



Investor Day

Luncheon Talk with Community Financial Services (CFS) Malaysia

28th November 2013

In line with our vision to be a Regional Financial Services Leader, we have made huge strides towards our 5 strategic goals

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

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

3 Undisputed Insurance & Takaful Leader in Malaysia & Emerging Regional Player

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

5 Global leader in Islamic Finance

The CFS business will play a key role in meeting the KPIs set for FY2013

Group KPIs for FY2013

Headline KPIs

Return on Equity	15.0%
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Other KPIs

Group Loans Growth	12.0%
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Malaysia	12.0%
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Singapore	11.0%
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BII	22.0%
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Group Deposits Growth	12.0%
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CFS Priorities for FY2013

- ❑ Continue to achieve growth in all key segments, and sustain leadership in domestic franchise
- ❑ Continue with key transformation initiatives; operational excellence, intensify bottom-line & returns driven, step up ITTP initiative, and segmentation model
- ❑ Speed up execution in the areas where we are going Regional.



Recap of Our Journey & Aspirations

FP2013 Financial Highlights & Market Share

FP2013 CFS Key Accomplishments

Business Outlook & Summary

Q&A

Snapshot of CFS Malaysia Financials, Coverage & Workforce

Portfolio

Covers all Consumer Banking portfolios, SME as well as Business Banking

Coverage

Reaching out across Malaysia through our wide distribution network - Branches, Self Service Terminals, Private Banking, Auto Finance and Business Banking Centres, Call Centre

Loan Book

Around RM146.8 billion as at September 2013 (contributing > 43% to total Group)

Profit

Operating Profit at RM2.7 billion for 9 months ended 30th September 2013 (contributing 37% to total Group)

Human Capital

CFS comprises of close to 17,300 employees across Malaysia

CFS' Aspirations and Journey Towards 2015

To be the undisputed No. 1 retail financial services provider in Malaysia by 2015

2008 - 2009

**“Back to Basics” for
Consumer Banking**

- A period where we went “Back to Basics”, going back to fundamentals and doing the “Right Thing Right” by putting the right components in place and fixing gaps in the structure, process, people etc.
- Launched various transformation initiatives in this period such as Tactical Sales Stimulation and Customer Service Enhancement.
- We succeeded in regaining momentum and a degree of confidence in marketplace and this “back to basics” strategy proved to be a key driver in arresting our declining market share in retail banking at that time, and acted as a catalyst for future growth.

2010 - 2011

**Launched Community
Financial Services (CFS)**

- This is when we repositioned ourselves as a truly community bank, leveraging on the strength of our distribution franchise by embedding Retail SME (RSME) and Business Banking (BB) together with Consumer business.
- The start of a 5 year roadmap where we identified clear targets on where we want to be in 2015 (as the undisputed No.1 retail financial services provider), and identified key strategic thrusts that will take us there.
- Moved to a more customer segment driven model to improve our share of the Affluent and High Networth customer space.
- Refreshed our corporate brand and identity to signal the change in our new commitment and ambition in the market place.

2012 to 2015

**Period of growth and acceleration
towards our aspirations**

- Full implementation of customer centric model by strengthening segmentation model and CRM capabilities.
- Driving effectiveness and efficiency by increasing productivity, optimising our cost structure and industrialising new business models.
- Building a high performance culture by enforcing more stringent performance measurement, upskilling staff to take on new roles and strengthening branch management pipeline.
- Stepped up our regionalisation efforts in areas with high value cross border business such as cards, wealth management & virtual banking.
- Starting 2014, CFS will be reorganized and operate as a regional group to realise synergies across the region.

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FP2013 Financial Highlights & Market Share

