

Investor Presentation
Nomura Investment Forum Asia 2019
Singapore
27-30 May 2019



PUBLIC BANK

THE WAY FORWARD

www.publicbankgroup.com





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 reaches out to its customers through various channels, which includes 265 well distributed branches and a comprehensive range of digital channels comprising of over 2,100 self service terminals in Malaysia, PBe internet banking, PB engage mobile banking as well as social media. In addition, the Group has an extensive branch network in the region with a network of 77 branches in Hong Kong, 5 branches in China, 31 branches in Cambodia, 18 branches in Vietnam, 4 branches in Laos and 3 branches in Sri Lanka.

Leading Market Shares

The Group sustained 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 of 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. To serve customers better, the Group has strengthened its digital capabilities by optimising and integrating facilities and processes. The Group's digital channels – PBe internet banking and PB engage mobile banking app are flagship touch points to spearhead the Bank's digital transformation.



Strong Credit Ratings

With consistent financial performance and prudent management, the Group continues to receive strong credit and financial ratings from local and foreign rating agencies.

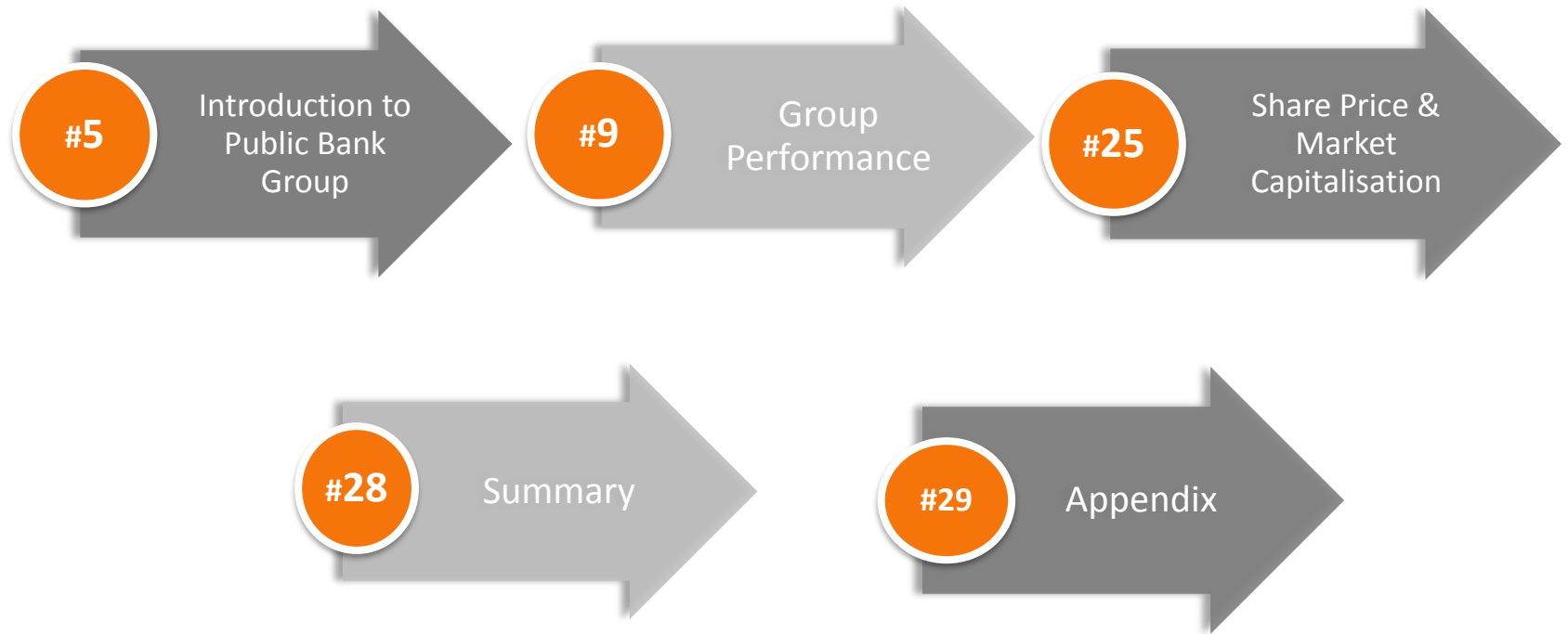
- **Standard & Poor's**
A- long-term rating
A-2 short-term counterparty credit rating with stable outlook
- **Moody's**
Long-term deposit rating of A3
Short-term deposit rating of P-2 with stable outlook
- **Rating Agency Malaysia**
Long-term rating of AAA, the highest rating accorded by Rating Agency Malaysia
Short-term rating of P1 with stable outlook

Award-winning bank

Public Bank's unwavering commitment in its pursuit of banking excellence continues to be recognised by international and domestic awards. In 2018, Public Bank was named as the Strongest Bank by Balance Sheet in Malaysia 2018 by The Asian Banker, and was also bestowed with many best bank awards, both domestically and internationally. The Group will continue to strive for greater performance.

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 a 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 volunteerism, charitable donations and sponsorships focusing in areas of educational development, improvement of community healthcare and well being, as well as preserving the environment.

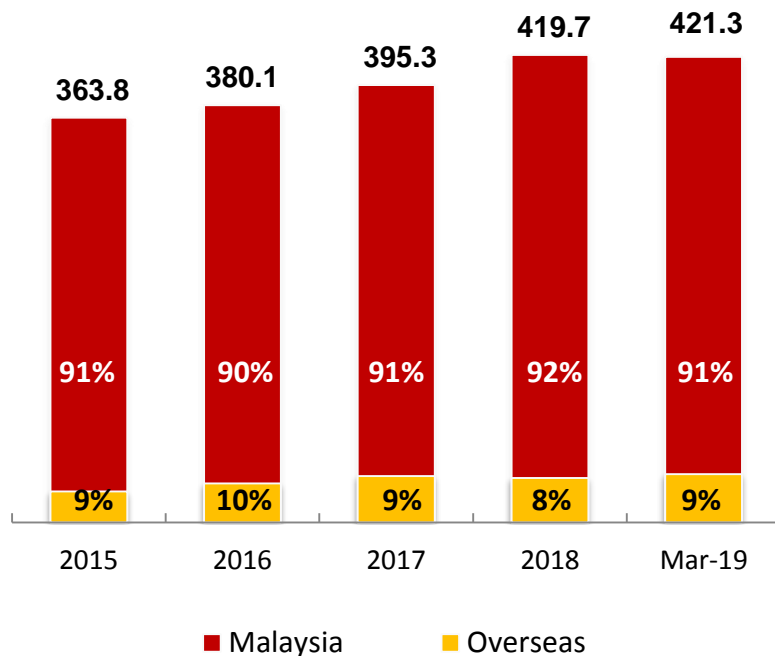


Introduction to Public Bank Group

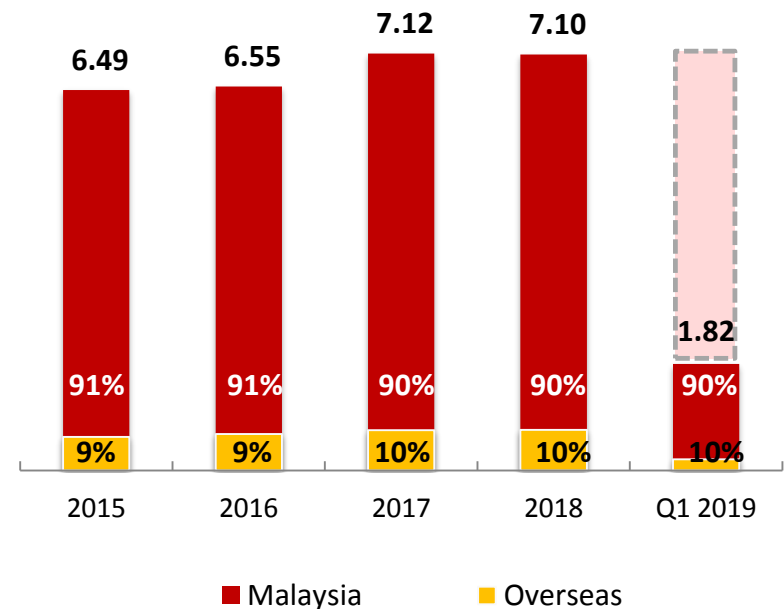


- Commenced operations in 1966 with one branch
- Listed in April 1967 on Bursa Malaysia Securities Berhad (*then known as Kuala Lumpur Stock Exchange*)
- A retail bank with domestic operations contributing over 90% of the Group's assets and profits

