

# Investor Presentation

## CITIC CLSA ASEAN Access Month

### “ASEAN Franchises”

March 2021



**PUBLIC BANK**

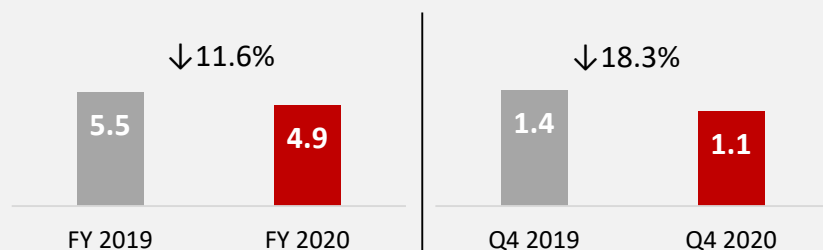
THE WAY FORWARD

[www.publicbankgroup.com](http://www.publicbankgroup.com)



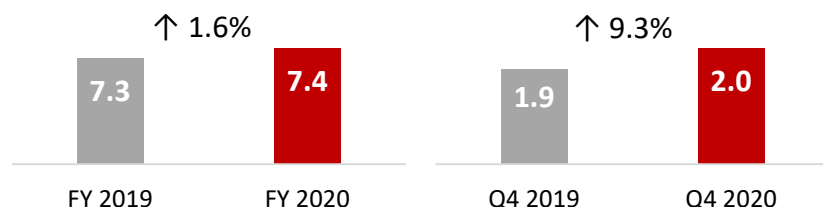
## Steady performance despite external headwinds prevailing throughout 2020

### Net profit (RM'bil)



- Overall 2020 profitability impacted by revenue challenges, OPR reduction, higher loan loss allowances in anticipation of the COVID-19 impact as well as one-off Day-1 net modification loss of RM498 million
- FY2020 operating profit before allowances recorded 1.6% y-o-y. Q42020 +9.3% y-o-y, mainly due to commendable growth in non-interest income and continued healthy loan and deposit growth
- Continued cost disciplined; cost-income ratio increased marginally amidst revenue challenges
- Higher credit cost of 33bp, due to pre-emptive provision set aside in anticipation of the Covid-19 effect

### Operating profit before allowances (RM'bil)



### Net ROE

**11.2%**

Sep-20: 11.3%  
Dec-19: 13.6%

### Cost-income ratio

**34.6%**

Sep-20: 35.2%  
Dec-19: 34.4%

### Loan loss coverage ratio

**227.7%**

Sep-20: 209.1%  
Dec-19: 124.1%

### Credit cost ratio

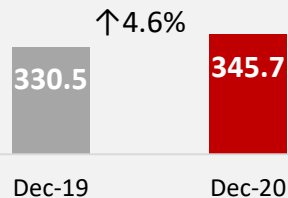
**0.33%**

Sep-20: 0.22%  
Dec-19: 0.05%

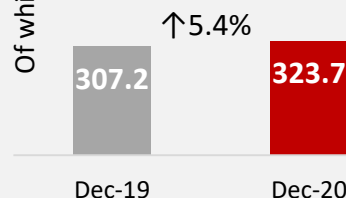


## Maintaining balance sheet resilience amid challenging business environment

### Gross loans (RM'bil)

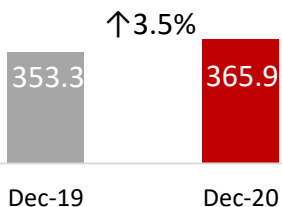


### Domestic operations

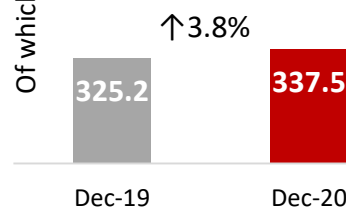


- Steady growth in lending and deposit-taking businesses:
  - Domestic residential properties +8.2%; hire purchase +6.6%
  - CASA +18.9%
- Gross impaired loan ratio stayed low at 0.4%, well below the banking industry's average of 1.6%
- Strengthened capital and liquidity position
  - LCR up 4.5% YTD
  - CET1 14.0%

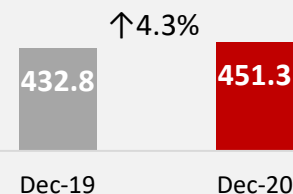
### Customer deposits (RM'bil)



### Domestic operations



### Total asset (RM'bil)



### Gross impaired loans ratio

**0.4%**

Sep-20: 0.3%  
Dec-19: 0.5%

### Liquidity coverage ratio

**138.0%**

Sep-20: 159.0%  
Dec-19: 133.5%

### Total capital ratio

**17.1%<sup>π</sup>**

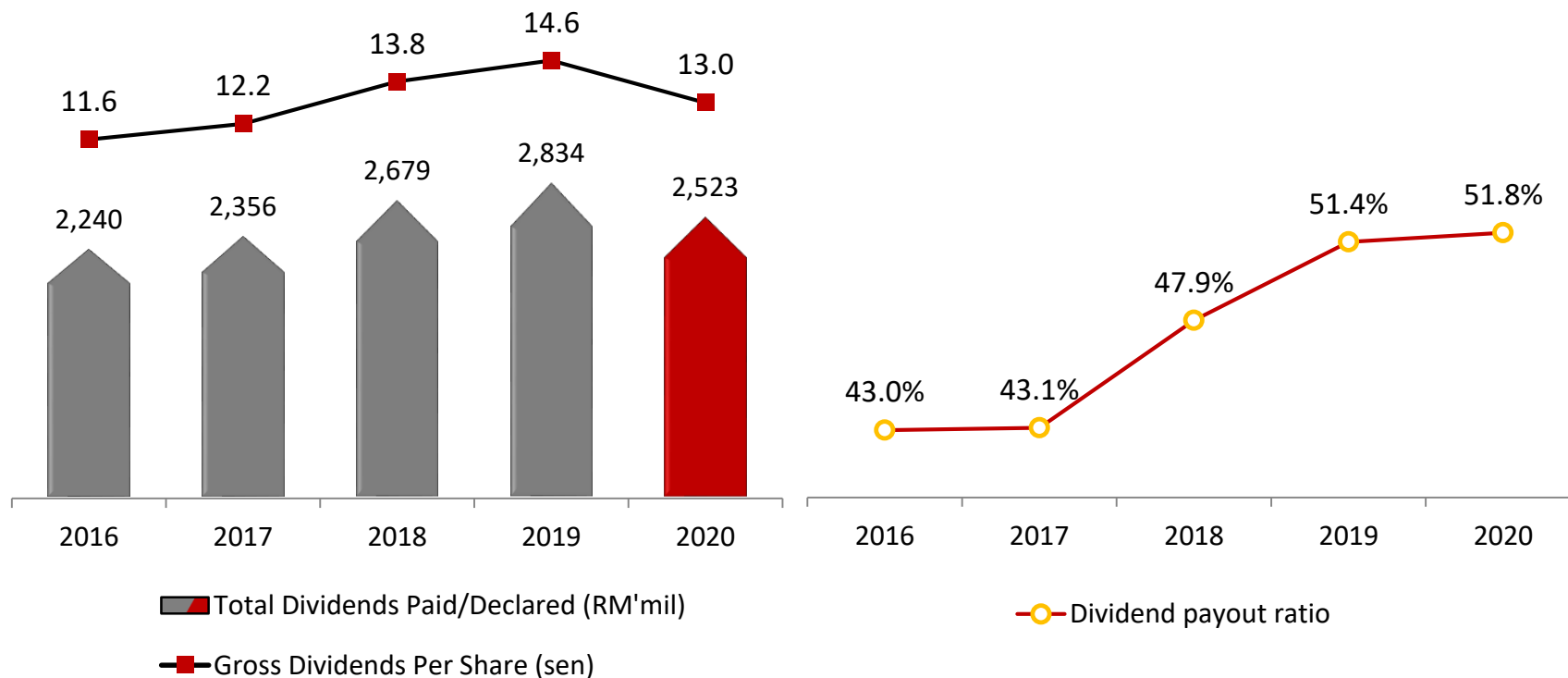
Sep-20: 16.8%  
Dec-19: 16.8%<sup>π</sup>