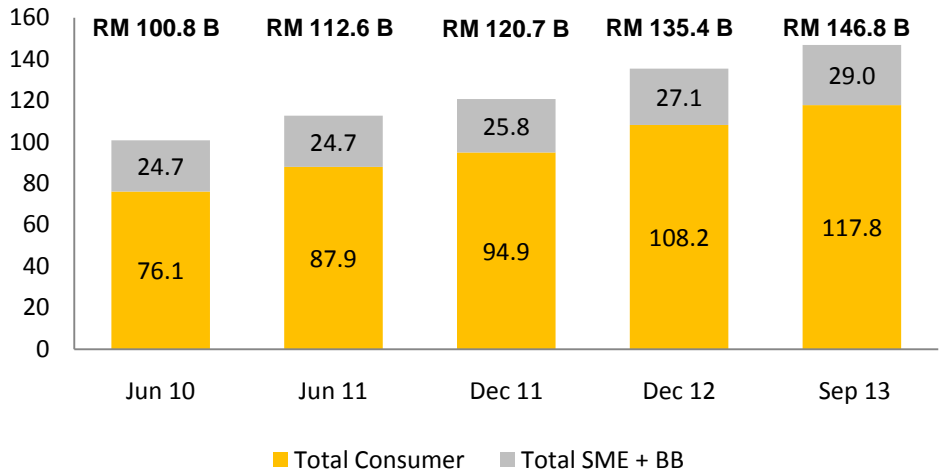
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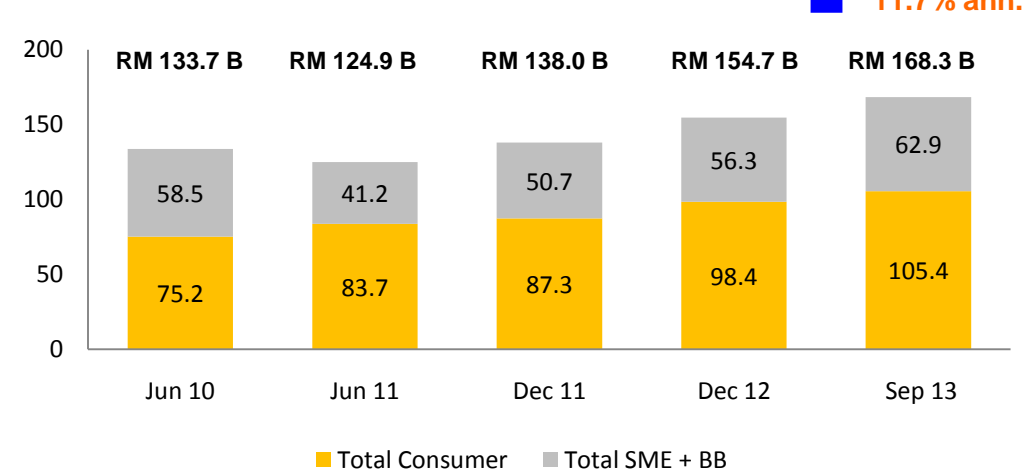
Q&A

CFS has shown good momentum in improvement with the new shared distribution model

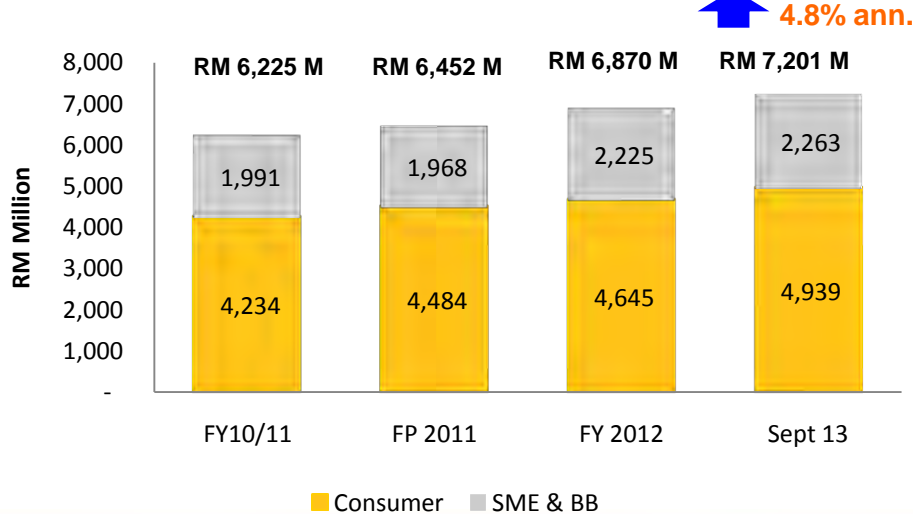
Loans (RM 'B)