Total Assets
RM'bil



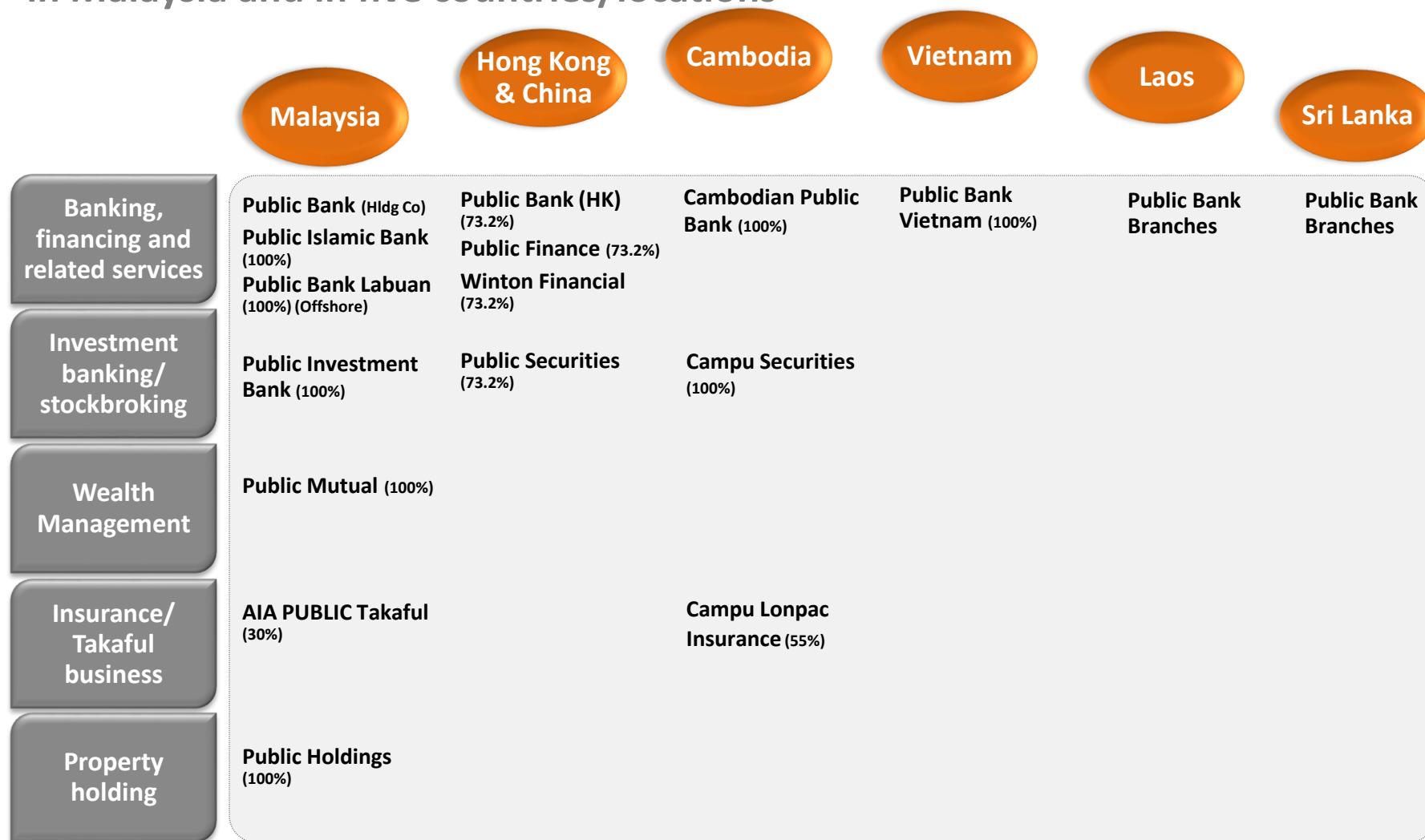
Pre-tax Profit
RM'bil



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



	Mar-19	2018	2010
<u>Malaysian Operations</u>			
Public Bank - Domestic	263	263	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	5	4	3
Winton (B.V.I) Group	3	3	9
<u>Indo-China Operations</u>			
Cambodia Public Bank	31	31	21
Public Bank Vietnam	18	18	7
	433	432	393
Self Service Terminal - domestic	2,137	2,132	1,362



FOCUS AREA



STRATEGIC APPROACH



SUPPORTED BY

Domestic Consumer Banking and SME Lending

- Focus on consumer lending for 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

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

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

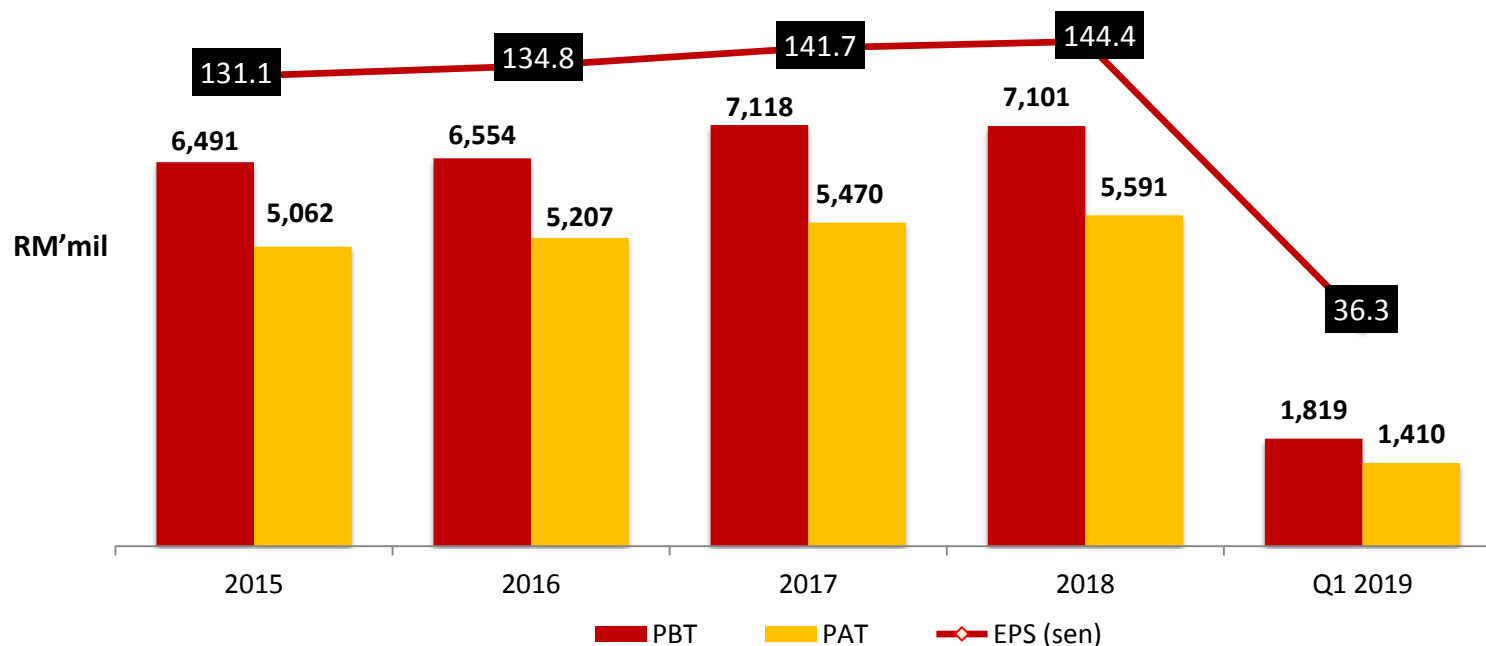
Harness information technology to support the Group's business needs and improve customer experience.

