

# The Merger of Maybank and Kim Eng

A Catalyst for Maybank's ASEAN Investment Banking Build-out



13 June 2011



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## Transaction Overview

# Maybank Expands Regional Investment Banking Presence

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- On 6 Jan 2011, Mayban IB Holdings Sdn. Bhd. (formerly known as Aseam Credit Sdn. Bhd.) (“MIBH”) entered into separate conditional Sale and Purchase Agreements (“SPAs”) with Ronald Ooi and Yuanta Securities Asia Financial Services Limited (“Yuanta”) to acquire an aggregate 44.6%\* stake in Kim Eng Holdings Limited (“Kim Eng”).
- On 7 and 10 Jan 2011, MIBH purchased Kim Eng shares on the open market amounting to an aggregate 5.6%\* stake. The SPAs were completed on 10 May 2011. A mandatory general offer (“Singapore MGO”) has been made to acquire all of the remaining Kim Eng shares for S\$3.10 per share in cash. The offer document was despatched on 23 May 2011. The total cash consideration for 100% of Kim Eng shares is RM4,256mm (S\$1,789 mm).
- As at 10 June 2011, based on the acceptances from the Singapore MGO, MIBH owns, controls, or has agreed to acquire 92.47% of Kim Eng\*.
- Through its majority ownership of Kim Eng, Maybank has a 55.75% stake in Kim Eng Securities (Thailand) Public Company Limited (“KE Thailand”), through direct and indirect shareholdings.
- MIBH has also launched a downstream tender offer (“Thai Offer”) to acquire the remaining shares of KE Thailand for Baht16.00 per share. The Thai Offer commenced on 24 May 2011. The total consideration to acquire the remaining KE Thailand shares is RM401mm (Baht4,029 mm).
- As at 5 May 2011, Kim Eng holds approximately 42.4% of ATR Kim Eng Financial Corporate (“ATRKE”), which is a company listed on The Philippine Stock Exchange, Inc. In the event that an offer is required for the outstanding shares in ATRKE, an appropriate announcement and offer will be made.

\* Based on total shares outstanding, excluding treasury shares.



## Transaction Overview

### Rationale of the Kim Eng Deal

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- Kim Eng fits squarely with Maybank's strategic vision to extend Maybank's investment banking and stockbroking presence in ASEAN
- Kim Eng is a truly unique asset in ASEAN in terms of size, pan-regional platform, market leadership, impressive earnings track record and a diversified earnings base. In addition, Kim Eng's pan-regional platform offers:
  - ✓ Underlying markets which are experiencing rapid growth
  - ✓ Strong distribution capabilities, with market leadership in Singapore (#3), Thailand (#1), Indonesia (#3) and the Philippines (#2), and a growing presence in Hong Kong, New York, London and Vietnam
  - ✓ Complementary footprint to drive realisation of synergies
  - ✓ Experienced and highly-regarded management team to be retained

## Transaction Overview

### Salient Terms of the Kim Eng Deal

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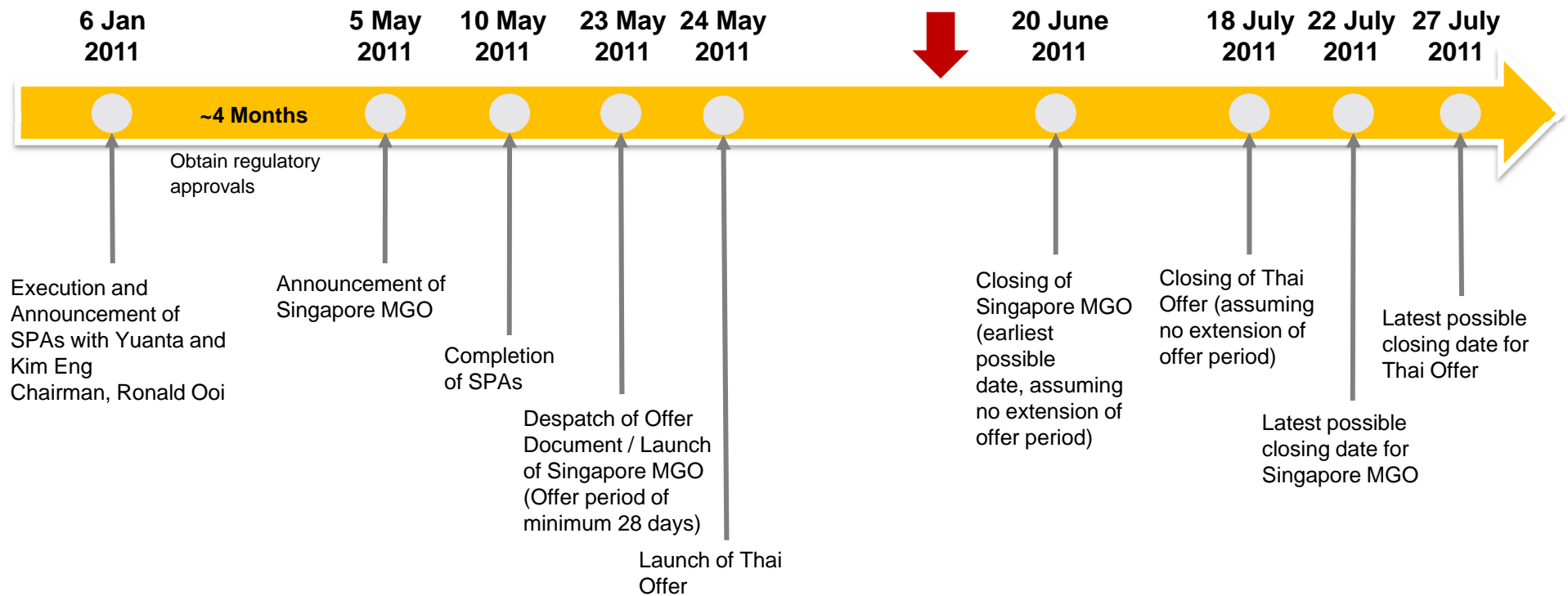
<b>Offer Price</b>	<ul style="list-style-type: none"><li>▪ S\$3.10 in cash per Kim Eng share<ul style="list-style-type: none"><li>– Premium of 15% to last closing price (5 January 2011) and 28% to 1-month VWAP</li></ul></li><li>▪ Aggregate transaction consideration of S\$1,789 mm (RM4,256 mm)</li><li>▪ Funded by internal and/or external funds</li></ul>
<b>Valuation*</b>	<ul style="list-style-type: none"><li>▪ Price to Book (Sep 2010A) of 1.91x</li><li>▪ Price / Earnings (2009A) of 20.0x</li></ul>
<b>Management</b>	<ul style="list-style-type: none"><li>▪ Ronald Ooi will continue to lead Kim Eng</li><li>▪ Maybank Group will appoint nominees to the Board of Kim Eng</li></ul>
<b>Others</b>	<ul style="list-style-type: none"><li>▪ Do not plan to maintain/restore Kim Eng's listing status</li></ul>

