



Investor Presentation

UBS Malaysia Corporate Day 2019

Singapore

12-13 March 2019





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 52 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 265 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 77 branches in Hong Kong, 4 branches in the People's Republic of China, 31 branches in Cambodia, 18 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.

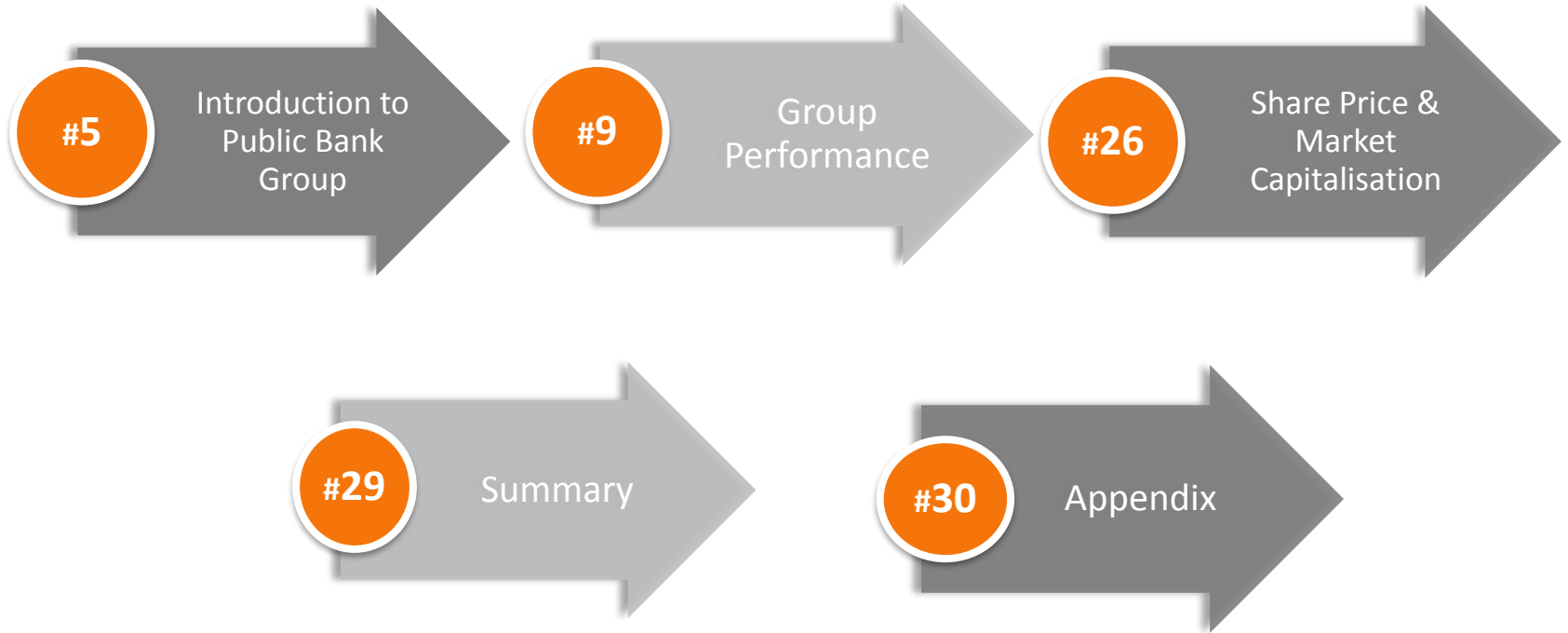
- **Standard & Poor's**
A– long-term rating
A-2 short-term counterparty credit rating with stable outlook
- **Moody's**
Long-term deposits rating of A3
Short-term deposits rating of P-2 with stable outlook
- **Rating Agency Malaysia**
Long-term rating of AAA, the highest rating accorded by Rating Agency 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 52 years of journey. In 2018, Public Bank was named as The Strongest Bank by Balance Sheet in Malaysia 2018 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.

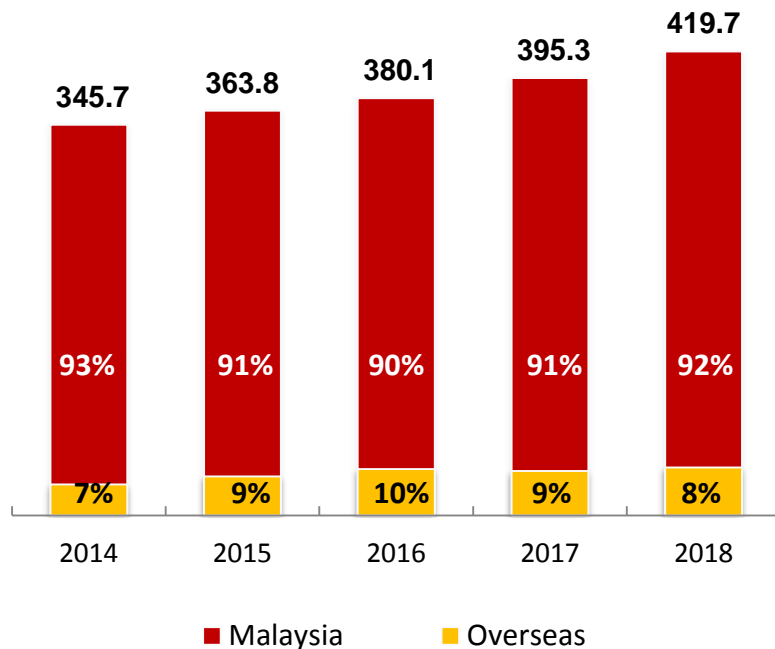


Introduction to Public Bank Group

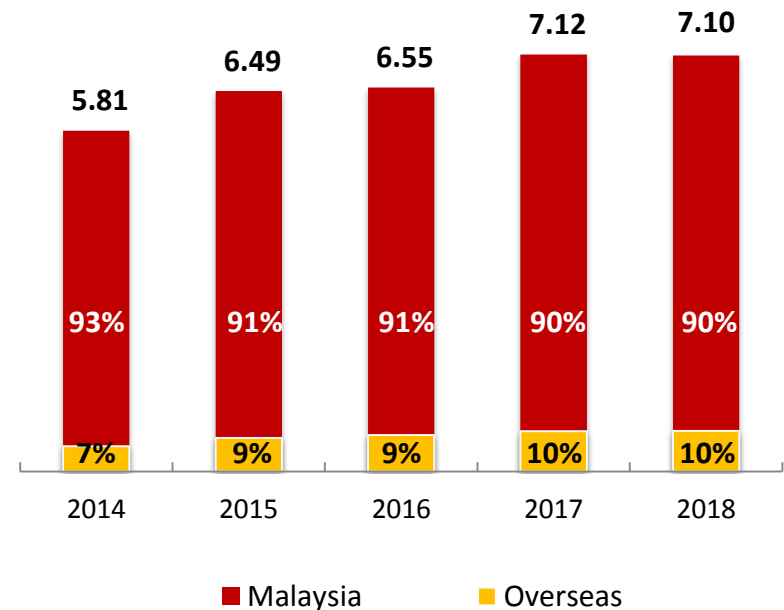


- Commenced operations in 1966 with one branch
- Listed in April 1967 on Bursa Malaysia Securities Berhad (*then known as Kuala Lumpur Stock Exchange*)
- A retail bank with domestic operations contributing over 90% of the Group's assets and profits