<sup>π</sup> After deducting interim dividends declared subsequent to end of year

# Dividend Payout



Continued dividend payout reflecting the appreciation of shareholders' support



	FY 2019	FY 2020
Gross dividend per share	14.6 sen	13.0 sen
Dividend payout	RM2.83 billion	RM2.52 billion
Dividend payout ratio	51.4%	51.8%

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



Improved topline growth; profit was however offset by higher loan loss allowances

## Income Statement

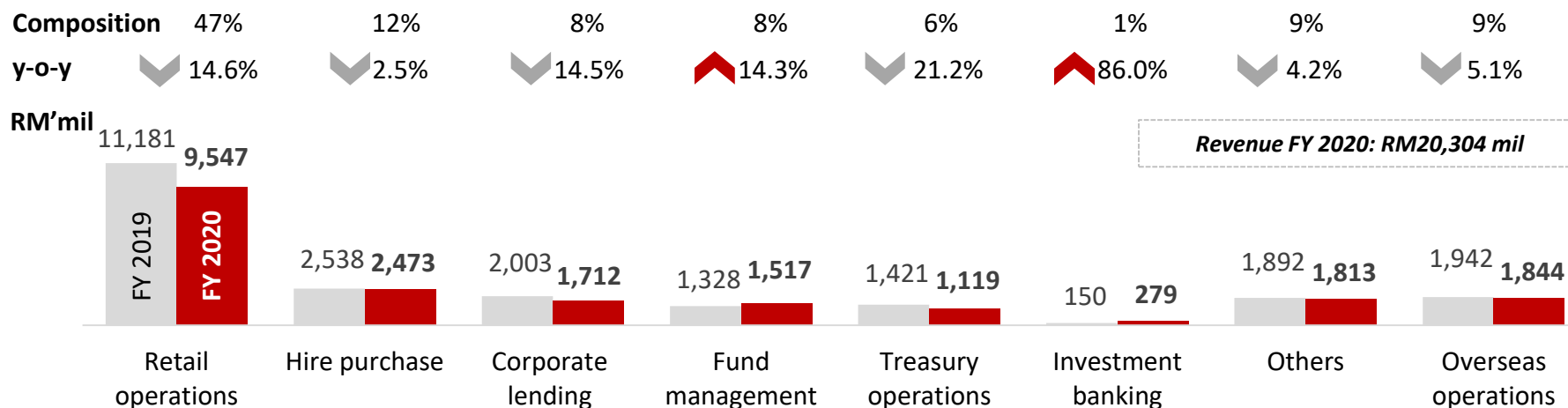
(RM'mil)	FY 2019	FY 2020	y-o-y	Q4 2019	Q4 2020	y-o-y
Net interest income	7,434.1	7,179.8	-3.4%	1,909.1	1,935.9	1.4%
Net income from Islamic banking business	1,267.2	1,311.4	3.5%	322.7	371.4	15.1%
Non-interest income	2,401.0	2,821.2	17.5%	618.3	721.9	16.8%
<b>Net income</b>	<b>11,102.3</b>	<b>11,312.4</b>	<b>1.9%</b>	<b>2,850.1</b>	<b>3,029.2</b>	<b>6.3%</b>
Other operating expenses	(3,819.2)	(3,909.5)	2.4%	(985.1)	(991.6)	0.7%
<b>Operating profit</b>	<b>7,283.1</b>	<b>7,402.9</b>	<b>1.6%</b>	<b>1,865.0</b>	<b>2,037.6</b>	<b>9.3%</b>
Loan loss allowance	(154.5)	(1,106.3)	>100%	(43.2)	(556.6)	>100%
Other writeback / (allowances)	2.1	(13.6)	>100%	(0.1)	(4.8)	>100%
Share of profit after tax of equity accounted associated companies	3.4	2.1	-37.4%	0.9	(1.5)	->100%
<b>Profit before tax</b>	<b>7,134.1</b>	<b>6,285.1</b>	<b>-11.9%</b>	<b>1,822.5</b>	<b>1,474.7</b>	<b>-19.1%</b>
<b>Net profit attrib. to shareholders</b>	<b>5,511.6</b>	<b>4,871.7</b>	<b>-11.6%</b>	<b>1,405.9</b>	<b>1,148.0</b>	<b>-18.3%</b>
<b>Earnings per share (sen)<sup>x</sup></b>	<b>28.4</b>	<b>25.1</b>	<b>-11.6%</b>	<b>7.2</b>	<b>5.9</b>	<b>-18.3%</b>

<sup>x</sup> For comparative purpose, the earnings per share had been adjusted to reflect the bonus issue of 4 bonus shares for every 1 existing ordinary share which was completed on 29 January 2021