\* Based on total shares outstanding, excluding treasury shares.

# Transaction Overview

## Indicative Timeline

**We are here (13 June 2011)**



**Maybank**

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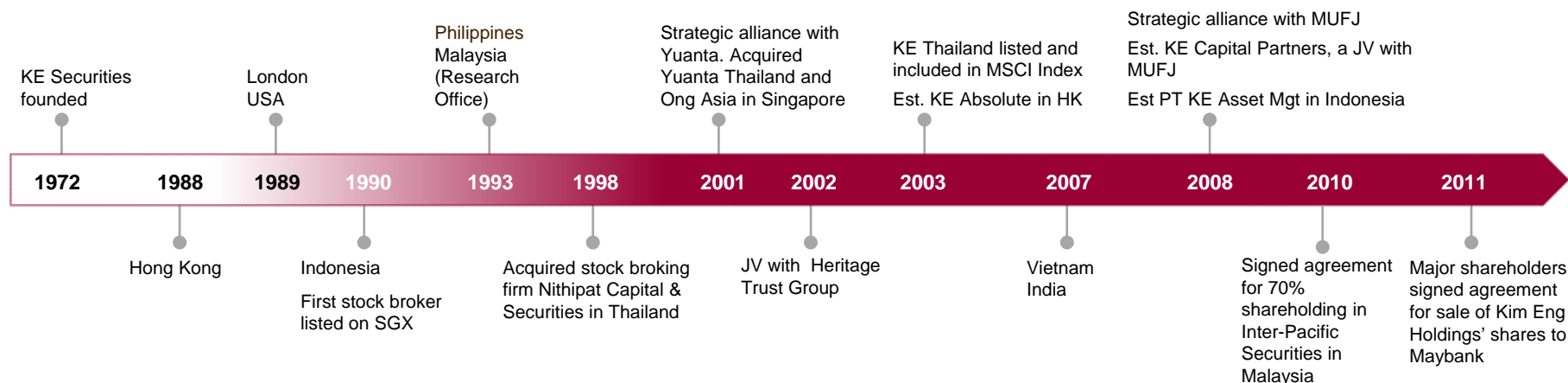
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# About Kim Eng

## ASEAN's Leading Securities Firm

### Track Record of Over 35 Years



### Brokerage Ranking<sup>1</sup>

Country		Ranking	Market Share	Branches
Thailand		#1	13%	43
Philippines		#2	12%	4
Indonesia		#3	5%	6
Singapore		#3	8%	3
Vietnam		#7	2%	7