Total Assets
RM'bil



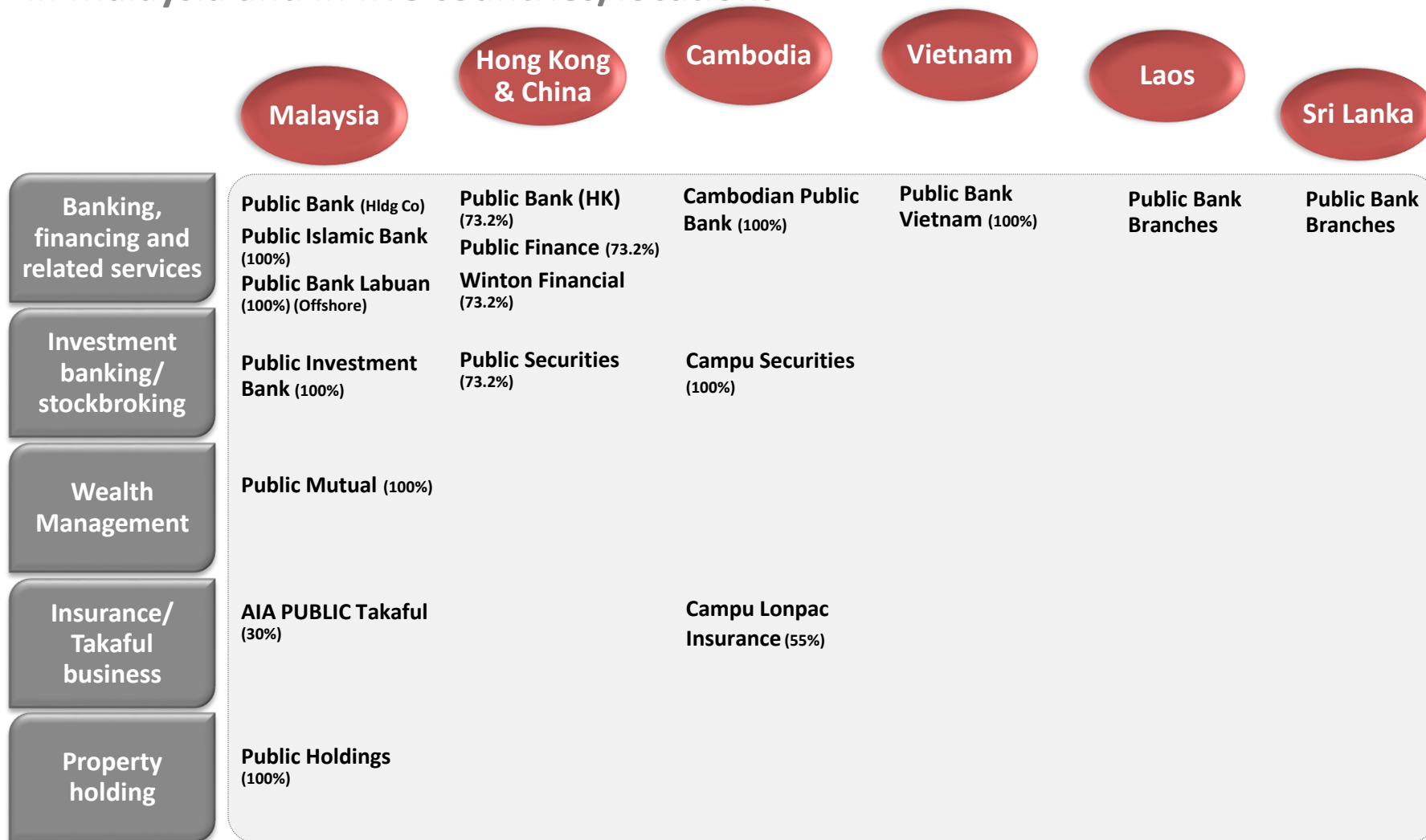
Pre-tax Profit
RM'bil



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



Expansion in Business Delivery Channel



| | 2018 | 2017 | 2010 |
|---|------------|------------|------------|
| Malaysian Operations | | | |
| Public Bank - Domestic | 263 | 257 | 249 |
| - Overseas | 7 | 7 | 4 |
| Public Islamic Bank | 2 | 2 | 1 |
| Public Mutual | 29 | 29 | 26 |
| Public Investment Bank | 1 | 1 | 1 |
| Hong Kong & China Operations | | | |
| Public Finance | 42 | 42 | 42 |
| Public Bank (HK) - Hong Kong | 32 | 32 | 30 |
| - China | 4 | 4 | 3 |
| Winton (B.V.I) Group | 3 | 5 | 9 |
| Indo-China Operations | | | |
| Cambodia Public Bank | 31 | 30 | 21 |
| Public Bank Vietnam | 18 | 13 | 7 |
| | 432 | 422 | 393 |
| Self Service Terminal - domestic | 2,132 | 2,107 | 1,362 |



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

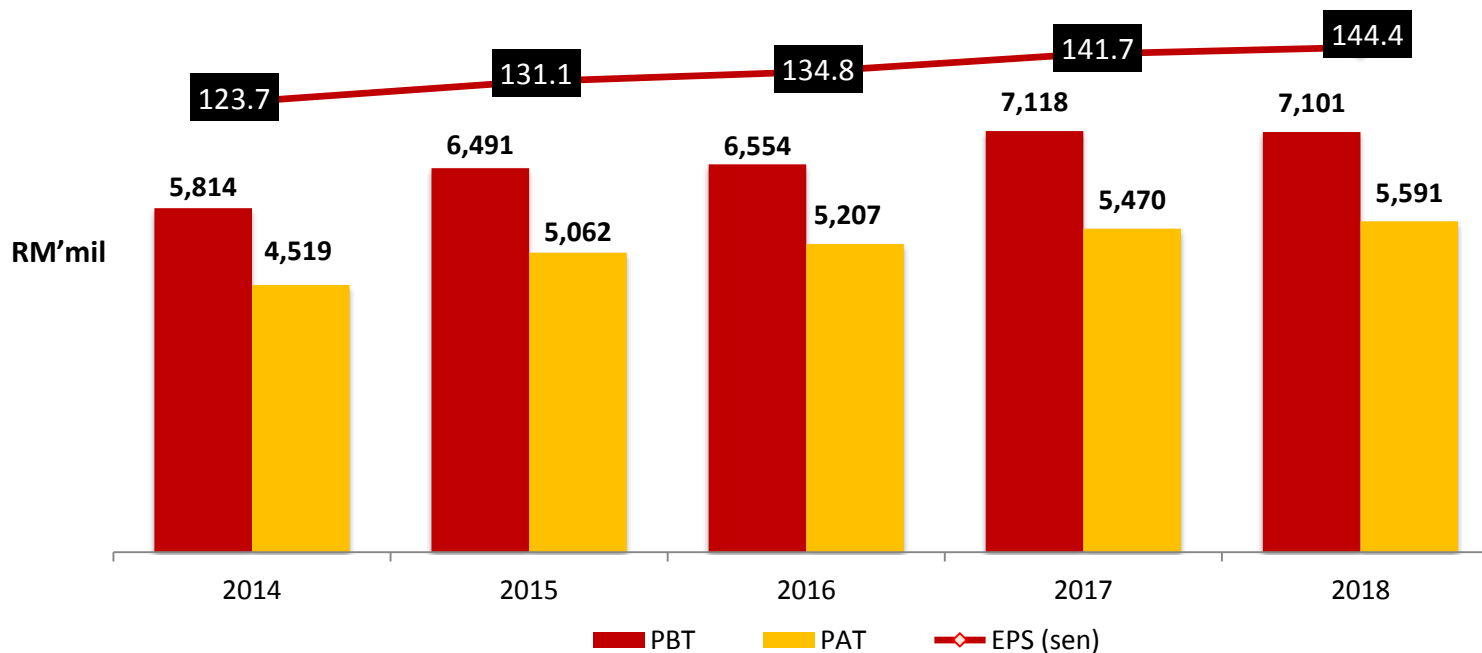
Harness information technology to support the Group's business needs and improve customer experience.

