Maybank

Humanising Financial Services

Invest Malaysia 2016

Shangri-La Hotel, Kuala Lumpur

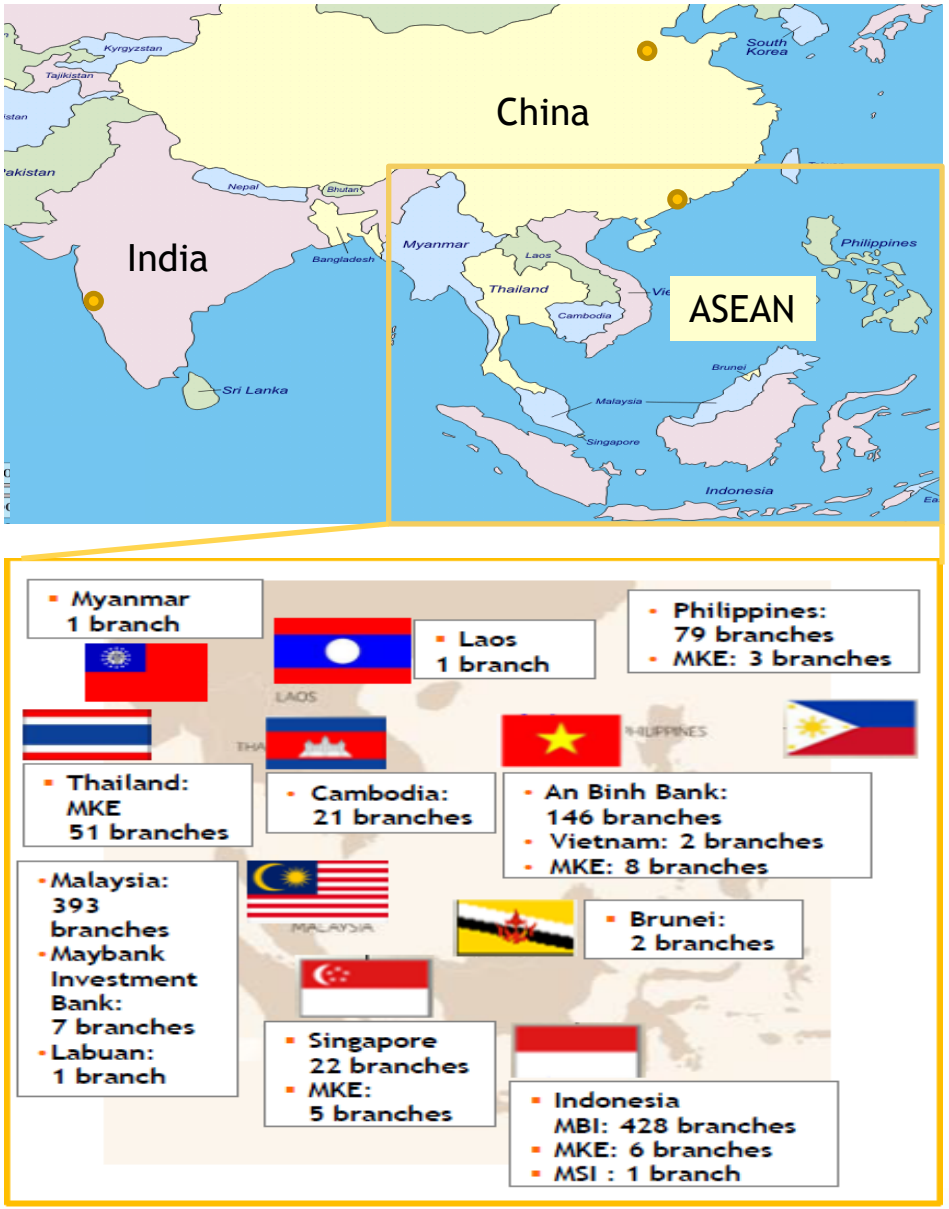
12-13 April 2016

Invest Malaysia 2016

- Overview
- Strategy: Maybank2020
- Financial Performance
- Shareholder Returns
- Outlook and Strategic Priorities

Leading Regional Financial Services Group

Presence in all 10 ASEAN countries



Leadership Position

- No. 1 bank in Malaysia: Conventional and Islamic
- Top 5 bank in ASEAN
- No. 95 in The Banker's Top 1000 World Banks
- Most Valuable Company on Bursa Malaysia

Wide Branch Network

- Over 2,400 branches and offices in 20 countries
- 1,176 branches in 10 ASEAN countries
- 5 International Financial Centres

Strong Shareholders and Credit Ratings

- 48% owned by PNB and its funds and 16% by EPF *
- Foreign shareholding 18.7% **
- A– credit rating, on par with Malaysia sovereign

* As at 31 Dec 2015

** As at 4 April 2016

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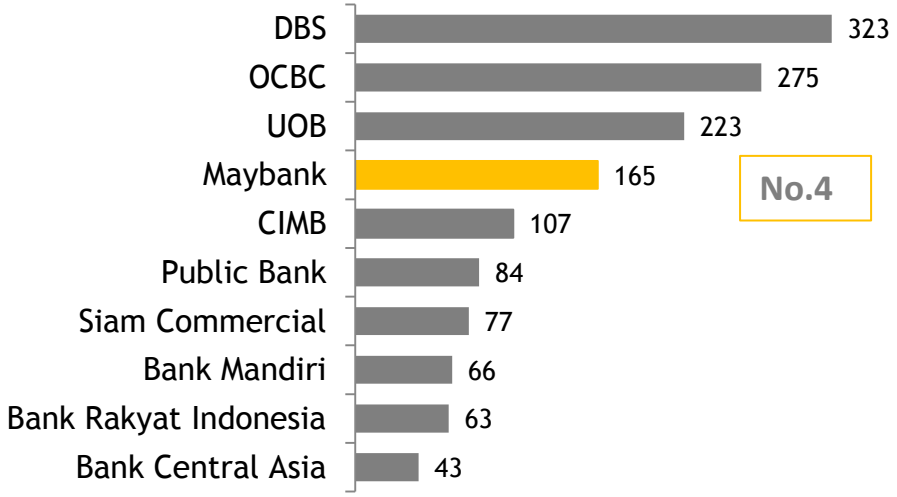
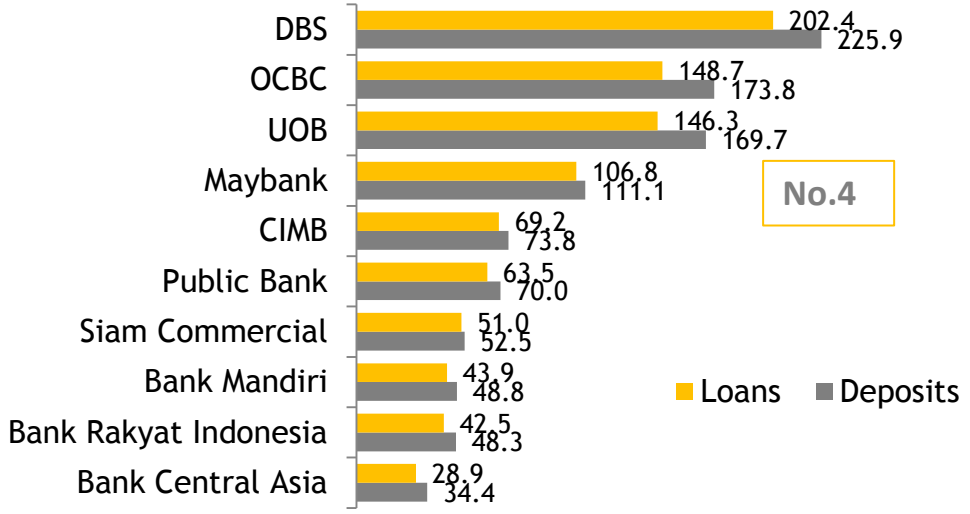
Strong Financial Position: Top 5 Bank in ASEAN

Maybank is a Top 5 ASEAN banking group in terms of assets, loans and deposits, net profit and market cap

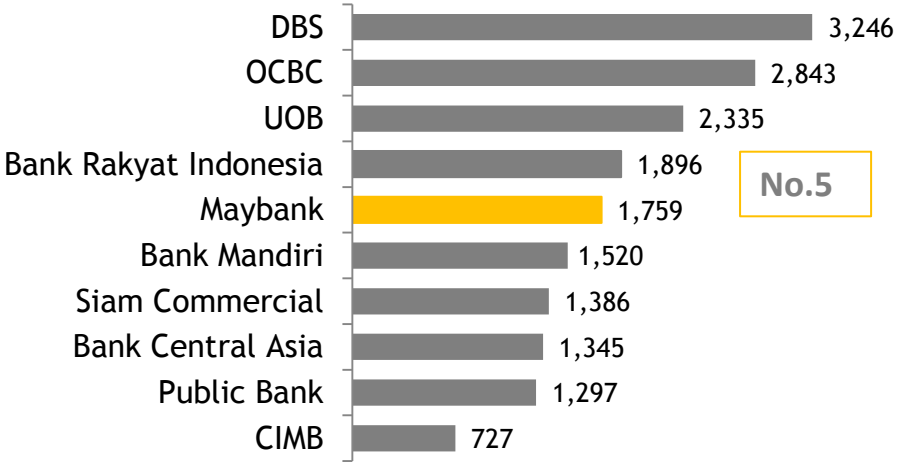
Total Assets (USD bil): 31 Dec 2015



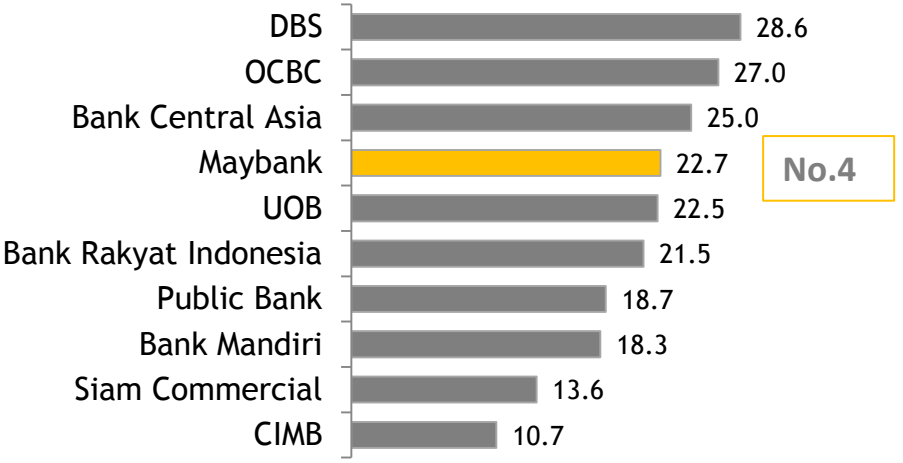
Loans and Deposits (USD bil): 31 Dec 2015



