domestic	RM300.7 bil	RM293.2 bil	10.2%*

Financial Indicators (%)

	Mar 2018	Dec 2017
Net return on equity	15.2	15.8
Cost to income ratio	32.6	31.9
Gross impaired loans ratio	0.5	0.5
Gross loan to fund ratio~	89.0	90.0
Gross loan to fund and equity ratio~	79.9	80.7
Loan loss coverage	125.2	95.5
Common equity Tier I capital ratio	12.2	12.2 ^π
Tier I capital ratio	12.8	13.0 ^π
Total capital ratio	15.8	16.0 ^π

* Annualised growth

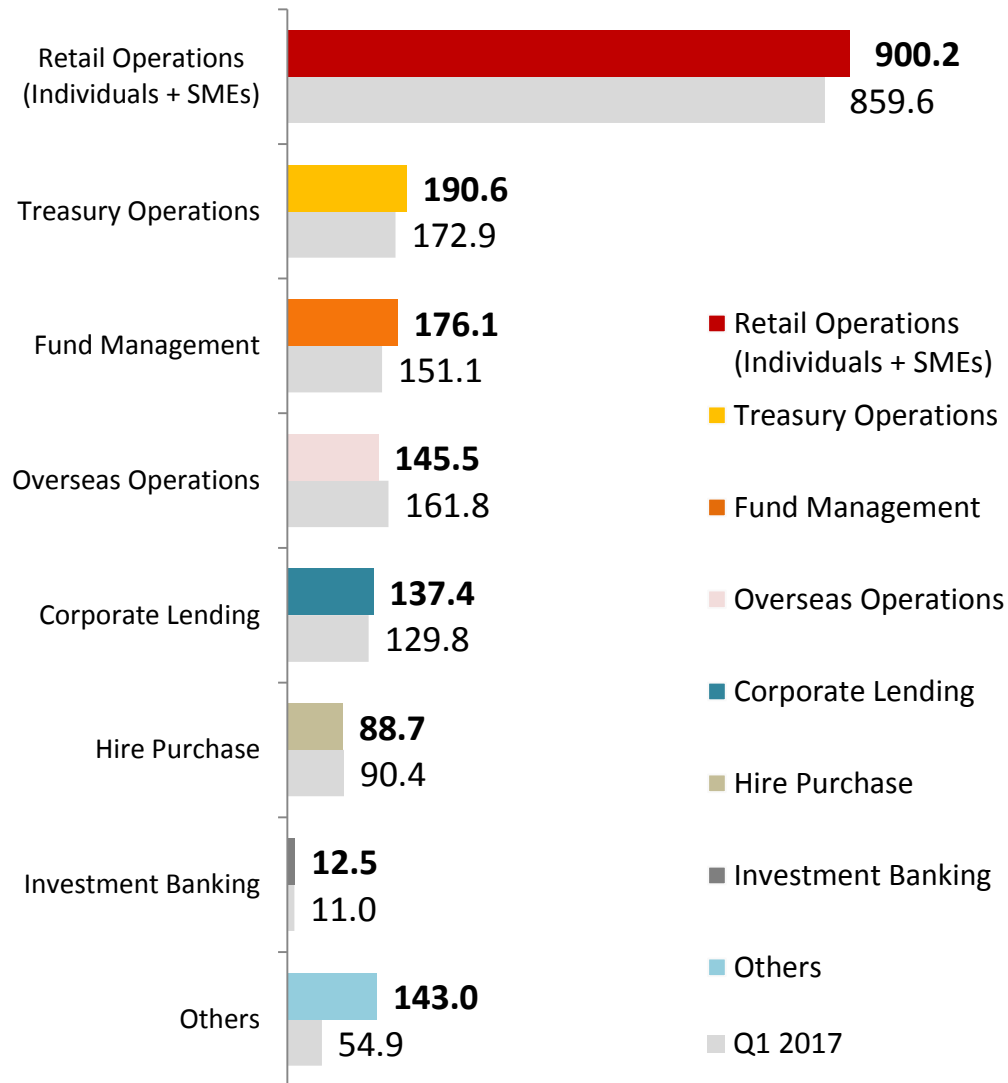
^π After deducting interim dividends declared subsequent to end of year

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

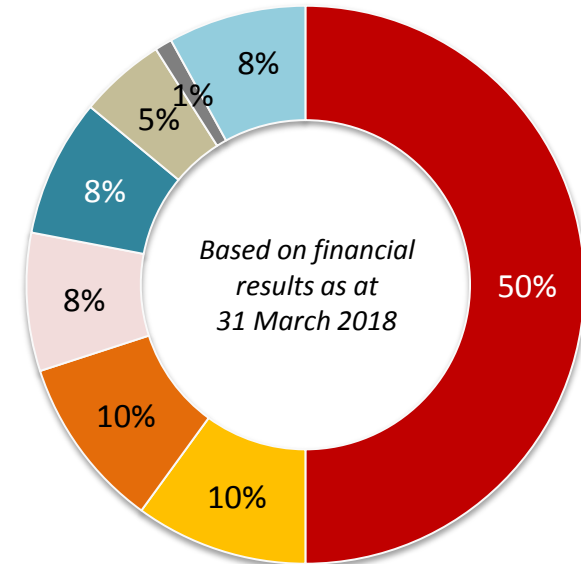
Segmental Profit – Retail Centric



Q1 2018 vs Q1 2017 PBT (RM'mil)

