



**Maybank**

## **Proposed Dividend Reinvestment Plan**

### **Extraordinary General Meeting**

Crowne Plaza Mutiara Hotel, Kuala Lumpur

14 May 2010

Dato' Sri Abdul Wahid Omar

President & CEO

Maybank

## **3Q10 Group Financial Performance**

### **Proposed Dividend Reinvestment Plan**

# 3<sup>rd</sup> Quarter 2010 Financial Performance - Key Highlights



- PATAMI for 9M10 rose 60.5%% YoY to RM2,906 million due to stronger profit performance by Global Markets, Insurance, Singapore, Investment Banking and Indonesian operations.
- Quarterly PATAMI rose 3.7% QoQ and 104.7% YoY to RM1,030 million.
- Revenue for 9M10 grew 32.4% YoY. All segments recorded growth with Consumer growing 9.9% and Corporate and Business Banking expanding 5.6%.
- Operating profit for 9M10 rose 80.0% YoY to RM3,925 million, or 4.7% higher QoQ.
- Loan Loss Provision declined 4.3% YoY and 11.5% QoQ. Asset Quality continued to improve with Net NPL ratio declining to 1.36% from 1.43% the preceding quarter and 1.73% a year ago.
- Group loans grew 7.6% on annualised basis affected by strengthening Ringgit. Consumer segment was the growth driver for domestic loans growth (13.8% for consumer and 8.7% domestically). BII recorded 18.1% growth and Singapore 9.5%.
- Capitalisation remains strong with CAR at 14.8% for the Bank and 14.5% for the Group.
- Annualised ROE of 15.0% exceeds our Headline KPI. Target ROE of at least 13% and revenue growth of at least 15% for full financial year (normalised).

# PATAMI for 3Q10 rose 104.7% YoY



RM million	3Q10 31 Mar 10	2Q10 31 Dec 09	QoQ change	3Q09 31 Mar 09	YoY change
Net interest income	1,668.0	1,683.1	-0.9%	1,543.5	8.1%
Income from Islamic Banking	341.5	355.9	-4.1%	327.3	4.3%
Non-interest income	1,178.8	1,218.1	-3.2%	647.3	82.1%
<b>Net income</b>	<b>3,188.3</b>	<b>3,257.1</b>	<b>-2.1%</b>	<b>2,518.1</b>	<b>26.6%</b>
Overhead expenses	(1,586.1)	(1,638.7)	-3.2%	(1,415.7)	12.0%
Loan Loss Provision	(215.5)	(243.6)	-11.5%	(409.8)	-47.4%
Impairment write back/(losses) on securities	42.5	(9.8)	-532.4%	(67.2)	-163.3%
<b>Operating Profit</b>	<b>1,429.1</b>	<b>1,365.0</b>	<b>4.7%</b>	<b>625.4</b>	<b>128.5%</b>
Share of profits in associates	26.0	35.0	-25.6%	28.5	-8.7%
<b>Profit Before Tax</b>	<b>1,455.1</b>	<b>1,400.0</b>	<b>3.9%</b>	<b>653.9</b>	<b>122.5%</b>
Taxation & Zakat	(391.9)	(376.6)	4.1%	(145.0)	170.2%
Minority Interest	32.9	29.9	10.1%	5.6	485.9%
<b>Profit after Tax &amp; Minority Interest (PATAMI)</b>	<b>1,030.4</b>	<b>993.5</b>	<b>3.7%</b>	<b>503.3</b>	<b>104.7%</b>
<b>EPS (sen)</b>	<b>14.56</b>	<b>14.04</b>	<b>3.7%</b>	<b>9.15</b>	<b>59.1%</b>