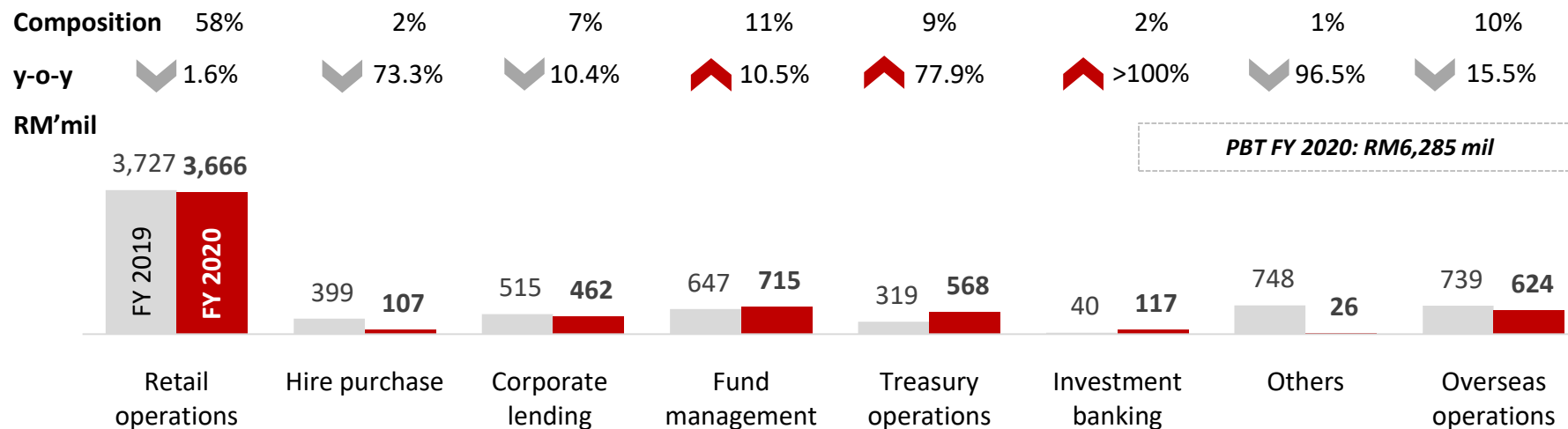
# Segmental Profit – Retail Centric



## Revenue – FY 2019 vs FY 2020



## PBT – FY 2019 vs FY 2020

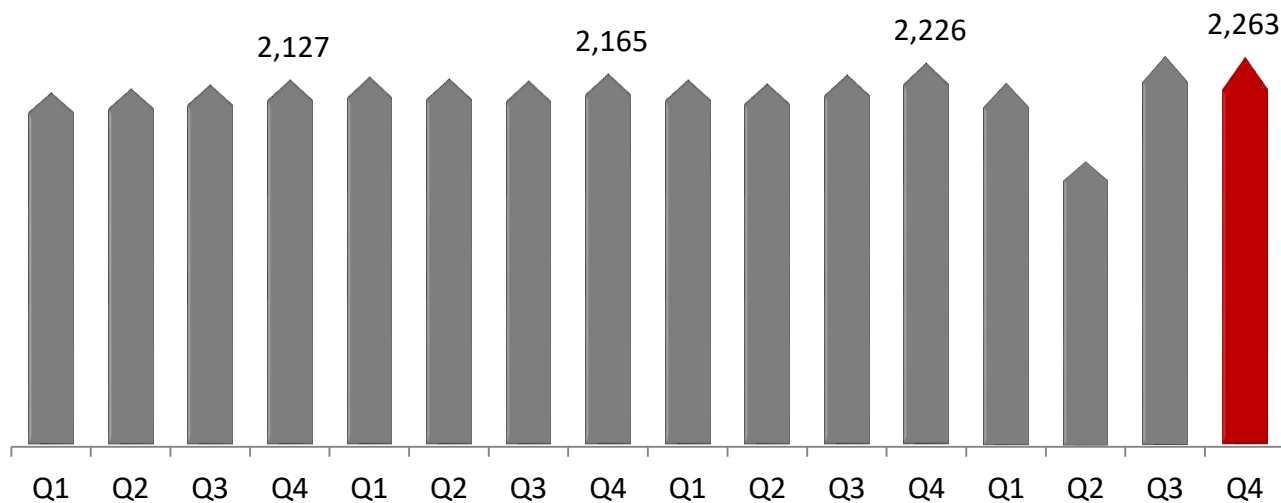
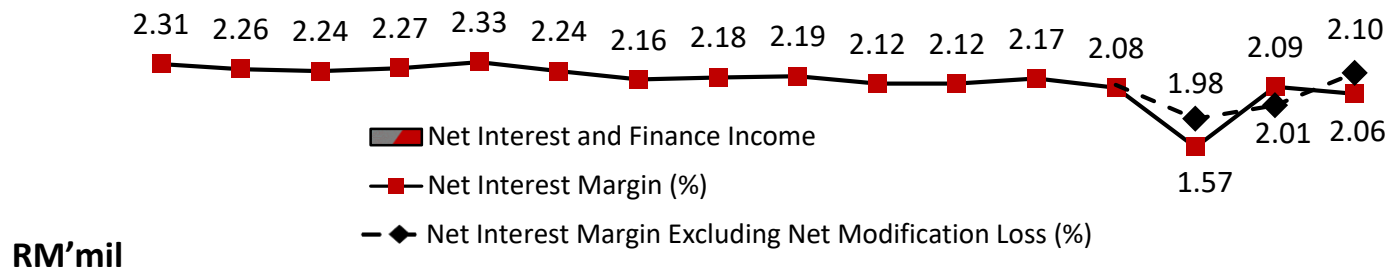


**Note:** Others comprise mainly of domestic main office, other miscellaneous domestic segment and domestic share of profit after tax of equity accounted associated companies

# Net Interest Margin



Margin compression in 2020 reflected the impact of OPR cut -125bps as well as net modification loss









(%)	2017	2018	2019	2020
Yearly Average	2.28	2.22	2.15	1.95

# Non-Interest Income

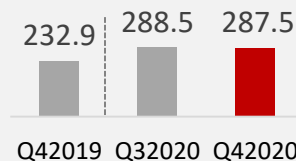


Commendable growth in NOII supported by growth in net gain on sale of investment securities, stockbroking income as well as unit trust income

(RM'mil)	Composition	FY 2019	FY 2020	Change
<b>Net fee and commission</b>		<b>1,740.5</b>	<b>1,929.4</b>	<b>10.9%</b>
Of which: - Unit trust income		913.3	1,051.4	15.1%
- Fee & commission income		736.0	631.4	-14.2%
- Stockbroking income		91.2	246.6	>100%
<b>Net gains and losses on financial instruments</b>		<b>167.7</b>	<b>447.6</b>	<b>&gt;100%</b>
<b>Other operating income</b>		<b>492.7</b>	<b>444.2</b>	<b>-9.8%</b>
Of which: - Foreign exchange income		336.1	302.5	-10.0%
- Others		156.6	141.7	-9.5%
<b>Total non-interest income</b>	<b>100%</b>	<b>2,400.9</b>	<b>2,821.2</b>	<b>17.5%</b>

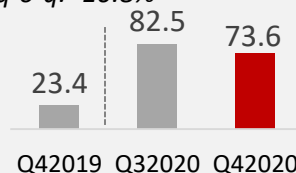
### Unit trust income (RM'mil)

y-o-y: +23.4%  
q-o-q: -0.3%



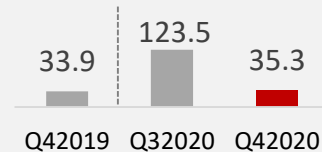
### Stockbroking income (RM'mil)

y-o-y: +>100%  
q-o-q: -10.8%



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

y-o-y: +4.2%  
q-o-q: -71.4%



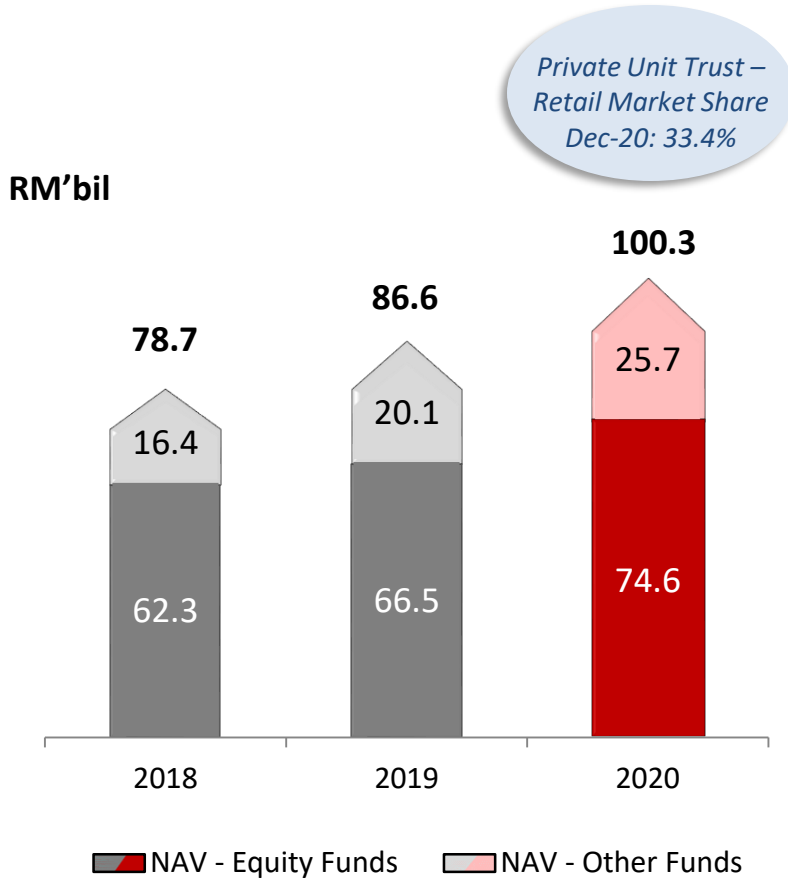
Of which:

# Unit Trust & Bancassurance

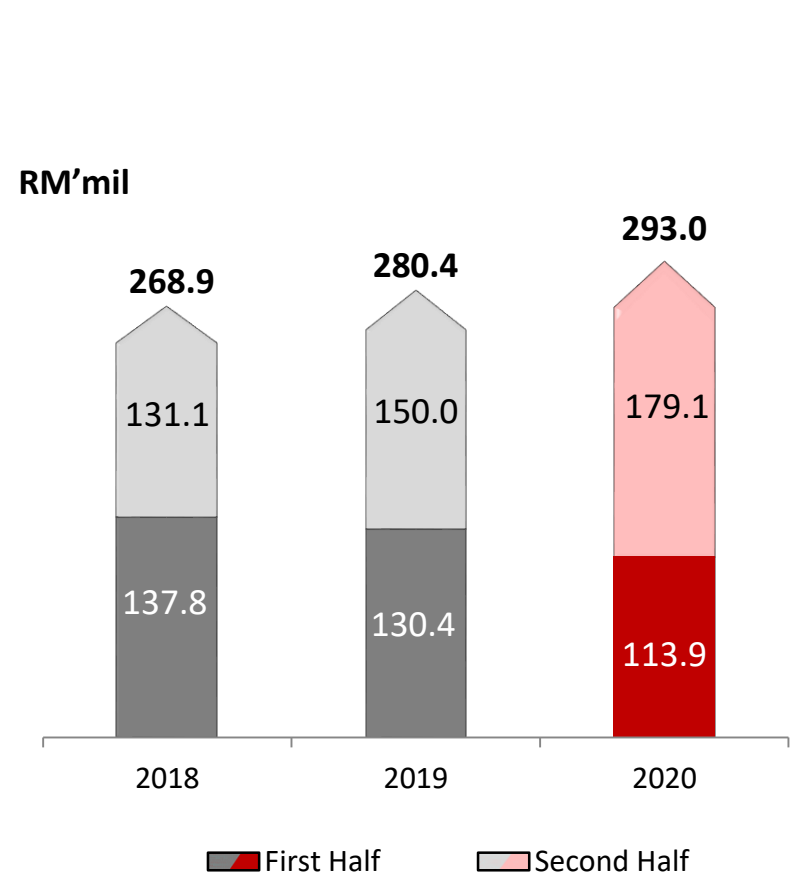


Solid growth in both the unit trust and bancassurance businesses

### Net Asset Value of Funds Under Management







### Bancassurance Business – Annualised New Premium



# Efficient Operating Overheads & Lowest CIR

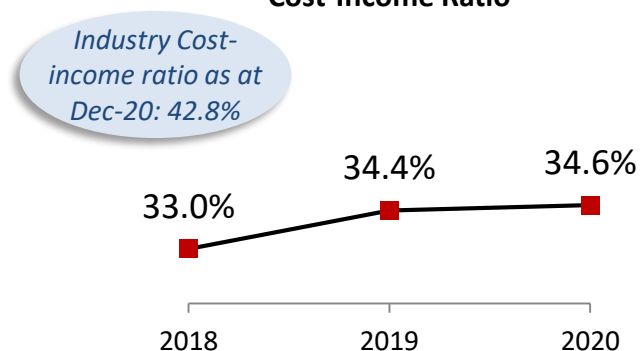


Prudent cost management; CIR remains at an efficient level of 34.6%

(RM'mil)	Composition	FY 2019	FY 2020	y-o-y	Q4 2019	Q4 2020	y-o-y
Personnel costs	 73%	2,741.6	2,866.5	4.6%	706.4	747.1	5.8%
Establishment costs	 18%	710.9	715.4	0.6%	186.3	175.7	-5.7%
Marketing expenses	 3%	142.6	118.7	-16.7%	37.0	22.1	-40.2%
Administration and general expenses	 6%	224.1	208.9	-6.8%	55.4	46.7	-15.8%
<b>Total other operating expenses</b>	<b>100%</b>	<b>3,819.2</b>	<b>3,909.5</b>	<b>2.4%</b>	<b>985.1</b>	<b>991.6</b>	<b>0.7%</b>

RM'mil	2019	2020
Gross loan per employee	17.2	17.8
Deposit per employee	18.3	18.8
PBT per employee	0.37	0.32