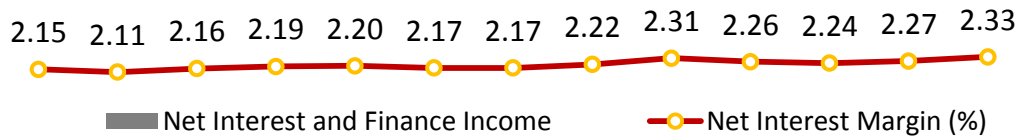


Profit Contribution

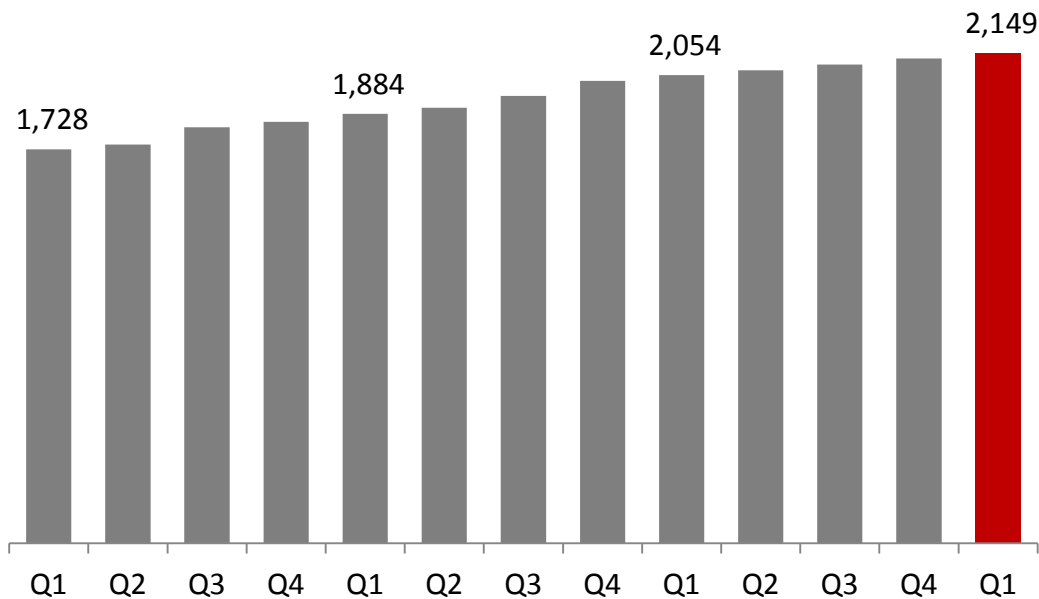


Note: Others comprise mainly of domestic main office, other miscellaneous domestic segment and domestic share of profit after tax of equity accounted associated companies

Net Interest Margin



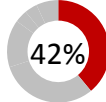
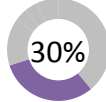
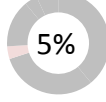
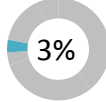
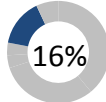
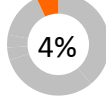
RM'mil



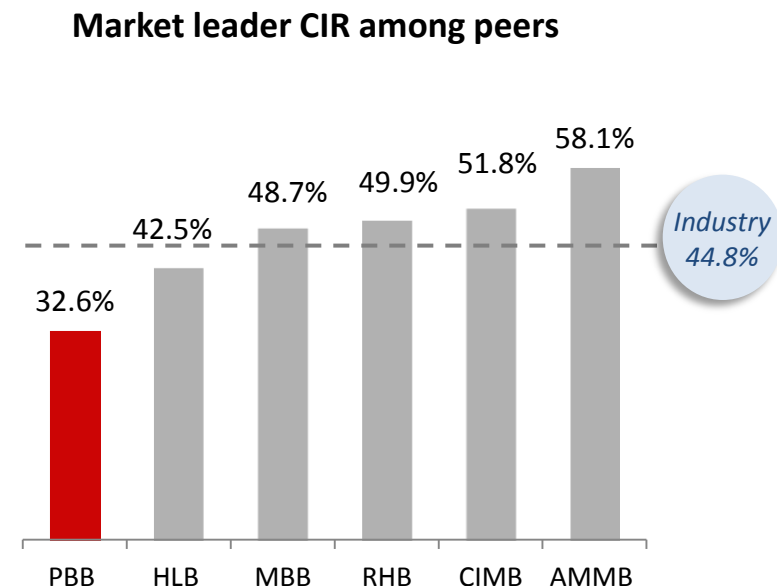
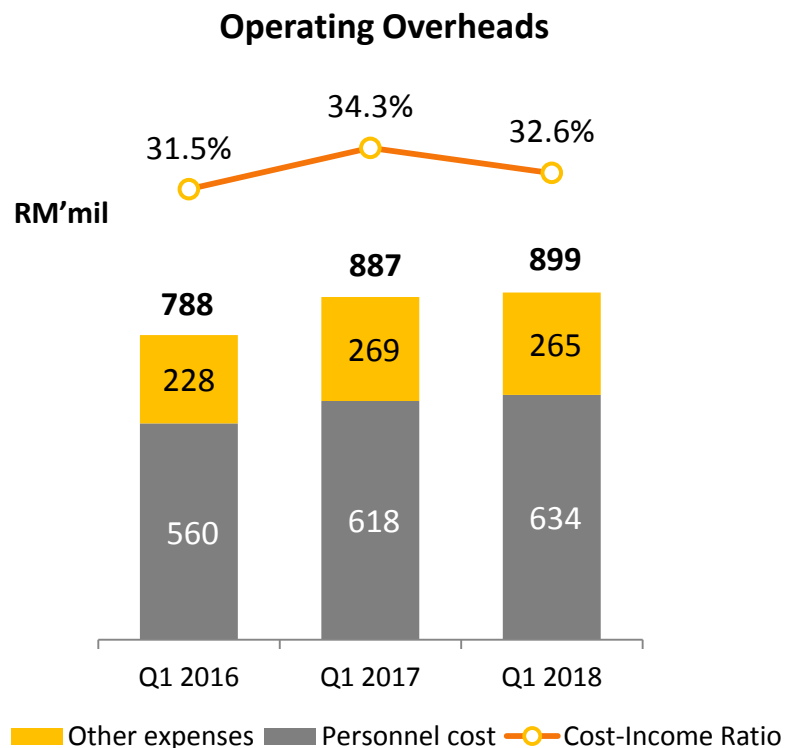
(%)	2015	2016	2017	Q1 2018
Yearly Average	2.16	2.20	2.28	2.33

Non-Interest Income



(RM'mil)	Q1 2018	Q1 2017	Change	Composition
Net fee and commission income	456.2	407.1	12.1%	
Of which: - Unit trust income	247.9	211.5	17.3%	 42%
- Fee & commission income	178.9	171.1	4.6%	 30%
- Stockbroking income	29.3	24.6	19.5%	 5%
Net gains and losses on financial instruments	19.8	4.0	>100.0%	 3%
Other operating income	118.7	103.4	14.8%	
Of which: - Foreign exchange income	95.4	79.0	20.6%	 16%
- Others	23.3	24.3	-4.0%	 4%
Total non-interest income	594.7	514.5	15.6%	100%

Efficient Operating Overheads & Lowest CIR



Note: Cost to income ratio (CIR) as extracted above are as at December 2017 position except for PBB