Unbroken Profit Track Record

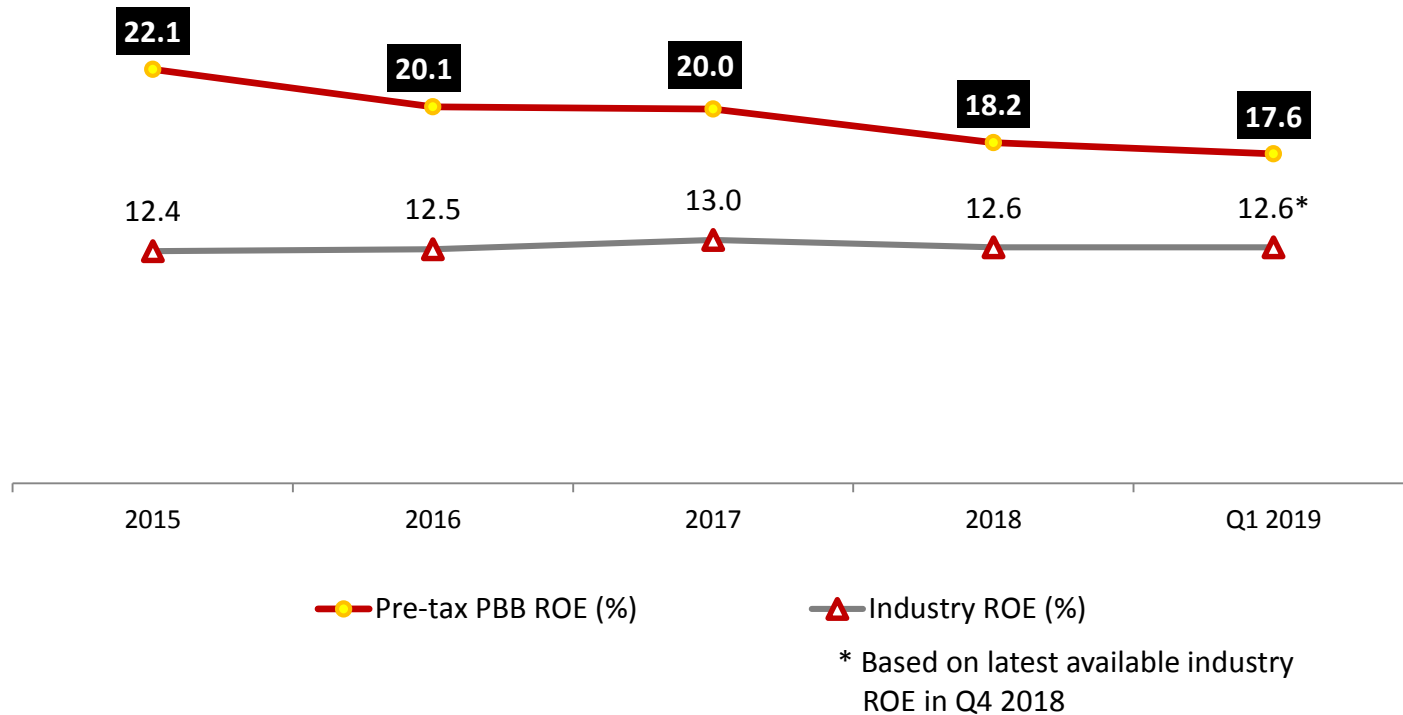


- 52 years of unbroken profitability

	RM'mil					y-o-y growth (%)					
	2014	2015	2016	2017	2018	Q1 2019	2015	2016	2017	2018	Q1 2019
Pre-tax profit	5,814	6,491	6,554	7,118	7,101	1,819	11.6	1.0	8.6	-0.2	1.4
Net profit	4,519	5,062	5,207	5,470	5,591	1,410	12.0	2.9	5.1	2.2	0.3



Above-industry Return on Equity (ROE)



Q1 2019 Key Highlights



Income Statement

	Q1 2019	Q1 2018	Change
Pre-tax profit	RM1,819 mil	RM1,794 mil	1.4%
Net profit attributable to shareholders	RM1,410 mil	RM1,405 mil	0.3%
Earnings per share	36.3 sen	36.4 sen	-0.3%

Balance Sheet

	Mar 2019	Dec 2018	Change
Total asset	RM421.3 bil	RM419.7 bil	0.4%
Loan:			
- Group	RM320.4 bil	RM317.3 bil	3.9%*
- Domestic	RM297.6 bil	RM294.1 bil	4.8%*
Deposit:			
- Group	RM343.0 bil	RM339.2 bil	4.5%*
- Domestic	RM314.4 bil	RM310.6 bil	4.9%*

Financial Indicators (%)

	Mar 2019	Dec 2018
Net return on equity	14.0	14.8
Cost to income ratio	33.8	33.0
Gross impaired loans ratio	0.5	0.5
Gross loan to fund ratio~	88.4	88.4
Gross loan to fund and equity ratio~	79.0	79.0
Loan loss coverage	124.7	126.0
Common equity Tier I capital ratio	12.9	13.1 ^π
Tier I capital ratio	13.4	13.7 ^π
Total capital ratio	16.0	16.3 ^π

* Annualised growth

^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

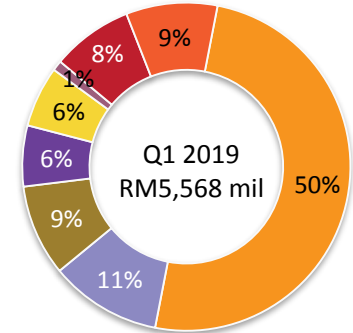
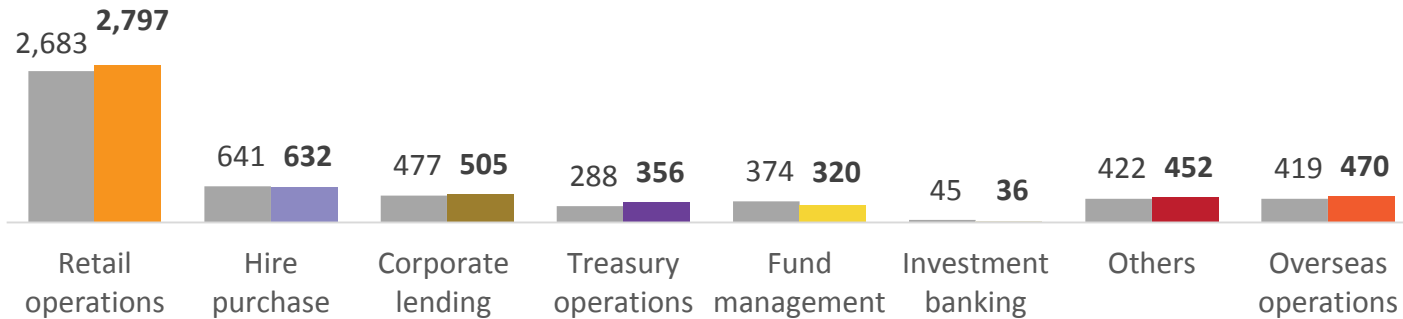
Segmental Profit – Retail Centric



Revenue - Q1 2018 vs Q1 2019

y-o-y Δ 4.2% ∇ 1.4% Δ 5.9% Δ 23.5% ∇ 14.4% ∇ 19.1% Δ 7.2% Δ 12.1%

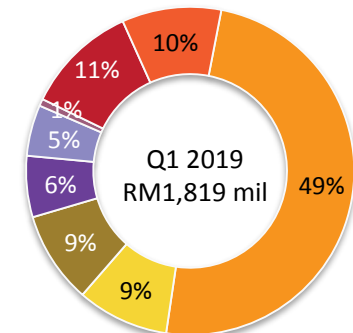
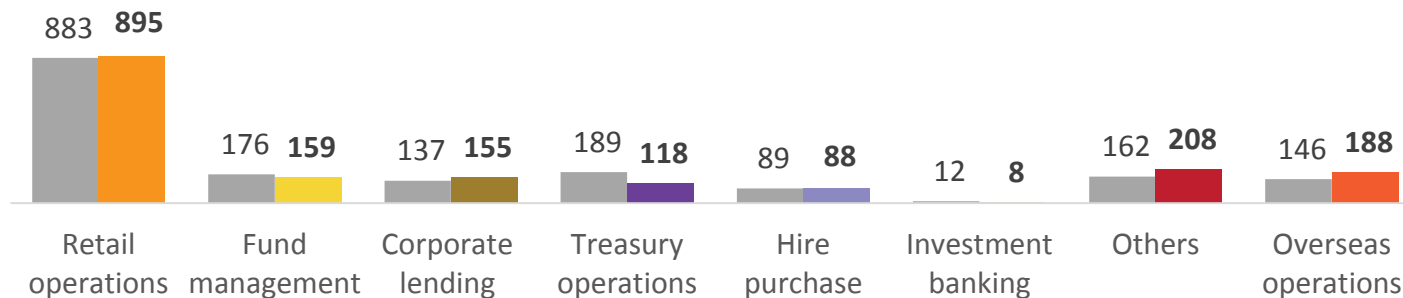
RM'mil



