



**Maybank**

**MALAYAN BANKING BERHAD**  
*Capturing growth opportunities*

**Dato' Sri Abdul Wahid Omar**  
*President and CEO*

**Invest Malaysia 2009**  
Kuala Lumpur

30 June 2009

# Capturing growth opportunities

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**Where we are now**  
*Malaysia's leading banking group*

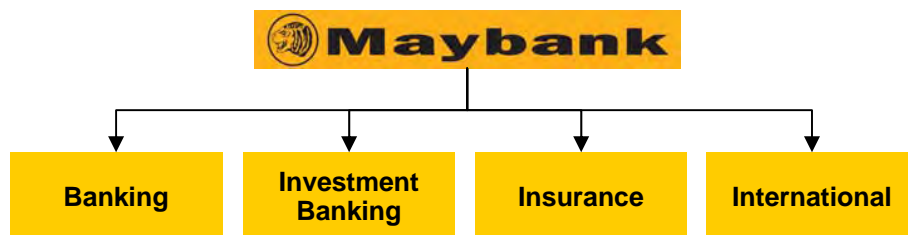
**Where we want to be**  
*Maybank's Strategic Transformation Plan*

**Where we see further growth opportunities**  
*International Expansion*

**Conclusion**

# Maybank: In a position of strength

## The Leading Malaysian bank...



- No. 1 Bank in Malaysia in assets and reach
- No. 1 Islamic Bank in Malaysia in assets
- Leading bank in most business segments
- Superior multi-channel distribution network
- Comprehensive portfolio of products and services
- Proactive and conservative approach to capital management
- Malaysia's most valuable brand name
- Strong shareholder support and credit ratings
- Strong dividend track record

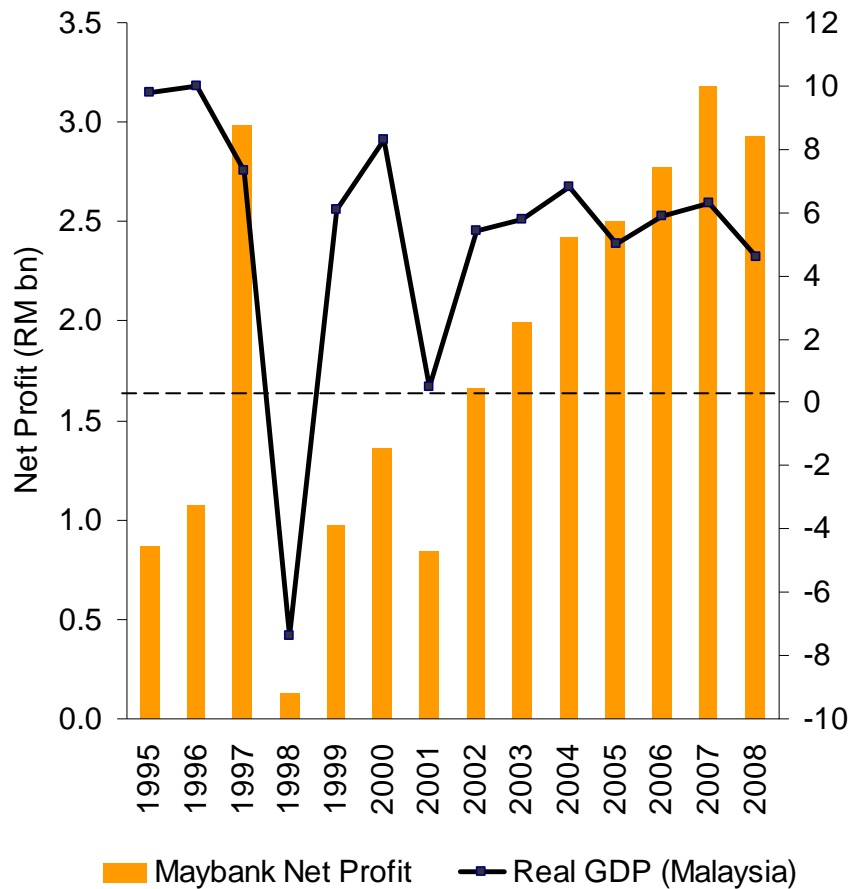
## An Emerging Regional Leader...

- Diversified Pan-Asia platform
- Presence in high growth markets
- Leadership in fast-growing Islamic banking
- Continued momentum and robust performance amidst current environment
- Solid financial strength

