



SINCE
1966

STILL
SURGING
AHEAD



PUBLIC BANK
PUBLIC BANK

Investor Presentation
dbAccess Asia Conference 2016
Singapore
23-27 May 2016



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- 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



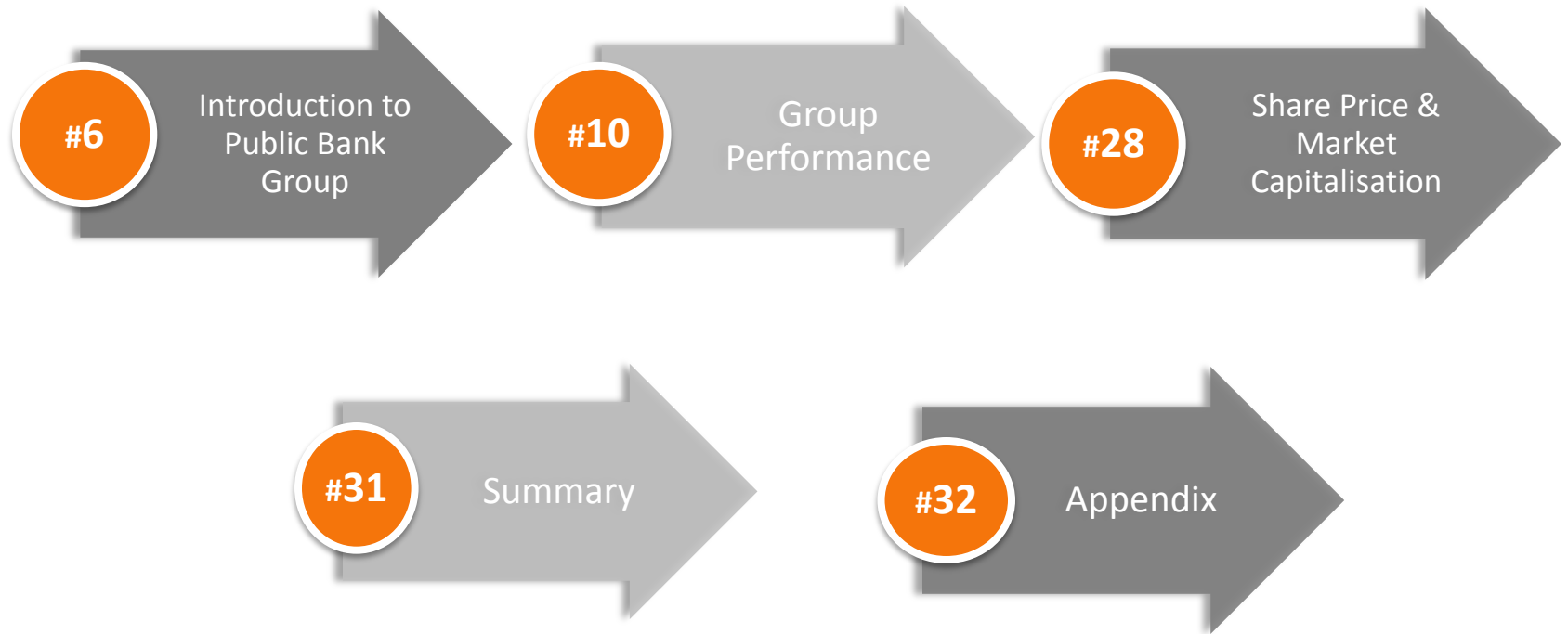
Sustainable Organic Growth Momentum

The Public Bank Group's prudent management with integrity over the years has placed the Group on a solid footing to ride through challenges. In 2016, the Group will sharpen its focus in the pursuit of stable and sustainable growth in the core banking and retail business. In growing its lending business, the Group will further tap on its strength in providing financing to individuals and small and medium enterprises for the purchase of residential properties, commercial properties and passenger vehicles. To strengthen its revenue base, the non-interest income segment such as the unit trust business, bancassurance, foreign exchange related transactions and transactional banking services will remain a key focus in the Group's strategic plan. On liability management, the Group will step up efforts to compete for customer deposits to maintain its stable funding profile.

The Public Bank Group is mindful of the rising trend of electronic banking, and will continue to extend its digital initiatives to facilitate banking convenience for customers. Having the infrastructure in place, the Group will take a more proactive role to raise customers' awareness of the benefits and convenience of electronic payments. At the same time, security of electronic banking will remain a top concern to provide confidence in the use of electronic payment. The Group will also continue to maintain its superior standard of customer service and face-to-face customer experience. With the Group's wide branch strategic network, and a strong sales and marketing force, the Group stands in good stead to sustain its market share in the competitive landscape.

Prudent cost management, strict and prudent credit policies, strong corporate governance, and sound risk management practices will remain crucial elements of the Public Bank Group's strategic business plan. Being mindful of the interests of other stakeholders in the environment in which its business is operating, the Group will continue to undertake corporate social responsibility initiatives for the nation, community, customers and employees.

Tan Sri Dato' Sri Dr. Teh Hong Piow
Chairman

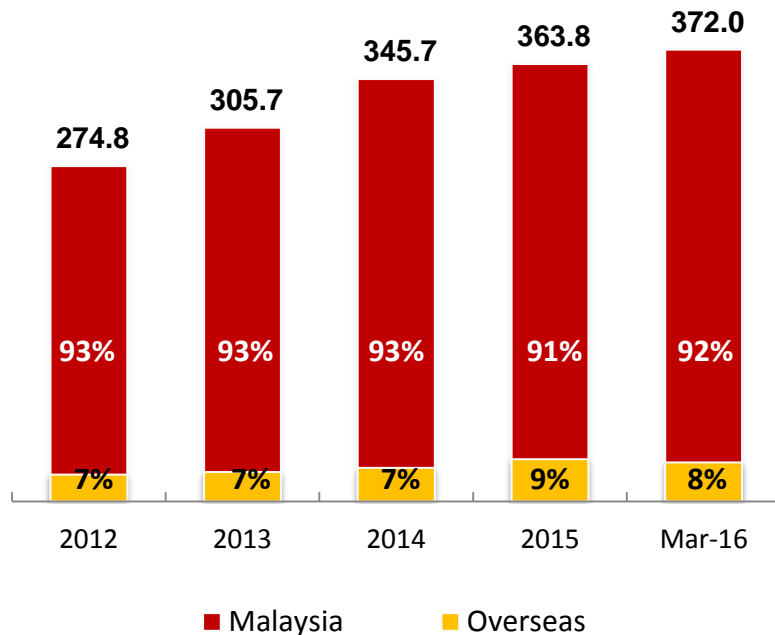


Introduction to Public Bank Group

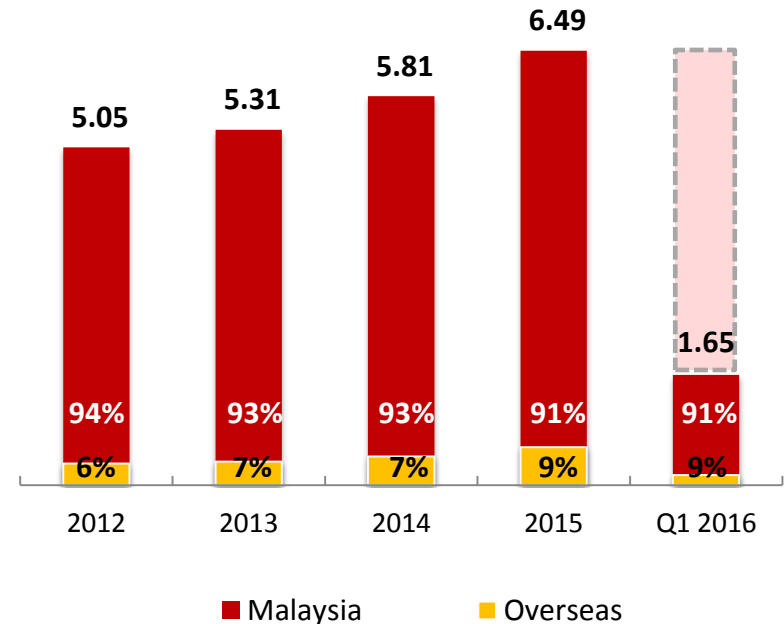


- Commenced operations in 1966 with one branch
- Listed in April 1967 on Bursa Malaysia Securities Berhad (*then known as Kuala Lumpur Stock Exchange*)
- Geographical Contribution