Cost-Income Ratio

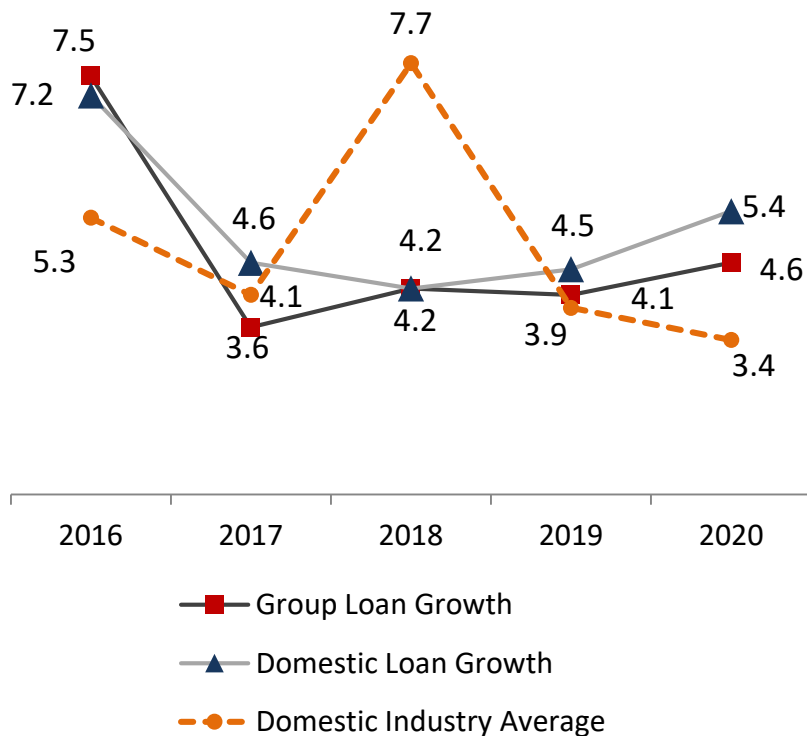


# Healthy Loan Growth

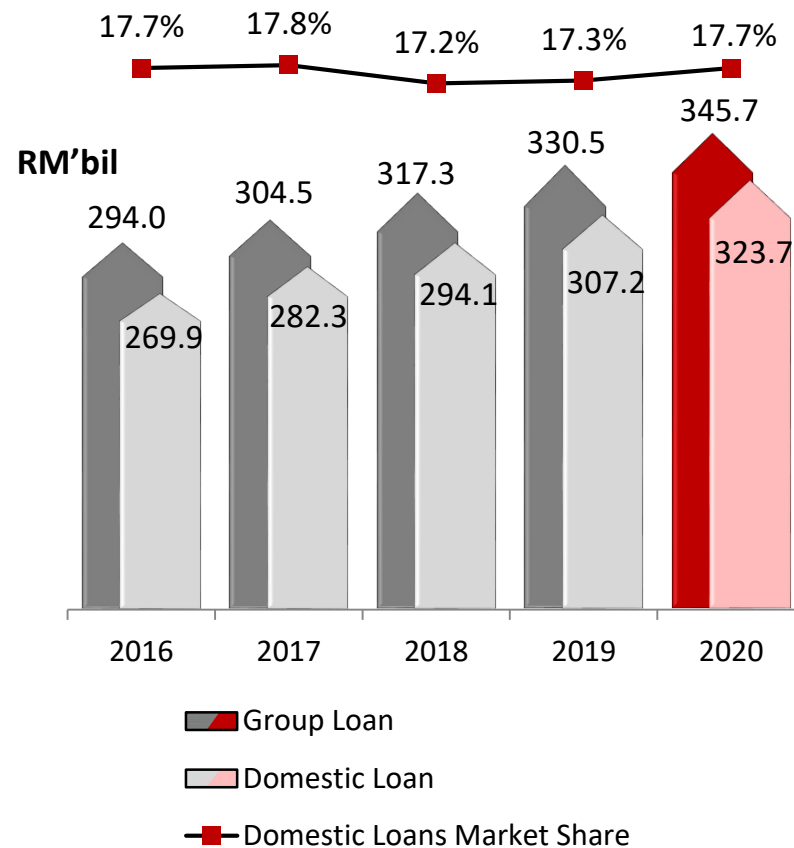


Expansion in lending portfolio, well above the domestic industry growth

### Loan Growth vs Industry (%)



### Loan – Outstanding Balance and Market Share

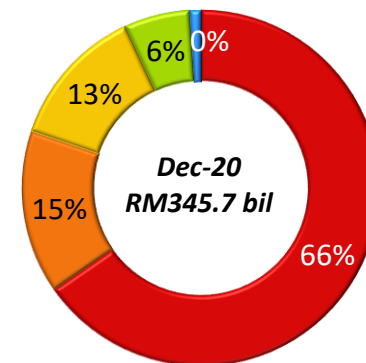
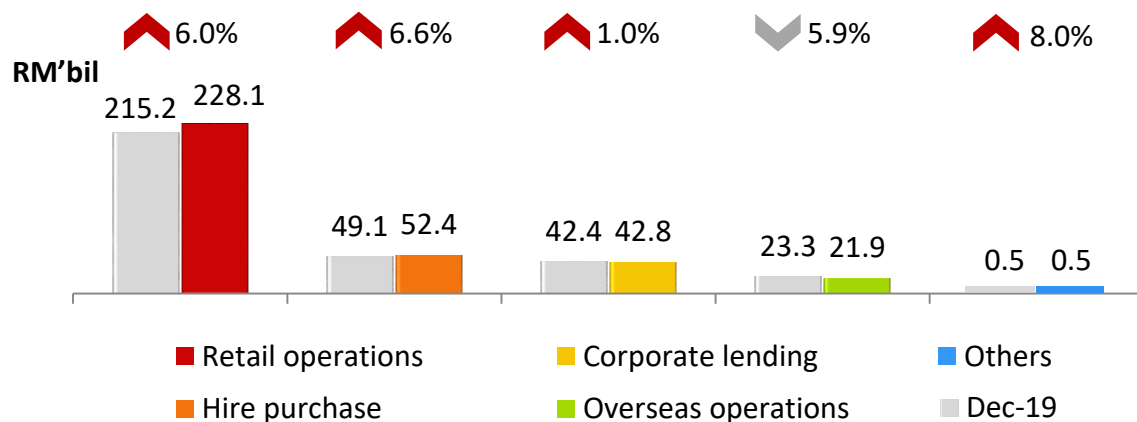


Note: From year 2018 onwards, industry figures were revised to include data from MBSB Bank Bhd

# Healthy Loan Growth

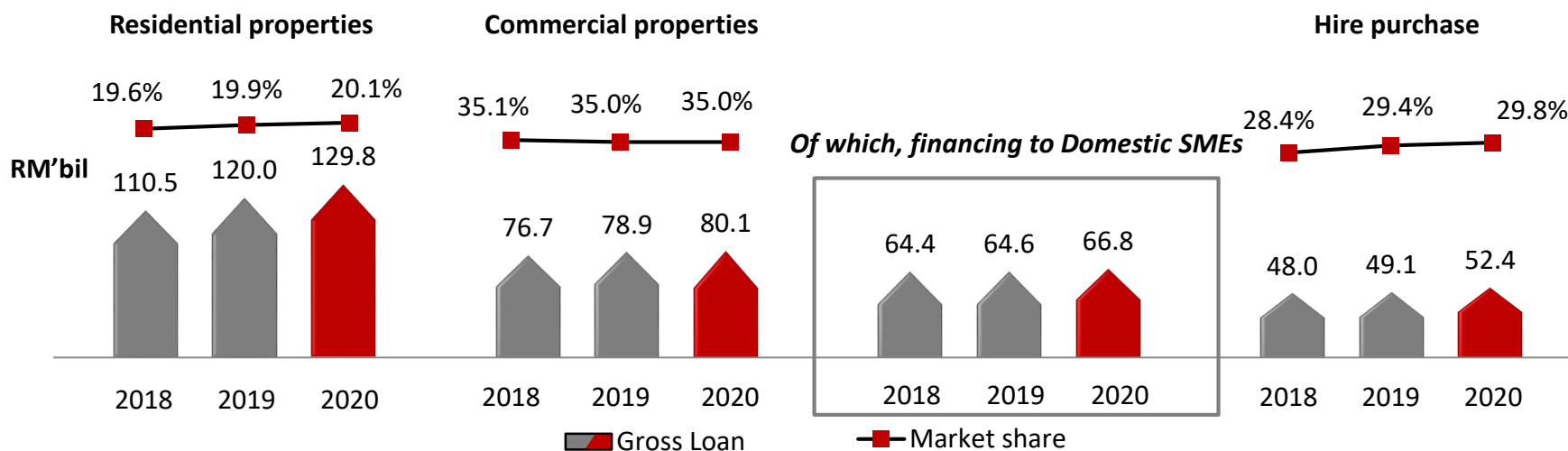


## Gross Loan by Segment



Note: Gross loan growth (Dec 2019 vs. Dec 2020)