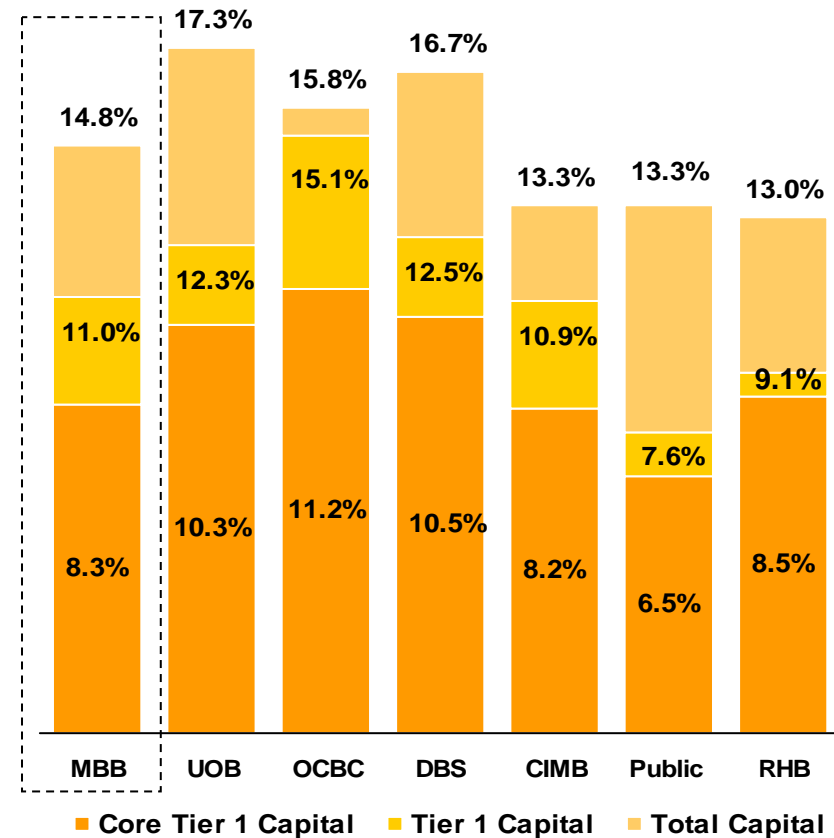


# Robust financial position

## Profit track record: Profitable even during the Asian financial crisis



## Capitalisation: Well capitalised after RM6 billion rights issue

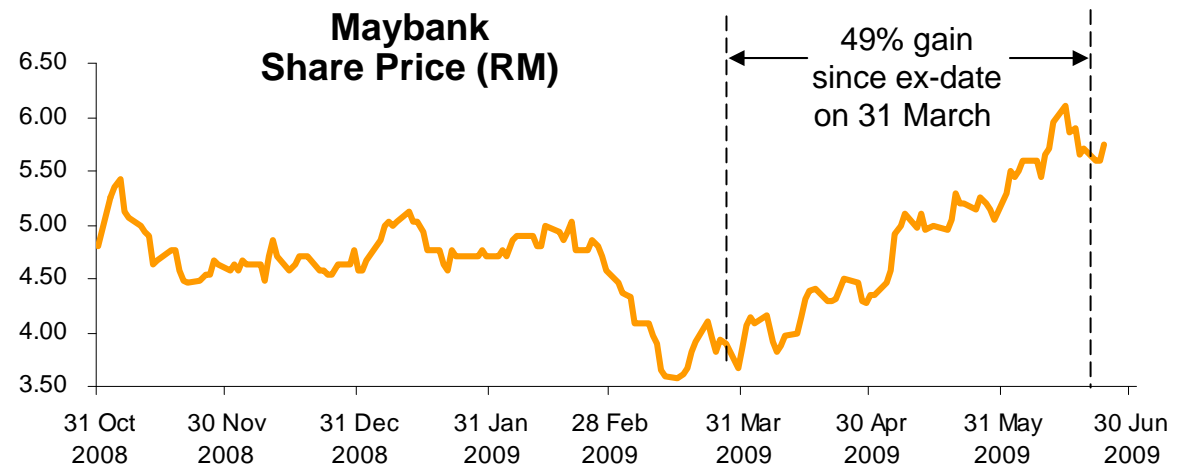
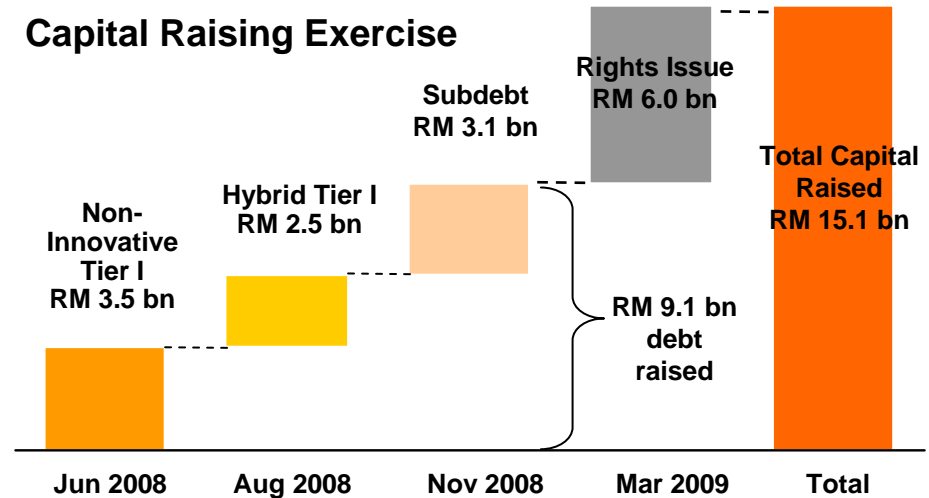


Note: Capital ratios are for Group level as at 31 Mar 09 except for CIMB and RHB which are at Bank Level, and Maybank's capital ratios includes the RM6 bn rights issue, completed in April 2009.

# Largest rights issue in Malaysia

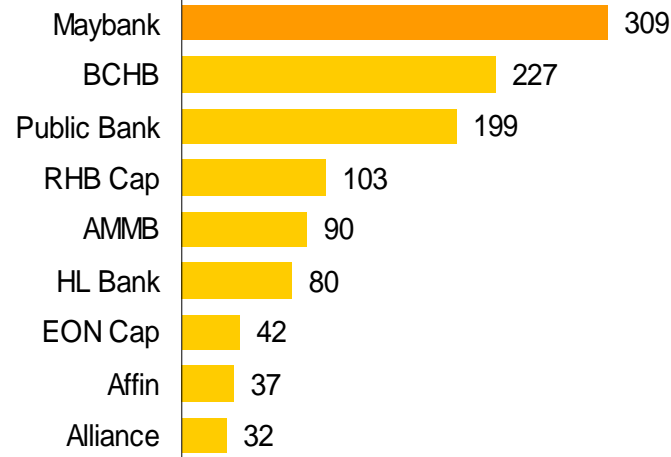
- Announced on 27 February and concluded on 30 April 2009, the 9 for 20 rights issue of RM6 billion was the largest in Malaysian corporate history, and completed efficiently.
- The rights issue allowed Maybank to maintain its strong credit rating, weather the economic downturn and provide funding for growth opportunities.
- Strong success shown by level of oversubscription of 128%.
- Share price performance since rights issue has been encouraging, reflecting investor confidence.