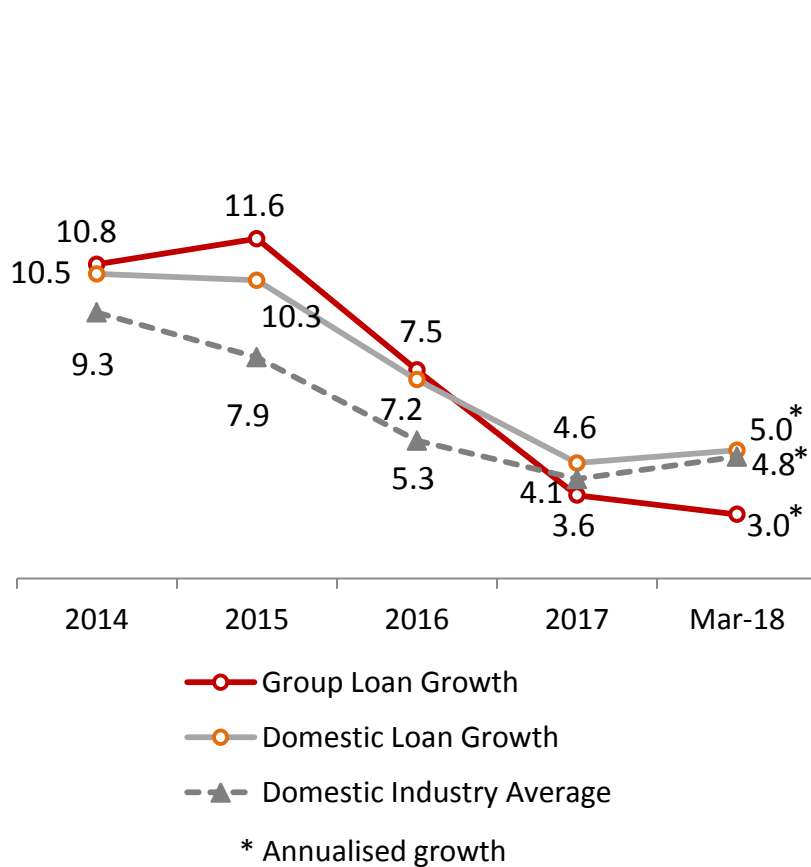
RM'mil	Q1 2018	2017	Industry Average
Gross loan per employee	16.6	16.4	13.3
Deposit per employee	17.7	17.2	14.7
PBT per employee	0.39*	0.38	0.30

* Annualised

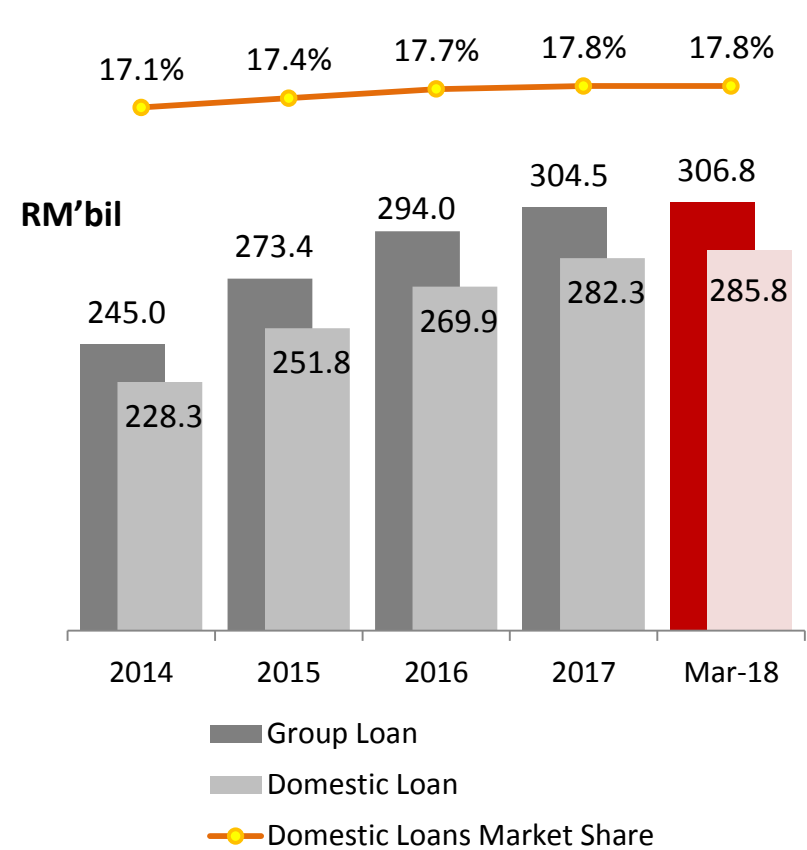
Above Industry Loan Growth



Loan Growth vs Industry (%)



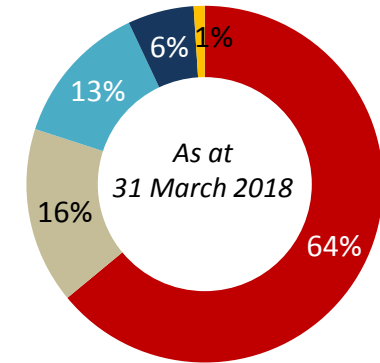
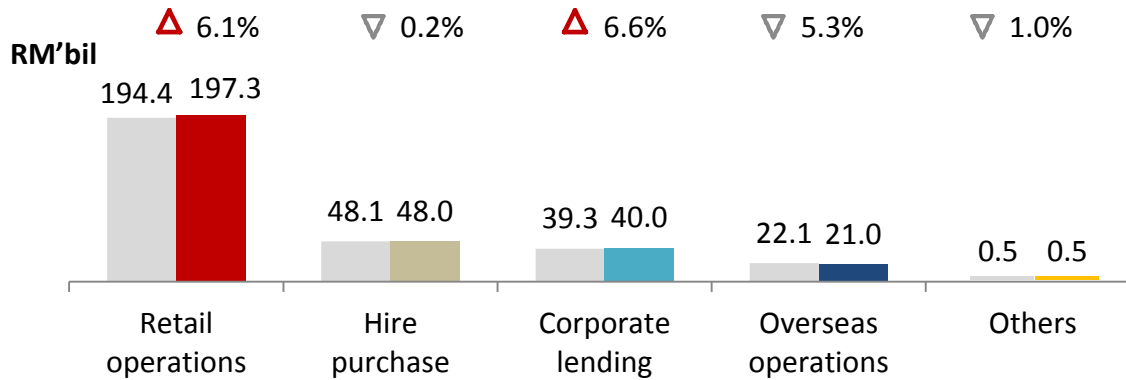
Loan – Outstanding Balance and Market Share