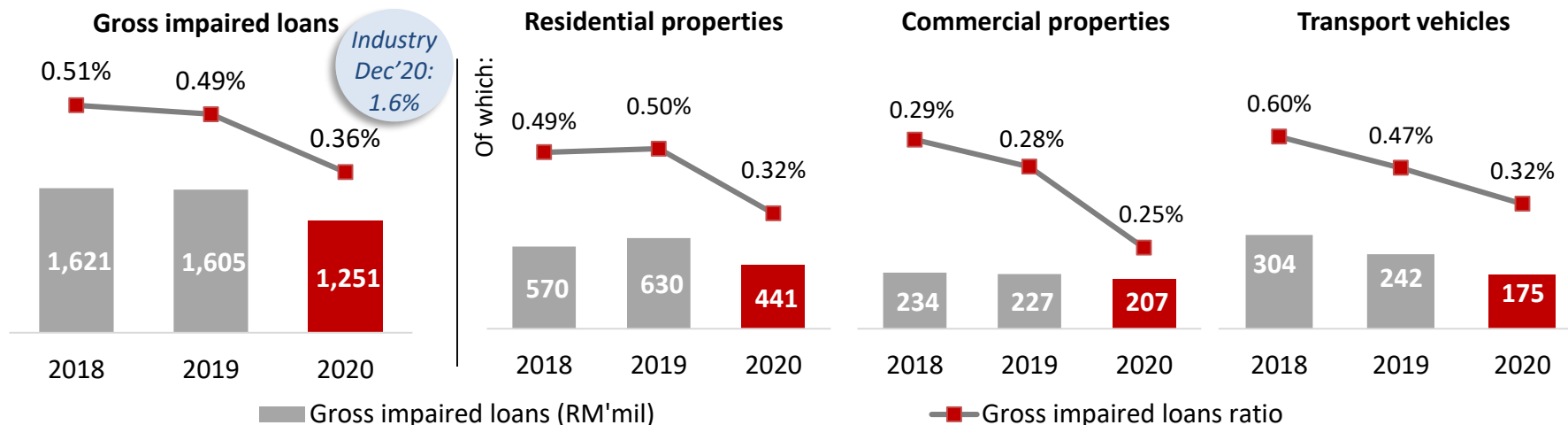
## Gross Loan in Domestic Operations



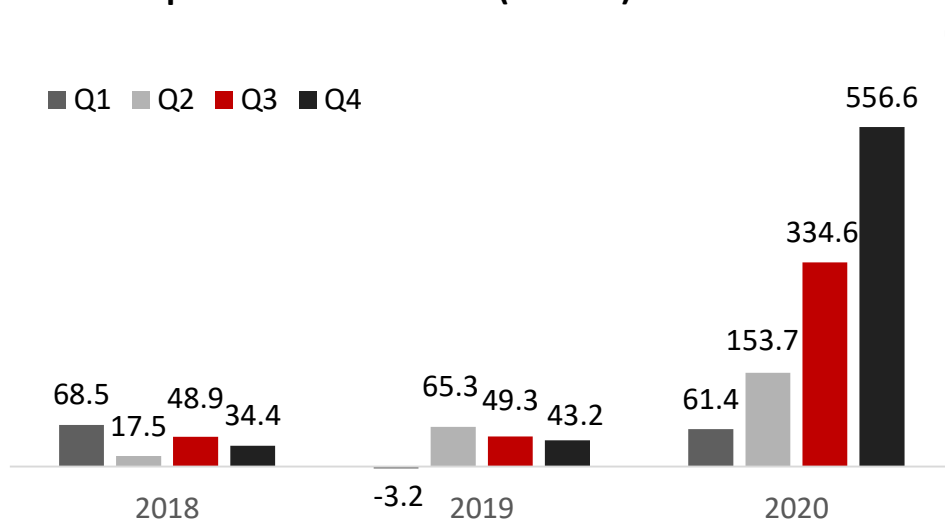
# Upholding Strong Asset Quality



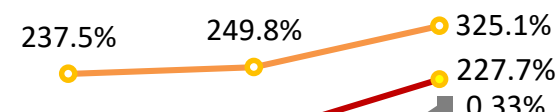
Impaired loans ratio remains stable; solid loan loss coverage to absorb potential credit losses



## Loan impairment allowances (RM'mil)



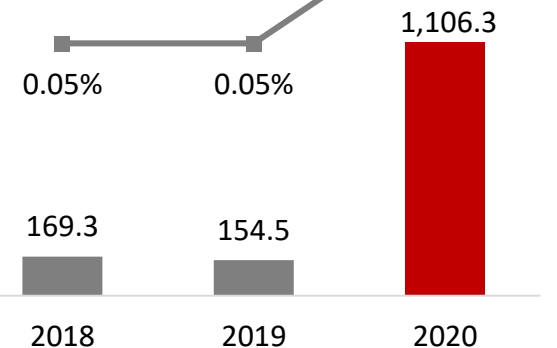
## Loan loss coverage (include regulatory reserve)



## Loan loss coverage



## Credit cost ratio



# Serving Stakeholders' Needs During the COVID-19 Pandemic

## Continuous support towards households and businesses to navigate through the COVID-19 Pandemic

REPAYMENT ASSISTANCE	
<p><b>1</b> Loan Moratorium</p> <p>April 2020 – September 2020</p> <p>6 months auto-moratorium for retail and SMEs</p> <p><b>About 13% opt-out</b></p>	<p><b>2</b> Targeted Repayment Assistance</p> <p>w.e.f. October 2020</p> <p>Targeted Repayment Assistance for:</p> <ul style="list-style-type: none"> <li>Unemployed (3 months extension of loan moratorium)</li> <li>Reduction of income (reduced repayment via R&amp;R)</li> </ul>
	<p><b>3</b> Expanded Targeted Repayment Assistance</p> <p>w.e.f. December 2020</p> <p>Expanded Targeted Repayment Assistance for B40 &amp; M40 individuals and Micro Enterprises</p> <p>2 options available:</p> <ul style="list-style-type: none"> <li>3-month deferment of instalments; or</li> <li>6-month reduction in instalments up to 50%</li> </ul>
FUNDING ASSISTANCE	
Government and BNM scheme	Approved
Special Relief Facility and Others*	More than RM3 billion benefitting about 15,000 SMEs
<p>* Others include PENJANA SME Financing, PENJANA Tourism Financing, Government Guarantee Scheme, All Economic Sectors Facility, Agrofood Facility, Automation and Digitalisation Facility, Micro Enterprises Facility and Targeted Relief and Recovery Facility</p>	



**Overall benefitted about 1.8 million customers**

# Targeted Repayment Assistance (TRA)



To-date	% Against Total Outstanding Domestic Loans
Targeted Repayment Assistance	11%
	% Against Total Outstanding Domestic Loans of Respective Loan Segment
Individual	10%
- Housing	11%
- Hire purchase	6%
Non-individual	13%

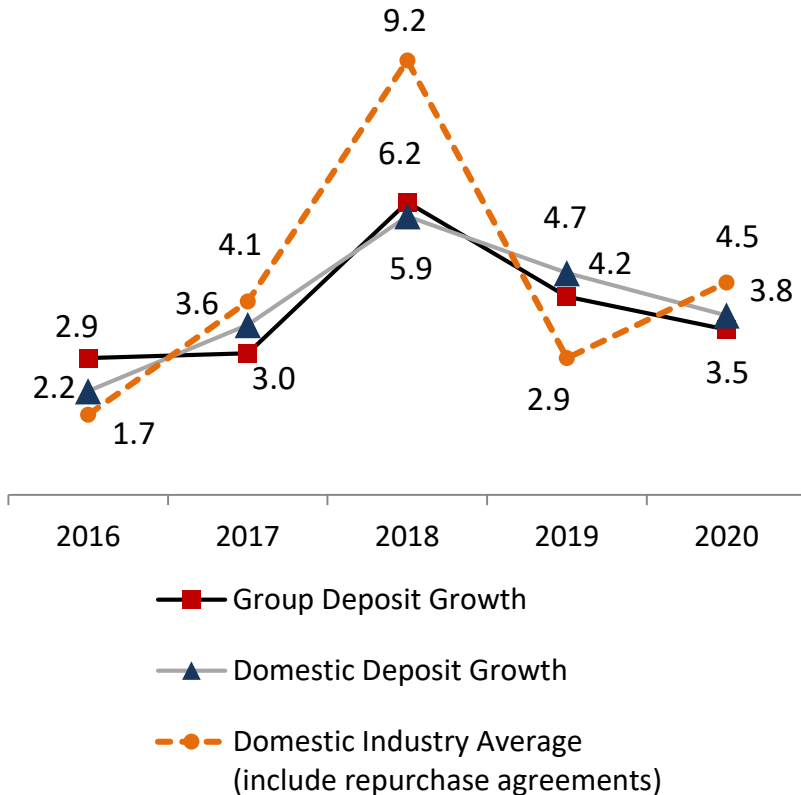
Include about 2% of loans approved for unemployed customers who opt for 3 months extension of loan repayment

