



**Chief Executive Officer of Maybank Islamic Berhad &
Group Head of Islamic Banking Maybank**



Dato' Muzaffar Hisham
Chief Executive Officer, Maybank Islamic Berhad
Group Head, Islamic Banking, Maybank
Kuala Lumpur, Malaysia

Dato' Muzaffar Hisham is currently the Chief Executive Officer of Maybank Islamic Berhad and Group Head Islamic Banking, Maybank effective 30 March 2011.

EXPERIENCE

Dato' Muzaffar has collectively 20 years of experience in the banking and financial services. He started his career with Asian International Merchant Bankers Berhad in the Corporate Banking Division. He later joined Amanah Merchant Bank Berhad and Amanah Short Deposits Berhad where he was involved extensively in corporate debt and financing businesses from debt syndication to advising on private debt securities. Dato' Muzaffar was also involved in various debt and corporate restructuring exercises during the 1997 financial crisis. During his tenure at CIMB Investment Bank and HSBC Amanah, Dato' Muzaffar oversaw the investment banking business. Prior to joining Maybank, Dato' Muzaffar was the Deputy Chief Executive Officer of CIMB Islamic Bank Berhad. He was previously a member of the Board of Directors of CIMB Insurance Brokers Sdn.Bhd. He received the Asset Triple A Awards 2013, Industry Leadership Award as Islamic Banker of the Year for his contribution to developing Islamic finance regionally and growing Maybank Group's Islamic banking business.

RESPONSIBILITY

As the Group Head of Islamic Banking and CEO of Maybank Islamic, Dato' Muzaffar plays a leading role in managing and overseeing the overall Islamic banking franchise of Malayan Banking Berhad and ensures that it operates on a parallel platform, leveraging on the Group's resources. At present, his responsibilities include determining business strategy for the Group's Islamic Banking business including Maybank Islamic's products development and delivery, marketing support as well as risk and shariah-compliance management, spearheading the expansion of Group Islamic Banking in ASEAN and globally.

QUALIFICATION

Bachelor of Science (Hons) in Economics and Accounting.
University of Bristol, United Kingdom.

COMMITTEE MEMBERSHIP/APPOINTMENTS

Dato' Muzaffar is the Chairman of the Standards Committee, Association of Islamic Banking Institutions Malaysia (AIBIM), Member of H.M. Treasury U.K. Global Islamic Finance and Investment Group, Board of Director of ANFAAL Capital, Saudi Arabia, Member of INCEIF Professional Development Panel and Chartered Banker of Asian Institute of Chartered Bankers (AICB).



Maybank Islamic

Enhancing Capacity of Islamic Bank to
Finance Larger Infrastructure Projects

Structuring Islamic Project Financing

NOVEMBER 2015

Importance of Infrastructure Development

- “Poor infrastructure impedes a nation’s economic growth and international competitiveness” (The World Bank 2006).
- Developing infrastructure enhances a country's productivity, consequently making firms more competitive and boosting a region's economy.
- The need to invest in infrastructure for job creation and economic growth.
- Well-developed infrastructure reduces the effect of distance between regions, integrating the national market and connecting it at low cost to markets in other countries and regions.
- The quality and extensiveness of infrastructure networks significantly impact economic growth and affect income inequalities and poverty in a variety of ways.
- A well-developed transport and communications infrastructure network would allow the less-developed communities access to core economic activities and services.

- Government of Indonesia (“GOI”) would require an estimated total IDR4,796 trillion to fund infrastructure projects from 2015-2019.
- Pursuant to the above, GOI is only able to fulfil 30% of the total estimate funding amount.
- Approximately 36% of the funding gap is expected to be fulfilled through cooperation with private using PPP (Public Private Partnership) scheme.
- These funding gaps creates opportunities for Islamic financial institutions to participate and extend funding.
- In 2015 itself there are currently 22 projects undergoing public procurement.

Source: Badan Koordinasi Penanaman Modal

- Infrastructure project financing can be structured on a recourse financing wherein the project sponsor give a guarantee or non-recourse financing purely relying on the project cashflows. The table below provides a comparison between recourse financing and non-recourse financing.