PATAMI (USD mil): 12 months ended 31 Dec 2015



Market Capitalisation (USD bil): 31 Mar 2016



Source: Bloomberg

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Expanding ASEAN footprint

Maybank presence in all ten ASEAN countries makes it a truly ASEAN franchise

	BANK	MARKET CAP @ 31 Mar 16 (USD Bil)	TOTAL ASSETS @ 31 Dec 15 (USD Bil)	MALAYSIA	SINGAPORE	INDONESIA	THAILAND	PHILIPPINES	BRUNEI	VIETNAM	CAMBODIA	LAOS	MYANMAR
1	DBS	28.6	323	◐	●	●	◐	◔		◐			◔
2	OCBC	27.0	276	●	●	●	◔	◔	◔	◔			◔*
3	BCA	25.0	43			●							
4	**Maybank**	**22.7**	**165**	●	●	●	◐	●	◔	●	◔	◔	◔*
5	UOB	22.5	223	●	●	●	●	◔	◔	◔			◔*
6	Public	18.7	84	●		◔				◔	◔	◔	
7	Mandiri	18.3	66		◔	●	●						
8	SCB	13.6	77	◐	◔	◐	●	◐	◐	◔	◔	◔	◔
9	CIMB	10.7	107	●	●	●	●			◐	◔		◔
10	Bangkok	9.8	79	◔	◔	◔	●	◔		◔		◔	◔*
11	BDO	8.1	43			◐		●					
12	Metrobank	5.7	38			◔		●					

● Universal Banking ◔ Retail & Commercial Banking ◐ Investment Banking ◔ Affiliate/Representative Office * Wholesale Banking license only

Source: Bloomberg (for market cap & total assets data)

Maybank

Opportunities in the ASEAN Economic Community (1/2)

Leveraging on our existing ASEAN presence

We are positive about the future of ASEAN and we are well-positioned to benefit from the long term growth of the ASEAN Economic Community.

Demographics

- Large and young population.
- 622 million people currently, third largest in the world after China and India.
- Over 50% are below 30 years old.

Economy

- 7th largest economy in the world, projected to be 4th largest by 2030.
- Combined GDP of USD2.6 trillion, third largest economy behind China and India in 2014.
- 76% increase in per capital GDP from USD2,343 in 2007 to USD4,135 in 2014.

Foreign Direct Investment and Infrastructure Investment

- USD24 billion intra-ASEAN trade, 2nd highest source of FDI in 2014 at 17.9%, behind EU-28.
- Estimated infrastructure and real estate investment requirement of USD7 trillion from 2015 and to 2030.

Financial Inclusion and Digitalisation

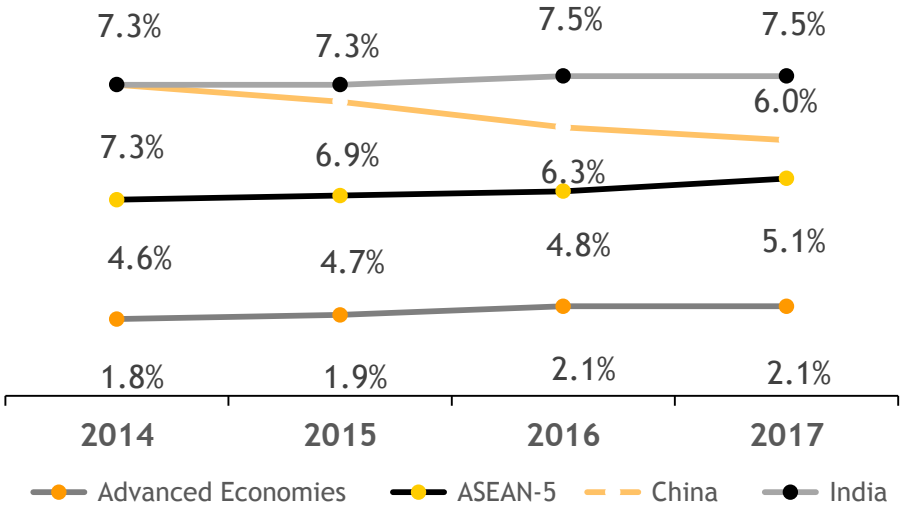
- Below 1% of financial assets to GDP ratio for the ASEAN countries of Indonesia, Cambodia, Laos, Myanmar and the Philippines, versus 3.5% in OECD.
- 142% increase in internet subscriptions per 100 people, from 11.8 per 100 people in 2007 to 28.6 in 2014

Source: The ASEAN Secretariat and EU-ASEAN Business Council

Opportunities in the ASEAN Economic Community (2/2)

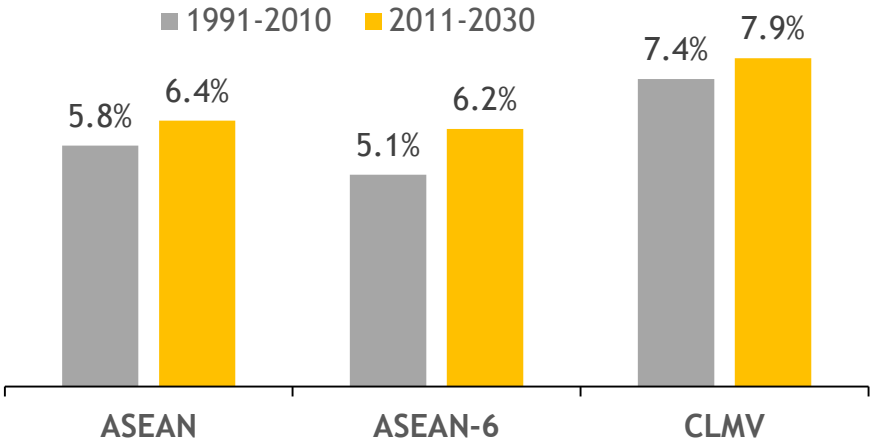
Strong GDP growth and Trade for ASEAN

Comparative GDP growth



Source: World Economic Outlook Update, Jan 2016 by IMF

Long term ASEAN GDP growth

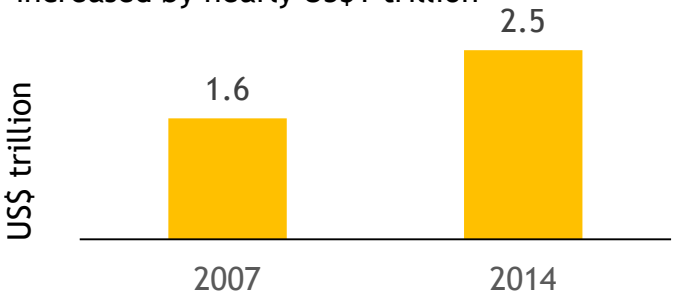


Source: ASEAN 2030: Toward a Borderless Economic Community by Asian Development Bank Institute

* CLMV: Cambodia, Laos, Myanmar and Vietnam

Total ASEAN Trade

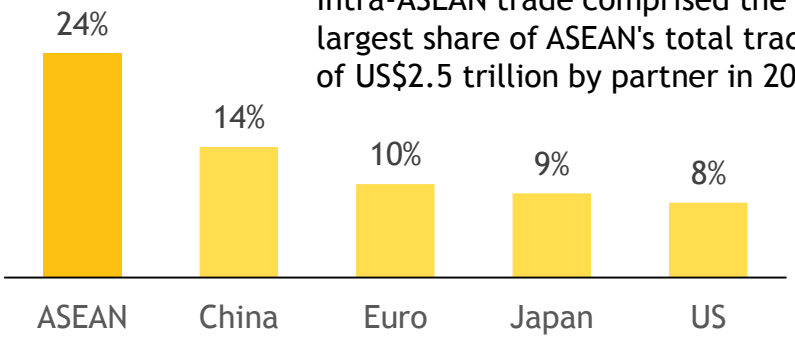
Between 2007 and 2014, total trade increased by nearly US$1 trillion



Source: ASEAN Secretariat

Intra-ASEAN Trade

Intra-ASEAN trade comprised the largest share of ASEAN's total trade of US$2.5 trillion by partner in 2014



Source: ASEAN Secretariat

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Our Vision, Mission and Strategic Objectives for 2011-2015

