PRESS RELEASE **EMBARGO : TO BE ANNOUNCED**

27 February 2014

Maybank FY13 net profit jumps 14.0% to a record RM6.55b

31 sen per share final dividend puts Maybank among top bank dividend yields in Asia

Highlights FY13

- Record full year PATAMI of RM6.55 billion
- Net income rises 10.5% to RM18.54 billion, well ahead of costs growth
- Key targets met or exceeded:
  - ROE of 15.1% in line with 15.0% target
  - Group loans rose 14.0% exceeding 12.0% target
  - Deposits grew 14.0% ahead of 12.0% target
- International operations see 12.7% PBT growth; contribution to Group PBT at 30.3%
- Total Group assets surge past RM560 billion
- 31 sen per share final dividend (under DRP); total FY13 dividend payout of 71.9% of Group PATAMI.
- Sound financial strength with Group total capital at 15.43% (based on 85% DRP reinvestment rate)

Kuala Lumpur- Maybank, a leading financial services group in Asia, today reported that **profit after tax and minority interest (PATAMI)** for the financial year ended 31 December 2013 rose 14.0% to a new high of RM6.55 billion on the back of a solid performance from its businesses across Asia, higher loans growth as well as improved cost management initiatives. Group **profit before tax** (PBT) for the year came in 12.3% higher at RM8.87 billion compared with the RM7.90 billion in 2012.

The results were boosted by a particularly robust **fourth quarter** which saw PATAMI surge 18.6% to RM1.73 billion, compared with the corresponding quarter a year earlier. Profit before tax for the quarter was 18% higher at RM2.30 billion.

The Group's regionalisation focus continued to bear fruit, resulting in the PBT of its international operations rising 12.7% to RM2.69 billion this year. For the Malaysian operations, PBT was up at a healthy 12.1%.

Strong performance was particularly recorded by Bank Internasional Indonesia (BII), Maybank's Indonesian banking subsidiary, which continued its impressive upwards profit trajectory. Net profit reached a record Rp1.55 trillion last year, 28% higher over 2012. The better performance was achieved on the back of the continuing transformation initiatives within the entity, and leveraging on the Group's synergies to focus on enhancing productivity across the bank's widening customer base across Indonesia. Maybank Islamic, currently ranked as the 3rd largest Islamic bank in the world by assets, also saw stellar growth with net profit up by 17% to RM1.39 billion.

Overall, **Group loans** expanded 14.0% year-on-year (YoY), enabling the Group to exceed its annual KPI target. Loans growth was again led by Maybank's Indonesian operations which grew 27.9% YoY, followed by Singapore operations at 13.6% and Malaysian operations at 11.9%.

Group **net income** rose 10.5% to RM18.54 billion led by a 14.6% YoY upswing in **net fee-based income** as well as an 8.4% rise in **net fund based income**. Fee-based income was buoyed by a solid 20.9% rise from Investment Banking, 16.3% from Insurance, Takaful & Asset Management and 2.9% from Community Financial Services. Key areas of growth were foreign exchange profit which rose to RM1.13 billion from RM639 million, investment and trading income which rose 15.5% to RM1.29 billion as well as commissions, service charges and fees which grew 11.7% to RM3.54 billion.

Maybank's strong customer franchise was further cemented with a solid 14% YoY **deposit growth** outpacing the industry's 12% growth. This was contributed by healthy increases across its key home markets led by Indonesia which grew 24.8%, Malaysia 14.0% and Singapore 13.7%. All markets enjoyed sustained growth in the low-cost Current and Savings Account (CASA) deposits categories – helping the Group lift its **CASA ratio** to 36.1% from 35.1% a year earlier**. Loan-to-Deposit ratio** remained healthy at a relatively stable rate of 89.9% while **loan loss coverage** rose further to 107.5% from 105.6% a year earlier.

The Group's strong low-cost deposit franchise and improved operational efficiency enabled it to successfully contain pressure on its interest margin, resulting **in net interest margin** dipping marginally to 2.43% from 2.48% a year earlier.

Continued efforts in cost management under the Group's Strategic Cost Management Programme again paid dividends with income growth of 10.5% well above of Overheads growth of 8.4% - resulting in positive JAWs. Consequently, the Group's **cost-to-income ratio** improved further to 47.8% from 48.6% in 2012.