## Capital Raising Exercise

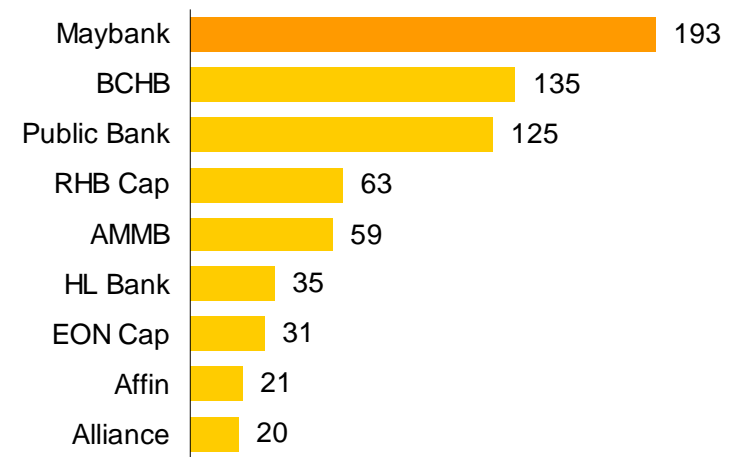


# The largest banking group in Malaysia

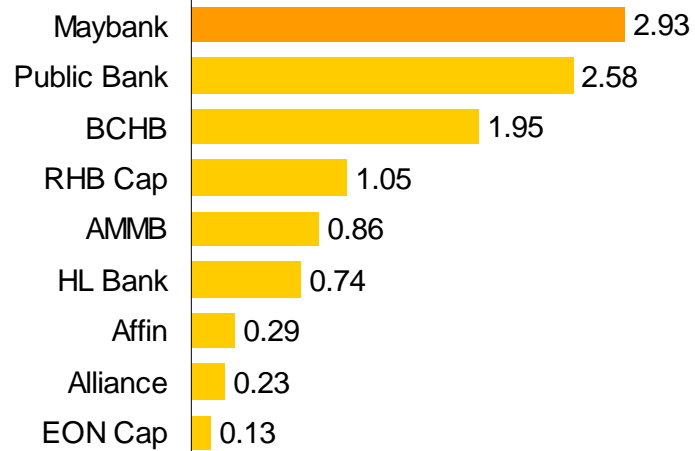
**Total Assets (RM bn): 31 Mar 09**



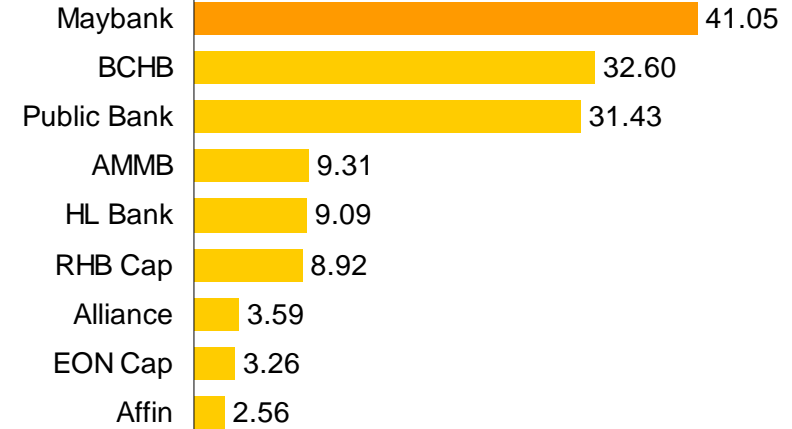
**Loans (RM bn): 31 Mar 09**



**Net Profit (RM bn): FY2008**

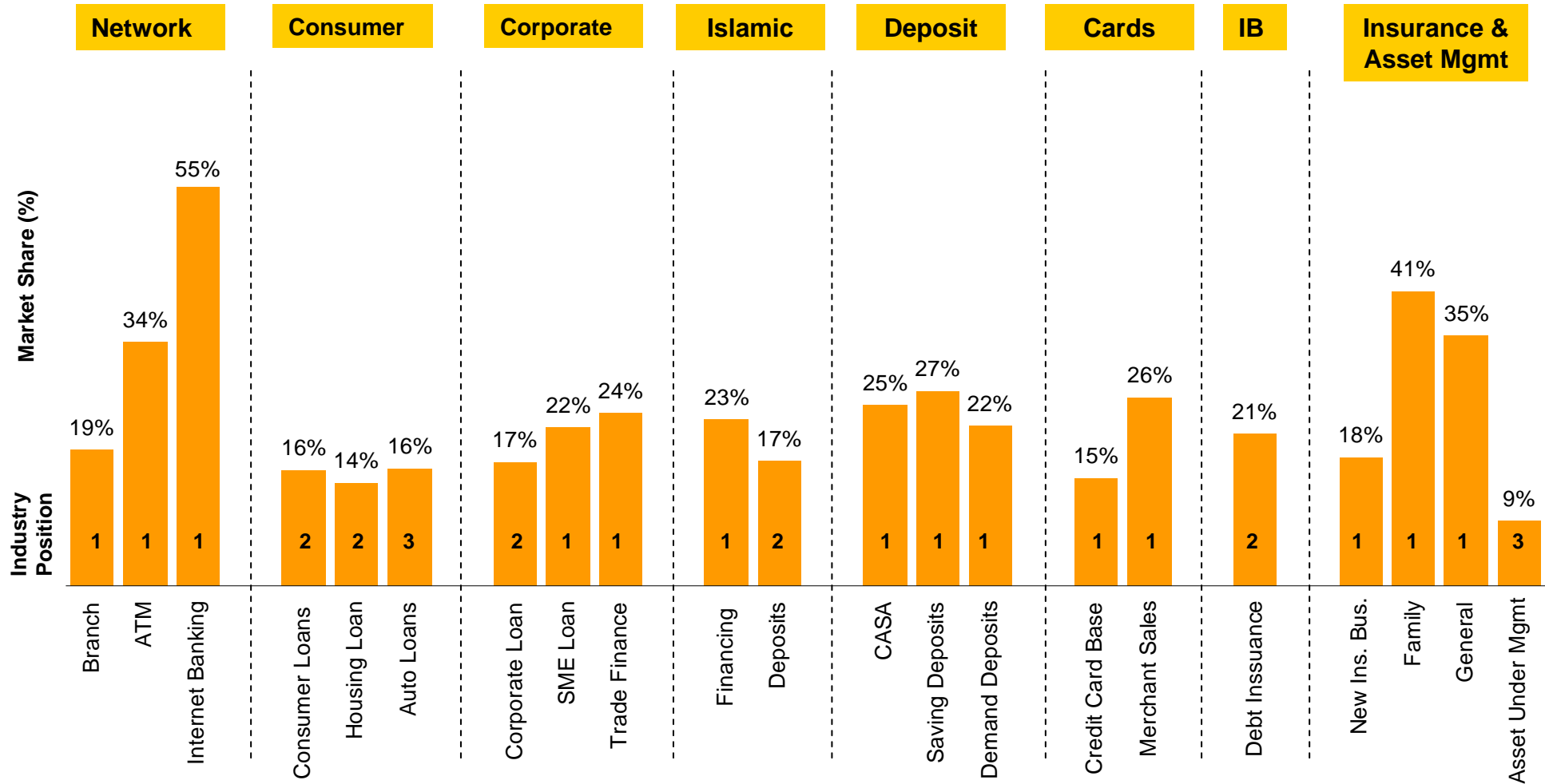


**Market Capitalisation (RM bn): 26 June 09**



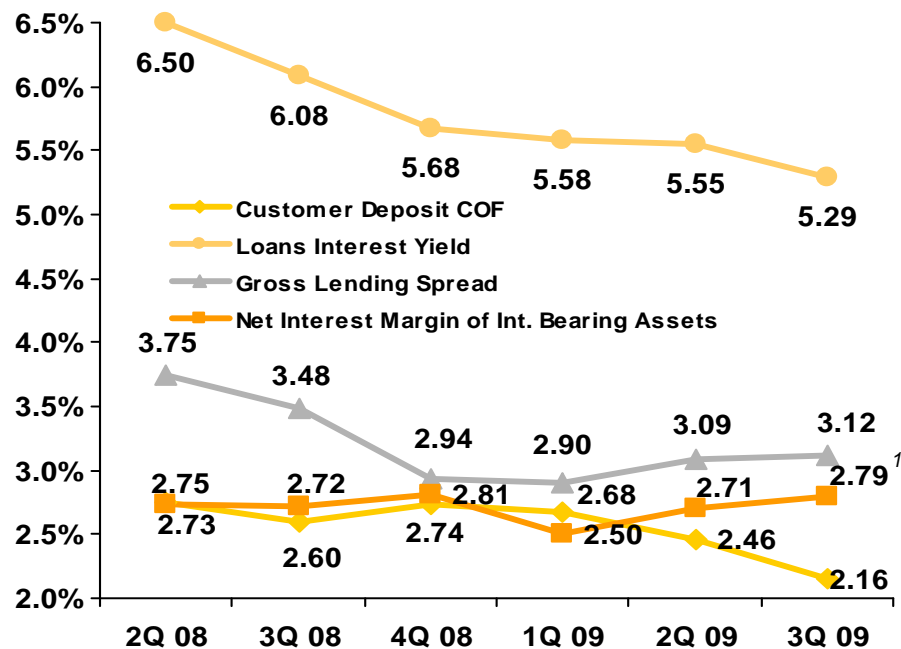
# Leading market position

- Maybank is the leader or at least among the top 3 in almost all key business sectors



