



Maybank

Humanising Financial Services

55th Annual General Meeting

Presentation to Shareholders

by Datuk Abdul Farid Alias, President & CEO









7 April 2015

BUILDING
ASEAN
TOGETHER

We are always guided by our Vision and Mission

- **Vision: To be a regional financial services leader**
 - Financial Performance for 2014
 - International initiatives and achievements
 - Outlook and targets for 2015
- **Mission: Humanising Financial Services**
 - Improving customer experience across the region

Despite a challenging 2014, Maybank stayed focused and continued to deliver value from its strong franchise

Business Pillars	Business Units	Developments in 2014	Share of Group PBT
Community Financial Services 	Islamic Finance leverage model utilised to distribute Islamic products across the group	Includes: <ul style="list-style-type: none"> • Consumer • Retail SME • Business Banking (mid-sized corporates and SMEs) 	<ul style="list-style-type: none"> • Established Regional Centres of Excellence for Cards, Wealth Management and Retail SME. • Launched private and premier wealth in selected markets. 
Global Banking 		Includes: <ul style="list-style-type: none"> • Corporate Banking • Investment Banking (Maybank Kim Eng) • Global Markets • Transaction Banking • Asset Management 	<ul style="list-style-type: none"> • Enhanced transaction banking platform with Dagang NeXchange (DNeX) alliance. • Improved capabilities for Equity Capital Markets and Debt Capital Markets. • Expanded regional asset management business. 
International 		Includes operations in: <ul style="list-style-type: none"> • Singapore • Indonesia • Greater China • Philippines and other overseas markets	<ul style="list-style-type: none"> • Standardised private and premier wealth branding across the region. • Established new regional organisation structure to drive regionalisation agenda. • Awarded banking license in Myanmar. 
Insurance and Takaful 		Conventional Insurance: <ul style="list-style-type: none"> • Life Insurance • General Insurance Takaful (Islamic insurance): <ul style="list-style-type: none"> • Family • General 	<ul style="list-style-type: none"> • Etiqa introduced its life insurance business in Singapore. 

Summary Financial Performance for 2014

Net Fund Based Income
RM12.6b, +5.9%

Net Fee Based Income
RM5.9b, -10.7%

Net Income
RM18.5b, 0.0%

Overhead expenses
RM9.1b, +2.1%

Impairment losses
RM0.47b, -46.5%

Profit after Tax and
Minority Interest
RM6.7b, +2.5%

Earnings per Share
74.2 sen, -2.2%

Increased fund based income through Group loans growth of 13.4% while managing margin compression of 12 bps ...

... but lower fee based income due to slower capital market activity and lower forex profit ...

... led to flat net income growth.

By kept overheads growth under controls through the Strategic Cost Management Programme, and ...

... with significantly lower impairment losses helped by higher bad debt recovery,...

... we delivered profit to shareholders which was 2.5% higher than the previous year.

EPS declined due to expanded capital base from DRP.

Financial Performance for 2014

Revenue (Net Income) grew for all our key businesses

- Community Financial Services: +2.7%
- Global Banking: +2.0%
- International Banking: +6.5%
- Insurance and Takaful: +13.5%

Offset by:

- For Global Banking, lower income from Investment Banking (-1.4%) and Global Markets (Malaysia) (-0.3%) due to slower capital market activity.

Group loans growth of 13.4%, exceeded target of 13% supported by:

- International loans growth of 20.6% as Singapore loans grew 13.3%
- Malaysia loans growth of 9.0% with growth of 11.1% in consumer loans and 13.1% in business banking and SME loans.
- Indonesia loans growth of 5.4% was below the 16%-17% target but consumer loans grew strongly at 16%

Group deposit growth of 11.1% within target of 10-12%, contributed by:

- Malaysia deposits growth of 7.4%
- Singapore double digit deposit growth of 16.5%
- Liquidity position: Group Loan to Deposit ratio at 91.8% (Malaysia: 89.5%, Singapore: 88.4% and Indonesia: 92.7% - bank level)

Net interest margin declined 12 bps due to:

- Higher cost of funding in home markets

Capital ratios remained strong

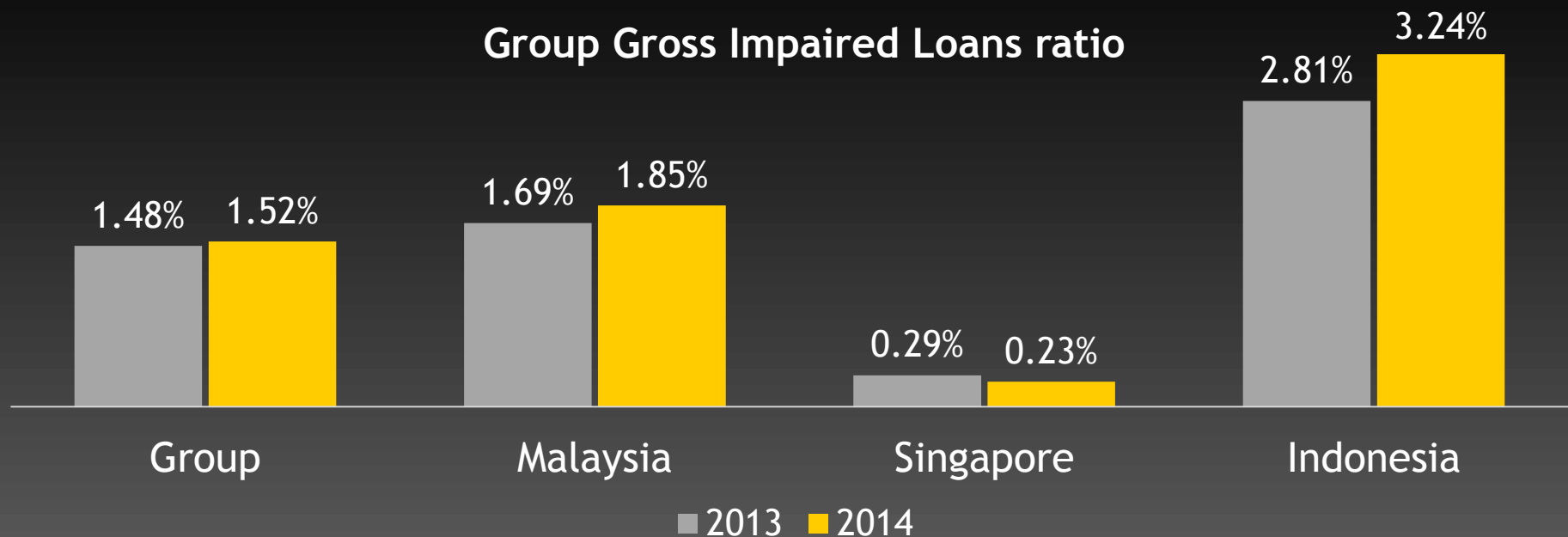
- Group total capital ratio at 15.88% and CET1 at 11.39% as at 31 December 2014 (assuming 85% DRP reinvestment rate)

Higher dividends payout

- Gross dividend of 57 sen, 6.5% higher than in 2013
- Dividend yield of 6.2%, the highest among ASEAN banks