Option	Financing (with recourse)	Financing (non-recourse)
Financing Vehicle	A single purpose vehicle with recourse to the project sponsor	A single purpose vehicle
Recourse in an event of default	The project sponsor shall assume responsibility of debt servicing and preserving the terms and conditions of the financing	Limited to the equity contributed by the project sponsor
Basis for credit evaluation	<ul style="list-style-type: none"> i. Rates the financial health of corporate entity and guarantor ii. Focus on balance sheet and cash flow 	<ul style="list-style-type: none"> i. Technical and economic feasibility ii. Typical Project Financing analyses, requirements and mitigants will apply

- Due to the large funding requirement for an infrastructure project, Islamic institutions will face constraint on their capital capacity to finance such projects.
- Islamic Financial Institutions financing for long-term infrastructure projects is becoming less attractive under the Basel III rules.
- Wherein under Basel III the Islamic Financial Institutions would need to increase their capital buffer and require that they match the duration of their own funding to the proposed financing.

Proposed Ideas

Idea 1: Sukuk Avenue for Infrastructure Financing



Key ingredients for Infrastructure Project Financing

Long-term and stable cash flow

Infrastructure projects with long-term concessions and stable cash flows features that are derived from clear asset sources give certainty for financing. This features also suits financing via Sukuk.

Deepened available capital pool

Infrastructure financing requires large amount of financing. Traditional financing under Islamic financial institutions are restricted by single customer limit. The availability of Sukuk as an alternative source of financing for infrastructure projects and source of capital.

Enhanced liquidity

The availability of strong underlying assets backing Sukuk issuances attracts liquidity from both Islamic and conventional investors in the global Sukuk markets

Longer debt maturities

With longer debt maturities the repayment can be spread out for the Customer. Infrastructure projects would involve long construction period, thus with longer maturities it will provide ample time to build up the cashflow.

Notable Sukuk Issuance for Infrastructure Project Financing in Asia

Issuer	Country	Islamic Structure	Issue Date	Currency	Amount Outstanding (million)	Coupon (%)	Tenure (Years)	Type of Infrastructure Project
Saudi Electricity Global Sukuk Company 3	Saudi Arabia	Ijarah	8-Apr-14	USD	2,500.0	4.00, 5.50	10.0, 30.0	Power Plants & Electricity Transmission Network
Syarikat Prasarana Negara Bhd	Malaysia	Ijarah	12-Mar-14	MYR	2,000.0	4.08, 4.67	5.0, 10.0	Light Rail Transit
TNB Western Energy Bhd	Malaysia	Ijarah & Wakalah	30-Jan-14	MYR	3,655.0	5.06 - 5.80	10.5 - 20.0	Power Plant
Perusahaan Listrik Negara PT	Indonesia	Ijarah	10-Dec-13	IDR	429,000.0	9.00, 9.60	5.0, 10.0	Electricity Transmission Network
Sarawak Hidro Sdn Bhd	Malaysia	Ijarah	14-Oct-13	MYR	1,000.0	4.60	15.0	Hydroelectric Dam
DEWA Sukuk 2013 Ltd	United Arab Emirates	Ijarah	5-Mar-13	USD	1,000.0	3.00	5.0	Power Plants & Water Desalination Plants
Tanjung Bin Energy Issuer Bhd	Malaysia	Murabahah	16-Mar-12	MYR	3,290.0	4.65 - 6.20	5.0 - 20.0	Power Plants
Projek Lebuhraya Usahasama Bhd	Malaysia	Musharakah	12-Jan-12	MYR	30,600.0	3.90 - 5.75	5.0 - 27.0	Expressways