Total Assets
RM'bil



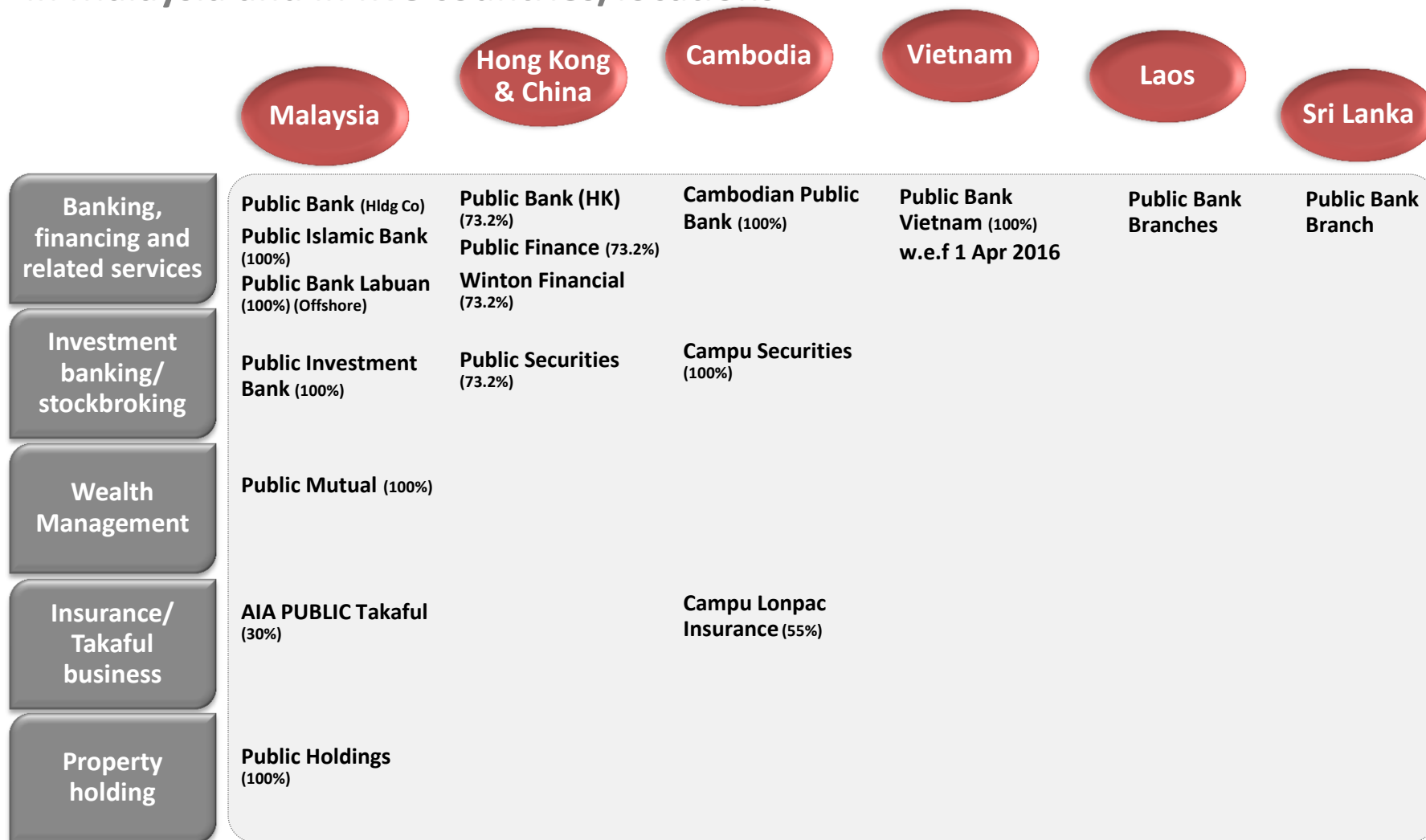
Pre-tax Profit
RM'bil



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



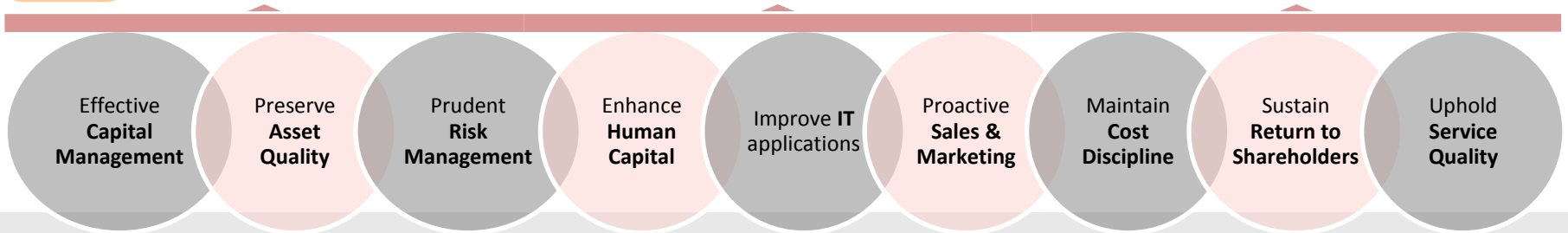
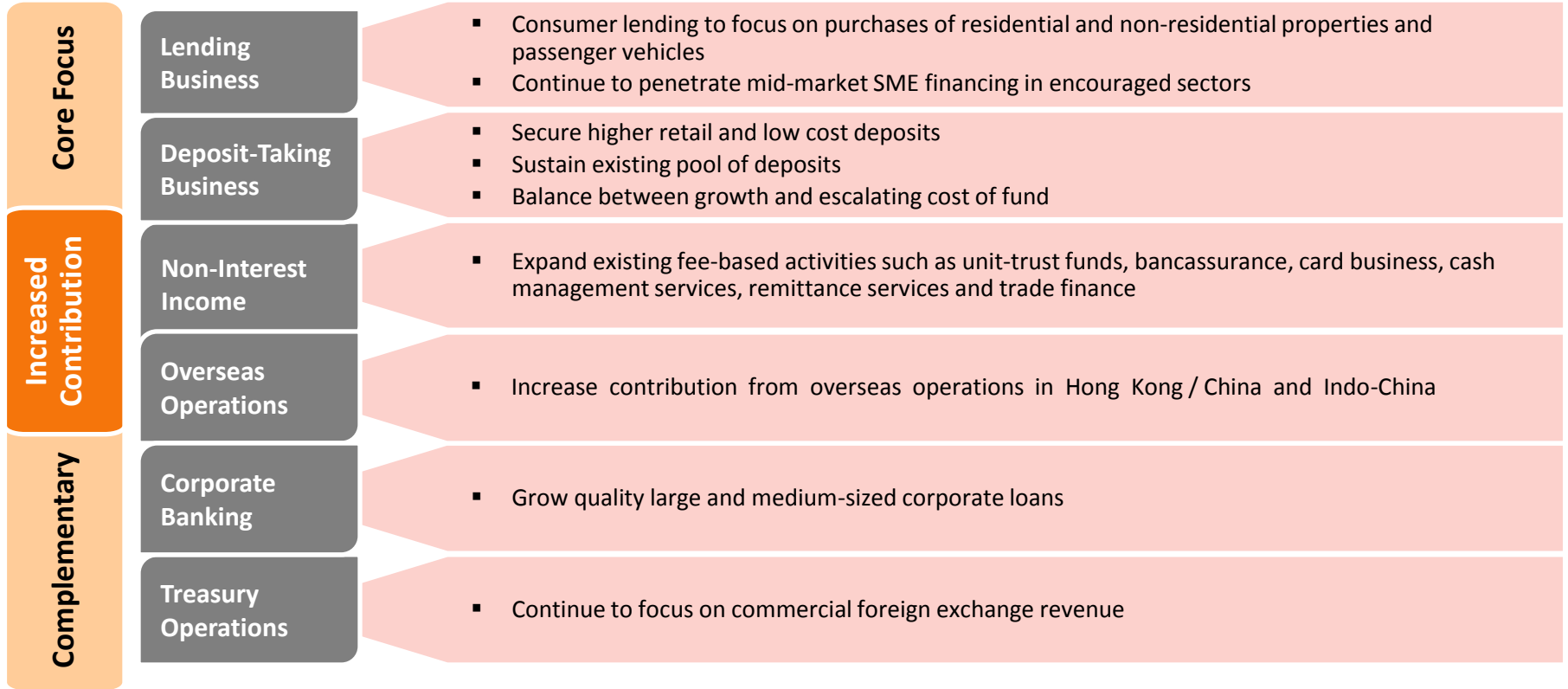
PBB's Business Growth Strategies



Strategic Focus: Organic growth in focus areas

Business

Strategic Approach



Expansion in Business Delivery Channel



	Mar-2016	2015	2010
<u>Malaysian Operations</u>			
Public Bank - Domestic	257	257	249
- Overseas	7	7	4
Public Islamic Bank	2	2	1
Public Mutual	29	29	26
Public Investment Bank	1	1	1
<u>Hong Kong & China Operations</u>			
Public Finance	42	42	42
Public Bank (HK) - Hong Kong	32	32	30
- China	3	3	3
Winton (B.V.I) Group	8	9	9
<u>Indo-China Operations</u>			
Cambodia Public Bank	28	28	21
VID Public Bank (Vietnam)	7	7	7
	416	417	393
Self Service Terminal - domestic	2,038	2,023	1,362

Unbroken Profit Track Record



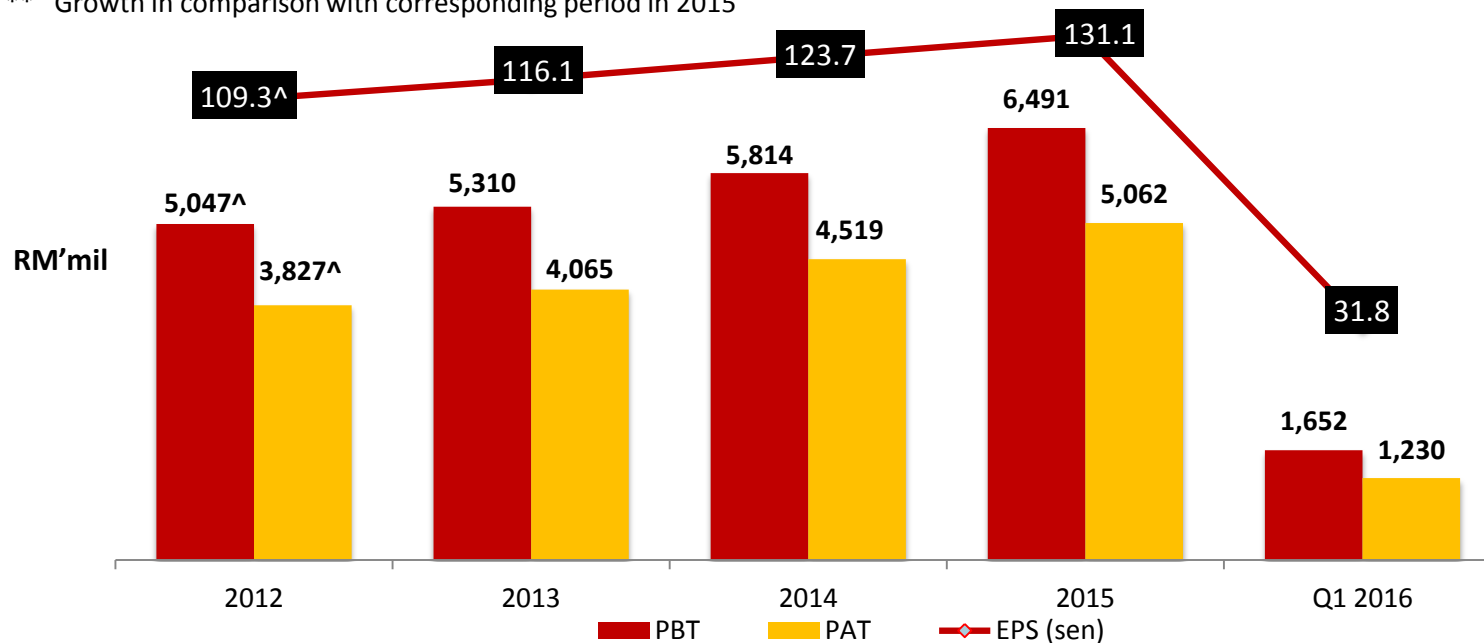
- 49 years of unbroken profitability
- Healthy profit growth in past 5 years

