

## Maybank Q1 Net Profit Up 25% To MYR1.29 Billion

November 14, 2011

*“The improved performance is a demonstration that the traction we have built is continuing to drive growth in our preferred areas, and we will remain agile to pursue opportunities in this challenging global economic environment. Coupled with efforts in refreshing our Maybank brand are initiatives to provide products and services to help our customers understand risks better, and for us to build on these strong relationships to find new growth areas together.”*

Comments by Our Chairman,  
Tan Sri Megat Zaharuddin Megat Mohd Nor

*“We had a good start in this first quarter as our business segments are continuing to record strong growth in revenue and business generation. The emphasis on customer service and product differentiation is clearly helping us strengthen our leadership and expand into new market segments. The KPIs that we have set for this financial period appear attainable based on our current achievement, although the external environment continues to pose a challenge due to the volatility in the global markets. While we remain cautious of possible impact from any weakening in external demand and will be vigilant in our monitoring, we are cognizant of areas where growth remains strong and will responsibly pursue building market share in these areas.”*

Comments by Our PCEO,  
Dato’ Sri Abdul Wahid Omar

### Highlights of Q1FP11

- PATAMI up 25.1% to RM1.29 billion
- Sustained growth in Loans & Debt Securities of 20.5%, above 12% target
- Revenue rises 17.6% to RM3.71 billion
- Asset quality improved further with net impaired loan ratio declining to 2.18%
- Capital position remains robust at 15.4%
- Earnings per share up 18.4% to 17.2 sen

Maybank today announced that Group profit after tax and minority interest (PATAMI) for the first quarter ended September 2011 in the current financial period ending December 2011, rose 25.1% to RM1.29 billion from RM1.03 billion in the previous corresponding period. Group profit before tax rose 25.3% to RM1.76 billion from RM1.40 billion previously.

The improved performance was driven mainly by double-digit growth in revenue from almost all business sectors. In addition, it was boosted by improvement in asset quality and better bad debts recovery mainly from the corporate banking, business banking and SME and Singapore operations.

Group loans continued to grow at a steady pace, expanding 17.6% on an annualised basis. Overseas loans surged 41.4% led by Singapore (41%) and Indonesia (26.6%). Loans at the Malaysian operations grew 7.2%. Within the Malaysian operations, Community Financial Services led loans growth with 9.4% while Global Wholesale Banking recorded 3.2%. Maybank Islamic continued to register solid financing growth with a rise of 24%.

Our Group achieved Return on Equity (ROE) of 15.8% which is higher than the 15.2% ROE recorded in financial year ended 30 June 2011, and on track towards achieving 16% target for Financial Period ending 31 December 2011.

Key drivers for the quarter's performance included the following :	Significant achievements recorded in the key business segments were as follows:
<ol style="list-style-type: none"> <li>1. A 28.1% increase in non-interest income led by investment &amp; trading income (+67.7%), commissions, service charges and fees (+46.1%) and net foreign exchange profit of RM70.7 million.</li> <li>2. Higher net interest income which rose 5.6% to RM1.87 billion despite a tightening in net interest margin by 23 basis points to 2.46%.</li> <li>3. A 52.7% rise in Islamic banking income as well as an 11.2% increase in net insurance income.</li> <li>4. Significant reduction in allowance for losses on loans which fell 62.7% to RM98.7 million from RM264.7 million previously.</li> <li>5. Continued improvement in asset quality with net impaired loan ratio declining further to 2.18% in September 2011 from 2.99% a year earlier.</li> <li>6. Sustained customer deposit annualised growth of 14.9% to RM293.3 billion.</li> <li>7. Strong asset growth of 24% to RM430.6 billion from RM347.1 billion in September 2010.</li> </ol>	<ol style="list-style-type: none"> <li>1. A 50.6% rise in profit before tax of Community Financial Services which rose to RM816 million from RM542 million previously.</li> <li>2. Higher profit before tax from Global Wholesale Banking which rose 56.9% to RM849 million from RM541 million previously.</li> <li>3. A 56.4% growth in profit before tax for International Banking operations which reached RM454 million from RM290 million previously. Among the other two home markets, Singapore operations recorded a 43.3% rise to SGD 120.5 million while Bank Internasional Indonesia (BII) rose more than three-fold to Rp 295 billion.</li> <li>4. Improved profit from Insurance, Takaful &amp; Asset Management which grew 24.1% to RM98 million from RM79 million previously.</li> <li>5. Robust performance by the Group's Islamic Banking which recorded a 50% rise in profit before tax and zakat to RM292.3 million compared with RM195.3 million previously.</li> </ol>