# Resilient earnings and quality loan book

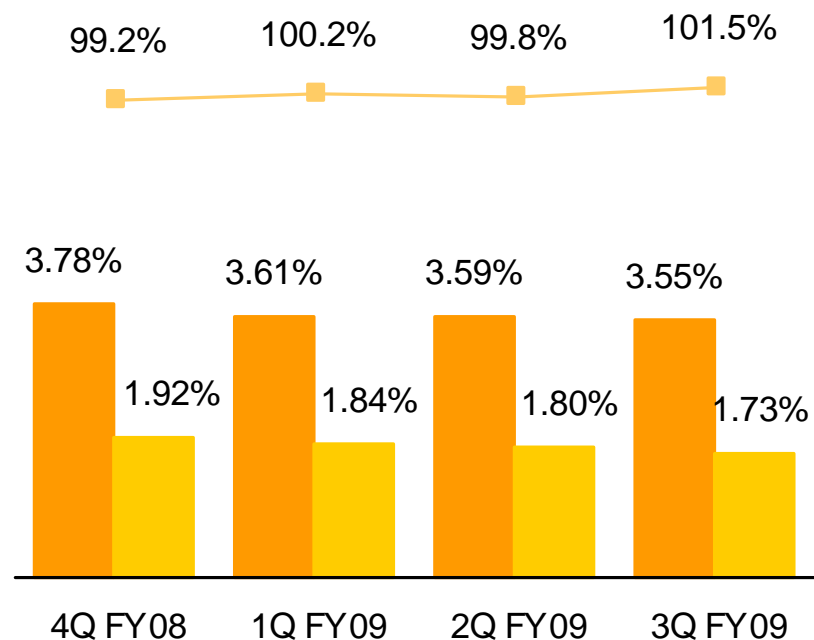
## Stable NIM



- NIM on interest earning assets at 2.79% in 3Q FY09 due to larger reduction in cost of funds of customer deposits relative to lending yield
- YTD NIM at 2.67% from 2.70% in previous corresponding period

(1) NIM excluding BII = 2.57%

## Quality Loan Book



■ Gross NPL ■ Net NPL — Coverage

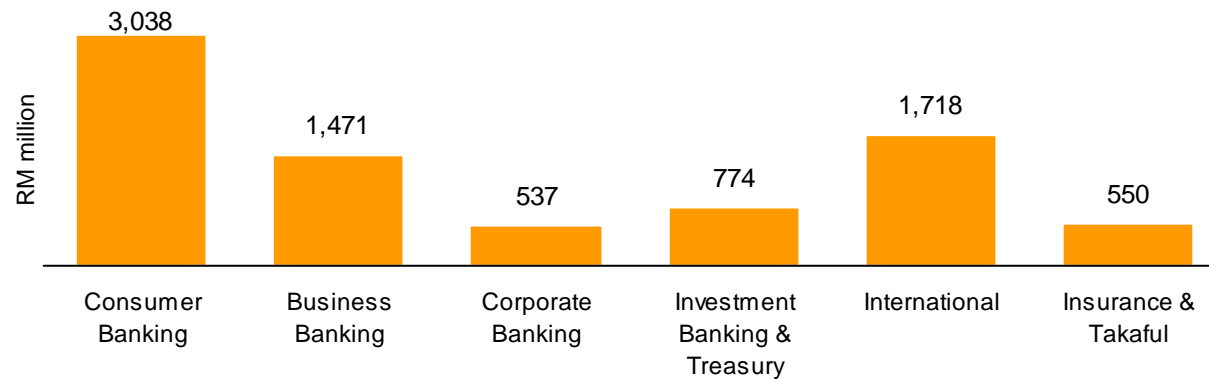
- Asset quality remains strong
- Loan coverage of 100% in line with conservative provisioning levels



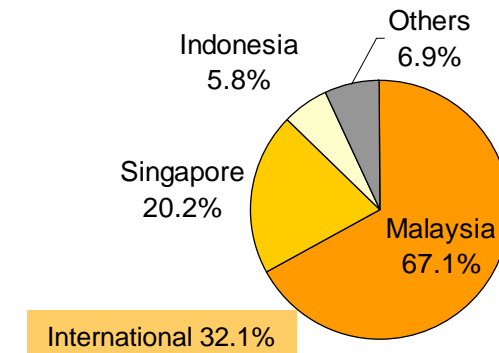
# Strong performance across segments

Well diversified across business units and geography

YTD 3Q FY09 Revenue Breakdown \*

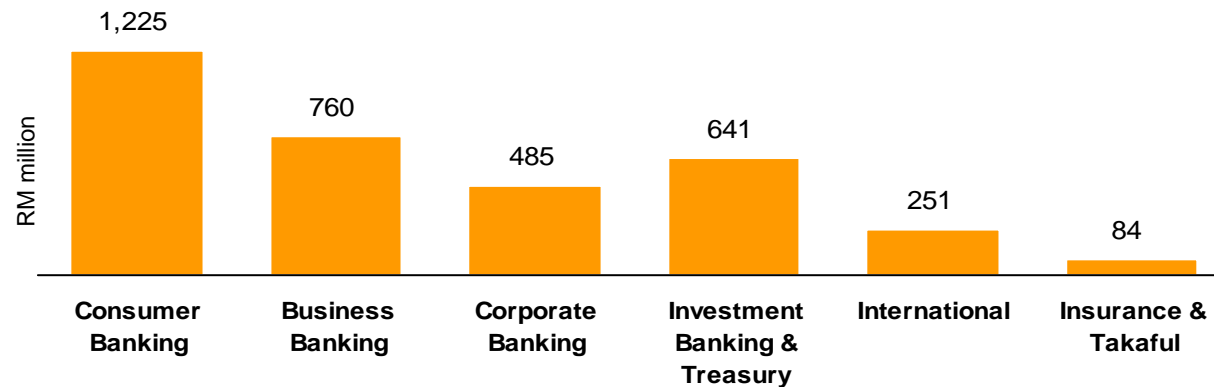


Loans Breakdown: 31 Mar 09

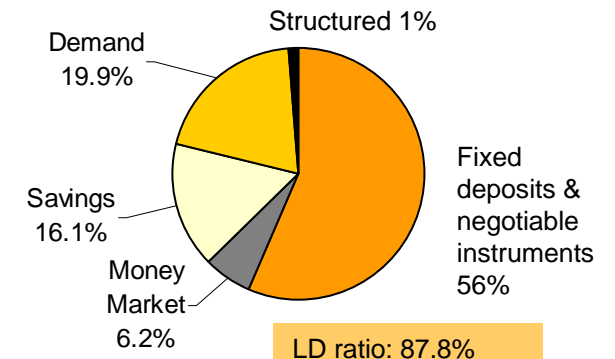


Total Loans: RM192.9 bn

YTD 3Q FY09 PBT Breakdown \*



Deposit Breakdown: 31 Mar 09



LD ratio: 87.8%

Total Deposits: RM211.7 bn

\* Excluding consolidated adjustment at Group level.