Proposed Ideas

Idea 1: Sukuk Avenue for Infrastructure Financing

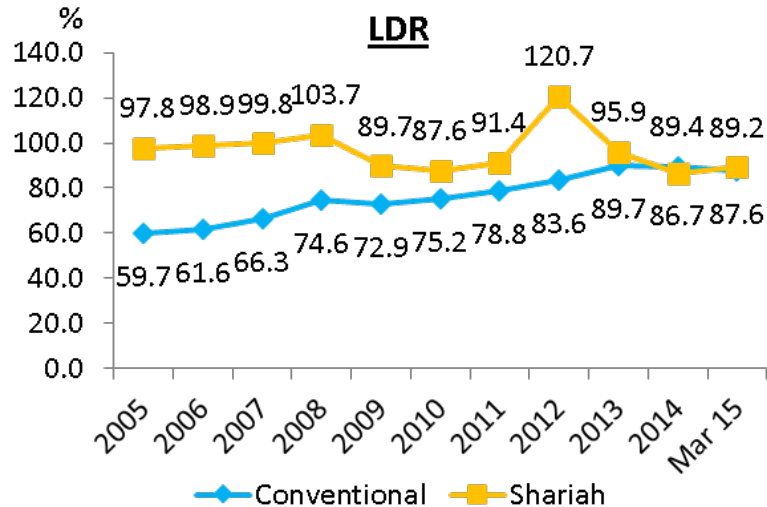
- Typical structure for Islamic Project Financing via a Sukuk are Wakalah, Murabahah, Ijarah and Musharakah.
- Comparison of the structures can be seen as per below

	Dependence on Issuer's Tangible Assets			
	← Low			High →
	Murabahah (Cost Plus Mark up Sale)	Musharakah (Partnership)	Wakalah Bil Istithmar (Investment Agency)	Ijarah (Lease)
Description	<ul style="list-style-type: none"> Contract for a sale and purchase of asset(s) Cost and profit margins are made known upfront and agreed by parties involved 	<ul style="list-style-type: none"> Partnership arrangement between 2 parties or more to finance a business venture. Parties contribute capital in the form of cash or in kind. Profit will be distributed based on a pre-agreed ratio. Loss is shared on the basis of equity participation. 	<ul style="list-style-type: none"> Investment agency contract whereby a party authorises another party to act on behalf of the former based on the agreed terms and conditions Government of Malaysia issued the first sovereign USD Sukuk structured under the Shariah principle of Wakalah in 2011 	<ul style="list-style-type: none"> Lease-based contract whereby a lessor (asset owner) leases out an asset to a lessee at an agreed lease rental for a predetermined lease period. The ownership of the leased asset shall always remain with the lessor Most common and popular Islamic structure for issuers globally, either on sale-and-leaseback or head-lease and sub-lease basis
Underlying Assets	<ul style="list-style-type: none"> Tangible asset is required, but not Issuer's own assets Typically involves use of commodity(ies) purchased from, and sold to commodity brokers 	<ul style="list-style-type: none"> No requirement of tangible assets as the business of the Issuer is used in the Musharakah arrangement 	<ul style="list-style-type: none"> Tangible asset is required for a minimum threshold (33% or 51%) and Commodity(ies) purchased from, and sold to commodity brokers 	<ul style="list-style-type: none"> Leasable asset required to match the issuance size.
<ul style="list-style-type: none"> Where Issuer's own assets are required, legal title of asset typically remains with the original registered owner. Investors as beneficial owner of the assets 				

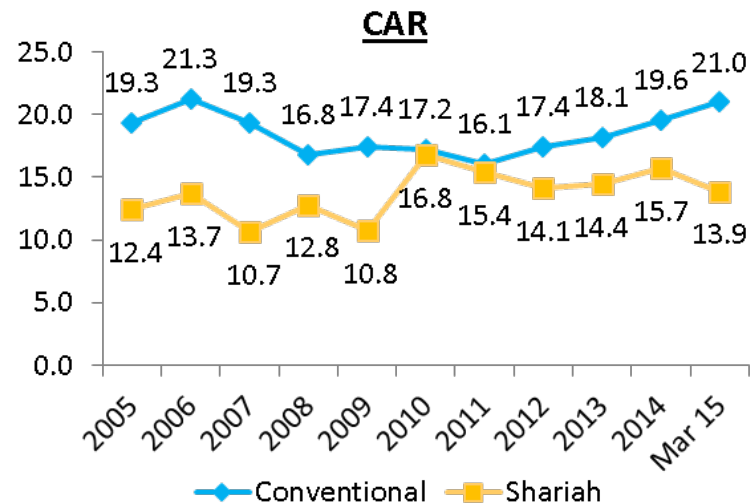
Proposed Ideas

Idea 2: National Shariah Compliant Mutual Funds

LDR is relatively higher due to limited liquidity instruments.