Unbroken Profit Track Record

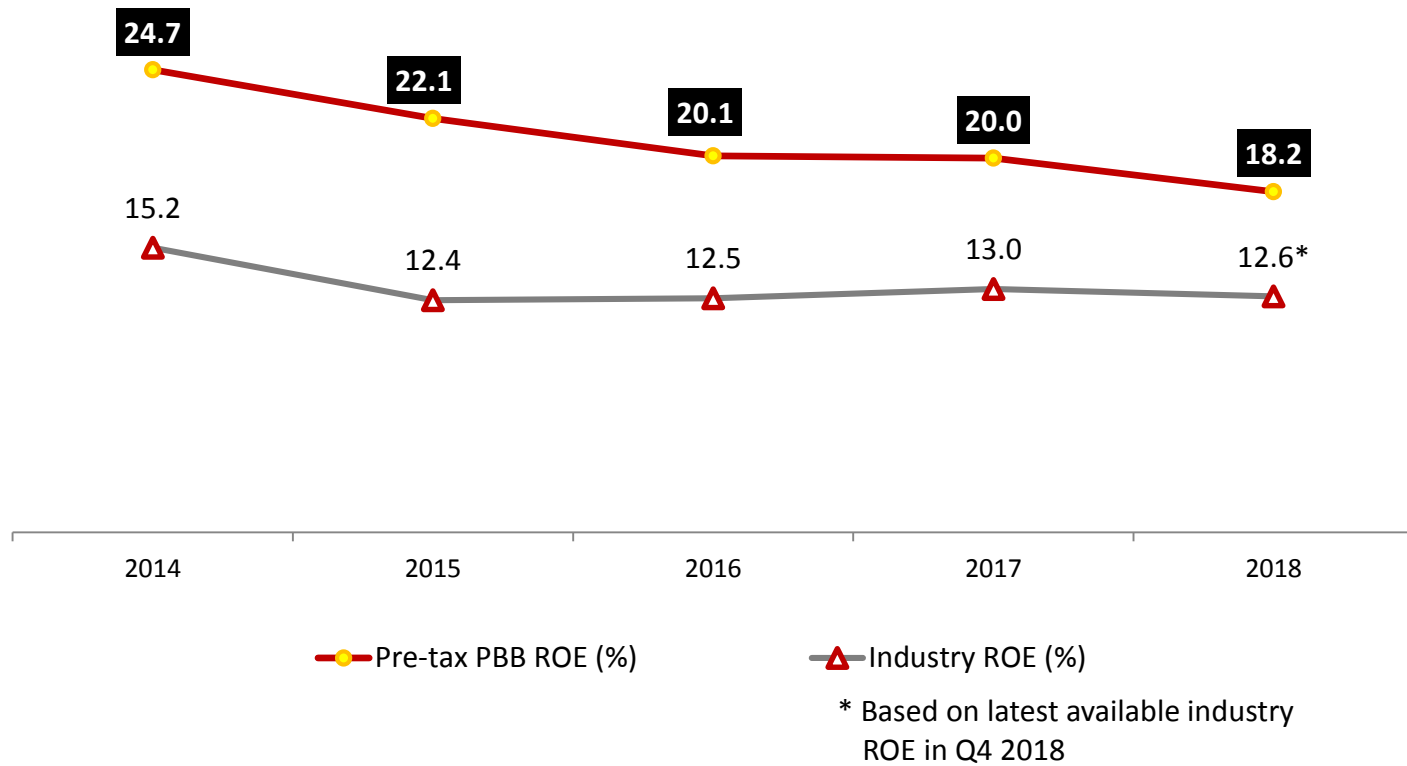


- 52 years of unbroken profitability

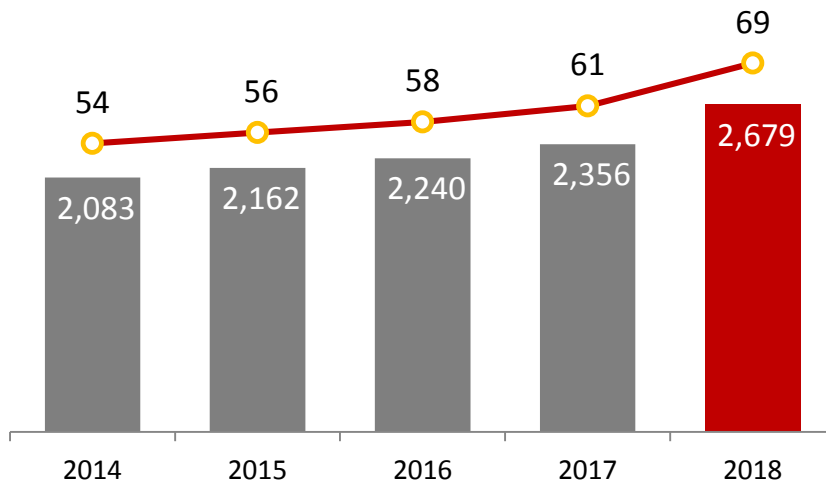
| | RM'mil | | | | | | y-o-y growth (%) | | | | |
|----------------|--------|-------|-------|-------|-------|-------|------------------|------|------|------|------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Pre-tax profit | 5,310 | 5,814 | 6,491 | 6,554 | 7,118 | 7,101 | 9.5 | 11.6 | 1.0 | 8.6 | -0.2 |
| Net profit | 4,065 | 4,519 | 5,062 | 5,207 | 5,470 | 5,591 | 11.2 | 12.0 | 2.9 | 5.1 | 2.2 |



Above-industry Return on Equity (ROE)



Strong Record of Growing Dividends



■ Total Dividends Paid/Declared (RM'mil)

● Gross Dividends Per Share (sen)

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



Income Statement

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

Balance Sheet

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

Financial Indicators (%)

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

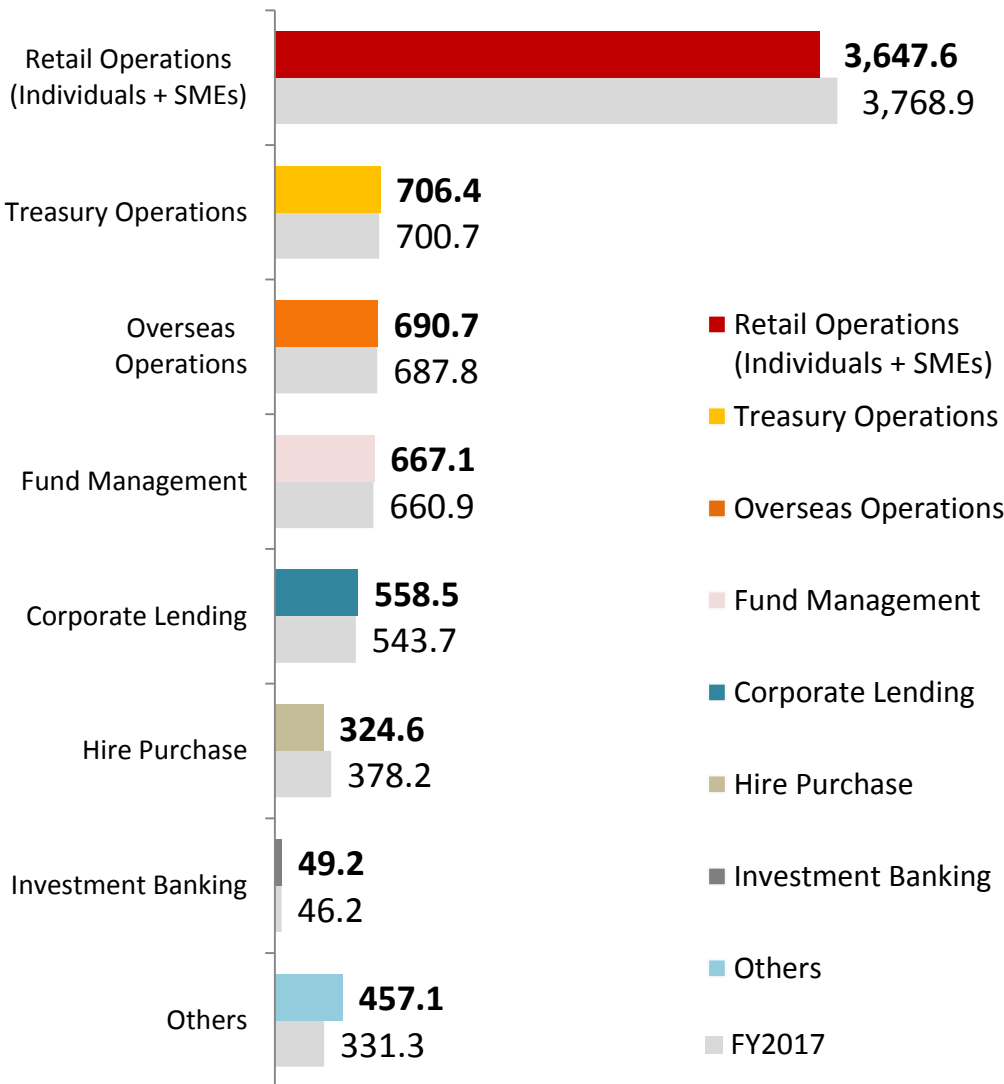
^π After deducting interim dividends declared subsequent to end of year

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

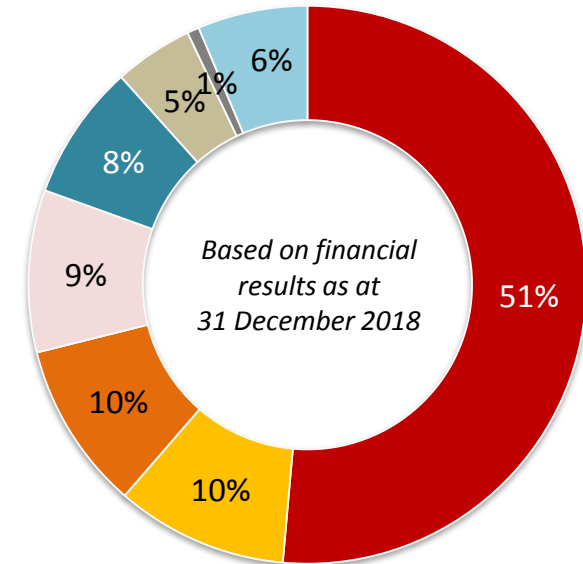
Segmental Profit – Retail Centric



FY2018 vs FY2017 PBT (RM'mil)