Healthy Gross Loan Growth

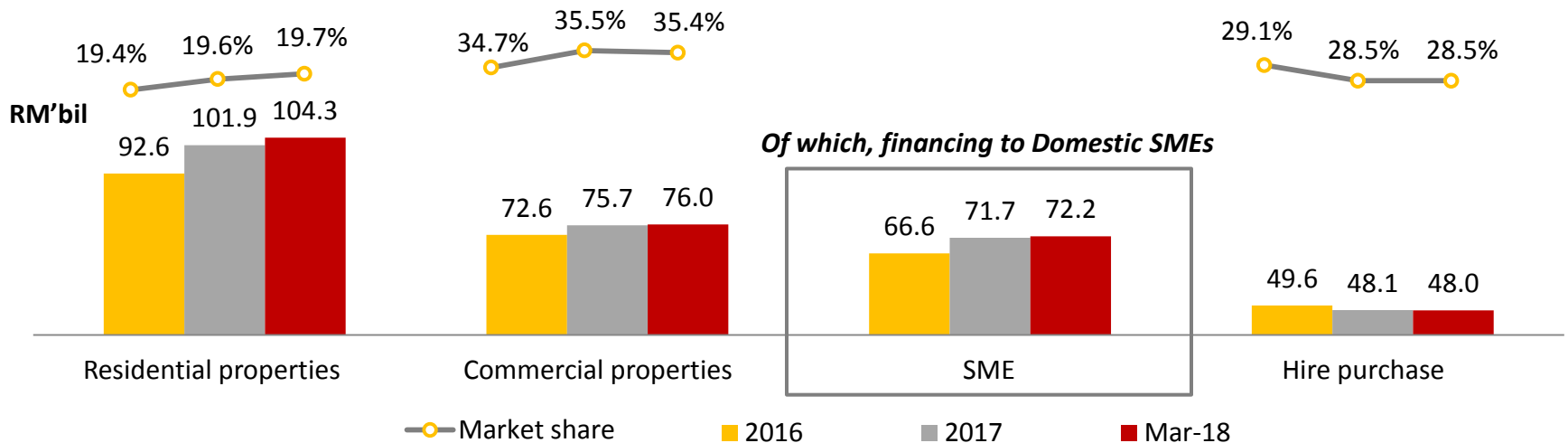


Gross Loan by Segment



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

Gross Loan in Domestic Operations



Sustaining Strong Asset Quality



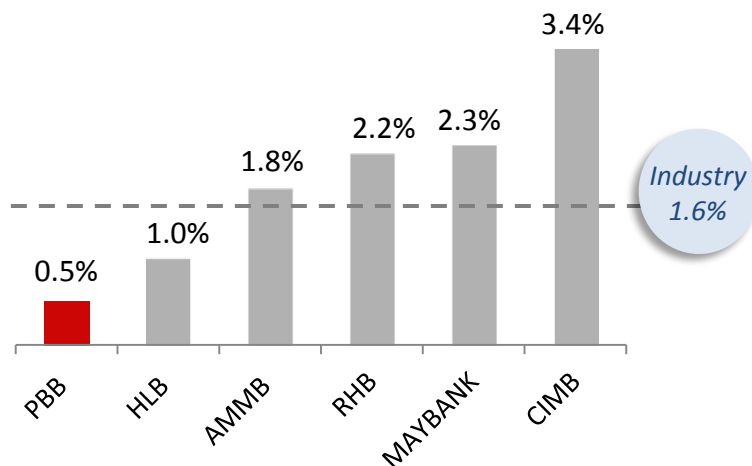
- Focus on lower risk customer segments
 - Traditional urban/ suburban mortgages
 - Passenger vehicle hire purchase
 - Middle market business enterprises
- Sound credit appraisal and approval process
- Strong credit risk culture
- Proactive loan restructuring and rescheduling



Upholding Strong Asset Quality

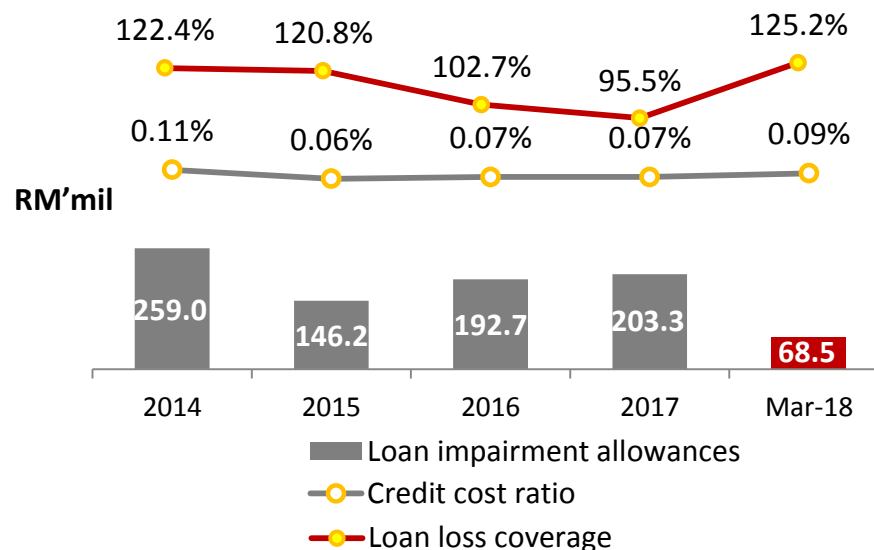


Market leader GIL Ratio among peers

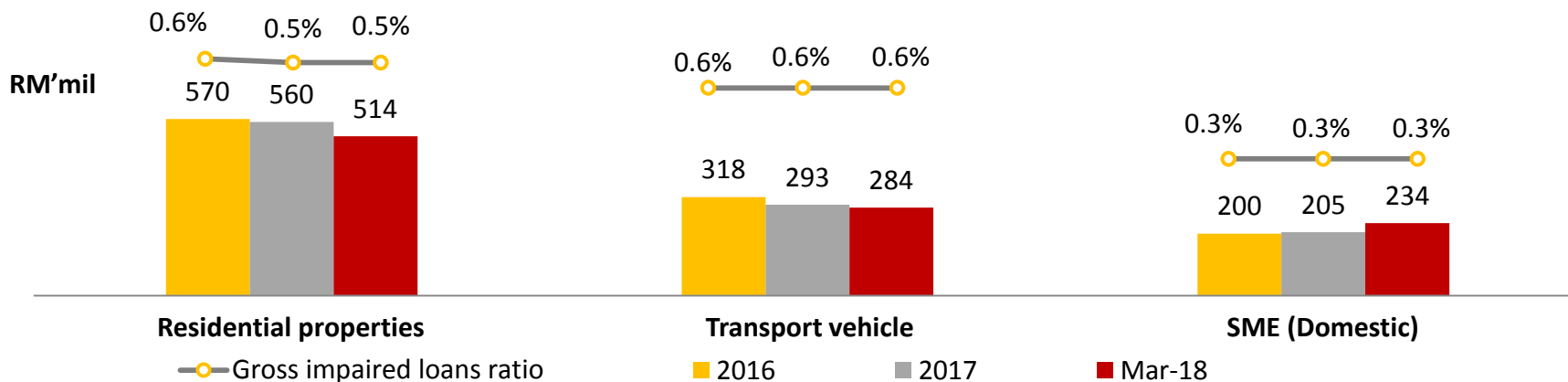


Note: Gross impaired loans ratio (GIL) as extracted above are as at December 2017 position except for PBB