# PATAMI for 9M10 rose 60.5% YoY

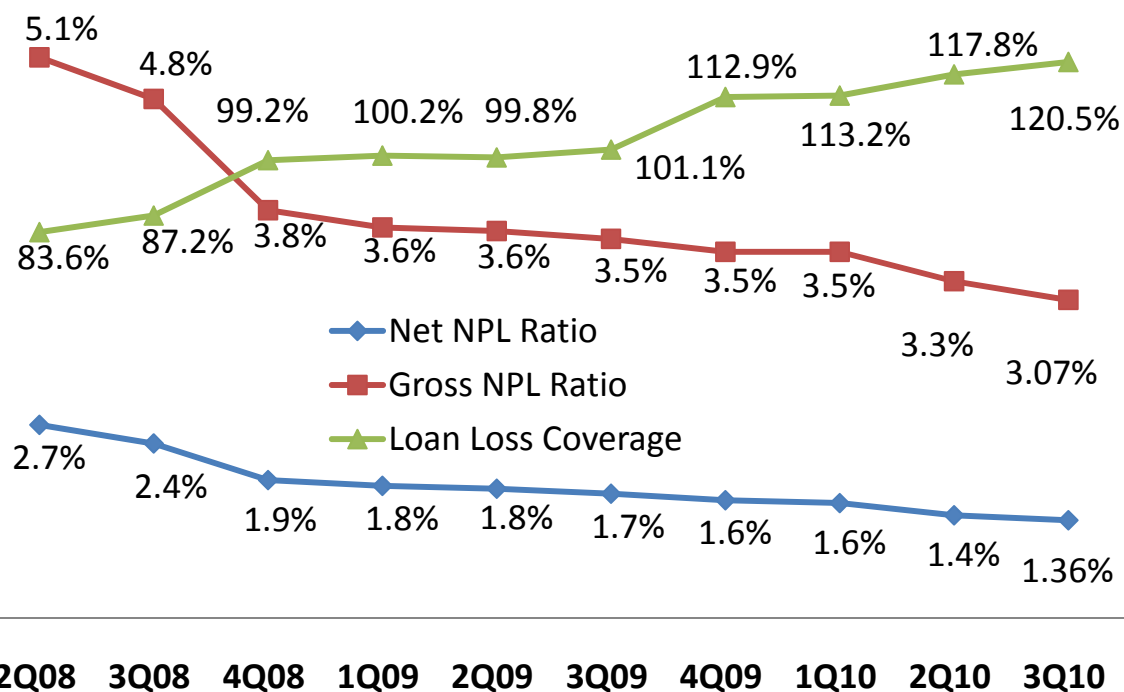


RM million	9M10 31 Mar 10	9M09 31 Mar 09	YoY change
Net interest income	4,978.7	4,355.9	14.3%
Income from Islamic Banking	1,079.0	917.6	17.6%
Non-interest income	3,538.9	1,974.5	79.2%
<b>Net income</b>	<b>9,596.5</b>	<b>7,248.1</b>	<b>32.4%</b>
Overhead expenses	(4,795.6)	(4,045.2)	18.6%
Loan Loss Provision	(876.8)	(916.3)	-4.3%
Impairment write back/(losses) on securities	0.4	(106.0)	n.a.
<b>Operating Profit</b>	<b>3,924.5</b>	<b>2,180.5</b>	<b>80.0%</b>
Impairment loss on investment in associated companies	-	(242.0)	
Write-back of allowance for non-refundable deposit	-	483.8	
Share of profits in associates	86.8	73.6	17.9%
<b>Profit Before Tax</b>	<b>4,011.3</b>	<b>2,496.0</b>	<b>60.7%</b>
Taxation & Zakat	(1,017.9)	(681.6)	49.3%
Minority Interest	87.7	4.3	1937.3%
<b>Profit after Tax &amp; Minority Interest (PATAMI)</b>	<b>2,905.7</b>	<b>1,810.0</b>	<b>60.5%</b>
<b>EPS (sen)</b>	<b>41.05</b>	<b>32.91</b>	<b>24.7%</b>

# Asset Quality continued to improve. Net NPL declined to 1.36%



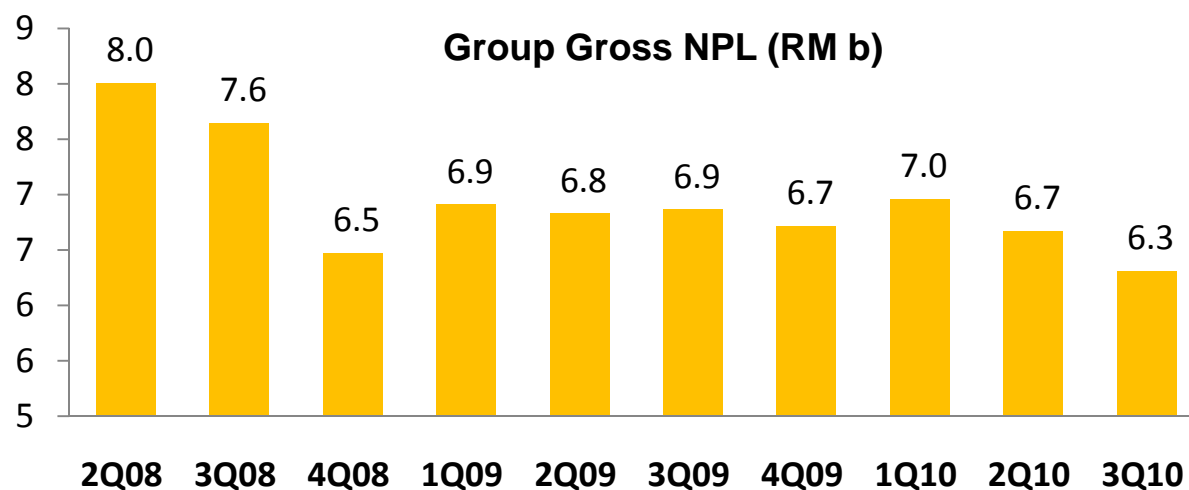
## NPL ratio and Loan Loss Coverage



## Net NPL by region

Net NPL	Mar 10		Jun 09	
	(RM m)	%	(RM m)	%
Malaysia	2,439.6	1.8	2,862.7	2.2
Singapore	16.7	0.0	37.9	0.1
BII	206.9	1.5	142.8	1.2
Others	72.9	na	81.9	na
<b>Total</b>	<b>2,736.1</b>	<b>1.4</b>	<b>3,125.3</b>	<b>1.6</b>

## Group Gross NPL (RM b)



## Financial Highlights

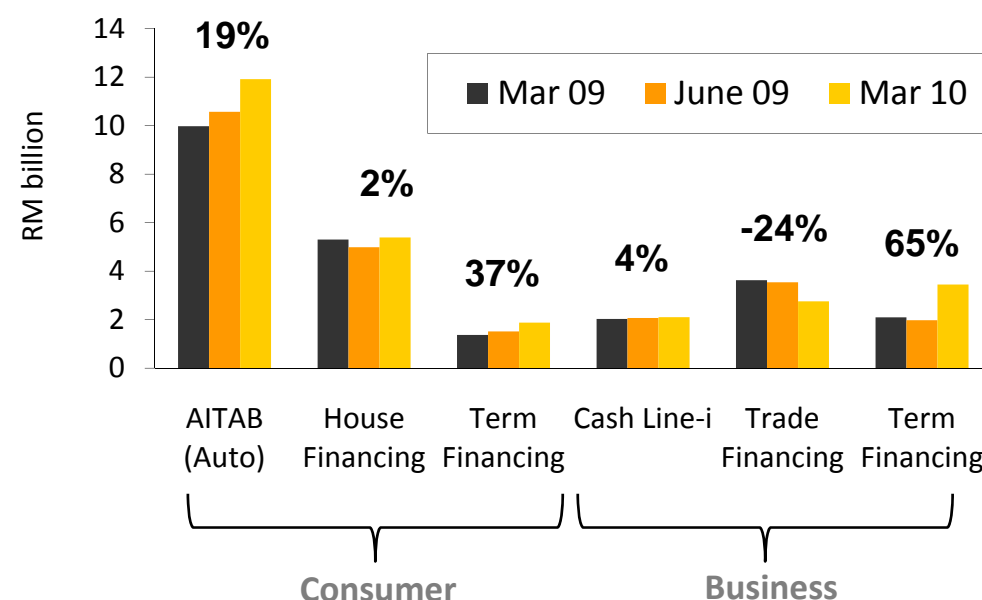
Income Statement (RM mil)	9M10	9M09	YoY
Gross Attributable Income	1,336.0	1,169.1	14.3%
Allowance for Loan Loss Financing and Advances	(279.3)	(139.9)	99.6%
<b>Total Attributable Income</b>	<b>1,056.7</b>	<b>1,029.2</b>	<b>2.7%</b>
Income Attrib. to Depositors	(478.7)	(489.4)	-2.2%
<b>Income attributable to Group</b>	<b>578.0</b>	<b>539.8</b>	<b>7.1%</b>
Income From Investments	112.9	69.6	62.2%
Overhead Expenses	(309.8)	(231.0)	34.1%
<b>Profit Before Taxation and Zakat</b>	<b>381.1</b>	<b>378.4</b>	<b>0.7%</b>
Taxation and Zakat	(88.1)	(97.1)	-9.3%
<b>Net Profit</b>	<b>293.0</b>	<b>281.3</b>	<b>4.2%</b>

