



Presentation to Investors

**Credit Suisse Asian Investment
Conference 2010**

22 - 26 March 2010





Quick Facts

- ▶ **Top-tier bank in Malaysia**
- ▶ **Top 5 largest listed[^] corporation by market capitalisation**
- ▶ **Highly experienced management**
- ▶ **Unbroken profit track record since incorporation in 1966**
- ▶ **Strong financial ratings & corporate governance**
- ▶ **Valuable PB Brand & retail franchise**

[^] Reference to listing on Bursa Malaysia



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Public Bank does not assume any liability for any loss that may result from the reliance by any person upon any such information or opinions.

AGENDA



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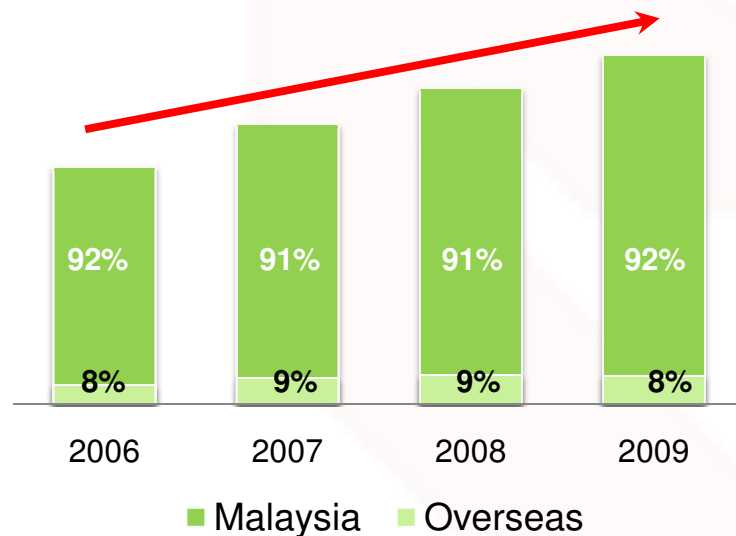


1. INTRODUCTION TO PUBLIC BANK

- ❖ 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

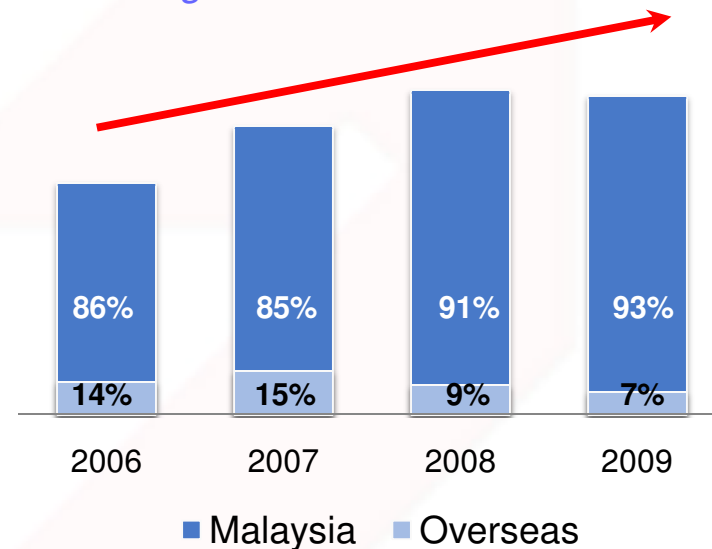
Total Assets

- *Consistent & stable investment strategy*



Pre-tax Profit

- *Strong domestic returns*





Group Structure & Main Companies

No of Branches & 3-Year Organic Growth

	<u>2006</u>	<u>2009</u>	<u>2010</u> (Target)
❖ Malaysian Operations			
➤ Public Bank Berhad - Domestic	240	248	253
➤ - Overseas	3	5	5
➤ Public Mutual Berhad	25	26	28
➤ Public Investment Bank Berhad	1	1	1
❖ Hong Kong Operations			
➤ Public Finance Limited	40	42	42
➤ Public Bank (HK) Limited - Hong Kong	15	30	32
➤ - China	1	3	4
❖ Indo-China Operations			
➤ Cambodian Public Bank	5	15	26
➤ VID Public Bank (Vietnam)	6	7	9



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

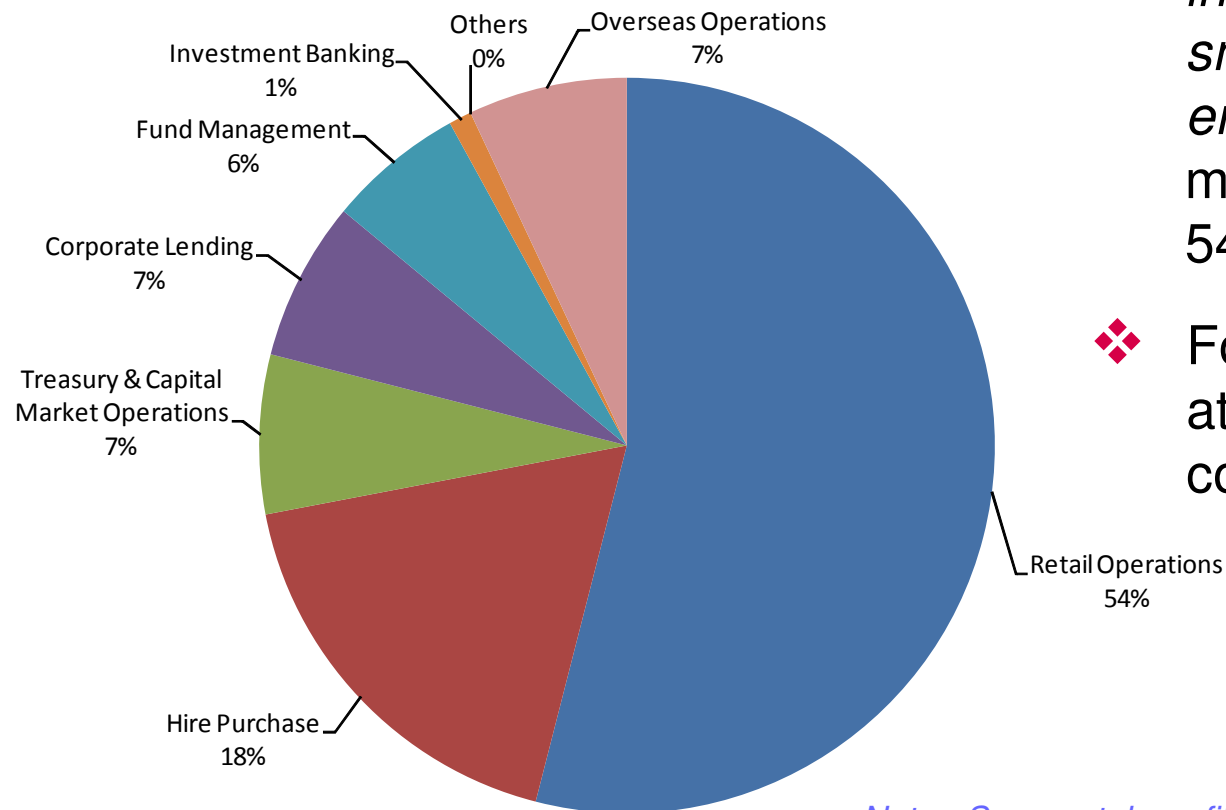
➤ Fee Based Business:

Unit trusts, bancassurance and structured investment products

2. FINANCIAL RESULTS AND PERFORMANCE



A) Profit Contribution By Segment



- ❖ Retail operations (*focus on individual customers and small- and medium-sized enterprises*) remain the main profit contributor with 54%,
- ❖ Followed by hire purchase at 18%, and 7% each from corporate lending, treasury & capital markets and overseas operations

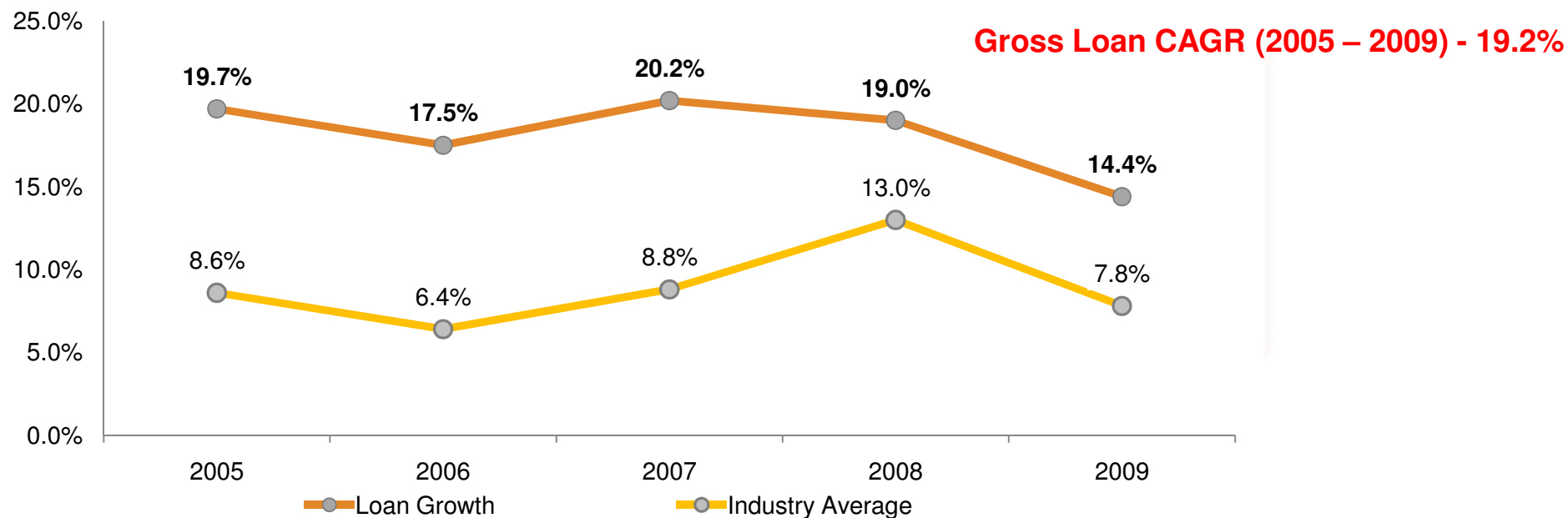
Note: Segmental profit is derived based on the Group's 2009 year end results



B) Loans & Deposits Growth Since 2005

	2005	2006	2007	2008	2009
Loans Growth (%)	19.7	17.5*	20.2	19.0	14.4
Industry loan growth (%)	8.6	6.4	8.8	13.0	7.8

* Excluding acquisition of Public Bank (Hong Kong)

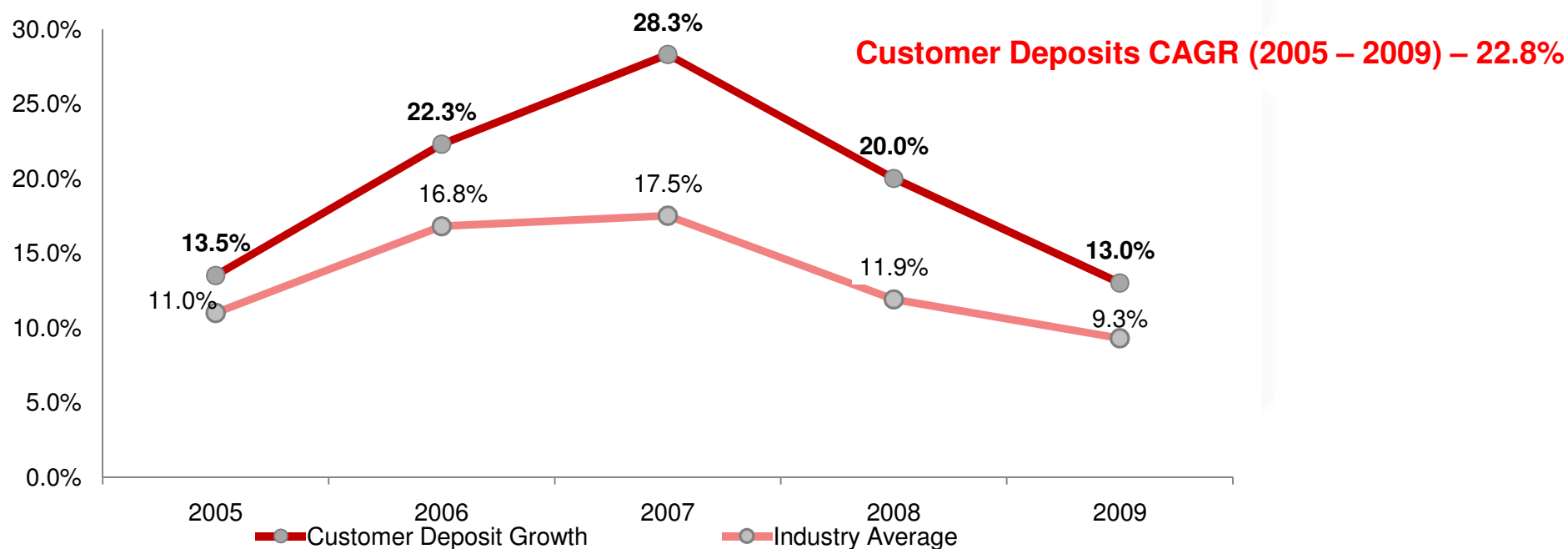




B) Loans & Deposits Growth Since 2005

	2005	2006	2007	2008	2009
Customer Deposits Growth (%)	13.5	22.3*	28.3	20.0	13.0
Industry deposit growth (%)	11.0	16.8	17.5	11.9	9.3

