

OUR STRATEGY & ACHIEVEMENTS



“The ambitions set for Maybank in 2015 have guided our strategic transformation to-date. As the defining moment approaches, the transformation continues in full-force and we are accelerating our efforts further to realise our strategic objectives and pave the path for greater achievements ahead.”

MICHAEL FOONG
Group Chief Strategy Officer
Office of the Group President & CEO

GROUP STRATEGY

Our focus on positioning Maybank as a leading financial services group whilst humanising financial services across Asia has been defined by growth in terms of scale and capabilities. The priority now is to maximise our potential by:

- Fortifying our dominance in strategic segments domestically whilst securing returns from our expanded regional footprint
- Reinforcing our high performance culture and entrenching process improvements in all areas, including cost and productivity
- Leveraging on our revised structure to sharpen our focus across a matrix of both regional and business line control
- Fulfilling the needs and expectations of our customers not only in terms of ramping up our portfolio of products but also rewarding them with the service quality and “heart” they deserve
- Deepening our relationships with the communities we serve, to flourish and grow in sustainable, meaningful ways together

REVISED MAYBANK GROUP STRUCTURE

The Group embarked on a transformation journey since 2008 with the launch of the LEAP30 Transformation Programme. As part of the programme, the House of Maybank was introduced in July 2010 to ensure convergence of the many sectors into main business pillars supported by the foundation and the roof to realise our Vision and Mission. The structure has been instrumental in delivering greater efficiencies, higher productivity and savings, synergies and strong business results year-on-year.

With a solid foundation, the Group has reorganised to further accelerate to the next level of regional business performance and operational excellence that will take us to and beyond 2015. This means elevating the Group’s regionalisation efforts to further raise efficiency and productivity, reap value from synergies, realise potentials, strengthen leadership positions in businesses across the Group and institutionalise a sustained high performance culture. To catalyse the above, a revised Group Structure has been operationalised since 1 January 2014.

The revised Group Structure is expected to uplift the effectiveness in driving our strategic priorities regionally, thereby boosting the Group’s performance levels.

Refer to Page 24 for the new Group Organisational Structure.

STRATEGIC OBJECTIVES

ACHIEVEMENTS

Undisputed No.1 Retail Financial Services provider in Malaysia by 2015	▶	<ul style="list-style-type: none"> • “Best Retail Bank, Malaysia” by Asian Banker (2013) • 2nd most profitable retail/commercial bank • Widest physical network with a market share of 20%
Leading ASEAN wholesale bank, eventually expanding to Middle East, China & India	▶	<ul style="list-style-type: none"> • Market shares in Malaysia: No.1 in corporate lending and non-retail deposits, No.1 in Trade Finance, No.1 in Equity, No.1 in Syndication and No.2 in M&A value • Present in 10 out of 10 ASEAN countries
Undisputed Insurance & Takaful leader in Malaysia & emerging regional player	▶	<ul style="list-style-type: none"> • No.1 market share in General business and Family Takaful business in Malaysia¹ • Strong capital position with international rating of A for both Etiqa Insurance Berhad and Etiqa Takaful Berhad
Truly regional organisation with ~40% of pre-tax profit derived from international operations by 2015	▶	<ul style="list-style-type: none"> • International PBT contribution at 30.3% • Footprint in all 10 ASEAN countries and in Asia
Global leader in Islamic Finance	▶	<ul style="list-style-type: none"> • Largest Islamic bank in ASEAN and top 5 globally by asset size (RM91.4 billion)² • “Best Islamic Financial Institutions Awards 2013 for Asia, Malaysia and Singapore” by Global Finance

Notes :

1. Market share is based on the rolling 12 months LIAM and ISM data from Oct 2012 to Sept 2013.
 2. Source: EY World Islamic Banking Competitiveness Report 2013-14 (Excludes Iran).

MAYBANK'S TRANSFORMATION

Maybank's transformation journey began in 2009, designed to secure our leading position in the Malaysian financial services industry and to expand our regional presence, in line with our vision of becoming a leading regional financial services provider by 2015. The programme drove strategic initiatives to stimulate sales, strengthen client relationship management, improve our processes and systems, enhance our talent pool and raise customer service standards.