	RM'mil						y-o-y growth (%)				
	2011~	2012^	2013	2014	2015	Q1 2016	2012	2013	2014	2015	Q1 2016**
Pre-tax profit	4,878	5,047	5,310	5,814	6,491	1,652	3.5	5.2	9.5	11.6	10.9
Net profit	3,684	3,827	4,065	4,519	5,062	1,230	3.9	6.2	11.2	12.0	5.0

^ Restated with retrospective application of MFRS 119

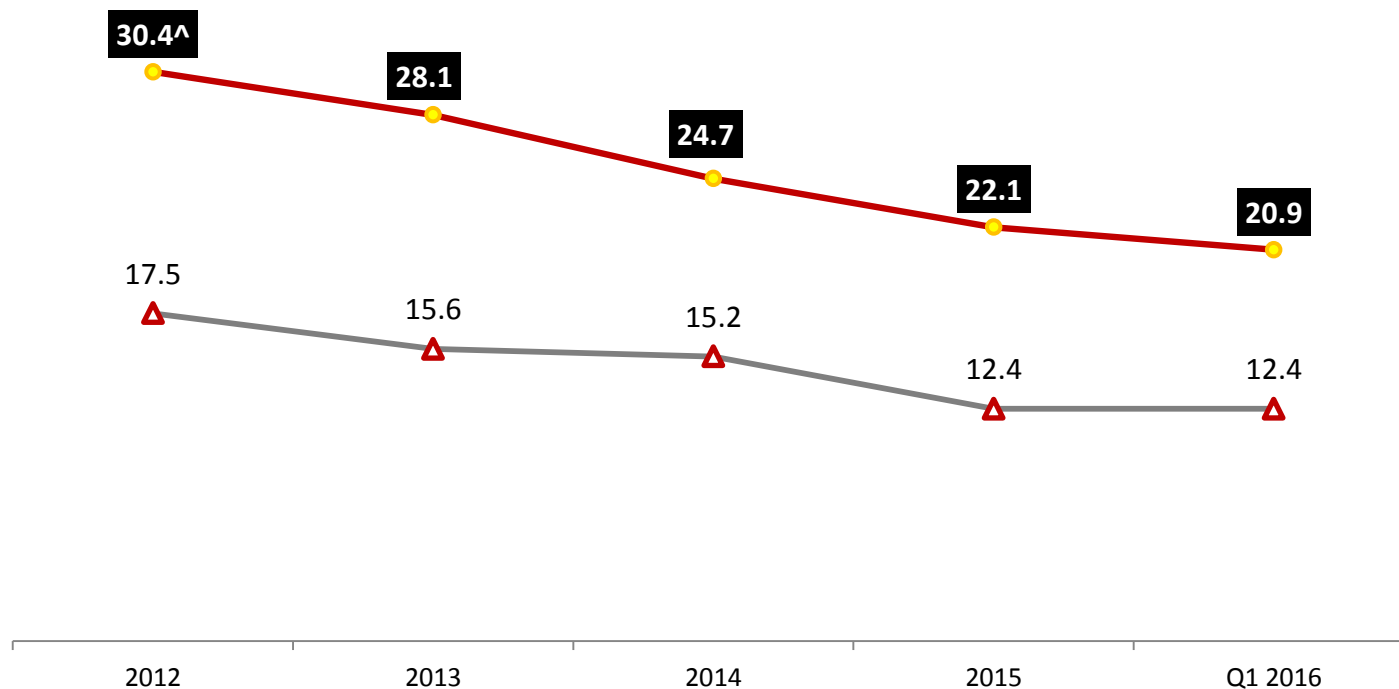
~ Restated with retrospective application of MFRS 139

** Growth in comparison with corresponding period in 2015



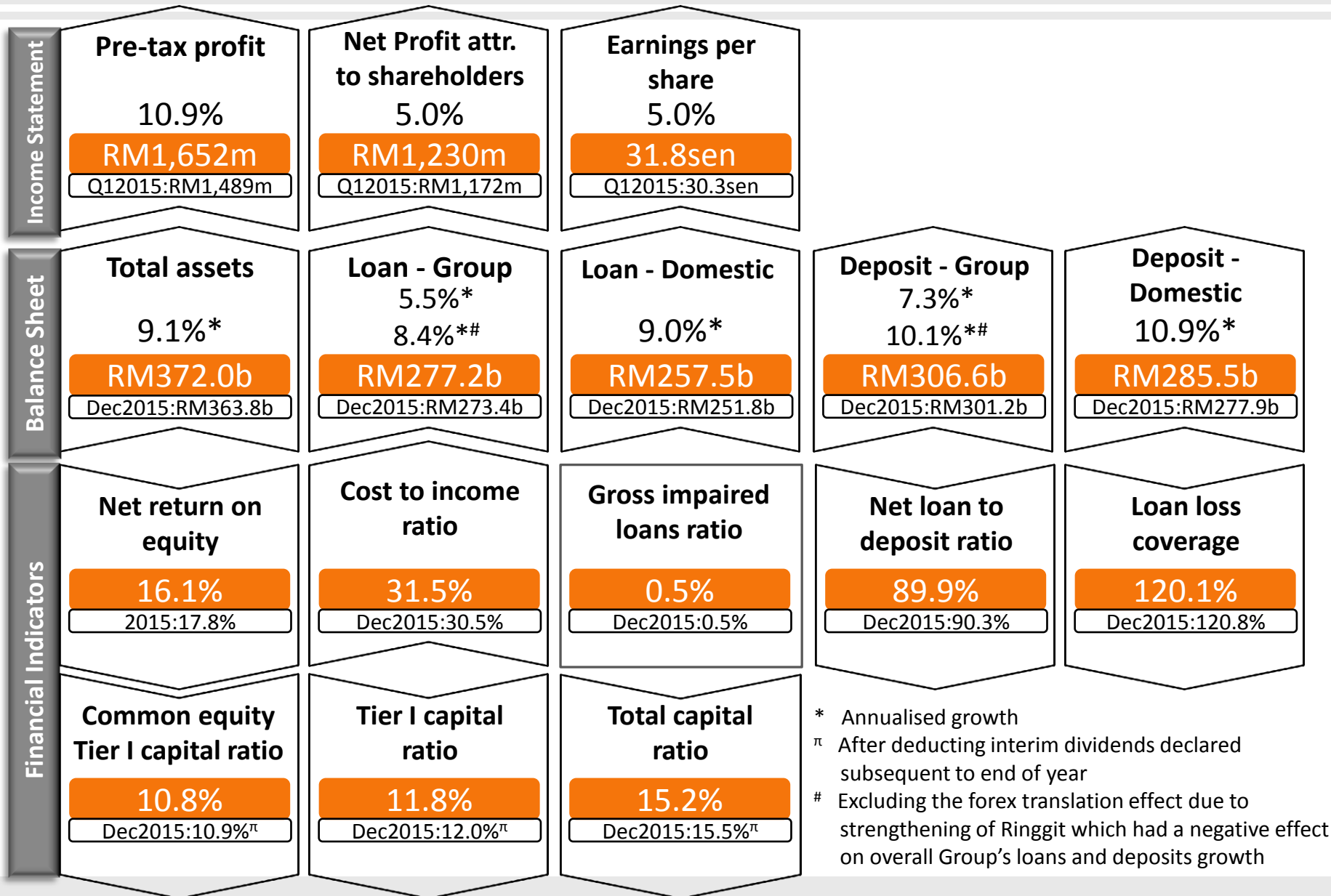
^ Restated with retrospective application of MFRS 119

Above-industry Return on Equity (ROE)



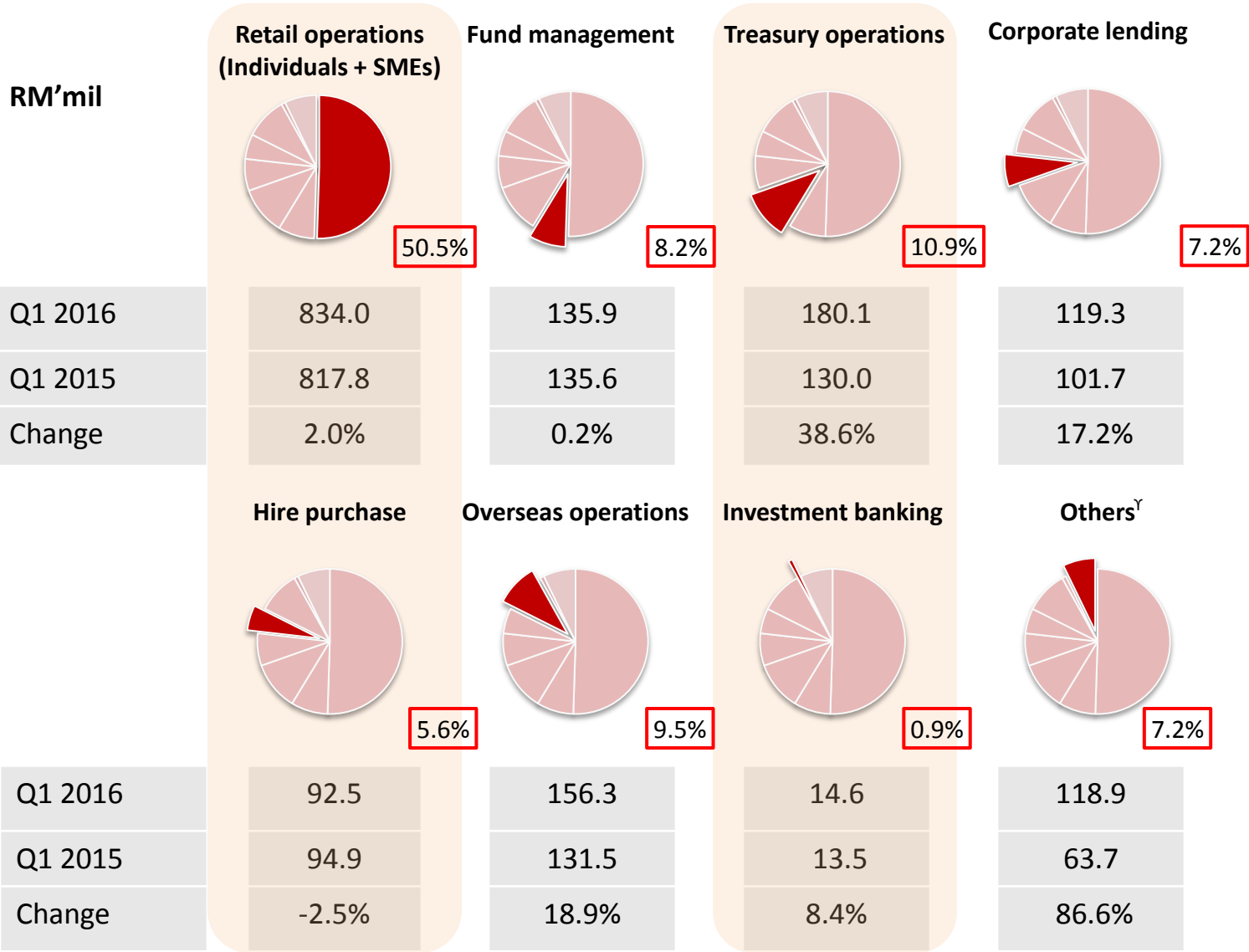
● Pre-tax PBB ROE (%) ▲ Pre-tax Industry ROE (%)
^ Restated with retrospective application of MFRS 119