* Excluding acquisition of Public Bank (Hong Kong)

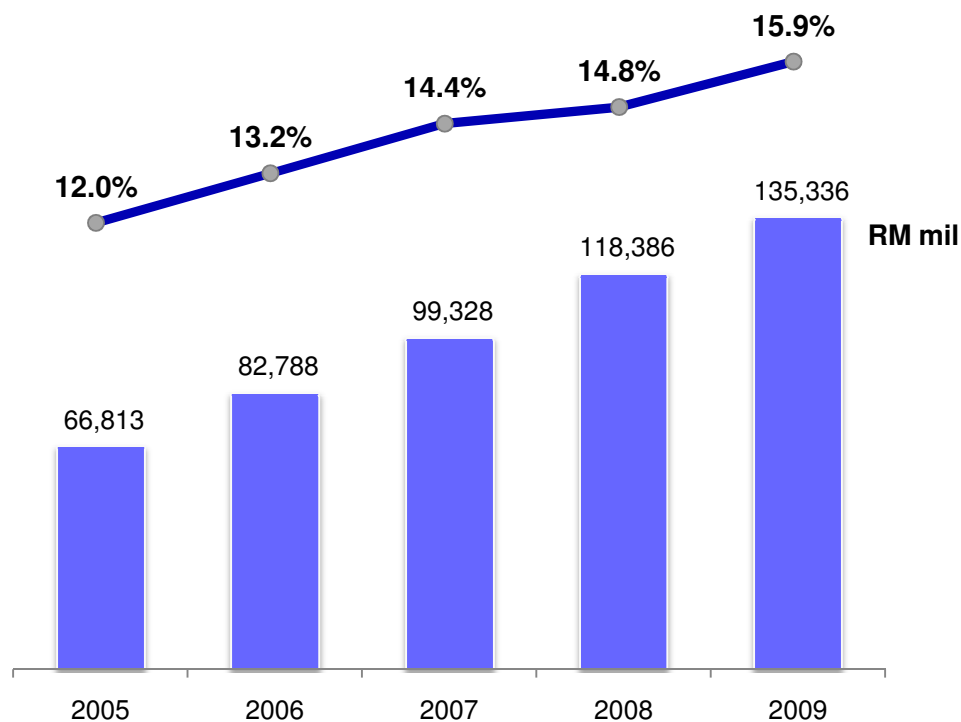




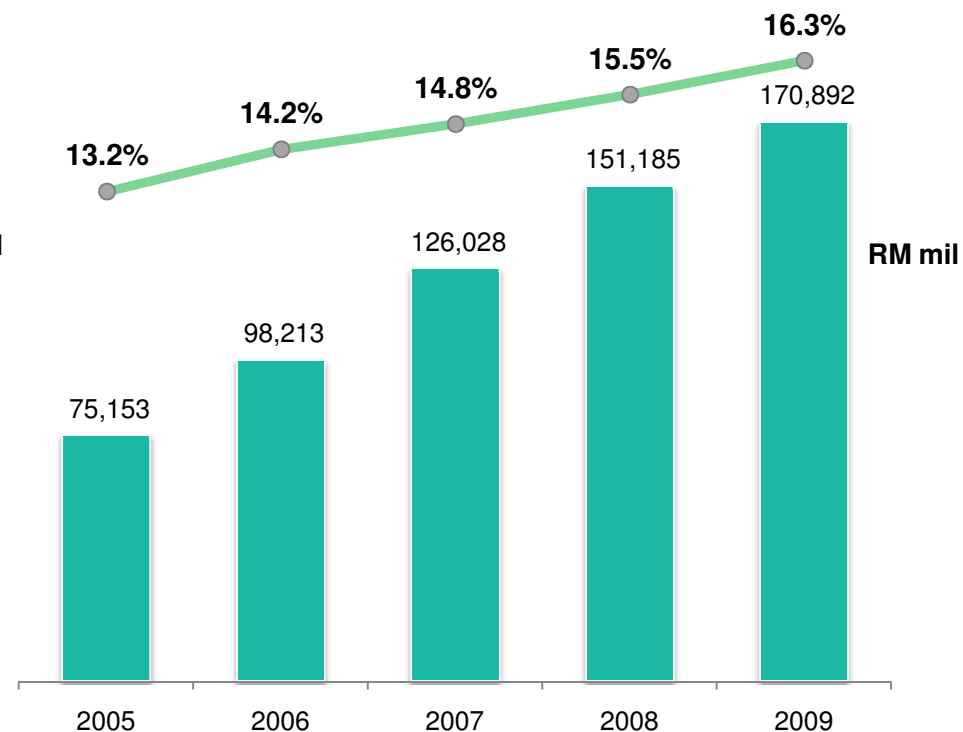
C) Domestic Market Share Gains

	2005	2006	2007	2008	2009
Loans Market Share (%)	12.0	13.2	14.4	14.8	15.9
Deposits Market Share (%)	13.2	14.2	14.8	15.5	16.3