Challenges to attract funds from capital market in order to keep a healthy CAR



Opportunities to enhance liquidity via INDONESIA NATIONAL INVESTMENT INSTITUTION “INDONESIA NATIONAL SHARIAH COMPLIANT MUTUAL FUND (NMF)”

Key Objectives

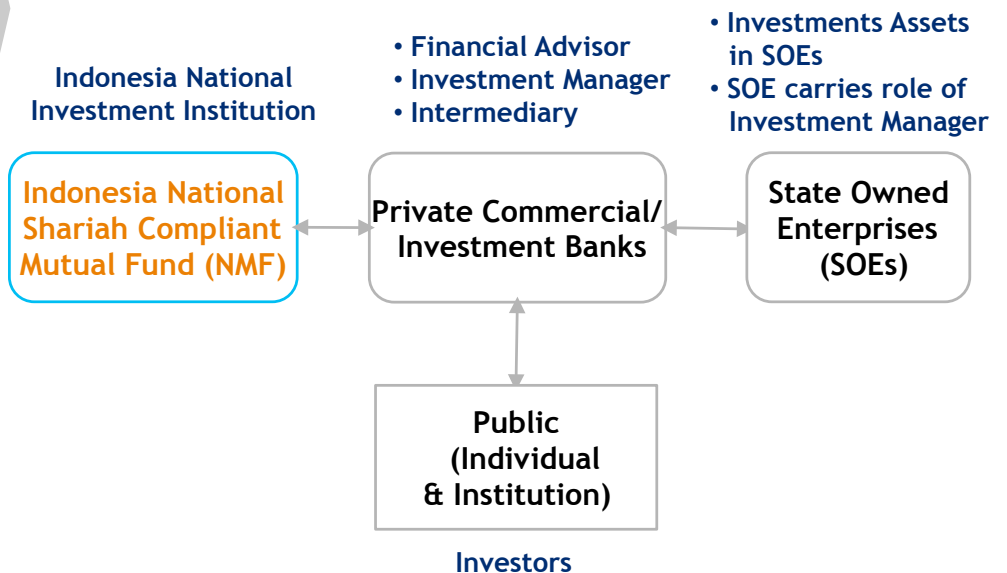
Effectively mobilising and managing national funds

Scope of Business & Services:

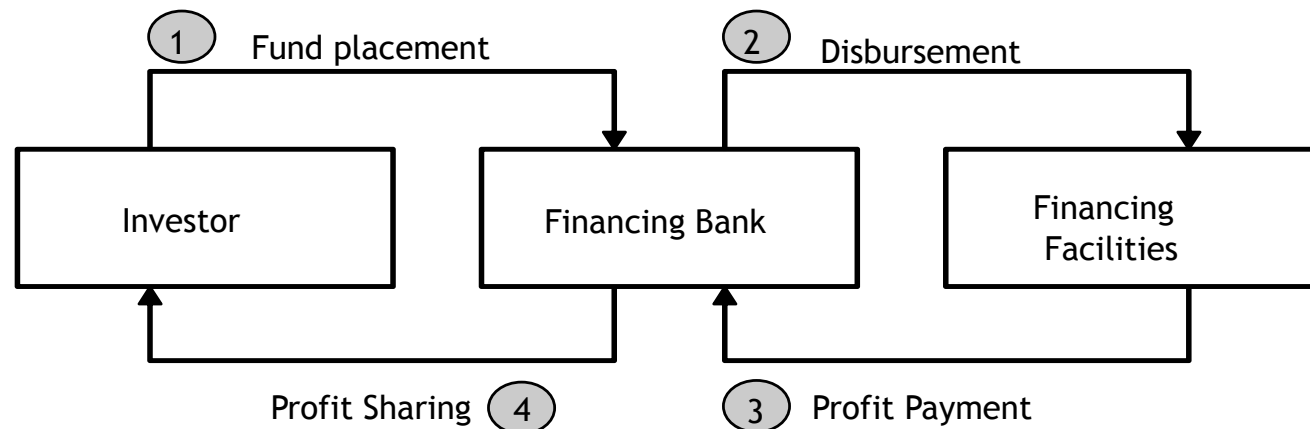
- National Asset Management
- National Unit Trust & REIT Management