1. Market rankings and market shares are as at CY2010 from stock exchanges and management

### Awards and Accolades

**Best Broker Award  
(2008, 2009, 2010)**  
Alpha Southeast Asia

**Best Broker Award  
(2010)**  
FinanceAsia

**StarMine Broker Rankings for  
STI Earnings Forecasts (2010)**  
StarMine

**Best Local Brokerage in  
Singapore (2009)**  
AsiaMoney Broker Poll of Polls

**Top 50 Largest Brands in  
Singapore (2008, 2009)**  
Brand Finance

**Best Research Call of the Year  
in Southeast-Asia (2009)**  
Alpha Southeast Asia

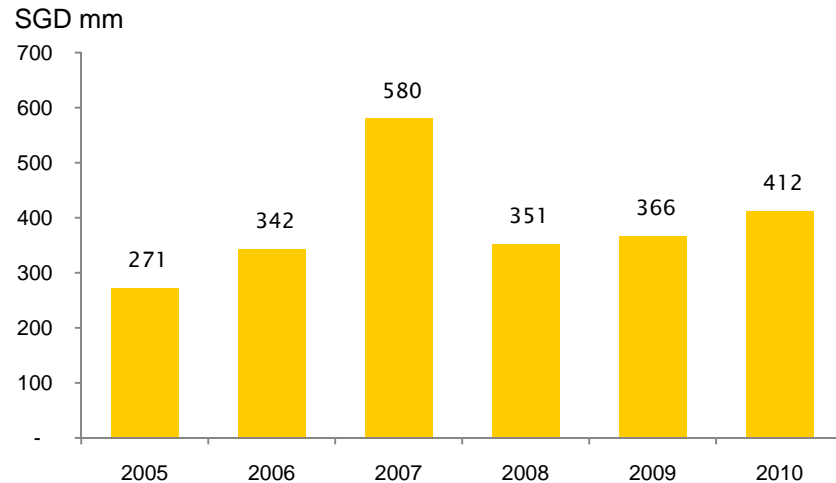




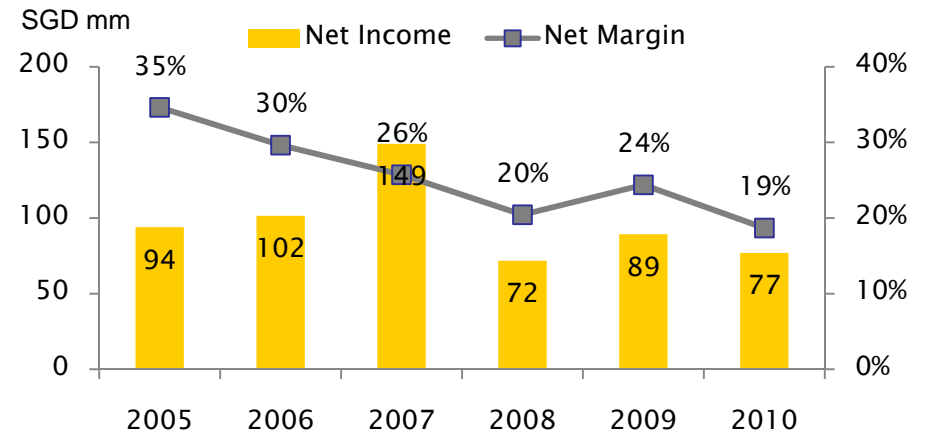
## About Kim Eng

# Strong Performance with Diversified Source of Revenue

### Resilient Operating Income

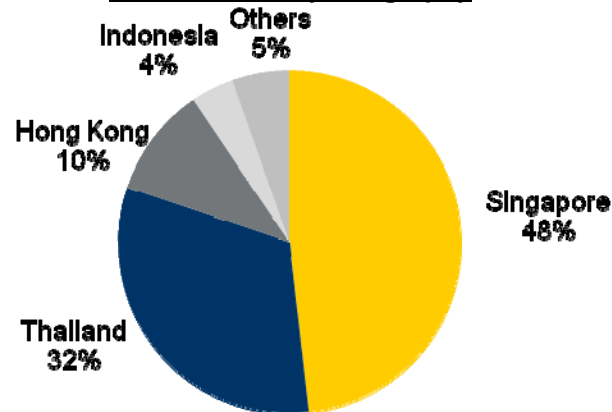


### Sustained Net Income and Net Margin



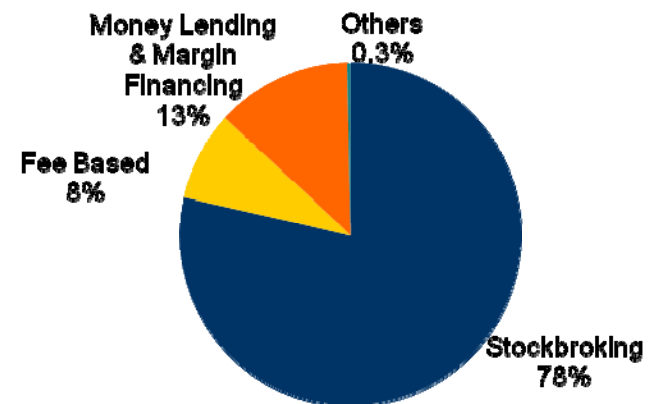
### Diversified Presence in Over 10 Countries

#### 2010 Revenue by Geography



### Brokerage is the Main Contributor

#### 2010 Revenue by Business



# About Kim Eng

## Quality and Depth of Top Management



**Ronald Ooi, Chairman and CEO**

- 30+ years of industry experience
- Director of Kim Eng since 1979
- SGX committee member 1986 - 1999

**Eunice Ho**

- Chief Financial Officer
- 30+ years of general management experience in the securities, gaming and manufacturing industries

**Lau Wai Kwok**

- Executive Director, Global Institutional Sales
- 28+ years of industry experience
- Joined Kim Eng in 1979

**Judd Clark Kinne**

- Alternative Director to Lau Wai Kwok; Executive Vice President, Business Development
- 30 years of industry experience in Asia and the US

**Daniel Kwek**

- Executive Vice President and Head, Credit Risk Management / Retail Operations
- 28 years of industry experience

**Chuah Lai Hock**

- Senior Vice President
- 18 years of experience in stockbroking, electronic commerce and public accounting