# Capturing growth opportunities

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**Where we are now**  
*Malaysia's leading banking group*

**Where we want to be**  
*Maybank's Strategic Transformation Plan*

**Where we see further growth opportunities**  
*International Expansion*

**Conclusion**

# Vision: To be a leading financial services group by 2015

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- 1 Top 5 in South/Southeast Asia  
*By Size and by Performance***
- 2 Undisputed leadership in Malaysia,  
across all high margin/profitable  
products/segments**
- 3 Truly regional organisation,  
with 40% of gross loans derived from  
international operations**
- 4 Delivering innovative and superior  
customer value proposition**
- 5 Top-quartile employer of talent  
in each of our markets**

# Strategic Transformation Plan



**Become one of the top 5 banks in South and South East Asia by 2015**

1

## ■ Strengthen capital base via rights issue

- Pre-emptive capital to strengthen Maybank's capital base
- Widen Maybank's competitive positioning

2

## ■ Transform organisational and corporate structure

- Adopt a financial holding company structure, subject to regulatory and tax considerations and a final implementation plan
- Provides greater strategic, financial, and operational flexibility across the group
- Evaluation on-going

3

## ■ Strengthen core business and franchise

- Achieve globally-benchmarked operating metrics
- Improve synergies across the Maybank Group

### ***Domestic Operations***

- Achieve leadership across key/profitable segments of business

### ***International Operations***

- Capture value from new investments
- Continue to pursue organic expansion

# Enhancing Domestic Leadership

## Improve and defend market share and profitability

- Growth drivers in Consumer: mortgage and unit trust financing, maintaining auto financing
- SME and Corporate to grow due to government's economic stimulus
- Enhance role of Treasury within the Group
- Expanding Investment Banking and Insurance
- Partnership model for Islamic Banking

## Cost Optimisation

- Procurement cost management
- Focus on effective IT operations and investment
- Enhance employee productivity

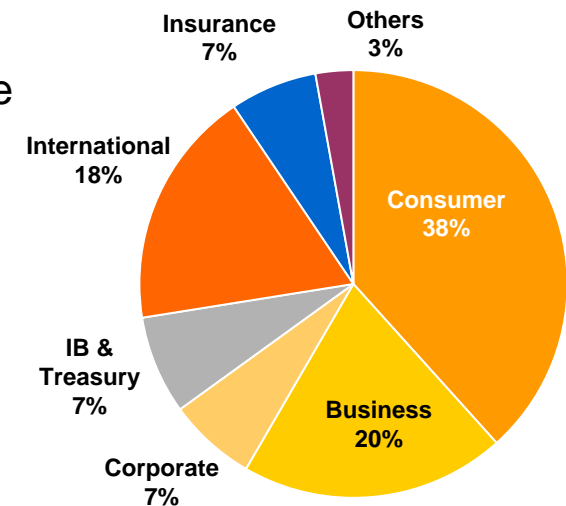
## Asset Quality Management

- Focus on prudent asset quality management
- Implementation of Basel II FIRB by 2010

## Focus on Human Capital

- Strengthen Performance Management
- Leadership & Talent Management
- Embed Core Values as part of culture

Segmental Revenue



# Multiple sectors driving broad-based growth

## Insurance and Takaful

- Build Etiqa into Top 3 insurance brand.
- Enhance core distribution strength in Bancassurance, Agency and Direct Marketing.
- Cross sell enterprise general portfolio into corporate life.

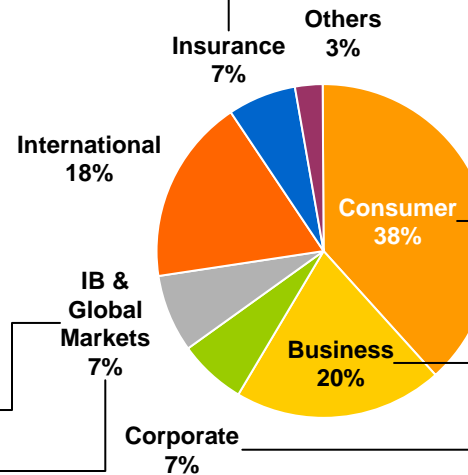
## Investment Banking

- Boosting capabilities and expertise.
- Develop new products & services in Strategic Advisory, IB Markets, Debt Markets, and Islamic Markets.
- Pursue Regional Expansion.

## Global Markets

- Operate Global Treasury for centralisation of risk management and economies of scales.
- Boost commercial FX market share.
- Invest in technology to achieve STP.

## Segmental Revenue



## Consumer Banking

- Grow market share and sustain profitability in mortgage, HP and cards. Enhance unit trust loan market share.
- Boost low cost deposit base.
- Proactive risk management.

## Business Banking

### (SME and mid sized corporates)

- Improve total returns from SME segment via innovative total income pricing and packaging.
- Improve service delivery.
- Boost Enterprise Cash Management System.

## Islamic Banking

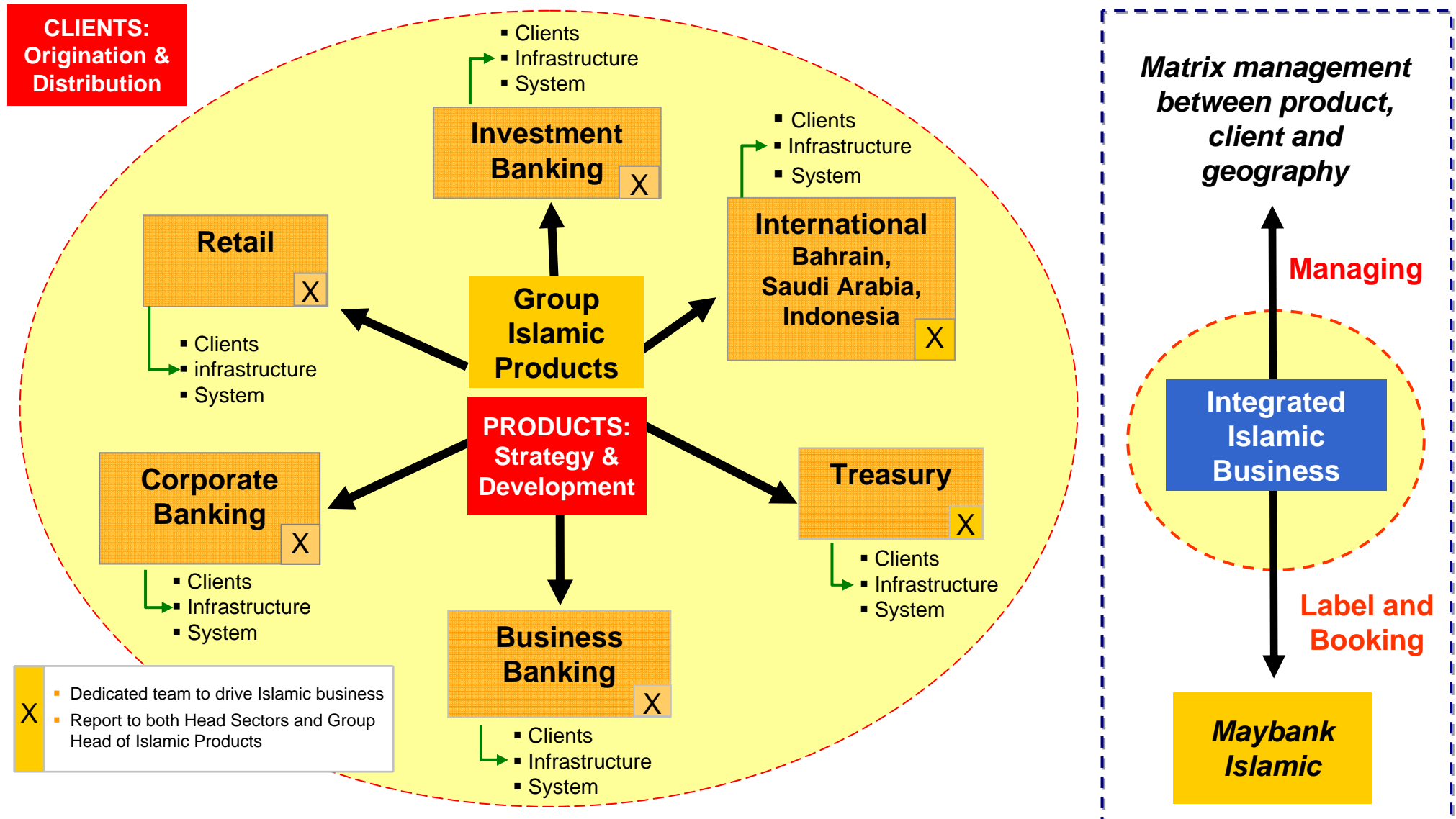
- Malaysia's largest Islamic bank
- Focus on product development; product distribution through entire Maybank network and other distribution channels.
- Widening product offering.