Net Loans – Outstanding Balance & Market Share



Customer Deposits – Outstanding Balance & Market Share



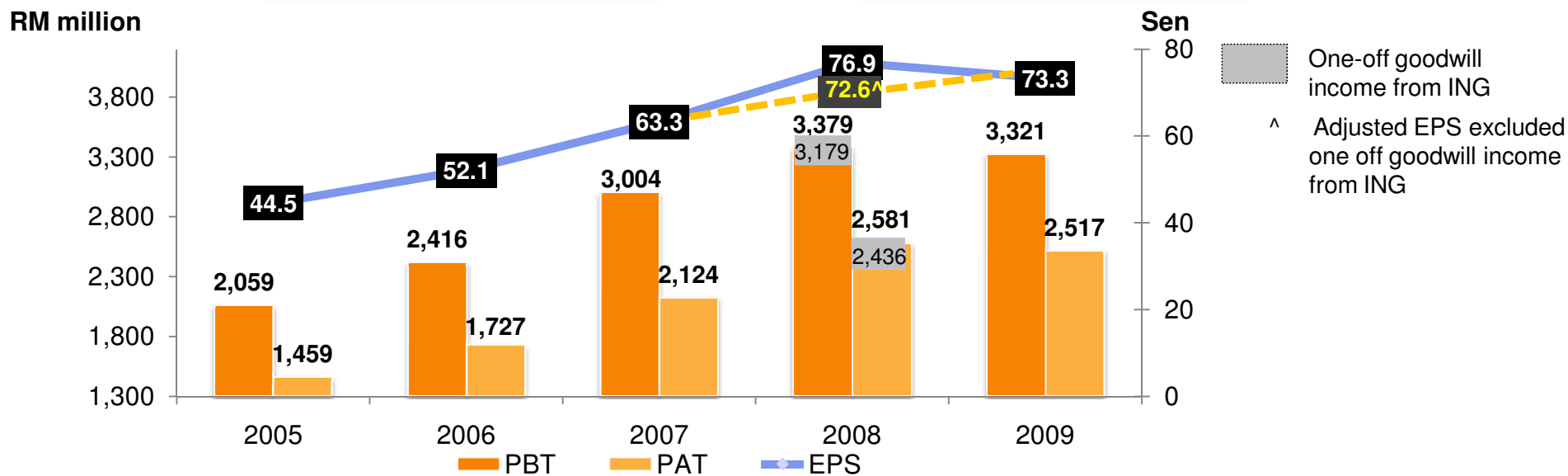


D) Profit Track Record

- ❖ 43 years of unbroken profitability
- ❖ Strong profit growth in past 5 years

	RM million					y-o-y growth (%)				
	2005	2006	2007	2008*	2009	2005	2006	2007	2008*	2009
Profit before tax	2,059	2,416	3,004	3,179	3,321	9.3	17.3	24.3	5.8	4.5
Net profit	1,459	1,727	2,124	2,436	2,517	12.8	18.4	23.0	14.7	3.3

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





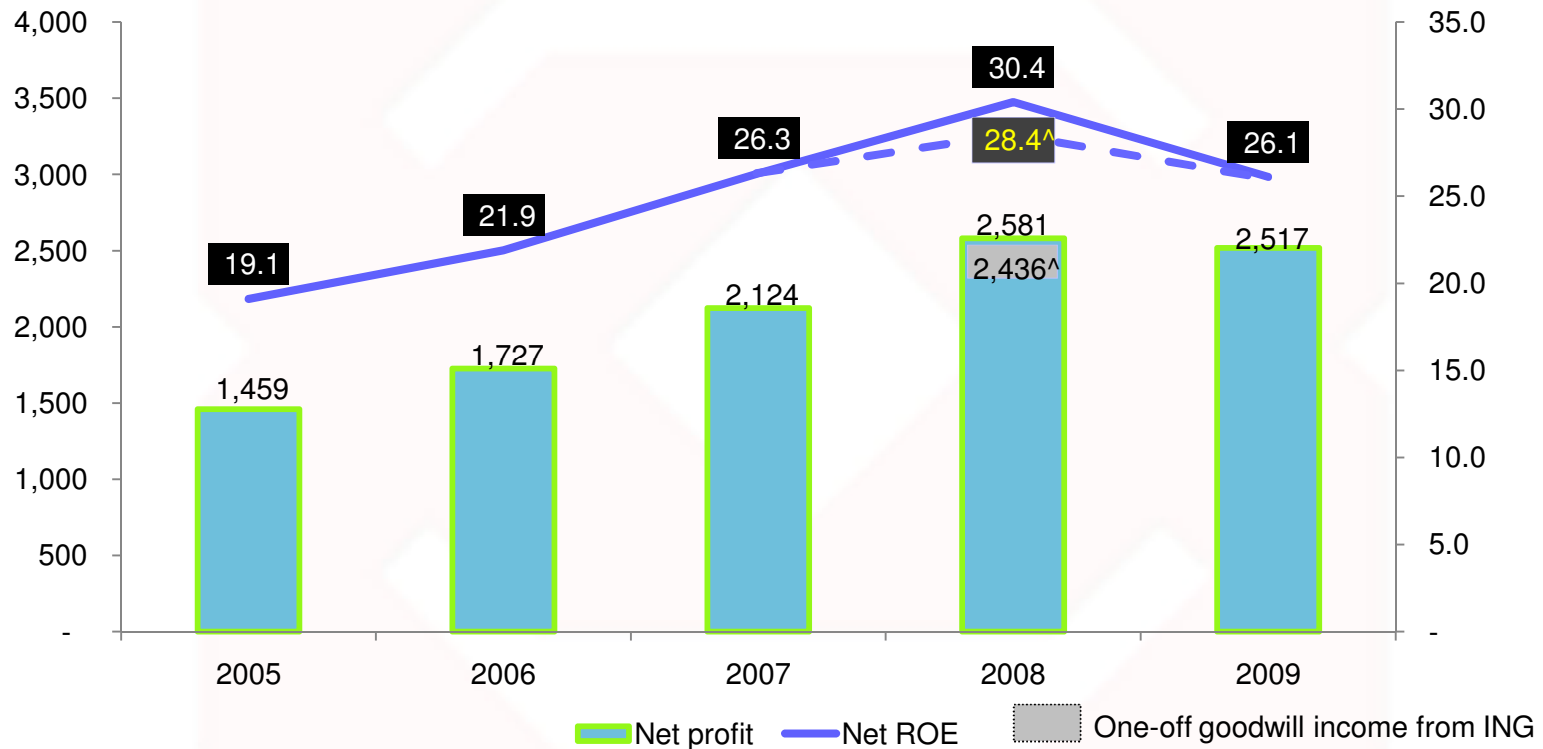
E) Balance Sheet Highlights

	2005 RM bil	2006 RM bil	2007 RM bil	2008 RM bil	2009 RM bil
Total assets	111.7	147.8	174.2	196.2	217.1
Gross loans and advances	68.1	84.4	101.0	120.3	137.6
Domestic gross loans and advances	65.2	76.3	90.5	106.1	124.1
Deposits from customers	75.2	98.2	126.0	151.2	170.9
Shareholders' funds	8.6	9.0	9.3	9.5	11.0
Net assets per share (RM)	2.60	2.71	2.79	2.84	3.19