PBT - Q1 2018 vs Q1 2019

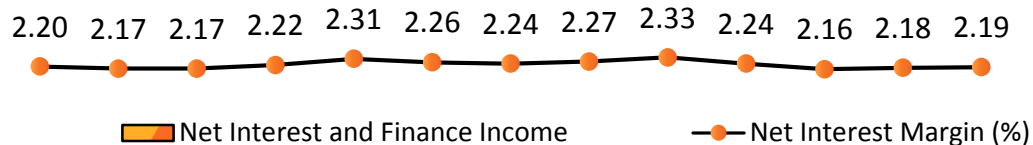
y-o-y Δ 1.3% ∇ 10.0% Δ 13.6% ∇ 37.4% ∇ 0.5% ∇ 36.4% Δ 28.5% Δ 29.0%

RM'mil

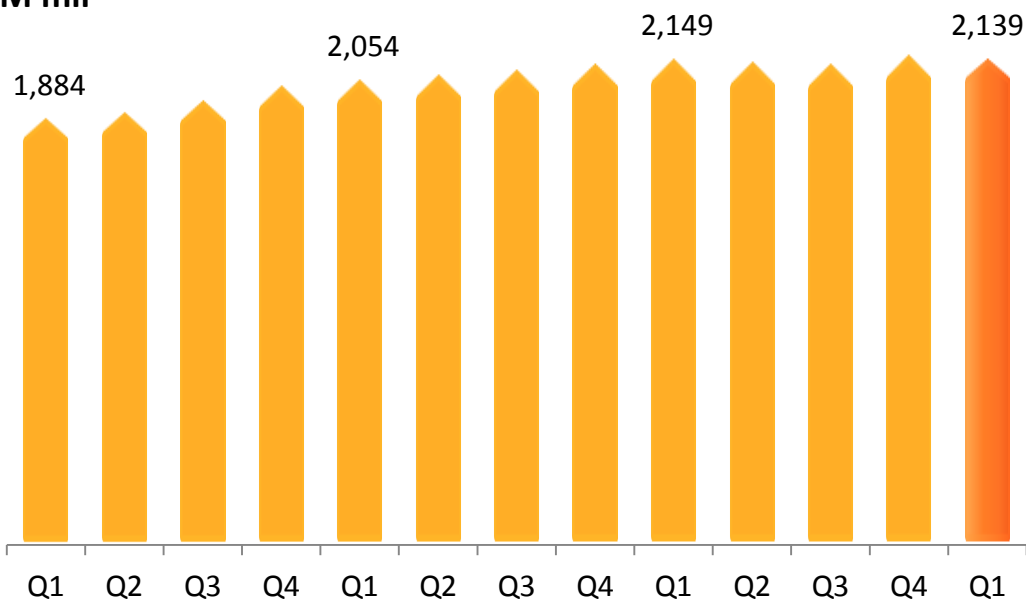


Note: Others comprise mainly of domestic main office, other miscellaneous domestic segment and domestic share of profit after tax of equity accounted associated companies

Net Interest Margin









RM'mil



(%)	2016	2017	2018	Q1 2019
Yearly Average	2.20	2.28	2.22	2.19

Non-Interest Income



(RM'mil)	Q1 2019	Q1 2018	Change	Composition
Net fee and commission	419.2	456.2	-8.1%	
Of which: - Unit trust income	219.7	247.9	-11.4%	 38%
- Fee & commission income	177.3	178.9	-0.9%	 30%
- Stockbroking income	22.2	29.3	-24.3%	 4%
Net gains and losses on financial instruments	57.9	19.8	>100%	 10%
Other operating income	108.0	118.7	-9.0%	
Of which: - Foreign exchange income	61.5	95.4	-35.5%	 10%
- Others	46.5	23.3	99.2%	 8%
Total non-interest income	585.1	594.7	-1.6%	100%

Efficient Operating Overheads & Lowest CIR

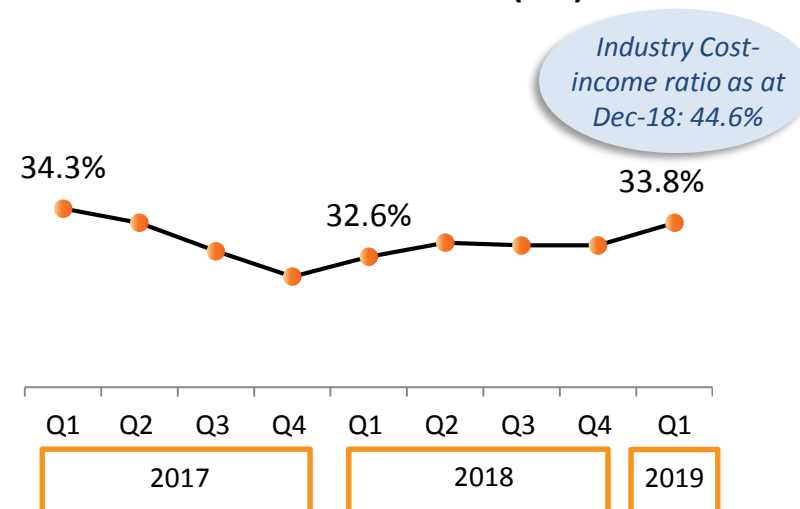


(RM'mil)	Q1 2019	Q1 2018	Change	Composition
Personnel costs	661.0	634.5	4.2%	71%
Establishment costs	173.7	159.7	8.8%	19%
Marketing expenses	34.2	38.8	-11.9%	4%
Administration and general expenses	56.0	66.3	-15.6%	6%
Total other operating expenses	924.9	899.3	2.8%	100%

RM'mil	Q1 2019	2018	Industry Average
Gross loan per employee	17.1	16.9	14.0
Deposit per employee	18.3	18.1	15.7
PBT per employee	0.39*	0.38	0.31

* Annualised

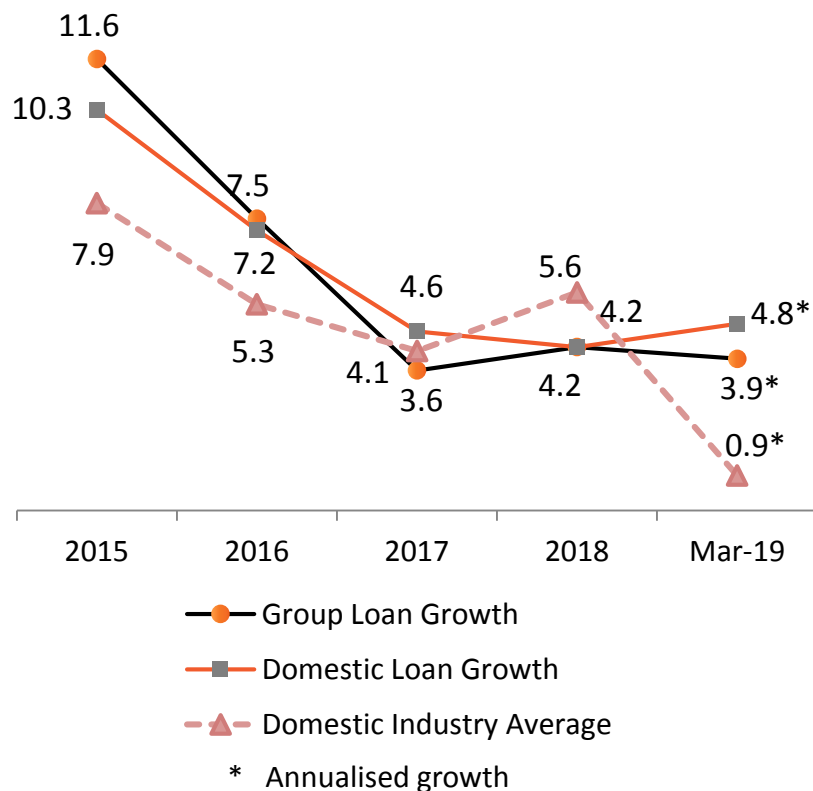
Efficient Cost-income ratio (CIR)