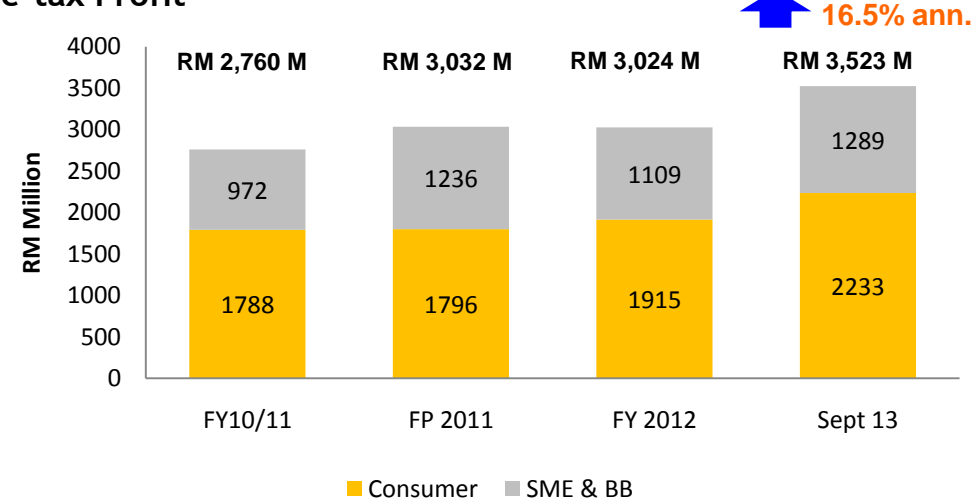
Deposits (RM 'B)



Revenue



Pre-tax Profit



Key Financial Highlights

P&L Highlights	Jan - Sep '12	Jan - Sep '13	YoY Growth
	(9 mth Period)	(9 mth Period)	%
	RM 'm	RM 'm	
Net interest income	3,768.0	4,131.0	9.6%
Non - interest income	1,210.0	1,271.0	5.0%
Total Revenue	4,978.0	5,402.0	8.5%
Overhead	2,652.4	2,716.4	2.4%
Operating profit	2,325.6	2,685.6	15.5%
Net Loan Loss	167.0	474.9	184.4%
Pre-tax Profit	2,158.6	2,210.7	2.4%
Direct CIR	40.0%	39.3%	-0.7%
CIR	53.3%	50.3%	-3.0%

Deposits	Sep - 12	Sep - 13	YoY Growth
	RM 'b	RM 'b	%
CFS	148.5	168.2	13.3%
Consumer	94.8	105.4	11.2%
• CASA	45.9	49.8	8.5%
• FD	48.6	55.3	13.8%
SME & Business Banking	53.7	62.8	16.9%

- ❑ Revenue up 8.5% from corresponding period, driven by strong loan and deposit growth,
- ❑ Overhead expenses kept in check via better cost management and increase in productivity via business-wide Operational Excellence (OE) initiative,
- ❑ Operating profit grew 15.5%, contributed by strong revenue,
- ❑ Total CFS deposits grew strongly YoY at 13.3%, fueled mainly by strong growth in FD and SME/BB,
- ❑ ROEA for CFS Malaysia at 34% annualized.

Key Financial Highlights (cont'd)

Loans	Sep - 12	Sep - 13	YoY Growth
	RM 'b	RM 'b	%
CFS	132.1	146.8	11.1%
Consumer	104.5	117.8	12.7%
• Mortgage	46.9	52.2	11.3%
• Auto Finance	30.5	34.0	11.5%
• Retail Lending	21.9	26.2	19.6%
• Cards	5.2	5.4	3.8%
SME & Business Banking	27.6	29.0	5.1%
• Retail SME	4.7	5.6	19.1%
• Business Banking	22.8	23.4	2.6%

Gross Impaired Loan Ratio	Sep - 12	Sep - 13	Variance
CFS	2.5%	2.2%	-0.3%
Consumer	0.8%	0.6%	-0.2%
SME & Business Banking	8.6%	9.0%	0.4%
• Retail SME	6.1%	4.3%	-1.8%
• Business Banking	9.2%	10.1%	0.9%

- ❑ Total CFS loans grew by 11.1% YoY, contributed by all key areas,
- ❑ Auto finance growth of 11.5% YoY outpaced the industry of 7.4%,
- ❑ SME loan grew strongly YoY at 19.1%, with significant improvement in asset quality,
- ❑ Asset quality shows improvement in retail loans and SME, with Gross Impaired Loans improving by 0.2% and 1.8% respectively.