Loan Impairment Allowances (including CA)



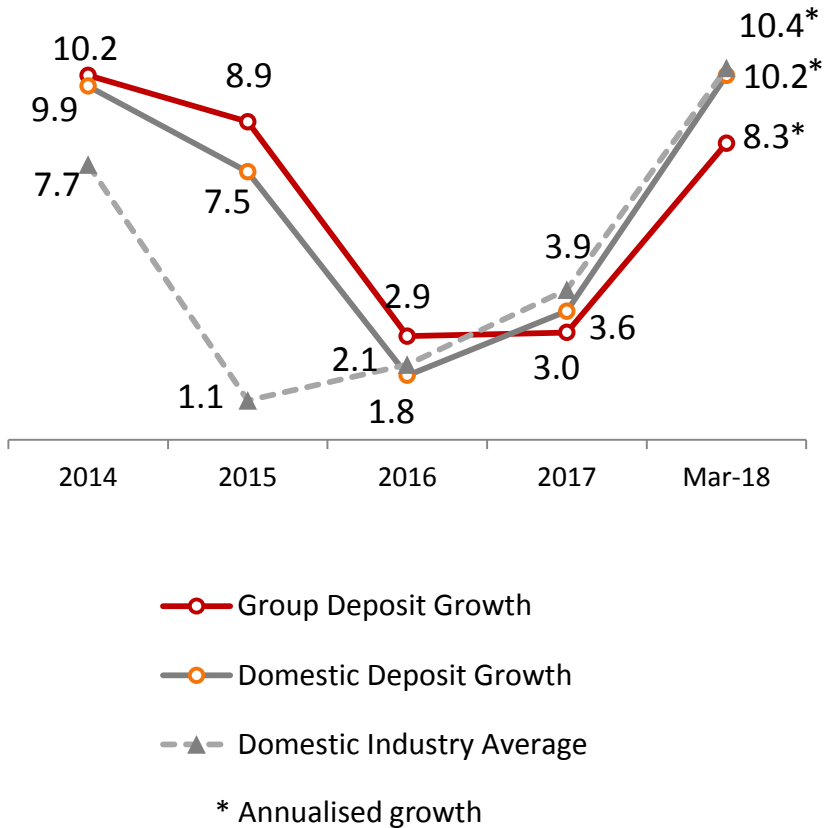
Gross impaired loans of which:



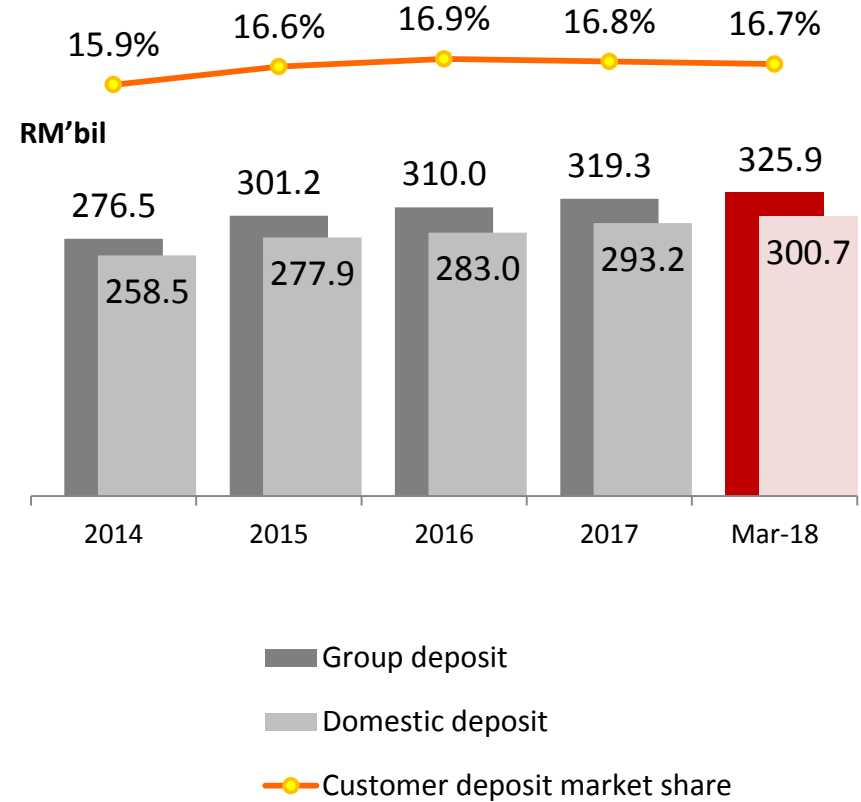
Above Industry Deposit Growth in Support of Liquidity



Deposit Growth vs Industry (%)



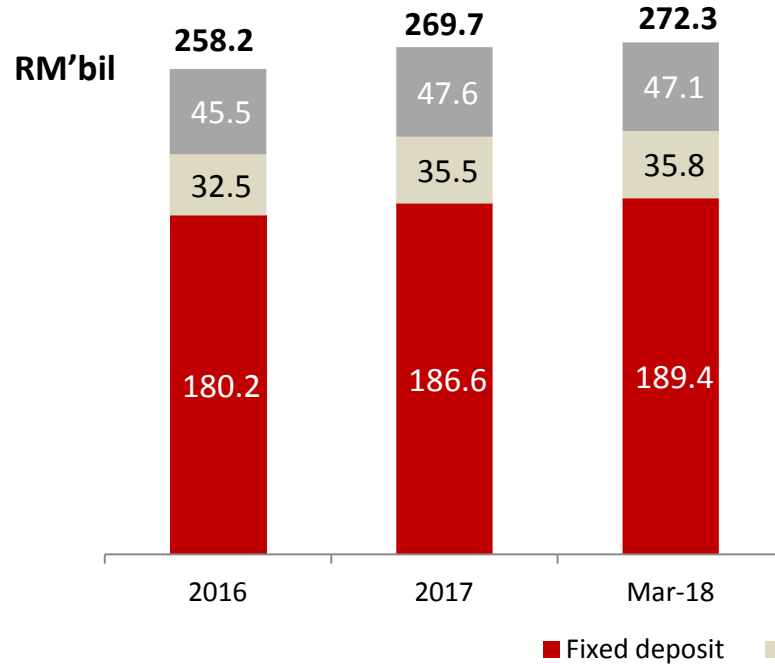
Deposit – Outstanding Balance and Market Share