At the same time, the Group managed to strengthen **asset quality** through continued efforts in sound credit control and risk management. This resulted in the net impaired loans ratio improving further to 0.95% from 1.09% in December 2012.

Continued Value Creation

Announcing the results in Kuala Lumpur today, **Maybank Chairman Tan Sri Megat Zaharuddin Megat Mohd Nor** said that better synergies across all the Group's operations in the region were resulting in improved business acquisition while better asset quality as well as aggressive cost management and productivity improvement initiatives boosted overall performance.

"It is evident that our well diversified footprint in Asia, in particular ASEAN, is helping us realise greater value from our operations as this region continues to remain a global centre of growth with among the highest GDP growth in the world," said Tan Sri Megat Zaharuddin. "In addition, our mission in humanising financial services across our network has helped to differentiate our products and services, as well as strengthened our brand visibility , thereby building greater goodwill with stakeholders."

He said that the Board was proposing to reward shareholders with a **final dividend** of 31 sen per share in respect of the financial year ending 31 December 2013. This will again be under the Dividend Reinvestment Plan, which he credited as one of the initiatives which had contributed to Maybank's strong capital base.

Under the proposed DRP this round, 4 sen per share will be paid in cash while the electable portion of 27 sen per ordinary share can be reinvested in new ordinary shares or paid in cash.
This, together with the earlier interim dividend of 22.5 sen per share, represents a full-year payout ratio of 71.9% of Group PATAMI.

Meanwhile, **Maybank Group President & CEO, Datuk Abdul Farid Alias** said the significantly higher results despite the challenging global economic environment demonstrated Maybank's continued ability to execute its strategy well, amid vastly improved organisational capabilities, as well as the continued support of customers across the region.

"We experienced a slow first half but quickly re-orientated our focus on growth areas which we believed offered higher potential. These included areas such as investment banking; global markets, Islamic banking, wealth management and transaction banking – which helped us create differentiated value propositions to clients, as well as build our ancillary businesses such as deposits and fee-income," he said. "At the same time, we enhanced our organisational structure to harness the strengths of our regional network and resources, which have borne fruit."

Acknowledging that 2014 will be more challenging, Datuk Farid said that the Group's attention will be on capturing value from latent opportunities region-wide which will be complemented through efforts to enhance productivity as well as optimise yields.

Review of Operations

Maybank's **Community Financial Services (CFS)** remained the largest contributor to Group earnings with net income totalling RM7.32 billion for the year, up 6.5% from a year earlier. The Group strengthened its key revenue driver by registering healthy increases in Total Financial Assets of both its High Networth & Affluent segment (13.5% YoY) as well as Mass segment (8.6%). The cross—selling ratio for both categories respectively also improved to 6.37 from 6.21, and 2.99 from 2.86 a year earlier.

Total CFS loans grew 12.2% led by Consumer loans which rose 12.7% (outpacing industry's 11.93%) and Business Banking & SME loans at 10.4%. Mortgages rose 11.0% while unit trust loans expanded 20.5% and automobile financing 12.0%. The Bank continued to grow its market share for automobile financing which now stands at 21.5% from 20.2% a year earlier. In the mortgage segment, the Bank's "pricing discipline" strategy ensured continued growth in its loan balance and profitability, although it resulted in a slight decline in market share.

The Cards Business segment, meanwhile, maintained its leadership by outperforming the industry in key areas of billings (12.8% vs industry of 7.7%) and merchant sales (12.6% vs 8.5%). Consequently, market share in both these segments increased to 27.3% and 34.1% respectively from 26.1% and 32.8% a year earlier.

Loans in the SME segment grew at a robust pace of 23.1% arising from the new strategy on the Retail SME segment, while Business Banking rose 7.6%. Deposits for the retail SME and Business Banking segment grew 16.3% YoY.

Global Banking (GB) saw net income rise 4.0% to RM5.50 billion led by a robust 20.1% increase from **its Investment Banking** business under Maybank Kim Eng which touched RM1.54 billion. Investment Banking continued to enjoy a healthy pipeline of regional deals benefiting from its extensive reach in ASEAN. In Malaysia, Maybank IB retained its top position in the Malaysia League Table for Equity & Rights offering and was second for M&A and Malaysian Domestic Bonds issuances.

Total GB loans increased by 11.2% to RM71.7 billion during the year. This was on the back of a 16.0% rise in Trade Finance, 7.5% increase in term loans and 3.3% increase in Overdrafts. The Group's market share for Trade Finance rose to 26.8% in November 2013 from 26.5% a year earlier.