Overall loans and deposits growth continue to outpace the industry

Strategic Objective 1: Undisputed No. 1 Retail Financial Services provider in Malaysia by 2015

	Dec-11	Dec-12	Mar-13	Jun-13	Sep-13	Sep-13 vs Dec-12	MBB Rank ^
<u>Loans</u>							
Total Consumer/Household	16.4%	17.0%	17.1%	17.1%	17.1%	▲	2
Auto (Purchase of transport vehicles)	19.2%	20.2%	20.3%	20.5%	21.0%	▲	2
Total Mortgage*	13.2%	13.4%	13.3%	13.3%	13.2%	▼	2
Credit Cards #	15.3%	15.2%	15.3%	15.4%	15.3%	▲	2
Unit Trust	63.9%	60.2%	58.5%	57.6%	56.8%	▼	1
<u>Deposits</u>							
Total Deposits	17.4%	17.1%	16.8%	17.7%	17.7%	▲	1
Total Retail Deposit	18.1%	18.3%	18.3%	18.3%	18.7%	▲	2
Retail CASA	23.3%	23.6%	23.3%	23.1%	23.9%	▲	1
Retail Savings	28.11%	28.24%	28.09%	28.04%	27.6%	▼	1
Retail Fixed Deposits (FD)	15.1%	15.2%	15.3%	15.4%	15.6%	▲	2
	Dec-11	Dec-12	Mar-13	Jun-13	Sep-13	Sep-13 Vs Dec-12	MBB Rank^
Internet Banking - 1 month Active Users**	37.5%	36.6%	36.8%	35.6%	36.6%	■	1
Mobile Banking - Active Users	87.0%	81.0%	75.7%	77.0%			1
Branch Network	19.0%	19.0%		20.0%			1

* Refers to Housing & Shophouse Loans

The above market share for Cards refers to Receivables. In terms of Cardbase, Billings and Merchant Sales, Maybank is ranked No. 1.

^ MBB ranking as at Sep'13

** Source: comScore Media Metrix Report based on unique visitors to internet banking sites

The above industry figure includes commercial banks and Non-Financial Institutions

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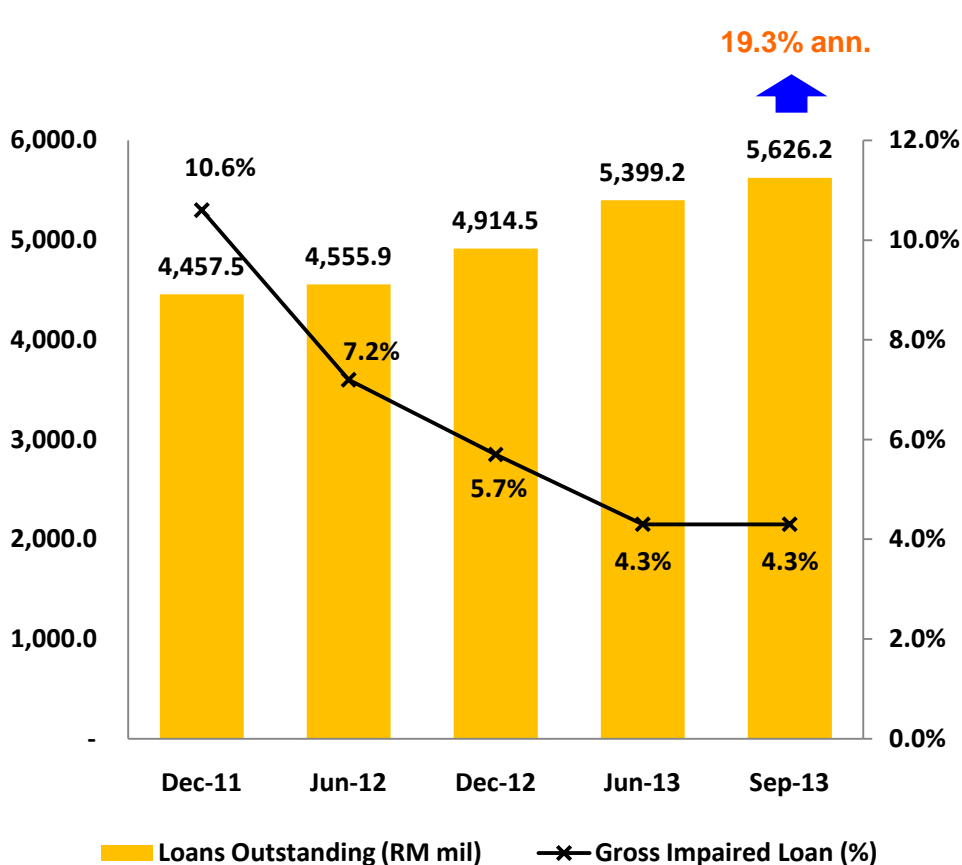
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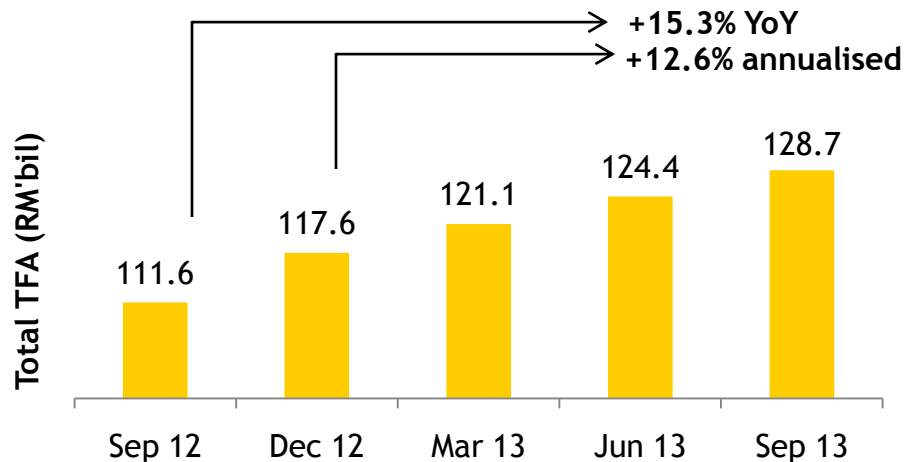
RSME loans grew at 19.3% ann, with GIL trending down to 4.3% in Sep 2013