### Maybank Group Quarterly Results Q-on-Q and Y-o-Y

On a quarterly comparison, the first quarter's PATAMI was 11.4% higher than the RM1.15 billion recorded in the quarter ended 30 June 2011 while profit before tax was 1.8% higher than the RM1.73 billion.

### Community Financial Services

This sector which continues to be the leading contributor to Group performance, saw revenue rising 18.8% to RM1.60 billion. Overall consumer loans expanded 12.7% on an annualised basis led by mortgages (17.4%), credit card receivables (+9.8%), automobile financing (+9.7%) and financing of securities (+8.4%) (a major part of which was for unit trust investments). The bulk of automobile financing was primarily for new cars (86%).

The robust Consumer loan growth, however, was partly offset by a contraction in Business Banking and SME loans. Notwithstanding this, market share for SME loans continued its upward trend to touch 17.4% from 14.9% a year earlier while its level of impaired loans remained relatively stable. Deposits from Business Banking and SMEs showed a significant jump of 59.2% on an annualised basis to RM47.3 billion.

In the Cards business segment, Maybank maintained its overall leadership by growing market share in key areas including card base (17.7% vs 16.4% a year earlier), billings (23.8% vs 22.6%), receivables (15% vs 14.1%) and merchant sales (30.4% vs 29.3%).

Maybank bucked the industry trend by registering growth in card base (0.4% growth vs industry contraction of 6.8%). It also outpaced industry growth rates in billings (22.5% vs 16.5%) receivables (17.1% vs 9.6%) and merchant sales (19.7% vs 15.4%).

### Global Wholesale Banking

Global Wholesale Banking saw revenue rise 69.4% to RM1.19 billion, due to consolidation of Kim Eng Holdings Results and driven by a 14.3% rise in term loans and a 7.8% rise in short term revolving credit & overdrafts. The Group continued to maintain a leading market share in trade finance which stood at 25.1% compared to 22.6% a year earlier.

- Global Markets**

Global Markets registered a 12.3% rise in revenue to RM472 million, driven mainly by an 18.5% rise in non-interest income. This, together with an absence of impairment losses on securities, resulted in profit before tax rising 10.4% to RM408 million. The Group's securities portfolio grew 32.8% on an annualised basis to RM66.0 billion, mainly on the back of a 43.5% increase in Government Securities and 39.7% in PDS/Corporate Bonds.
- Investment Banking**

Investment Bank (Maybank IB) had a strong quarter with fee-based income rising 85.7% on the back of a strong deal pipeline. Revenue was up more than six-fold to RM297 million from RM45 million previously resulting in the Bank clinching top spot in industry position in three segments namely M&A with 39.2% market share, Equity & Rights offerings (9.6% share) and Debt Markets Malaysia Domestic Bonds (26.5%). Maybank IB has fairly balanced income segmentation with Brokerage activities contributing 34% of its income, arrangers' fees 18%, agency/guarantee fees 17%, corporate advisory fees 14% and underwriting/placement fees 8%. The performance of its newly acquired brokerage, Kim Eng Securities was affected by the generally lackluster volume in the equity markets which affected brokerage income. Nevertheless, the Group is working to leverage on the synergies available throughout its regional operations to drive further business growth.

### Global Wholesale Banking

This segment saw revenue rise to RM193 million for the quarter compared to RM187 million previously. Etiqa maintained top position in the Life/Family new business with market share of 15.1% as well as in the general insurance segment with market share of 12.2%.

Combined gross premium rose 15% led by a 32% rise in general insurance premium and 6% in life premium. Robust growth was seen in the Group Life segment which saw premium rising almost three fold while the Marine, Aviation and Transport

(MAT) segment saw premium double and Motor insurance premium growing 29%. Etiqa maintained a better overall loss ratio of 58.2% compared with the industry level of 59.0%.

