



**PUBLIC BANK**  
**ПУБЛИК БАНК**

## Investor Presentation

*Credit Suisse*

*Asian Investment Conference 2012*

*Hong Kong*

*19 - 23 March 2012*

# Disclaimer

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# Quick Facts

- Top-tier bank in Malaysia
- Top 5 largest listed^ corporation by market capitalisation
- 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

^ Reference to listing on Bursa Malaysia

\* Certified by the Malaysia Book of Records



## Our Strategies remain unchanged

“The Public Bank Group will continue to focus on its core retail banking and financing business whilst maintaining its prudent credit policies, and further improve on its cost efficiency.

The Group expects its strong asset quality to be sustained, and will continue to leverage on the strong PB Brand franchise and its wide and efficient branch network to deliver balance sheet and revenue growth. The Group remains steadfast in its commitment to upholding strong corporate governance and implementation of sound risk management policies to support long-term growth.

With the expectations that global uncertainties and volatility will persist over the medium term, we remain vigilant and focused in balancing growth with sustainable returns. On the service delivery front, we will continue to uphold our superior customer service and delivery excellence.

The outlook of the Malaysian banking sector, in which the Group largely operates, continues to be stable and supportive of growth. Barring unforeseen circumstances, the Group is expected to maintain its earnings momentum and continue to record satisfactory performance in 2012.”

**Tan Sri Dato’ Sri Dr. Teh Hong Piow**  
**Chairman**



# Investor Presentation

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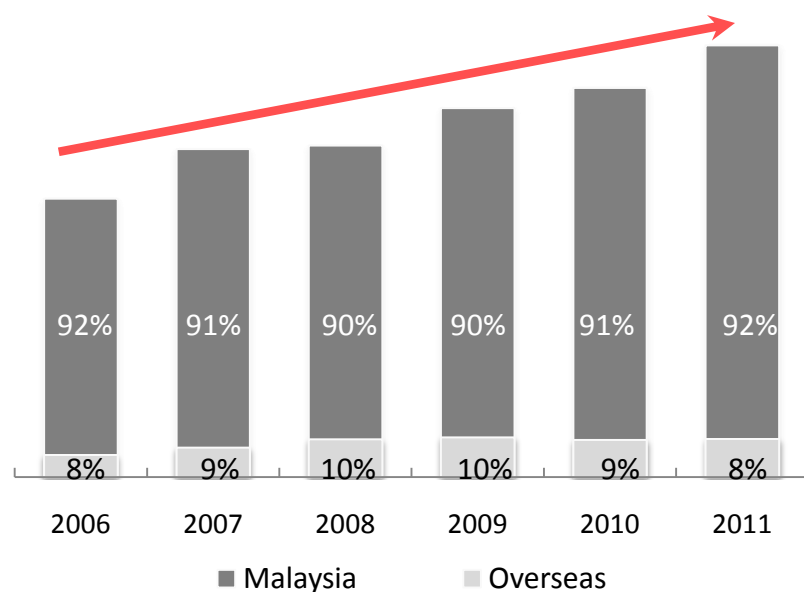


# Introduction to Public Bank Group

- 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

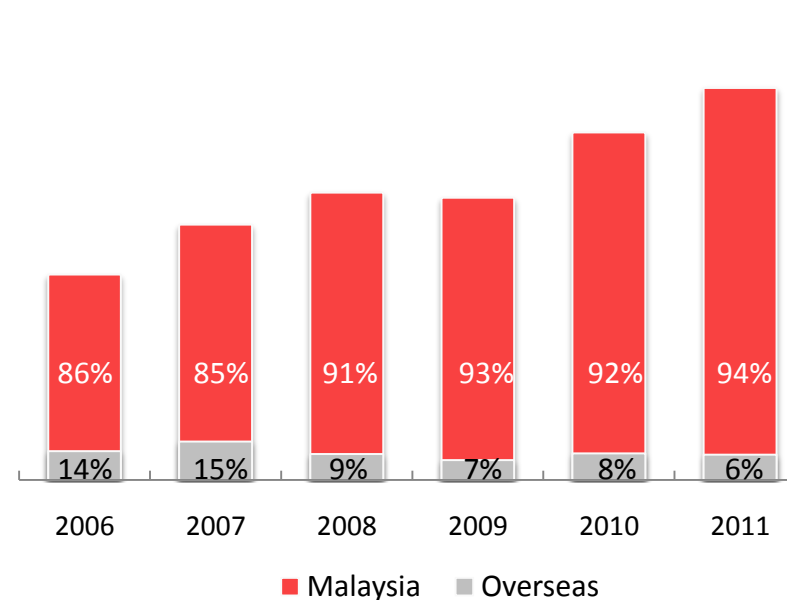
## Total Assets

Consistent & stable investment strategy



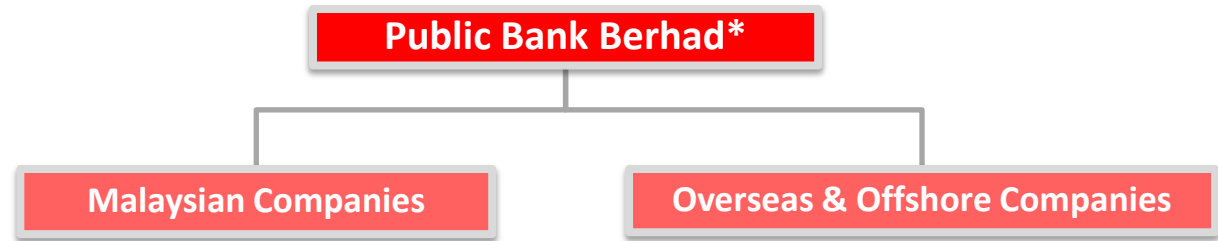
## Pre-tax Profit

Strong domestic returns



# Group Corporate Structure

## Key Subsidiaries & Associates



<b>Banking, financing and related financial services</b>	<ul style="list-style-type: none"> <li>Public Islamic Bank Berhad (PIBB) (100%)</li> </ul>	<ul style="list-style-type: none"> <li>Public Bank (Hong Kong) Limited (73.2%)</li> <li>Public Finance Limited (73.2%)</li> <li>Winton Financial Ltd (73.2%)</li> <li>Cambodian Public Bank Plc (100%)</li> <li>VID Public Bank (50%)</li> <li>Public Bank (L) Ltd (100%)</li> </ul>
<b>Wealth management</b>	<ul style="list-style-type: none"> <li>Public Mutual Berhad (100%)</li> </ul>	
<b>Investment banking</b>	<ul style="list-style-type: none"> <li>Public Investment Bank Berhad (100%)</li> </ul>	
<b>Property holding</b>	<ul style="list-style-type: none"> <li>Public Holdings Sdn. Bhd. (100%)</li> </ul>	
<b>General insurance</b>		<ul style="list-style-type: none"> <li>Campu Lonpac Insurance Plc (55%)</li> </ul>
<b>Family Islamic life insurance</b>	ING PUBLIC Takaful Ehsan Bhd (40% jointly owned by PIBB)	

\* Holding company principally engaged in all aspects of banking and finance company businesses and the provision of related services.



# 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



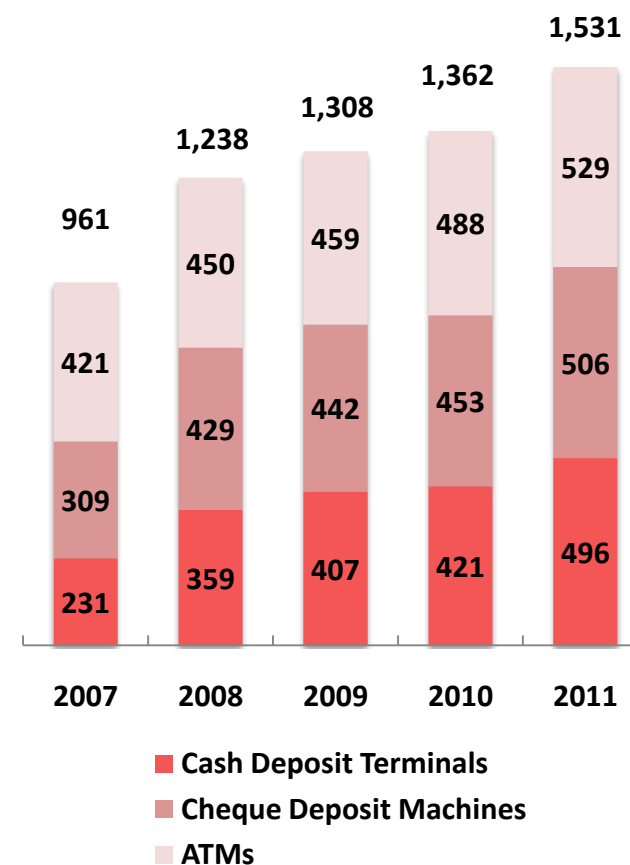
# Expansion in Business Delivery Channel

## Branch Network - Group

	Dec 2011	Dec 2010	Dec 2006
<b>Malaysian Operations</b>			
Public Bank - Domestic	251	249	240
- Overseas	4	4	3
Public Islamic Bank	1	1	-
Public Mutual	28	26	25
Public Investment Bank	1	1	1
<b>Hong Kong &amp; China Operations</b>			
Public Finance	42	42	40
Public Bank (HK) - Hong Kong	32	30	15
- China	3	3	1
Winton (B.V.I) Group	9	9	2
<b>Indo-China Operations</b>			
Cambodia Public Bank	23	21	5
VID Public Bank (Vietnam)	7	7	6
	<b>401</b>	<b>393</b>	<b>338</b>

## Business Delivery Channel

Continuous investments in domestic self service terminals



## Reaffirmed High Credit Ratings

	Long term	Short term	Latest update
RAM	AAA	P1	June 2011
Moody's	A3	P-1	April 2011
Standard & Poor's	A-	A-2	December 2011
Standard & Poor's ASEAN Scale Rating	axAA	axA-1	December 2011

### RAM rating on Subordinated Notes and Capital Securities

	Long term	Latest update
Subordinated Medium Term Notes Programme of up to RM5.0 billion	AA1	June 2011
RM1.2 billion Innovative Tier 1 Capital Securities	AA2	June 2011
Non-Cumulative Perpetual Capital Securities Programme of up to RM5.0 billion	AA2	June 2011

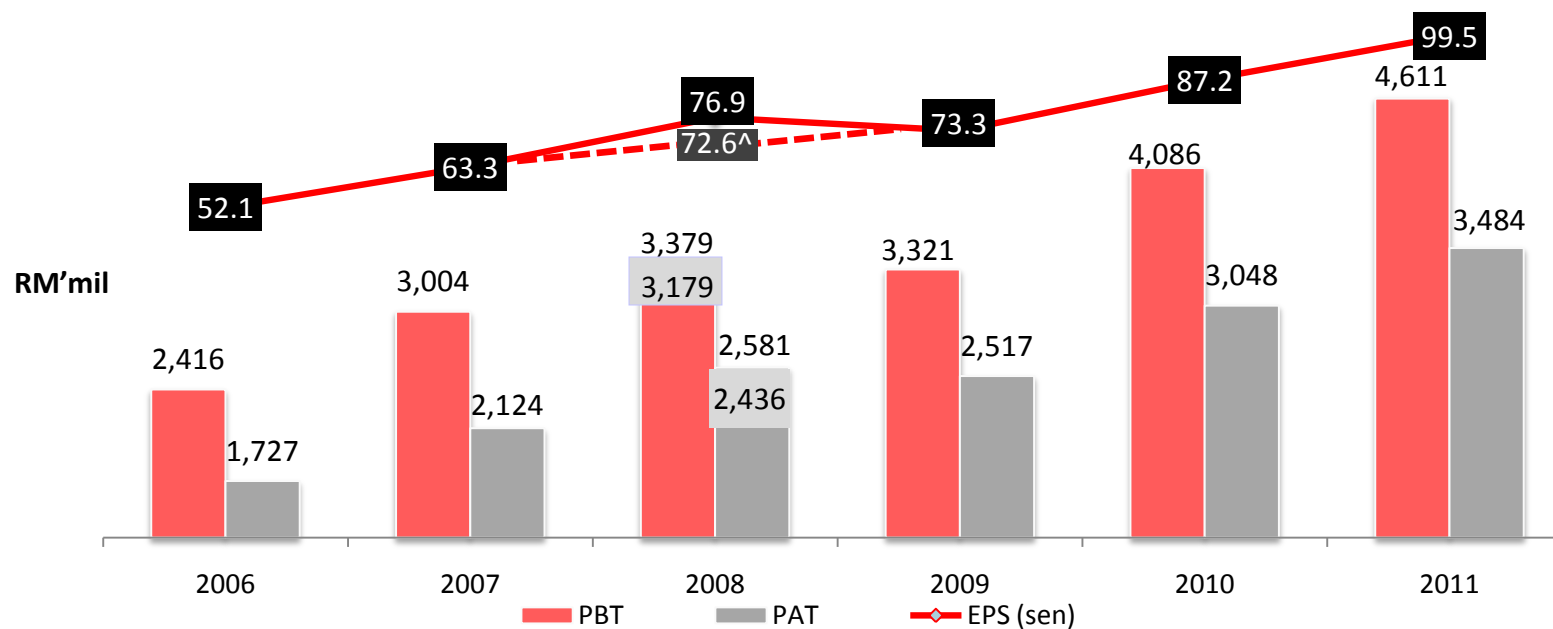


# Unbroken Profit Track Record

- 45 years of unbroken profitability
- Strong profit growth in past 5 years

	RM'million						y-o-y growth (%)				
	2006	2007	2008*	2009	2010	2011	2007	2008*	2009	2010	2011
<b>Pre-tax profit</b>	2,416	3,004	3,179	3,321	4,086	4,611	24.3	5.8	4.5	23.0	12.8
<b>Net profit</b>	1,727	2,124	2,436	2,517	3,048	3,484	23.0	14.7	3.3	21.1	14.3