## Corporate Banking

- Deepen Share of Customer's Wallet via Tactical Account Planning.
- Diversify portfolio base.



# Islamic Banking: Partnership Business Model



# LEAP30 performance improvement programme

3 strategic thrusts (Sep 08 – Dec 15)	Horizon 1 (Sep 2008 – Dec 2011) Secure leadership and outperform	Horizon 2 (Jan 2012 – Dec 2015) Expand footprint and capture new markets
1 Secure Malaysia Leadership	<ul style="list-style-type: none"> <li>Rapidly capture tactical revenue and cost reduction opportunities</li> <li>Implement multi-segment model and well-executed business strategies to secure position and gain share</li> </ul>	<ul style="list-style-type: none"> <li>Continue to develop commercial and operational excellence</li> <li>Explore domestic consolidation</li> </ul>
2 Strengthen Regional Presence	<ul style="list-style-type: none"> <li>Capture full value from our current footprint, especially BII</li> <li>Develop a portable Islamic banking model</li> </ul>	<ul style="list-style-type: none"> <li>Expand footprint to new markets and regionalise operating model</li> <li>Build Asian Islamic banking operations</li> </ul>
3 Become a talent and execution-focused company	<ul style="list-style-type: none"> <li>Demonstrate execution capabilities</li> <li>Assemble/build leadership pool and pipeline to fill critical roles</li> <li>Establish highly effective performance and talent management processes</li> </ul>	<ul style="list-style-type: none"> <li>Create global talent management system to meet regional needs</li> <li>Continue to strengthen performance culture</li> </ul>

## LEAP30

Wave 1: Sep 08 – Dec 09  
20 initiatives

Wave 2: Jan 10 – Dec 11  
10 initiatives



# LEAP30: 12 initiatives launched and gathering momentum

Critical enabling initiatives are in motion to support mid to long term transformation efforts:

	<b>Initiatives</b>	<b>Objective</b>	<b>Recent Progress</b>
<b>Consumer</b>	<b>1.Launch tactical sales stimulation</b>	<ul style="list-style-type: none"> <li>Enhance consumer sales with tangible sales uplift captured in the first year of launch</li> </ul>	<ul style="list-style-type: none"> <li>Rolled out to 127 branches in May 09 (FT &amp; Selangor)</li> <li>Achieve over 100% of sales uplift</li> </ul>
<b>Enterprise</b>	<b>2.Deepen share of Corporate customers' wallet</b>	<ul style="list-style-type: none"> <li>Enhance customer penetration with improved wallet share – fee based</li> </ul>	<ul style="list-style-type: none"> <li>Actual revenue as at 31 May 09 is 52.9 mil.</li> </ul>
<b>Insurance</b>	<b>3.Create a domestic Insurance champion</b>	<ul style="list-style-type: none"> <li>New tiered system for agency and full product range</li> <li>Bancassurance</li> <li>Enterprise</li> </ul>	<ul style="list-style-type: none"> <li>Increase in premiums to Etiqa</li> <li>Increase commission/fees to Maybank</li> </ul>
<b>Cost Optimisation</b>	<b>4.Reduce procurement costs</b>	<ul style="list-style-type: none"> <li>Defining governance model and structuring central procurement unit</li> <li>Detailed spend analysis and quick win identification</li> <li>Category mapping of group spend</li> </ul>	<ul style="list-style-type: none"> <li>Wave 1 (Apr-June) actual annual savings of 13.5 mil exceeded target of 11.1 mil.</li> </ul>
	<b>5.IT Projects Reprioritisation</b>	<ul style="list-style-type: none"> <li>Embed mechanism IT projects resources are focused on delivering benefits</li> </ul>	<ul style="list-style-type: none"> <li>Cost avoidance of RM84.99 mil CAPEX from FY08/09</li> <li>Cost avoidance of RM55m from CAPEX and RM25m from OPEX from the FY09/10 IT budget</li> </ul>

# LEAP30: 12 initiatives\* launched and gathering momentum

	<b>Initiatives</b>	<b>Objective</b>	<b>Recent Progress</b>
<b>Operation</b>	<b>6. MIS enhancement</b>	<ul style="list-style-type: none"> <li>Upgrade management information system</li> </ul>	<ul style="list-style-type: none"> <li>Re-prioritised to enhance performance management dashboards</li> </ul>
<b>Credit</b>	<b>7. Optimise Credit Process</b> i) Early Care Centre  ii) End to End Credit Process	<ul style="list-style-type: none"> <li>Tighten prevention mechanisms in deteriorating economic conditions</li> <li>Streamline credit processes to improve turnaround times/ customer service, reduce sots and prepare for growth with unchanged quality of risk assessment</li> </ul>	<ul style="list-style-type: none"> <li>Early Care Centre went live on 1 June 09.</li> </ul>
<b>People</b>	<b>8. Upgrade performance management</b> <b>9. Launch talent management</b> <b>10. Enhance leadership development</b> <b>11. Ramp-up external recruitment engine</b> <b>12. Embed core values in the way we work</b> <b>13. Set up PMO</b>	<ul style="list-style-type: none"> <li>Build a pipeline of talent and leaders to achieve Maybank's aspiration to be a talent and execution-based company;</li> <li>Be among the top quartile employer of talent in each of Maybank's markets.</li> <li>To establish a centrally-coordinated PMO to drive, support and monitor the transformation programme.</li> </ul>	<ul style="list-style-type: none"> <li>The Human Capital Workshop, which covers areas such as Talent Management, Performance Management, Leadership and Core Values, was conducted from April 09 to June 09. The Workshop covered 2,600 Maybank line managers.</li> <li>Completed</li> </ul>

\* Excluding Set-Up of PMO

# LEAP30: Next 7 initiatives

2 initiatives launched in June 2009 (No. 14 and 15); 5 more to be launched before December 2009.