Key Highlights



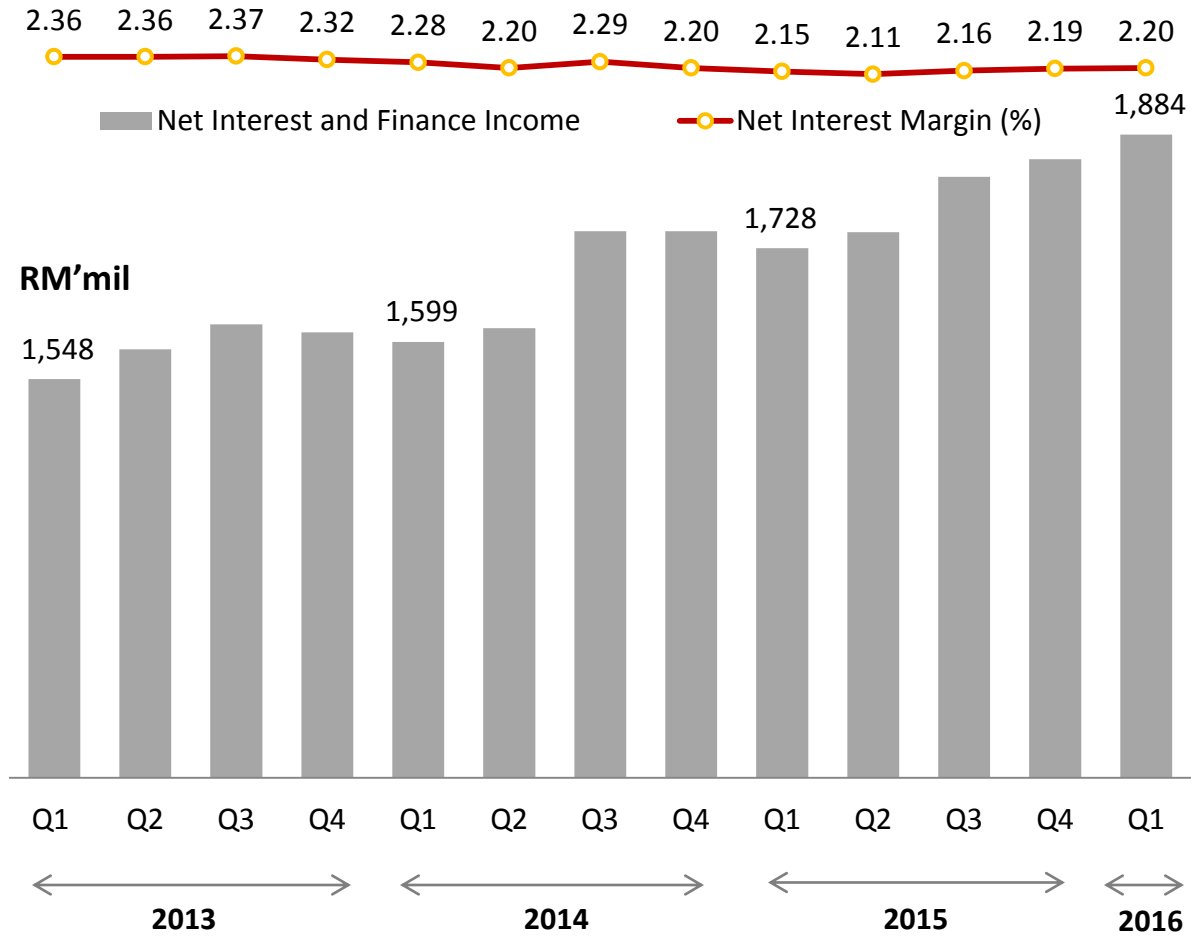
* Annualised growth
^π After deducting interim dividends declared subsequent to end of year
[#] Excluding the forex translation effect due to strengthening of Ringgit which had a negative effect on overall Group's loans and deposits growth

Segmental Profit – Retail Centric



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

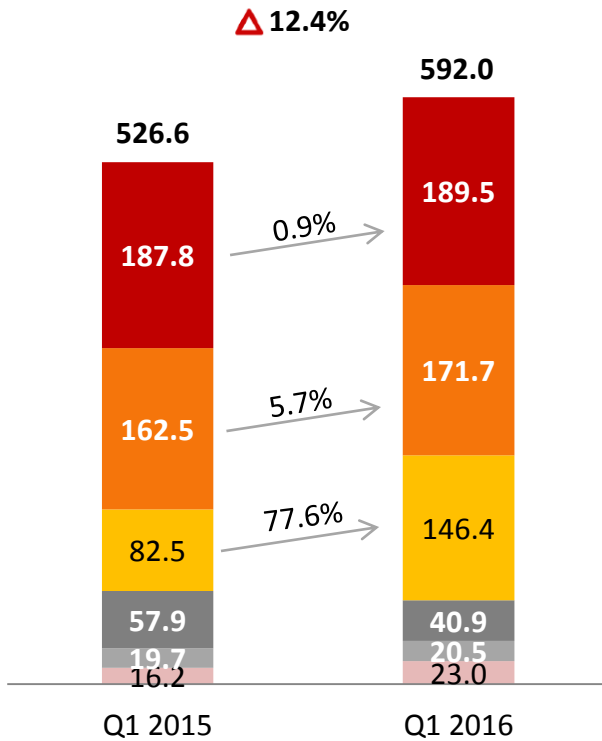
Net Interest Margin



Non-Interest Income Composition & Growth

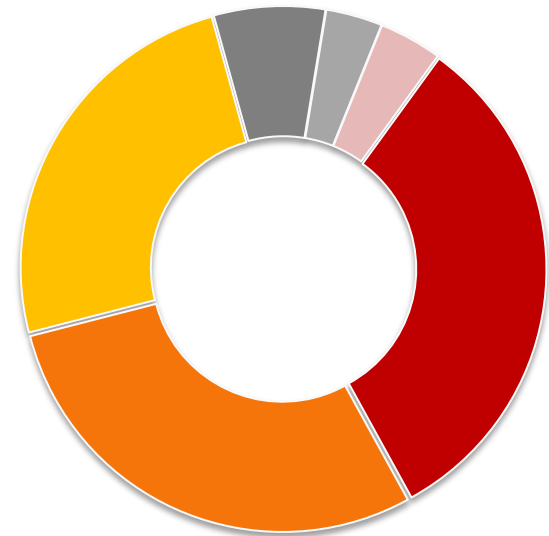


RM'mil



Non-interest Income Contribution

- 32.0%** ■ Unit trust income
- 29.0%** ■ Fee & commission income
- 24.7%** ■ Foreign exchange income
- 6.9%** ■ Investment income
- 3.5%** ■ Stockbroking income
- 3.9%** ■ Others

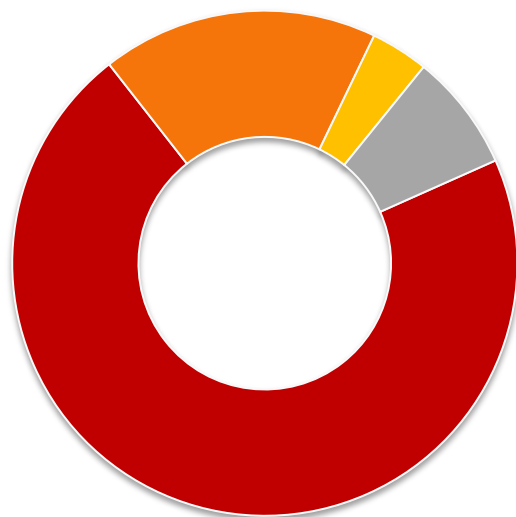


Based on financial results as at 31 March 2016

Efficient Operating Overheads



Operating Costs Composition



- 71.1%** ■ Personnel Costs
- 17.7%** ■ Establishment Costs
- 3.7%** ■ Marketing Expenses
- 7.5%** ■ Administration Expenses

Based on financial results as at 31 March 2016

RM'mil	Q1 2016	Q1 2015	Changes
Personnel costs	560.3	512.2	9.4%
Establishment costs	139.8	125.9	11.1%
Marketing expenses	29.2	26.1	11.5%
Administration expenses	59.2	38.6	53.2%
Total	788.5	702.8	12.2%

RM'mil	Q1 2016	2015	Industry Average
Gross loan per employee (RM'mil)	15.2	14.9	12.1
Deposit per employee (RM'mil)	16.8	16.4	14.0
PBT per employee (RM'000)	362*	353	244
Cost to Income Ratio (%)	31.5	30.5	48.8