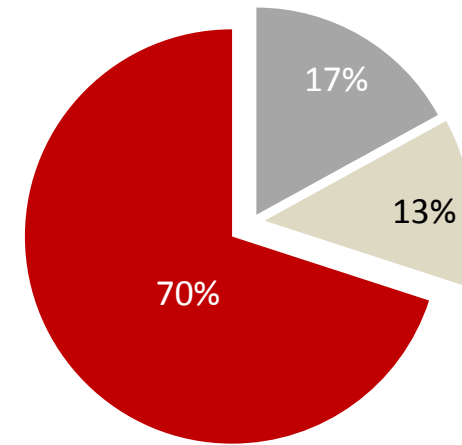
Healthy Core Deposit Growth



Source of Core Deposit



Core Deposit Contribution

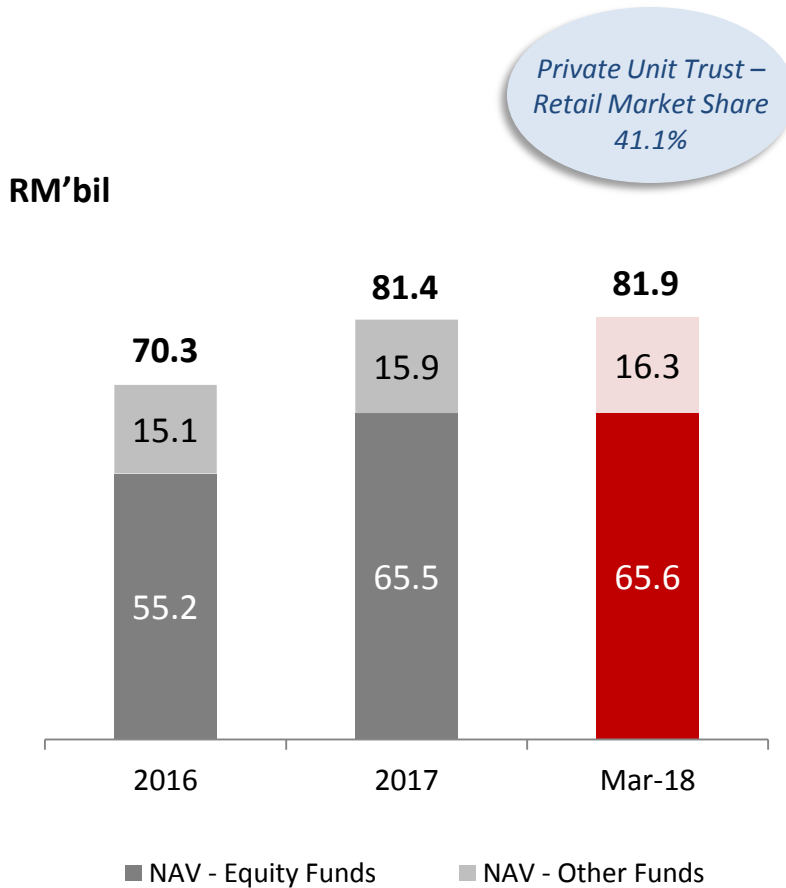


Core Deposit Growth in Domestic Operations

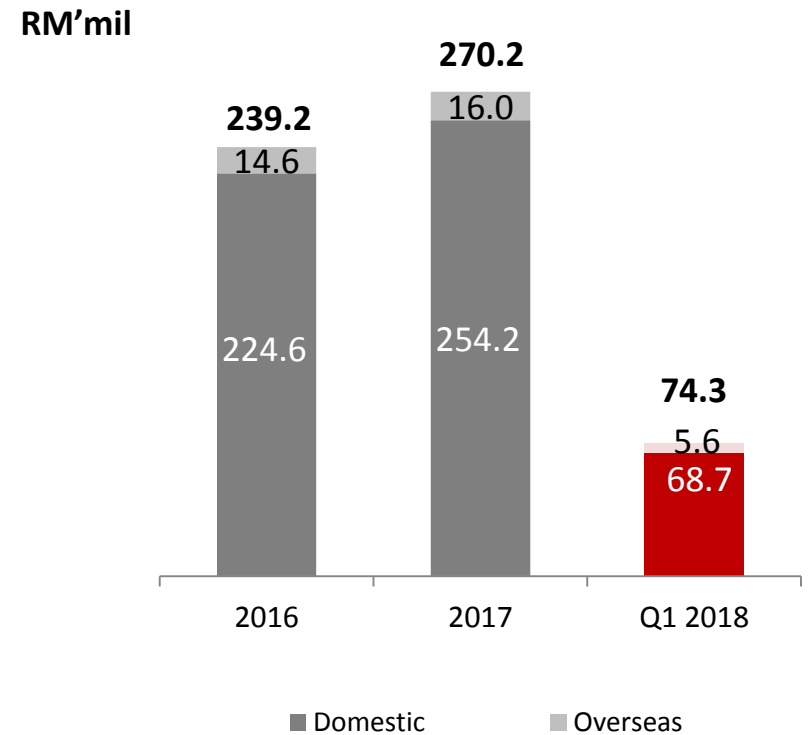
	Demand deposit			Savings deposit			Fixed deposit	
	PBB	Industry		PBB	Industry		PBB	Industry
2016	3.6%	4.1%	2016	7.9%	7.0%	2016	3.7%	2.8%
2017	3.7%	12.2%	2017	5.9%	3.7%	2017	5.7%	6.3%
Jan-Mar 18	-1.9%	-2.5%	Jan-Mar 18	2.6%	3.2%	Jan-Mar 18	2.0%	3.6%