We have concluded our 2011-2015 transformation

Vision	To be a regional financial services leader
Mission	Humanising Financial Services

Strategic Objectives

1. Undisputed No. 1 Retail Financial Services provider in Malaysia by 2015	**Community Financial Services**
2. Leading ASEAN wholesale bank eventually expanding to Middle East, China & India	**Global Banking**
3. Undisputed Insurance & Takaful Leader in Malaysia and Emerging Regional Player	**Insurance and Takaful**
4. Truly regional organisation with approximately 40% of pre-tax profit derived from international operations by 2015	**International**
5. Global leader in Islamic Finance	**Islamic Banking**

Strategic Objectives for 2011-2015

Achievements of our strategic objectives

1 Undisputed No. 1 Retail Financial Service provider in Malaysia by 2015

- Market share leader in Unit Trust, Total Deposits, Retail CASA and Internet Banking (subscriber base)

2 Leading ASEAN wholesale bank, eventually expanding further into the Middle East, China and India

- Top 4 in regional league tables for Investment Banking & Advisory, Debt Capital Market and M&A deals

3 Undisputed Insurance & Takaful leader in Malaysia and emerging regional player

- Malaysia's market leader for General Insurance & Takaful, with presence in Singapore and the Philippines

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

- International FY2015 PBT under 30% due to lack of attractive M&A opportunities. However, our complete ASEAN footprint positions us to capture trade, capital, investment and wealth flows in Asia

5 Global leader in Islamic Finance

- Leading Islamic bank in ASEAN and one of the top 5 Islamic banks globally

1 **ASEAN population**, with 660 million people, swelling middle class, growing SMEs

ASEAN Economic Community

2 **The AEC** is expected to drive further intra- & inter-regional trade activities, including capital raising and transactions

3 **Significant upside for Insurance penetration in ASEAN**

4 **Islamic Banking is a differentiation opportunity** in an industry entrenched with conventional banking solutions

5 **Young population** with 60% millennials – the Digital Native generation

Maybank2020: Strategic Objectives

What we aim to be in the next 5 years

1 The Top ASEAN Community Bank

- By leveraging on our regional presence, banking expertise and ASEAN growth opportunities

2 The Leading ASEAN Wholesale Bank Linking Asia

- By leveraging on our ASEAN leadership capabilities to deliver client solutions across Asia

3 The Leading ASEAN Insurer

- By enhancing synergies between Maybank's regional banking footprint and Etiqa's expertise in takaful & bancassurance

4 The Global Leader In Islamic Finance

- By continuing to deliver innovative client-centric universal financial solutions, building on our global leadership position

5 Digital Bank Of Choice

- By putting our customers' preferences first and transforming to deliver next-generation customer experience on mobile and digital platforms

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Revision in guidance during 2015

Maybank Group revised FY2015 guidance at mid-year due to less certainty in economic outlook

	Initial FY2015 Guidance	Revised FY2015 Guidance
ROE	13% - 14%	12% - 13%
Group Loans Growth	9% - 10%	8% - 9%
Malaysia Loans Growth	8% - 9%	6% - 7%
Singapore Loans Growth	8% - 9%	5% - 6%
Indonesia Loans Growth	13% - 15%	10% - 13%
Group Deposits Growth	9% - 10%	10% - 11%

Prolonged softness in macroeconomic indicators for 2015

- Continued softness in commodity prices
- Weakening MYR vs USD
- Slowing economic growth in China

- Maybank Group realigns FY2015 guidance in 2H 2015 to focus on balance sheet initiatives:
  - More selective asset growth
  - Franchise-led deposits taking
  - Proactive management of asset quality
  - Maintain strong capital position
  - Continued focus on productivity

FY2015 Headline Key Performance Indicators

Full year achievements reflect Group's proactive balance sheet management

Key Performance Indicators	FY2015 Guidance	FY2015 Achievement
Return on Equity	12.0% - 13.0%	12.2%
Group Loans Growth	8.0% - 9.0%	12.0%
• Malaysia	6.0% - 7.0%	5.3%
• Singapore *	5.0% - 6.0%	6.0%
• Indonesia *	10.0% - 13.0%	5.0%
Group Deposits Growth	10.0% - 11.0%	12.8%

** in local currency terms*

Summary Financial Performance for 2015

Full year revenue growth of 14.6% to RM21.2 billion with net profit of RM6.84 billion

Net Fund Based Income
RM14.5b, +15.3%

Net Fee Based Income
RM6.7b, +13.2%

Net fund based income rose as Group loans grew 12.0% and net interest margin remained stable at 2.31% …

… while net fee based income increased due to higher net earned premiums, forex gains and Islamic operations fee income …

Net Income
RM21.2b, +14.6%

Overhead Expenses
RM10.3b, +12.9%

… resulting in net income growth outpacing growth in overheads …

… that was kept under control through Strategic Cost Management Programme (SCMP), resulting in a positive JAW position …

PPOP
RM11.0b, +16.3%

… and enabling Pre-Provision Operating Profit to grow by 16.3%...

Impairment Losses
RM2.0b, +327.5%

… but performance was affected by higher loan loss provisions and impairment in securities leading to a…

Net Profit
RM6.8b, +1.8%

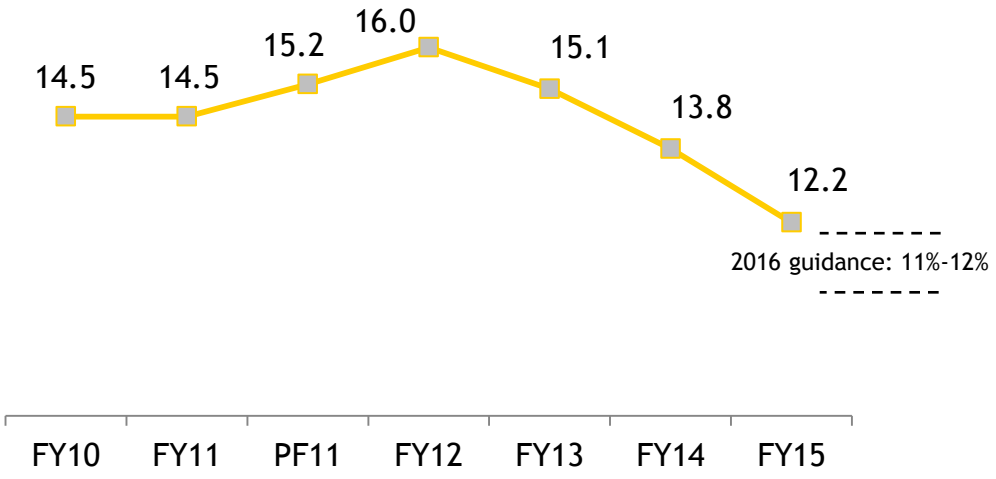
Earnings per Share
72.0 sen, -2.9%

… net profit of RM6.8 billion, which was 1.8% higher than the previous year.
EPS declined due to expanded capital base from the DRP and revised guidance.

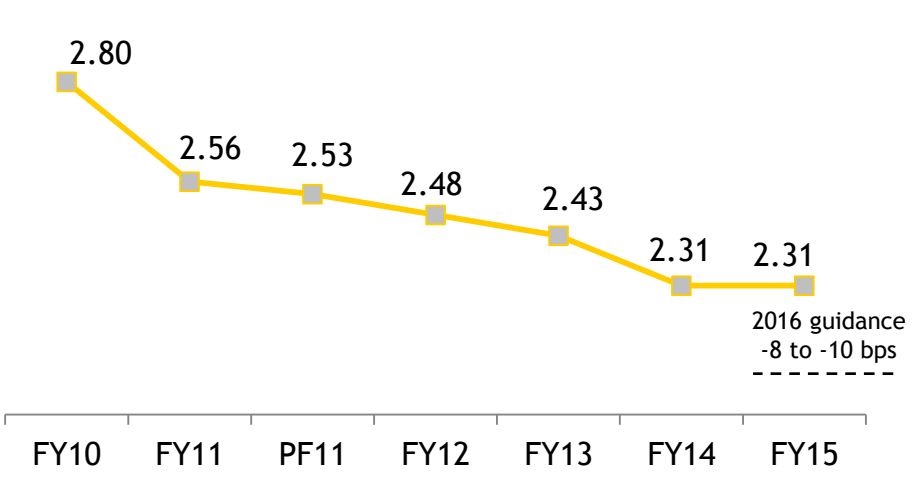
Key Operating Ratios

Maintained good performance amidst challenging environment

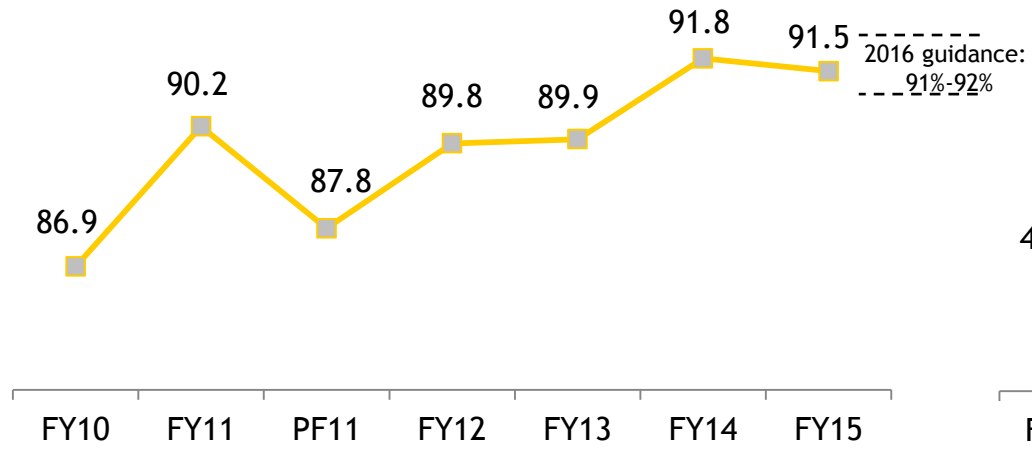
Return on Equity (%)