### **Islamic Banking**

Our Group's Islamic banking business remained a solid performer with a 53% rise in total income to RM516.3 million for the quarter, driven mainly by a 49% rise in fund based income.

Within Maybank Islamic, the Business segment was the main driver for financing growth with an overall rise of 56% led by short term revolving credit which more than doubled and term financing which rose 72%. The consumer segment, on the other hand, saw overall financing growth of 16%, led by mortgage financing (which increased 31%), term financing (17%) and automobile financing (13%).

### **Singapore**

Maybank's Singapore operations had a stellar quarter with a 32.7% rise in total income to SGD209.9 million and a 43.3% rise in profit before tax to SGD120.5 million. Non-interest income doubled to SGD90.8 million from SGD44.5 million in September 2010 while net fund based income grew at a more modest 4.7%. Provisions declined by more than half to SGD1.3 million from SGD3.6 million a year earlier.

Loans growth outpaced that of the industry with increases registered in almost all key segments of automobile financing, housing, general commerce and Building & Construction segments. Overall, consumer loans comprise 40% of its portfolio while commercial and corporate loans make up the remainder. Asset quality remains good with net impaired loans ratio at 0.18% in September 2011.

### **Indonesia**

BII registered a 7.3% rise in gross operating income for the three months ended September 2011 to Rp1.57 trillion from Rp1.46 trillion a year earlier. Profit before tax rose over three fold to Rp295 billion from Rp84 billion a year earlier. The

better results was achieved on the back of a 9.8% rise in non-interest income which touched Rp562 billion from Rp512 billion previously. In addition, net interest income grew 6% to Rp1.01 trillion from Rp949 billion despite a further tightening in net interest margin to 5.28% in September 2011 from 5.78% a year earlier.

BII continues to maintain good asset quality with net impaired loans ratio dipping further to 1.37% from 1.97% a year earlier. In addition, the Bank maintained a healthy capital adequacy ratio of 12.33%.

Expansion plans remain well on track with the branch network expanding further to 346 branches from 295 in September 2010, while its ATM network grew to 1,088 from 893 during the same period.

### **Greater China**

The performance at Maybank's Shanghai and Hong Kong operations continued to grow with gross loans expanding to RM6.65 billion from RM4.02 billion a year earlier. Deposits rose 7% to RM3.57 billion from RM3.32 billion in September 2010. Revenue, meanwhile, was up six fold to RM39 million from RM5.9 million a year earlier.

### **MCB Bank**

Maybank's 20% associate in Pakistan, MCB Bank, saw steady growth in both revenue and profit before tax for the nine months ended 30 September 2011. Revenue rose 23.4% to PKR 39.2 billion while profit before tax grew 24.4% to PKR24.3 billion.

MCB enjoyed a 31% increase in non-interest income mainly due to rises in investment income, fees, commission, brokerage income and income from dealing in foreign currencies. It also registered a 22% increase in net interest income on the back of higher Karachi Interbank Offered Rate (KIBOR) which saw net interest margin rising to 7.01% from 6.86% last year. Loans declined marginally by 5.1% but deposits grew strongly by 15%, with low-cost current account & savings accounts constituting 81% of total customer deposit portfolio. The Bank's return on equity

rose to 25.78% from 24.19% last year while cost-to-income ratio dipped to 31.45% from 32.7%.

### **AnBinh Bank (ABBank)**

ABBank of Vietnam in which Maybank also has a 20% stake, registered a 27.6% rise in revenue to VND 1,257 billion for the nine months to September 2011. Profit before tax, however, declined to VND 329 billion from VND546 billion mainly due to higher operating expenses and an increase in loan loss provisioning on the back of higher impaired loans. Loans saw a decline to VND17,777 billion from VND19,877 billion in December 2010 partly due to compliance to measures set by the Central Bank including a cap to annual loans growth and reduction in exposure to non-productive sectors. The net impaired loan ratio meanwhile rose to 5.79% on the back of higher non-performing loans as well as the decrease in loan portfolio. Net interest margin, however, improved to 5.04% from 4.03% a year earlier.