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



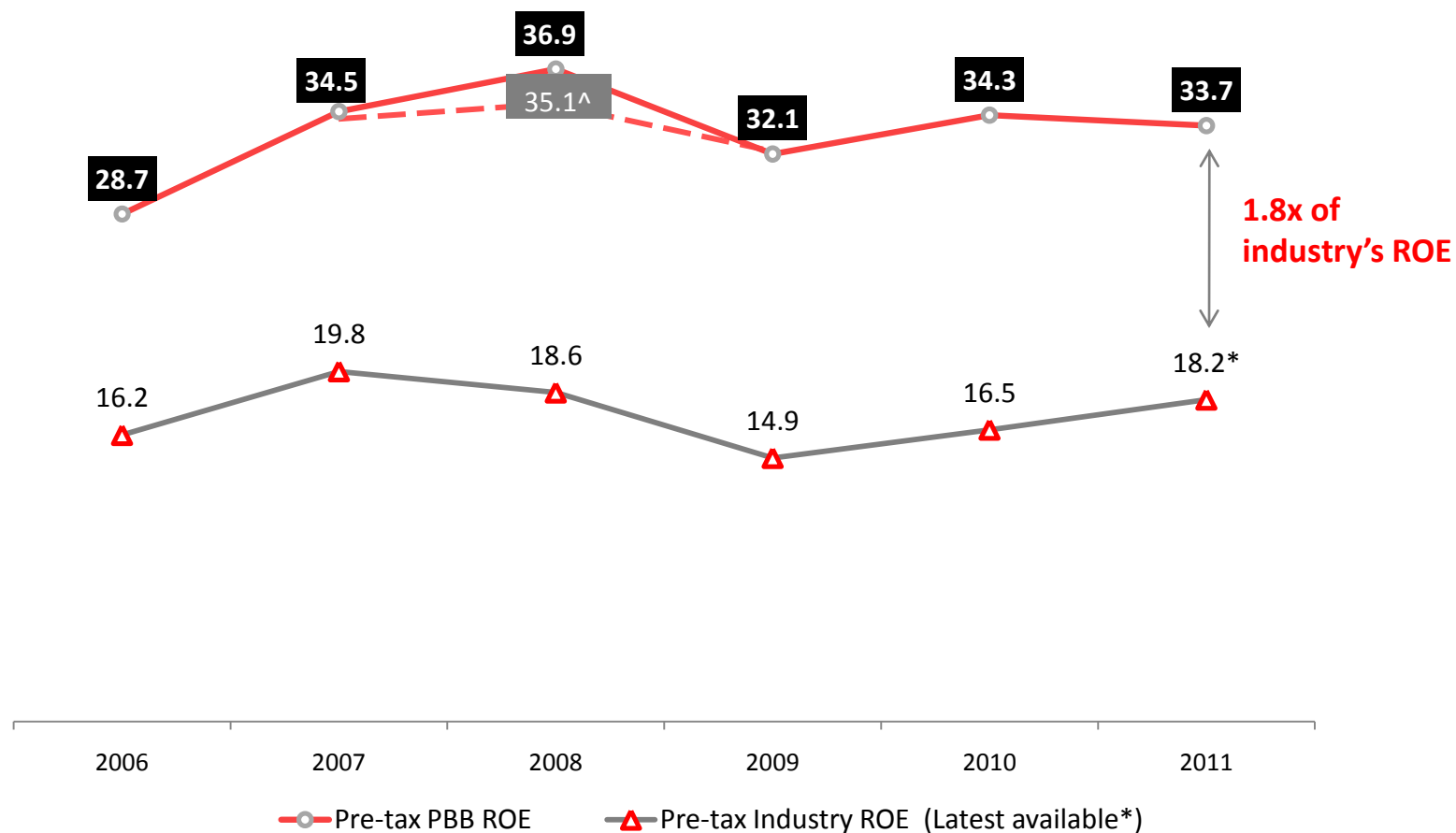
One-off goodwill income from ING



Adjusted EPS excluded one off goodwill income from ING



# Above-industry Return on Equity (ROE)



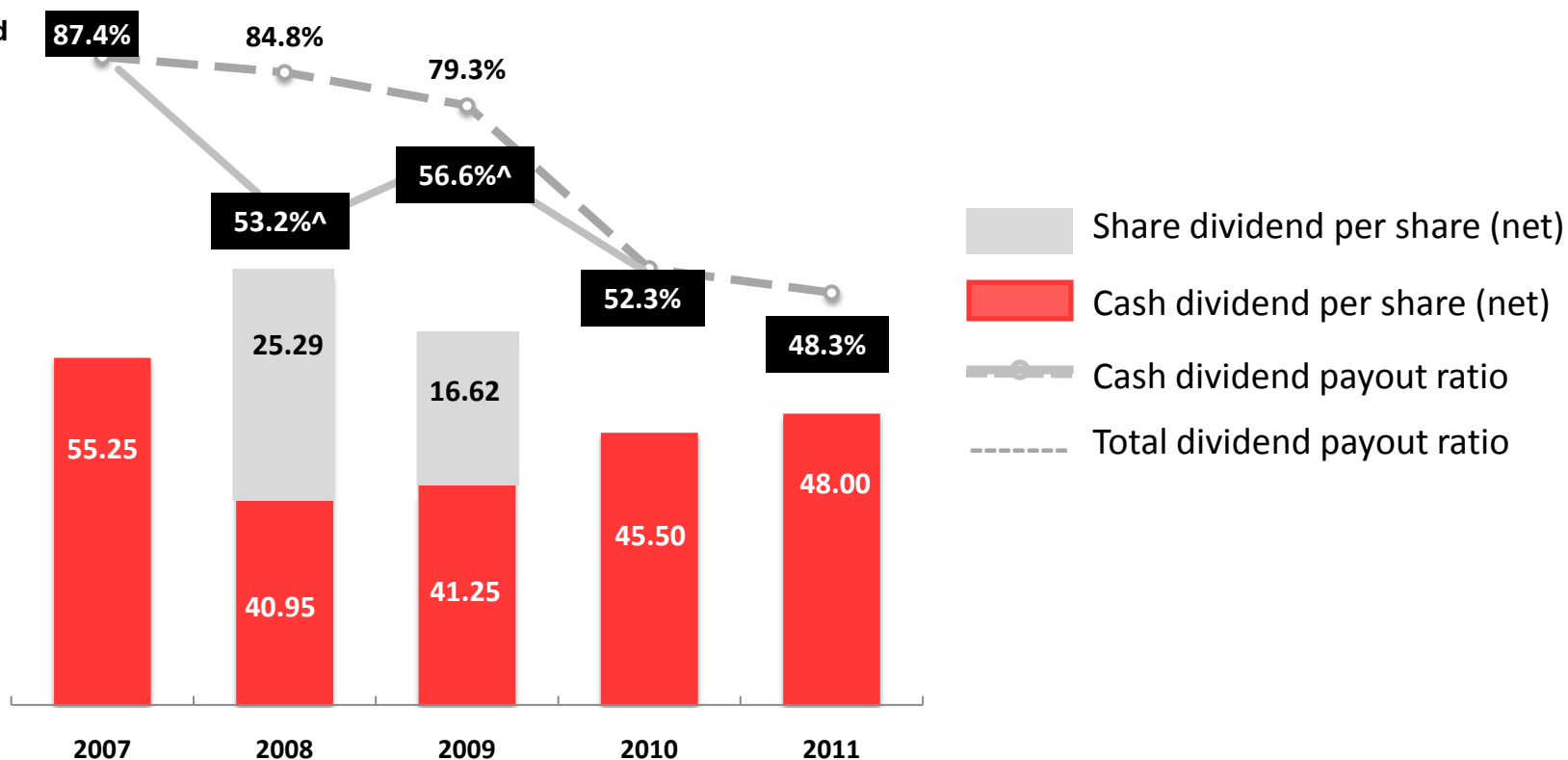
^ Excluding one-off goodwill income from ING



# Dividend Track Record

- Paid dividends annually since 1970

Net Dividend  
per share  
(sen)



	2007	2008	2009	2010	2011
<b>Net dividend yield</b>	5.0%	7.5%*	5.1%*	3.5%	<b>3.6%</b>
<b>- Cash Dividend</b>	5.0%	4.6%	3.7%	3.5%	<b>3.6%</b>
<b>- Share Dividend</b>	-	2.9%	1.4%	-	-

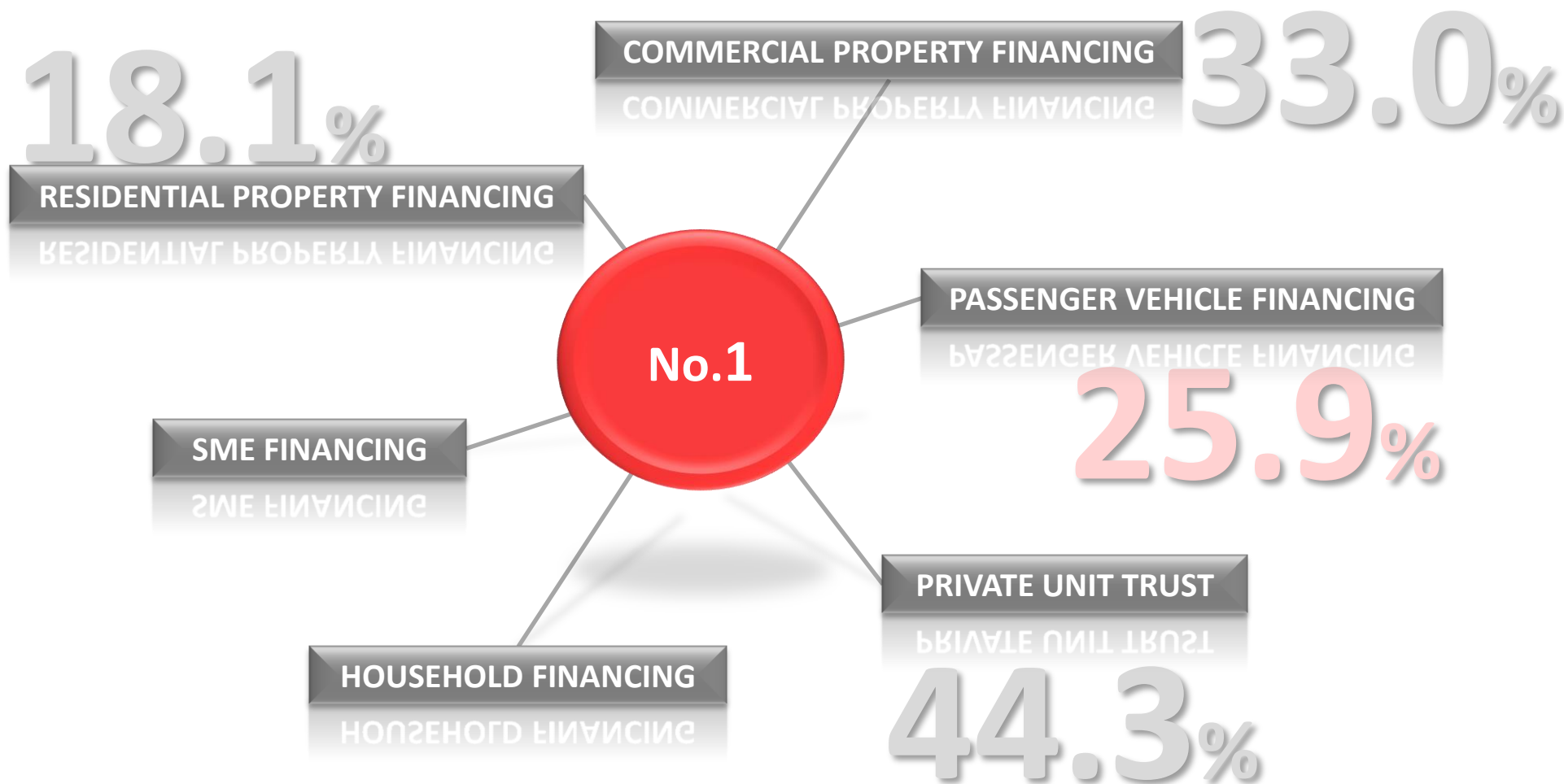
^ Dividend payout based on cash dividends

\* Including share dividend



# Taking the lead in what we do – Clear market leadership

We continue to maintain **market leadership** in our domestic core businesses



# Taking the lead in what we do – High performance bank

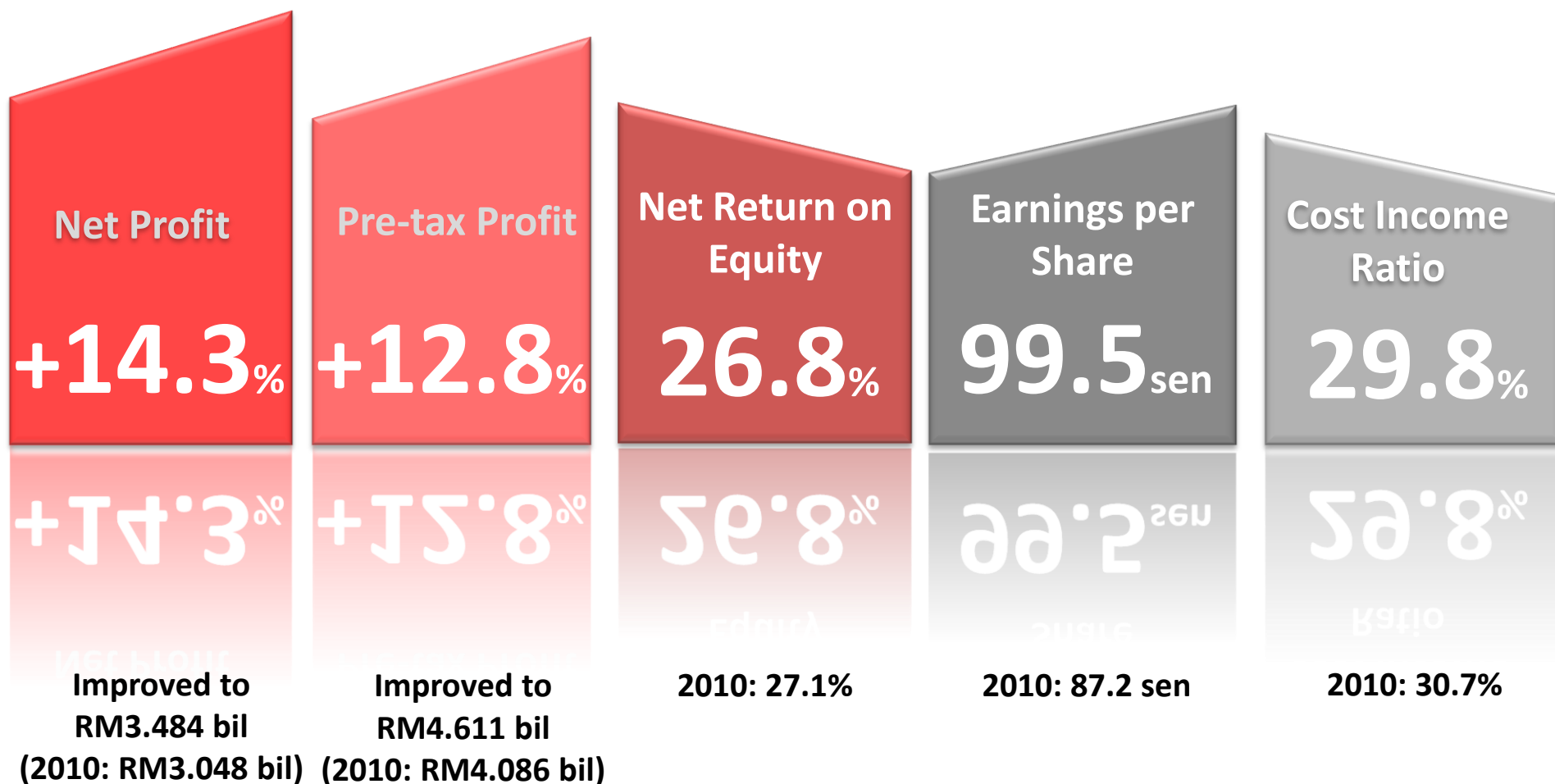
We continue to maintain **leadership** as a high performance bank in Malaysia



Key performance indicator	Public Bank Group	Latest industry average
Pre-tax return on average equity (%)	<b>33.7</b>	18.2
Pre-tax return on average assets (%)	<b>1.9</b>	1.6
Cost to income ratio (%)	<b>29.8</b>	46.7
Pre-tax profit per employee (RM'000)	<b>263</b>	223
Gross loans per employee (RM'mil)	<b>10.1</b>	8.2
Deposits per employee (RM'mil)	<b>11.4</b>	10.4
Gross impaired loans ratio (%)	<b>0.9</b>	2.7
Loan loss coverage (%)	<b>188.9</b>	96.3

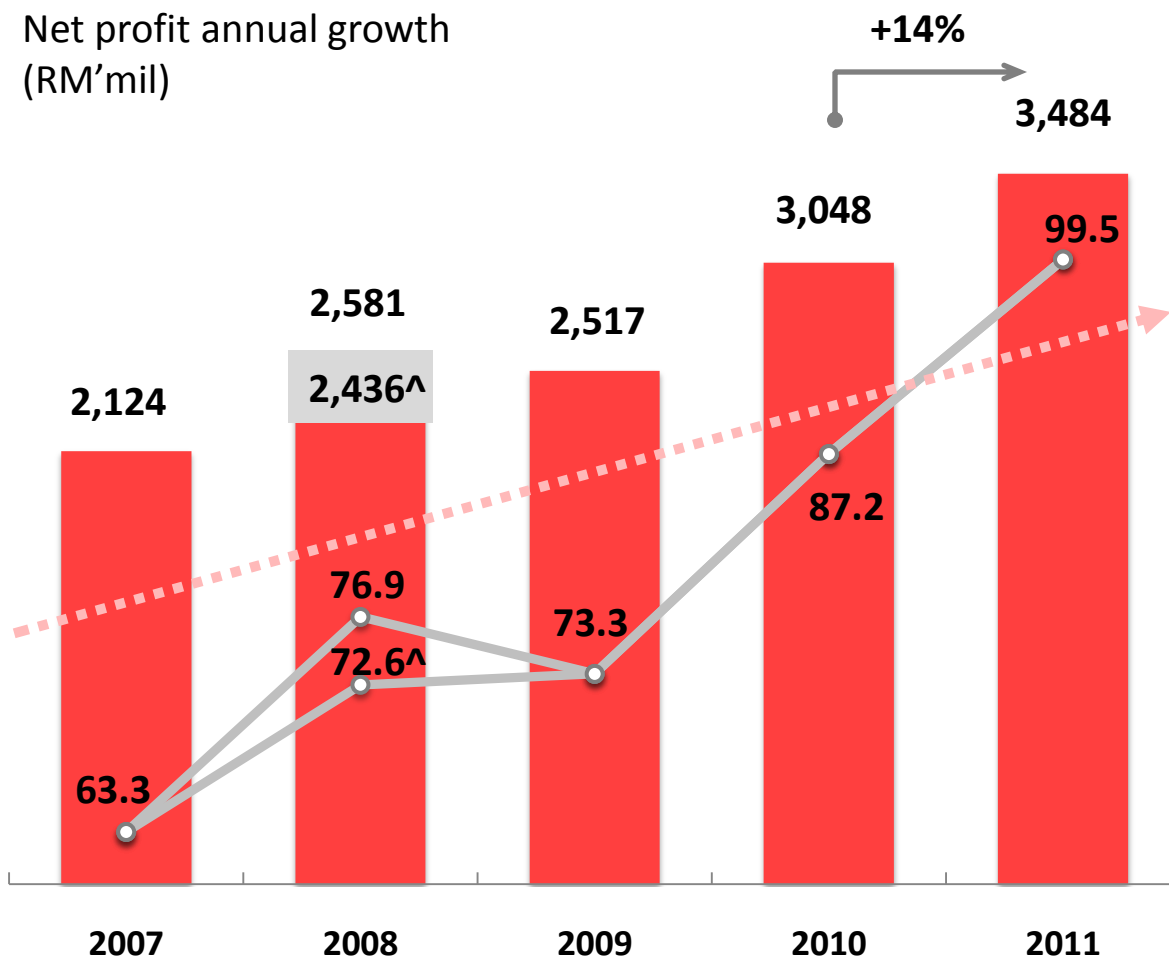


## Performance overview – Sustainable profit growth



# Performance overview – Strong net profit growth

Net profit annual growth  
(RM'mil)