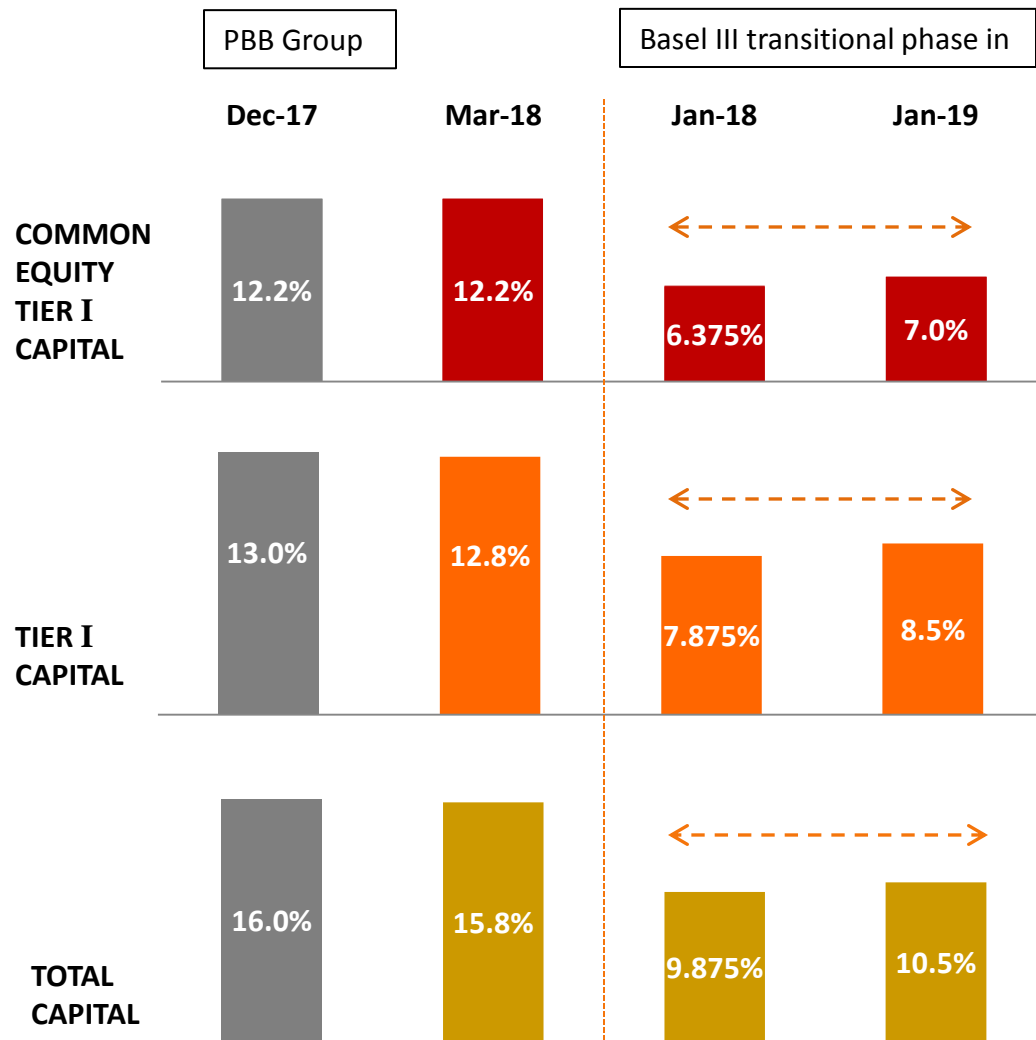
Net Asset Value of Funds Under Management



Bancassurance Business – Annualised New Premium



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



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

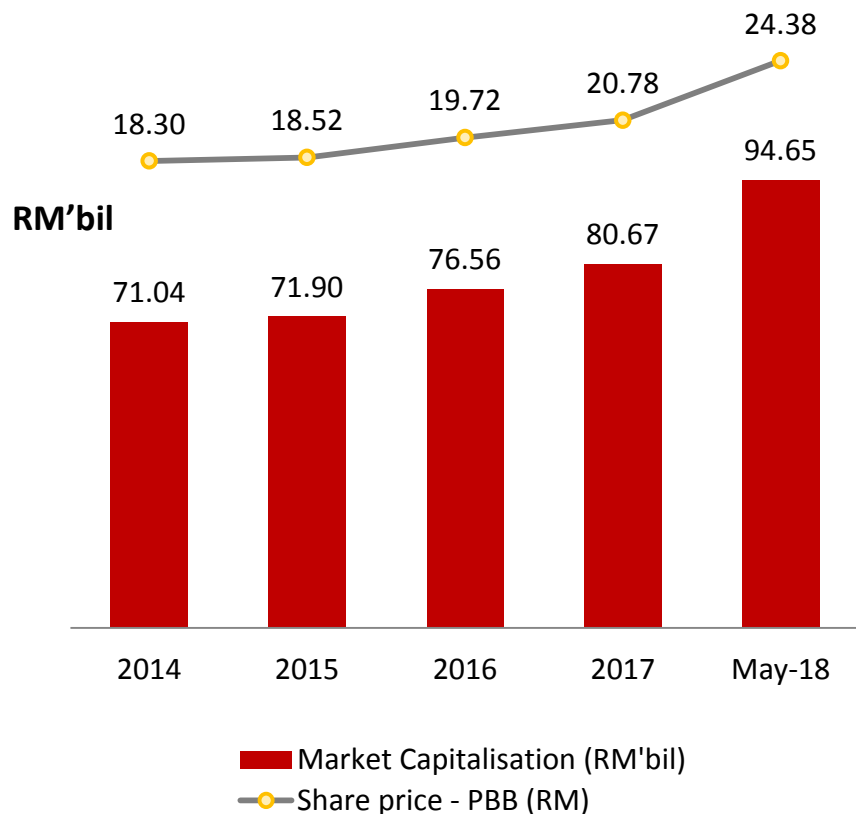
Key Performance Benchmarks		
	2018 Targets	Mar-18 Achievement
Net Return on Equity	14% to 15%	15.2%
Total Capital Ratio	>13%	15.8%
Gross Impaired Loan Ratio	<1%	0.5%
Cost to Income Ratio	33% to 34%	32.6%
Loan Growth – Group	5%	3.0%*
– Domestic		5.0%*
Deposit Growth – Group	5%	8.3%*
– Domestic		10.2%*