Re-prioritised Initiatives	Initiatives	Objective
	14. Upgrade Consumer Finance Model (launched)	<ul style="list-style-type: none"> <li>To create a clear value proposition for the consumer finance business in order to increase market share in selected segments.</li> </ul>
	15. Strengthen Maybank Group's Islamic Offering (launched)	<ul style="list-style-type: none"> <li>Expand/strengthen the Islamic business of Maybank Group integrating Investment Banking, Treasury, Wealth Management, Consumer Banking, Corporate Business, Business Banking, International &amp; Takaful.</li> </ul>
	16. Improve Customer Service Levels	<ul style="list-style-type: none"> <li>To deliver a differentiated and best-in-class service experience for our different customer and business segments.</li> </ul>
	17. Upgrade Commercial Banking Model	<ul style="list-style-type: none"> <li>Strengthen market share among SME and Commercial segments via product bundling.</li> </ul>
	18. Strengthen ECM, Brokerage and M&A Capabilities	<ul style="list-style-type: none"> <li>Raise Maybank-IB's profile as full-fledged investment bank.</li> <li>New teams in place; top 3 position in league tables.</li> <li>Be a leading player in the stockbroking industry.</li> </ul>
	19. Establish governance and Operating Model for International	<ul style="list-style-type: none"> <li>Establish overall governance model to create and manage value from Maybank's International Business Units and to also improve coordination between various sectors in group headquarters and also overseas units.</li> </ul>
20. Capture Value from BII	<ul style="list-style-type: none"> <li>To launch an independent growth strategy through active management by focusing on strategic planning and talent injection.</li> </ul>	

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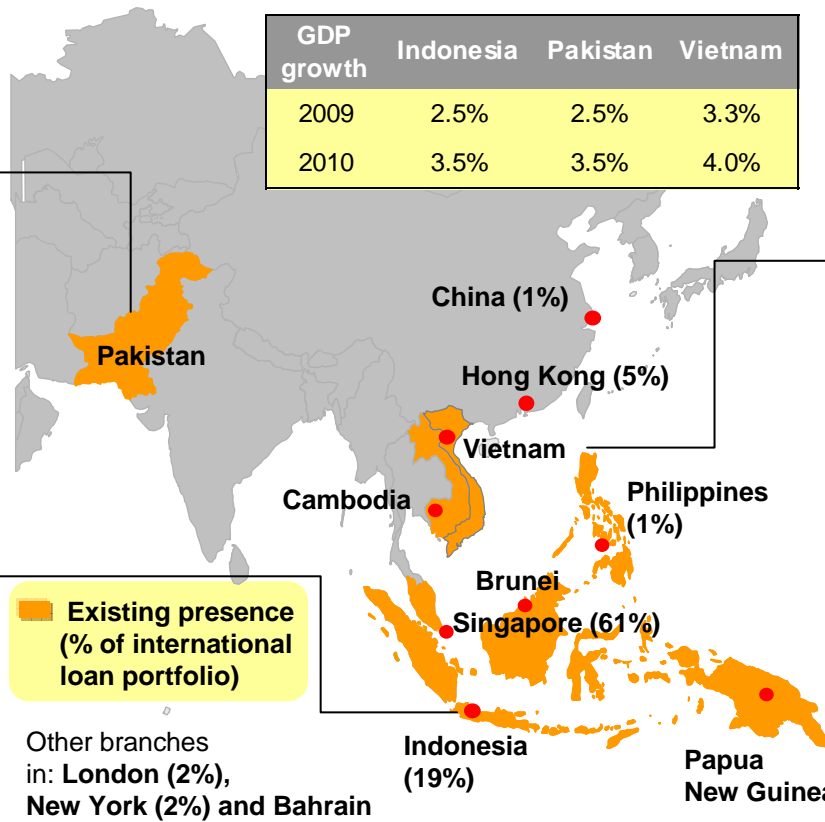
**Conclusion**

# International footprint and growth



**PAKISTAN**  
20% stake in MCB Bank

- Appointed 2 members to the Board
- Sharing of expertise especially in IT and Islamic Banking
- Q1 '09 performance: 6% Loans growth YoY; 11% PBT growth YoY
- Loan Portfolio: USD3 bn



**VIETNAM**  
15% stake in An Binh Bank

- Appointed 1 member to the Supervisory Committee and Board of Directors respectively
- Seconded Chief Risk Officer
- 5 month YTD performance - Loans grew 17%; YTD PBT double the whole 2008



**INDONESIA**  
97.5% stake in Bank Internasional Indonesia

- Appointed 3 members to the Board of Commissioners (BOD)
- Put in place new lineup of Board of Directors (Senior Management)
- Accounts for 19% of International loan portfolio

- 1Q '09 performance, YoY growth:
  - Loans 15%
  - Deposits 9%
  - Pre-provisioning Operating Income 13%

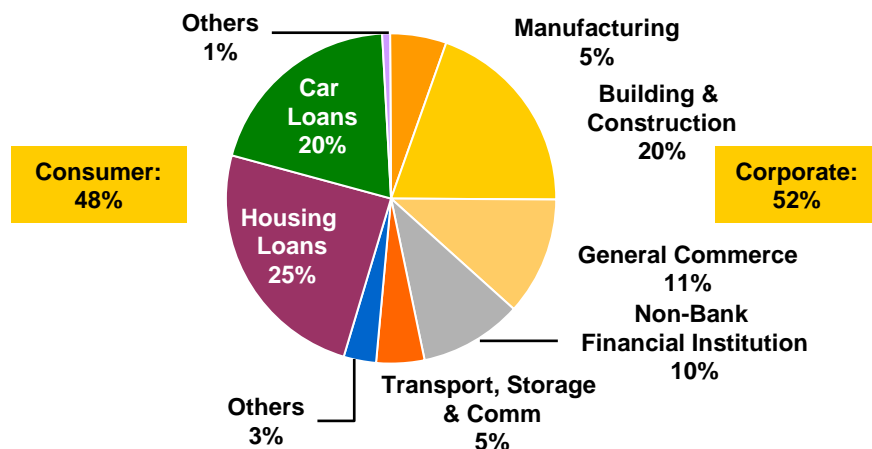


- CAMBODIA**
- 3<sup>rd</sup> & 4<sup>th</sup> branch opened in Jan & June 2009 respectively
  - To open additional 3 branches in the next year

- International business accounts for 32.1% of Group loans, target 40% by 2015. Singapore remains largest profit contributor.
- Growth opportunities in leveraging on cross border business in wealth management, remittances, trade finance, corporate investment banking & Islamic banking.