## Past 5 years average growth

- Net profit : 13.6%
- EPS : 12.5%

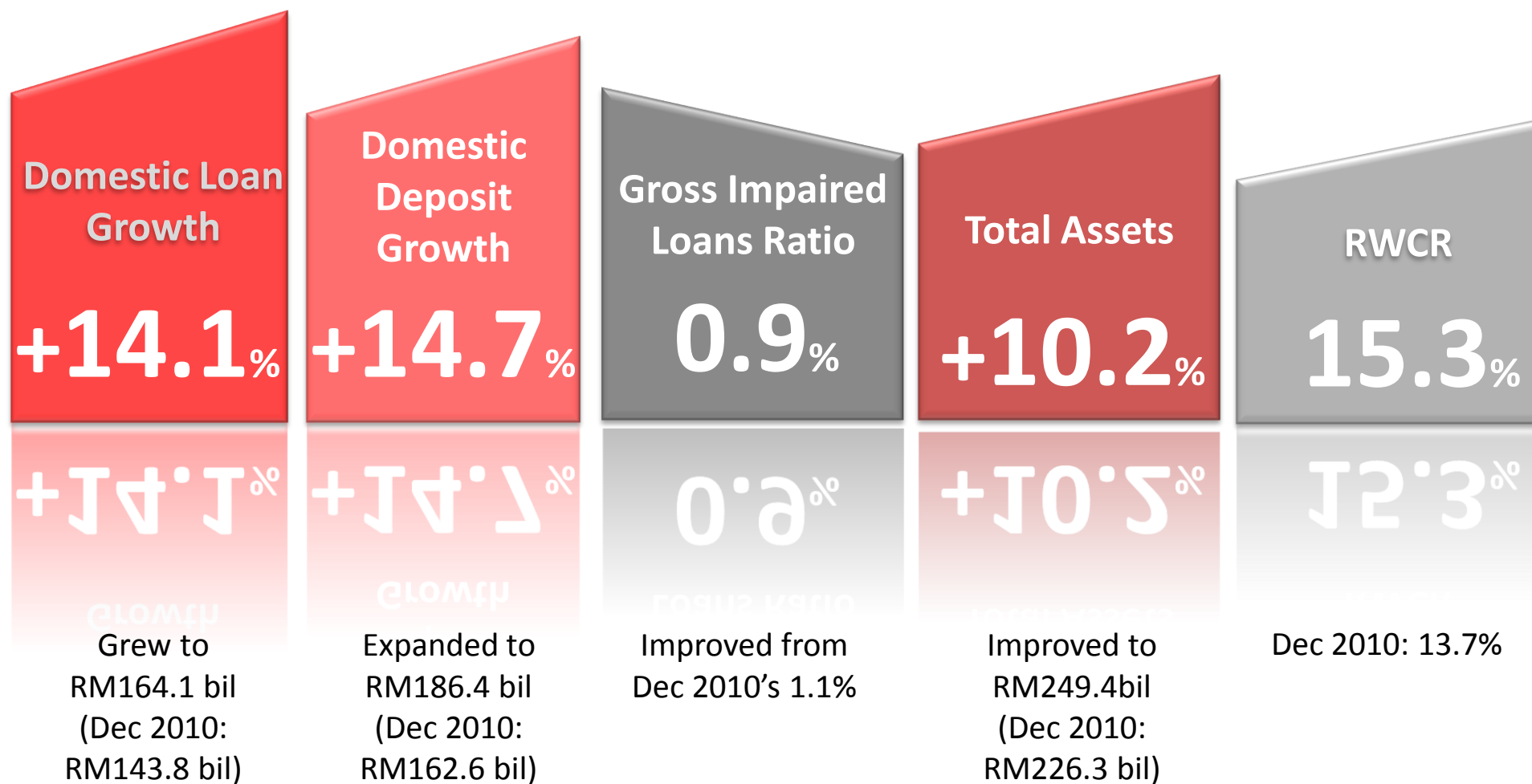
<sup>^</sup> Exclude one-off goodwill income from ING

■ Net profit

○ EPS (sen)

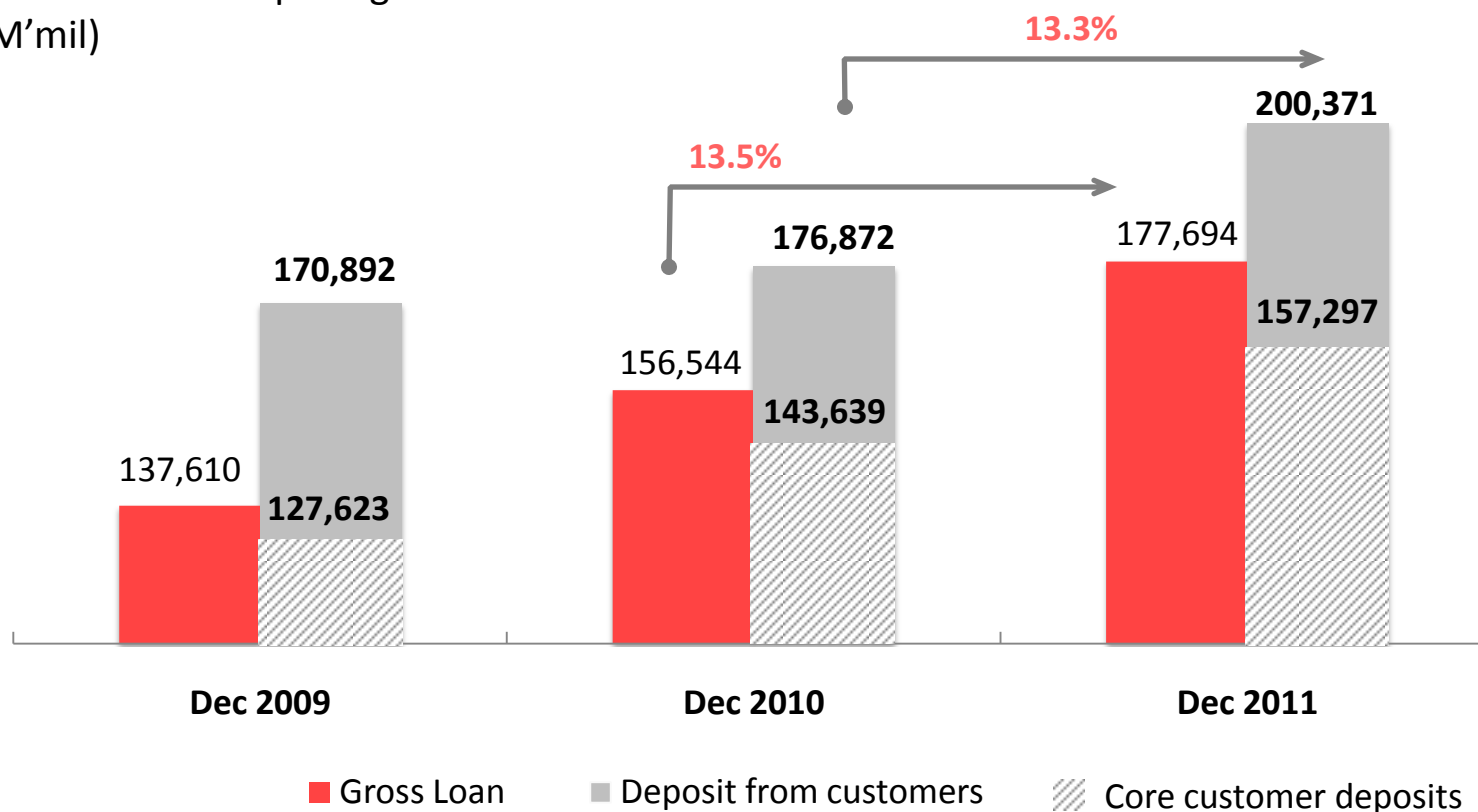


## Performance overview – From a position of strength



# Performance overview – Sustainable loan and deposit growths

3-year loan and deposit growths  
(RM'mil)



	Dec 2009	Dec 2010	Dec 2011
<b>Gross loan growth</b>	14.4%	13.8%	<b>13.5%</b>
<b>Customer deposit growth</b>	13.0%	3.5%	<b>13.3%</b>
<b>Core customer deposit growth</b>	14.8%	12.5%	<b>9.5%</b>



# Earnings Performance

RM'mil	Q4 2011	Q4 2010	Change	2011	2010	Change
<b>Net interest &amp; Islamic Banking income</b>	<b>1,483.0</b>	1,404.5	5.6%	<b>5,843.3</b>	5,378.7	8.6%
<b>Non-interest income</b>	<b>399.0</b>	391.0	2.0%	<b>1,565.3</b>	1,459.8	7.2%
<b>Operating expenses</b>	<b>561.4</b>	525.8	6.8%	<b>2,208.7</b>	2,100.2	5.2%
<b>Operating profit</b>	<b>1,320.6</b>	1,269.7	4.0%	<b>5,199.9</b>	4,738.3	9.7%
<b>Loan impairment allowances</b>	<b>154.7</b>	142.8	8.3%	<b>594.1</b>	659.6	-9.9%
<b>Pre-tax profit</b>	<b>1,163.3</b>	1,130.3	2.9%	<b>4,610.6</b>	4,086.2	12.8%
<b>Net profit</b>	<b>877.0</b>	846.2	3.6%	<b>3,483.8</b>	3,048.2	14.3%

## Income:

- Healthy growth in net interest and Islamic Banking income and non-interest income despite challenging operating environment

## Expenses:

- Increase in operating expenses at a rate lower than increase in income

## Allowance:

- Lower loan impairment allowances in 2011 despite healthy loan growth



# Earnings Performance

RM'mil	Q4 2011	Q4 2010	Change	2011	2010	Change
Earnings per share (sen)	<b>25.0</b>	24.2	↑ 3.3%	<b>99.5</b>	87.2	↑ 14.1%
Net return on equity*	<b>25.2%</b>	27.9%	↓ -2.7%	<b>26.8%</b>	27.1%	↓ -0.3%
Pre-tax return on average assets	<b>1.9%</b>	2.0%	↓ -0.1%	<b>1.9%</b>	1.8%	↑ 0.1%
Net interest margin on yielding assets**	<b>3.3%</b>	3.3%	→ -	<b>3.3%</b>	3.4%	↓ -0.1%
Non interest income/Total net income	<b>21.2%</b>	21.8%	↓ -0.6%	<b>21.1%</b>	21.3%	↓ -0.2%
Cost to income ratio	<b>29.8%</b>	29.3%	↑ 0.5%	<b>29.8%</b>	30.7%	↓ -0.9%
Overheads over average assets	<b>0.9%</b>	0.9%	→ -	<b>0.9%</b>	0.9%	→ -












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

\*\* Excluding Negotiable Instrument of Deposits and Money Market Deposits which are on-lent to banks.

Note: Q4 key earning indicators, excluding EPS, have been annualised for comparison purposes.



# Pre-tax Profit by Business Segment

RM'mil	2011	2010	Change
Retail operations	<b>2,695.2</b>	2,293.4	 17.5%
Hire purchase	<b>629.1</b>	665.6	 -5.5%
Corporate lending	<b>266.2</b>	228.9	 16.3%
Treasury & capital market operations	<b>195.7</b>	163.1	 20.0%
Fund management	<b>321.9</b>	273.8	 17.5%
Overseas operations	<b>296.5</b>	311.5	 -4.8%
<i>Of which</i>			
<i>: Public Financial Holdings</i>	<b>183.9</b>	222.5	 -17.4%
<i>: Cambodian Public Bank</i>	<b>88.9</b>	60.6	 46.6%
Investment banking	<b>51.2</b>	50.2	 2.0%
Others*	<b>154.8</b>	99.7	 55.3%
<b>Total</b>	<b>4,610.6</b>	4,086.2	 12.8%

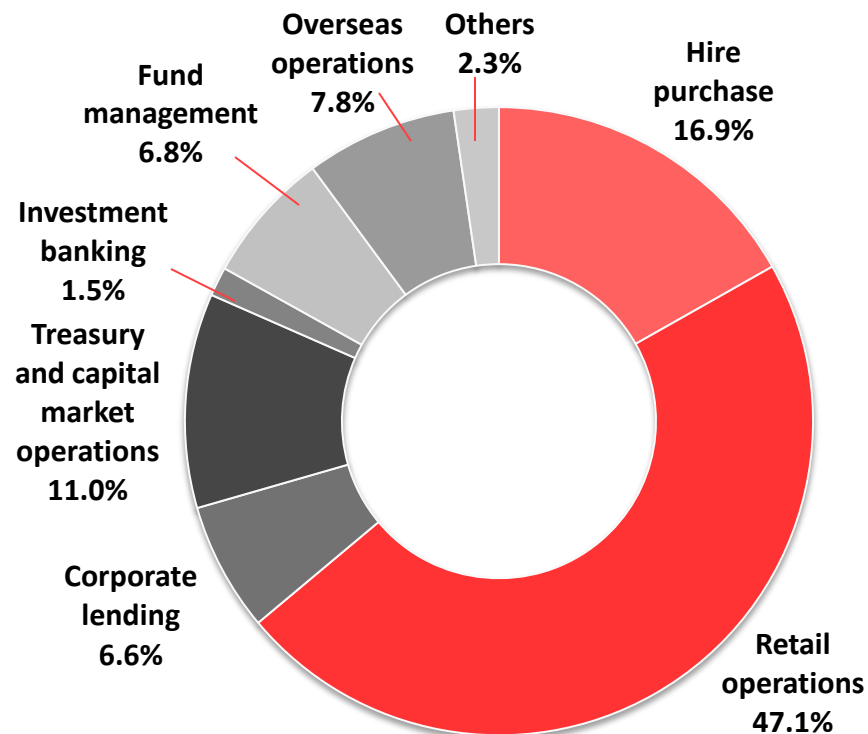
- Others comprise mainly of domestic head office, other miscellaneous domestic segment and domestic share of profit after tax of equity accounted associated companies.