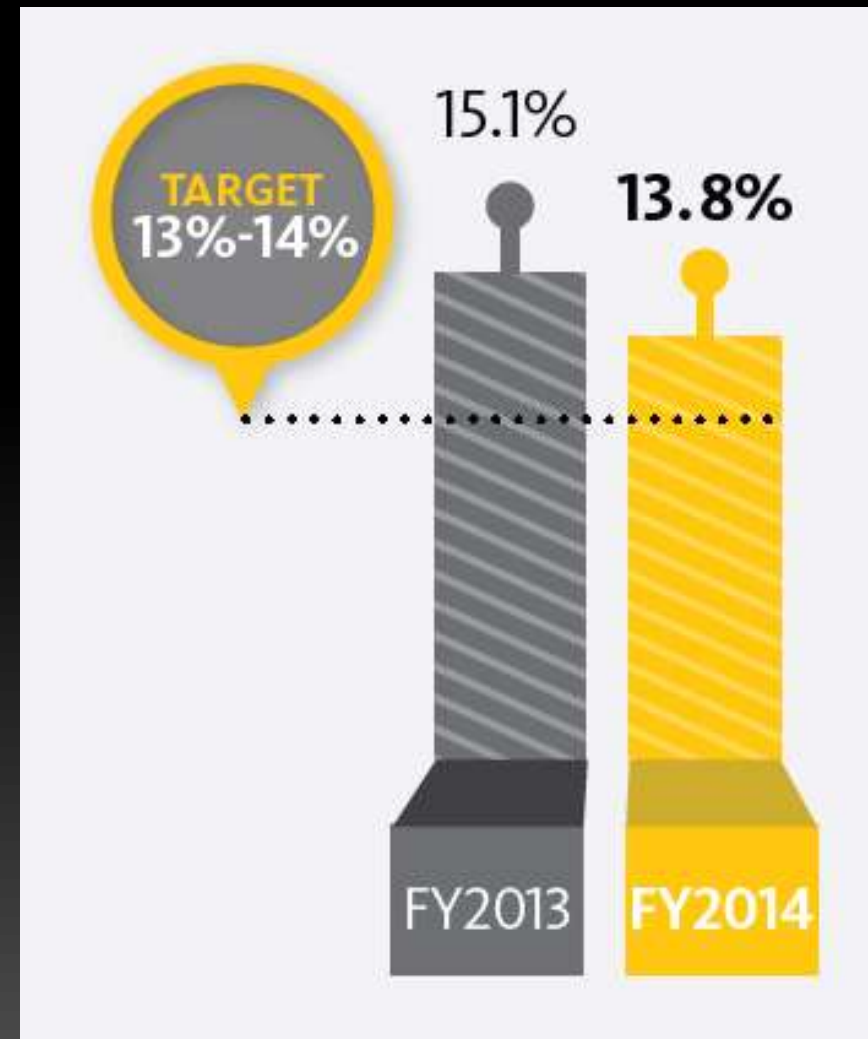
Asset Quality

- Group Gross Impaired Loans (GIL) ratio rose 4 bp to 1.52% attributed to specific impairments in Malaysia and Indonesia
- Malaysia GIL rose 16 bp to 1.85% due to provisioning done for specific legacy business banking accounts.
- We are comfortable with our asset quality ratios against our capital position.
- We are cognisant of market conditions and will only expand aggressively as and when seen fit.



Return on Equity

- Return on Equity (ROE) of 13.8% for 2014 was within the 13.0%-14.0% target range.
- Target ROE was revised from 15% to 13.0%-14.0% mid-year after subdued capital market activity and slower lending activities in Malaysia and Indonesia in 1H 2014.



Building Strength Through Our International Operations

- We had standout business performances in 2014 from Singapore and International operations, headed by Datuk Lim Hong Tat and Pollie Sim respectively.

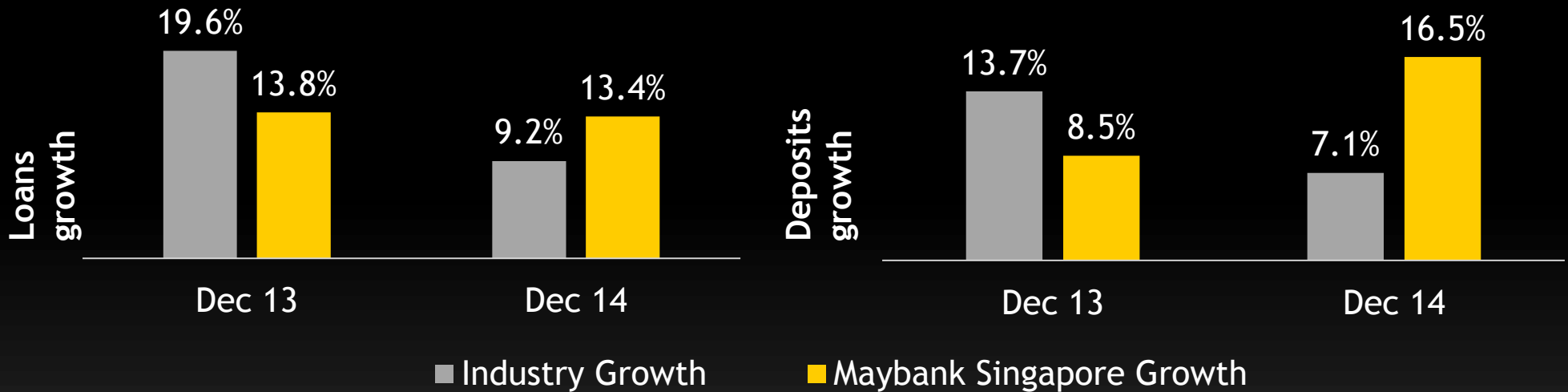


- We achieved better synergies through our regional framework and recorded higher revenues from the cross-selling of products and solutions to our corporate clients.
- We are ready to serve an enlarged community of 600 million people under the AEC

Singapore

Maybank Singapore loans growth of 13.4% exceeded industry and ...