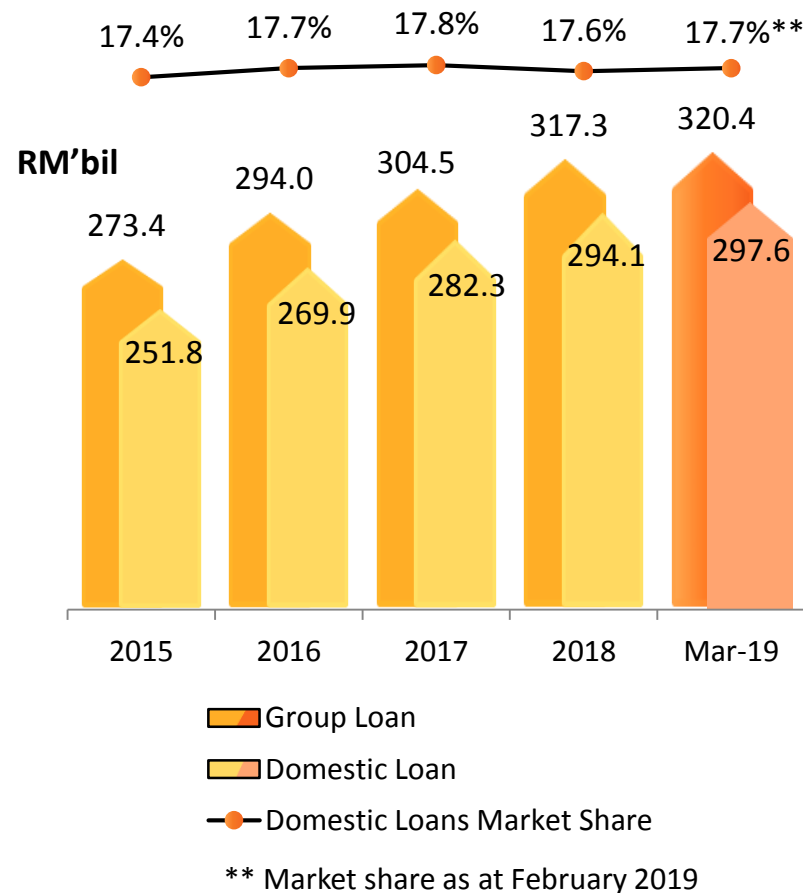
Steady Loan Growth



Loan Growth vs Industry (%)



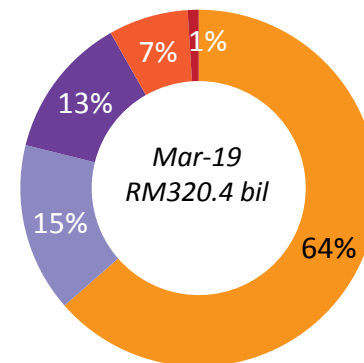
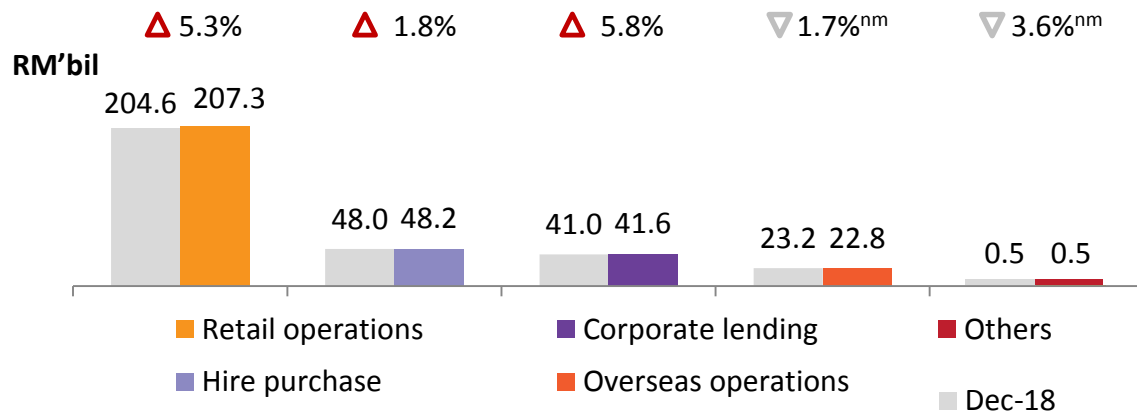
Loan – Outstanding Balance and Market Share



Healthy Gross Loan Growth

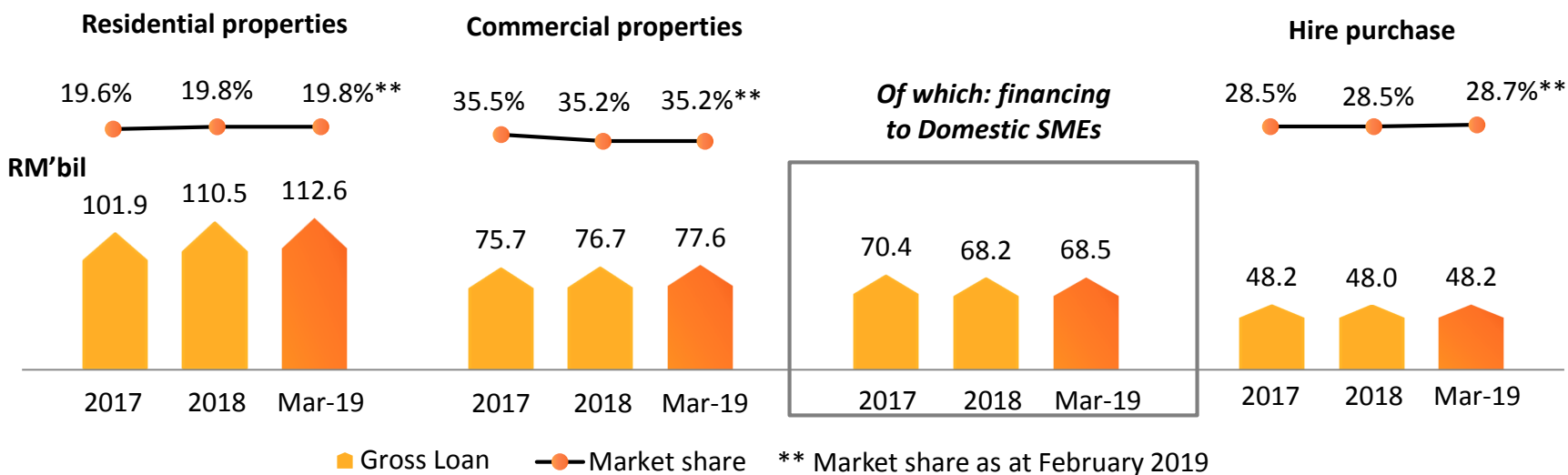


Gross Loan by Segment



Note: Annualised growth (Dec 2018 vs. Mar 2019) ^{nm} Negative growth as at March 2019

Gross Loan in Domestic Operations



Sustaining Strong Asset Quality



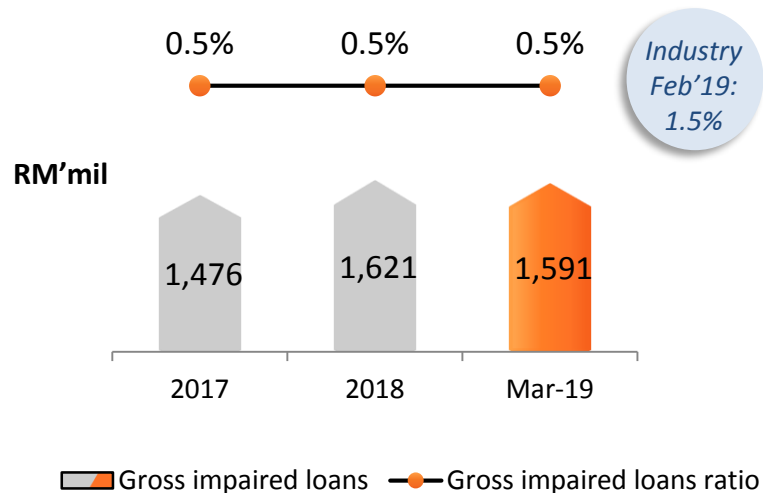
- Focus on lower risk customer segments
 - Traditional urban/ suburban mortgages
 - Passenger vehicle hire purchase
 - Middle market business enterprises
- Sound credit appraisal and approval process
- Strong credit risk culture
- Proactive loan restructuring and rescheduling