- Strong double digit growth in retail operations, contributing 58% of the Group's pre-tax profit
- HP segment reported decline in profit by 5.5% due to higher cost of fund resulting from the various OPR hikes in 2010 & 2011
- Healthy volume growth contributed to improved performance in most business segments
- Pre-tax profit contribution of Hong Kong operations decreased by 17.4%. Excluding the negative impact of the foreign exchange movement, the decrease would be 13.3% mainly due to decline in net interest margin and challenging operating environment

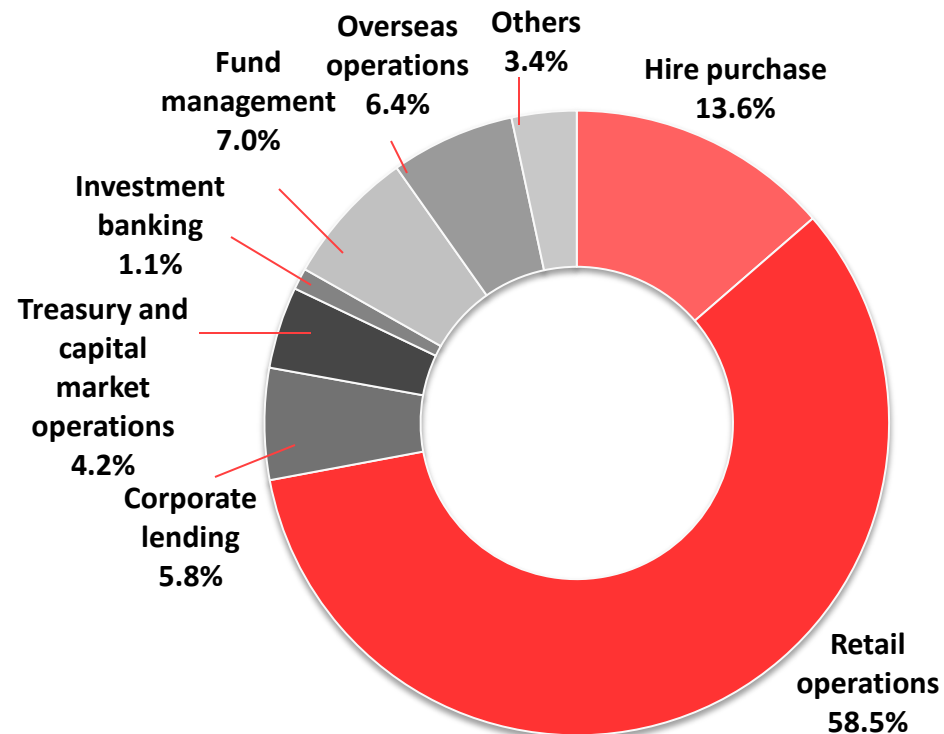


# Contribution to Revenue & Pre-tax Profit – by Business

## Revenue Contribution



## Pre-tax Profit Contribution



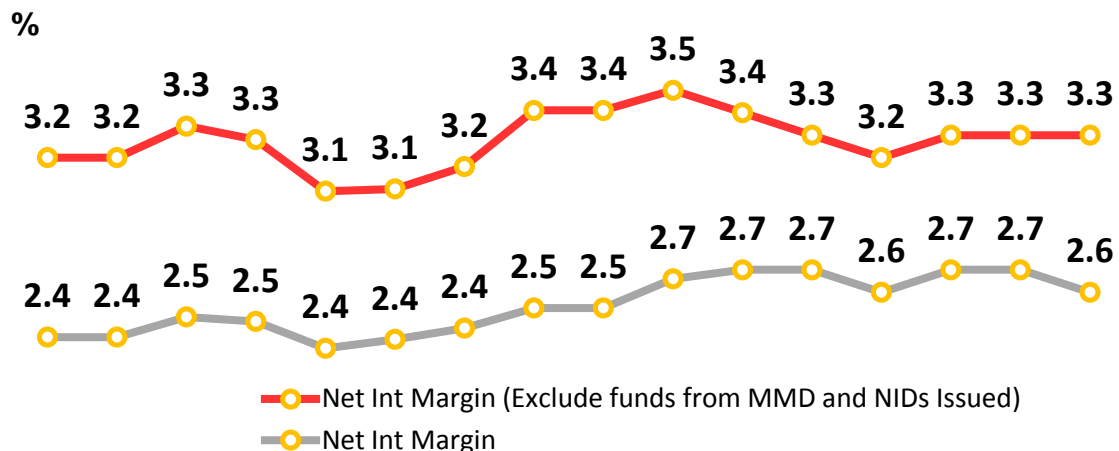
*Based on financial results as of 31 December 2011*

- Retail operations and hire purchase segment continue to be the major contributor to revenue and profits of the Group

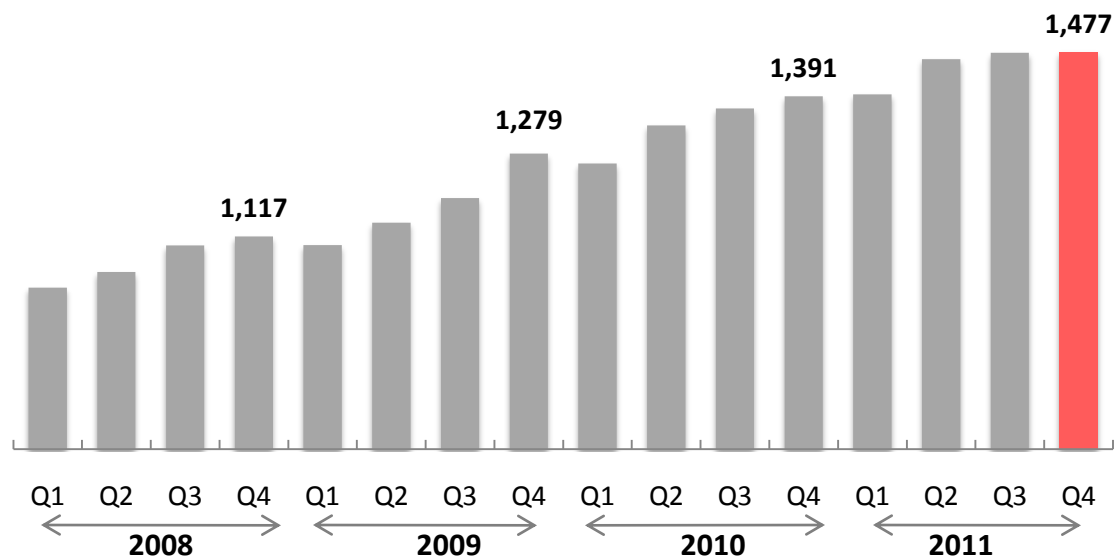


# Interest Income & Margins - Stable and sustainable growth

## Net Interest Income and margin



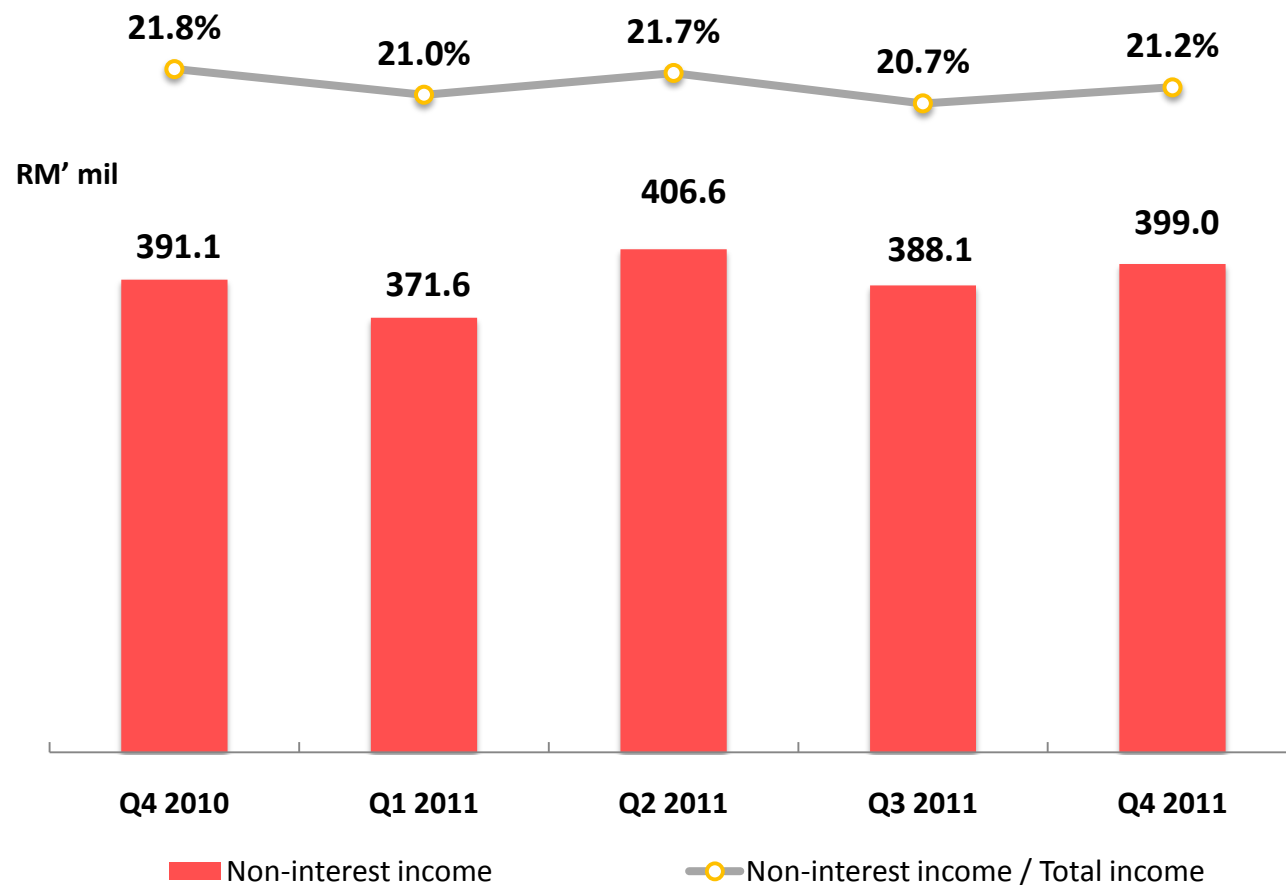
RM' mil



- Despite the interest margin squeeze, sterling growth in net interest and finance income due to strong loan and deposit growths and healthy liquidity position of the Group. This is predominantly driven by the Group's strong fundamentals and commitment in expanding its loan and deposit base
- Net interest margin to continue to be under pressure

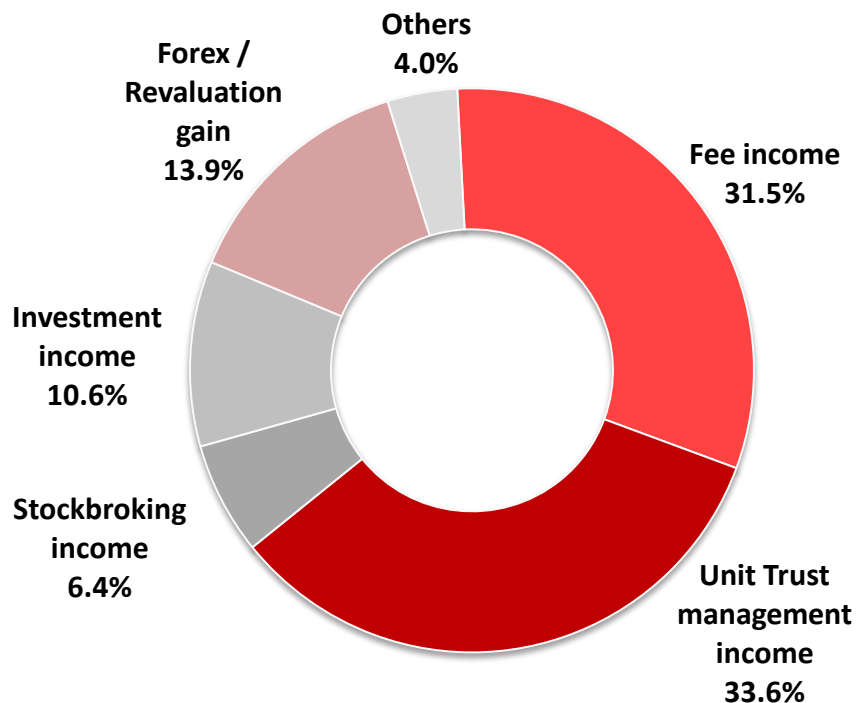


# Non-Interest Income to Total Income



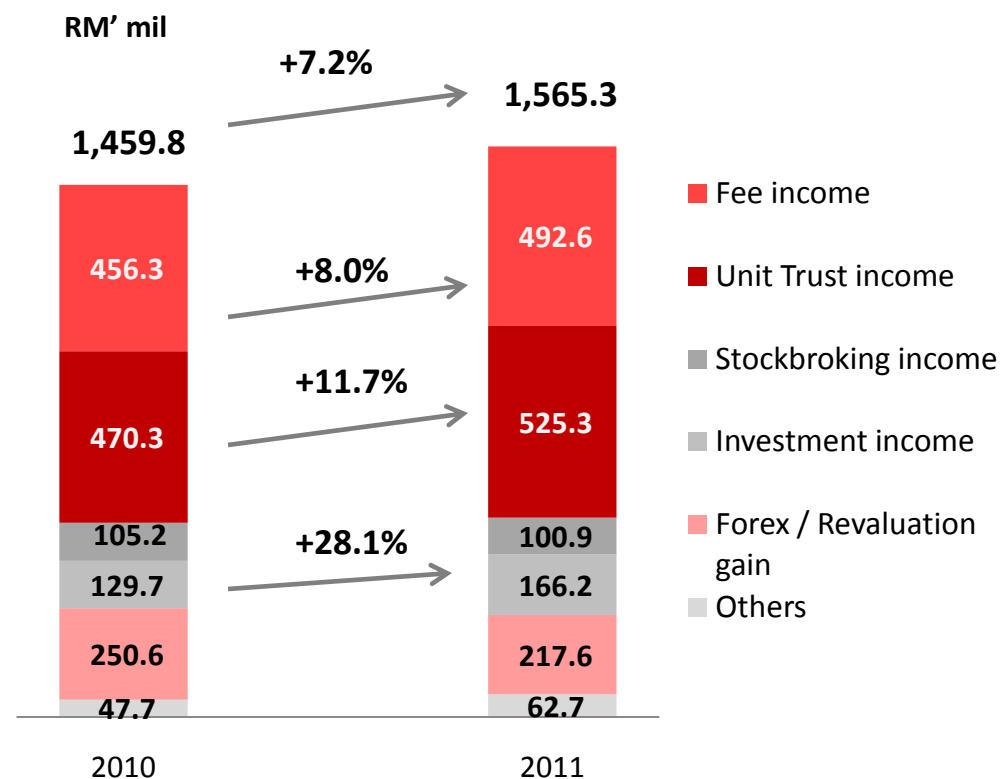
# Non-Interest Income Contribution & Growth Traction

## Non-Interest Income Contribution



Based on financial results as of 31 December 2011

## 12-month growth

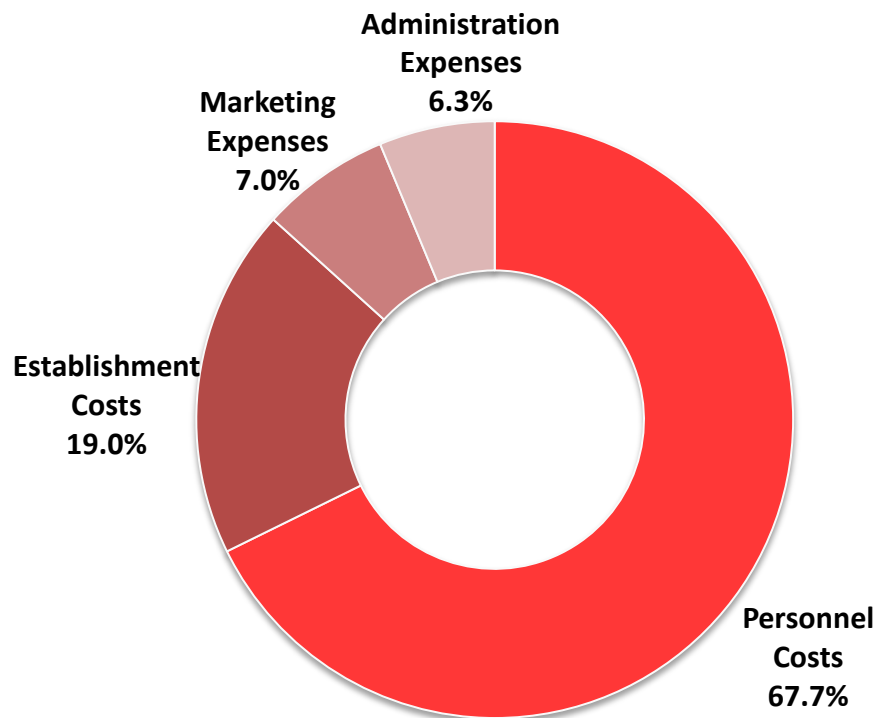


- Non-interest income growth in 2011 was mainly contributed by the Group's banking fee income, unit trust and investment income



# Efficient Operating Overheads

## Operating Costs Contribution



RM'mil	2011	2010	Change
Personnel Costs	<b>1,495.8</b>	1,392.6	↑ 7.4%
Establishment Costs	<b>419.1</b>	396.3	↑ 5.8%
Marketing Expenses	<b>155.3</b>	159.8	↓ -2.8%
Administration Expenses	<b>138.5</b>	151.5	↓ -8.6%
<b>Total</b>	<b>2,208.7</b>	2,100.2	↑ 5.2%