... balanced by higher deposits growth of 16.5%, also exceeding industry.



- **Business loans grew 12.3%** to S\$12.2 billion driven by syndicated, term and revolving credit.
- **Consumer loans grew 15.4%** to reach S\$22.8 billion driven by housing and other personal loans but car loans continued to decline due to the tighter regulatory financing limits
- **Expanded our Insurance and Takaful presence in Singapore through Etiqa**

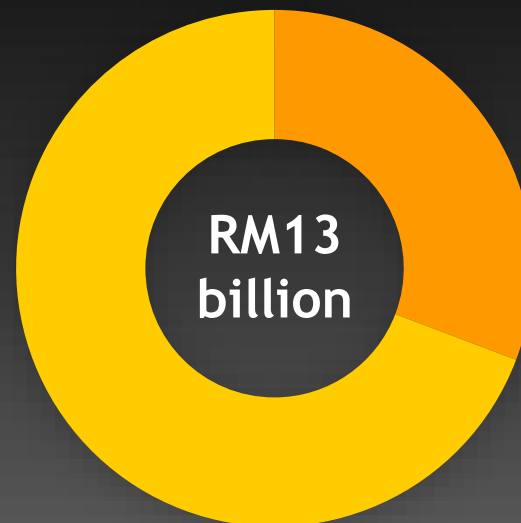
Regional Private Wealth

- Maybank's Regional Private Wealth business for High Net Worth customers is centred in Singapore.



- For the first full year of Private Wealth operations, we achieved breakeven performance in Malaysia and Singapore

Total Assets Under Management



New-to-bank Asset
RM4 billion (31%)

An indication of the value creation potential

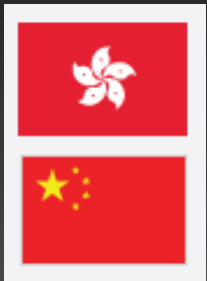
International

- International PBT contribution (excluding Singapore and Indonesia) increased by 32.8% YoY.
- International providing cross-border solutions and capturing trade flow between the ASEAN region and China



Myanmar

- We secured a banking license in Myanmar and opened a representative office
- Myanmar will enable us to facilitate cross-border trade, not only in our core markets but also the Greater Mekong Subregion.