**Tay Ai Khim**

- Executive Vice President, Group Risk, Margin Finance
- 17 years of experience in managing securities financing

**Tan Pei-San**

- Executive Vice President, Office of the CEO
- 13+ years of experience in securities and legal industry in the US and Singapore

**Wu Wen Sun**

- Executive Vice President, IT & Operations / Chief Technology Officer
- 20 years of experience in stockbroking industry

**Ong Chew Kheng**

- Executive Vice President, KE Singapore; Advisor, KE Thailand; Executive Director – KE Vietnam
- 18+ years of industry experience

- Management team to be retained, with Ronald Ooi to continue as CEO
  - Oversee the integration, and execute a successful business plan for the combined entity
  - Management structure to be communicated early, to give clarity and direction
- Comprehensive retention program to be rolled out to key employees prior to closing
  - Minimal overlap between the businesses, from a geographical and business line perspective

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## Outcome of the Combination

### The Merger is a Leap towards Achieving Maybank's Aspirations...

By 2015

#### Our Vision

To be a Regional Financial Services Leader

#### Our Mission

Humanising Financial Services from the Heart of ASEAN

#### Strategic Objectives

1. Undisputed #1 Retail Financial Services provider in Malaysia by 2015

2. **Leading ASEAN wholesale bank eventually expanding to Middle East, China & India**

3. Domestic Insurance Champion and emerging regional player

4. **Truly regional organisation, with ~40% of pre-tax profits derived from international operations by 2015**

5. Leading Islamic bank in ASEAN

## Outcome of the Combination


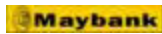
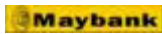
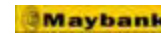

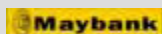







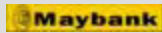







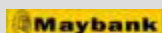



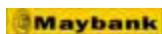






### ...Acting as a Catalyst for Maybank's Regional Investment Banking

Kim Eng fits squarely with  
Maybank's strategic vision ...

#### Maybank's Vision by 2015:

- Become Regional Financial Services Leader.
- A truly regional organisation with ~40% of pre-tax profits from international operations.

... as it fills critical gaps in Investment Banking  
and Stockbroking







Geography <sup>1</sup>	Commercial/ Islamic banking	Investment banking	Stock broking
Malaysia 			
Singapore 			
Indonesia 			
Philippines 			
Thailand 			
Vietnam 			
Hong Kong 			
India 			

1. In addition to the above stated geographies, Kim Eng has sales offices in U.S. and U.K.

# Outcome of the Combination

## An Expanded Stock Broking and Investment Banking Presence in the Region

*Kim Eng also maintains distribution presence in key financial markets including Hong Kong, London and New York*

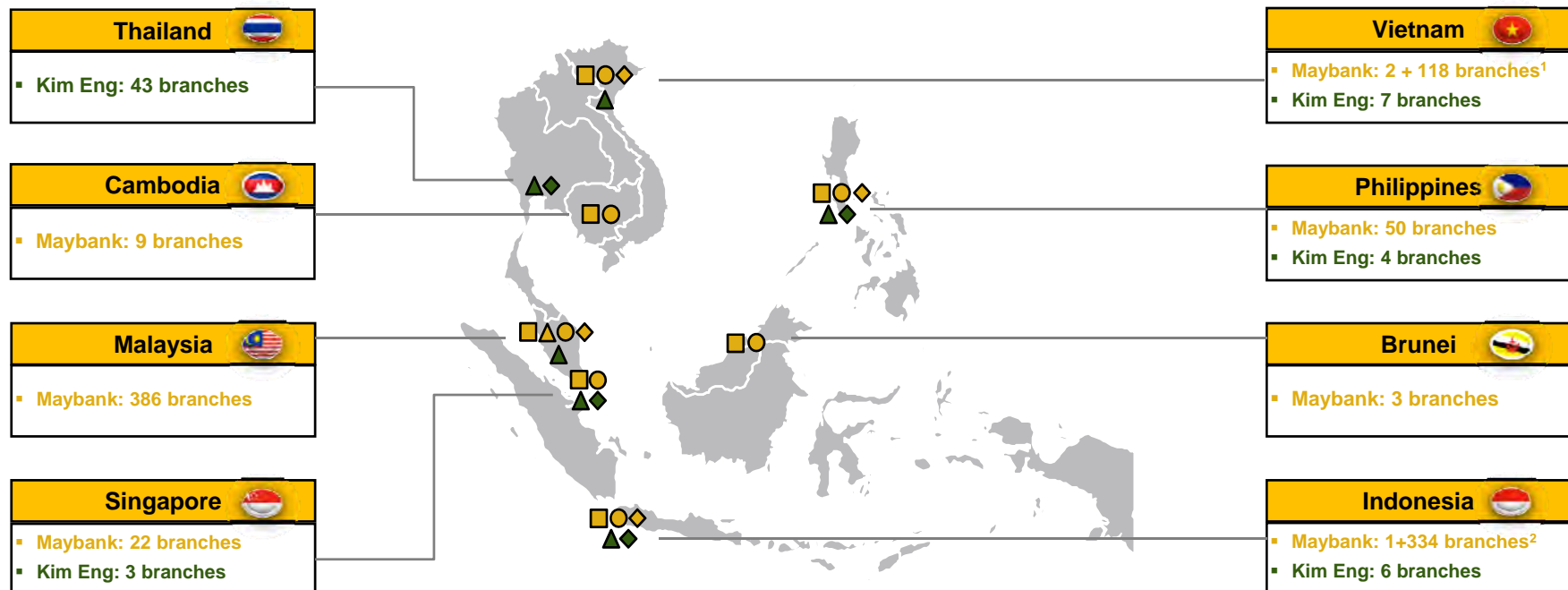
Maybank + KIM ENG				ASEAN Stock Broking Champion			
	Ranking	M. Share			Ranking	M. Share	
	#4	7%			#1	13%	
	#3	8%			#2	12%	
	#3	5%			#7	2%	