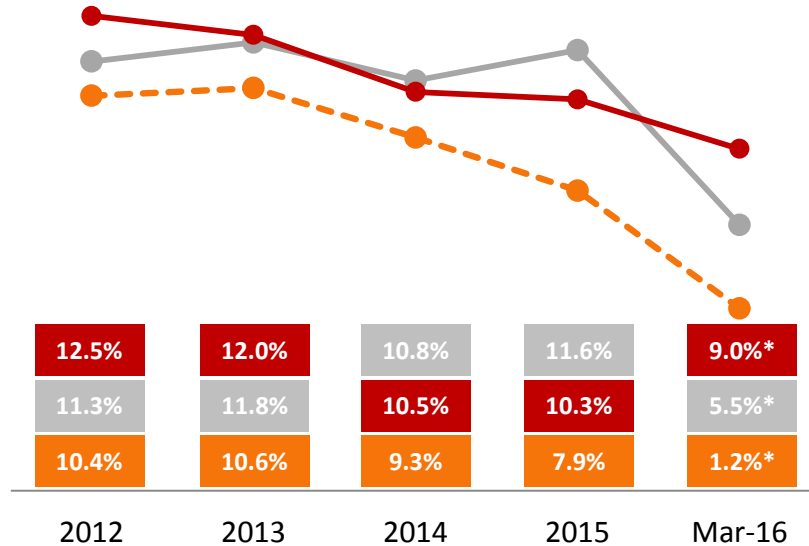
* Annualised

Consistently Above-Industry Loan Growth



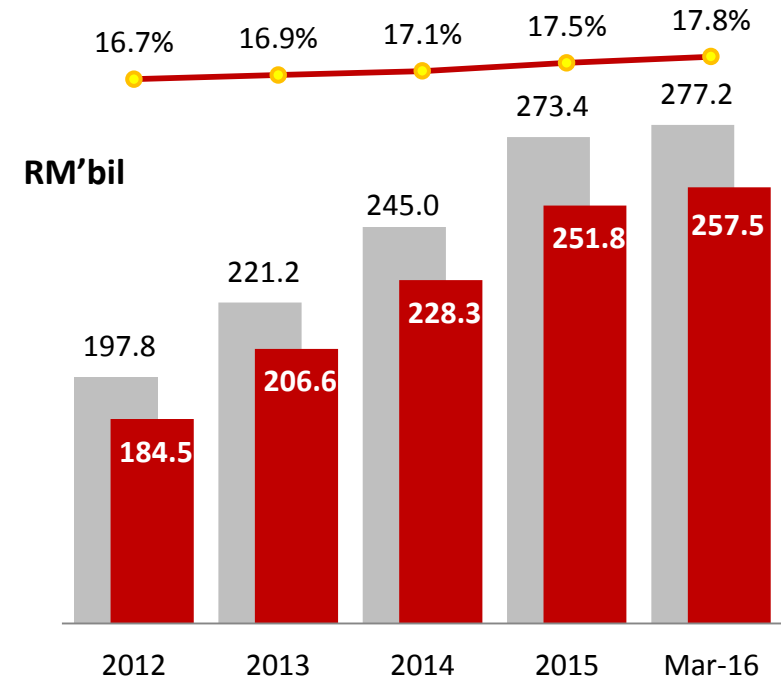
Loan Growth vs Industry

%



● Group Loan Growth
 ● Domestic Loan Growth
 ● Domestic Industry Average
 * Annualised growth

Gross Loans and Domestic Loan Market Share

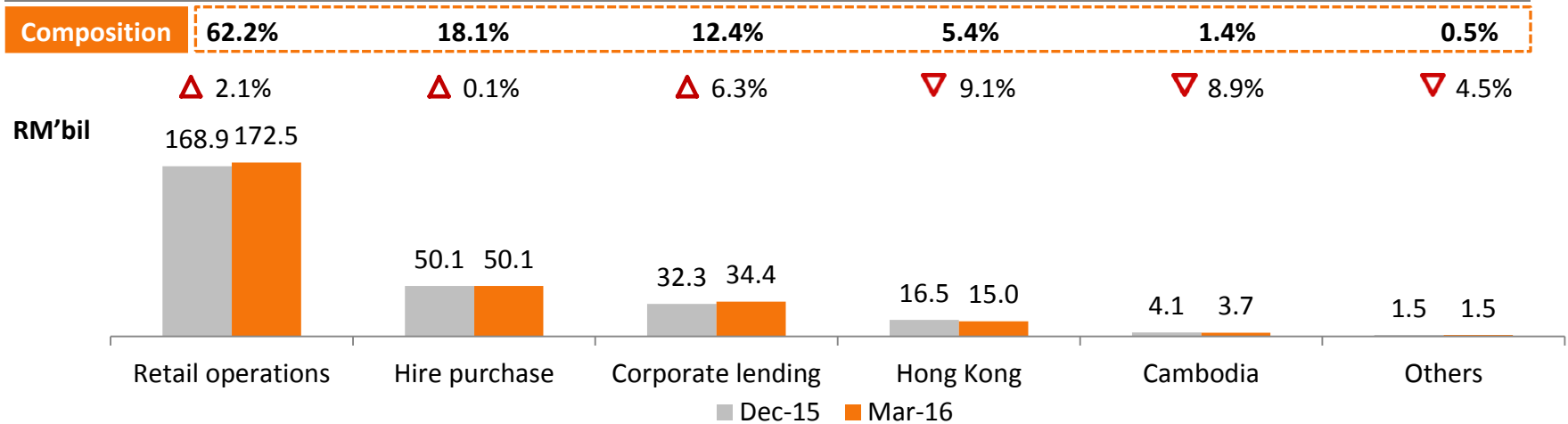


■ Gross Loan Outstanding
 ■ Domestic Loan
 ● Domestic Loans Market Share (%)

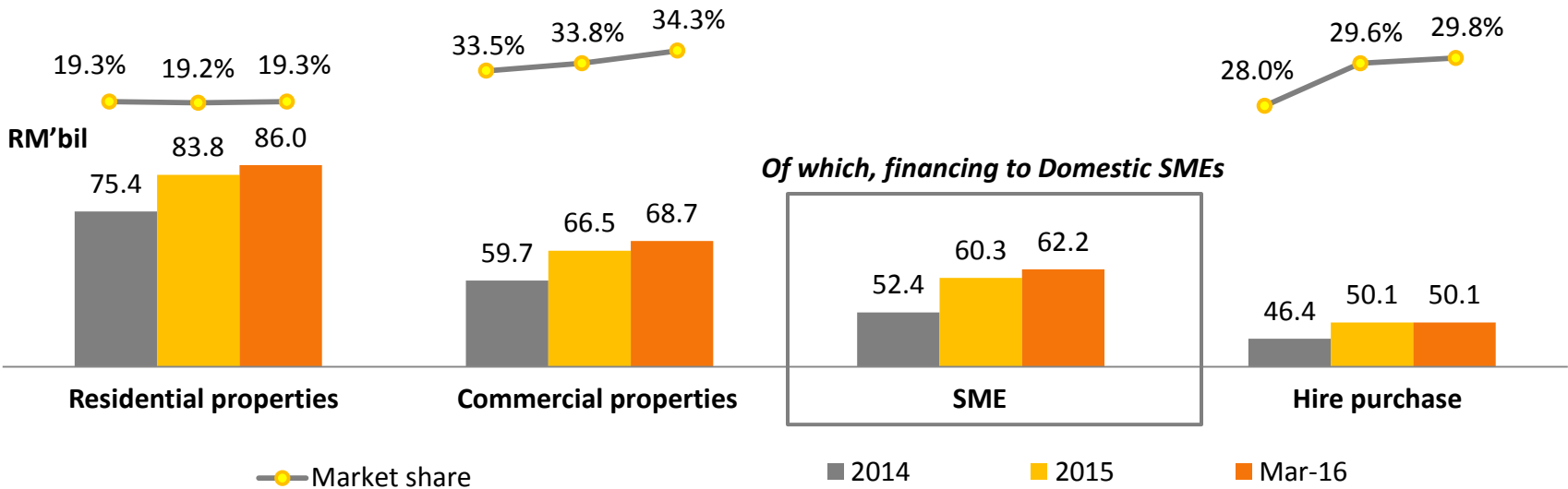
Healthy Gross Loan Growth



Gross Loan Composition by Segment



Gross Loan in Domestic Operations



Sustaining Strong Asset Quality



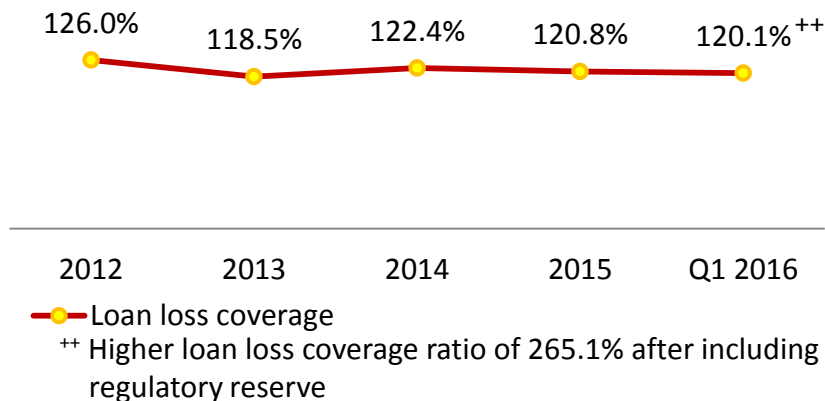
- Focus on lower risk customer segments
 - Traditional urban/ suburban mortgages
 - Passenger vehicle hire purchase
 - Middle market business enterprises
- Sound credit appraisal and approval process
- Strong credit risk culture
- Proactive loan restructuring and rescheduling



Upholding Strong Asset Quality

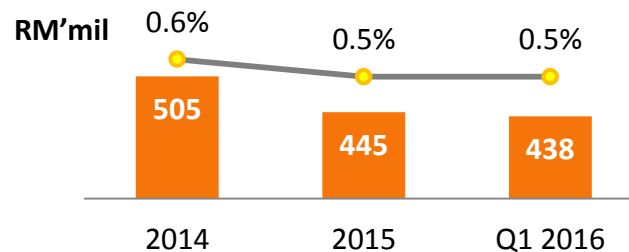


High loan loss coverage

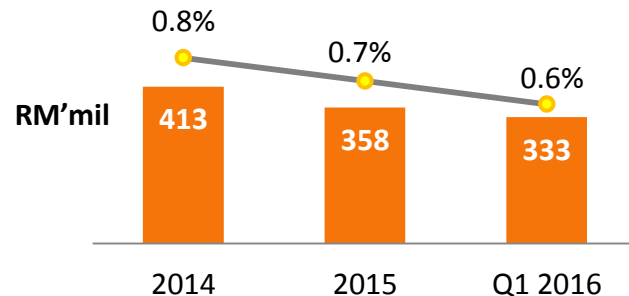


Of which:

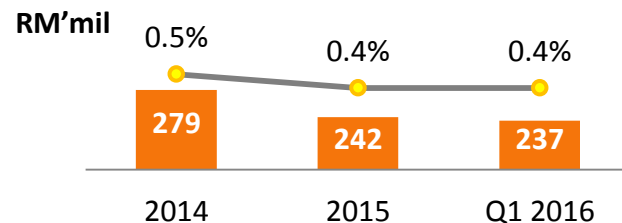
Residential properties financing



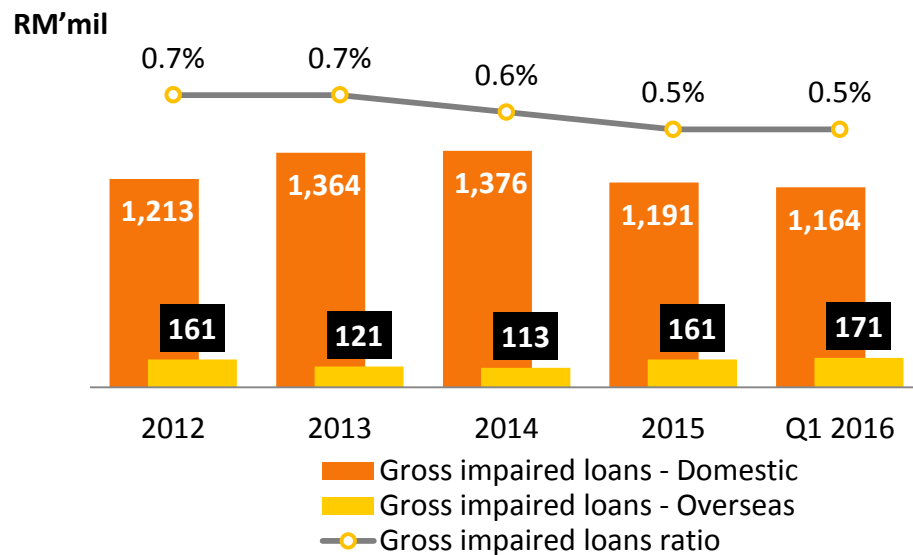
Transport vehicle financing



SME financing (Domestic)



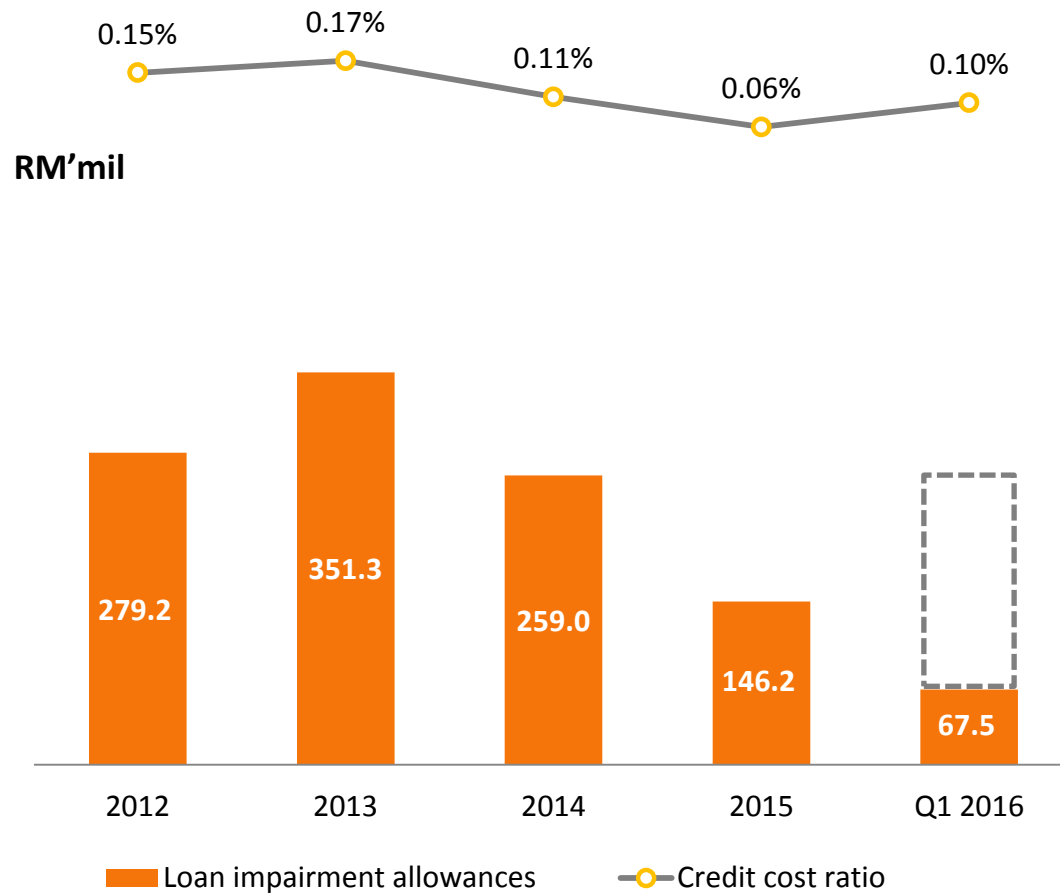
Low gross impaired loans ratios



Upholding Strong Asset Quality



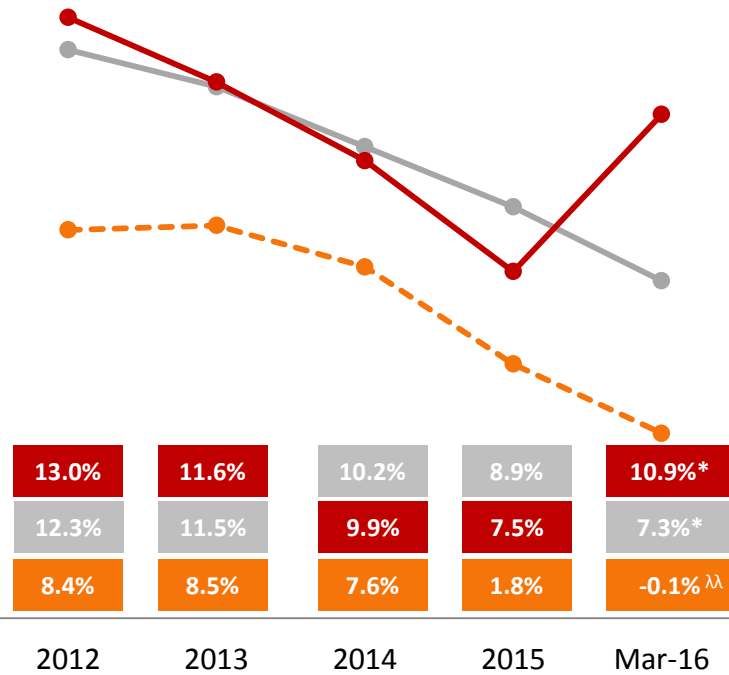
Loan Impairment Allowances (including collective allowances)



Healthy Deposit Growth in Support of Liquidity

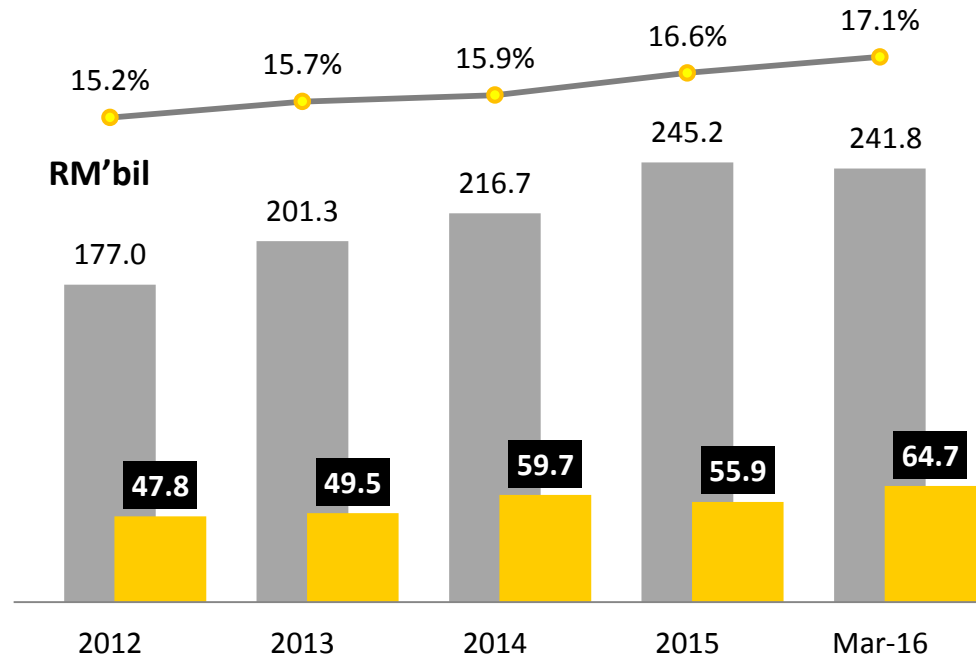


Deposit Growth vs Industry %



● Group Deposit Growth
 ● Domestic Deposit Growth
 ● Domestic Industry Average
 * Annualised growth
^{λλ} Negative growth as at March 2016