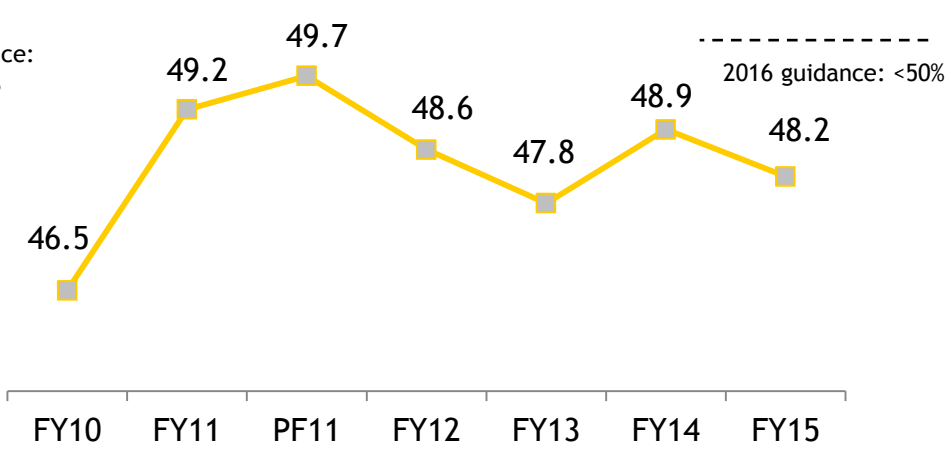
Net Interest Margin (%)



Loan to Deposit Ratio (%)



Cost to Income Ratio (%)



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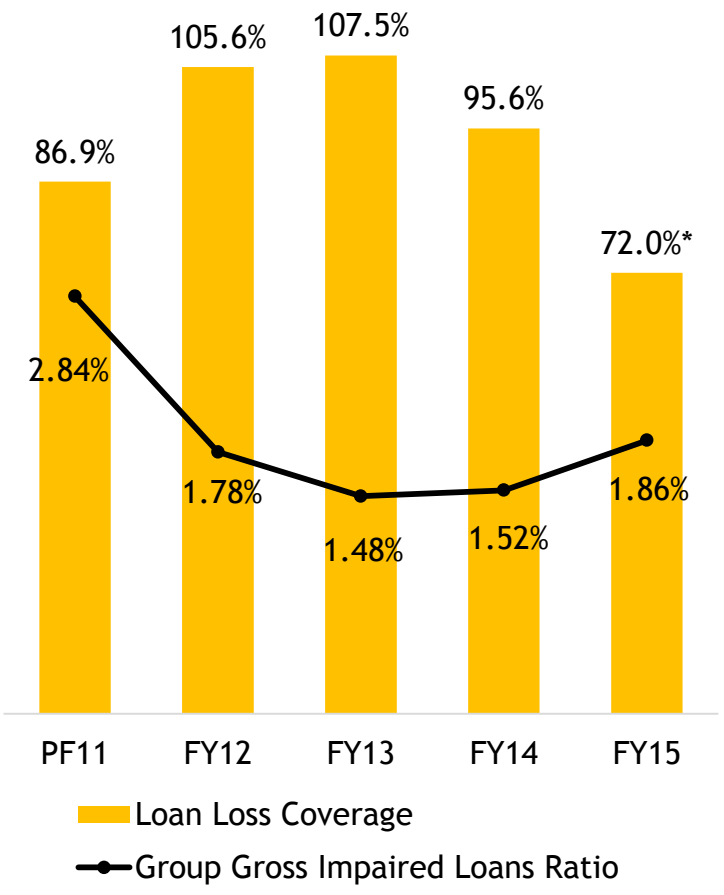
Asset Quality
Uptick in impaired loans ratio

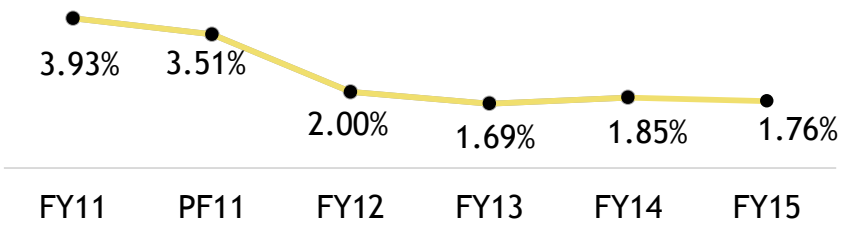
Group Gross Impaired Loans Ratio and Loan Loss Coverage Ratio



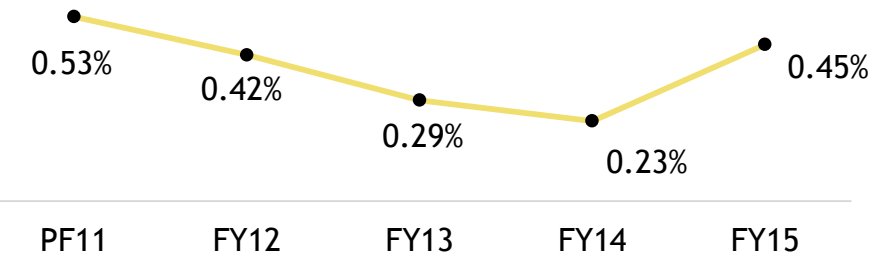
* Inclusive of regulatory reserve is 86.6%

Gross Impaired Loans Ratio

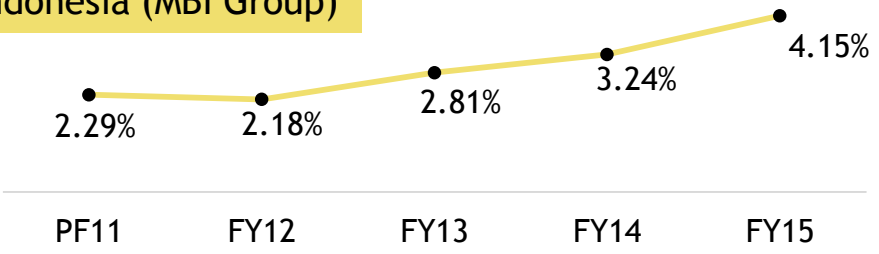
Malaysia



Singapore



Indonesia (MBI Group)

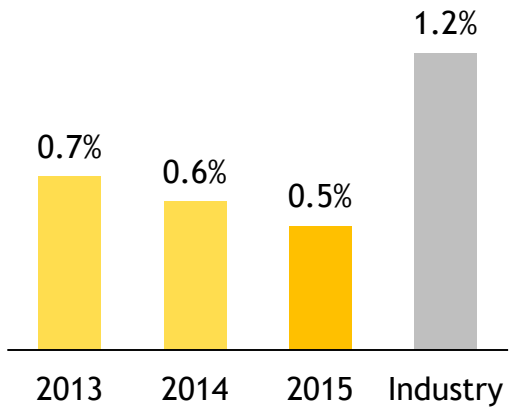


Asset Quality: Malaysia

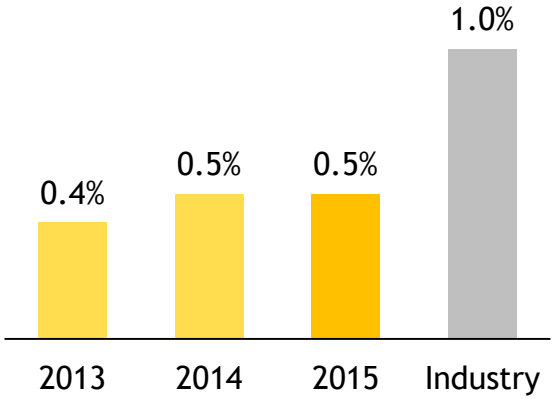
GIL ratios for consumer and business portfolios below industry, except for Business Banking