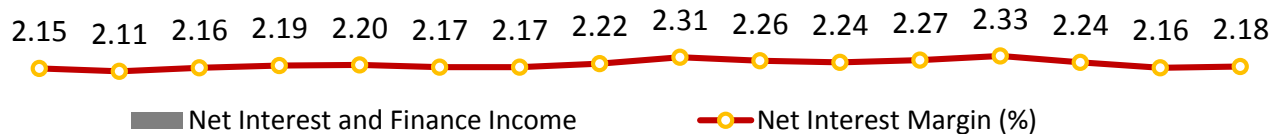


Profit Contribution

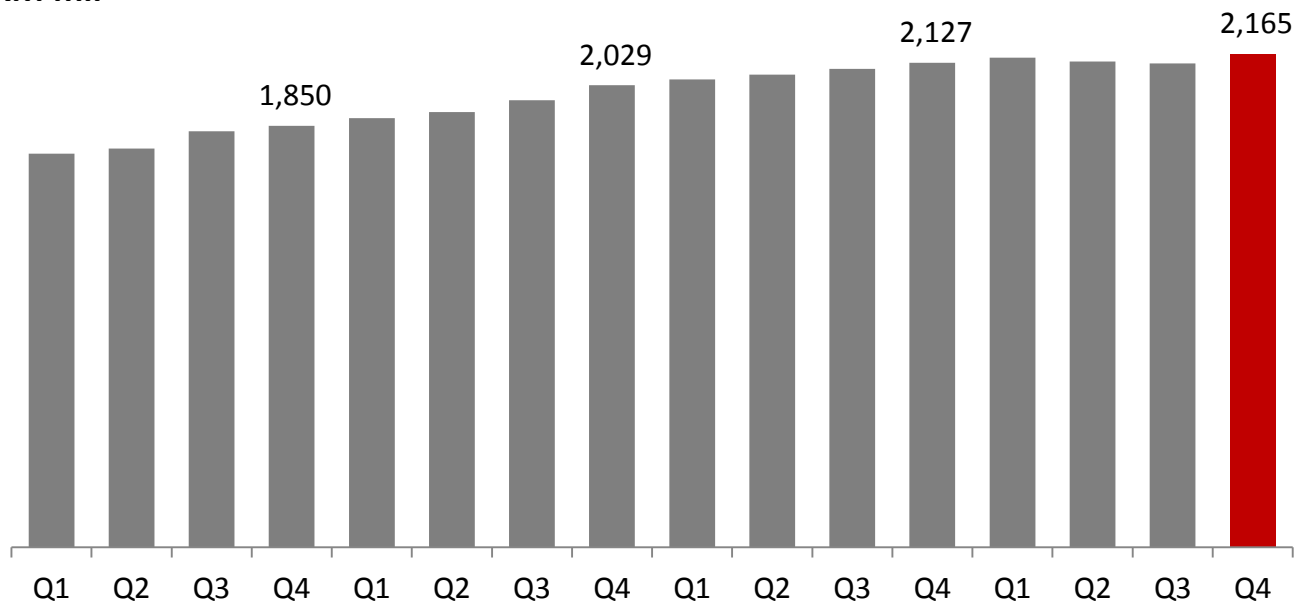


Note: Others comprise mainly of domestic main office, other miscellaneous domestic segment and domestic share of profit after tax of equity accounted associated companies

Net Interest Margin



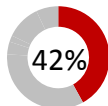
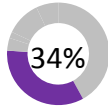
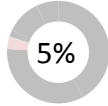
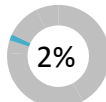
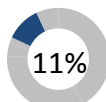
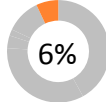
RM'mil



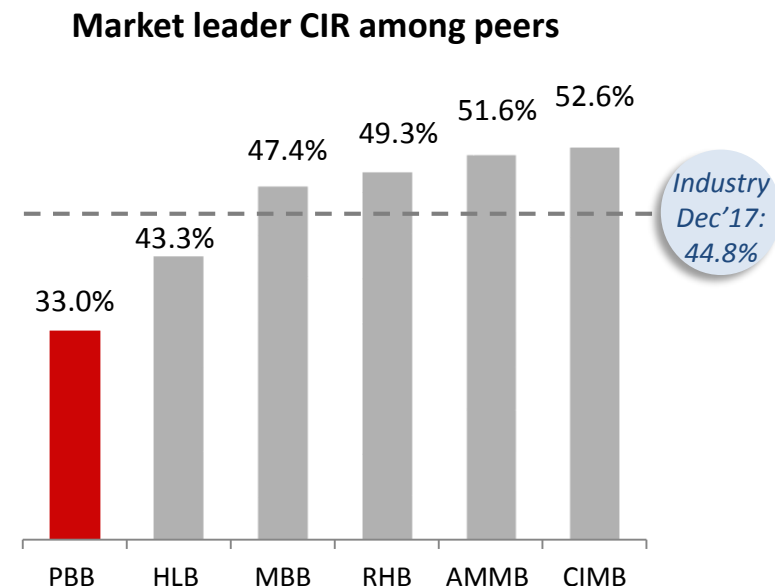
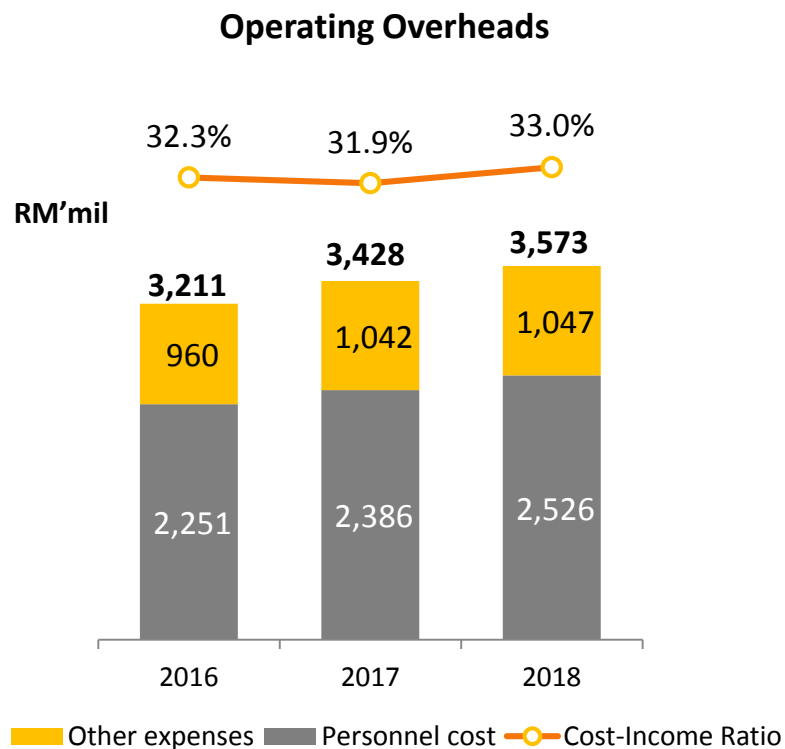
| (%) | 2015 | 2016 | 2017 | 2018 |
|----------------|------|------|------|------|
| Yearly Average | 2.16 | 2.20 | 2.28 | 2.22 |