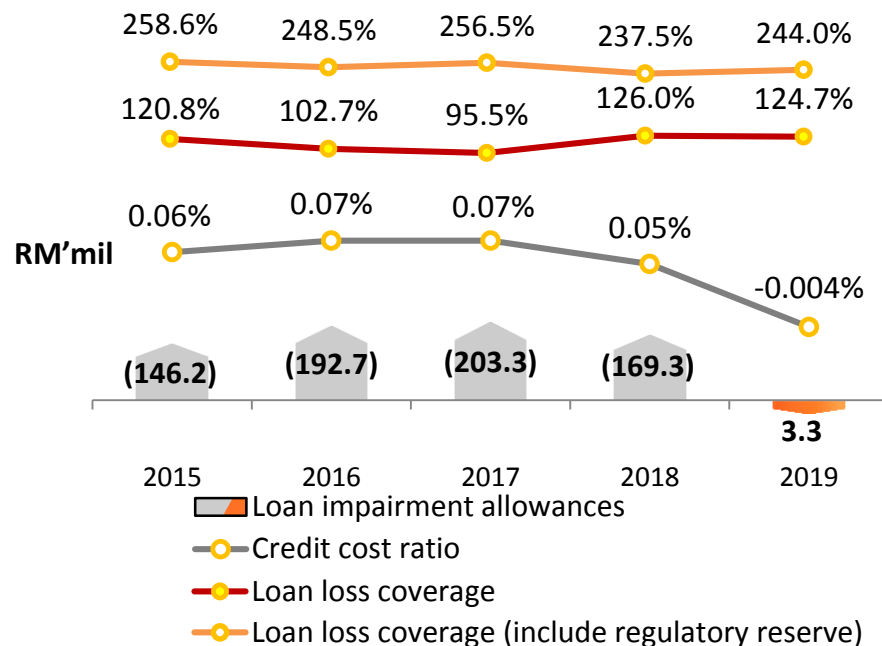
Upholding Strong Asset Quality



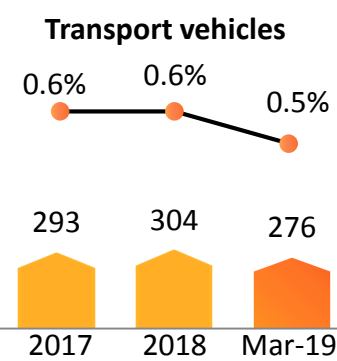
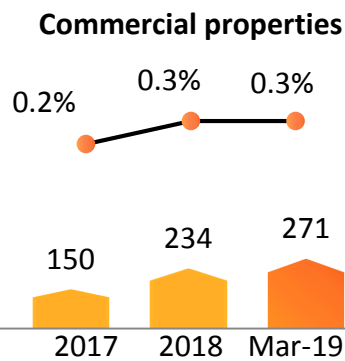
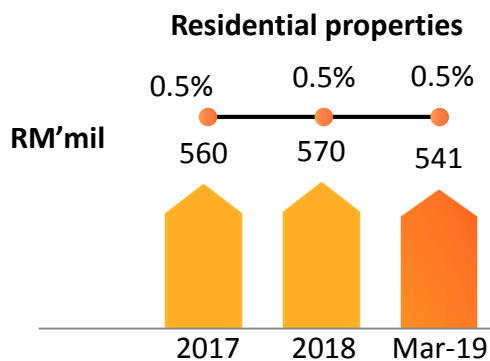
Gross impaired loans



Loan Impairment Allowances



Gross impaired loans of which:

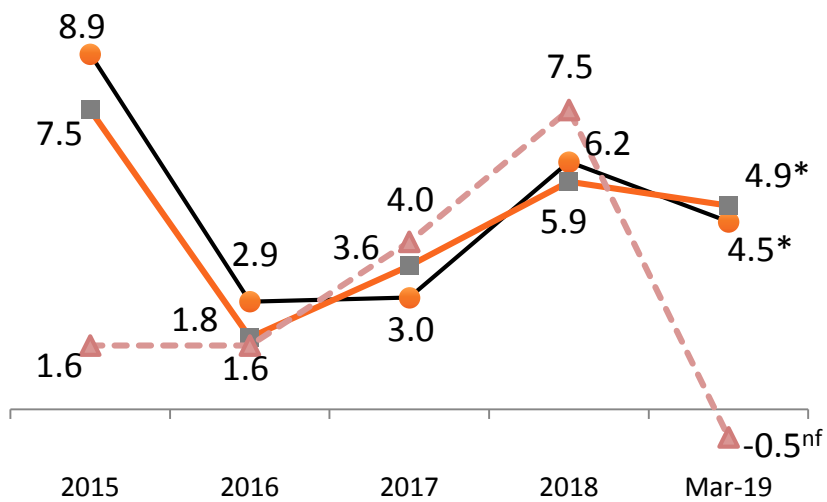


■ Gross impaired loans ● Gross impaired loans ratio

Healthy Deposit Growth in Support of Liquidity

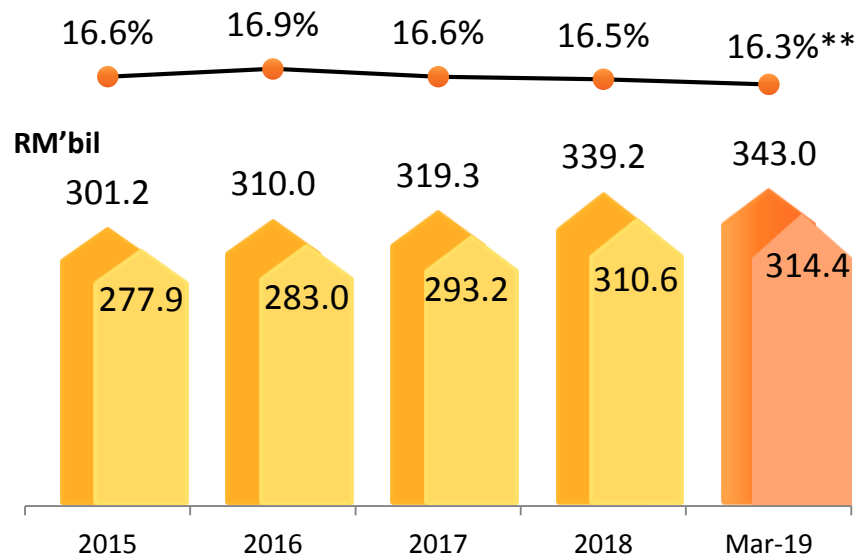


Deposit Growth vs Industry (%)



- Group Deposit Growth
- Domestic Deposit Growth
- ▲— Domestic Industry Average (include repurchase agreements)
- * Annualised growth
- ^{nf} Negative growth as at February 2019

Deposit – Outstanding Balance and Market Share

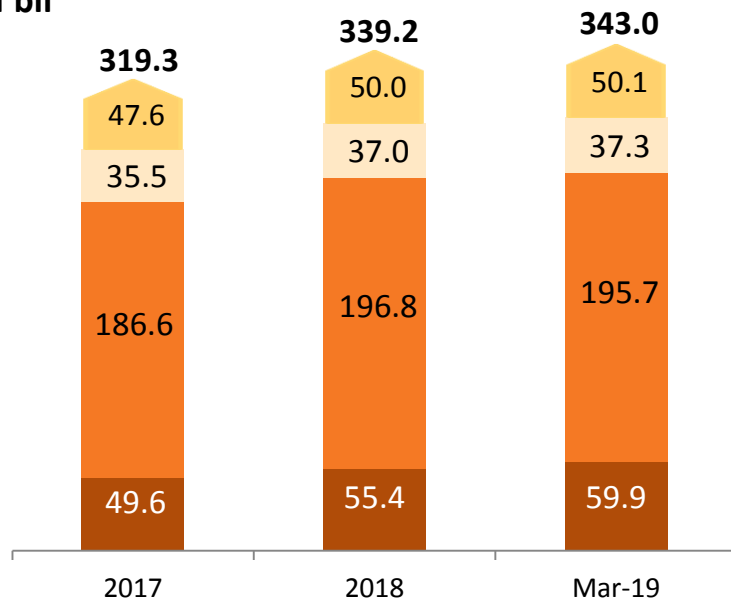


- Group deposit
- Domestic deposit
- Customer deposit market share
- ** Market share as at February 2019

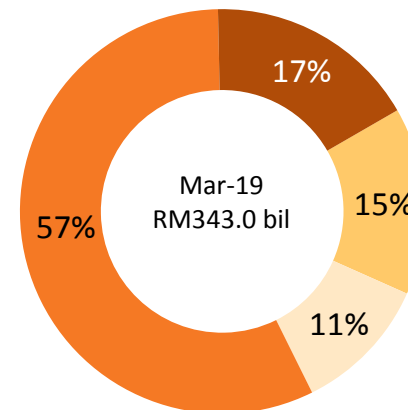
Healthy Deposit Growth



RM'bil



- Demand deposit
- Savings deposit
- Fixed deposit
- Wholesale and other deposit



Core Deposit Growth in Domestic Operations

	Demand deposit	Industry		Savings deposit	Industry		Fixed deposit	Industry
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%
Jan-Mar 19	-0.9% ^{nm}	-1.1% ^{nf}	Jan-Mar 19	5.9%*	19.4%*	Jan-Mar 19	-0.4% ^{nm}	6.1%*