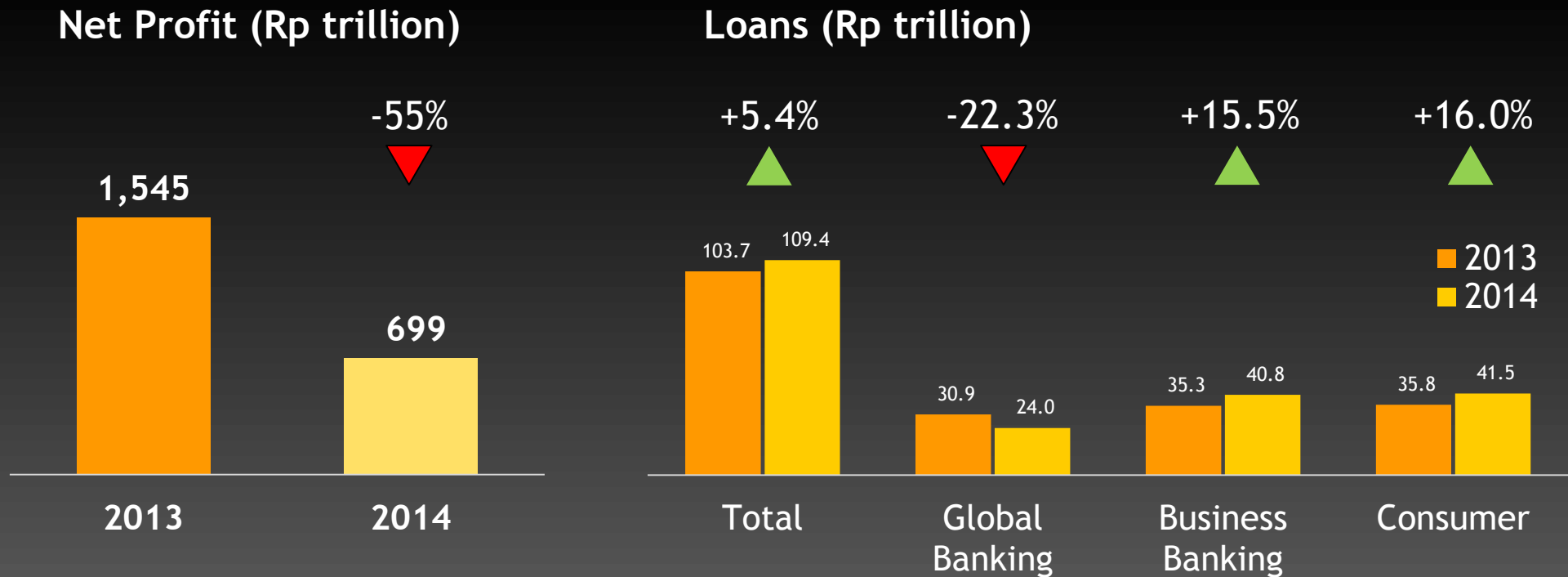


Greater China

- Provides wholesale and investment banking services to commercial and corporate clients in Hong Kong and China.
- Opened our latest China branch in Kunming, Yunnan.
- Landmark achievement: Appointment of Maybank as a Renminbi/Singapore dollar Market Maker

Indonesia

- Setback for Indonesia as BII's net profit fell 55% to Rp 699 trillion mainly due to higher loan loss provisions for specific corporate accounts affected by adverse market conditions.
- To arrest asset quality deterioration, credit approval procedures were tightened resulting in Global Banking loans declining 22% but Business Banking and Consumer loans grew 15.5% and 16.0%,



Outlook for 2015

- Volatility in commodity and currency markets. Impact dependant on how long volatility lasts
- Mixed bag of opportunities and some challenges ahead in the markets we operate in.
- Our vision to be a truly ASEAN financial services group would benefit from:
 - Malaysia taking over the chairmanship of ASEAN this year
 - Introduction of Qualified ASEAN Banks in due course under the ASEAN Banking Integration Framework.

Market Outlook for 2015



Malaysia

Key Indicators

- GDP (f): 4.5% (2014: 6%)
- System loan growth (f): 7-8%
- System deposit growth: (f) 6-7%
- OPR: 3.25% (2014: 3.25%)
- USD/MYR (f): 3.61 (2014: 3.27)
- Inflation (f): 4.0% (2014: 3.2%)

Outlook

- Consumer lending expected to moderate
- Top line for banks to be challenging with subdued capital markets and soft loan demand
- Competition for deposits to remain keen amid on-going liquidity pressure
- Cost and capital management will remain key priorities

Market Outlook for 2015



Singapore

Key Indicators

- GDP (f): 2.5% (2014: 2.9%)
- System Loan growth (f): 8%-9%
- System Deposit growth (f): 5%-6%
- USD/SGD (f): 1.35 (2014: 1.28)
- Inflation (f): 1.0% (2014: 1.0%)

Outlook

- Government expected to maintain property cooling measures to prevent speculative activity
- Asset quality to remain stable

Market Outlook for 2015



Indonesia

Key Indicators

- GDP (f): 5.5% (2014: 5.02%)
- System Loan growth (f): 15%
- System Deposit growth (f): 15%
- Reference Rate (f): 8.00% (2014: 7.75%)
- USD/IDR average (f): 12514 (2014: 11885)
- Inflation average (f): 7.25% (2014: 6.42%)

Outlook

- Government infrastructure spending likely to increase, supporting loan growth in 2H FY2015
- Funding to remain tight, leading to margin pressure as LDR remains elevated
- Weaker commodity prices could adversely impact asset quality and domestic demand

Group Strategic Priorities for 2015

1. Strengthen the Group's revenue growth
2. Continue focus on productivity Group-wide
3. Deploy capital efficient strategy
4. Continue with international market performance
5. Solidify our position in ASEAN for AEC opportunities e.g. Qualified ASEAN bank

Focus on productivity Group-wide

- Continue with Strategic Cost Management Programme to manage our overheads growth in a comfortable range against income growth
- Focus on IT expenses, marketing expenses and general and administrative expenses.
- Drive productivity improvements, measured by profitability over cost ratio per employee.