Consumer

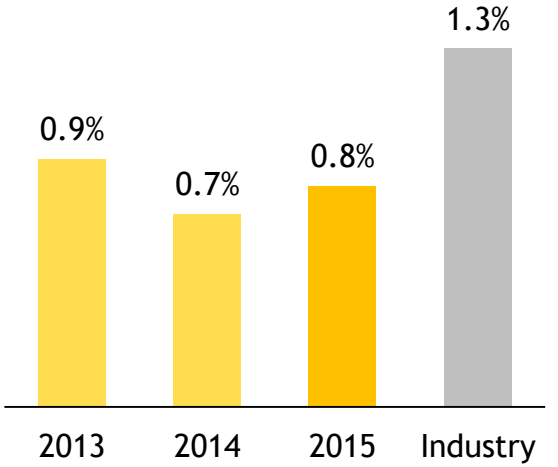
Mortgage



Auto Finance

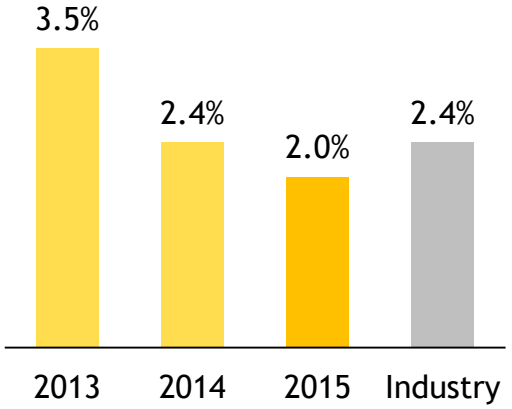


Credit Cards

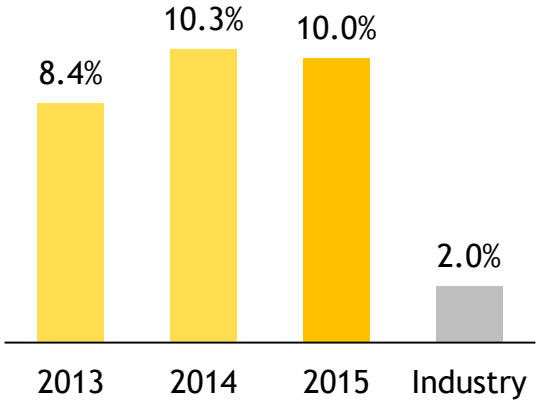


Business

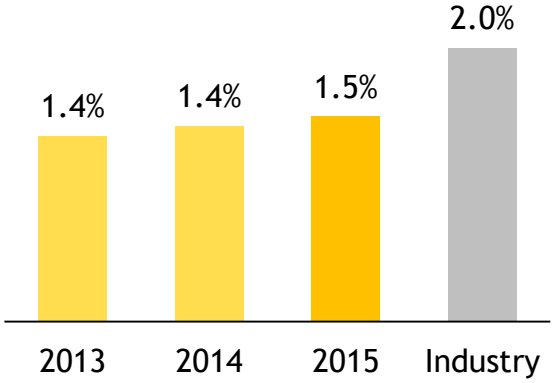
Retail SME



Business Banking



Corporate Banking



Note:
As at Dec 2015, industry GIL for BB and Corporate Banking are proxy figures based on total industry GIL after deducting Consumer and SME GIL

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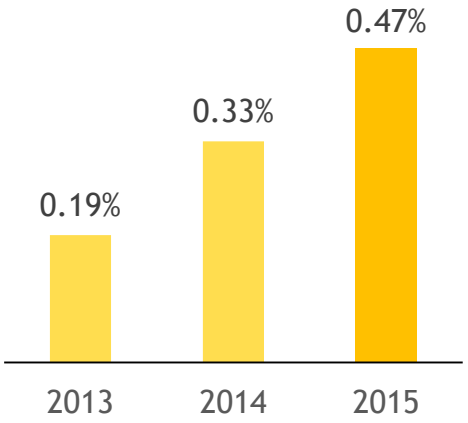
Asset Quality: Singapore

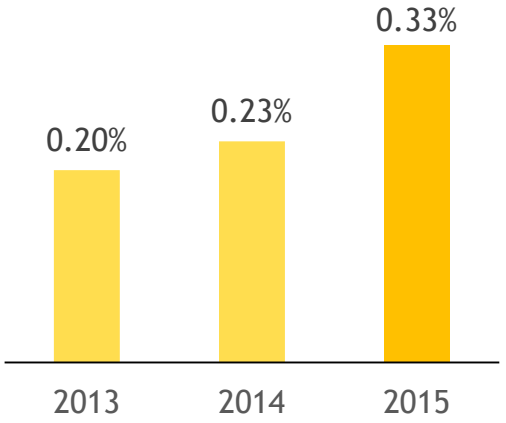
Impaired Loans Ratios rising from low levels and still manageable

Consumer

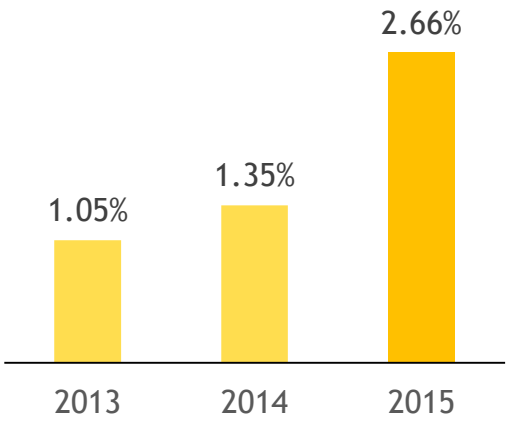
Mortgage



Auto Finance

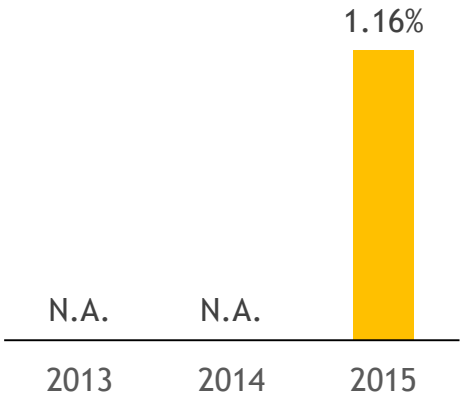


Credit Cards

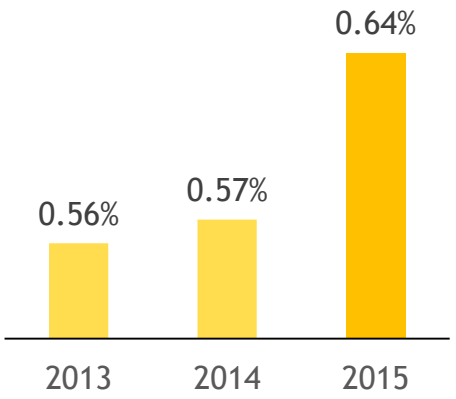


Business

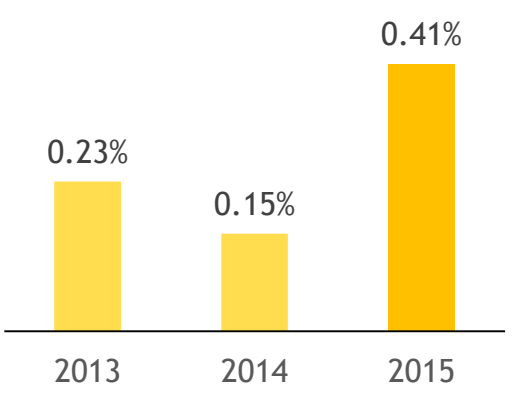
Retail SME



Business Banking



Corporate Banking



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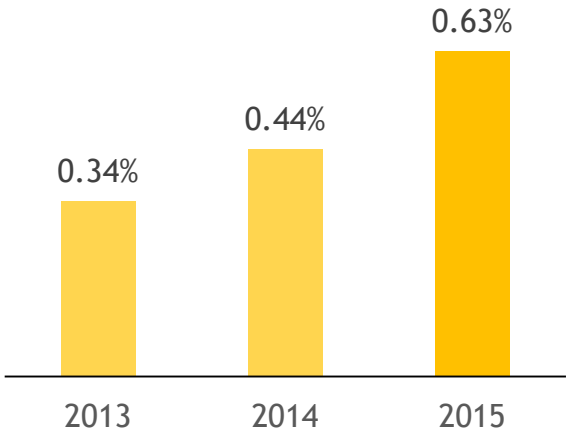
Asset Quality: Indonesia

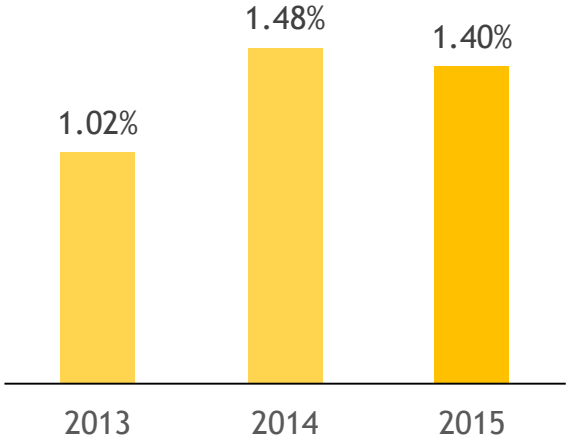
Impaired Loans Ratios improved for Auto Finance and Business Banking