Balance Sheet (RM bil)	Mar 10	Jun 09	Ann. Chg
Financing and Advances	31.4	25.3	48.2%
<b>Total Assets</b>	<b>40.6</b>	<b>34.0</b>	<b>38.8%</b>
Deposit from customers	31.8	24.3	61.7%
<b>Total Liabilities</b>	<b>37.7</b>	<b>31.5</b>	<b>39.4%</b>

## Key Ratios for Maybank Islamic Berhad

RM million	9M10	9M09
Gross Non Performing Financing	3.18%	4.37%
Net Non Performing Financing	1.26%	2.09%
Financing to Deposits Ratio	95%	117%
Cost to Income Ratio	34%	31%
Core Capital Ratio	8.27%	7.95%
Risk Weighted Capital Ratio	9.79%	9.56%
Islamic Financing to Total Domestic Loans	22.70%	18.30%

## Maybank Islamic financing (YoY growth)



# BII: Consolidated Income Statement

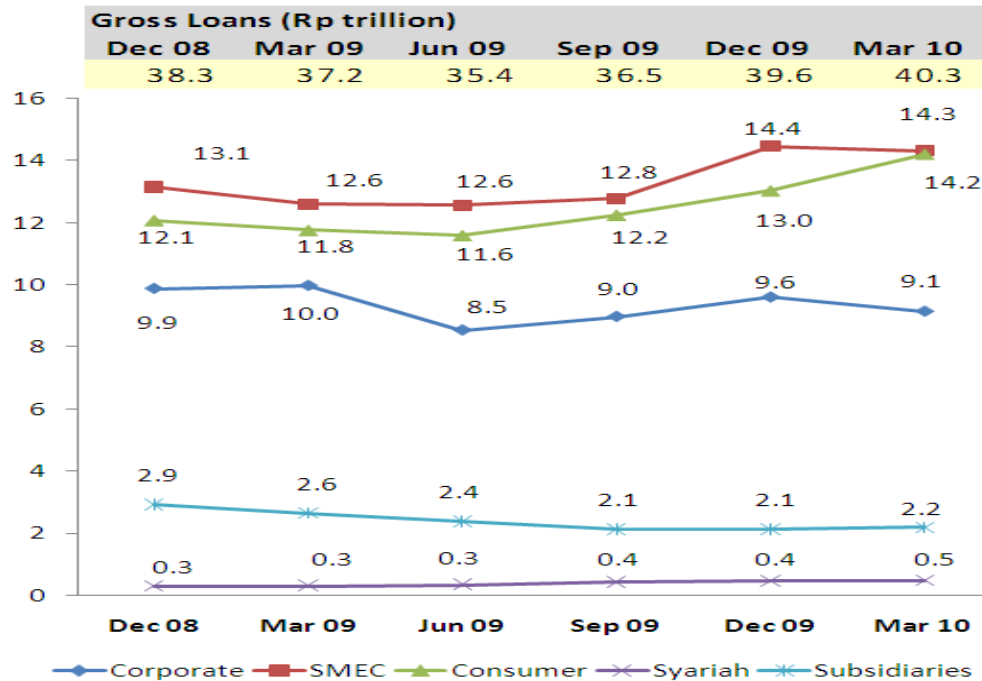
Rp billion (Rp1000 = RM0.36)	Jul - Mar 10 Contribution	Oct - Mar 09 Contribution
Interest Income	4,482	3,359
Interest Expenses	(2,082)	(1,941)
<b>Net Interest Income</b>	<b>2,400</b>	<b>1,418</b>
Non Interest Income	1,360	782
<b>Gross Operating Income</b>	<b>3,760</b>	<b>2,200</b>
Operating Expenses (excl. Provision)	(2,564)	(1,374)
<b>Operating Income before Provision</b>	<b>1,196</b>	<b>826</b>
Provisions	(528)	(633)
Profit Before Tax	668	193
<b>Net Profit</b>	<b>512</b>	<b>121</b>

**Note:**

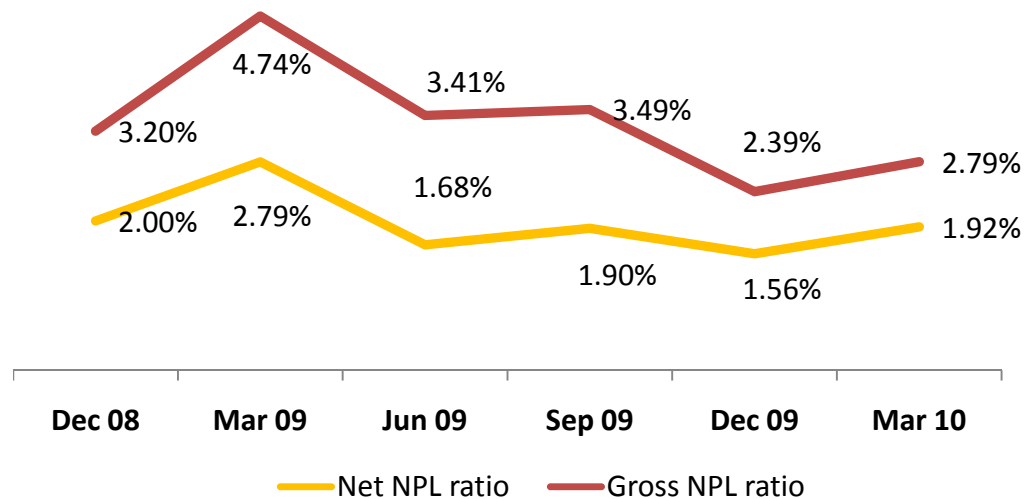
- The results exclude loan loss provisions on certain accounts which had already been accounted for at the Group level in the last financial year as part of the purchase price allocation exercise following the acquisition of BII.
- The accounts of BII were consolidated into Maybank Group beginning October 2008 after the acquisition of the 56% in BII was completed at the end of September 2008. In early December, Maybank completed the acquisition of 97.5% of BII.