Non-Interest Income



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

Efficient Operating Overheads & Lowest CIR



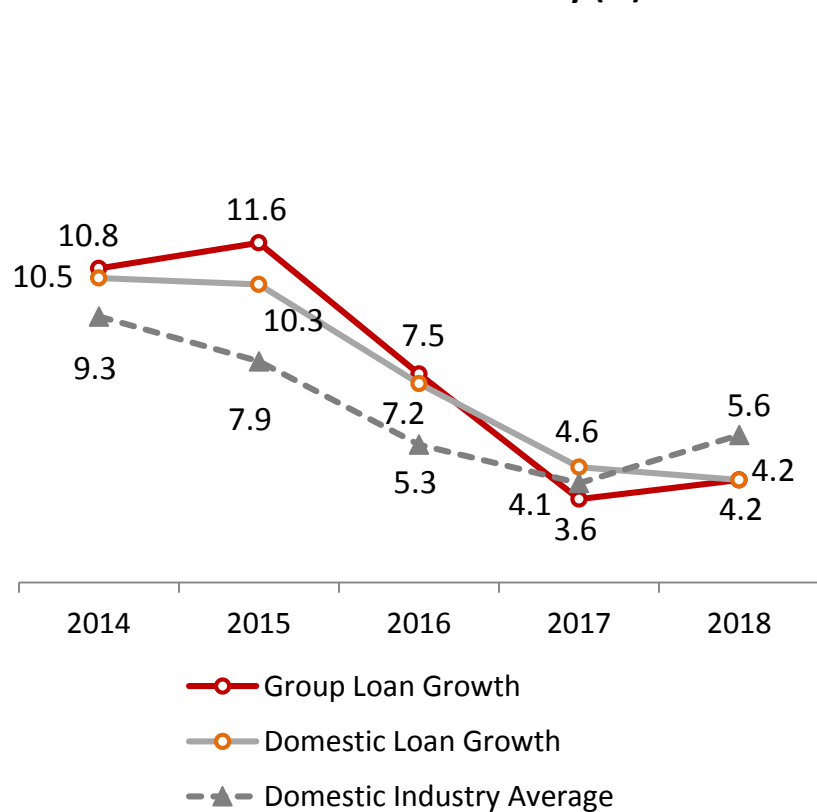
Note: Cost to income ratio (CIR) as at December 2018.

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

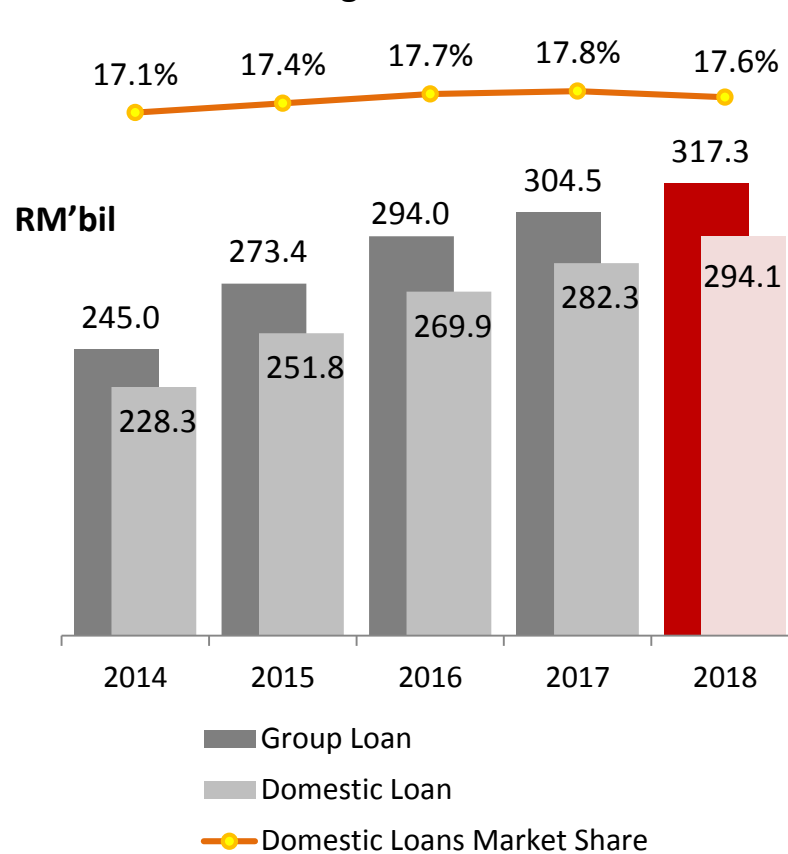
Steady Loan Growth



Loan Growth vs Industry (%)



Loan – Outstanding Balance and Market Share

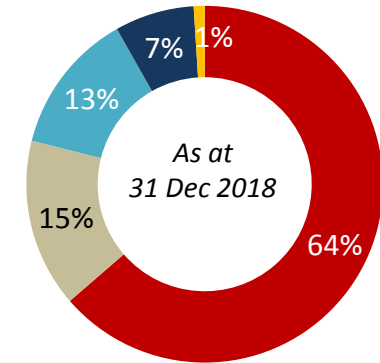
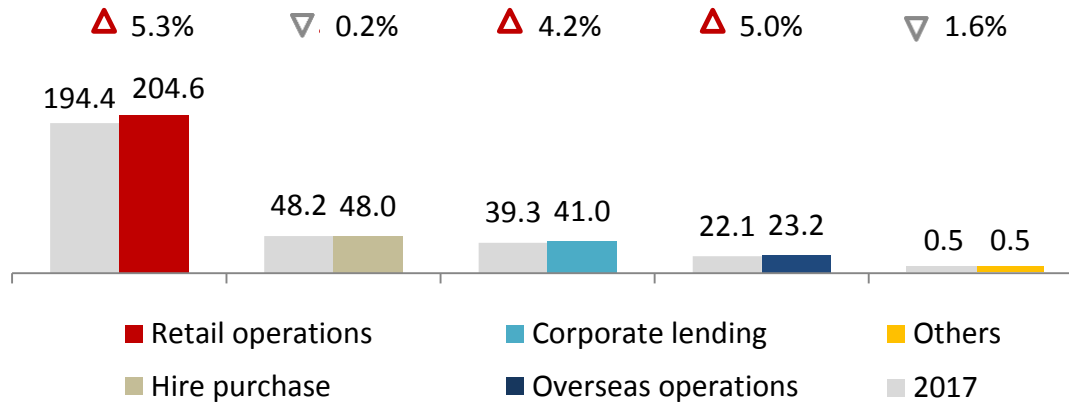


Healthy Gross Loan Growth

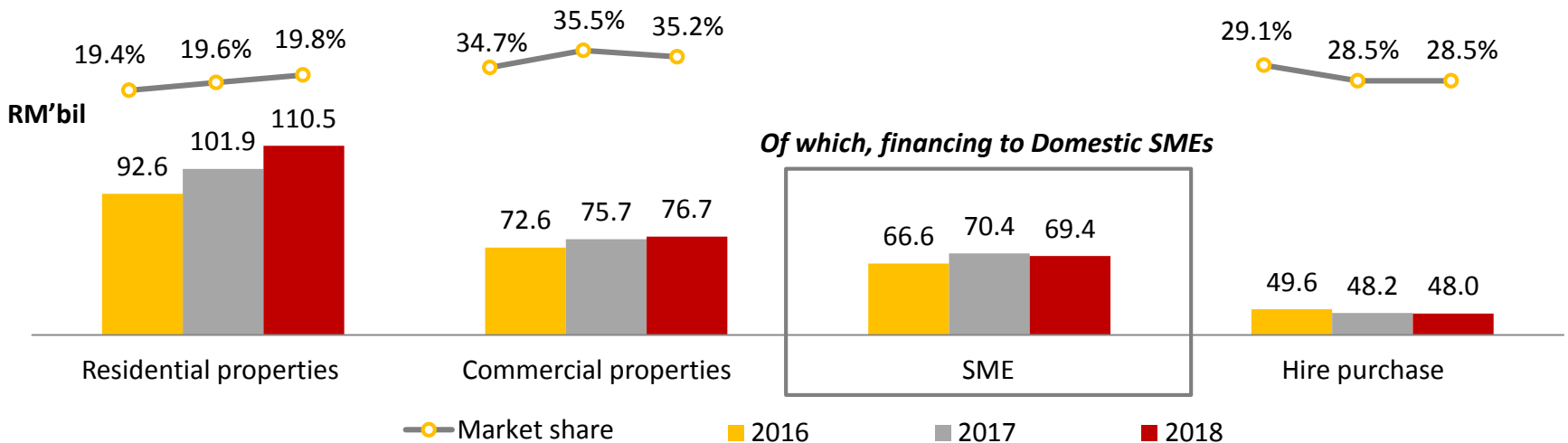


Gross Loan by Segment

RM'bil



Gross Loan in Domestic Operations



Sustaining Strong Asset Quality



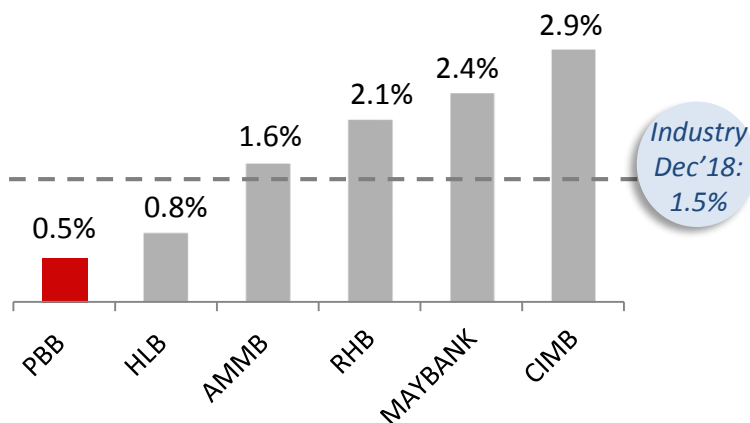
- Focus on lower risk customer segments
 - Traditional urban/ suburban mortgages
 - Passenger vehicle hire purchase
 - Middle market business enterprises
- Sound credit appraisal and approval process
- Strong credit risk culture
- Proactive loan restructuring and rescheduling