Capital efficient strategy

- Drive more productive use of capital over the medium to longer term since additional capital buffer requirements will be introduced for domestic systemically important banks.
- Adopt right risk posture to balance our capital needs and provide an optimum return for our shareholders.

Improving customer experience across the region

“Humanising Financial Services” means that ...

Our customers and communities are the focus of our operations

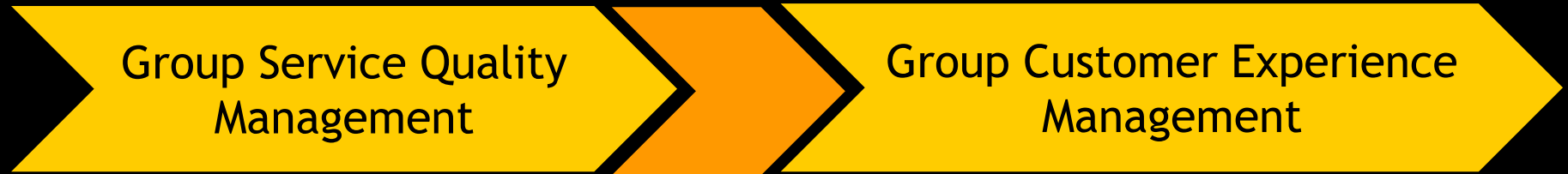
Our customers are our most important asset

Customers

We are a market leader due to our customers' continued support and belief in us

Group Customer Experience Management

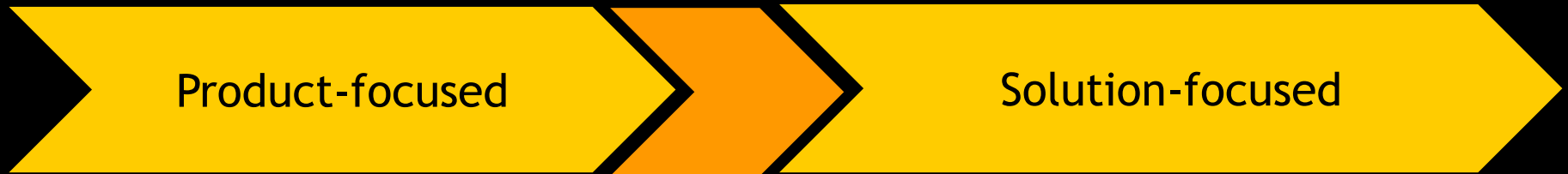
- In 2014, we undertook a reorganisation to realign with our regionalisation agenda to transform:



- This means going beyond Service Quality measures and instead focuses on 'how' we can improve Customer Experience in every manner.
- We want our customers get the value that they expect, and for us to deliver them in a cost effective manner.
- We believe that when the needs of our customers are taken care of, the needs of our shareholders will be taken care of automatically.

Maybank is now more solution-focused

- Maybank has transformed from being more product-focused to one that is more solution-focused.



- Clients active across ASEAN have spurred us to transform from a Malaysian commercial bank to a regional financial services group.



- Client Coverage team under Global Banking has been able to map our clients' specific requirements and customise solutions to fit their goals, and service them across a regional network.
- Our aspiration is to improve our allocation of resources to cater to more customer segments within the corporate space.

Better customer experience through technology

- We are the largest online banking provider in the Malaysian market and we are fully committed to being a digital lifestyle banking site, giving customers the convenience they seek of being able to bank with us anytime.
- We are constantly seeking ways to improve your experience with us through our M2U and Regional M2U.
- Please continue to be our advocate and provide feedback to us so that we can continuously improve.

Our targets for 2015 are:

Return on Equity	13% - 14%
Group Loans Growth	9% - 10%
<ul style="list-style-type: none">• Malaysia	8% - 9%
<ul style="list-style-type: none">• Singapore	8% - 9%
<ul style="list-style-type: none">• Indonesia	13% - 15%
Group Deposits Growth	9% - 10%

THANK YOU



Humanising Financial Services