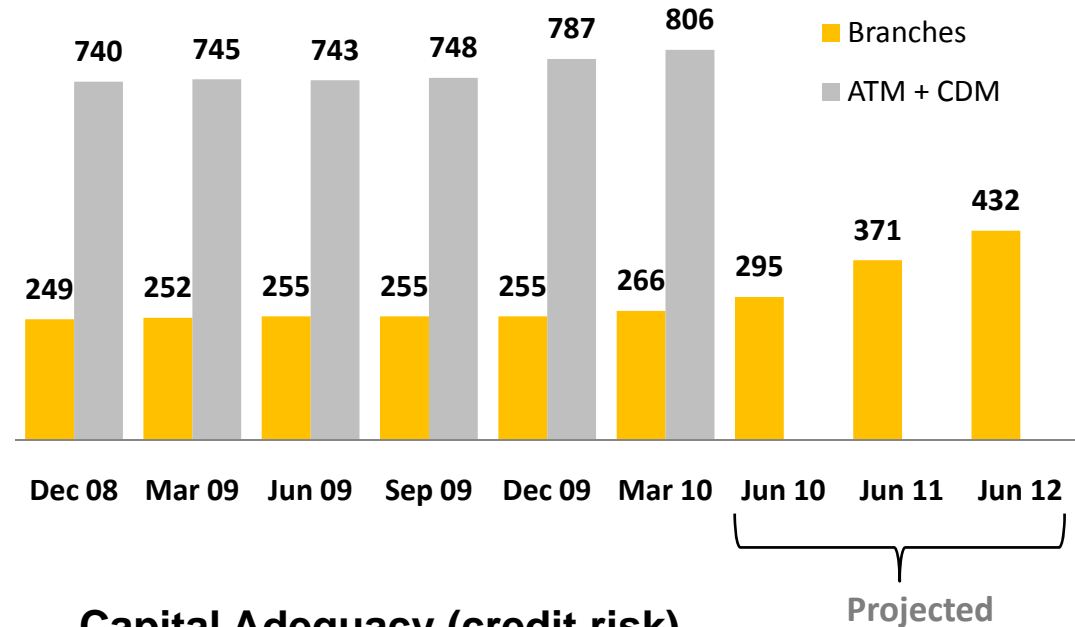
## Gross Loans Composition



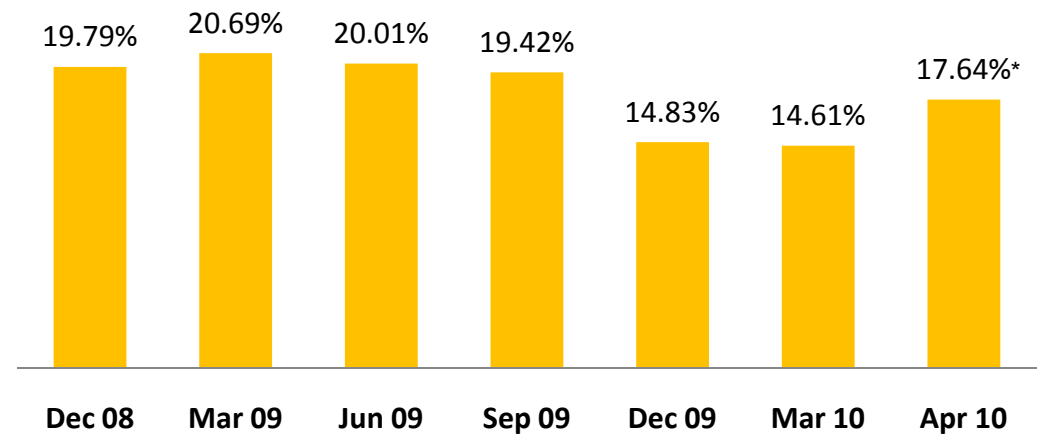
## Asset Quality



## Branches and ATM

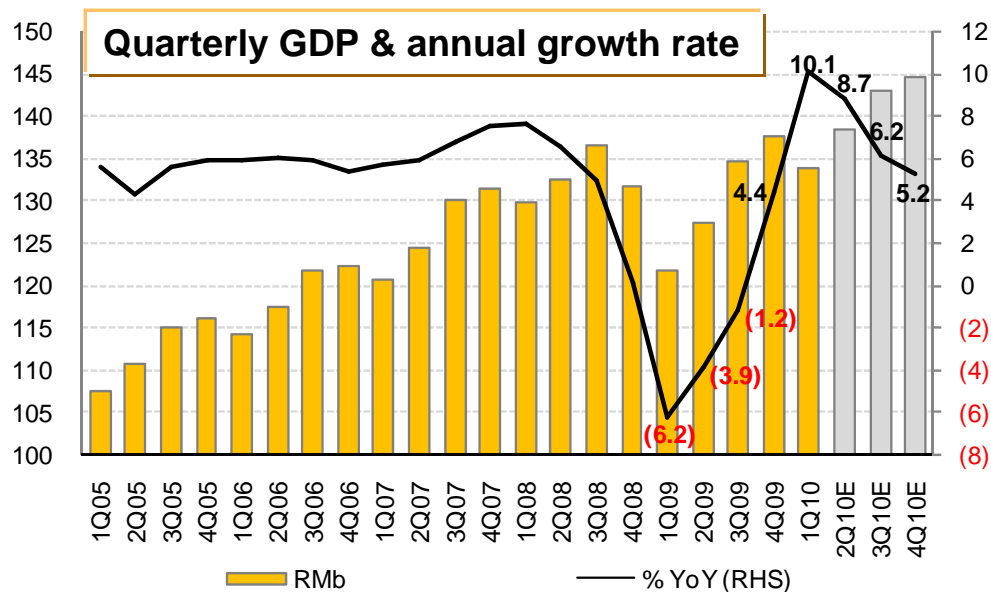


## Capital Adequacy (credit risk)

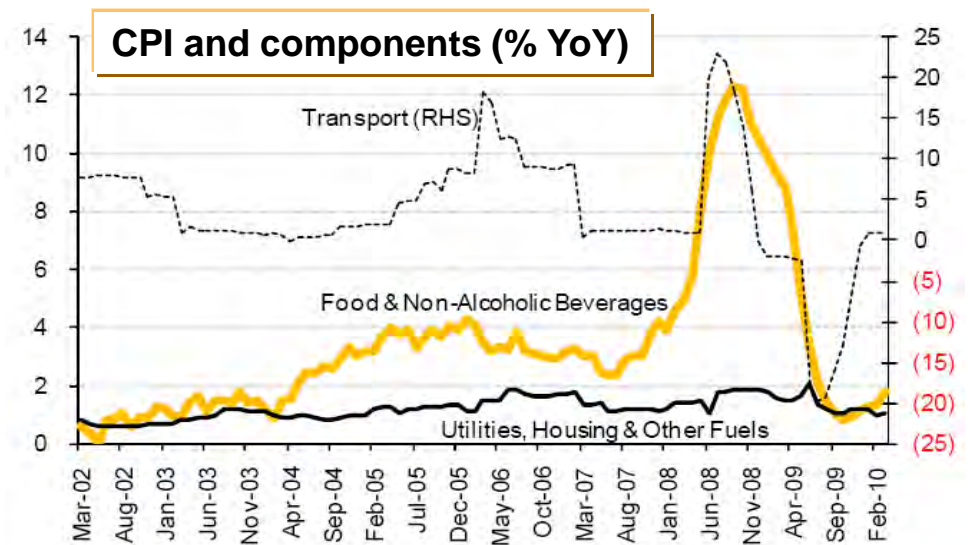


\* estimate

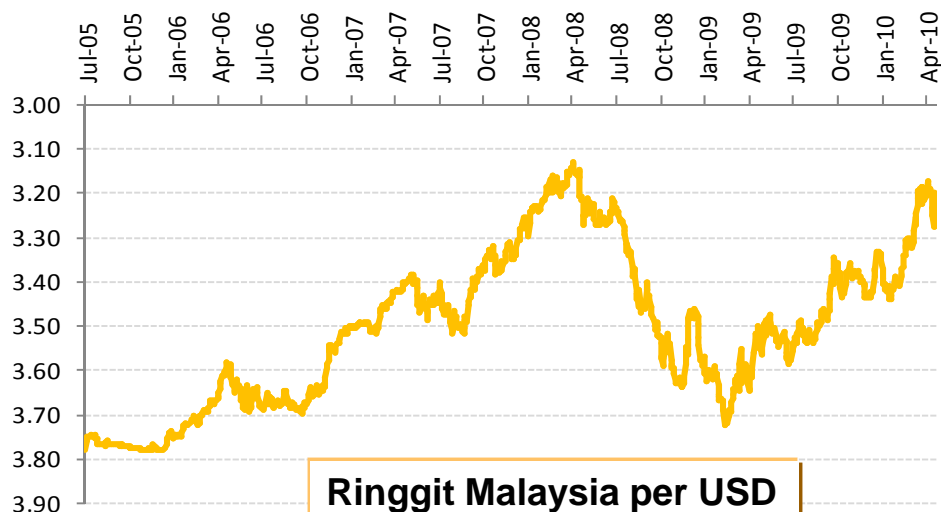