### Maybank

- Commercial Banking
- ▲ Brokerage / Investment Banking
- Retail Banking
- ◆ Other Services

### Kim Eng

- ▲ Brokerage / Investment Banking
- ◆ Other Services<sup>3</sup>



1. Via 20% owned An Binh Bank

2. Via 97.5% owned PT Bank Internasional Indonesia Tbk

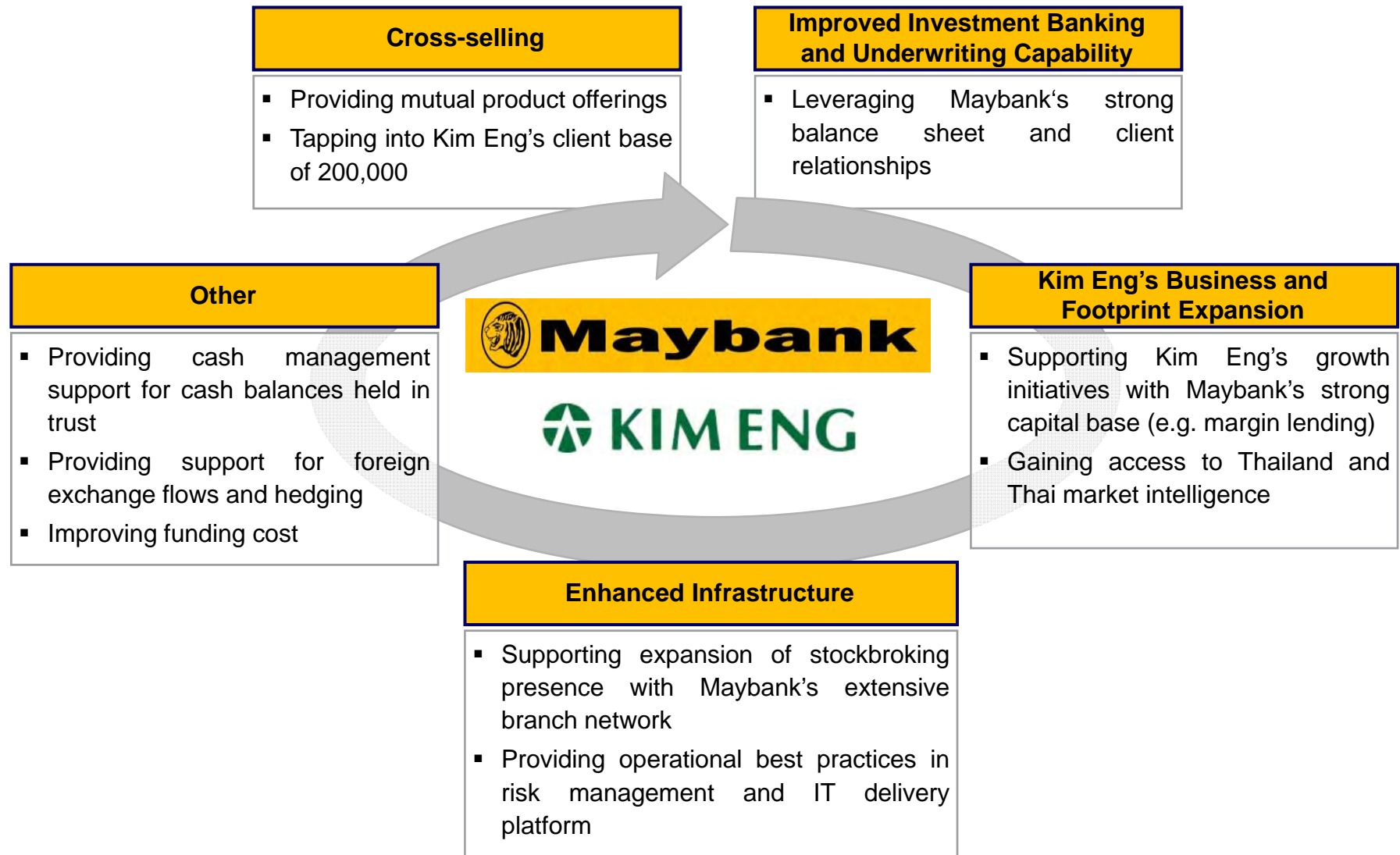
3. Kim Eng's other services include asset management, hedge fund services, property & real estate development, insurance and trust & fiduciary services