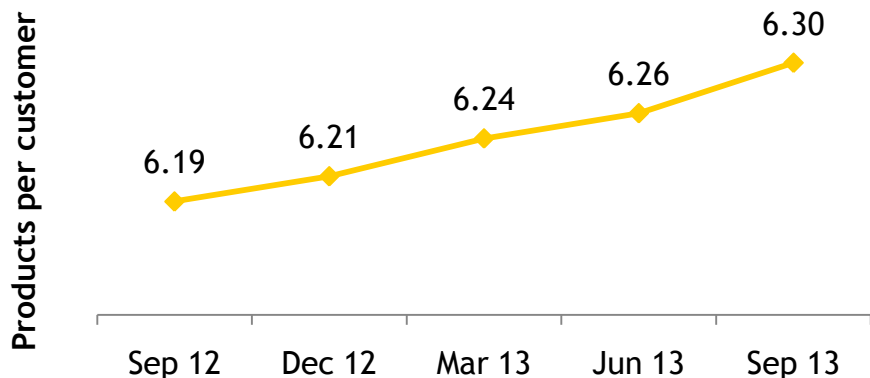
- Retail SME Target Operating Model has stabilized and is now delivering significant growth at 19.3% annualized,
- Introduction of SME Clean Loan product has broadened our offerings and enabled us to target the right sectors,
- With the right risk culture embedded , SME GIL has shown significant improvement with GIL trending down to 4.3% in Sep '13,
- RSME identified as pillar of growth for 2014, and to continue strengthening RSME portfolio with strategic collaboration to drive double digit growth by:
 - Enhancing channel capacity & capabilities via leveraging on sub-urban & rural branches,
 - Collaboration with government related agencies & tie-up off-the-shelf products with government initiatives,
 - Carrying out pro-active sales intervention to achieve 75% Business Development Executives to register Green in terms of productivity flagging.

All business lines fully embracing segmentation DNA to maximize customer profitability