Etiqa's **Insurance & Takaful** businesses had another strong year with an 11.0% increase over 2012 in profit before tax, closing the year with RM733.33 million. Total assets of the Insurance & Takaful business rose 3.1% YoY to RM28.33 billion from December 2012. Etiqa remains the leading insurer in General Insurance & Takaful with a 12.4% market share, and second in the Life/Family New Business segment with 15.5% share.

The Group's **Islamic Banking** business recorded another year of sterling results with total income rising 28.0% in the year on the back of a 37.2% increase in fund based income. PBT came in at RM1.47 billion, up 11.5%.

Within this business, **Maybank Islamic**'s total gross financing surged 40% led by a 39% rise in CFS and 45% in GB financing. Under CFS, Islamic term financing was 52% higher, home financing 40% and automobile financing 31%, while Islamic term financing under the GB segment rose 67%. Maybank Islamic has a leading 30.6% market share of financing and 23.8% share of deposits in Malaysia, and its Islamic financing portfolio now makes up 38.9% of total Maybank Group financing, from 31% in 2012.

Maybank's **International operations** sustained its pace of growth during the year despite the challenging regional environment, contributing some 34.4% to the Group's total income. Gross loans at the international operations grew 17.6% lifting its ratio to the Group's total loans to 38% from 37% a year earlier. Deposits at the International Operations also grew at a robust rate of 14.4% resulting in the CASA ratios at both the Singapore and Indonesian operations rising to 25.9% and 39.4% from 20.8% and 38.9% a year earlier.

Maybank **Singapore** continued to register strong loans growth with total loans portfolio at a record S$30.9 billion. This was driven by Business loans which increased at a rate of 15.8%, surpassing the S$20 billion mark, as a result of strong demand for term loans and revolving credit loans. Consumer loans grew 10.3% led by housing loans followed by term loans and credit cards. Asset quality at Singapore operations remained excellent improving further to 0.24% from 0.31% a year earlier.

Net income rose 1.4% to S$708.83 million on the back of a 6.6% rise in net fee based income. However, despite higher income from loans and investment, net fund based income was 1.8% lower at S$423.84 million compared with 2012, impacted by the new accounting treatment for effective interest under the Financial Reporting Standards. Consequently this impacted the profit before tax for Singapore which came in at S$414.40 million compared with S$430.46 million a year earlier.

Bank Internasional Indonesia (BII) saw PBT rise 29% to Rp2.18 trillion on the back of a 19% increase in net fee based income and 9% in in net fund based income. Loans surged 27.9% and remained well diversified between the Consumer, SME and GB segments. Net interest margin stood at 5.20% as at December 2013 compared with 5.73% a year earlier, while net impaired loan ratio stood at 2.24% in December 2013 and the Bank's loan-to-deposit ratio, at a healthy 87.04%.

BII Finance recorded strong growth of 36% in PBT to Rp 277.25 billion. Total vehicle units financed rose 32.5% while its financing portfolio surged 55% to Rp3.18 trillion. Asset quality remained excellent with net non-performing loan ratio at only 0.08%. Positive traction was also recorded by **WOM Finance** with total units financed rising 6.8% and financing portfolio rising 20% to Rp3.46 trillion. Together with improvement in managing asset quality and implementation of prudent risk management practices, WOM saw PBT more than triple to Rp 89 billion for the year.

Maybank Philippines' (MPI) continued its aggressive expansion during the year, building its platform to further tap into the country's growing business potential. MPI added 22 new branches to close the year with 77 branches. This helped lift total revenue for the year by 30.4%, while gross loans rose 18.1% and deposits, 49.9%. Although PBT dipped 18.5% owing to the higher investment and operating costs associated with the network expansion, MPI intends to continue its strategic expansion plans in 2014 as it will enable the Group to leverage on the Philippines' resurgent economy which in 2013 itself, registered GDP growth of 7.2%, among the highest in ASEAN.

****

For further information, please contact:
Maybank Corporate Affairs
Eliza Mohamed 20721416 / 012 3497424 | Prakash 20747783 / 019 2787625 | Zainab : 20748654/ 0192787724 | Mazlan 20708833 ex 2465 / 019 2787714 | Irwan 20747778 / 019 2787719
Email: publicaffairs@maybank.com.my