F) Key Financial Ratios

Return on Equity



[^] Excluding one-off goodwill income from ING



F) Key Financial Ratios

	2005	2006	2007	2008	2009
Net Return on Equity (%) [*]	19.1	21.9	26.3	28.4 [#]	26.1
EPS (sen)	44.5	52.1	63.3	72.6 [#]	73.3
Return on Assets (%)	2.0	1.9	1.9	1.7 [#]	1.6
Net Interest Margin on Yielding Assets (%) ^{**}	3.6	3.4	3.2	3.2	3.2
Cost Income Ratio (%)	33.8	32.7	33.1	32.3 [#]	34.4
Overheads/Average Assets (%)	1.3	1.2	1.1	1.0	1.0
Net Loans to Deposits ratio (%)	88.9	84.3	78.8	78.3	79.2

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

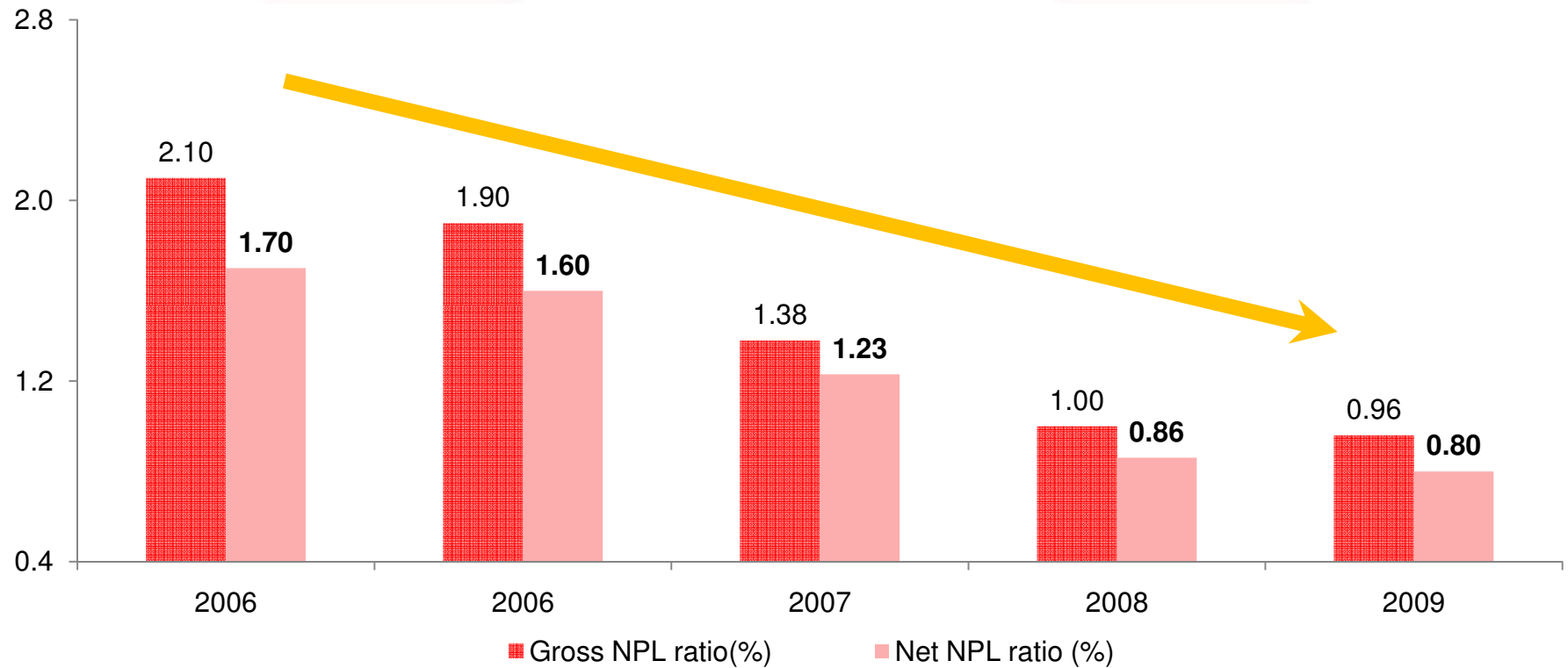
** Excluding Negotiable Instrument of Deposits and Money Market Deposits which are on-lent to interbank

Excluding one-off goodwill payment from ING of RM200 million



G) Asset Quality Track Record

Improved NPL ratios below 1 %





G) Asset Quality Track Record

	2005 (%)	2006 (%)	2007 (%)	2008 (%)	2009 (%)
Net NPL Ratio	1.7	1.6	1.2	0.9	0.80
Gross NPL Ratio	2.1	1.9	1.4	1.0	0.96
<i>Industry Gross NPL Ratio</i>	<i>8.4</i>	<i>7.4</i>	<i>5.6</i>	<i>4.1</i>	<i>3.2</i>
Gross NPL Ratio for Key Lending Sectors:					
• Housing Loans	3.3	3.1	2.4	1.6	1.2
• SME Loans	1.8	1.6	1.3	1.1	0.8
• Hire Purchase	1.0	1.1	0.9	0.6	0.5
• Credit Cards	2.2	1.9	1.6	1.5	1.2