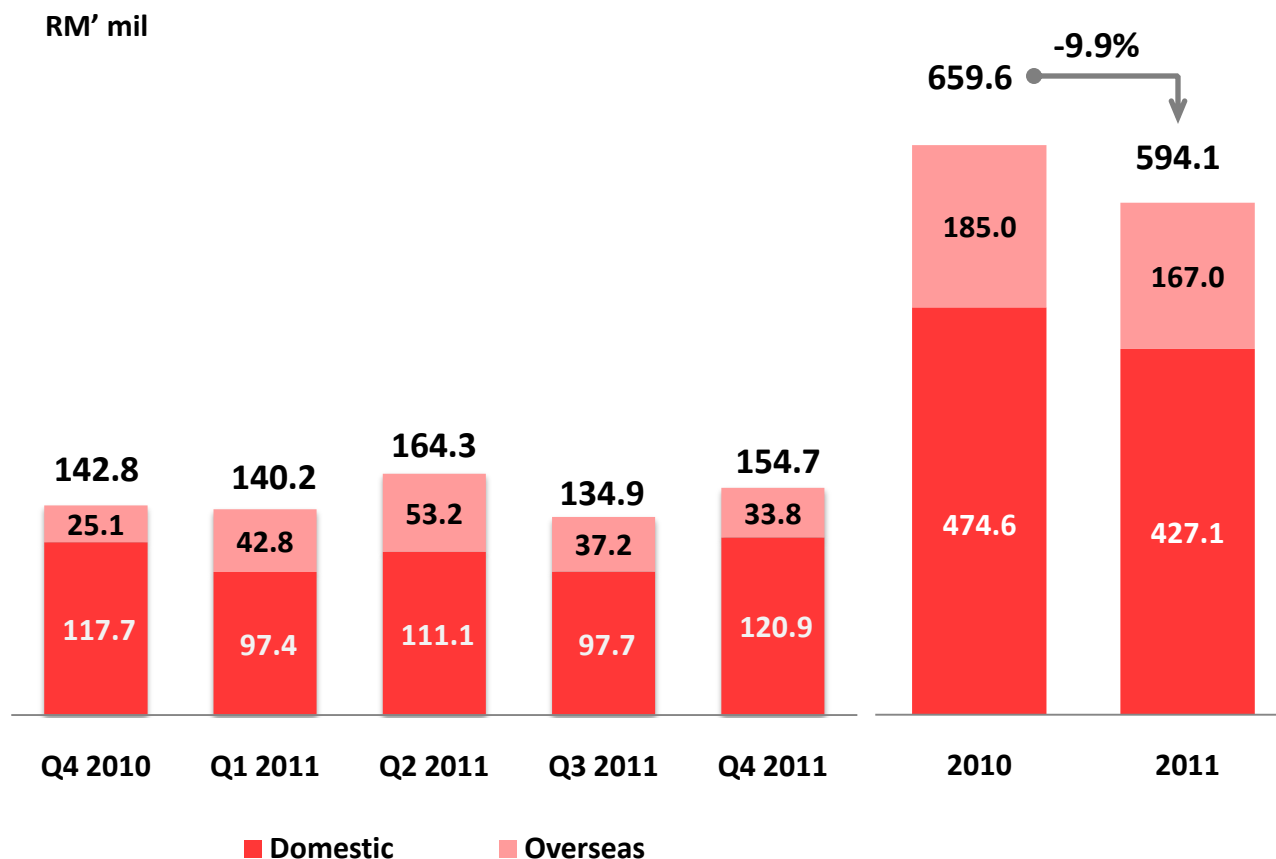
Based on financial result as of 31 December 2011

- Personnel costs remain the main operating cost as the Group continue to invest in its people
- Lower increase in operating expenses of 5.2% vs. income growth of 8.3%, reflecting improved productivity



# Improving Loan Loss Allowances










## Loan Impairment Allowances (including collective allowance)



- Loan impairment allowances reduced by 9.9% in 2011 despite a healthy loan growth of 13.5% during the year
- Loan impairment allowances for both domestic & overseas operating shown an improvement in 2011
- The higher loan impairment allowances in Q4 2011 as compared to Q3 2011 was due to certain major non-recurring recoveries in the previous quarter



# Robust Financial Position

	RM' bil	Dec 2011	Dec 2010	Change
<b>Total assets</b>		<b>249.4</b>	226.3	 10.2%
<b>Gross loans and advances</b>		<b>177.7</b>	156.5	 13.5%
<i>Of which:</i>				
<b>Domestic loans and advances</b>		<b>164.1</b>	143.8	 14.1%
<b>Overseas loans and advances</b>		<b>13.6</b>	12.7	 7.0%
<b>Deposits from customers</b>		<b>200.4</b>	176.9	 13.3%
<i>Of which:</i>				
<b>Domestic customer deposits</b>		<b>186.4</b>	162.6	 14.7%
<b>Shareholders' funds</b>		<b>14.9</b>	13.0	 14.1%
<b>Net assets per share (RM)</b>		<b>4.24</b>	3.72	 14.0%
<b>Net loans to deposits (LD) ratio (%)</b>		<b>87.2</b>	87.1	 0.1%

## Assets:

- Assets expansion driven by healthy loan and deposit growth

## Loan:

- Domestic loan growth is stronger at 14.1% for 2011
- Overseas loans see a lower increase of 7.0% to RM13.6 billion

## Deposit:

- Deposit growth of 13.3%, supported by the strong domestic customer deposit growth of 14.7%

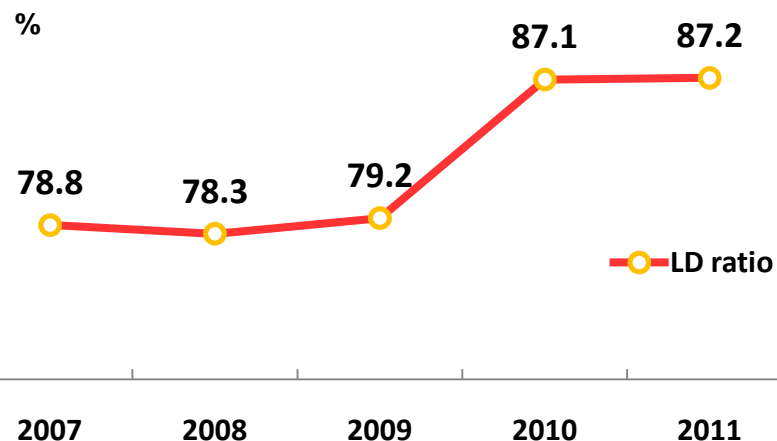
## Equity:

- Shareholders' fund increased to RM14.9 billion



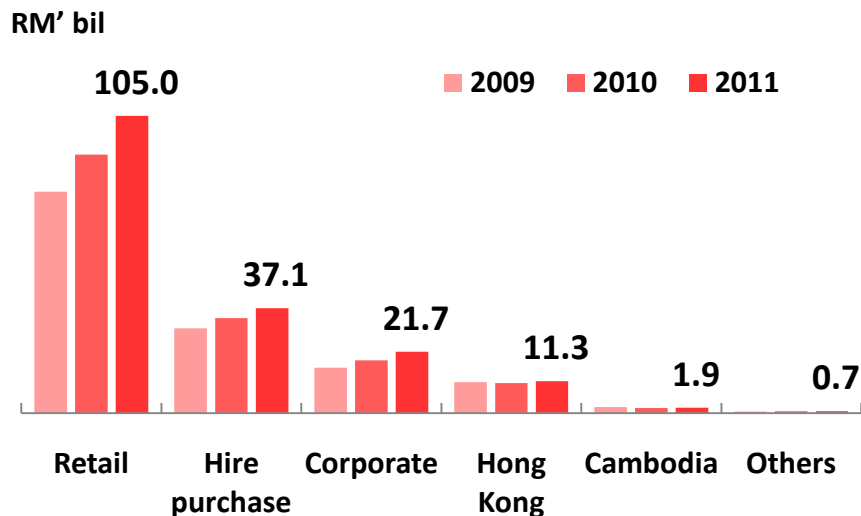
# Strong Liquidity With Healthy Loan/Deposit Ratio

## Net Loan Deposit Ratio

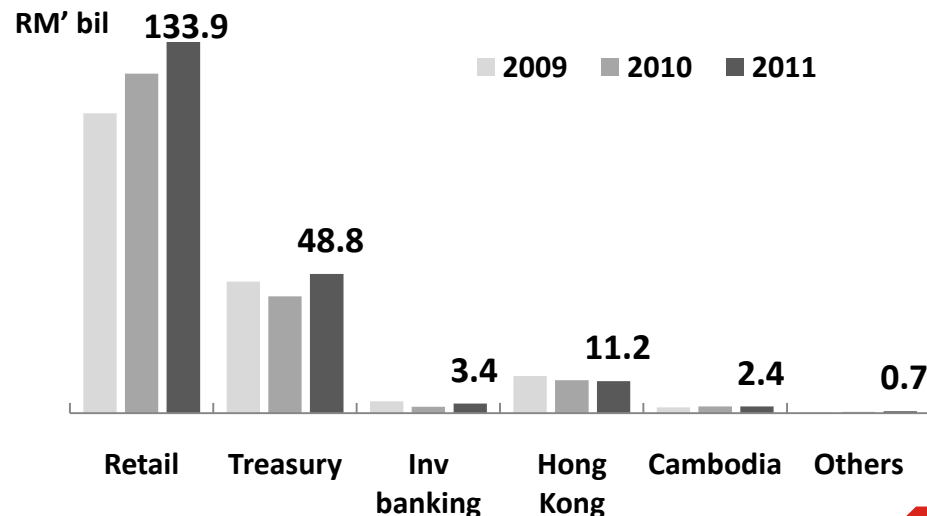


- Net loan deposit ratio remained stable and healthy at 87.2%
- Loan growth continues to be supported through the Group's retail and hire purchase segment whilst retail deposits remain the main contributor to the deposit growth of the Group with 67% contribution