Upholding Strong Asset Quality

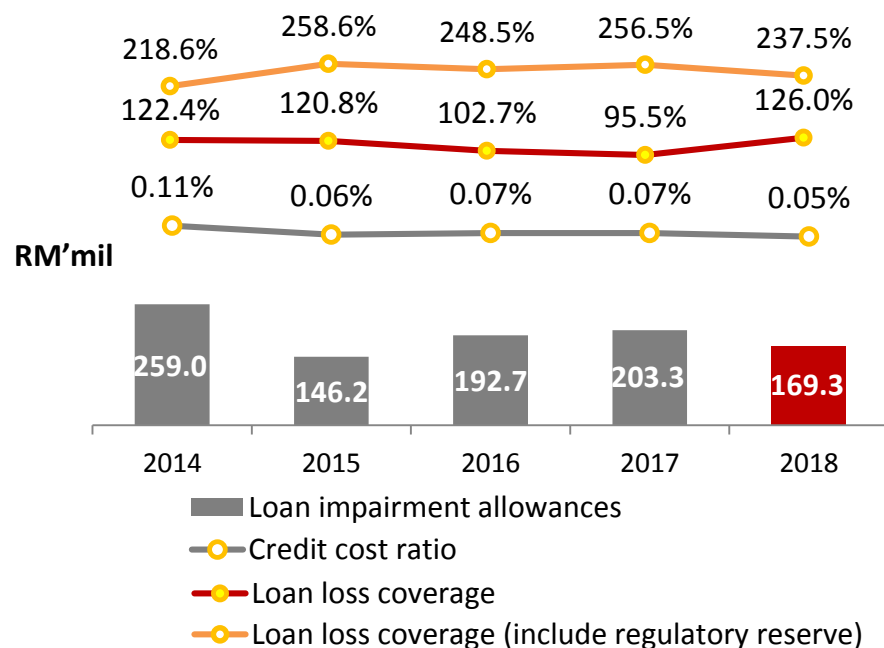


Market leader GIL Ratio among peers

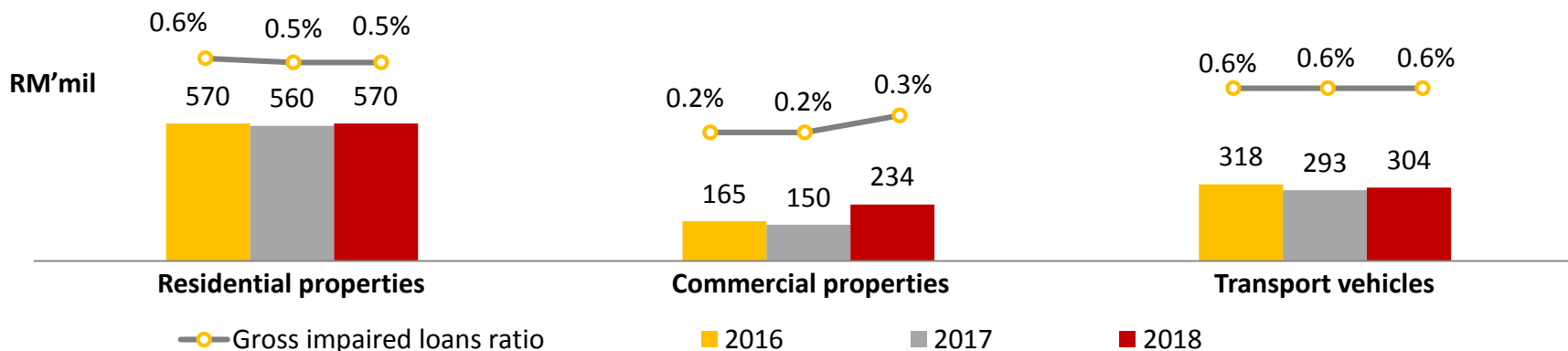


Note: Gross impaired loans ratio (GIL) as at December 2018.

Loan Impairment Allowances



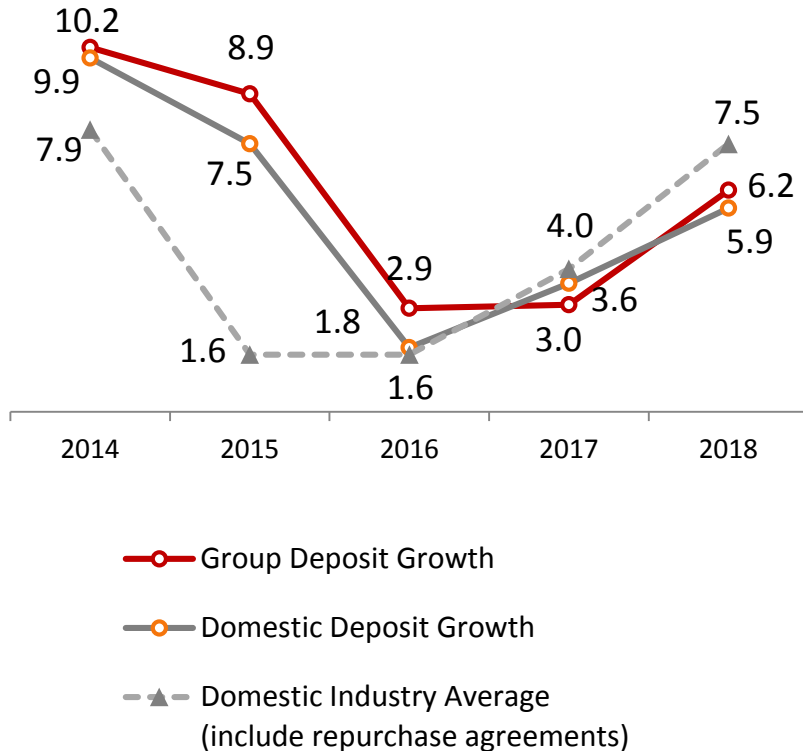
Gross impaired loans of which:



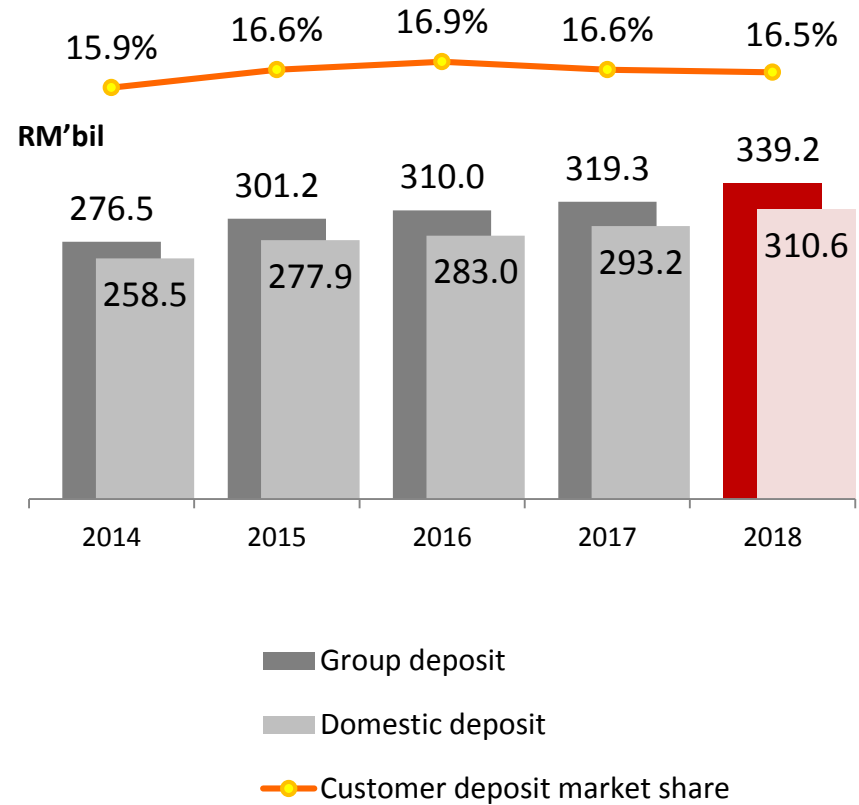
Healthy Deposit Growth in Support of Liquidity