HNW & Affluent Customer TFA grew 12.6% annualised



HNW & Affluent Customer Cross Selling Ratio improving

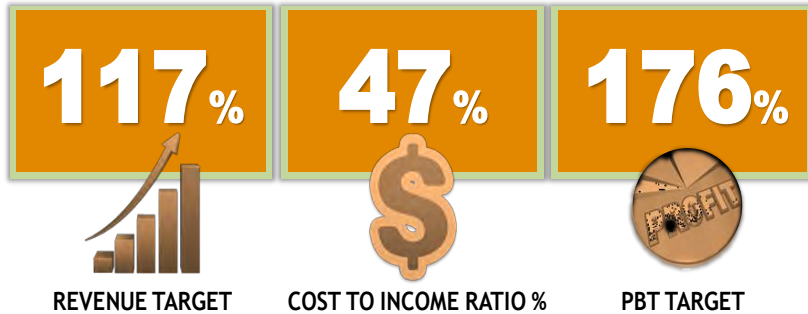


- Today, both HNW and Affluent segment registered above industry total financial assets (TFA) growth of 12.6% annualised,
- HNW and Affluent segments now make up 56.3% of total retail TFA of Maybank,
- Establish strong brand identity for Ultra HNW customers with the launch of Private Wealth in Nov '13,
- Private Banking will undergo rebranding exercise in 3 key markets (Malaysia, Singapore & Indonesia) to Premier Wealth in 2014,
- Strengthen segment value propositions for the Affluent segment with the launch of Maybank Aspire in May '13, which offers a suite of exclusive privileges to the customers.



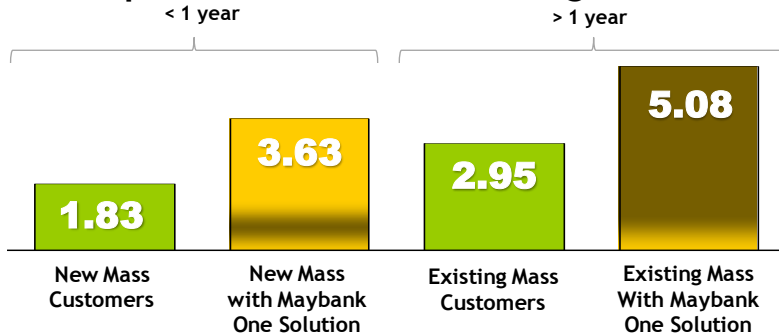
Maybank One Solution continues to drive profitability of the Mass segment

Outperformed the business target



- ❑ Achieved overall PBT target of 176%,
- ❑ Total customers > 90,000 and total kiosk is 43,
- ❑ Business breakeven is on Month 10, which is 8 months ahead of projection,

Improvement of cross-selling ratio



- ❑ Captures more than 3 products at first contact compared to other channels (1.22 products),
- ❑ Accelerates greater customer profitability especially when we are targeting to existing customer bases,

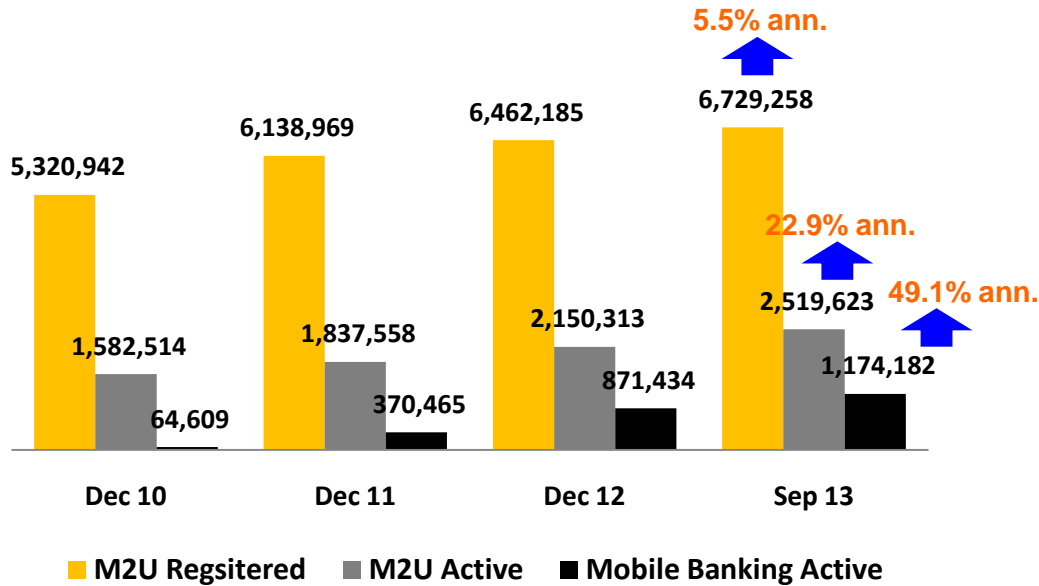
Won 2 awards in its first year of operation