## Gross Loan Composition by Segment

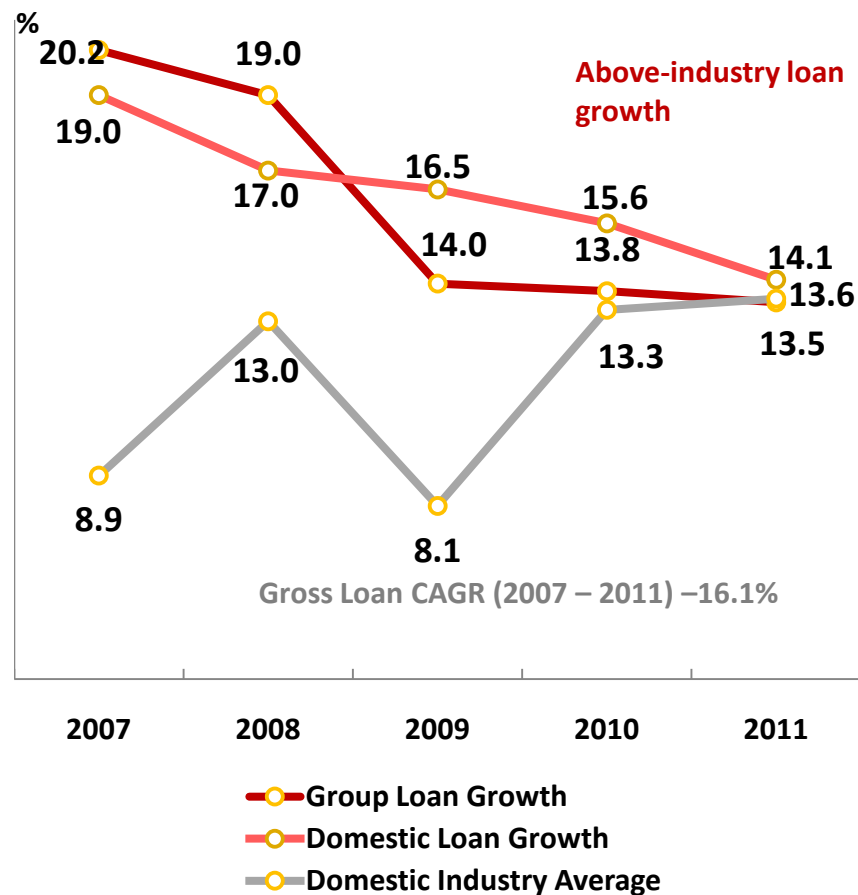


## Deposit Composition by Segment

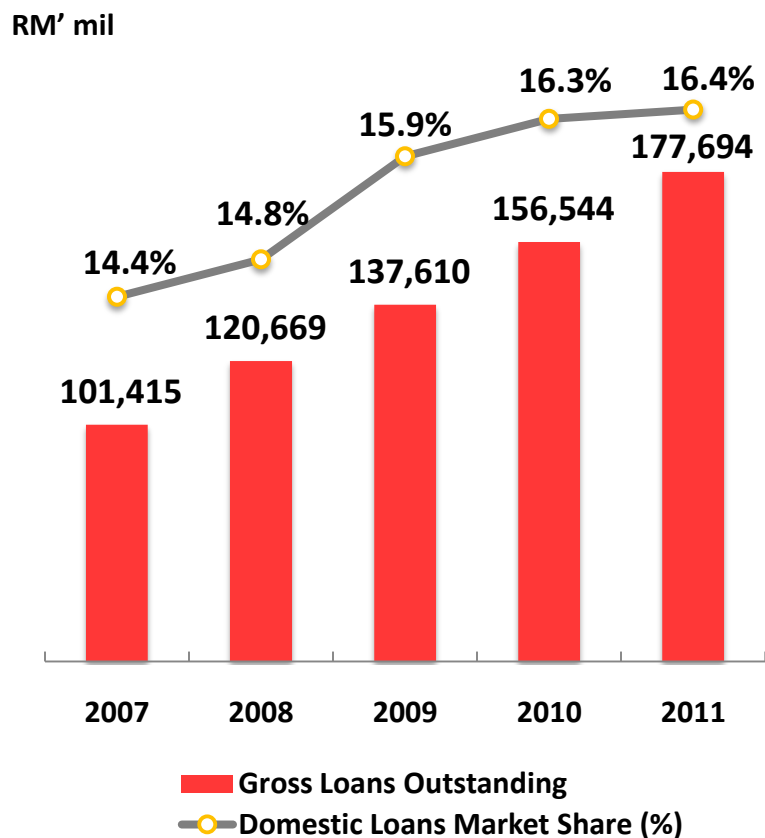


# Consistently Above-industry Loan Growth

## Loan Growth vs Industry

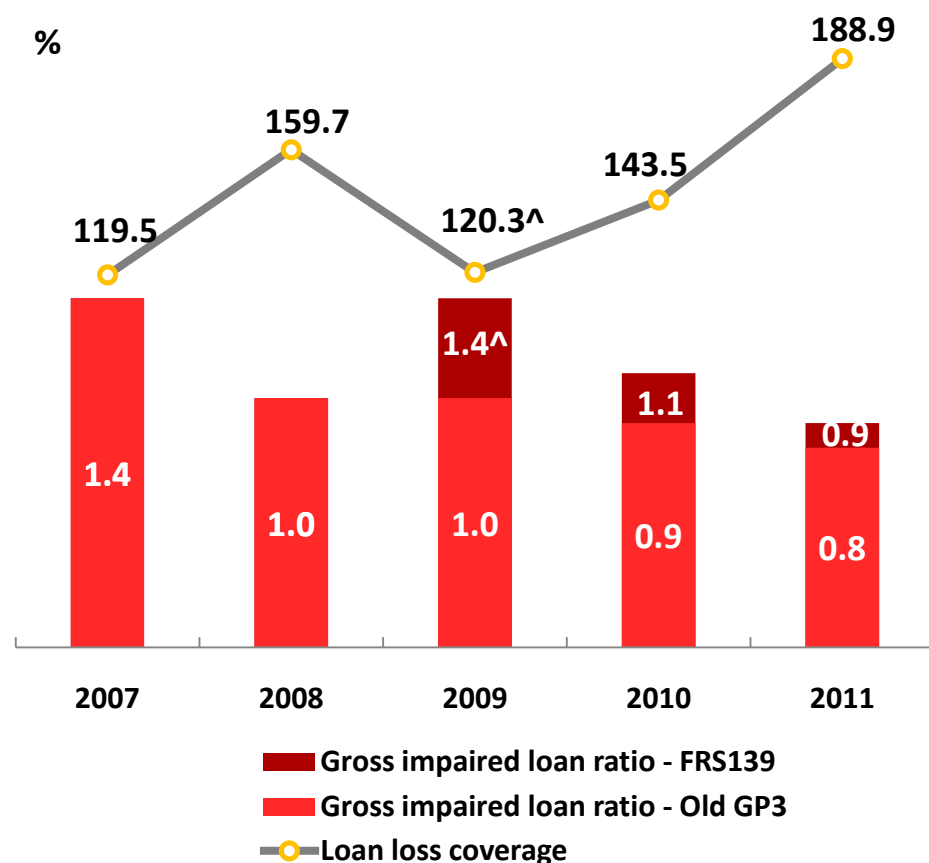


## Gross Loans and Domestic Loan Market Share



# Asset Quality Remained Strong

Improving gross impaired loans ratios with high loan loss reserves



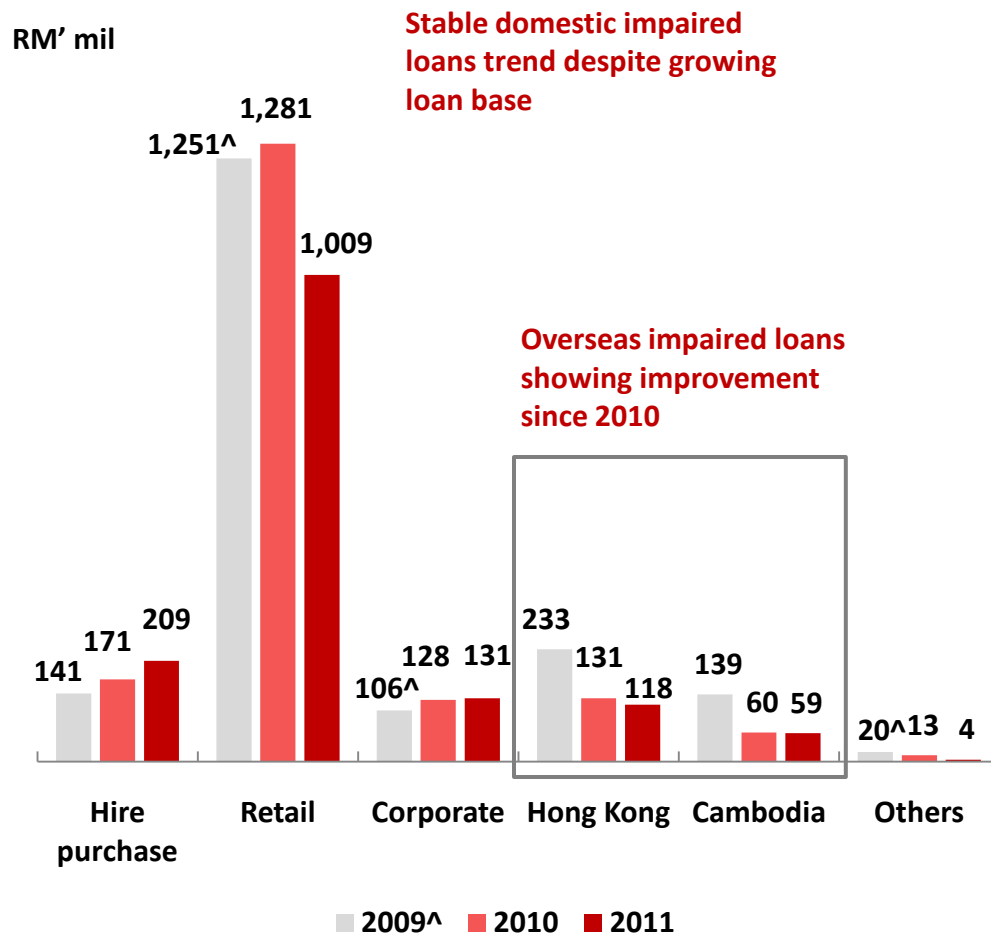
<sup>^</sup> Restated due to the adoption of FRS 139

- Despite more stringent criteria on classification of impaired loans due to FRS 139 adoption with effect from 2010, the gross impaired loans ratio remained low at 0.9% with an increased loan loss reserve of 188.9%
- Based on old GP3 classification of 3 months NPL, NPL ratio would have improved further to 0.8% from 0.9% as at December 2010



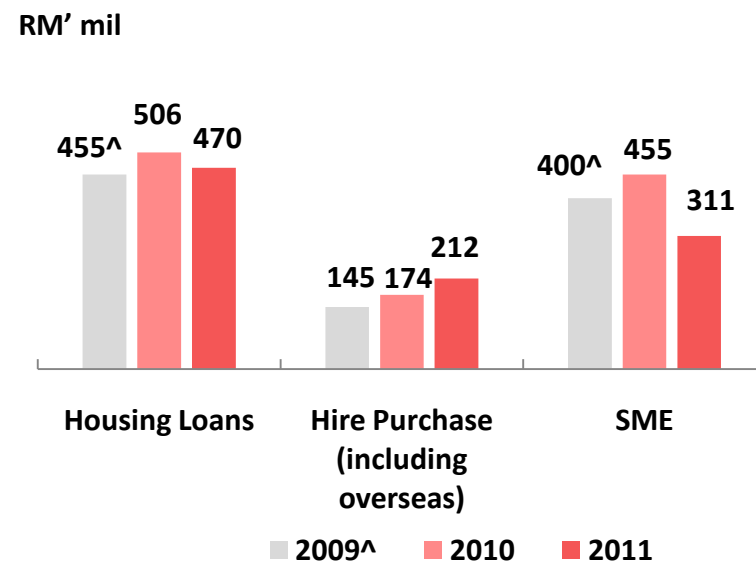
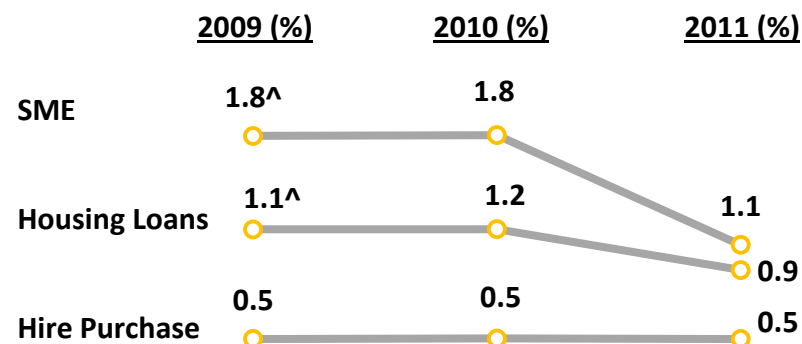
# Asset Quality Remained Strong

## Gross Impaired Loans by Segment



<sup>^</sup> Restated due to the adoption of FRS 139

## Gross Impaired Loans & Gross Impaired Loans Ratio by Key Sectors



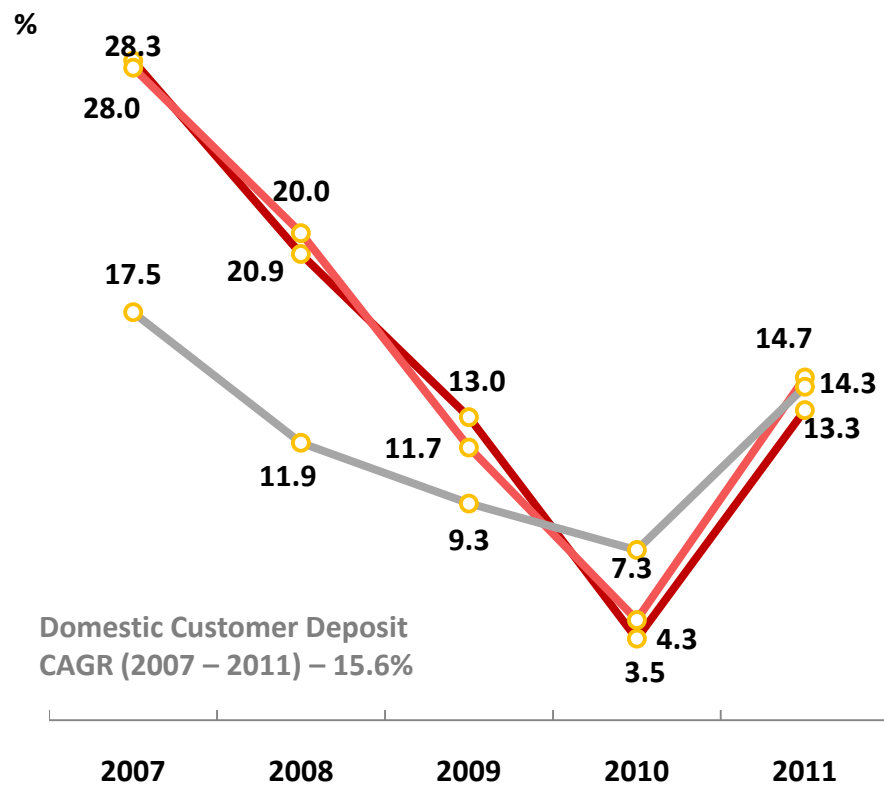
# Sustaining Strong Asset Quality

- 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



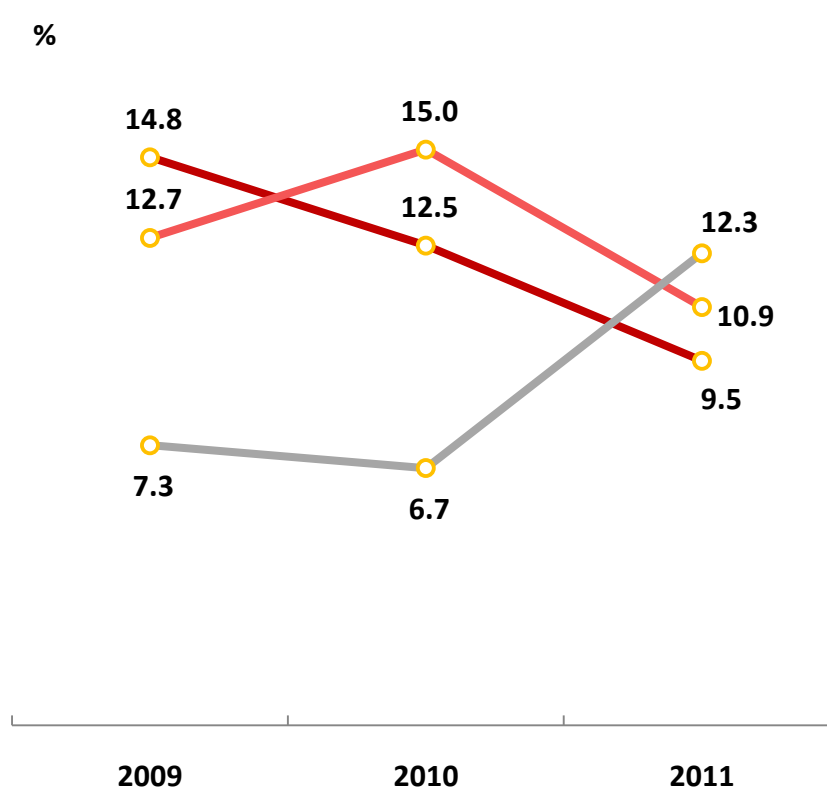
# Healthy Domestic Deposit Growth in Support of Liquidity

## Deposit Growth vs Industry



- Group Deposit Growth
- Domestic Deposit Growth
- Domestic Industry Average

## Core Deposit Growth



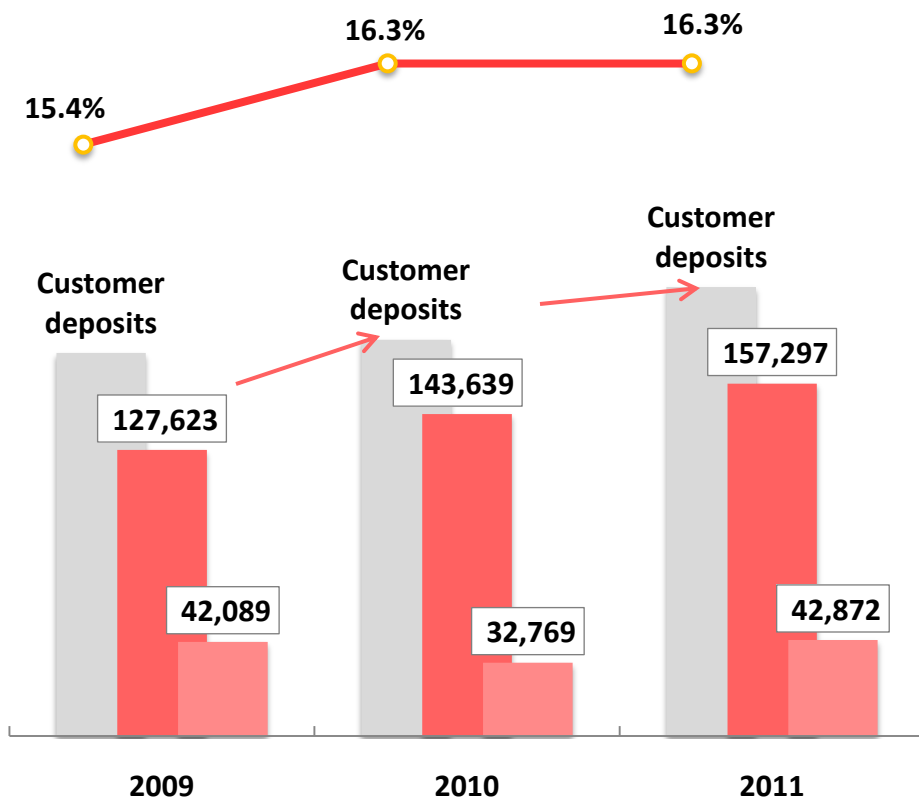
- Group Core Deposit Growth
- Domestic Core Deposit Growth
- Domestic Industry Average



# Diversified Source of Customer Deposit

## Type of Deposit

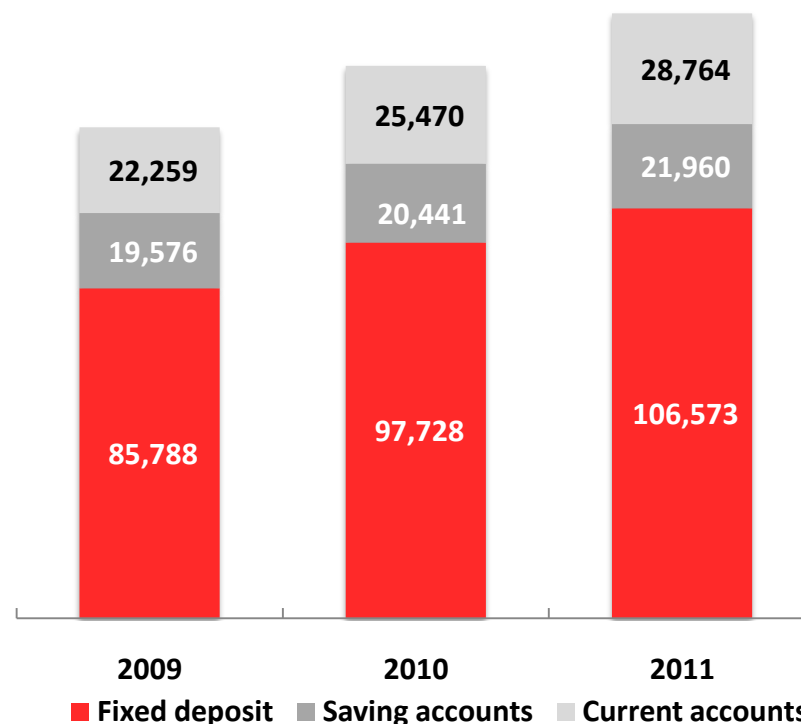
RM' mil



## Source of Core Deposit

RM' mil

Core deposit mainly comprise of fixed deposits, with steady improved contributions from saving and current accounts

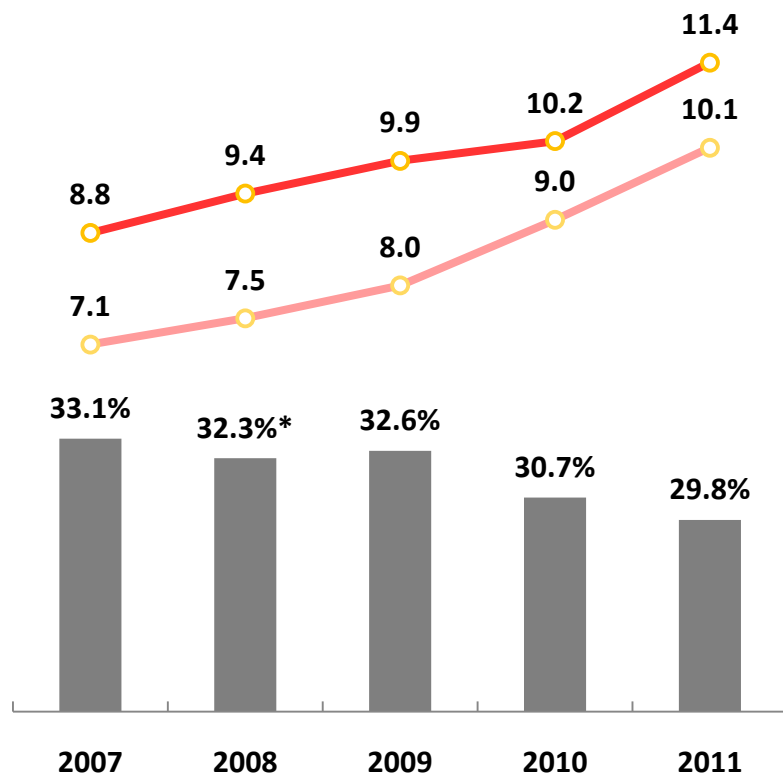


# Continued High Productivity & Cost Efficiency

## Productivity and Cost Efficiency

RM' mil

Improved productivity  
across the various  
indicators

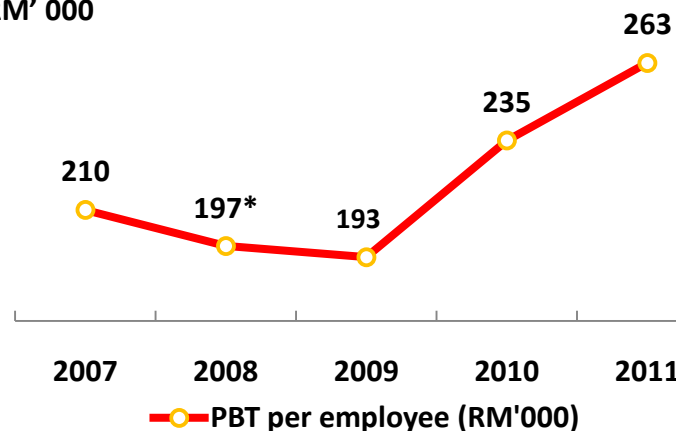


- Cost income ratio (%)
- Gross loan per employee
- Deposit per employee

\* Exclude one-off goodwill income from ING

## PBT per employee

RM' 000











\* Exclude one-off goodwill income from ING

	2011	2010	Industry Average
Gross loan per employee (RM mil)	10.1	9.0	7.3
Deposit per employee (RM mil)	11.4	10.2	9.5
PBT per employee (RM'000)	263	235	189
Cost income Ratio (%)	29.8	30.7	46.7