Deposit Growth vs Industry (%)



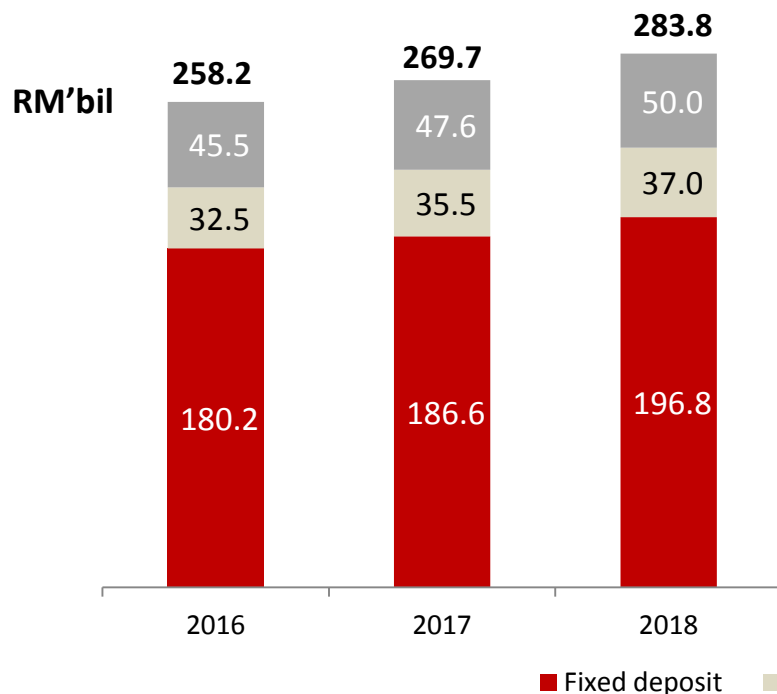
Deposit – Outstanding Balance and Market Share



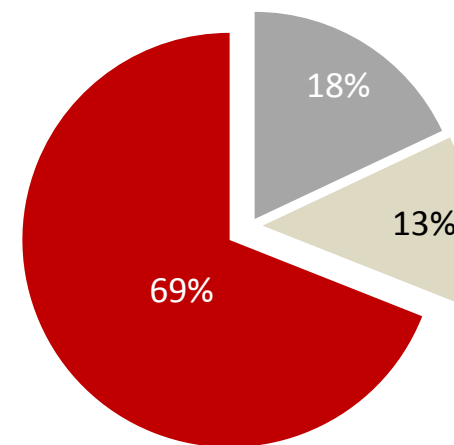
Healthy Core Deposit Growth



Source of Core Deposit



Core Deposit Contribution



Core Deposit Growth in Domestic Operations

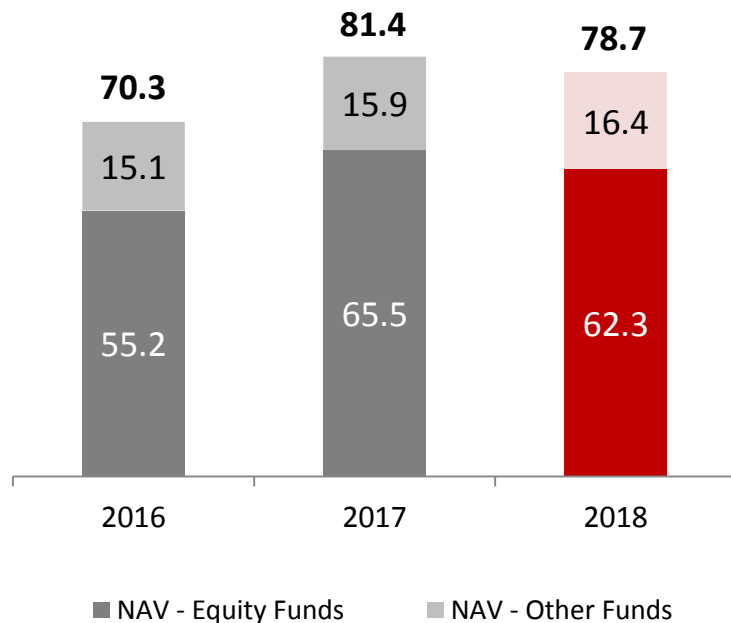
| | Demand deposit | Industry | | Savings deposit | Industry | | Fixed deposit | Industry |
|-------------|----------------|----------|-------------|-----------------|----------|-------------|---------------|----------|
| 2016 | 3.6% | 4.1% | 2016 | 7.9% | 7.0% | 2016 | 3.7% | 2.8% |
| 2017 | 3.7% |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