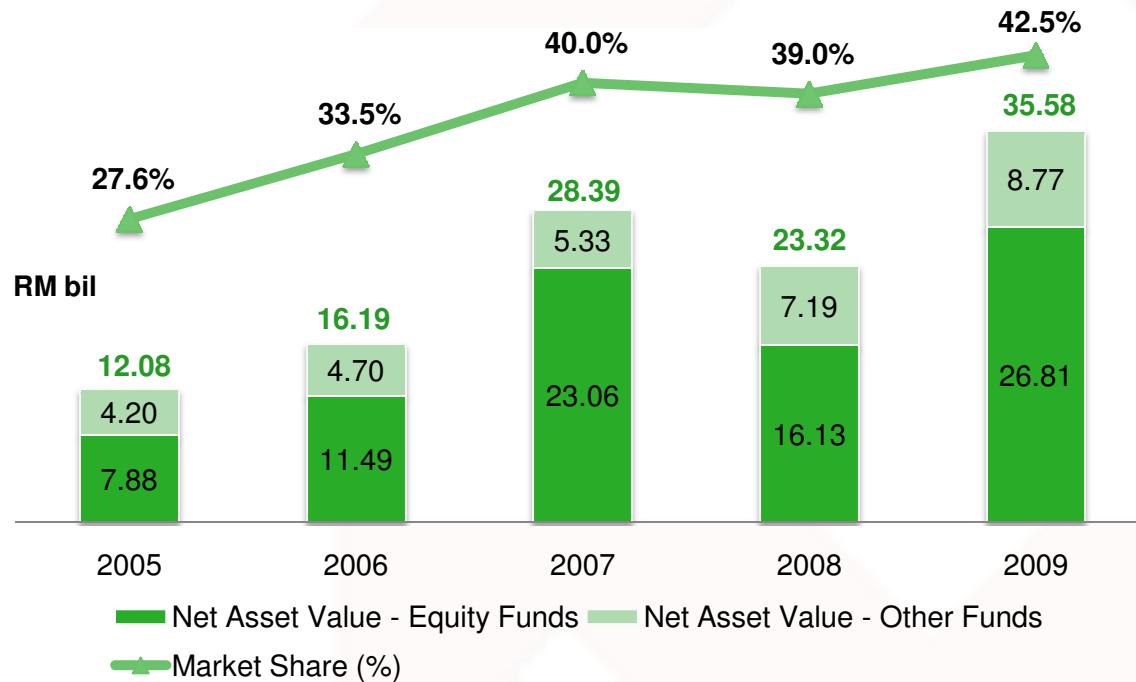


H) Sustaining Strong Asset Quality

- ❖ 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



I) Wealth Management - Public Mutual



- ❖ Total % of equity funds to total funds: RM26.81b/ 75.4% (As at end 2009)
- ❖ Largest private unit trust management company in Malaysia
- ❖ Number of agents: > 40,000 (As at end 2009)

	2005	2006	2007	2008	2009
No. of Funds	26	34	55	67	72
Net Asset Value (RM'bil)	12.08	16.19	28.39	23.32	35.58
Market Share (%)	27.6	33.5	40.0	39.0	42.5
Gross New Sales (RM'bil)	3.07	4.10	13.12	7.64	7.60



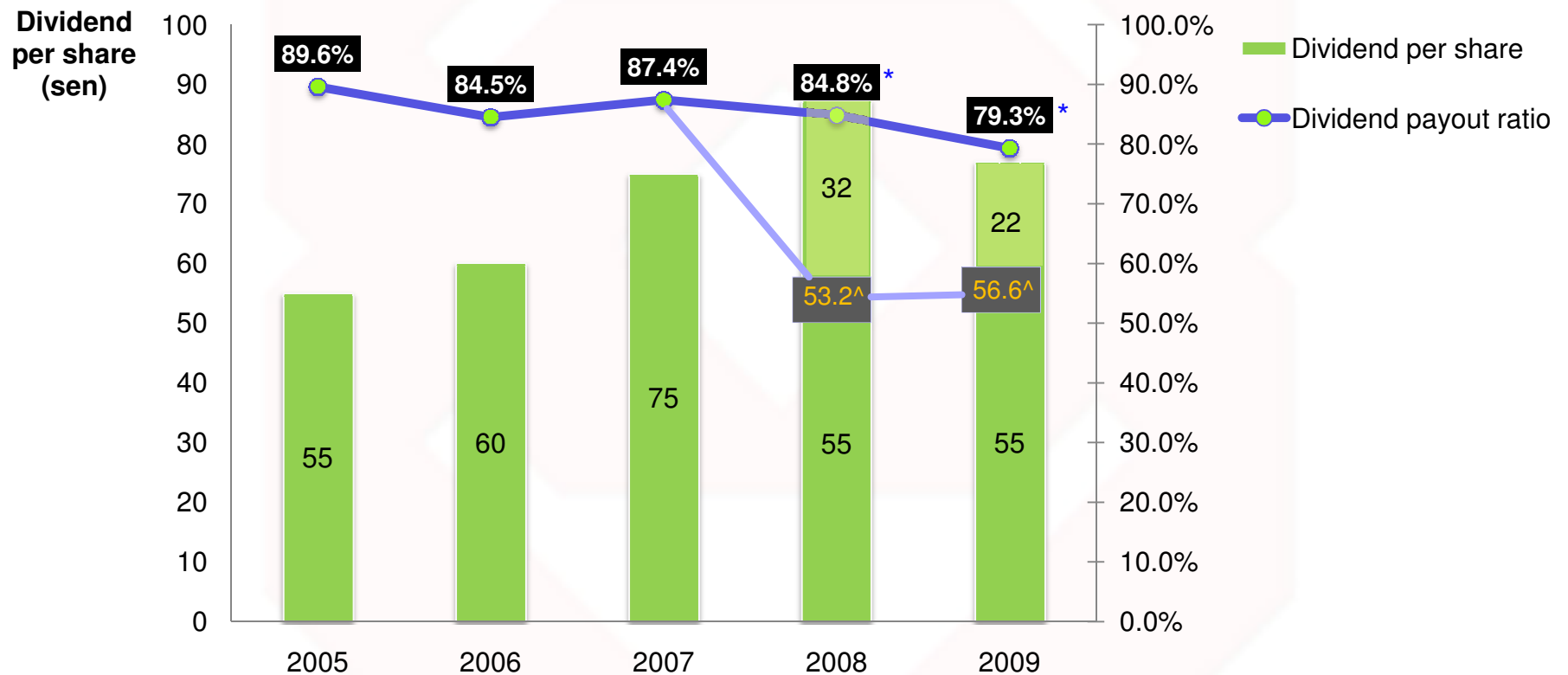
J) Capital Adequacy Ratios

After 2 nd Interim/Final Dividend	Group		Bank	
	2009 RM mil	2008 RM mil	2009 RM mil	2008 RM mil
- Equity Capital	8,514.2	7,528.0	8,835.6	8,105.9
- Non-innovative Tier 1	2,080.8	-	2,080.9	-
- Innovative Tier 1	1,869.7	1,328.4	1,883.2	1,430.4
<i>Total Tier 1 Capital</i>	<i>12,464.7</i>	<i>8,856.4</i>	<i>12,799.7</i>	<i>9,536.3</i>
- General Allowance	2,051.7	1,759.5	1,653.9	1,433.5
- Subordinated Notes	3,217.8	3,968.8	3,238.0	3,988.8
- Hybrid Capital Securities	13.5	561.6	-	459.7
<i>Total Tier 2 Capital</i>	<i>5,283.0</i>	<i>6,289.9</i>	<i>4,891.9</i>	<i>5,882.0</i>
<i>Less: Inv in subsidiaries/associates</i>	<i>(1.0)</i>	<i>(1.0)</i>	<i>(3,593.3)</i>	<i>(3,318.4)</i>
Total Capital Base	17,746.7	15,145.5	14,098.3	12,099.9
Risk-Weighted Assets	125,277.9	115,341.9	103,333.2	94,647.3
Capital Adequacy Ratio	Group		Bank	
(After 2 nd Interim/Final Dividend)	2009	2008	2009	2008
Risk-Weighted Capital Ratio	14.2	13.1	13.6	12.8
Core Capital Ratio	9.9	7.7	12.4	10.1