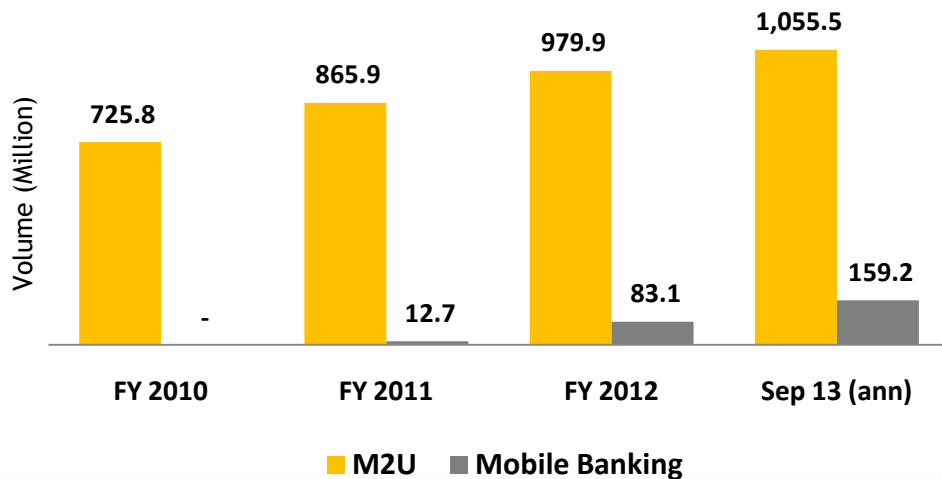
- ❑ Recognized by industry for its innovation, service and marketing excellence with awards by Banking & Payments Asia Trailblazer Award 2013 and Marketing Excellence Award.

Maybank continues to dominate the share of internet and mobile banking adoption with continuous innovation

Total Users in M2U Internet & Mobile Banking



Total Transaction Volume M2U Internet & Mobile Banking



- Maybank continues to dominate online banking active users adoption with growth of 22.9% annualised in online users and 36.6% of industry share (>50% ahead of next competitor),
- We have also seen exponential growth in mobile banking user adoption, with the roll out of M2U mobile apps made available on iOS, Android, Microsoft Windows. M2U mobile users adoption growth is at 49.1% annualised,
- Total online transaction volume now stood at average 88 million per month, and represent 55% of total retail customers transaction vs ATM and branches. Around 10% of online transaction currently are being monetised,
- Many new innovation and initiatives in the pipeline for launch over the next 6 - 9 months, working towards a longer term integrated multi-channel capabilities.

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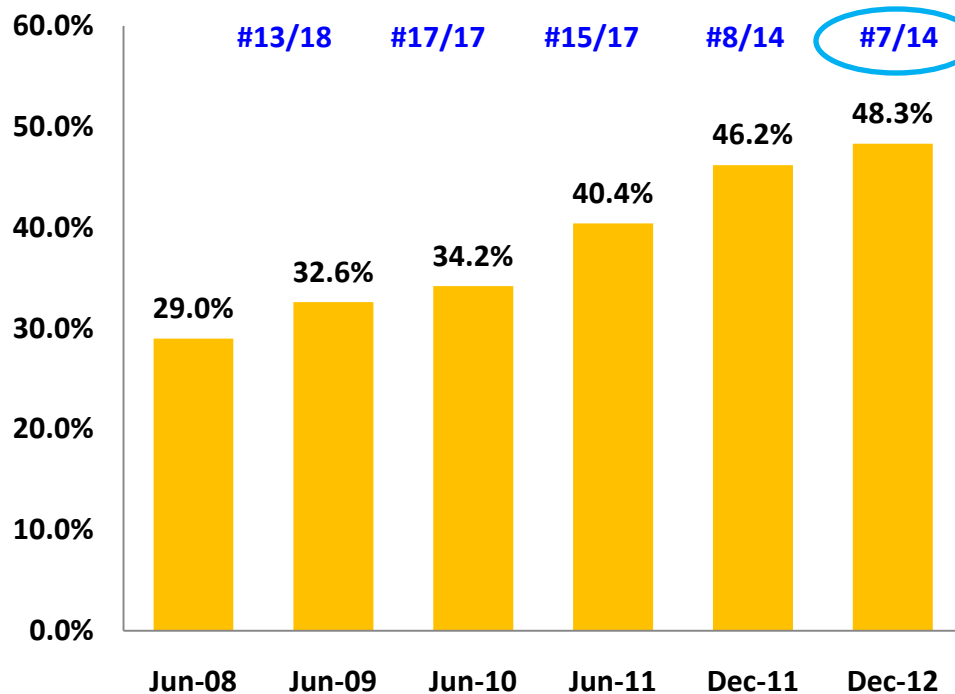
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Maybank continues to gain traction in building customer engagement through various initiatives that have been executed effectively

Since 2008 Transformation...