Consumer

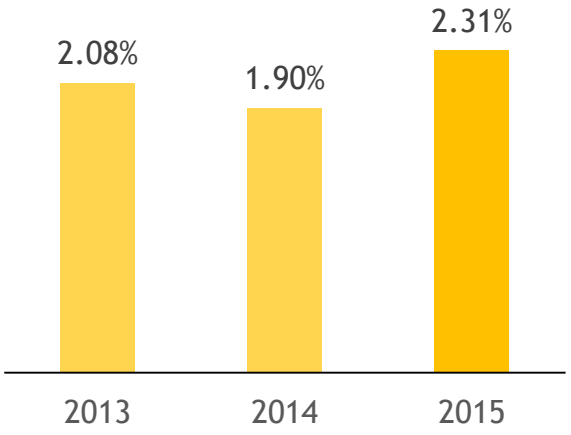
Mortgage



Auto Finance

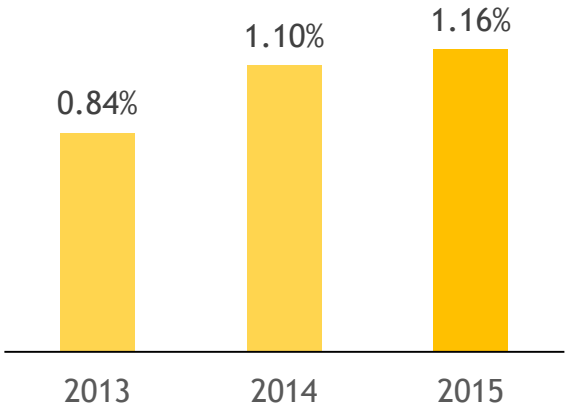


Credit Cards

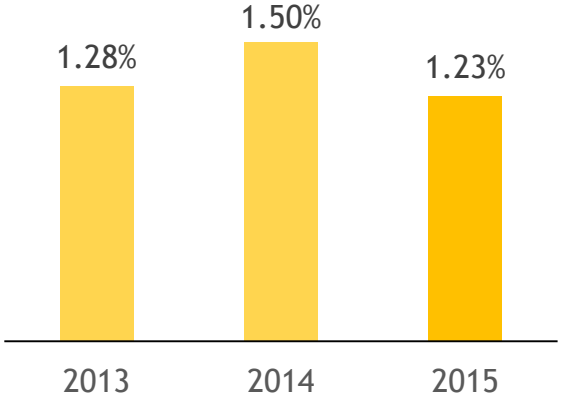


Business

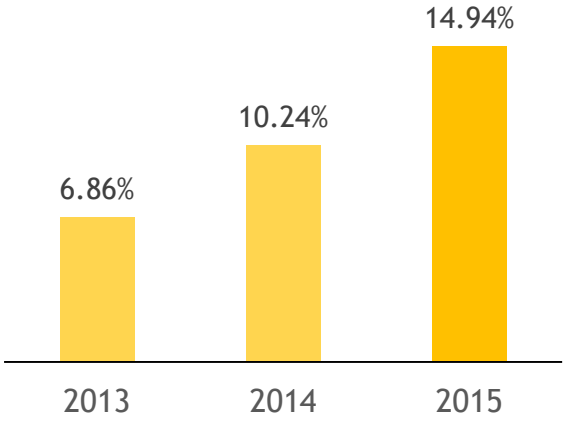
Retail Banking



Business Banking



Corporate Banking



Note:
Retail banking includes mortgage, credit card, personal and auto finance loans. Business Banking also includes SME loans.

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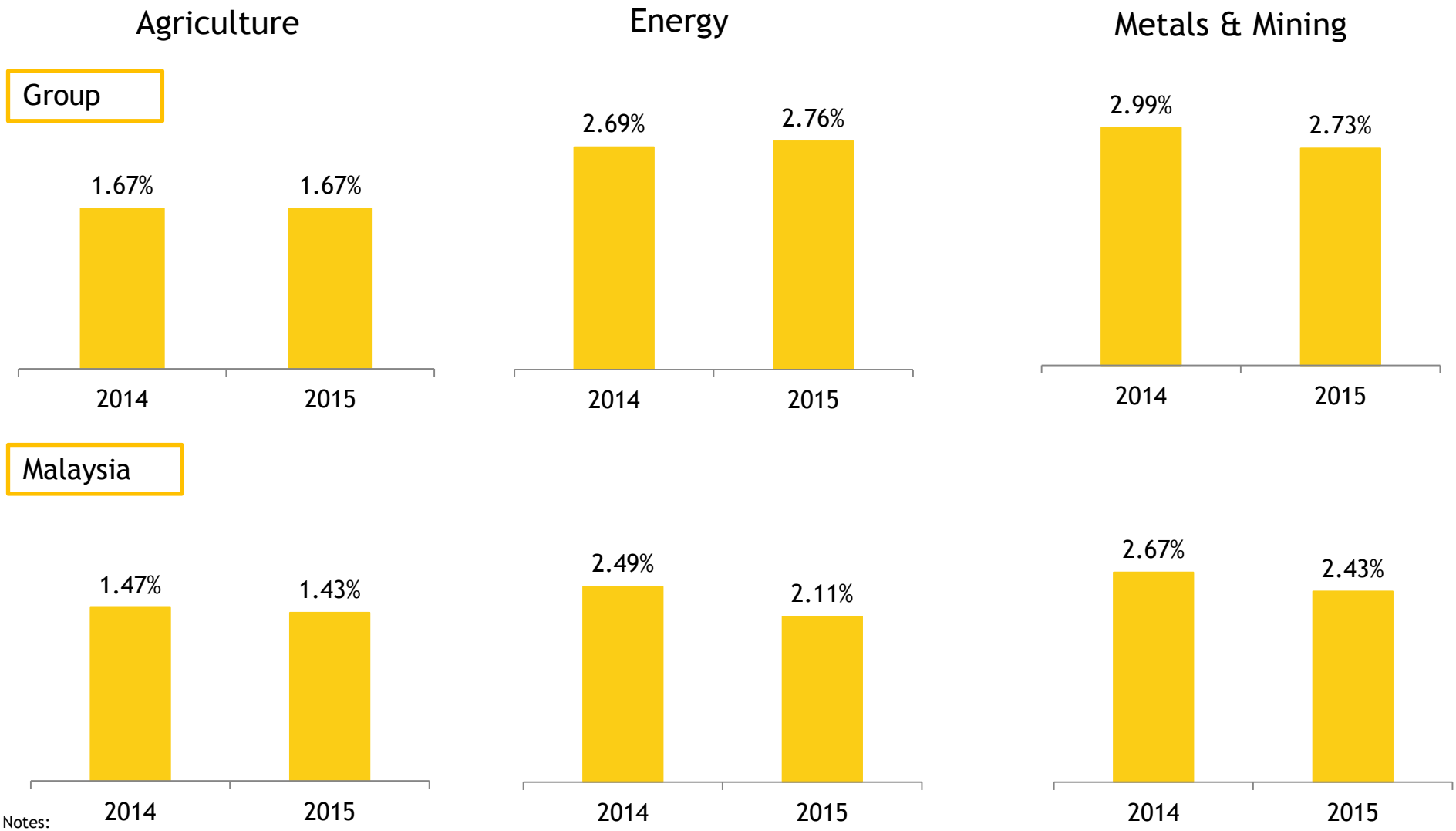
Commodities Exposure (1/2)

Maybank Group's loan exposure for its home markets Malaysia, Singapore and Indonesia



Notes:

1) Group exposure is for three home markets Malaysia, Singapore and Indonesia.
2) Data for 2014 is as at 31 Dec 2014 while data for 2015 is as at 30 Sept 2015.
3) Energy exposure, which is oil and gas and nuclear fuel, includes IPPs for Malaysia only in 2014. For 2015, energy includes IPPs for Malaysia and Indonesia while for Singapore, energy perimeter was widen to include wholesale providers of solid, liquid and gaseous fuels and related products NEC as well as manufacturers of water and gas pipe-line.

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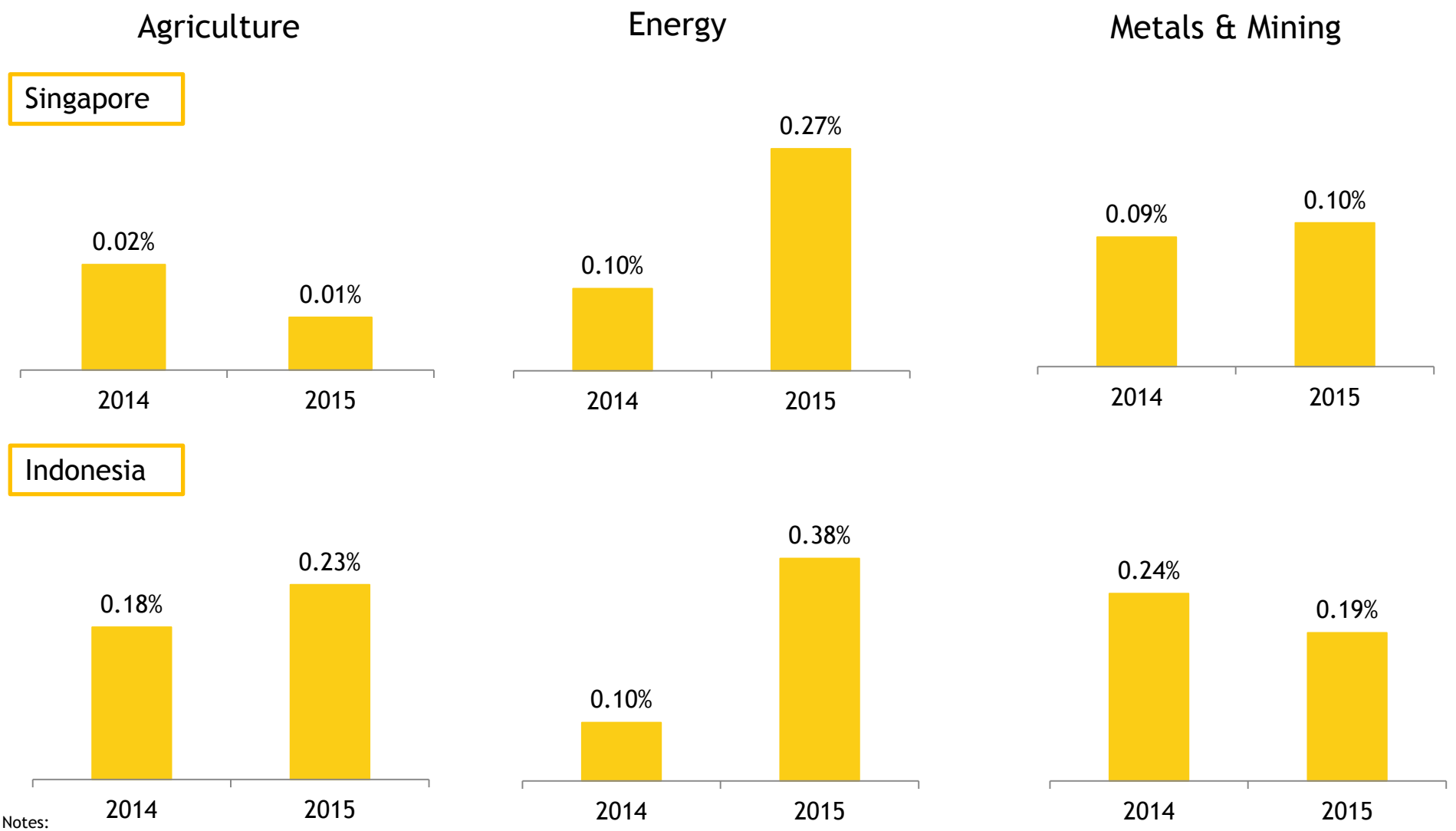
Commodities Exposure (2/2)