High Level Core Function

- Evaluate, select and acquire a sound portfolio of shares in SOEs with growth potential.
- NMF in essence acts as a warehouse, whereby shareholdings in these SOEs are placed in “Indonesia Shariah Compliant Mutual Fund” and sold to unit holders in the form of smaller units



- RPSIA is based on the Mudharabah (profit-sharing) structure. Mudharabah is defined as a partnership between the Investor who assumes the role of capital provider (Investor) and the Manager who assumes the role of the Manager of funds. The Manager is expected to perform to the best of his ability to translate the capital provided into profit.



Process Overview

1. Investor places funds with the Manager (Financing Bank).
2. Manager channels the funds to the predetermined Assets.
3. Manager receives periodic payment of profits from the Assets and pays to Investor at predetermined intervals or at maturity of investment tenor.
4. On the maturity date, Manager calculates and effects the profits to Investor according to the predefined Profit Sharing Ratio (PSR). Aside from the profit payment, Manager will refund the capital to Investor upon maturity.

Benefits of RPSIA to the Investors	Benefits of RPSIA to the Managers
<p><u>Portfolio Diversification</u></p> <ul style="list-style-type: none"> •Tapping on Non-Home Market: <p>For the financial institutions (FIs) with no presence in specific countries but have interests to certain names of corporates or retail financing assets, it is a platform for them to tap on assets from these market.</p> <ul style="list-style-type: none"> •Tapping on Various Asset Types: <p>For the FIs with no exposure in certain types of financing assets such as top tier corporations in some countries, this investment tool also provide them with the opportunity to have such exposure.</p>	<p><u>Capital Savings</u></p> <ul style="list-style-type: none"> •The Manager can free up its capital from RPSIA assets and reallocate its capital to grow other assets. <p><u>Enhance Fee Income</u></p> <ul style="list-style-type: none"> •The Manager will earn a fee income by continuing its role to manage the assets on Investor’s behalf. <p><u>Liquidity</u></p> <ul style="list-style-type: none"> •This is an alternative funding source for the Manager to improve its liquidity position.

- Commodity Murabahah (“CM”) is based on commodities which are traded on a spot basis with 100 per cent payment of the purchase price, then selling the purchased commodities to a third party on a Murabahah (cost-plus sale) basis for a deferred payment with a range of maturity and with spot delivery of the sold commodities. The third party will then sell these commodities to realize cash.
- CM can be used for financing and also for liquidity management. CM provides certainty of returns as it is undertaken based on pre-agreed ‘margin’ or ‘mark-up’ from the sale and purchase of the underlying asset.
- Benefit of CM is that the underlying asset which are commodities are easily accessible in the market namely London Metal Exchange, Crude Palm Oil and etc. Thus, the customer would not require to use their own assets as the underlying asset for the CM as it uses third party assets.
- CM can be an effective liquidity management tool as the banks can transact the CM with the central bank if they face short term liquidity issues. Therefore, from this aspect it can be a platform for monetary policy implementation.

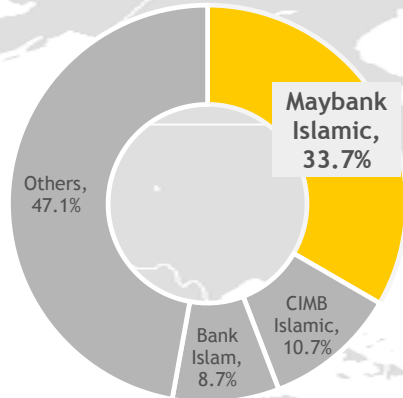
Maybank Islamic: Asia Pacific's Largest Islamic Finance Provider

Harnessing the Maybank Group's "Islamic First" Strategy to deliver Shariah-compliant solutions



- The Maybank Islamic Banking Group is the Islamic banking arm of the Maybank Group
- Driven by the Maybank Group's "Islamic First" philosophy to deliver Shariah-compliant solutions