## GDP to rebound with growth of 7.5% in 2010



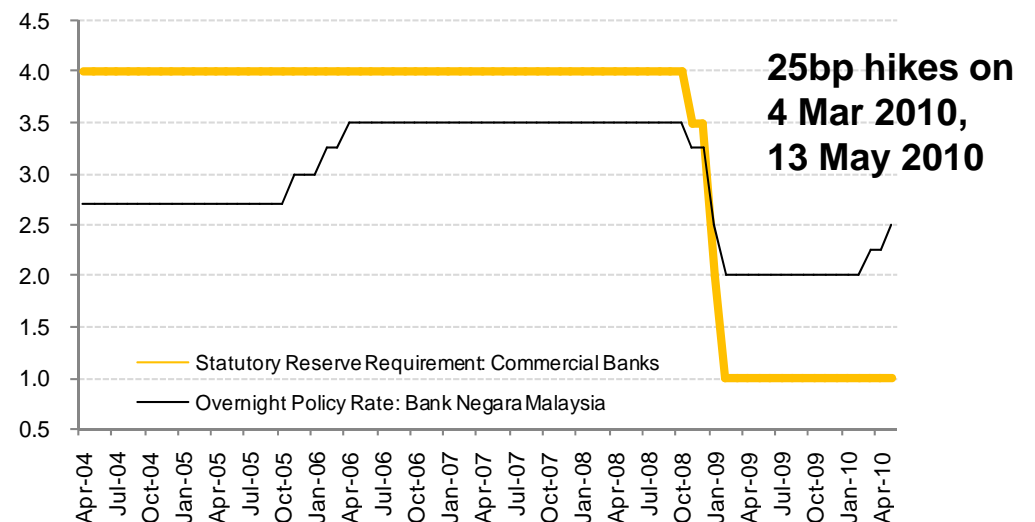
## Inflation expected to rise to 2.3% in 2010 (2009: 0.6%)



## Year-end RM/USD target: RM3.20-3.30



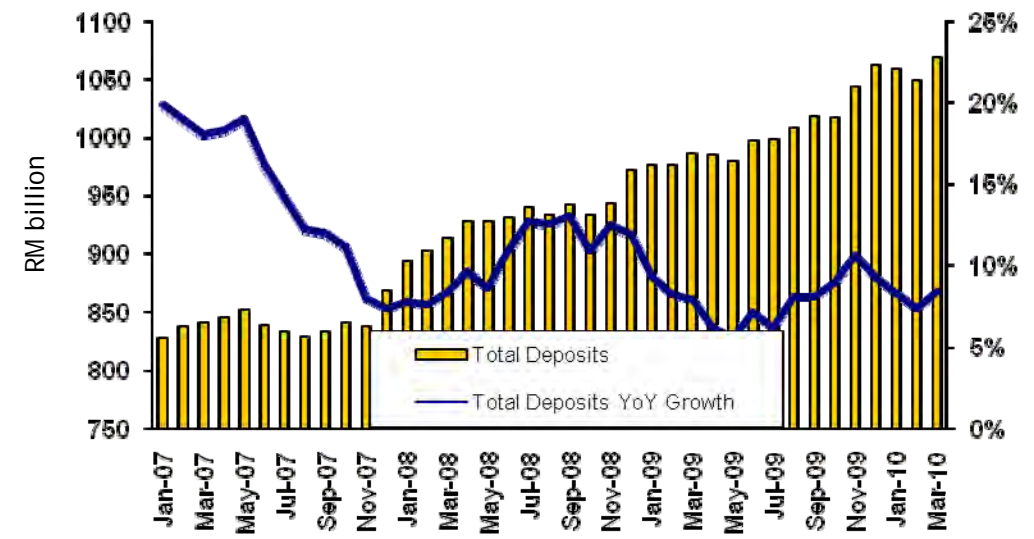
## A total of 50-75 bps rise in interest rates this year