Deposits – Outstanding Balance and Market Share

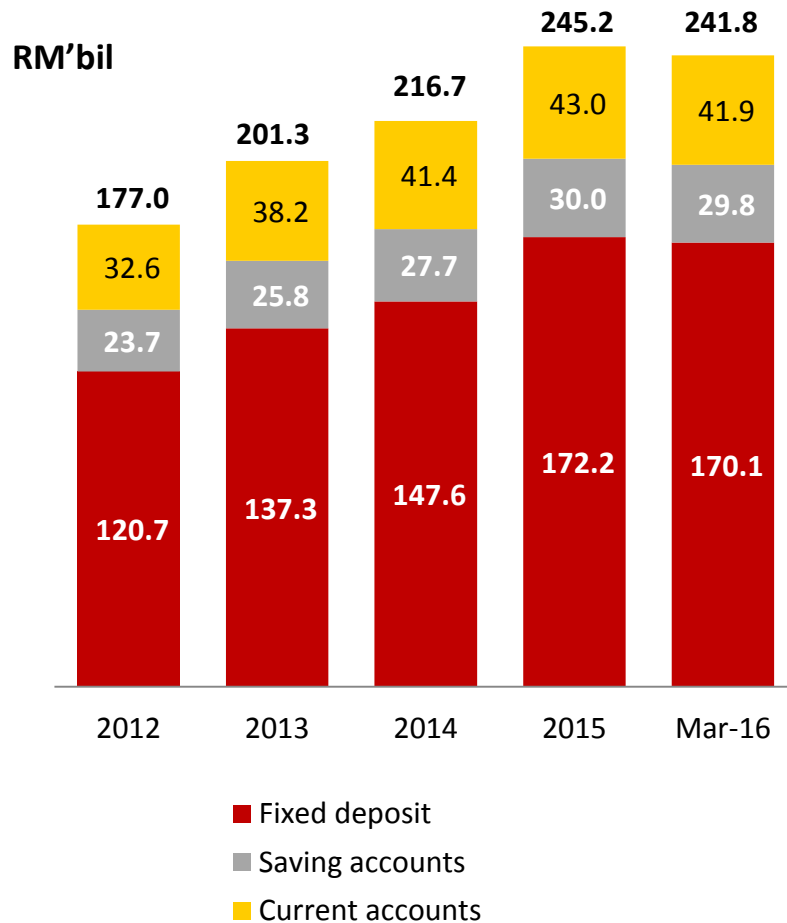


■ Core customer deposit
 ■ Wholesale deposit
 ● Customer deposit market share

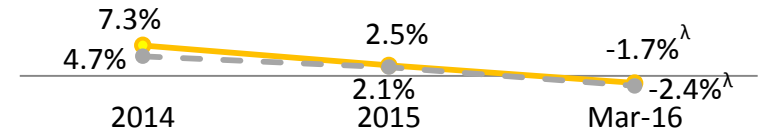
Healthy Core Deposit Growth



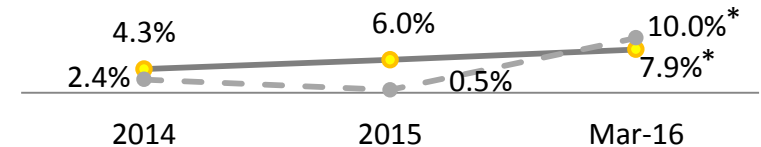
Source of Core Deposit



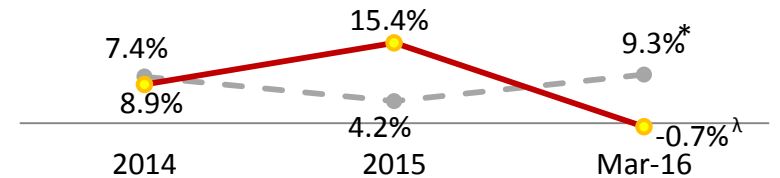
Domestic Current Deposit



Domestic Savings Deposit



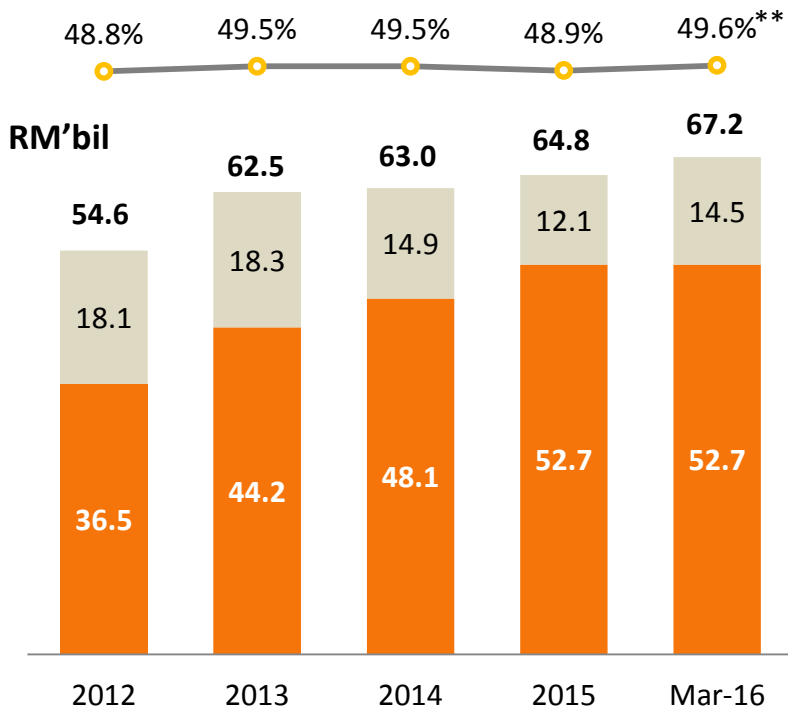
Domestic Fixed Deposit



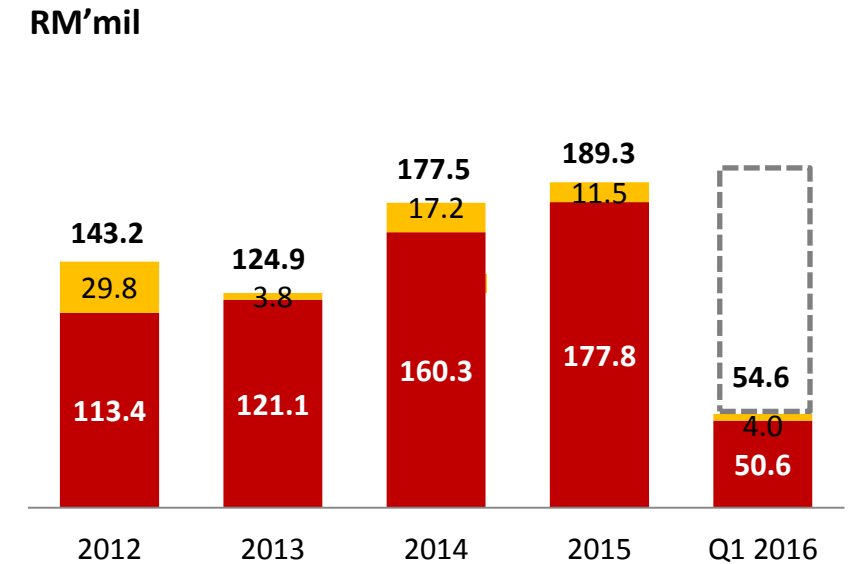
- Industry growth
- Current accounts
- Fixed deposit
- Saving accounts
- * Annualised growth
- λ Negative growth as at March 2016



Net Asset Value of Funds Under Management



Bancassurance Business – Annualised New Premium

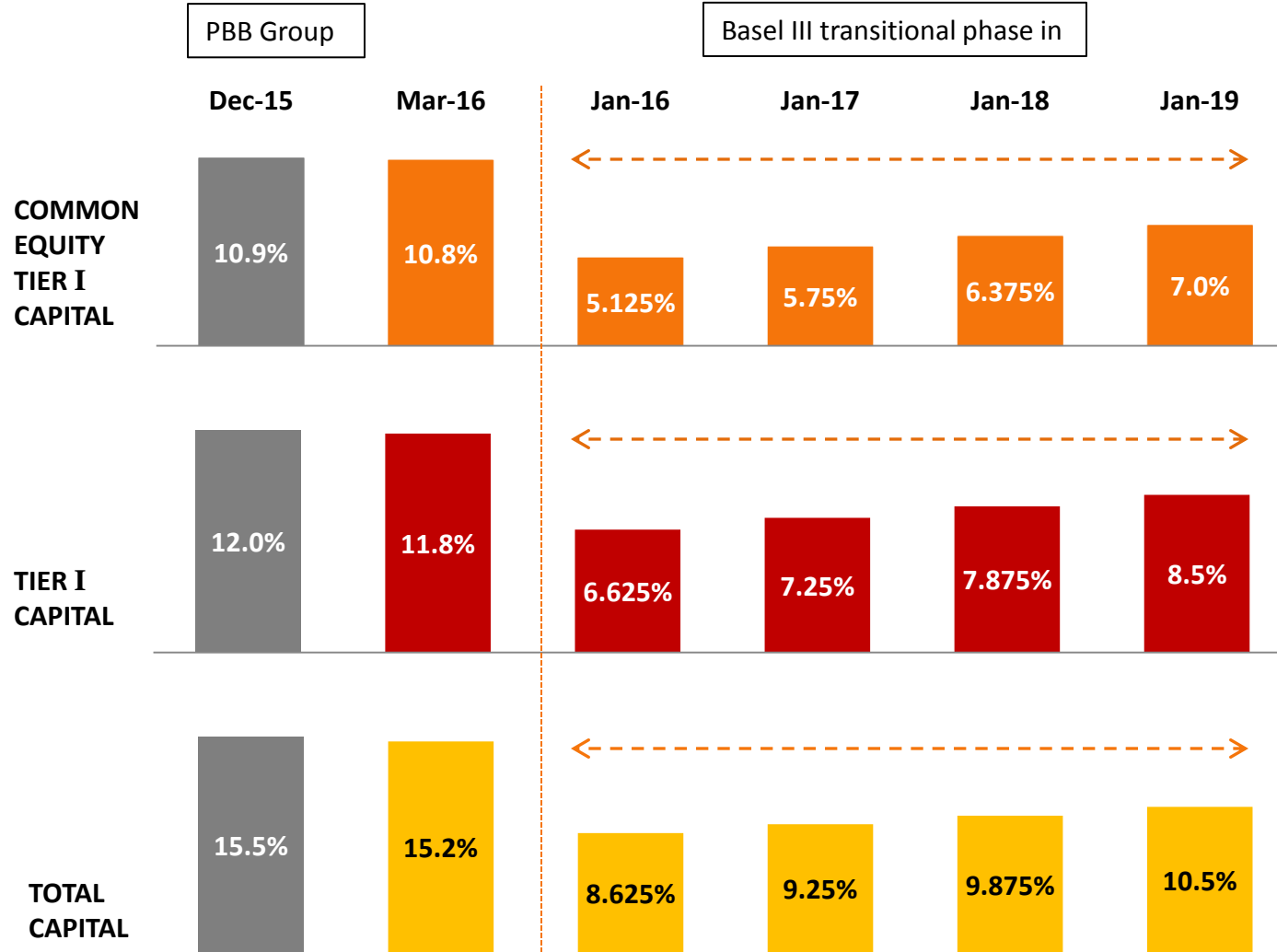


■ NAV - Equity Funds
■ NAV - Other Funds
—○— Retail Market Share

■ Domestic
■ Overseas

** Market share as at February 2016

Strong 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 which is yet to be introduced by BNM

Targets & Achievements



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

Key Performance Benchmarks	2016 Targets	Achievement
Net Return on Equity	>15%	16.1%
Total Capital Ratio	>13%	15.2%
Gross Impaired Loan Ratio	<1%	0.5%
Cost to Income Ratio	<33%	31.5%
Loan Growth – Domestic	8% to 9%	9.0%*
– Group		5.5%*
– Group (adjusted)		8.4%#
Deposit Growth – Domestic	7% to 8%	10.9%*
– Group		7.3%*
– Group (adjusted)		10.1%#