Maybank Group's loan exposure for its home markets Malaysia, Singapore and Indonesia



Notes:
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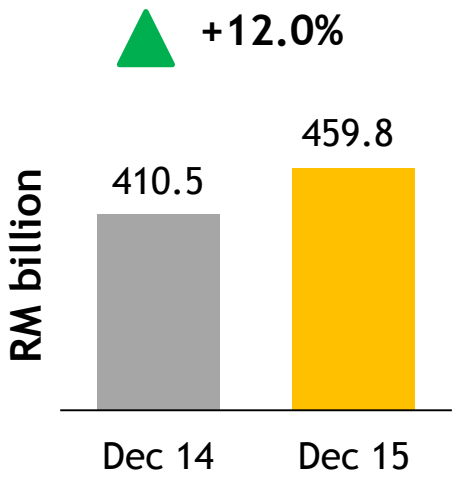
Capital Adequacy (1/2)

Strong capital while growing responsibly

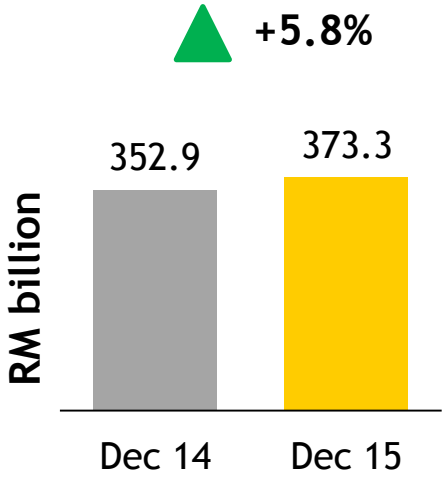
- Managed Risk Weighted Assets growth of 5.8% vs loan growth of 12.0% in 2015

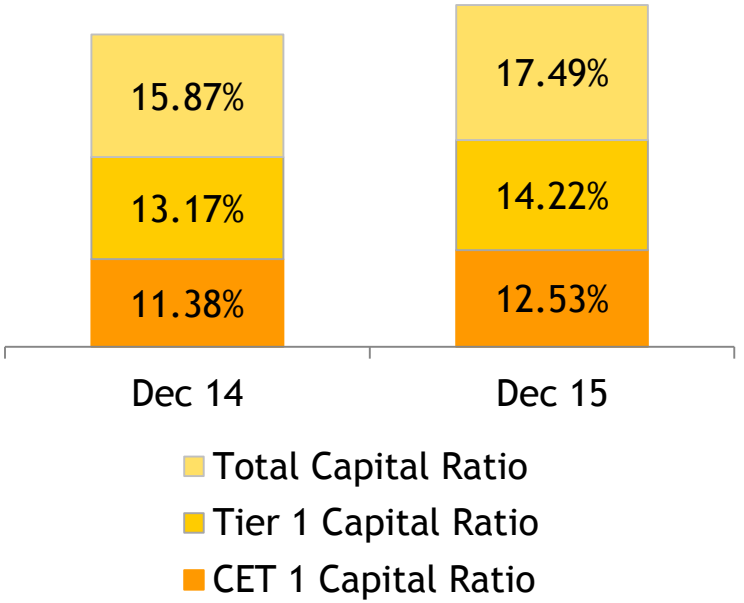
- Total capital ratio of 17.49% and CET1 capital ratio of 12.53% *(after proposed dividend and assuming 85% dividend reinvestment rate)*

Group Gross Loans



Total Group RWA





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Invest Malaysia 2016

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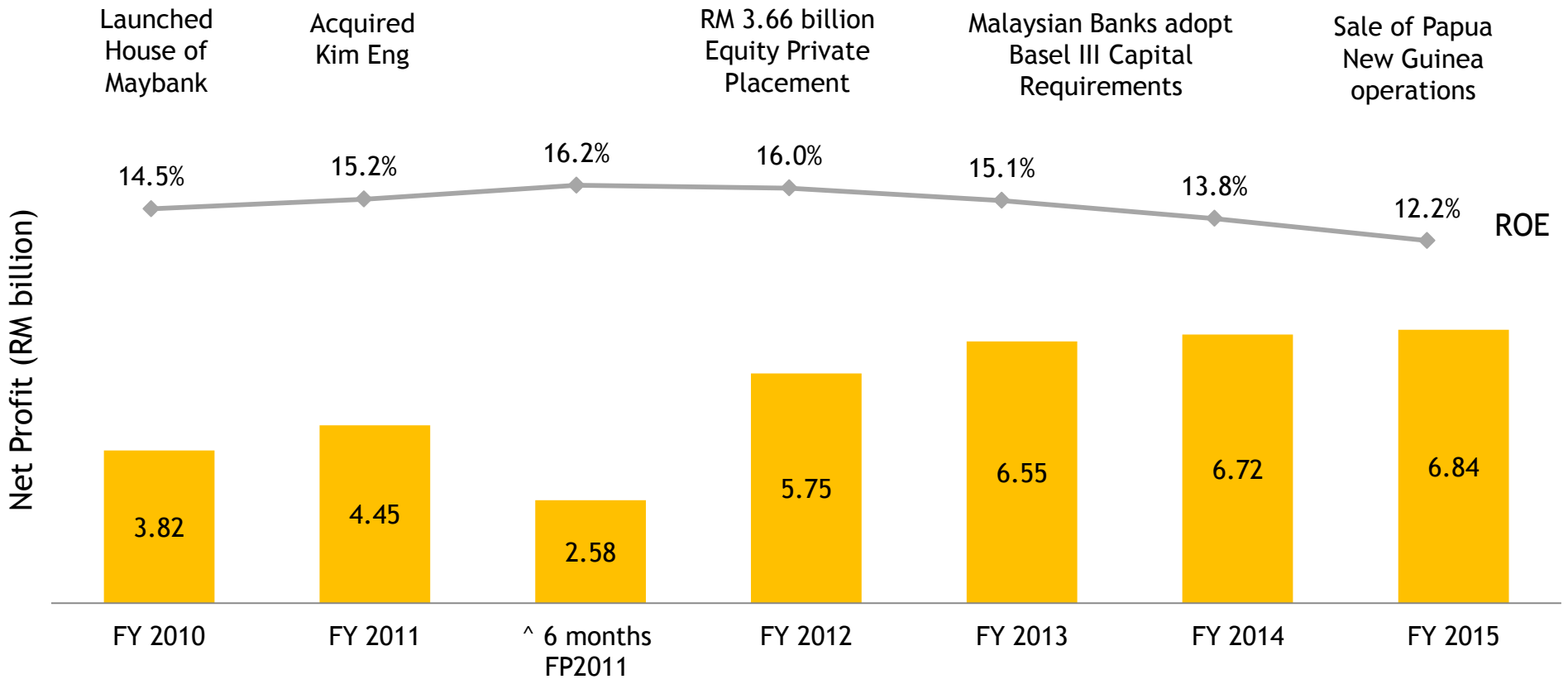
Delivering Shareholder Return

Maybank's earnings have grown as we stayed focused on our regional strategy and business growth; Malaysian Banks adopt Basel III requirements

FY2015 PATAMI of RM6.84 billion was 3% ahead of consensus

Summary of Analysts' Recommendations as at 10 March 2016	
Target Price	RM8.94
Coverage	24 analysts
Recommendations	13 Buy, 8 Hold, 3 Sell

Analysts' Consensus:	Net Profit (RM mil)
FY2015	6,627
FY2016	6,963



^ 6 months Financial Period ended 31 Dec 2011 due to change in financial year end