The transformation benefitted the bank through challenging economic environments of 2011 and 2012. By 2013, we had increased our market share in retail and global banking both domestically and regionally, and innovated new touch points in the marketplace. Today, Maybankers are more conscious of staying ahead of competitors and exceeding the needs of every customer. Recognition for our successes has come in steadily from the public, the industry and international bodies.

To ensure Maybank retains its clear leadership position, and to be differentiated regionally, transformation efforts in 2013 focused on achieving bottom-line impact from our three business pillars – Community Financial Services (CFS), Global Banking (GB) and Etiqa – with an emphasis on reaching our five strategic objectives. Strengthening our performance, we managed expenses prudently, ensured that we had the right risk balance, and continued improving our processes and service quality for our customers.

STRONG FINANCIAL OUTCOMES THAT CONTRIBUTED TO PROFITS

Benefits and value capture continue to stream in from previous years' transformation initiatives. Coupled with the current year's programme, the total value capture for transformation doubled its expected target, contributing 16% of total Group PATAMI.

The 2013 Transformation Masterplan oversaw a total of 34 initiatives across business pillars and support units with direct links to the bank's profits. All business pillars surpassed stretched transformation targets. Community Financial Services exceeded its target at 158%, followed by Global Banking at 152% and Insurance and Takaful (General Business only) at 167%. The year also saw greater progress in our strategic cost management programme, changing the cost structure of our distribution network and kick-starting cost restructuring at BII, this initiative exceeded its target at 215%.

The benefit of a clear strategy with a focus on customers and sustainable financial performance has driven growth and created new capabilities across all sectors.

OUR STRATEGY & ACHIEVEMENTS

TRANSFORMING THE BANKING BUSINESS

Our business pillars CFS and GB have successfully repositioned Maybank as the go-to bank. Riding on a transformed business model which shifted from product to customer centricity, we are now harvesting returns from investments in the SME, Mass and Corporate Banking segments.

In 2013, we continued to build domestic and regional capabilities; strengthening our product offerings as well as fine tuning our regional platforms to better service our customers.

The year saw our High Net Worth and Affluent segment outpacing industry growth estimates. We focused on deposits and investments and grew our market share of wealth from 10.5% to 12.6%.

We also kick-started two catalytic retail initiatives making an entry to the ASEAN region: Regional Cards and Regional Wealth Management, each with its own centres of excellence. Both have achieved good traction against strategic goals and recorded initial financial outcomes.

Moving quickly to support our clients' cross-border trade, our web-based platforms, Regional Trade Finance and Regional Cash Management System, saw the on-boarding of close to 1,500 new clients in 2013. Enabling our clients to make regional transactions in all 10 ASEAN countries as well as Greater China, this has strengthened our capabilities in the regional marketplace.

Underlying all this has been a relentless focus on improving our services: Operations, Technology and Service Quality have all helped facilitate the growth of our business. Reengineering and centralising areas of operations saw improvements in turnaround time, productivity, error rates and operational costs. We continue to benchmark against industry's best to fortify our operational strength.

GROWING OUR INSURANCE AND TAKAFUL BUSINESS

We continue to be the undisputed leader in Takaful. Strengthening its No.1 position in General Business, Etiqa has also improved its bancassurance and agency businesses through innovative products and agency development.

The year saw an extended bancassurance reach through Maybank's network distribution, capturing the high net worth and mass affluent segments. With the launch of Smart Retirement Xtra, the penetration rate has increased to more than 40% from a mere 9% in 2012.

In transforming its agency force, the sector continued to recruit quality agents with higher productivity. We anticipate greater growth in 2014 as we continue to develop a high performance culture within the agency force.

Pressing forward, we are reviewing our strategy for Etiqa transformation. Much can be done to drive the business for breakthrough-performance.

MANAGING COSTS AND WORKING PRODUCTIVELY

Entering its second year, the Strategic Cost Management Programme drove higher cost efficiencies across all sectors. The Group's overheads are well managed against net income growth - we have an improved cost to income ratio and positive JAWs.

