

## **Maybank nine months' net profit up 13.4% to RM3.3b**

### **Highlights of 9M11**

- PATAMI up 13.4% to RM3.3 billion Y-O-Y
- Normalised Return on Equity of 15% above FY11 target of 14%
- YTD growth in Loans and Debt Securities accelerated from first half to reach 17.2%, exceeding FY11 target of 12%
- Robust loans growth achieved though interest income growth was mitigated by margin compression owing to increased competition and impact of FRS 139
- Earnings per share up 11.7% to 45.86 sen
- Group Capital Adequacy Ratio remained healthy at 14.17% following strong show of confidence by shareholders in the interim Dividend Reinvestment Plan resulting in 91% reinvestment rate
- Sterling results by Maybank Islamic which saw pre-tax profit rising 64.1% to RM631.9 million
- Maybank's regional leadership strengthened with completion of acquisition of Kim Eng Holdings Ltd which is now a subsidiary

Maybank today announced a 13.4% rise in Group profit after tax and minority interest (PATAMI) for the nine months ended March 2011 to RM3.3 billion compared with the RM2.91 billion recorded in the previous corresponding period ended March 2010. Group pre-tax profit rose 13.2% to RM4.54 billion compared to RM4.01 billion previously.

The results were boosted by strong loans growth, increased revenues across almost all business segments of the Group and significantly lower allowance for losses on loans which declined by almost half.

Overall loans growth stood at 17.1% which was led by the Indonesian operations (+26.5%), Singapore Operations (+19.3%), other international operations (+22.5%) and the Malaysian operations (+13.8%). Within Malaysia, Maybank Islamic led in financing growth with an annualised increase of 31.9% followed by Global Wholesale Banking (+17.7%) and Community Financial Services (+12%).

The improved performance for the nine months can be attributed to:

- A 7.6% increase in net interest income to RM5.36 billion despite a narrowing of the net interest margin to 2.63% as at March 2011 compared with 2.77% in March 2010.
- Higher non-interest income (including income from Islamic and Insurance businesses) which rose 3.0%, led by higher fee income from Islamic operations (+109.7%), investment & trading income (+65.8%), commissions, service charges and fees (+7.3%) and foreign exchange income from customers (+12.7%).

- Significant reduction in allowance for losses on loans which fell 49.8% to RM454.4 million from RM905.5 million previously.
- Continued improvement in asset quality with net impaired loan ratio declining to 2.39% from 2.83% in June 2010.
- Sustained deposit growth of 13.4% to RM260.7 billion as well as asset growth of 17.3% to RM 380.3 billion
- A 44.3% rise in profit before tax of Community Financial Services which rose to RM2.34 billion from RM1.62 billion previously.
- Improved profit before tax from Corporate Banking which rose 35.1% to RM695.7 million from RM515.1 million previously.
- A 13% growth in profit before tax for Maybank Singapore which reached S\$286.8 million from S\$253.9 million previously.
- Strong performance by Maybank Islamic which recorded profit before tax and zakat of RM631.9 million compared with RM385.0 million previously.

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

Compared to the second quarter of FY11 ended 31 December 2010, the third quarter ended 31 March 2011 saw profit before tax rising to RM1.58 billion from RM1.56 billion previously. PATAMI for the third quarter was higher at RM1.14 billion compared with RM1.13 billion in the preceding quarter.

Compared to the third quarter ended 31 March 2010, profit before tax and PATAMI for the third quarter ended 31 March 2011 were 8.3% and 10.9% higher respectively.

### **Comments by Maybank Chairman, Tan Sri Megat Zaharuddin Megat Mohd Nor**

"I am pleased our focus in building regional capabilities whilst maintaining domestic leadership has led to continued strong profit growth. Our regional talent pool are ramping up efforts to leverage our presence across the region, especially in our wholesale banking, embedding our approach of humanising financial services.

It is gratifying to our people that wide recognition has been given for our efforts, such as the Euromoney Award for Best Private Banking Services Overall in Malaysia, the Asian Banker Award for Best Retail Bank in Malaysia and the Malaysian Institute of Directors' Award for Innovative Leadership in Globalisation.

We will also enhance our stakeholder value creation through efforts in Corporate Responsibility. In this regard, I would expect the Maybank Foundation's thrusts region-wide will have greater impact in our respective communities".

### **Comments by Maybank President & CEO, Dato' Sri Abdul Wahid Omar**

"The sustained performance is a reaffirmation that we are on the right path to achieve our vision of becoming a regional financial services leader by 2015. The all-round revenue improvement in our various business segments is encouraging while the strong deposit growth is helping sustain diversity in our loan book. We are assured that our strategy in focusing on Islamic banking is bearing fruit given the accelerated growth and sterling results achieved in this segment. With the new Islamic banking subsidiary we have launched in Indonesia, we are optimistic that Maybank can grow its Islamic banking franchise to become a leading Islamic bank in ASEAN.