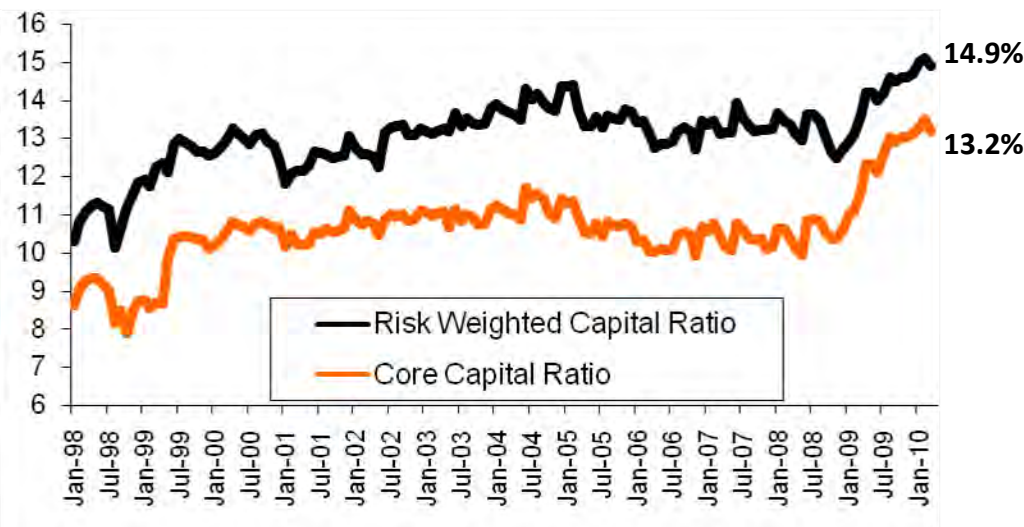
## Total Loans grew 9.8% YoY for Mar 2010



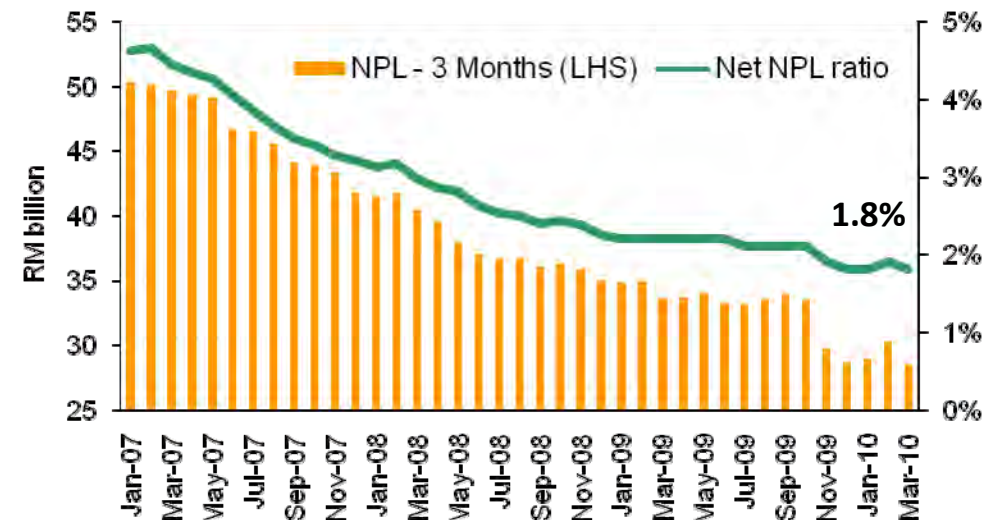
## Total Deposits grew 8.4% YoY for Mar 2010



## Capital Adequacy remained strong



## Asset Quality continued to improve



- Malaysia's economic recovery is expected to spur consumer and business demand which would enable Maybank to accelerate loans growth in the consumer and corporate segment while increasing market share in the commercial and SME business.
- Maybank's international operations will continue to be driven by growth in BII and improved contribution from Maybank Singapore. The successful completion of its rights issue will enable BII to capture business opportunities in both the consumer and business segment.
- Insurance is on track to rank No.1 in the industry with combined gross premium rising 18% to RM3 billion as at 31 Mar 10 while loss ratios continue to be below industry levels.
- Interest rates are expected to rise 50-75 bps rise this year. Positive impact on margins will be offset by intense competition, keeping margins stable.
- At the current rate of performance and barring unforeseen circumstances, the KPIs set earlier are expected to be exceeded by the end of the financial year. Our normalised revenue growth is expected to exceed 15% compared to the earlier target of 8% and our normalised return on equity (ROE) is expected to be in excess of 13% compared to the 11% target set earlier.

# Our Capital Adequacy remains strong



(RM million)	Group		Bank	
	31 Mar 10	30 Jun 09	31 Mar 10	30 Jun 09
<b>Tier 1 Capital</b>				
Equity & Reserves	19,392	18,833	22,536	21,784
Capital Securities	5,987	6,048	5,987	6,048
<b>Total Tier 1</b>	<b>25,380</b>	<b>24,881</b>	<b>28,524</b>	<b>27,831</b>
<b>Tier 2 Capital</b>	12,337	12,379	11,067	11,190
Minus Investment in Subs & Associates	( 3,219)	( 3,343)	( 12,161)	( 12,068)
<b>Total Capital</b>	<b>34,498</b>	<b>33,917</b>	<b>27,431</b>	<b>26,954</b>
<b>Risk Weighted Assets</b>	<b>237,934</b>	<b>226,115</b>	<b>184,907</b>	<b>188,596</b>
<b>RWCR (%)</b>	<b>14.50%</b>	<b>14.81%</b>	<b>14.83%</b>	<b>14.06%</b>
<b>Tier 1 Capital Ratio (%)</b>	<b>10.67%</b>	<b>10.81%</b>	<b>14.83%</b>	<b>14.06%</b>



## However, new development in regulatory capital requirement would require higher core equity capital level

Consultation Paper issued by Basel Committee in Dec 2009 (BIS CP) with objectives to:

- strengthen global capital and liquidity regulations.
- promote more resilient banking sector.
- respond to lessons of the 2007-2009 financial crisis.

No	Key Areas	Summary
1	Capital Base	Raise quality, consistency and transparency of capital base, to better absorb losses. Focus on <b>Tier 1</b> (equity) capital base.
2	Counterparty Credit Risk	Strengthen capital requirements for counterparty credit risk exposures arising from derivatives, repos and securities financing activities.
3	Leverage Ratio	Introduce leverage ratio as a supplementary measure to Basel II risk-based capital regime, with the view to contain build up of excessive leverage in banking system.
4	Build-up Capital Buffers	Promote build-up of capital buffers in good times that can be drawn upon periods of stress.

Quantitative Impact Study planned in 1H 2010. Implementation expected by Dec 2012.

## **3Q10 Group Financial Performance**

### **Proposed Dividend Reinvestment Plan (“DRP”)**

## Resolutions :

- i. (a) To implement the Proposed Dividend Reinvestment Plan (DRP);  
and
- i. (b) Issuance of shares pursuant to the DRP until the conclusion of the next Annual General Meeting (“AGM”).
- ii. Authorise Directors and the Secretary of the Company to do the necessary to effect the DRP.

The first DRP is expected to be implemented in conjunction with the announcement of the 4<sup>th</sup> Quarter Results in August 2010.