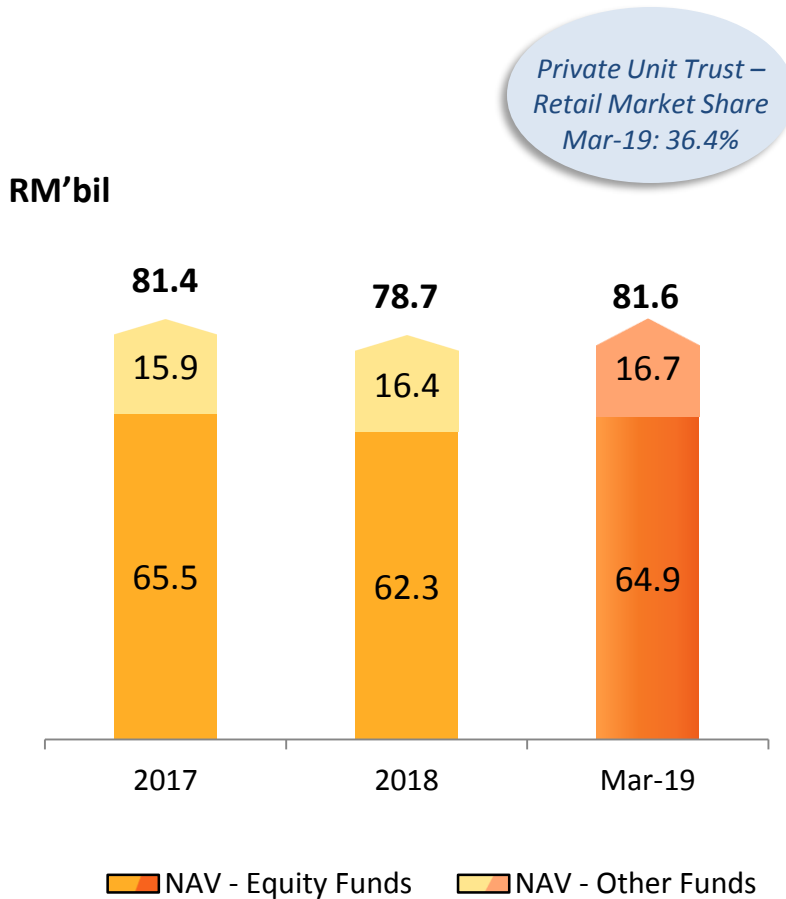
^{nm} Negative growth as at March 2019

^{nf} Negative growth as at February 2019

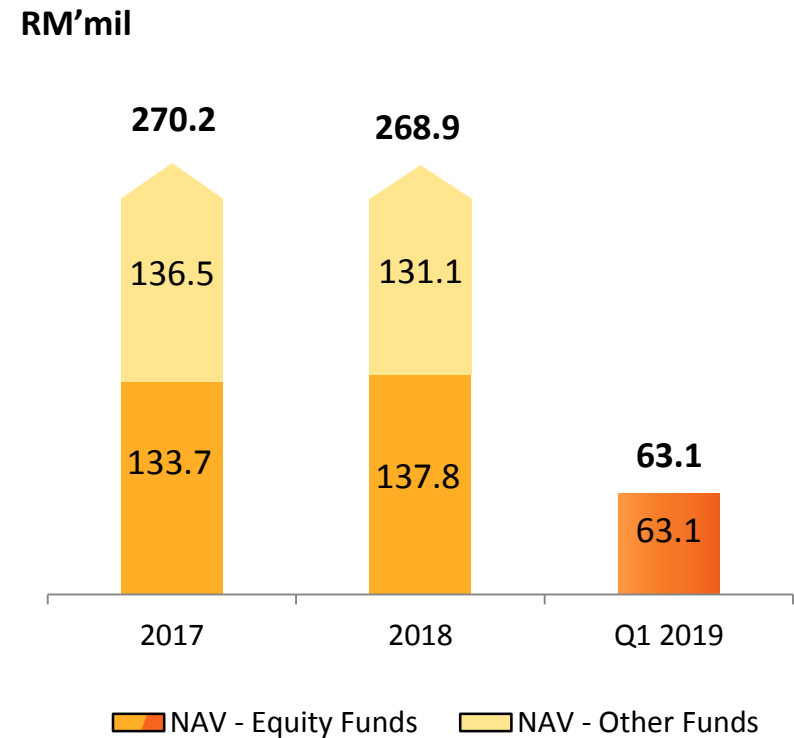
* Annualised growth



Net Asset Value of Funds Under Management



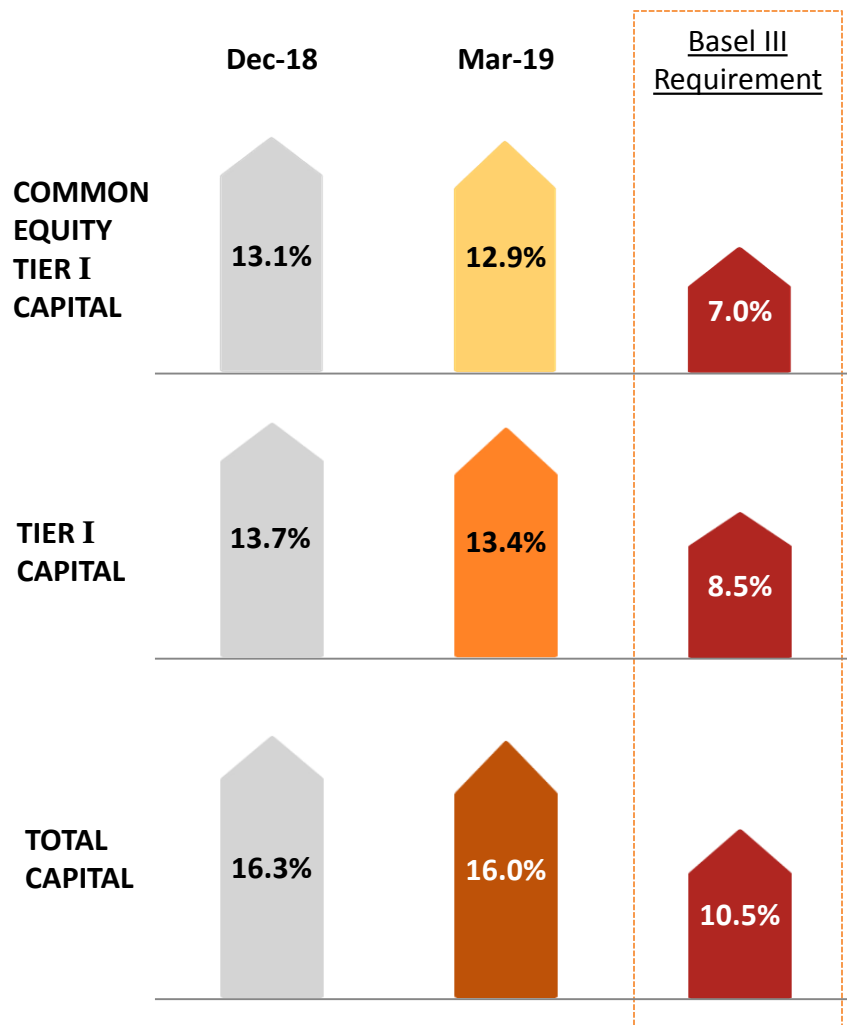
Bancassurance Business – Annualised New Premium