Source: Company websites, annual reports and presentations. Market ranking and market share from stock exchanges and management. Number of branches and services provided are from company websites, annual reports and management presentations. Kim Eng information is as of 9.02.2011, An Binh as of 16.05.2011, BII and Maybank as of 4.05.2011

# Outcome of the Combination

## Harnessing Synergies

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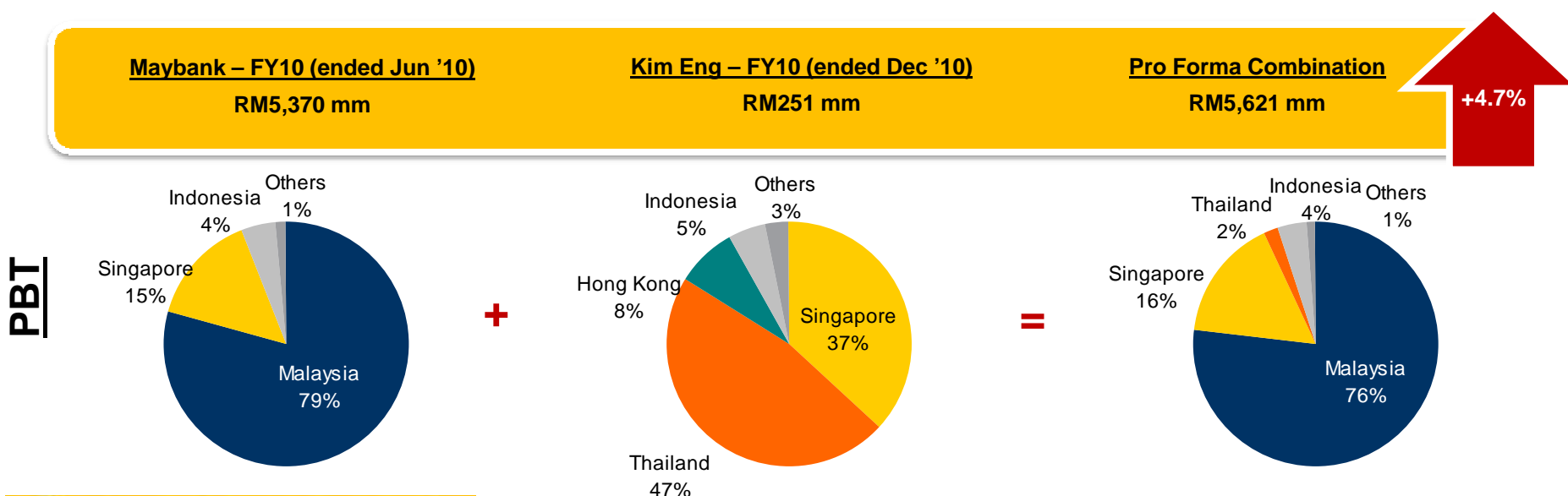
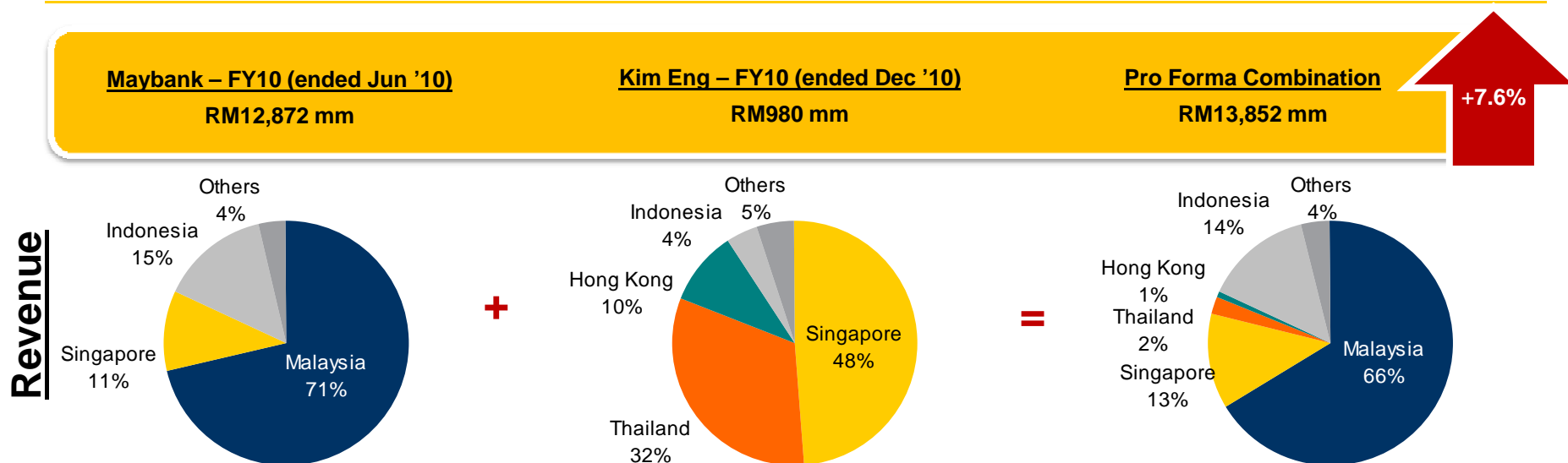
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# Pro Forma Financial Impact