Our Market Leadership



Market Share

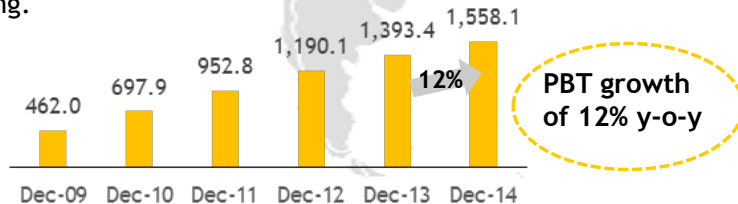
Source: Bank Negara Malaysia Monthly Statistical Bulletin June 2015 and Islamic Banks June 2015 Financial Statements

- ✓ Market share dominance in Malaysia: 33.7% (as at June 2015) more than 3x our closest competitor, leading more than 20 local & foreign-based financial institutions
- ✓ Largest Islamic finance provider in Malaysia and Asia-Pacific
- ✓ 3rd largest Islamic bank globally by asset size
- ✓ Total assets recorded at RM146 billion (USD42 billion) (as at December 2014). 17% total assets growth y-o-y



Wide Presence & Strong Fundamentals

- ✓ **Malaysia:** 16 dedicated branches and co-located across all 399 Maybank branches
- ✓ **Region:** 28 dedicated branches and 273 windows across Singapore, Indonesia, London, Labuan, Bahrain and Hong Kong.



Awards & Accolades



The Banker's Islamic Bank of the Year Awards 2015

- Global Islamic Bank of the Year
- Islamic Bank of the Year (Asia Pacific)
- Islamic Bank of the Year (Indonesia)



The Asset Triple A Awards

- Leadership Issuer of the Year 2015
- Best Islamic Bank of the Year 2014 & 2015
- Best Islamic Retail Bank & Trade Finance 2012, 2013, 2014 & 2015
- Best Islamic Project Finance House 2013 & 2014
- Industry Leadership Award - Islamic Banker of the Year 2013



Reader's Digest Trusted Brand Awards 2014

- Islamic Financial Services Category (Gold Award)



Global Finance Magazine Awards

- World's Best Islamic Financial Institutions (Asia, Malaysia & Singapore) 2013, 2014 & 2015
- World's Best Islamic Retail Bank 2015



Alpha South East Asia Awards 2013

- Best Islamic Finance Bank (Malaysia)

Maybank Islamic: Global Banking

FY2015 and FY 2014 Sukuk transactions displaying our diverse capabilities, well-roundedness and completeness as an Islamic finance house.



<p>1</p>  <p>HONG KONG SUKUK 2015 LIMITED USD1,000,000,000</p> <p>Islamic Trust Certificates Issuance Co-Manager</p> <p>May 2015</p>	<p>2</p>  <p>IFFIM SUKUK COMPANY II LIMITED USD200,000,000</p> <p>Islamic Trust Certificates Issuance Joint Lead Manager and Joint Bookrunner</p> <p>September 2015</p>	<p>3</p>  <p>DIB SUKUK LTD USD1,000,000,000</p> <p>Senior Unsecured Sukuk Trust Certificate Programme Joint Lead Manager</p> <p>May 2015</p>	<p>4</p>  <p>GARUDA GLOBAL SUKUK LIMITED USD500,000,000</p> <p>Islamic Trust Certificates Issuance Joint Lead Manager, Joint Bookrunner</p> <p>June 2015</p>
<p>First AAA-rated government sukuk issuer to adopt a Wakalah structure</p>	<p>Fund immunization program for children of the poorest countries.</p>	<p>Aggressively priced transaction for a low all-in profit rate</p>	<p>Indonesia's First Corporate USD Sukuk Issuer</p>
<p>5</p>  <p>SAPURAKENCANA TMC USD7,000,000,000</p> <p>Multi-Currency Islamic Medium Term Notes Programme Principal Adviser, Lead Arranger, Lead Manager</p> <p>September 2015</p>	<p>6</p>  <p>MALAYSIA AIRPORTS HOLDING BERHAD MYR2,500,000,000</p> <p>Senior Sukuk Programme and Perpetual Subordinated Sukuk Programme Joint Principal Adviser, Joint Lead Arranger, Joint Lead Manager</p> <p>December 2014</p>	<p>7 Award Winning</p>  <p>BUMITAMA AGRI LTD MYR2,000,000,000</p> <p>Sukuk Musharakah Programme Joint Principal Adviser, Joint Lead Arranger, Joint Lead Manager, Joint Bookrunners</p> <p>March 2014</p>	<p>8 Award Winning</p>  <p>MIDCITI SUKUK BHD MYR 3,000,000,000</p> <p>Sukuk Murabahah Programme Joint Principal Adviser, Joint Lead Arranger, Joint Lead Manager</p> <p>April 2014</p>
<p>The Issuer's first unrated USD offerings</p>	<p>First Rated Hybrid Perpetual Sukuk</p>	<p>Foray into MYR Sukuk Markets and Funding Diversification via Opportunistic Swap Windows by a Foreign Issuer</p>	<p>High Credit Issuer</p>