# Retail Operations

RM'mil	2011	2010	Change
<b>Net Income</b>	<b>4,268.2</b>	3,794.9	 12.5%
<b>Operating Expenses</b>	<b>(1,288.2)</b>	(1,181.8)	 9.0%
<b>Allowances for impairment of loans and other assets</b>	<b>(284.8)</b>	(319.7)	 -10.9%
<b>Profit by segment</b>	<b>2,695.2</b>	2,293.4	 17.5%

	Dec 2011	Dec 2010	Change
<b>Gross Loans and Advances (RM' bil)</b>	<b>105.0</b>	91.3	 14.9%
<b>Customer Deposits (RM' bil)</b>	<b>133.9</b>	119.1	 12.4%
<b>Gross Impaired Loans (RM' bil)</b>	<b>1.0</b>	1.3	 -21.3%
<b>Gross Impaired Loans Ratio</b>	<b>1.0%</b>	1.4%	 -0.4%

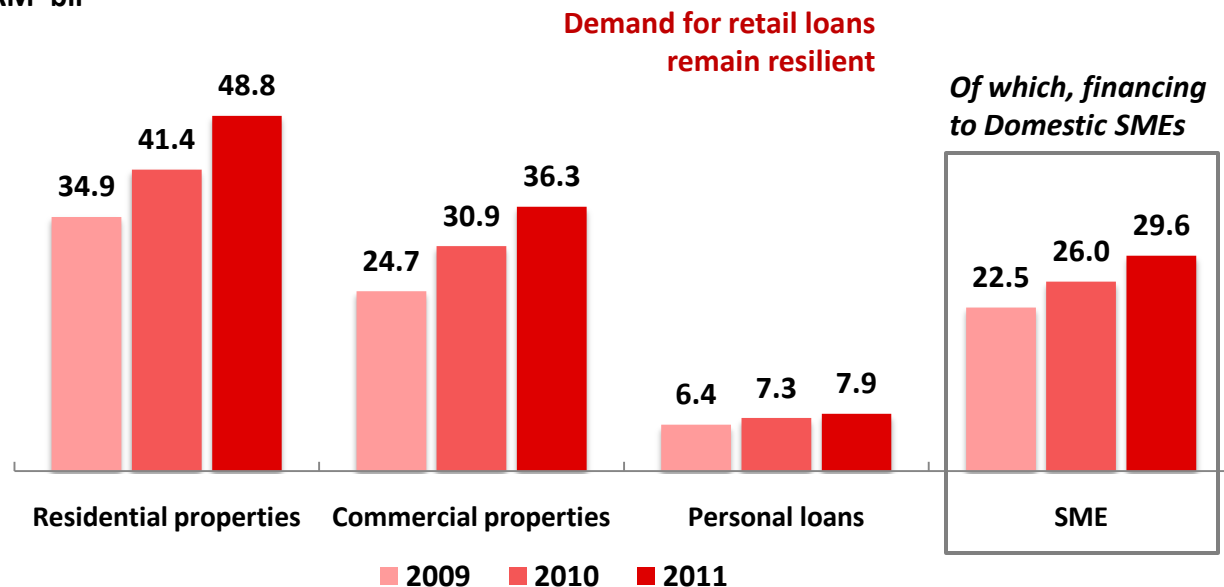
- Improved profit and business performance of the retail operations segment were mainly driven by healthy growth in the lending and deposit-taking businesses coupled with higher sales volume from the retail financial services, as well as declined credit charges
- Asset quality further improved with gross impaired loans ratio declining from 1.4% to 1.0% and credit charges improving by 10.9%



# Retail Operations

## Gross loan & financing in Domestic Operations

RM' bil



## Key Drivers in Domestic Retail Banking & Financing Operations

### Residential properties financing:

- Attractive loan package under the HOME and MORE plans
- Strong sales force and marketing network

### SME:

- Comprehensive SWIFT loan plans and full range of trade financing facilities offered
- Support government initiated financing schemes

### Personal loans:

- Mainly driven by Public Islamic Bank with its Bai'-Al-Einah (BAE) Personal Financing-i offered to staff of government agencies, quasi government corporations, institutions of higher learning and GLCs



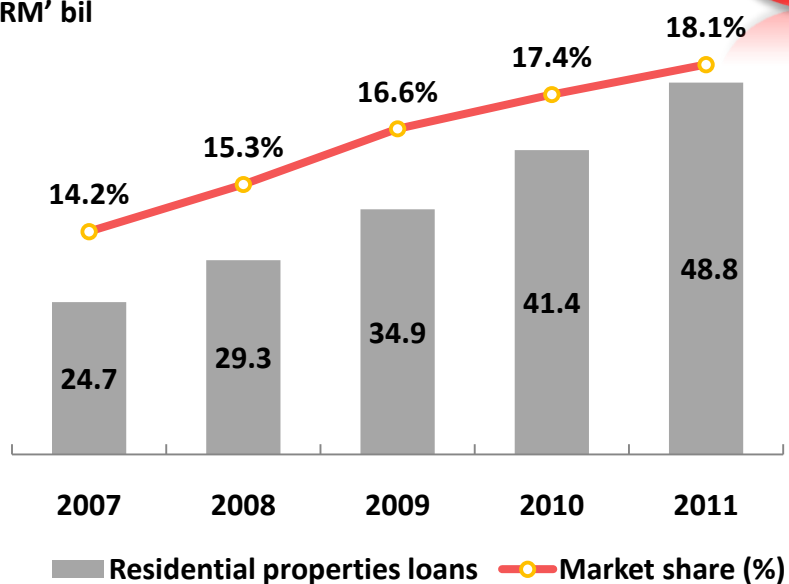
# Retail Operations

## Market Share in Residential Properties

Remained market leader in the residential property financing

**No.1**

RM' bil

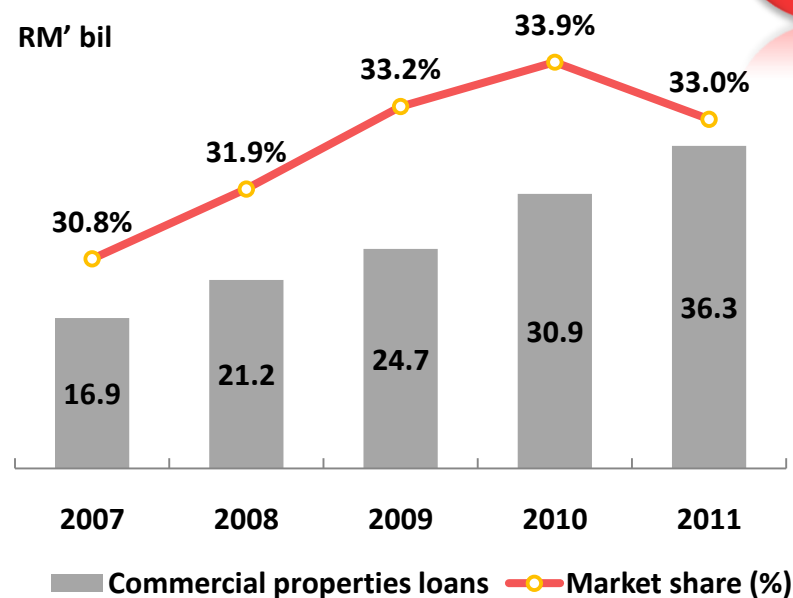


## Market Share in Commercial Properties

Remained market leader in the commercial property financing

**No.1**

RM' bil



# Hire Purchase

RM'mil	2011	2010	Change
<b>Net Income</b>	<b>925.4</b>	934.2	↓ -0.9%
<b>Operating Expenses</b>	<b>(161.4)</b>	(157.1)	↑ 2.7%
<b>Allowances for impairment of loans and other assets</b>	<b>(134.9)</b>	(111.5)	↑ 21.0%
<b>Profit by segment</b>	<b>629.1</b>	665.6	↓ -5.5%

	2011	2010	Change
<b>Gross Loans and Advances (RM' bil)</b>	<b>37.1</b>	33.6	↑ 10.4%
<b>Gross Impaired Loans (RM' bil)</b>	<b>0.2</b>	0.2	↑ 22.6%
<b>Gross Impaired Loans Ratio</b>	<b>0.6</b>	0.5%	↑ 0.1%

- The drop in net income from hire purchase was mainly due to escalated funding costs as a result of the various OPR hikes since March 2010
- Asset quality remained low as reflected by the impaired loan ratio of 0.6%

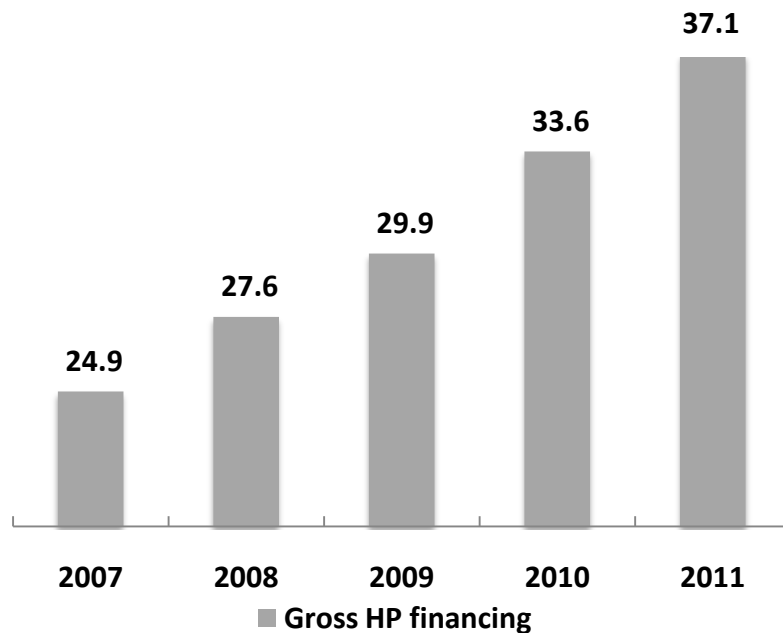


# Hire Purchase

## HP Financing in Domestic Operations

RM' bil

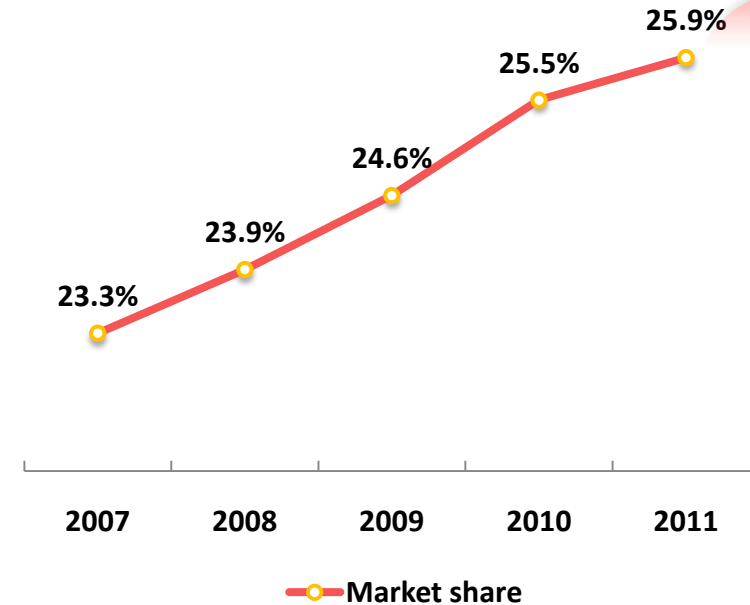
Steady growth in HP financing



## Market Share in Passenger Vehicle Financing

Remained market leader in the passenger vehicle financing

No.1



## Key Drivers in Domestic Hire Purchase Financing

- Improvement in overall vehicle sales
- Better customer service delivery through the 27 Hire Purchase centres in key locations nationwide and continuous improvement in credit processing turnaround time
- Experienced and dedicated HP centre staff force

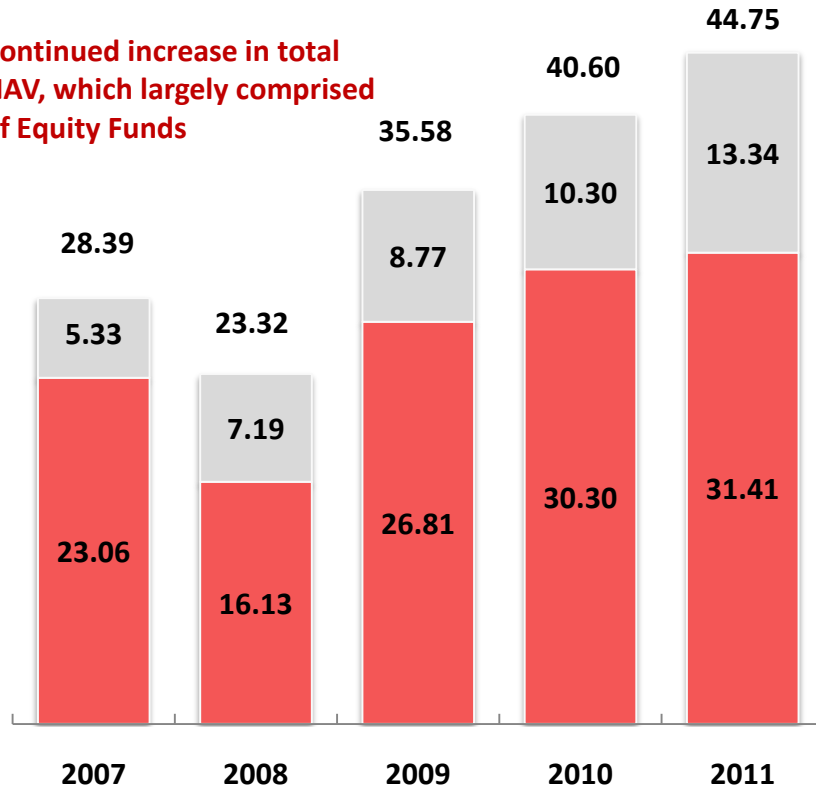


# Wealth Management

## Net Asset Value of Funds under management

RM' bil

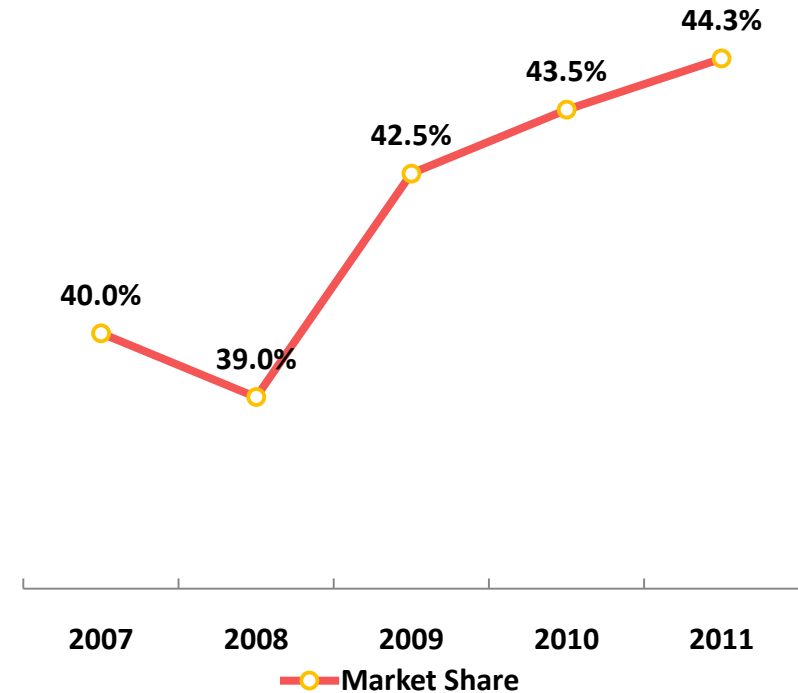
Continued increase in total NAV, which largely comprised of Equity Funds