# Healthy Deposit Growth in Support of Liquidity

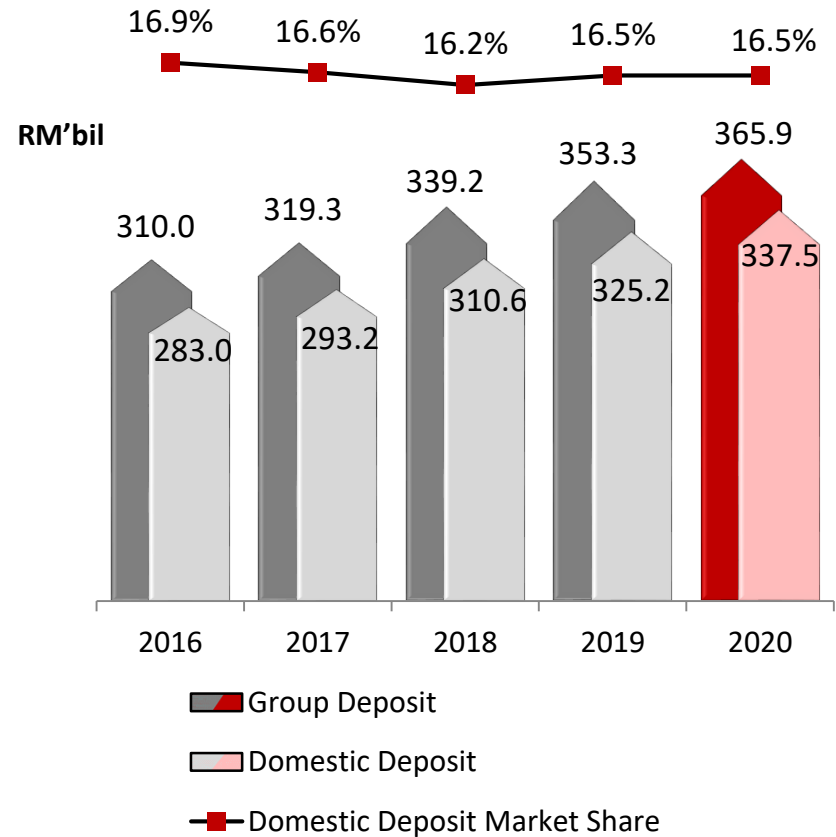


Sustained deposit growth; higher CASA mix

### Deposit Growth vs Industry (%)



### Deposit – Outstanding Balance and Market Share

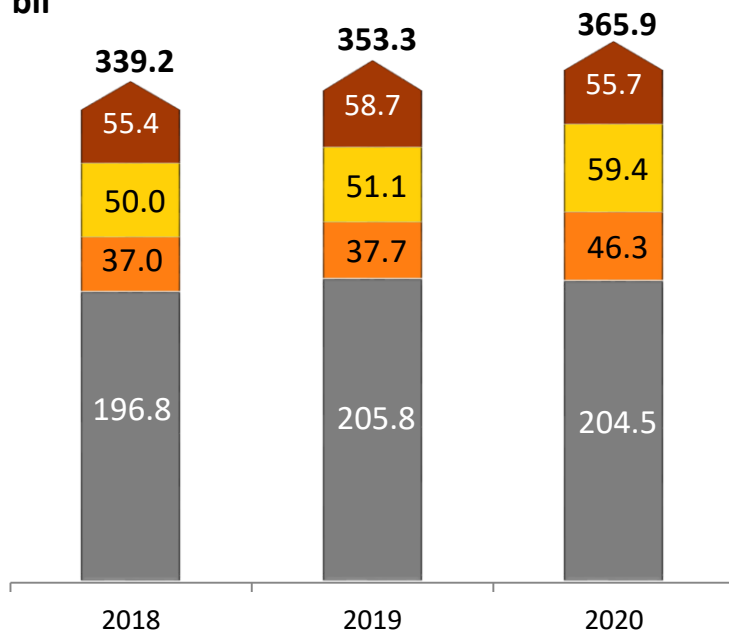


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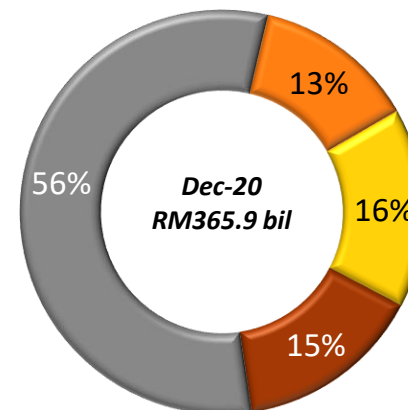
# Healthy Deposit Growth



RM'bil



- Money market deposit and others
- Demand deposit
- Savings deposit
- Fixed deposit



## Core Deposit Growth in Domestic Operations

	Demand deposit	Industry		Savings deposit	Industry		Fixed deposit	Industry
2018	2.7%	-0.2%	2018	4.7%	4.6%	2018	5.3%	12.9%
2019	1.9%	6.0%	2019	4.3%	8.0%	2019	5.0%	2.8%
<b>2020</b>	<b>19.1%</b>	<b>16.7%</b>	<b>2020</b>	<b>24.3%</b>	<b>24.9%</b>	<b>2020</b>	<b>-0.6%</b>	<b>-3.6%</b>

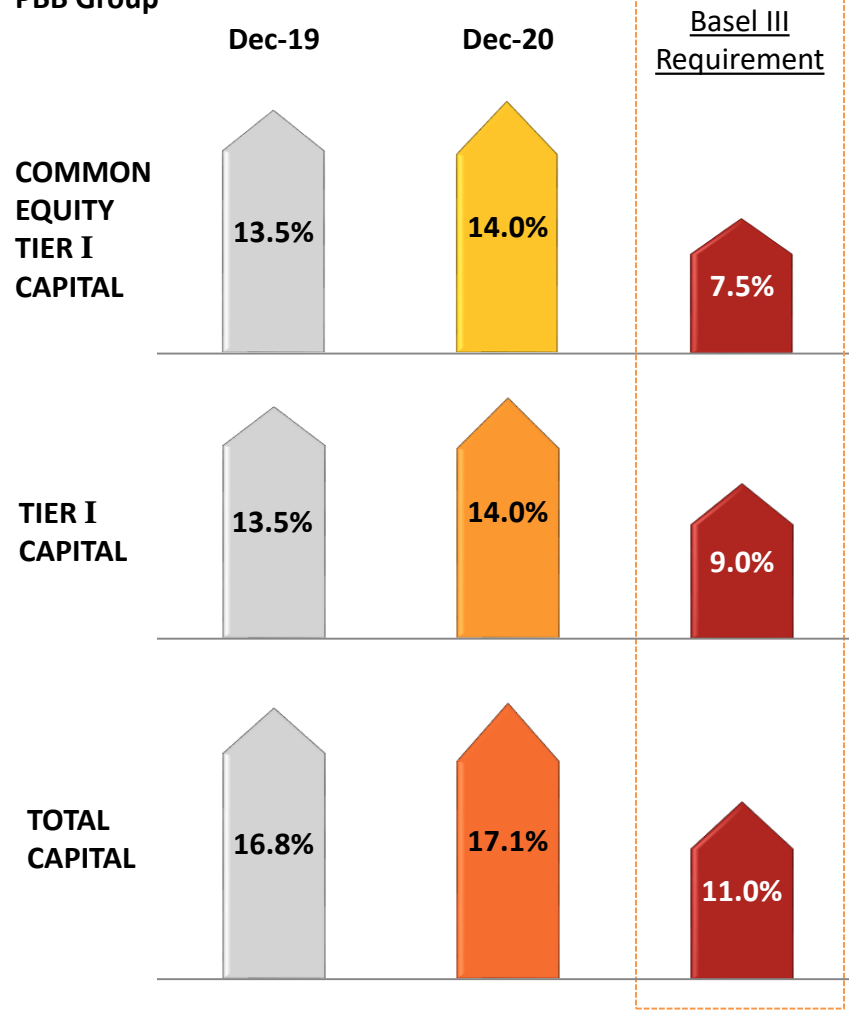
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# Stable Capital & Liquidity Position