K) Dividend Track Record

❖ Paid dividends annually since 1970



Dividend yield (incl share dividend)	2005	2006	2007	2008	2009
	8.4%	7.7%	6.8%	10.0%*	6.8%*

[^] Dividend payout based on cash dividends

* Including share dividend



L) Capital Management

Enhancement to Group's Core Equity Ratio driven by:

- ❖ Strong profit generation capacity
- ❖ Strong asset quality
- ❖ Continuous enhancement of efficient capital usage, in particular:
 - Continue to grow less capital-intensive fee based and non-interest income business
- ❖ Further Basel II IRB capital improvement
- ❖ Maintain decent dividend return to shareholders

3. BUSINESS STRATEGIES



Maintain earning growth momentum

- Continued quality loans growth at above industry growth rate;
 - Further expand depositor base;
 - Further improve productivity and operational efficiency.
-

Prudence

- Continue to remain prudent and uphold its strong corporate governance and risk management policies.
 - Maintain strong liquidity
 - Proactive capital management to ensure healthy level of capital while maintaining high returns to shareholders
-

Build on Existing Strength

- Strong brand and market position
 - Healthy capital and asset quality
 - Sustainable low NPL driven by prudent lending policy
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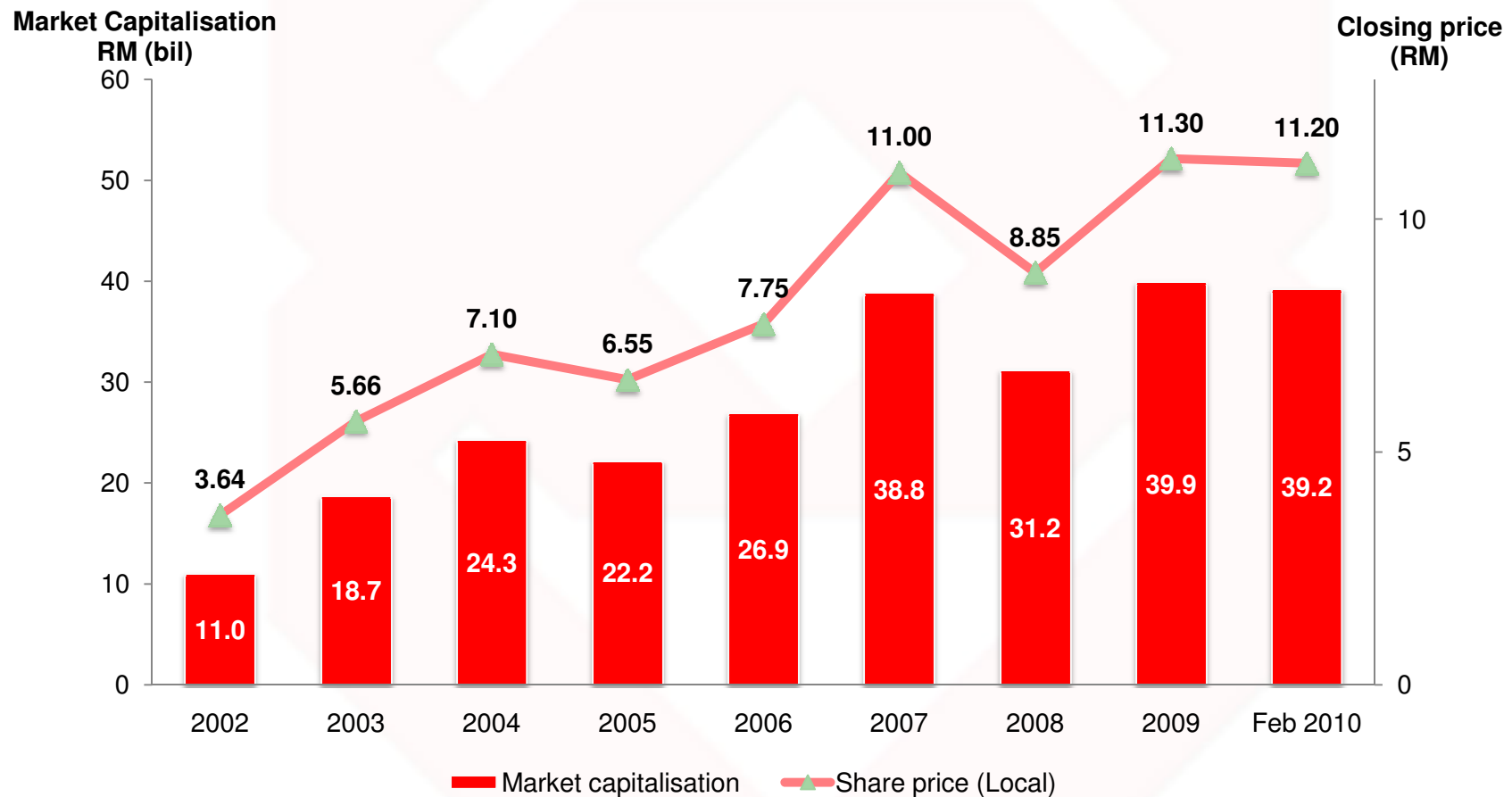
Opportunity

- Loan growth focus on SME, mortgage and HP financing
- Growth potential in non-interest income businesses (fund management, bancassurance and other wealth management products and remittance)
- Continued organic expansion of overseas business