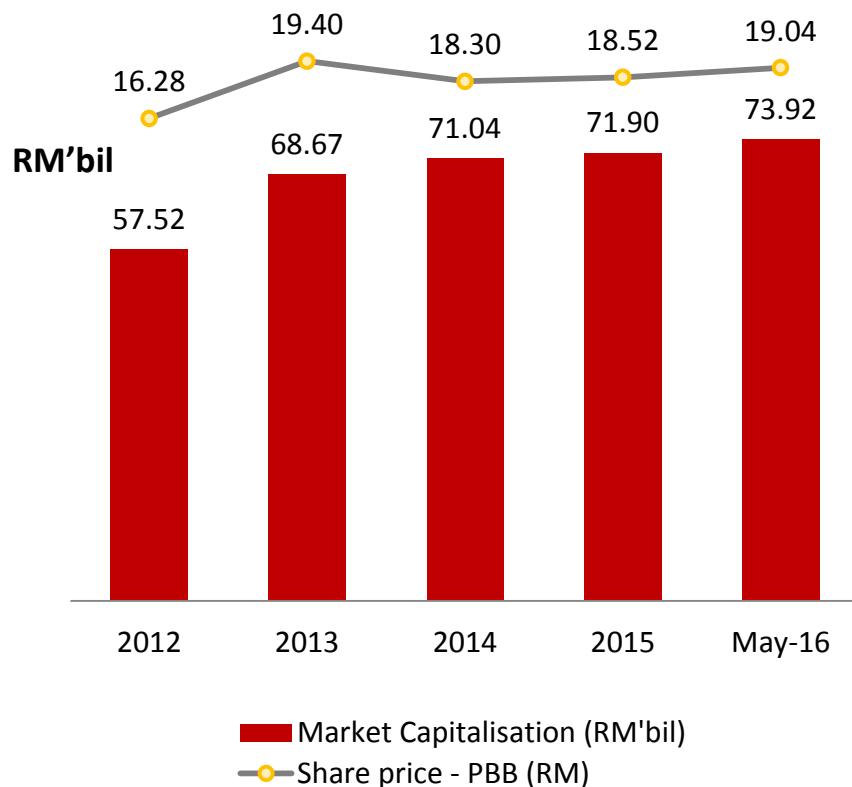
* Annualised

Excluding the forex translation effect due to strengthening of Ringgit which had a negative effect on overall Group's loans and deposits growth

Share Price & Market Capitalisation



Share Price & Market Capitalisation

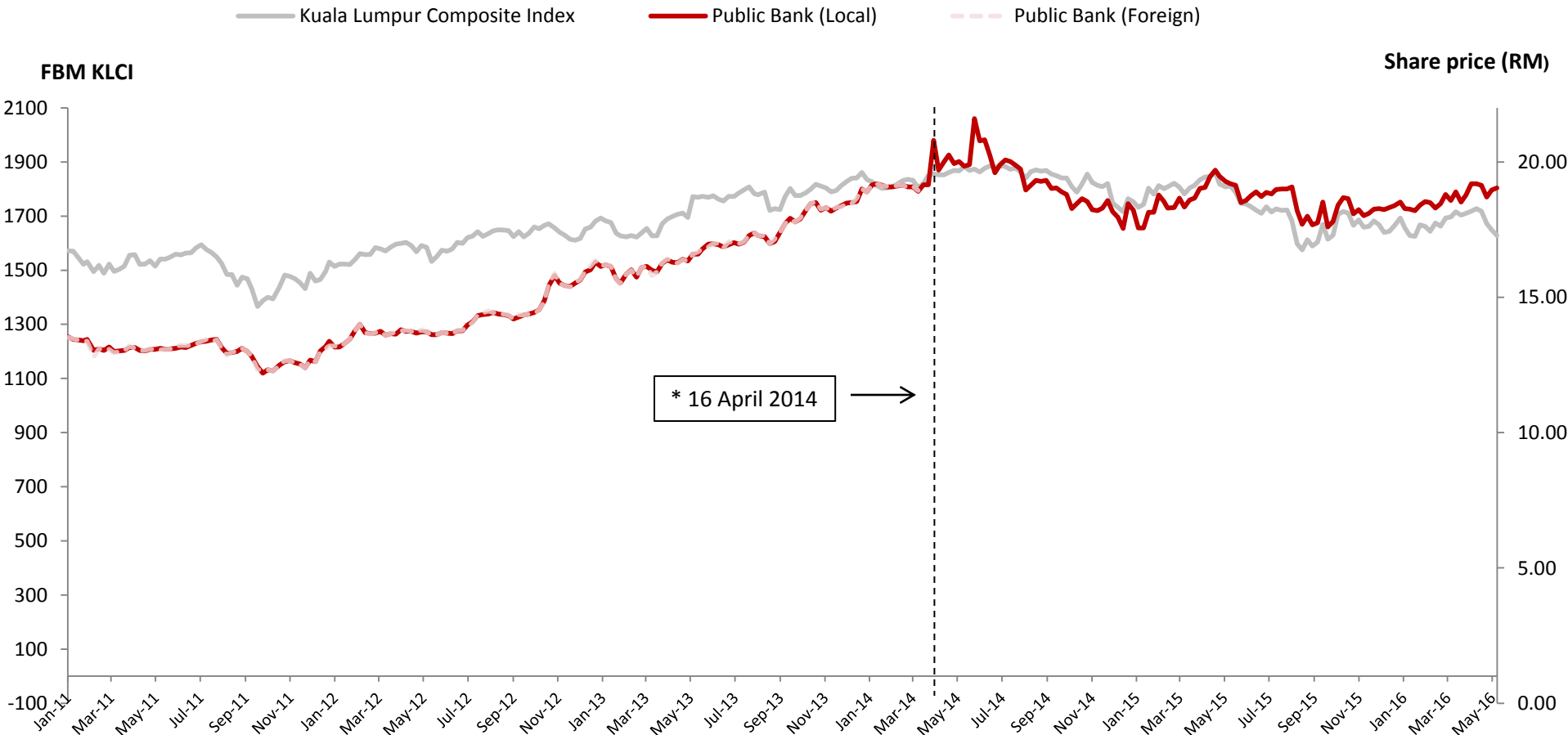


13 May 2016	Market Capitalisation (RM'bil)
PBB	73.9
MBB	83.0
CIMB	38.4
HLB	29.1
RHB	18.3
AMMB	13.3

Share Price & Market Capitalisation



Resilient share price performance



* 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 2011	+77.3%	+10.2%
Long term - since listing	1967	+1,528.3%	+19.1%

[^] Capital appreciation is calculated based on the PBB local share value at closing price as of 31/12/2015 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

	2011 [~]	2012 [^]	2013	2014	2015
Price to earnings multiple (times)	12.7	14.9	16.7	14.8	14.1
Price to book multiple (times)	3.0	3.2	3.3	2.5	2.3

[~] Restated with retrospective application of MFRS 139

[^] Restated with retrospective application of MFRS 119



- ❖ 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



	RM'mil	2012 [^]	2013	2014	2015	Q1 2016
Profitability	Operating profit	5,329	5,655	6,067	6,631	1,716
	Profit before tax	5,047	5,310	5,814	6,491	1,652
	Net profit	3,827	4,065	4,519	5,062	1,230
Shareholder Value	Earnings per share (sen)	109.3	116.1	123.7	131.1	31.8
	Net assets per share (RM)	5.15	5.83	7.26	8.09	8.06
	Dividend per share (sen)	50.0	52.0	54.0	56.0	N/A
	Dividend payout ratio (%)	45.3	44.8	46.1	42.7	N/A
Key Balance Sheet Data	Total assets	274,824	305,725	345,722	363,758	372,048
	Gross loan	197,783	221,176	245,044	273,447	277,186
	Domestic loan	184,542	206,635	228,338	251,802	257,478
	Deposit from customers	225,042	250,873	276,540	301,157	306,647
	Domestic deposit	210,680	235,142	258,472	277,942	285,505
	Core customer deposit	177,035	201,258	216,707	245,171	241,817
	Shareholders' equity	18,018	20,424	28,025	31,231	31,112
	Common equity Tier I capital ^π	N/A	17,477	23,578	26,093	26,029
	Tier I capital ^π	19,461	21,028	26,745	28,882	28,422
	Total capital ^π	25,322	27,486	34,636	37,085	36,581
Risk-weighted assets	179,726	199,723	218,712	239,703	240,939	

[^] Restated with retrospective application of MFRS 119, where applicable

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

Appendix (cont'd)



	%	2012 [^]	2013	2014	2015	Q1 2016	Industry
Profitability Ratios	Net interest margin on yielding assets	2.51	2.36	2.24	2.16	2.20	N/A
	Net return on equity ⁺	24.1	22.4	19.9	17.8	16.1	N/A
	Pre-tax return on average assets	1.9	1.8	1.8	1.8	1.8	1.3
	Cost to income ratio	31.2	30.7	30.0	30.5	31.5	48.8
	Non interest income/Total income	21.3	21.5	22.0	24.5	23.6	32.3
Liquidity	Net loan to deposit ratio	87.1	87.5	88.0	90.3	89.9	85.5
Asset Quality	Gross impaired loans ratio	0.7	0.7	0.6	0.5	0.5	1.6
	Loan loss coverage ratio	126.0	118.5	122.4	120.8	120.1	94.3
Capital Adequacy	Common equity Tier I capital ratio ^π	N/A	8.8	10.8	10.9	10.8	13.0
	Tier I capital ratio ^π	10.8	10.5	12.2	12.0	11.8	13.9
	Total capital ratio ^π	14.1	13.8	15.8	15.5	15.2	16.5
Market Share	<u>Domestic market share</u>						
	Commercial property financing	33.7	33.7	33.5	33.8	34.3	N/A
	Residential property financing	19.1	19.6	19.3	19.2	19.3	N/A
	Passenger vehicle financing	26.4	26.5	28.0	29.6	29.8	N/A
	Private unit trust (Retail)	48.8	49.5	49.5	48.9	49.6 ^{**}	N/A
	Domestic loans	16.7	16.9	17.1	17.5	17.8	N/A
	Domestic deposits	15.2	15.7	15.9	16.6	17.1	N/A

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

[^] Restated with retrospective application of MFRS 119, where applicable

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

^{**} Market share as at February 2016



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