# Singapore: Financial and key operating drivers

Singapore has the largest offshore loan book: SGD16.2 billion



Loans Growth (% YoY)	
<b>Corporate Loans</b>	<b>18.8%</b>
Manufacturing	17.0%
Building & Construction	25.8%
General Commerce	16.8%
Non-Bank Financial Inst,	10.6%
Transport, Storage & Comm	39.7%
Others	-4.8%
<b>Consumer Loans</b>	<b>6.3%</b>
Housing Loans	-2.8%
Car Loans	10.4%
Credit Cards	0.9%
Share Financing	-31.8%
Others	82.4%
<b>Total Loans</b>	<b>12.6%</b>

SGD million	YTD 3Q 2009	YTD 3Q 2008	YoY growth
<b>Income Statement</b>			
Net Fund Based Income	318.51	258.17	23%
Non-Interest Income	140.81	108.05	30%
Total Income	459.32	366.22	25%
Less: Overheads	(201.21)	(164.73)	22%
<b>Total Operating Profits</b>	<b>258.11</b>	<b>201.48</b>	<b>28%</b>
Add: Write-backs/Recoveries	40.86	67.22	-39%
Less: Provisions	(109.32)	(74.09)	48%
	<b>189.66</b>	<b>194.61</b>	<b>-3%</b>
MTM Investment gain/(loss)	(30.83)	(27.68)	11%
Deferred Transaction cost	-	(4.97)	
<b>Total Profit/(Loss) Before Tax</b>	<b>158.83</b>	<b>161.97</b>	<b>-2%</b>
<b>Loans &amp; Deposits</b>			
	<b>Q3 2009</b>	<b>Q3 2008</b>	
Domestic	14,753	13,217	12%
International	1,441	1,167	23%
<b>Total Loans</b>	<b>16,194</b>	<b>14,384</b>	<b>13%</b>
Domestic	16,093	14,590	10%
International	2,062	2,195	-6%
<b>Total Deposits</b>	<b>18,155</b>	<b>16,785</b>	<b>8%</b>
<b>NPL</b>			
	<b>Q3 2009</b>	<b>Q3 2008</b>	
Gross NPL ratio	1.31%	1.38%	-0.07%
Net NPL ratio	0.20%	0.21%	-0.01%



# Bank Internasional Indonesia: Financial and key operating drivers

- Economy remains resilient:
  - GDP growth forecast (IMF): 2009: 2.5%; 2010: 3.5%.
  - Robust private consumption cushioning downturn in external demand. USD6.9 bn stimulus plan and lower inflation to sustain household spending. BI Rate cut to 7.0% in June.
  - Stable political situation amid upcoming 8 July elections.
- Robust banking sector:
  - Well capitalised at 16.2% CAR
  - Asset quality to remain manageable: BI's NPL forecast at 5% for 2009 from 4.1% as at end-April.
  - Loans growth expected at 15% for 2009; 25% for 2010.
- BI's first priority is improvement of operations and human capital:
  - *Operational Excellence*. Improve bank's fundamentals to create platform for long term sustainable growth, in areas such as governance structure, transaction capabilities, sales and distribution, and key IT systems.
  - *Growth areas*. Pursue growth in auto financing, mortgage and credit cards while improving on SME/commercial.
  - *Human Capital*. Improvements through organisational restructuring, better performance management, compensation and training.
- Expansion of branch network, from 250 branches currently, in order to have sizable footprint to serve major customers.

Quarter ending 31 March Rupiah billion	1Q 2009	1Q 2008	YoY growth
<b>Income Statement</b>			
Interest Income	1,706	1,412	21%
Interest Expenses	(947)	(697)	36%
Net Interest Income	758	715	6%
Non Interest Income	330	287	15%
<b>Gross Operating Income</b>	<b>1,088</b>	<b>1,002</b>	<b>9%</b>
Overhead expenses	(696)	(654)	6%
<b>Operating Profit</b>	<b>392</b>	<b>348</b>	<b>13%</b>
Provisions	(379)	(213)	78%
Net Operating Income	13	135	-90%
Non Operating Income	8	126	-94%
<b>Profit before Tax</b>	<b>16</b>	<b>251</b>	<b>-94%</b>
<b>Net Profit</b>	<b>4</b>	<b>198</b>	<b>-98%</b>
<b>Balance Sheet</b>			
Customer Loans	37,211	34,039	9%
<b>Total Assets</b>	<b>55,972</b>	<b>54,576</b>	<b>3%</b>
Total Deposits	41,007	37,960	8%
<b>Total Liabilities</b>	<b>51,013</b>	<b>49,397</b>	<b>3%</b>
Total Equity	4,820	5,044	-4%
<b>Financial Ratios</b>			
Net Interest Margin	6.1%	5.9%	0.2%
ROE	0.3%	19.9%	-19.6%
Cost to Income Ratio	63.7%	64.2%	-0.5%
Provision Coverage	66.9%	79.1%	-12.2%
Net NPL	2.6%	2.2%	0.4%
CAR (with market risk charge)	20.2%	19.6%	0.6%
Loan to Deposit ratio	89.3%	88.6%	0.8%

- Maybank is conducting the impairment review on its investments in BII, MCB and An Binh.
- The process involves:
  - Determination of the recoverable amount based on FRS136 requirements by 30 June 2009 and subsequently determining any potential impairment charge relating to the acquisition in accordance with FRS 136: Impairment of Assets standards.
  - Computation of future earnings cash flows on a long term basis, discounted at long term rates to arrive at a value-in-use determination. The computation is necessarily protracted as it involves the stabilisation of earnings potential which requires a detailed review and assessment by the management team and the stabilisation of the interest rate term structure (for discounting purposes).
- **Based on current available information, Maybank is confident that any impairment charge on the investments would not lead to a loss in net earnings (profit after tax and MI) of the Group for the financial year ending 30 June 2009.**
- This view is based on management's current outlook on Maybank and its affiliates, based on current earnings trajectory and a set of assumptions in the discount rates and earnings growth potential specific to the respective countries these investments are in. However, should the economic environment deteriorate beyond our current expectations or that there are unforeseen changes in circumstances, the abovementioned statement on full year profitability may be different.
- An impairment charge is a non-cash charge and does not affect the capital position at Maybank level.



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# Conclusion: Maybank Group

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- **Leading banking franchise in Malaysia** with market leadership across almost all key business sectors.
- **Stronger footing after recent RM6 billion rights issue** which has enabled Maybank to maintain its credit rating, weather the current economic downturn, and capture growth opportunities.
- **Presence in key markets in the South East Asia and South Asia** and is now strengthening its regional presence by capturing value from recent investments i.e. Bank Internasional Indonesia, MCB Bank and An Binh Bank.
- **Well positioned to capture growth opportunities** and we have embarked on our Strategic Transformation Plan with the vision of becoming one of the top 5 banks in South and South East Asia by 2015.

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Thank You