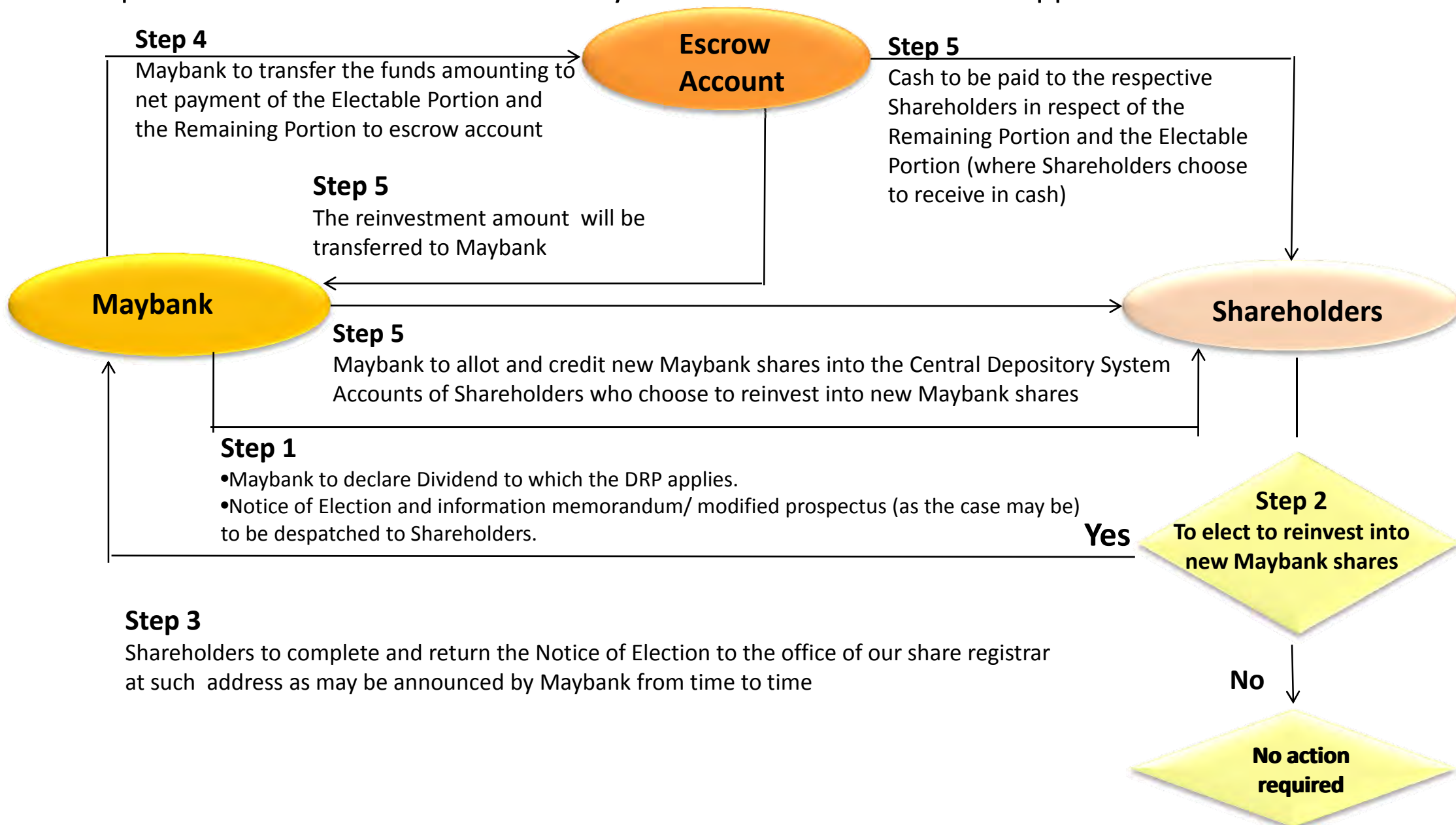
- Enhancing and maximising the Shareholders' value via subscription of new Maybank shares at issue price not more than ten per cent (10%) discount.
- Provide the Shareholders with greater flexibility in meeting their investment objectives :
  - Receiving cash; or
  - Reinvesting through subscription of additional shares.
- Maybank will benefit where the cash will be reinvested to fund the continuing growth and expansion.
- The issue of new Maybank shares will :
  - Enlarge share capital base and strengthen its capital position.
  - Add liquidity to shares on the Exchange.

1. The DRP is a recurrent and optional dividend reinvestment plan.
2. Allows shareholders to :
  - (i) receive the dividend in cash; or
  - (ii) reinvest the dividend into new Maybank shares.
3. The Board to determine whether all or part of any particular dividend will qualify for a DRP.
4. Dividend will be paid in cash if no DRP is declared.
5. The issue price shall not be more than 10% discount to the five (5)-day volume weighted average market price of Maybank shares immediately prior to the price fixing date to be determined by the Board.
6. All shareholders are eligible to participate in the DRP subject to the restrictions on overseas shareholders.

7. A Notice of Election and information memorandum/modified prospectus will be despatched to the shareholders.
8. Notice of Election must be completed and returned latest by the expiry date.
9. Failing to do so, the shareholder will be deemed to have elected to receive his dividend in cash.
10. All Shareholders will receive a dividend voucher for the total dividend declared regardless of the option elected.

# Process flow of DRP

The process flow chart in relation to any Dividend to which the DRP applies:



# Illustration of DRP Computation & Effects

For illustrative purpose only, assuming the Board : (1) Declared 60% dividend payout. (2) Prescribed the Electable Portion and the Cash Portion as 80% and 20% respectively; and (2) 80% of the Electable Portion will be reinvested in new Maybank Shares.

From Maybank's perspective:	RM' mil
Full year profit after tax and minority interest (assumed)	3,500
Dividend payout ratio at group level at 60% of Net Profit	
Total dividend payment	2,100
- Cash Portion (RM2,100 mil x 20%)	420
- Electable Portion (RM2,100 mil x 80%)	1,680
Net Dividend per Maybank share (RM2,100 mil / 7,078 mil shares)	RM0.30 per share
Net cash outflow for this Dividend payment assuming 80% of the Electable Portion will be reinvested in new Maybank Shares (RM420 mil + (RM1,680 mil x 20%)) = RM756 mil	756
Effective Dividend Payout Ratio (RM756mil / RM3,500mil)	22%
From our shareholders' perspective, based on per 1000 Maybank shares	RM
Net Dividend per 1,000 Maybank shares	300.00
- Cash Portion (RM300 x 20%)	60.00
- Electable Portion (RM300 x 80%)	240.00
Number of new Maybank shares acquired assuming shareholder elect to reinvest the entire Electable Portion in new Maybank Shares at RM7.00 per share (Assume average price is RM7.72 with 9% discount).	34 new Maybank shares
Total cost of 34 new shares : 34 x RM7.00 = RM238.00	238.00
Remaining balance to be paid in cash	2.00
Total cash dividend received (RM60.00 + RM2.00)	62.00