In 2013, the programme extended its reach to our Indonesian operations, Bank Internasional Indonesia (BII). Continuous communications began a cost conscious culture and total savings for 2013 exceeded IDR70 bio.

Transforming the cost structure in different areas of the bank through streamlining and rationalising areas of the business has resulted in better efficiency and productivity. As an expanded scope, an intensified focus on productivity is expected to accelerate cost benefits for the Group.

GLOBAL HIGH PERFORMANCE COMPANY: AN APPETITE FOR CHANGE

People are at the forefront of our change. Our cultural climate has transitioned positively over the last five years of transformation. Constant communications within the organisation, coaching, leadership thinking development and functional skills training across all areas enabled Maybankers to drive optimal results towards our strategic goals.

"Soft" benefits from our transformation such as trust, new organisational capabilities and emotional commitment amongst employees created a continuous readiness for delivering change.

2014: STEERING A WIDER SCOPE IN TRANSFORMATION

This year, the Transformation Office took a critical review of the Group's transformation programme, assessing the progress of all sectors to ensure that they are on track to meet their commitments to achieve our long term strategic objectives. All initiatives were measured through value capture or improvements in service metrics to reflect financial performance or operational efficiency. Revisions of plans were made to areas which needed improvement.

Our transformation will move into 2014 with a larger portfolio. It will oversee 83 initiatives and includes several new areas such as Finance and Operations and Productivity as well as cover countries like Malaysia, Indonesia, Singapore, Greater China and Philippines. Strategic cost management will be adopted at Etiqa. The intensity with which we focus on execution, resolve critical issues, and drive up productivity and efficiency will increase. Over the years, we have built a unique ability as an organisation to continuously initiate change in ways that create advantage, capture opportunities, minimise risk and sustain performance. We are confident that we will meet our strategic objectives and continue to evolve as our business grows.

The above are highlights of Maybank's transformation for 2013. As transformation has been embedded in each sector, you will find more details as you peruse different sections of this report.

SERVICE QUALITY

Passionately Creating Consistent Customer Delight

Service Quality was previously under ETS in the former Maybank House and is currently converged into the Group PCEO Office to strategically support the Group’s regional aspiration. This positioning gives us the required support to ensure that all Maybank touch points and products are equated with best in class service for enhanced customer loyalty.

In 2014, the Group Service Quality Management (GSQM) team will continue to leverage on the respective strengths of our home markets to further cement our regional positioning. GSQM will collaborate with other units within Maybank worldwide to consistently deliver best-in-class customer service moments by streamlining customer service strategies and enhancing operational excellence.

For 2013, SQ continued to focus and expand on key transformation initiatives, projects and campaigns from the previous year to further drive consistent and sustainable customer excellence.

Web-Based Queue Management System

Customer satisfaction continued to be the crux of all that we do. Our queue management system has been enhanced to further hone the internal measurements of customers’ branch banking experience. A 26% improvement in the 2-minute Average Waiting Time (AWT) is indicative of the success of the newly enhanced system.

Complaints Handling

2013 saw more business units on board Project GIFT (Get Involved and Follow Through) to reinforce efficiency and consistency in managing customer feedback. This project aims to improve end-to-end problem resolution by centralising complaints handling with the Customer Feedback and Resolution Management (CFRM) team acting as a single point of contact in problem resolution.

Strengthening Service Delivery Via Continuous Learning

Complementing our complaints resolution framework and queue management system for heightened customer experience is our ongoing product knowledge project. This project was initiated two years ago to deepen our frontliners’ operational and core product knowledge. It is now extended to our Maybank Group Contact Centre and middle-office support centres to further strengthen our service value chain.



Region Sarawak took home the Product Knowledge Challenge Trophy for the second consecutive year.

External Customer Engagement Survey

Our annual External Customer Engagement Survey (ECES) was conducted to gauge the extent to which we are aligned and engaged with our customers on service delivery. A ranking of 8th placing among 14 local competitor banks has provided us with valuable insights on how we can enhance our service delivery to match the progressive rate of our organisation. The overall satisfaction score with our centralised problem resolution also recorded a 20% improvement from 2013 with staff’s product knowledge, attitude and services being the most favoured elements of our service recovery.