Maybank Group's Experience - Infrastructure Project Financing

- Maybank has a strong track record in structuring and executing project finance transactions in the power & utilities sector and infrastructure financing through the issuance of private debt securities/Sukuk, loan facilities or combination of both.

- Our project finance clientele is not restricted to local project sponsors but also extends to project sponsors across the region in Singapore, Indonesia and Philippines.

- Our expertise in structuring project finance transactions is well recognised by the industry, highlighted by the receipt of awards and accolades:

- **PT Lestari Banten Energi's USD730 million Syndicated Loan**
Asia Pacific Power Deal of the Year - PFI Awards 2013

Asia Pacific Power Deal of the Year Project Finance Magazine Deal of the Year 2013

- **Tanjung Bin Energy Issuer Bhd's MYR6.5 billion Loan and Sukuk Murabahah**
Best Islamic Project Financing Deal The Asset Triple A Awards 2013 Islamic Finance

RAM Blueprint Awards/Most Innovative Deal of the Year - 10th Rating Agency Malaysia League Awards 2012

Malaysia

NORTHPORT (M) SDN BHD

MYR1,500,000,000

Islamic Medium Term Notes & Islamic Commercial Papers

Joint Principal Adviser, Joint Lead Arranger, Joint Lead Manager

December 2014

KESAS SDN BHD

MYR735,000,000

Islamic Medium Term Notes

Adviser, Lead Arranger and Lead Manager

December 2014

SYARIKAT PRASARANA NEGERA BERHAD

MYR2,000,000,000

Government Guaranteed Sukuk Murabahah Programme

Joint Lead Arranger, Joint Lead Manager, Joint Bookrunner

March 2014

SIME DARBY PROPERTY SELATAN GROUP

MYR895,400,000

Syndicated Islamic Term Financing-I Facilities

Joint Mandated Lead Arranger

November 2013

PENGERANG INDEPENDENT OIL TERMINALS SDN BHD

SGD437,500,000 & MYR350,000,000

Dual Currency Term Loan Facility

Joint Lead Managers

June 2013

OM MATERIALS (SARAWAK) SDN BHD

USD215,000,000 & MYR436,000,000

Syndicated Project Financing Facilities

Joint Mandated Lead Arranger

June 2013

DANAINFRA NASIONAL BERHAD

MYR8,000,000,000

Government Guaranteed Islamic Commercial Papers & Islamic Medium Term Notes Programme

Joint Lead Arranger, Joint Lead Manager

July 2012

MYR6,500,000,000

Loan and Sukuk Murabahah

Joint Principal Advsier, Joint Lead Arranger, Joint Lead Manager, Mandated Lead Arranger

March 2012

Regional

BATTERSEA PROJECT PHASE 2 HOLDING CO LTD

GBP750,000,000

Syndicated Term Loan Facility & Revolving Facilities

Joint Coordinator, Joint Mandated Lead Arranger, Joint Bookrunner

October 2014

TUASPRING PTE LTD

SGD720,000,000

Syndicated Term Loan Facility

Joint Mandated Lead Arranger, Joint Underwriter, Joint Bookrunner

December 2013

PT LESTARI BANTEN ENERGI

USD730,000,000

Syndicated Term Loan Facility

Joint Mandated Lead Arranger

May 2013

FUJAIRAH OIL TERMINAL FZC

USD251,860,000

Syndicated Term Loan Facility

Joint Mandated Lead Arranger

February 2013

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