## PBT Contribution from Overseas Increases from 21% to 24%



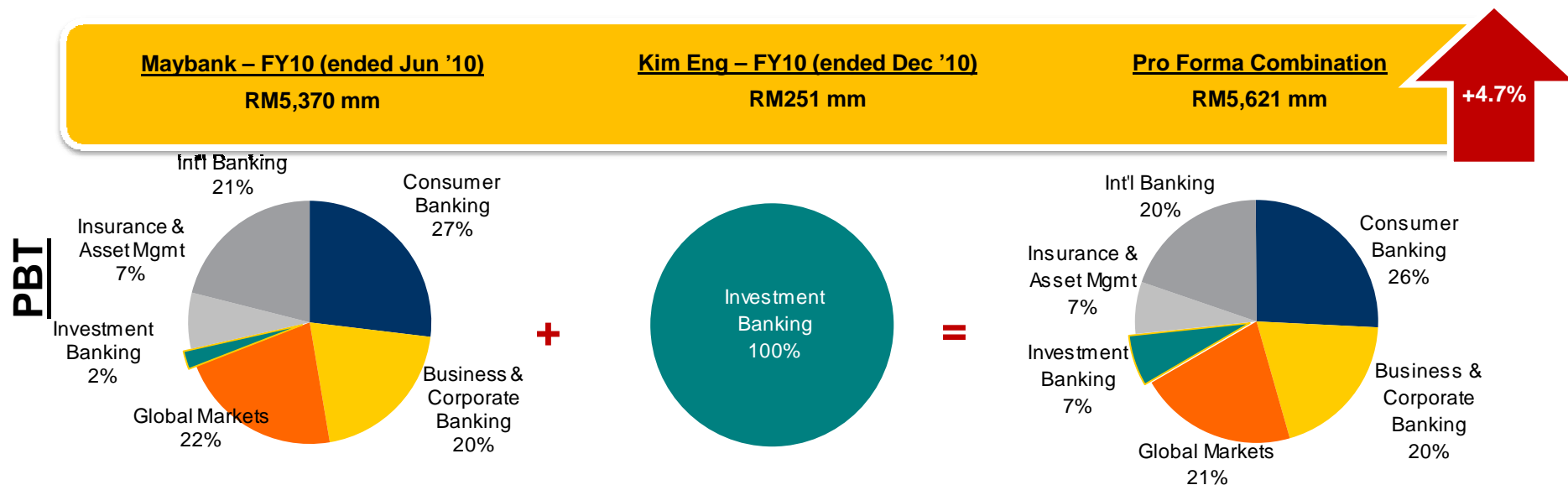
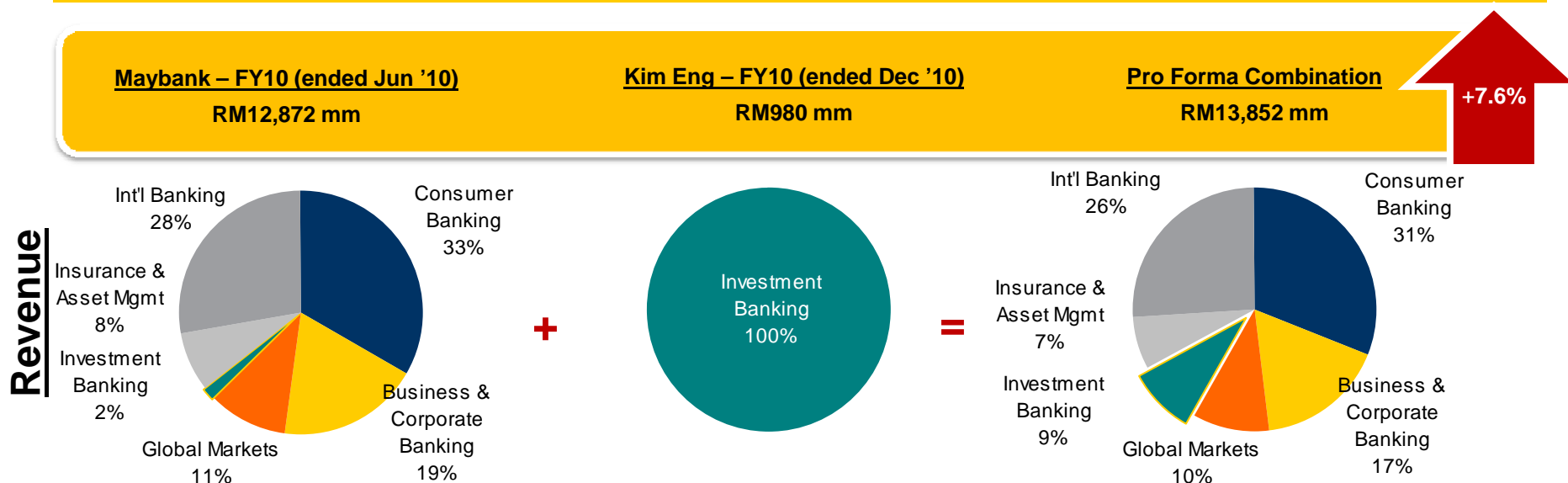
Assumes FX of SGD1.00 : RM2.379

Slide 16

Source: Based on management presentations and the latest audited reports of Kim Eng and Maybank