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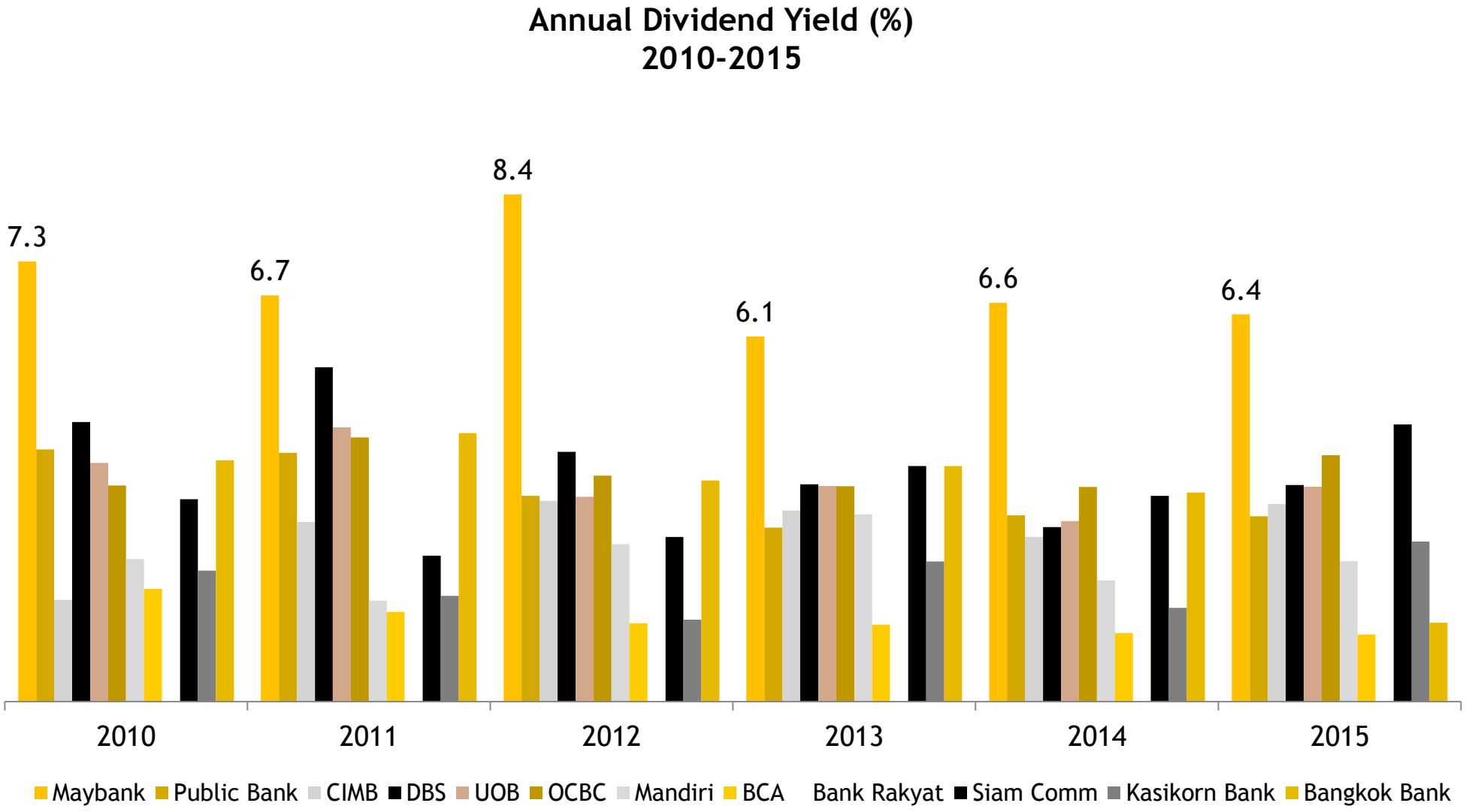
Dividend Yield

Maybank continues to provide superior dividend yield amongst most regional banks



Source: Bloomberg

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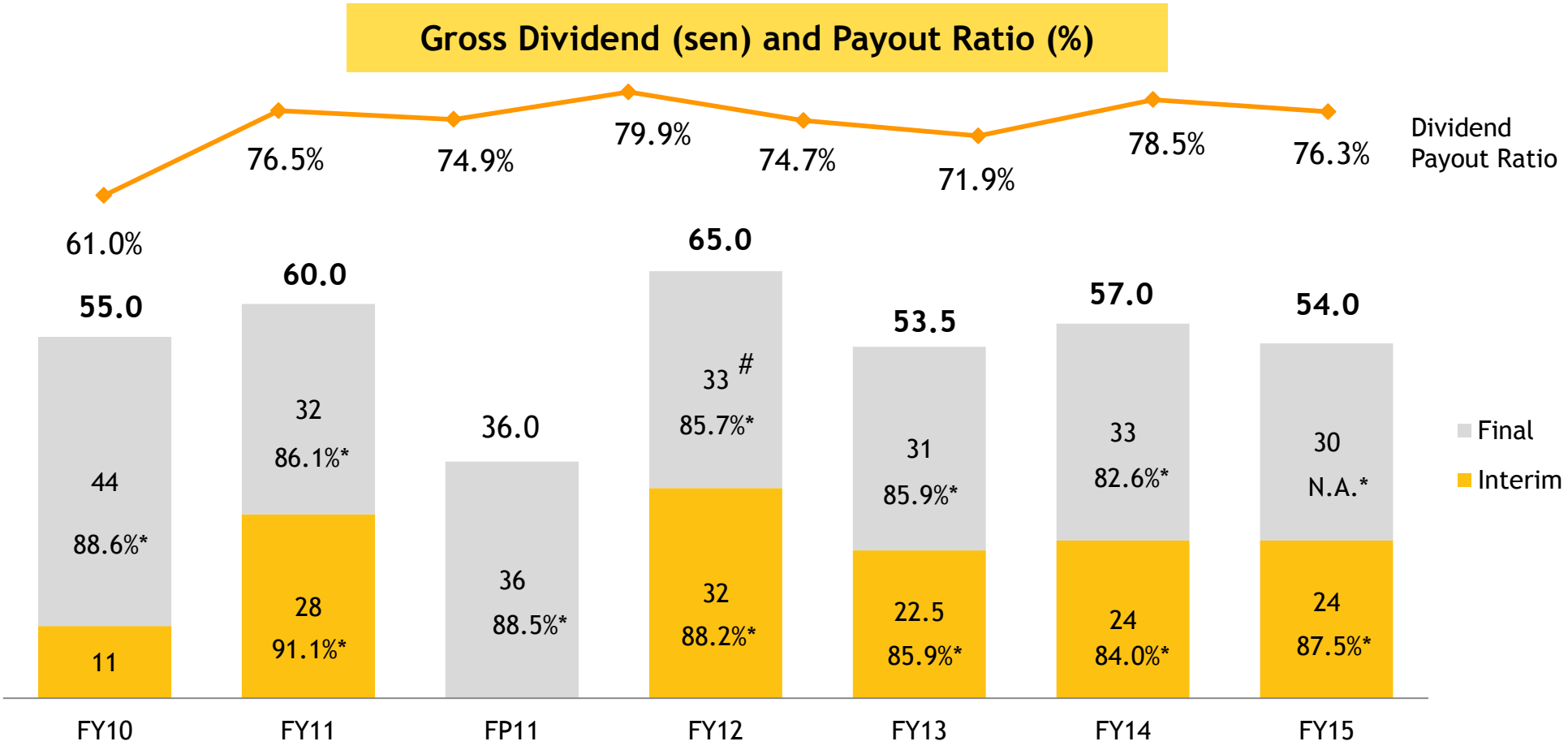
High Dividend Payout

Gross dividend for 2015 at 54 sen

- Dividend payout ratio for 2015 at 76.3% continues to be above policy rate of 40% - 60%



* Reinvestment rate for the Dividend Reinvestment Plan

\# The Net Dividend is 28.5 sen of which 15 sen is single-tier dividend.

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Market Outlook

2016 outlook for our home markets

	Key Indicators	Outlook
Malaysia	• GDP (f) 4.3% (2015: 5.0%) • System loan (f) 6.5% • OPR(f) 3.00%-3.25% (2015: 3.25%) • USD/MYR (f) 3.85 (2015: 4.29) • Inflation (f) 3.0-3.5% (2015: 2.1%)	• Slowdown in household loan growth to 6.1% (2015: 7.7%) and moderation in non-household to 7% (2015: 8%) • Competition for deposits to remain keen • Credit cost uptick on growing NPLs • Cost and capital management will remain key priorities
Singapore	• GDP (f) 1.7% (2015: 2.0%) • System loan (f) 2%-3% • System deposit (f) 5% • 3M SIBOR (f) 1.52% (2015: 1.1%) • USD/SGD (f) 1.37 (2015: 1.42) • Inflation (f) -0.4% (2015: -0.5%)	• Loan growth expected to remain muted due to slower regional and domestic economic growth • Asset quality may continue to rise as credit cycle turns and if weakness in oil & gas sector persists • Stable to modest improvement in NIMs • Capital and liquidity buffers to remain healthy
Indonesia	• GDP(f) 5.2% (2015: 4.79%) • System loan (f): 12.8% • System deposit (f): 11.5 • Reference Rate (f) 6.25%-6.50% (2015: 7.50%) • USD/IDR average (f) 13095 (2015: 13458) • Inflation average (f) 3.98% (2015: 6.38%)	• Government infrastructure spending to drive Indonesia's economic growth in 2016 • Increased funding following domestic economy recovery • Rate cut by 75 bps to 6.75% will help increase demand for credit, which in turn will stimulate Indonesia's economic growth

Group Strategic Priorities for 2016

Managing growth amidst a more challenging environment

- Remain focused on selective asset growth in line with capital position
- Manage liquidity effectively through high-quality liquid assets
- Improve productivity and manage discretionary spend
- Downside risks include further global macroeconomic headwinds
- Credit cost expected to remain elevated

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Key Performance Indicators

Our targets for 2016 reflect our continued focus on balance sheet management

Key Performance Indicators	FY2015 Revised Guidance	FY2016 Guidance
Headline KPI		
Return on Equity	12-13%	11% - 12%
Other targets		
Group Loans Growth	8% - 9%	8% - 9%
• Malaysia	6% - 7%	6% - 7%
• Singapore	5% - 6%	3% - 4%
• Indonesia	10% - 13%	11% - 13%
Group Deposits Growth	10% - 11%	10% - 11%

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Humanising Financial Services

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