* Annualised growth

Share Price & Market Capitalisation



Share Price & Market Capitalisation



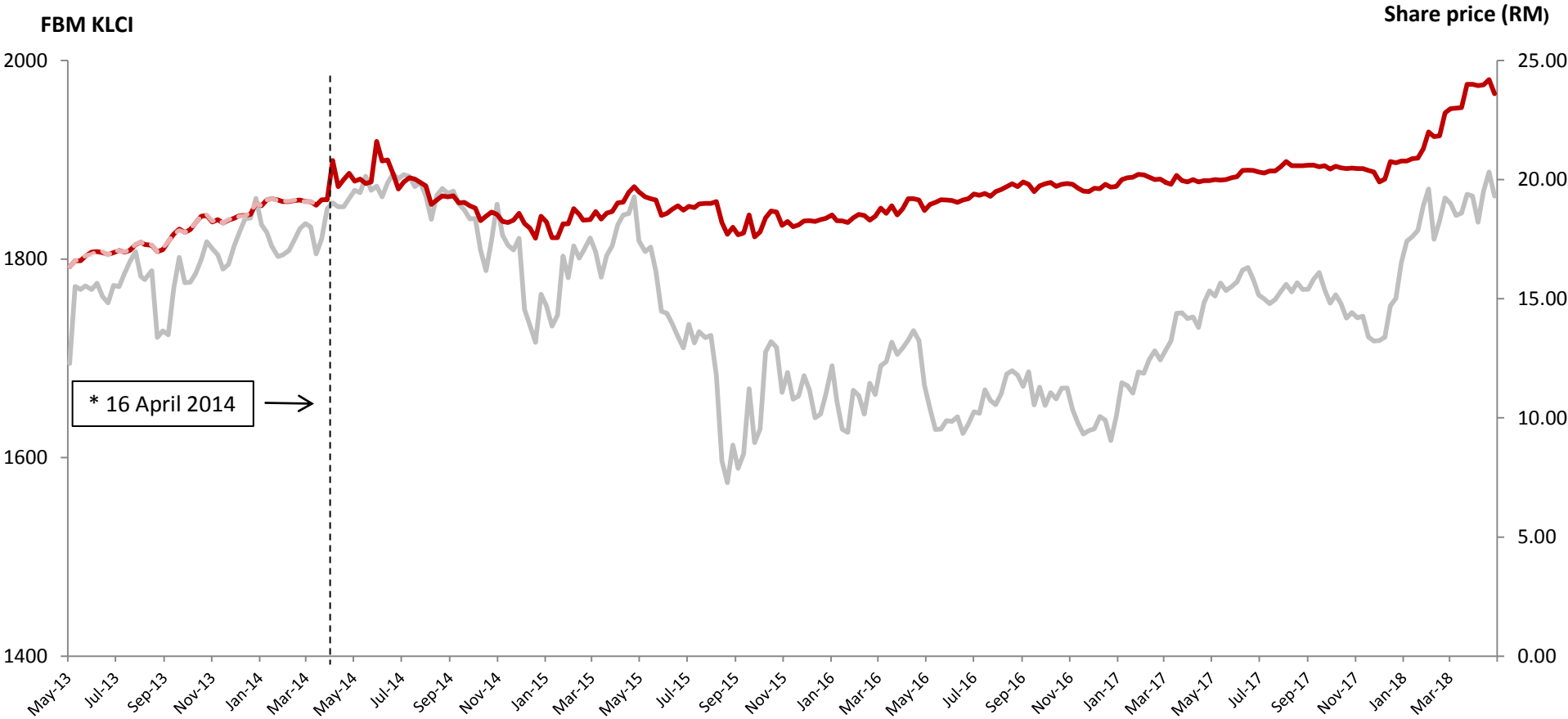
18 May 2018	Market Capitalisation (RM'bil)
PBB	94.6
MBB	118.4
CIMB	63.7
HLB	41.1
RHB	21.8
AMMB	10.6

Share Price & Market Capitalisation



Resilient share price performance

— Kuala Lumpur Composite Index — Public Bank (Local) - - - Public Bank (Foreign)



* PBB Foreign shares and PBB Local shares merged under a single stock name of PBBANK on 16 April 2014



- 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 2013	+50.6%	+8.2%
Long term - since listing	1967	+1,746.4%	+18.9%

[^] Capital appreciation is calculated based on the PBB local share value at closing price as of 30/12/2017 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

	2013	2014	2015	2016	2017
Price to earnings multiple (times)	16.7	14.8	14.1	14.6	14.7
Price to book multiple (times)	3.3	2.5	2.3	2.2	2.1



- ❖ 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
- ❖ Valuable PB Brand and retail franchise
- ❖ Proactive capital management
- ❖ Large market capitalisation
 - High liquidity and high free-float
- ❖ Proven management record in execution
- ❖ Strong working commitment and excellent career environment



	RM'mil	2014	2015	2016	2017	Mar-18
Profitability	Operating profit	6,067	6,631	6,745	7,319	1,859
	Profit before tax	5,814	6,491	6,554	7,118	1,794
	Net profit	4,519	5,062	5,207	5,470	1,405
Shareholder Value	Earnings per share (sen)	123.7	131.1	134.8	141.7	36.4
	Net assets per share (RM)	7.26	8.09	8.86	9.68	9.74
	Dividend per share (sen)	54.0	56.0	58.0	61.0	N/A
	Dividend payout ratio (%)	46.1	42.7	43.0	43.1	N/A
Key Balance Sheet Data	Total assets	345,722	363,758	380,053	395,276	398,204
	Gross loan	245,044	273,447	293,959	304,453	306,773
	Domestic loan	228,338	251,802	269,915	282,326	285,825
	Deposit from customers	276,540	301,157	309,974	319,259	325,891
	Domestic deposit	258,472	277,942	282,967	293,178	300,677
	Core customer deposit	216,707	245,171	258,155	269,723	272,288
	Shareholders' equity	28,025	31,231	34,213	37,365	37,615
	Common equity Tier I capital ^π	23,578	26,093	28,620	31,521	31,757
	Tier I capital ^π	26,745	28,882	30,771	33,528	33,371
	Total capital ^π	34,636	36,975	38,970	41,134	41,131
Risk-weighted assets	218,712	239,703	251,662	257,352	259,890	

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

Appendix (cont'd)



	%	2014	2015	2016	2017	Mar-18	Industry
Profitability Ratios	Net interest margin on yielding assets	2.24	2.16	2.20	2.28	2.33	N/A
	Net return on equity ⁺	19.9	17.8	16.5	15.8	15.2	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	32.6	44.8
	Non interest income/Total income	22.0	24.5	21.0	21.7	21.6	33.2
Liquidity	Gross loan to fund ratio [~]	84.4	86.8	90.8	90.0	89.0	82.4 [^]
	Gross loan to fund and equity ratio [~]	76.7	78.7	81.8	80.7	79.9	72.0 [#]
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	125.2	93.9
Capital Adequacy	Common equity Tier I capital ratio ^π	10.8	10.9	11.4	12.2	12.2	13.2
	Tier I capital ratio ^π	12.2	12.0	12.2	13.0	12.8	14.0
	Total capital ratio ^π	15.8	15.4	15.5	16.0	15.8	17.5
Market Share	<u>Domestic market share</u>						
	Commercial property financing	33.5	33.8	34.7	35.5	35.4	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	28.5	N/A
	Domestic loans	17.1	17.4	17.7	17.8	17.8	N/A
	Domestic deposits	15.9	16.6	16.9	16.8	16.7	N/A
Delivery Channel	No. of branches	415	417	419	422	424	N/A
	No. of self service terminals (domestic)	1,801	2,023	2,059	2,107	2,114	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



Head Office

Menara Public Bank
146, Jalan Ampang
50450 Kuala Lumpur
Malaysia

Tel: 603-2176 6000

Website: www.publicbankgroup.com



Investor Relations Contact

Ms Chang Siew Yen

Chief Operating Officer

+(603) 2176 7460

changsiweyen@publicbank.com.my

Ms Yik Sook Ling

Chief Financial Officer

+(603) 2177 3310

yiksookling@publicbank.com.my

Mr Ng Seiw Kuan

General Manager

Corporate Planning, Strategy and Economics

+(603) 2177 3170

ngseiwkuan@publicbank.com.my

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