Stable Capital Position



PBB Group



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



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

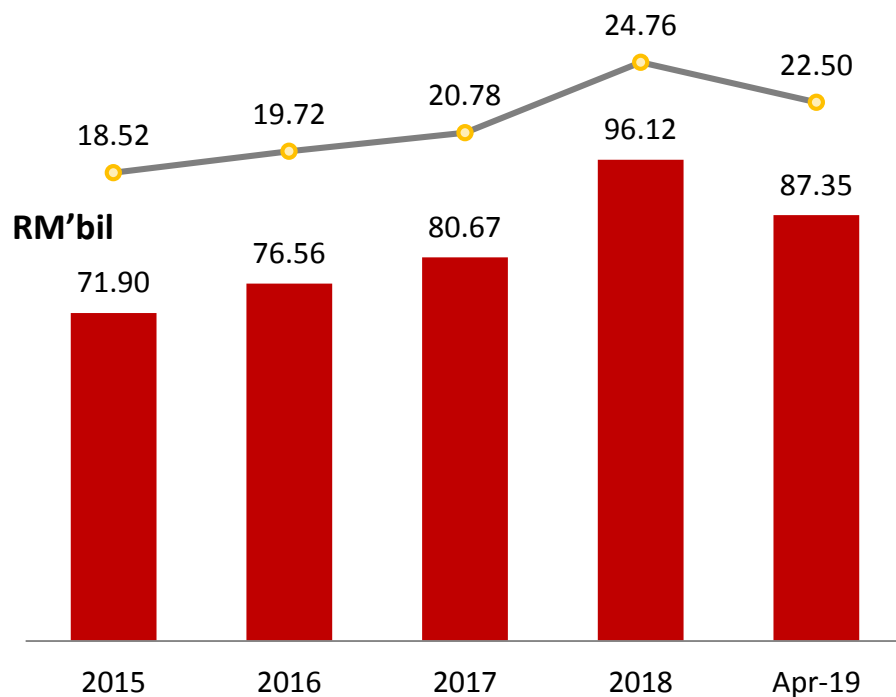
Key Performance Benchmarks		
	2019 Targets	Mar-19 Achievement
Net Return on Equity	13% to 14%	14.0%
Total Capital Ratio	>13%	16.0%
Gross Impaired Loan Ratio	<1%	0.5%
Cost to Income Ratio	34% to 35%	33.8%
Loan Growth – Group	5%	3.9%*
– Domestic		4.8%*
Deposit Growth – Group	5%	4.5%*
– Domestic		4.9%*

* Annualised growth

Share Price & Market Capitalisation



Share Price & Market Capitalisation



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

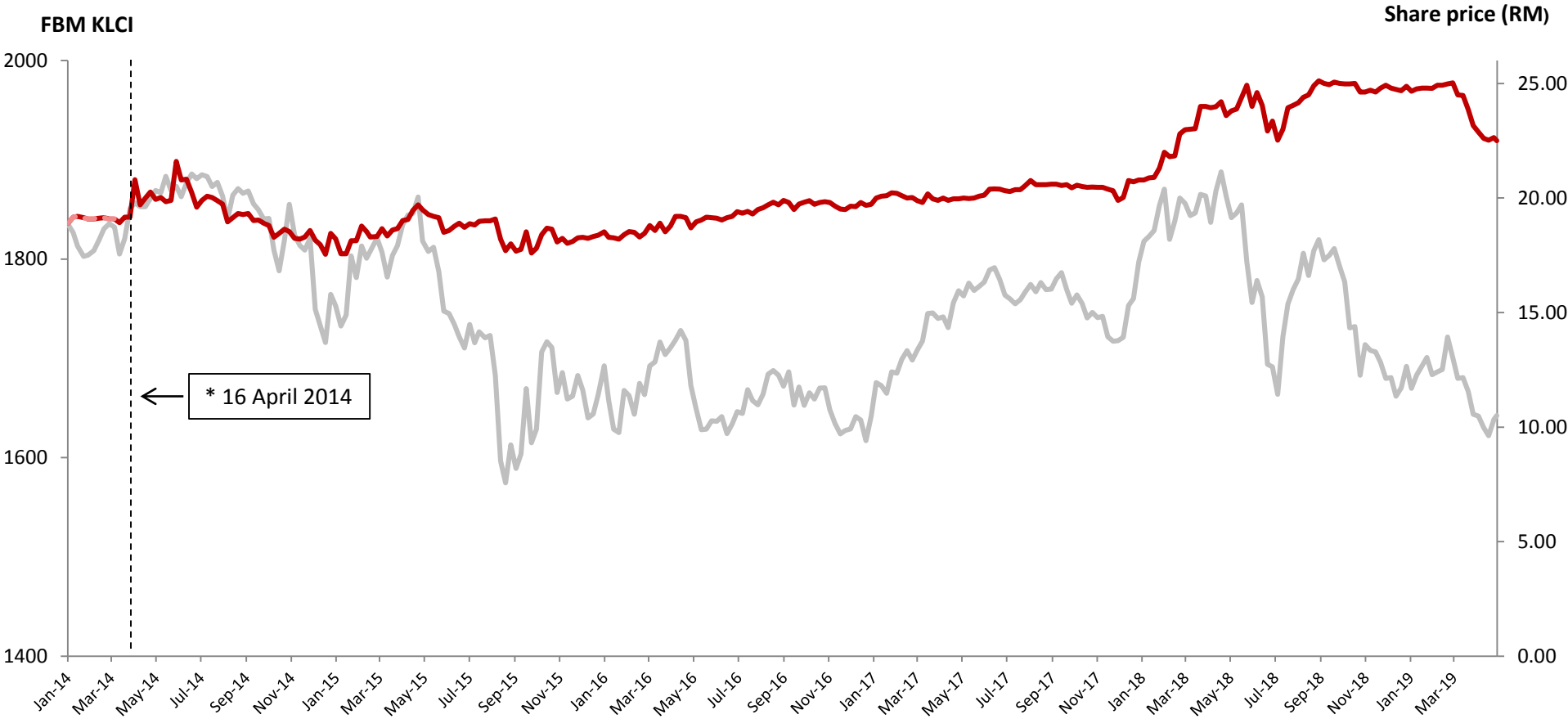
30 April 2019	Market Capitalisation (RM'bil)
PBB	87.3
MBB	102.2
CIMB	51.3
HLB	43.3
RHB	23.9
AMMB	13.5

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	2015	2016	2017	2018	Mar-19
Profitability	Operating profit	6,631	6,745	7,319	7,270	1,814
	Profit before tax	6,491	6,554	7,118	7,101	1,819
	Net profit	5,062	5,207	5,470	5,591	1,410
Shareholder Value	Earnings per share (sen)	131.1	134.8	141.7	144.4	36.3
	Net assets per share (RM)	8.09	8.86	9.68	10.55	10.56
	Dividend per share (sen)	56.0	58.0	61.0	69.0	N/A
	Dividend payout ratio (%)	42.7	43.0	43.1	47.9	N/A
Key Balance Sheet Data	Total assets	363,758	380,053	395,276	419,693	421,268
	Gross loan	273,447	293,959	304,453	317,302	320,422
	Domestic loan	251,802	269,915	282,326	294,074	297,579
	Deposit from customers	301,157	309,974	319,259	339,160	343,000
	Domestic deposit	277,942	282,967	293,178	310,585	314,416
	Core customer deposit	245,171	258,155	269,723	283,846	283,137
	Shareholders' equity	31,231	34,213	37,365	40,973	40,977
	Common equity Tier I capital ^π	26,093	28,620	31,521	35,104	35,096
	Tier I capital ^π	28,882	30,771	33,528	36,825	36,426
	Total capital ^π	36,975	38,970	41,134	43,716	43,370
Risk-weighted assets	239,703	251,662	257,352	268,125	271,163	

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

Appendix (cont'd)



	%	2015	2016	2017	2018	Mar-19	Industry
Profitability Ratios	Net interest margin on yielding assets	2.16	2.20	2.28	2.22	2.19	N/A
	Net return on equity ⁺	17.8	16.5	15.8	14.8	14.0	N/A
	Pre-tax return on average assets	1.8	1.8	1.8	1.7	1.7	1.4
	Cost to income ratio	30.5	32.3	31.9	33.0	33.8	44.6
	Non interest income/Total income	24.5	21.0	21.7	20.4	21.4	31.8
Liquidity	Gross loan to fund ratio [~]	86.8	90.8	90.0	88.4	88.4	82.8 [^]
	Gross loan to fund and equity ratio [~]	78.7	81.8	80.7	79.0	79.0	72.1 [#]
Asset Quality	Gross impaired loans ratio	0.5	0.5	0.5	0.5	0.5	1.5
	Loan loss coverage ratio	120.8	102.7	95.5	126.0	124.7	96.2
	Credit cost ratio	0.06	0.07	0.07	0.05	-0.004	N/A
Capital Adequacy	Common equity Tier I capital ratio ^π	10.9	11.4	12.2	13.1	12.9	13.6
	Tier I capital ratio ^π	12.0	12.2	13.0	13.7	13.4	14.3
	Total capital ratio ^π	15.4	15.5	16.0	16.3	16.0	17.9
Market Share	<u>Domestic market share</u>						
	Commercial property financing	33.8	34.7	35.5	35.2	35.2 ^{**}	N/A
	Residential property financing	19.2	19.4	19.6	19.8	19.8 ^{**}	N/A
	Passenger vehicle financing	29.6	29.1	28.5	28.5	28.7 ^{**}	N/A
	Domestic loans	17.4	17.7	17.8	17.6	17.7 ^{**}	N/A
	Domestic deposits	16.6	16.9	16.6	16.5	16.3 ^{**}	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

^{**} Market share as at February 2019



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