4. MARKET CAPITALISATION AND ANALYSTS POLL



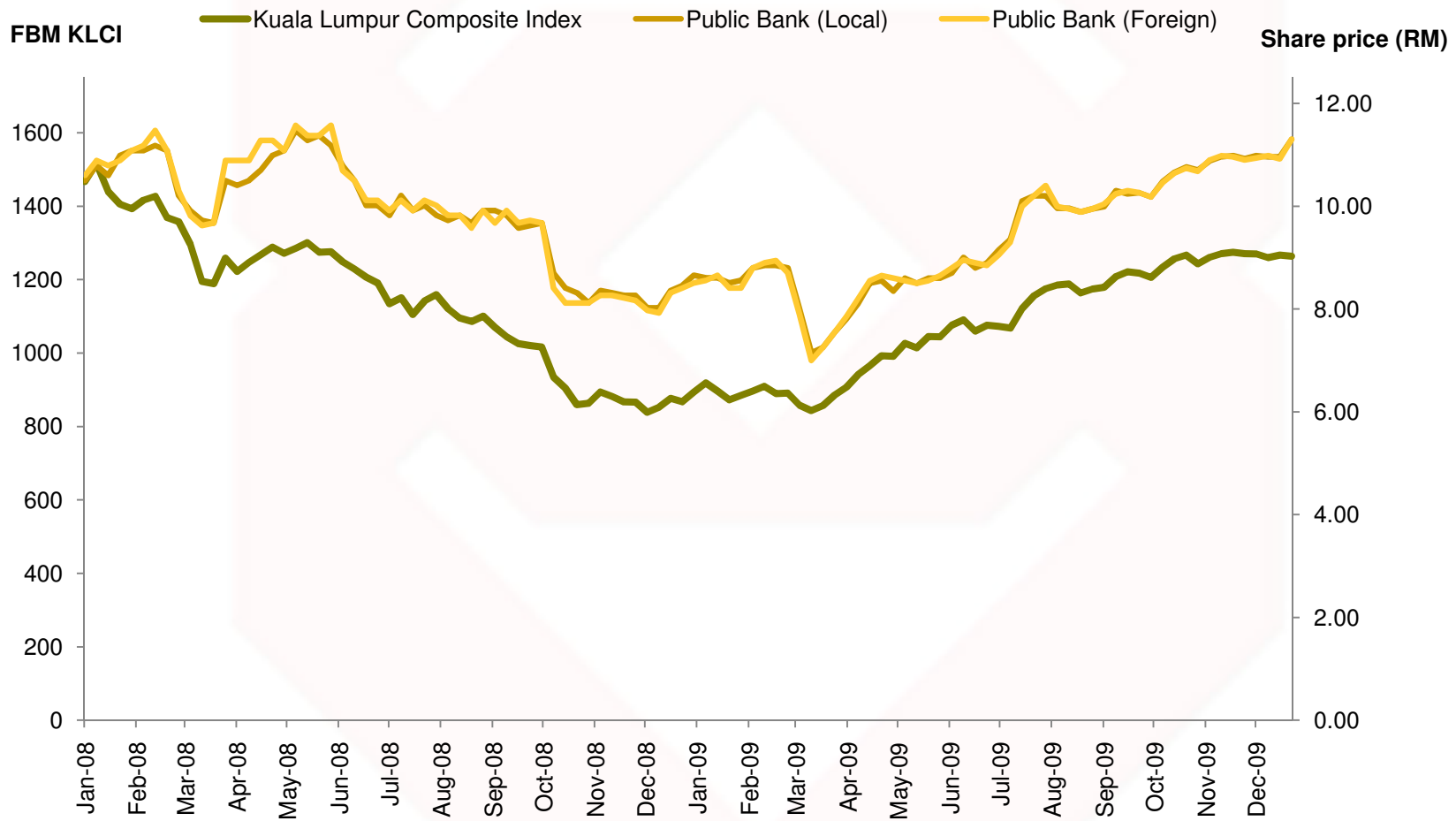
❖ Strong market capitalisation



4. MARKET CAPITALISATION AND ANALYSTS POLL



❖ Resilient share price performance





4. MARKET CAPITALISATION AND ANALYSTS POLL

❖ Superior investment returns

Illustration on investment returns – assume held until 31 December 2009

	Shares acquired since	Total returns (capital appreciation [^] + dividends)	Compounded annual rate of return
Short term	1 January 2009	+37.6%	+37.6%
Medium term - 5 years	1 January 2005	+116%	+19.4%
Long term – since listing	1967	+4,335%	+19.6%

[^] Capital appreciation is calculated based on the PBB Local share value at closing price as of 31/12/2009 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

	2005	2006	2007	2008	2009
Price to earnings multiple (times)	14.7	14.9	17.4	11.5	15.4
Price to book multiple (times)	2.5	2.9	3.9	3.1	3.5

4. MARKET CAPITALISATION AND ANALYSTS POLL



❖ Average daily volume/ value traded:

	Average Daily Volume (million)	Average Daily Value (RM'million)
2009	5.3	49.2
YTD 25 February 2010	6.08	69.96

❖ Consensus net profit estimates (RM'mil):

<u>2010</u>	<u>2011</u>	<u>2012</u>
2,884.0	3,275.3	3,736.4

❖ Poll of analysts Buy/ Hold/ Sell recommendations on PBB Shares as at end-February 2010

PBB	<u>Buy</u> 17	<u>Hold</u> 9	<u>Sell</u> 4	<u>No. of Analysts</u> 30
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Source: Bloomberg, Reuters and Analyst Reports

5. ACHIEVEMENT OF MEDIUM TERM PLANS



In 2006, PBB set out its 3-year medium term plans as part of the Group's mission to achieve longer term business expansion.

The Group has **achieved and exceeded all except for one** of the medium term targets:

Medium term targets	Our targets	Position as of Dec'09	Next 3 years target
Key Ratios			
Net return on equity	25%	26.1%	30%
Core capital ratio	8.0%	9.9%	8.0%
Risk-weighted capital ratio	12.5%	14.2%	12.5%
Net NPL ratio	1.6%	0.80%	Below 1%
Cost income ratio	33%	34.4%	30%
Loan Portfolio & Balance Sheet Size			
Loan book	RM120 billion	RM135 billion	RM200 billion
Total balance sheet	RM210 billion	RM217 billion	RM320 billion
Deposit from customers	N/A	RM171 billion	RM250 billion



6. SUMMARY

- ❖ **Profitable retail franchise**
 - Domestic and Indo-China market
 - 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**
- ❖ **Big market capitalisation**
 - High liquidity and high free-float
- ❖ **Proven management record** in execution
- ❖ **Strong working commitment and excellent career environment**



THANK YOU