	<div> <div>Tax Paying Companies</div> <div>Tax Exempt companies</div> </div>		<div>Individual</div> <div>Scenario for individual with different effective tax rate</div>		
Tax Rate	25%	25%	26%	24%	7%
	RM	RM	RM	RM	RM
<b>Dividend income</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>
Taxed at tax rate above	250	-	260	240	70
Less : Section 110 credit	(250)	(250)	(250)	(250)	(250)
<b>Tax payable / (refundable)</b>	<b>-</b>	<b>(250)</b>	<b>10</b>	<b>(10)</b>	<b>(180)</b>

- Malaysia's first DRP
- Common in countries such as United Kingdom, Australia, Singapore and United States.
- Financial Institutions that have implemented DRP include HSBC, Barclays, Citi and OCBC.
- Common Features :
  - Pricing of shares is based on average market price and with small discounts between 2.5% to 10%.
  - No additional costs to shareholders to be incurred to participate in DRP.
  - Dividend will be paid in cash if shareholders do not complete or return notices of election.

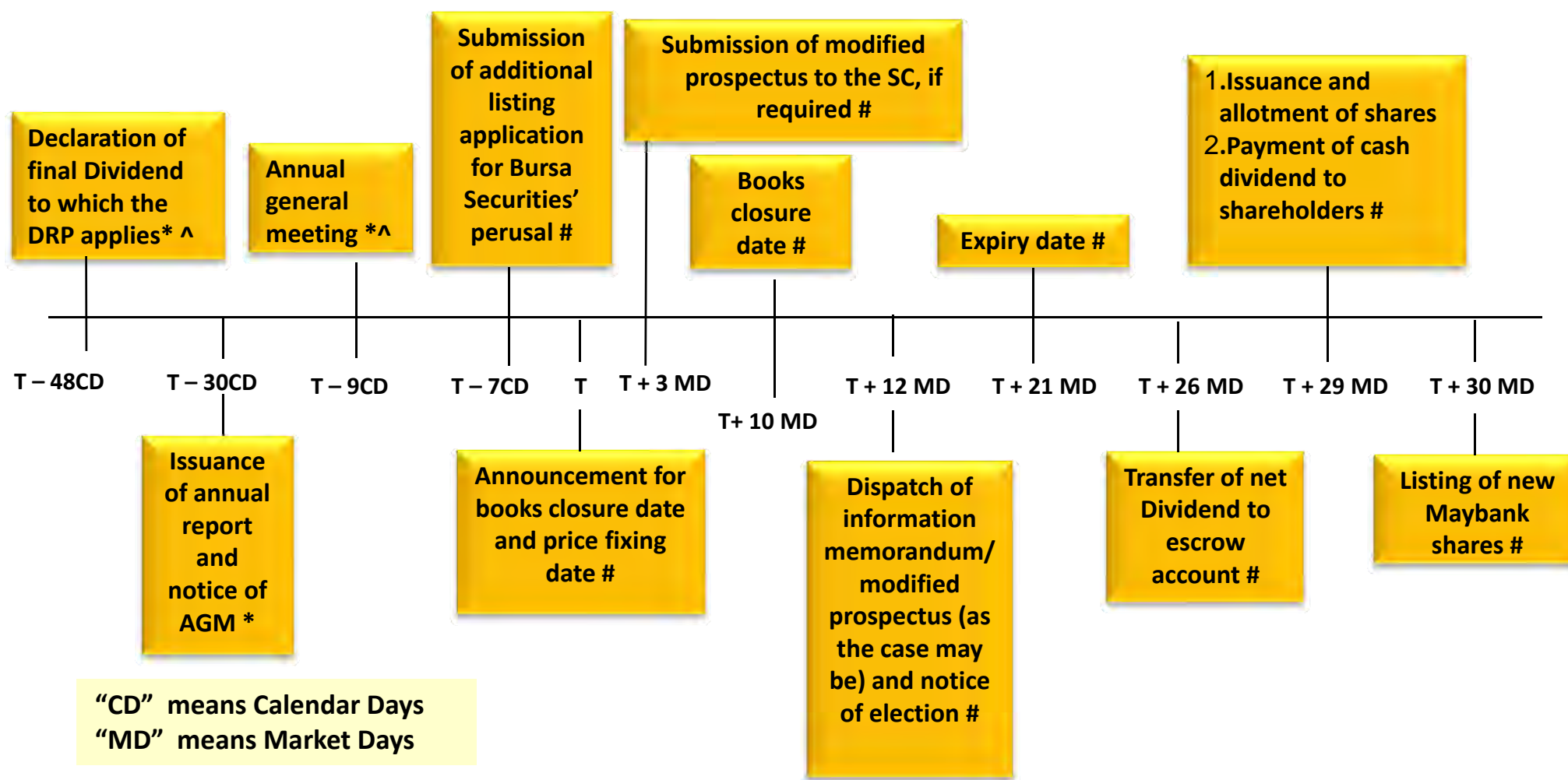
- BNM has approved the DRP vide its letter dated 22 February 2010.
- A separate approval from BNM will be sought for :
  - each declaration of Dividend; and
  - the increase in issued and paid-up share capital, arising from the DRP respectively;
- Approval from Bursa Securities for the listing of and quotation for the new shares to be issued pursuant to the DRP.
- Approvals from the Shareholders to put the DRP scheme in place; and
- Approval from any other relevant authorities (if required).

This EGM is to seek approval from shareholders to put the DRP scheme in place.

Approval will be sought at future AGMs for the payment of final dividend each year and the mandate for the issuance of shares.



# Estimated Timeline for the Implementation of the DRP for any of the Dividend Declaration



## Notes:

- \* Related to declaration of final Dividend where Shareholders' approval on the final Dividend is required.
- ^ As Shareholders' approval on the interim Dividend is not required, the indicative timeline for the Board to declare such interim Dividend (to which the DRP applies) may fall on T - 9 calendar days.
- # Common processes which apply to declaration of both interim and final Dividend to which the DRP applies.

## Resolutions :

- i. (a) To implement the Proposed Dividend Reinvestment Plan (DRP);  
and
- i. (b) Issuance of shares pursuant to the DRP until the conclusion of the next Annual General Meeting (“AGM”).
- ii. Authorised Directors and the Secretary of the Company to do the necessary to effect the DRP.

**-THANK YOU-**