Improved to #7 from #13; already ahead of most local banks, and closed the gap between us and the no.1-ranked bank from 23% (year 2011) to 5%.

- Over the period, we have achieved strong improvement in our External Customer Engagement (ECES) index reflecting good traction in our transformation efforts,
- Counter average waiting time has improved - 95% of single transaction are now served within 2 min,
- As a continuous effort to improve end-to-end total segmented customer experience across the distribution, bankwide service quality programmes for 2014 will focus on:
 - Embed the practice of Operational Excellence (OE) in all line of business to improve customer experience,
 - Up skill front liners product knowledge and improve customer problem resolution effectively,
 - Further strengthening service levels at Maybank Group Customer Care and Maybank Card Centres,
 - Improve targeted segment customer experience across the distribution network.

Notable Awards Won in FY 2013

THE ASIAN BANKER - EXCELLENCE IN RETAIL FINANCIAL SERVICES INTERNATIONAL AWARDS 2013 - 1. *The Best Retail Bank(Country Award)* 2. *Best Automobile Lending Product (Product & Business International Award)* 3. *Best Consumer Risk management Initiative*



CGC TOP SME SUPPORTER AWARD 2012 - 1. *Best Financial Partner Award* 2. *Top SME Supporter Award* 3. *Top Bumiputera SME Supporter Award*



BANKING & PAYMENTS ASIA (BPA) TRAILBLAZER AWARDS 2012 – 1. *Process Excellence in Customer Centricity (for CRM)* 2. *Product Excellence in Payment Innovation Awards*



EUROMONEY PRIVATE BANKING & WEALTH MANAGEMENT SURVEY 2013 – *Winner in 8 categories including Best Private Banking Services Overall*



DRAGONS OF ASIA UNDER THE PROMOTION MARKETING AWARDS OF ASIA (PMAA); 2 *Gold Awards: Best Sponsorship Activation for Manchester United Cards, Live at Old Trafford*



EFMA – ACCENTURE INNOVATION AWARDS 2013 under “Responsible Business” – *Maybank Foundation’s national financial literacy programme ‘CashVille Kidz’ to make learning about financial management fun and interactive for children*



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- With the corrective macroeconomic policies to tackle budget deficit and BNM regulatory tightening measures implemented, FY 2014 requires some shift in portfolio and segment strategy,
- Generally, slower loans growth is expected, as property sales may soften with investors requiring to bear with RPGT rates. Abolishment of DIBS will also affect demand as property buyers need to pay progressive loan interest during construction period,
- However, the Government's increased focus on strengthening SMEs and nurturing entrepreneurs in 12 NKEAs represents good opportunities to ramp up our SME business,
- In the other key business areas, the Bank is still optimistic on outperforming the market. Overall, cost management and CFS digital strategies will be the key differentiators for year 2014.

Summary

- ❑ CFS has contributed to the strong Maybank Group results in the last few years. The “New House of Maybank” with BB and SME under CFS, has continued to show good results in terms of cross-segments and shared distribution synergies,
- ❑ With the current momentum, strong sales engine and continued focus on productivity improvement, we are optimistic on continuing to outperform the market in 2014,
- ❑ We have embarked on longer term strategic initiatives to build sustainability: optimise multi-channels network, strengthen segment value proposition, service quality, **operational excellence**, as well as stronger risk management capabilities,
- ❑ Strategic cost management programmes are well underway, focusing on controlling discretionary spending as well as longer term cost structure via network rationalization and staff productivity,
- ❑ In order to maintain our leadership in terms of the internet and mobile banking space, innovation will be key to steer clear from our competitors,
- ❑ We are moving ahead on the few regionalisation initiatives that have clear cross-border synergies.

MARKET POSITION

No.1 Commercial Bank in terms of total assets, deposits and loans

No.1 Retail Islamic Bank

No.1 Distribution network in terms of branch and ATM/SST network

No.1 Internet Banking website with the highest number of active users, payee corporations and transaction volumes

No.1 Mobile Banking provider with the largest number of users and transaction volumes

No.1 in Credit Card customer base, billings and merchant sales

No.1 in Debit Card customer base and transactions

No.1 in Unit Trust Financing

No.1 in CASA and core deposits

No.1 in Dealer finance with floor stocking and block discounting

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Humanising Financial Services Across Asia

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