# Pro Forma Financial Impact

## Investment Banking Becomes a Larger Business Driver with 7% Contribution to PBT



Assumes FX of SGD1.00 : RM2.379

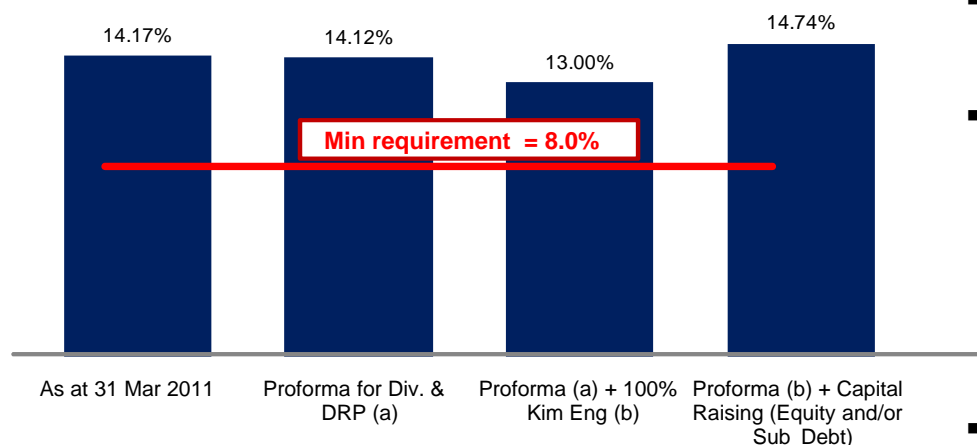
Slide 17

Source: Based on management presentations and the latest 2010 audited reports of Kim Eng and Maybank

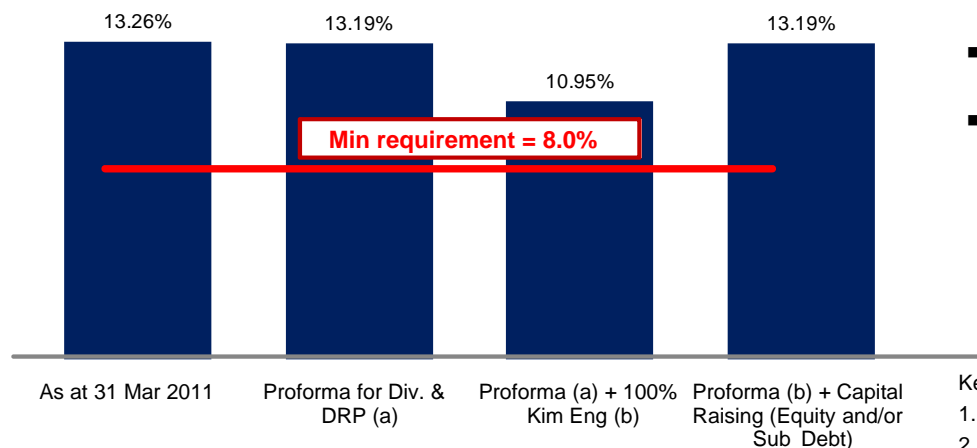
# Pro Forma Financial Impact

## Group Capital Ratios Remain Strong Post Acquisition

### Maybank Group – Risk Weighted Capital Ratios



### Maybank Level - Risk Weighted Capital Ratios



- Acquisition to be funded by internally-generated funds and/or external funds
- Group pro forma capital ratios remain healthy, and well above the minimum requirements, even if fully-funded via internal funds
  - Our Dividend Reinvestment Plan (“DRP”), well-received with close to 90% acceptance rate, successfully strengthened our capital
- The Group intends to boost our capital strength via the issuance of equity, debt or a combination of both to fund business growth opportunities
- Kim Eng has ample capital to grow its business
- As the Singapore MGO and the Thai Offer are estimated to be completed by July 2011, it is not expected to have any material effect on the earnings of the Maybank Group for the financial year ending 30 June 2011

#### Key assumptions

- Adjusted for dividend payment and dividend reinvestment (“DRP”)
- Assumes acquisition of 100% of Kim Eng's equity
- Goodwill calculation based on NTA value as at 31 Mar 2011
- Assumes all Kim Eng's total assets as at 31 Mar 2011 are included in the computation for risk weighted assets

Source: Maybank & Kim Eng's Mar 2011 unaudited financial statements

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## **Conclusion**

### **Exciting Times Ahead**

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**Extends Investment Banking scope and reach in ASEAN, in line with our regional aspirations**

**Complements business and geographic footprint**

**Provides strong synergy potential through a complete banking platform**

**Provides attractive opportunity to gain access to high growth markets with solid fundamentals**

**Retains key management to ensure business continuity and continued growth**

# Disclaimer

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## **Cautionary Note on Forward-Looking Statements**

All statements other than statements of historical facts included in this presentation are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “expect”, “anticipate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as forecast “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect MIBH’s and Maybank’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results or outcomes may differ materially from those described in such forward-looking statements. Shareholders and investors should not place undue reliance on such forward-looking statements, and none of Maybank, MIBH, nor Nomura Singapore Limited, as financial adviser to MIBH, undertakes any obligation to update publicly or revise any forward-looking statements, subject to compliance with all applicable laws and regulations and/or rules of the Singapore Exchange Securities Trading Limited and/or any other regulatory or supervisory body or agency.

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