- Net Asset Value - Equity Funds
- Net Asset Value - Other Funds

## Market Share in Private Unit Trust Industry

Public Mutual continues to maintain its market leadership



○ Market Share



# Capital Management

RM'mil	Group*			Bank*		
	Dec 2011	Dec 2010	Change	Dec 2011	Dec 2010	Change
Tier I Capital	<b>16,410.0</b>	14,118.5	16.2%	<b>16,388.5</b>	14,385.2	13.9%
Tier II Capital	<b>8,594.7</b>	5,266.8	63.2%	<b>8,159.9</b>	4,921.3	65.8%
Deduct: Inv in subs/asso and other deductions	<b>(45.4)</b>	(48.4)	-6.2%	<b>(4,031.8)</b>	(3,834.7)	5.1%
Total Capital Base	<b>24,959.3</b>	19,336.9	29.1%	<b>20,516.6</b>	15,471.8	32.6%
Risk-Weighted Assets	<b>163,027.3</b>	141,096.5	15.5%	<b>134,887.8</b>	116,319.3	16.0%
RWCR (%)	<b>15.3%</b>	13.7	1.6%	<b>15.2%</b>	13.3	1.9%
Tier-I Capital Ratio (%)	<b>10.1%</b>	10.0	0.1%	<b>12.1%</b>	12.4	-0.3%

\* After deducting second interim dividends declared subsequent to end of year



# Capital Management

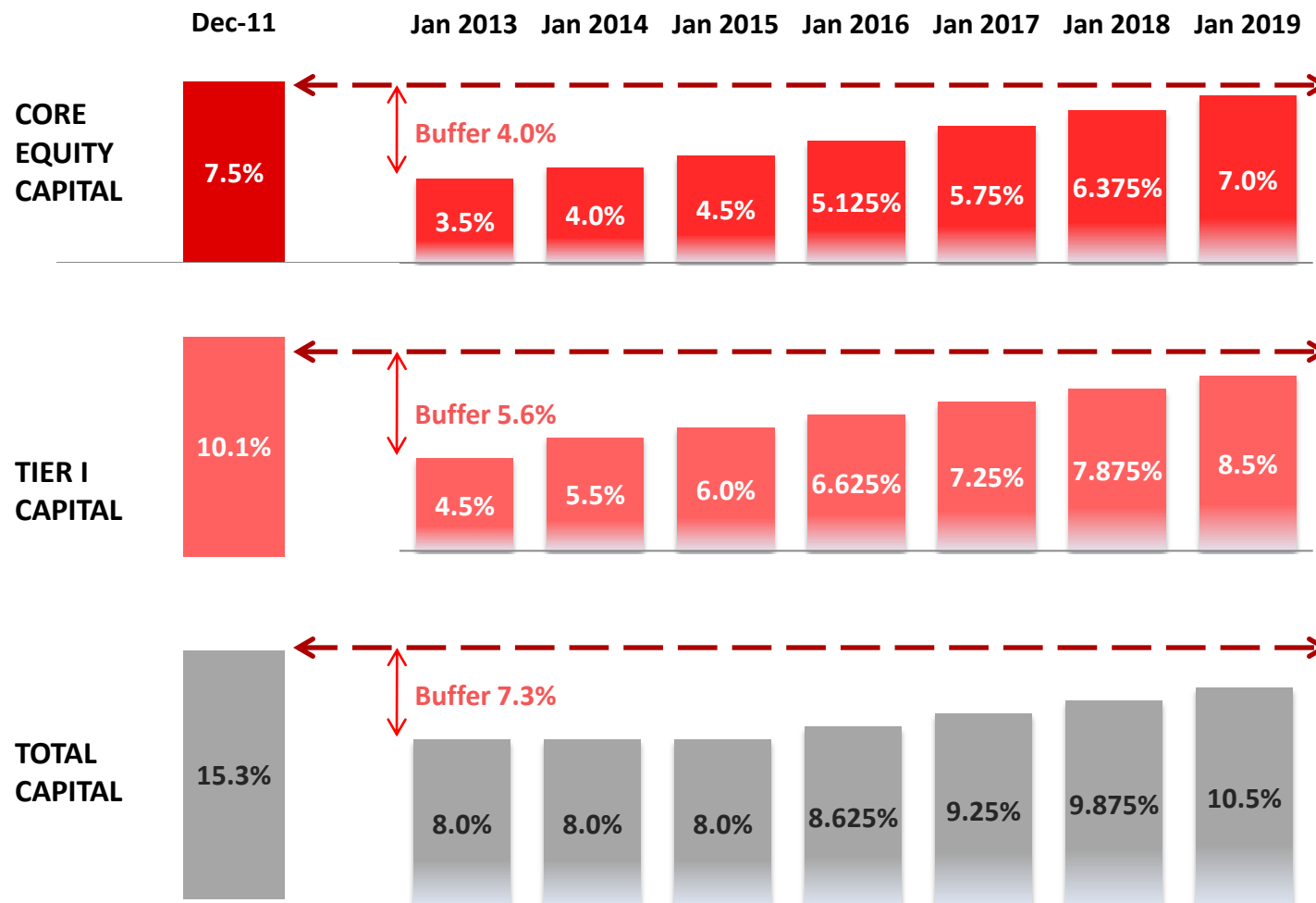
## Basel III Implementation

- BNM's latest circular indicated BNM's intention to follow the International Basel III capital requirement and transitional timeline from January 2013 – January 2019
- No capital buffer required for “systemically important banks” for the time being
- BNM will issue concept paper by 2014 on counter-cyclical capital buffer requirement



# Capital Management

## Meeting Basel III Minimum Requirements Ahead of Time<sup>#</sup>



### Enhancement to Group's Core Equity Capital to be achieved by:

- Strong profit generation capacity
- Strong asset quality
- Continuous enhancement of efficient capital usage, in particular emphasis on less capital-intensive fee based and non-interest income business

<sup>#</sup> The Basel III capital ratio requirements are inclusive of the 2.5% capital conservation buffer, but excluding any counter-cyclical buffer which is subject to regulator's discretion.



# Our Business Growth Strategies

**Continue in Achieving Organic Growth While Sustaining Our Premier Status in the Local Banking Industry**

**Core business focus: Consumer Lending & Lending to SMEs**

## Lending Business

- Consumer lending to focus on purchases of properties and passenger vehicles
- Penetrate mid-market SMEs & micro enterprises in encourage sectors
- Expanding credit card financing & corporate lending

## Deposit-Taking Business

- Securing higher retail and low cost deposits
- Sustaining existing pool of deposits

## Maintain earning growth momentum

- Continued quality loans growth at above industry growth rate
- Further expand depositor base
- Further improve productivity and operational efficiency
- Continued organic expansion of overseas business

## Build on existing strength

- Strong brand & market position
- Healthy capital and asset quality
- Proactive capital management to ensure healthy level of capital while maintaining high returns to shareholders

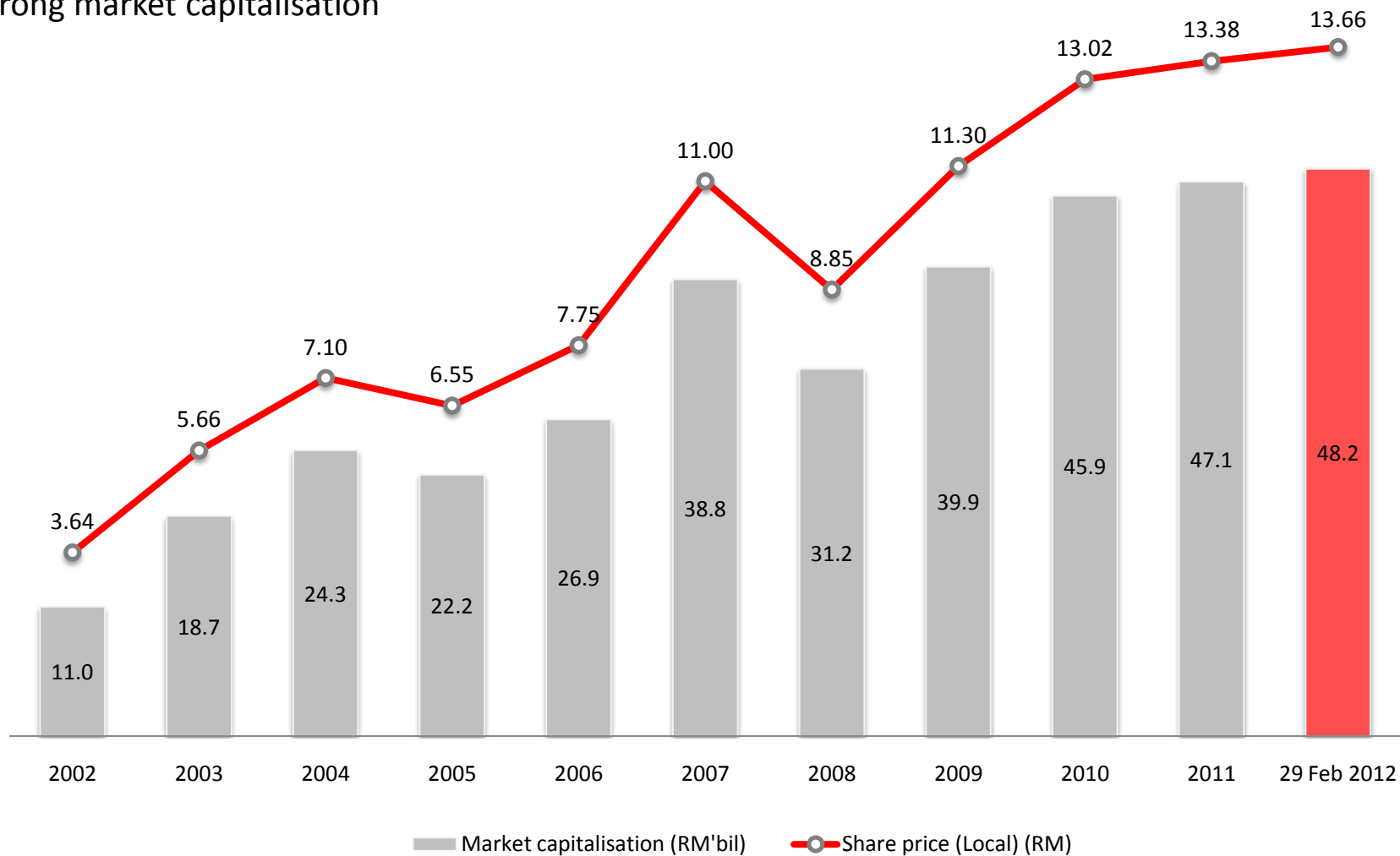
## Prudence

- Continue to remain prudent and uphold its strong corporate governance and risk management policies
- Sustainable low impaired loans leveraging on PBB's prudent lending policy
- Maintain strong liquidity



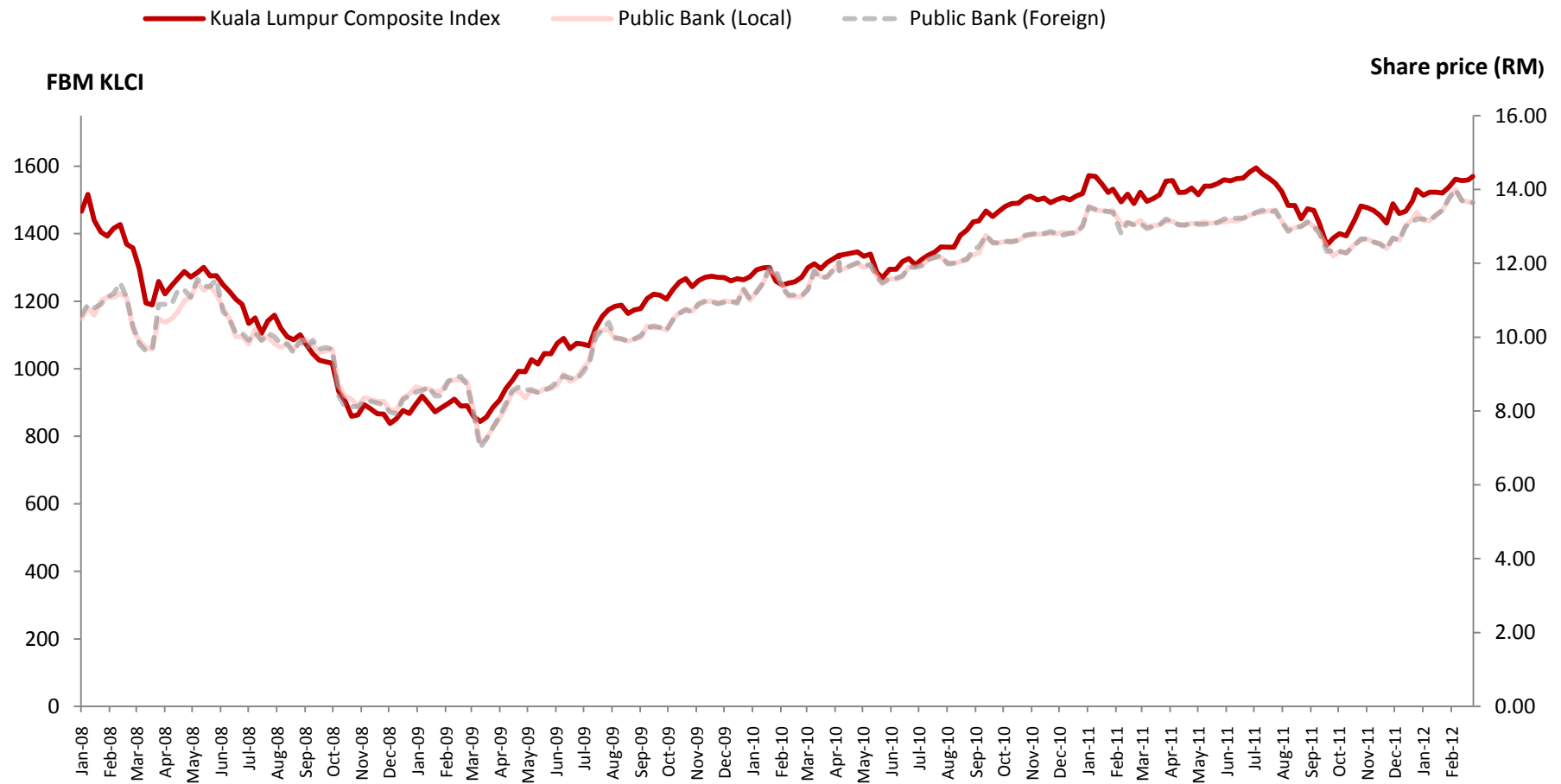
# Market Capitalisation and Analysts' Poll

Strong market capitalisation



# Market Capitalisation and Analysts' Poll

Resilient share price performance



# Market Capitalisation and Analysts' Poll

- Superior investment returns

## *Illustration on investment returns*

	Shares acquired since	Total returns (capital appreciation <sup>^</sup> + dividends)	Compounded annual rate of return
Medium term - 5 years	1 January 2007	+118.4%	<b>+18.9%</b>
Long term - since listing	1967	+5,207.1%	<b>+19.5%</b>

<sup>^</sup> Capital appreciation is calculated based on the PBB local share value at closing price as of 31/12/2011 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

	2007	2008	2009	2010	2011
Price to earnings multiple (times)	17.4	11.5	15.4	14.9	13.4
Price to book multiple (times)	3.9	3.1	3.5	3.5	3.2



# Market Capitalisation and Analysts' Poll

- Average daily volume/ value traded:

	Average Daily Volume (million)	Average Daily Value (RM'million)
2011	3.7	48.6
YTD 29 February 2012	4.5	60.8

- Consensus net profit estimates (RM'mil):

2012	2013	2014
3,718	4,183	4,693

- Poll of analysts Buy/ Hold/ Sell recommendations on PBB Shares as at 29 February 2012

	<u>Buy</u>	<u>Hold</u>	<u>Sell</u>	<u>No. of Analysts</u>
PBB	17	12	1	30

Source: Bloomberg, Reuters and Analyst Reports



# Summary

- **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**





## Investor Relations

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