Net Asset Value of Funds Under Management

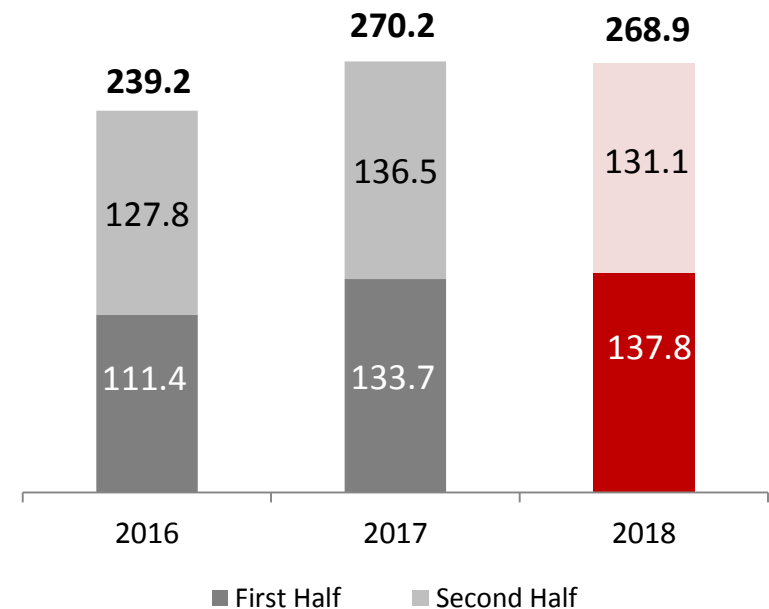
RM'bil

*Private Unit Trust –
Retail Market Share
37.2%*

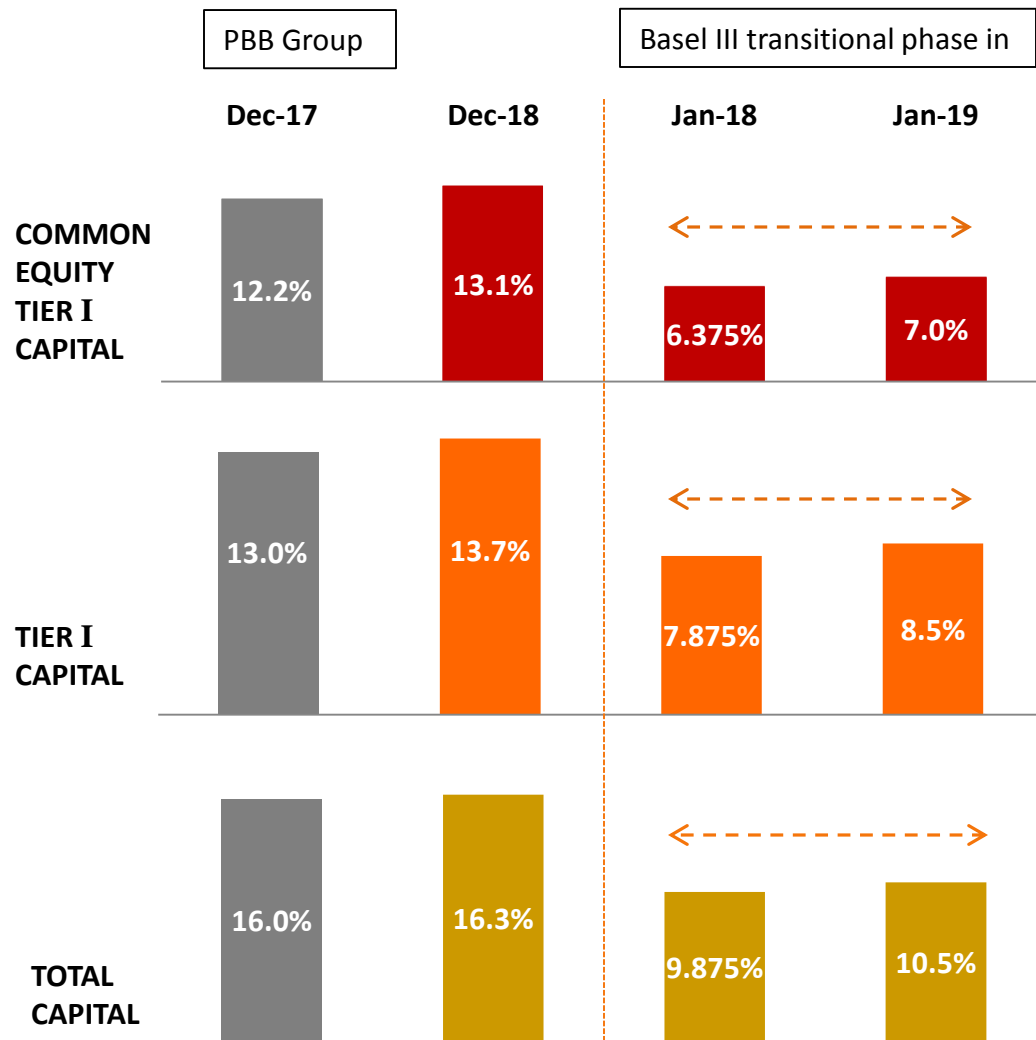


Bancassurance Business – Annualised New Premium

RM'mil



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

Targets & Achievements



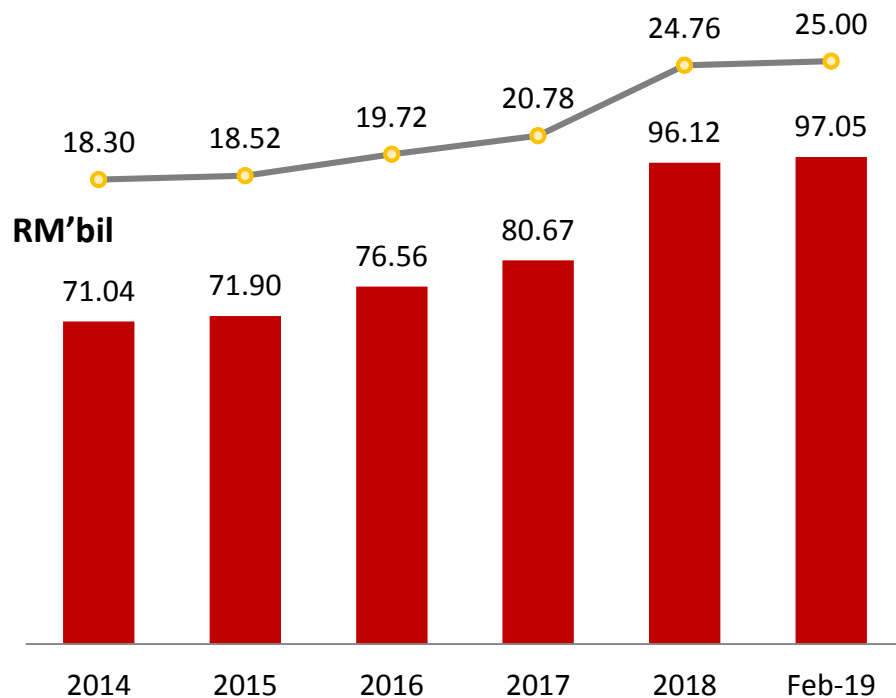
The Public Bank Group's achievement vs key performance targets are as follows:

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

Share Price & Market Capitalisation



Share Price & Market Capitalisation



■ Market Capitalisation (RM'bil)
—●— Share price - PBB (RM)

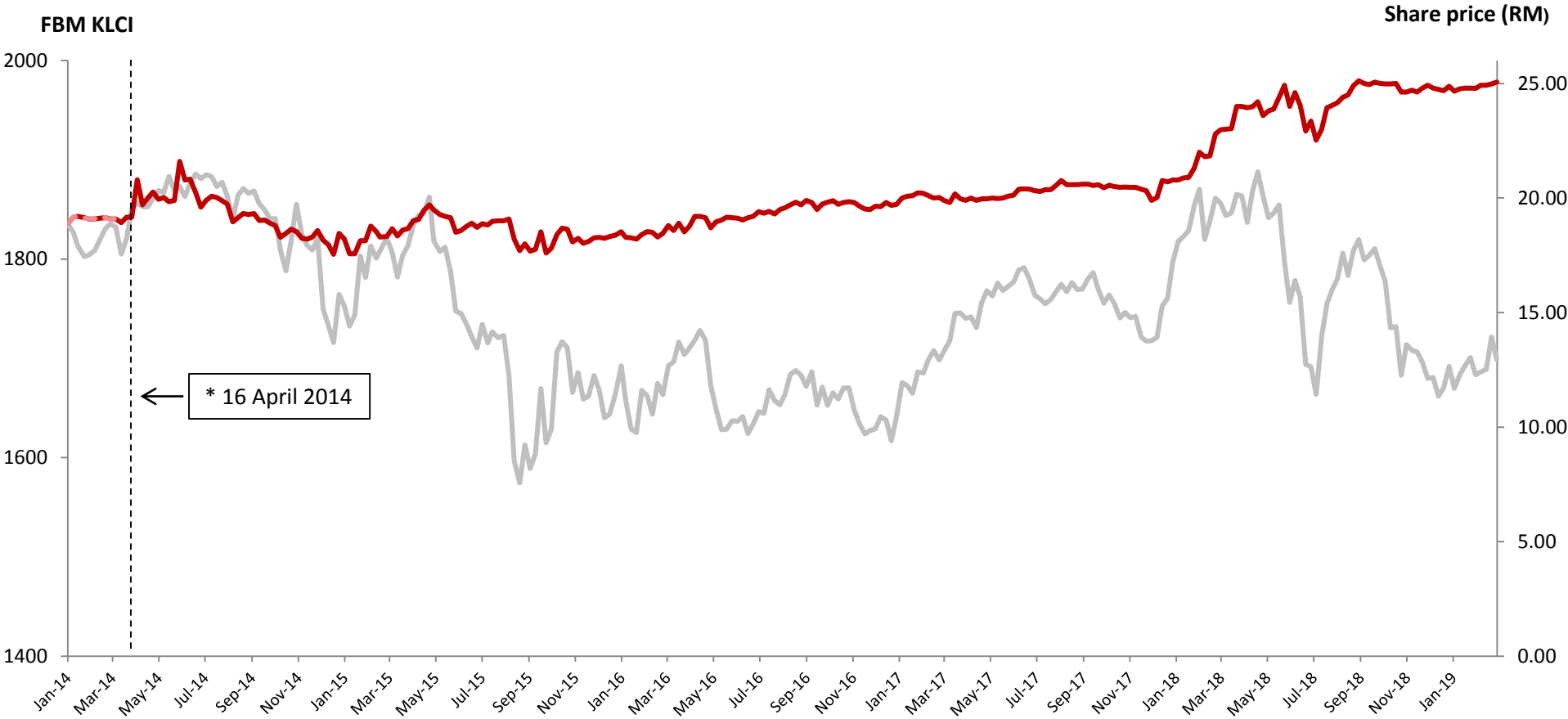
| 28 February 2019 | Market Capitalisation (RM'bil) |
|------------------|--------------------------------|
| PBB | 97.1 |
| MBB | 105.3 |
| CIMB | 56.0 |
| HLB | 46.1 |
| RHB | 22.7 |
| AMMB | 13.5 |

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 2014 | +50.2% | 8.2% |
| Long term - since listing | 1967 | +2,041.6% | 19.0% |

[^] Capital appreciation is calculated based on the PBB local share value at closing price as of 31/12/2018 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

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|------------------------------------|------|------|------|------|------|
| Price to earnings multiple (times) | 14.8 | 14.1 | 14.6 | 14.7 | 17.2 |
| Price to book multiple (times) | 2.5 | 2.3 | 2.2 | 2.1 | 2.3 |



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

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

Appendix (cont'd)



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

⁺ Based on average equity adjusted with proposed dividend, if any

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

[^] Loans exclude loans extended to banking institutions

[#] Equity comprises ordinary and preferred shares and retained earnings

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



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