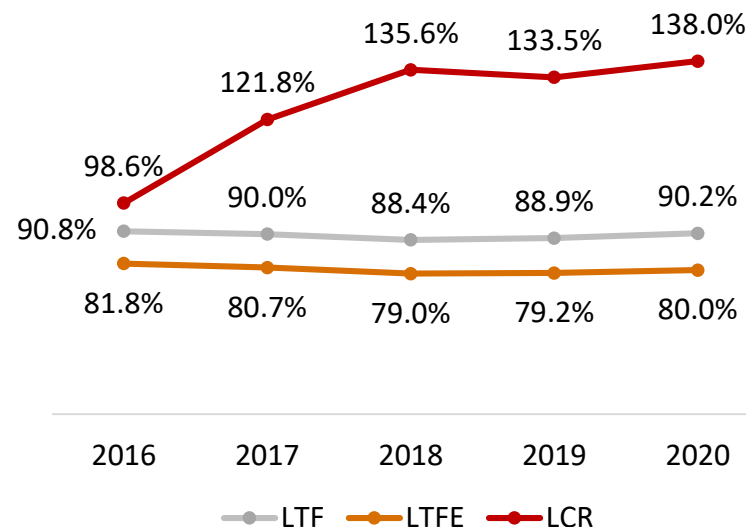


Capital and liquidity remain supportive; well-positioned to mitigate any potential disruption

PBB Group



Liquidity Risk Indicators



Note: The Basel III capital ratio requirements are inclusive of:

- (i) 2.5% capital conservation buffer
- (ii) Domestic Systemically Important Bank (DSIB) buffer of 0.5% imposed on PBB as announced by BNM, which was effective on 31 Jan 2021
- (iii) PBB did not opt for the BNM transitional arrangement on capital relief

# Expansion in Business Delivery Channel



	2010	2019	2020
<b><u>Malaysian Operations</u></b>			
Public Bank - Domestic	249	262	262
- Overseas	4	7	7
Public Islamic Bank	1	2	2
Public Mutual	26	28	28
Public Investment Bank	1	1	1
<b><u>Hong Kong &amp; China Operations</u></b>			
Public Finance	42	44	44
Public Bank (HK) - Hong Kong	30	32	32
- China	3	5	5
Winton (B.V.I) Group	9	3	3
<b><u>Indo-China Operations</u></b>			
Cambodia Public Bank	21	31	31
Public Bank Vietnam	7	20	26
	<b>393</b>	<b>435</b>	<b>441</b>
Self Service Terminal - domestic	1,362	2,053	2,089



# PB Internet Banking and Mobile Banking



The Group continues to step up its effort in promoting e-payment and cashless society

## PBe



ACTIVE USERS

↑ 13.4%

FINANCIAL TRANSACTIONS

↑ 22.8%

## PB enterprise



NO. OF COMPANIES

↑ 75.1%

FINANCIAL TRANSACTIONS

↑ >100%

## PB engage



ACTIVE USERS

↑ 11.8%

FINANCIAL TRANSACTIONS

↑ >100%

Public Bank Berhad was the biggest winner at the Malaysian e-Payment Excellence Awards (MEEA) 2020:

- 🏆 Best e-Payment Bank
- 🏆 Best IBG Bank
- 🏆 Best JomPAY Bank
- 🏆 Best Customer Experience (FPX)
- 🏆 Best MyDebit Bank
- 🏆 Top JomPAY Acquirer
- 🏆 Top MyDebit Acquirer
- 🏆 Outstanding Contribution to MyDebit



# Strategic Focus: Organic growth in focus areas



## FOCUS AREA

## STRATEGIC APPROACH



## SUPPORTED BY

### Domestic Consumer Banking and SME Lending

- Focus on consumer lending for purchases 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 optimum balance between growth and cost of funds

### 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

- Enhance contribution from overseas operations in Hong Kong / People's Republic of China and Indo-China through organic growth

### Key strategy in response to COVID-19 challenges

- Close monitoring and proactive management of asset quality
- Intensify digitalisation initiatives and cyber security in all aspects of the Bank's operations

### Serving 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



## Head Office

Menara Public Bank  
146, Jalan Ampang  
50450 Kuala Lumpur  
Malaysia

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		RM'mil	2016	2017	2018	2019	2020
Profitability	Operating profit		6,745	7,319	7,270	7,283	7,403
	Profit before tax		6,554	7,118	7,101	7,134	6,285
	Net profit		5,207	5,470	5,591	5,512	4,872
Shareholder Value	Earnings per share (sen) <sup>x</sup>		27.0	28.3	28.9	28.4	25.1
	Net assets per share (RM) <sup>x</sup>		1.77	1.94	2.11	2.25	2.43
	Dividend per share (sen) <sup>x</sup>		11.6	12.2	13.8	14.6	13.0
	Dividend payout ratio (%)		43.0	43.1	47.9	51.4	51.8
Key Balance Sheet Data	Total assets		380,053	395,276	419,693	432,831	451,257
	Gross loan		293,959	304,453	317,302	330,468	345,651
	Domestic loan		269,915	282,326	294,074	307,164	323,728
	Deposit from customers		309,974	319,259	339,160	353,340	365,871
	Domestic deposit		282,967	293,178	310,585	325,199	337,458
	Core customer deposit		258,155	269,723	283,846	294,646	310,144
	Shareholders' equity		34,213	37,365	40,973	43,594	47,248
	Common equity Tier I capital <sup>π</sup>		28,620	31,521	35,104	37,406	40,778
	Tier I capital <sup>π</sup>		30,771	33,528	36,825	37,564	40,935
	Total capital <sup>π</sup>		38,970	41,134	43,716	46,571	50,119
Risk-weighted assets		251,662	257,352	268,125	277,906	292,284	

<sup>π</sup> After deducting interim dividends declared subsequent to end of year

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

# Appendix (cont'd)



		%	2016	2017	2018	2019	2020	Industry
Profitability Ratios	Net interest margin on yielding assets		2.20	2.28	2.22	2.15	1.95	N/A
	Net return on equity <sup>+</sup>		16.5	15.8	14.8	13.6	11.2	N/A
	Pre-tax return on average assets		1.8	1.8	1.7	1.7	1.4	1.1
	Cost to income ratio		32.3	31.9	33.0	34.4	34.6	42.8
	Non interest income/Total income		21.0	21.7	20.4	21.6	24.9	36.9
Liquidity	Gross loan to fund ratio <sup>~</sup>		90.8	90.0	88.4	88.9	90.2	82.5 <sup>^</sup>
	Gross loan to fund and equity ratio <sup>~</sup>		81.8	80.7	79.0	79.2	80.0	72.0 <sup>#</sup>
	Liquidity coverage ratio		98.6	121.8	135.6	133.5	138.0	148.2
Asset Quality	Gross impaired loans ratio		0.5	0.5	0.5	0.5	0.4	1.6
	Loan loss coverage ratio		102.7	95.5	126.0	124.1	227.7	107.5
	Credit cost ratio		0.07	0.07	0.05	0.05	0.33	0.79
Capital Adequacy	Common equity Tier I capital ratio <sup>π</sup>		11.4	12.2	13.1	13.5	14.0	14.6
	Tier I capital ratio <sup>π</sup>		12.2	13.0	13.7	13.5	14.0	15.1
	Total capital ratio <sup>π</sup>		15.5	16.0	16.3	16.8	17.1	18.3
Market Share	<u>Domestic market share</u>							
	Commercial property financing		34.7	35.5	35.1	35.0	35.0	N/A
	Residential property financing		19.4	19.6	19.6	19.9	20.1	N/A
	Passenger vehicle financing		29.1	28.5	28.4	29.4	29.8	N/A
	Domestic loans		17.7	17.8	17.2	17.3	17.7	N/A
	Domestic deposits		16.9	16.6	16.2	16.5	16.5	N/A

<sup>+</sup> Based on average equity adjusted with proposed dividend, if any

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

<sup>^</sup> Loans exclude loans extended to banking institutions

<sup>#</sup> Equity comprises ordinary and preferred shares and retained earnings

<sup>π</sup> After deducting interim dividends declared subsequent to end of year

Note: From year 2018 onwards, industry figures were revised to include data from MBSB Bank Bhd