We are also pleased with the Group's robust capital position, in particular the confidence demonstrated by shareholders who have opted to reinvest 91% of the recently declared interim dividends under our Dividend Reinvestment Plan. This will put us in good stead to tap future growth opportunities particularly those that will come as a result of the implementation of the government's Economic Transformation Programme. "

## **Sectoral Review**

### **Malaysia**

#### **Community Financial Services**

Community Financial Services maintained its position as the major contributor to Group revenue and profit.

Revenue for the nine months increased 1.1% to RM4.57 billion from RM4.53 billion previously. Annualised loans growth stood at 12.0% led by robust increases in financing of securities (+26.2%) (a major part of which is for unit trust investments), automobile financing (+16.2%), credit card receivables (+11.6%) and mortgages (10.0%). Business Banking continued to show steady improvement with loans to SMEs and business banking customers expanding by 1.4% on an annualised basis, leading to a continued recovery in market share to 16.1% in February 2011 from 14.2% in March 2010. Deposits from Business banking customers meanwhile grew at a healthy pace of 27.6%.

Maybank's Cards business continued to gain market share with steady growth in share of card billings (22.3% vs 21.8% in March 2010), card base (16.7% vs 16.3%), receivables (14.5% vs 14.2%) and card merchant sales (30.5% vs 29.4%). Cards billings chalked up growth of 17.9% outstripping industry growth of 14.4% while receivables expanded 15.6% against industry of 13.5%. Merchant sales which rose 11.3% also outpaced industry growth of 7.2% while the decline in card base was slower than industry.

#### **Global Wholesale Banking**

Global Wholesale Banking's domestic business registered an 21% rise in revenue to RM2.33 billion. Total loans grew 17.7% on an annualised basis to reach RM50.7 billion led by trade finance which rose 19%, term loans and overdraft 16.4% and short-term revolving credit 9%. Market share for trade finance continued its upward trend to reach 24.1% in January 2011 against 22.8% in March 2010.

International operations now account for 33% and 25% of Group revenue and profit before tax respectively.

- **Corporate Banking**

This segment saw a 21% rise in revenue to RM924.5 million for the nine month period while pre-tax profit for the period rose 35.1% to reach RM695.7 million in March 2010.

- **Global Markets**

Global Markets registered a 20.7% rise in revenue to RM1.18 billion from RM981.9 million previously, on the back of a 22.5% increase in non-interest income and an 18.4% increase in net interest income.

The Group's securities portfolio expanded by 24.8% on an annualised basis to reach RM64.3 billion as at March 2011, led by a 27.9% rise in government securities and 26.7% increase in PDS/Corporate Bonds.

### **Investment Banking**

Maybank Investment Bank's (Maybank IB) revenue rose 23% to RM222.2 million on the back of consistent growth in fee-based income which rose to RM208.7 million from RM196.2 million a year earlier. However, pre-tax profit declined to RM89.6 million from RM118.2 million last year due to one-off provisioning this year as well as sale of securities portfolio last year. Brokerage income contributed the majority of the bank's income making up 46% of fee based income with underwriting/placement fees totaling 22%, arranger's fees 20% and corporate advisory fees 7%.

Maybank Investment Bank maintained its strong position in the league tables with top rank in the Debt Market (Ringgit Islamic Bonds) category, second in Debt Markets (Malaysia Domestic Bonds), third in M&A and fourth in Equity & Rights Offerings as well as Equity Brokerage.

### **Insurance, Takaful & Asset Management**

Etiqa continues to maintain top position in Life/Family new business with market share of 20.7% as well as in the general insurance segment with market share of 11.6%. Total assets climbed 9.5% to RM22.2 billion.

Growth in gross premium was recorded in motor insurance (26.9%), fire insurance (10.1%), Credit premium (1.8%) and in Regular Premium (1.7%). Etiqa's overall loss ratio of 57.1% remains consistently lower than the industry level of 60.3%.

### **Islamic Banking**

Maybank continued to record a sterling performance in Islamic Banking registering income growth of 49% to RM1.035 billion. Profit before tax and zakat surged 64.1% to RM631.9 million from RM385 million previously.

Maybank Islamic's financing growth was driven by a 32% rise in consumer financing and 31% in business financing. Within the Consumer segment, automobile financing registered growth of 25%, term financing increased 86.6% and home financing grew 10.4%. Growth in Business financing was driven by short term revolving credit which grew 62.1%, trade financing 56.4% and term financing 18.1%.

Islamic financing comprises 26.7% of total domestic loans as at March 2011, up from 23.2% a year earlier.

### **Singapore**

Singapore operations continued to perform well with an 8.5% rise in revenue to S\$497.1 million on the back of a 16% growth in loans. Loan portfolio remains well diversified with strong increases seen in the housing (9.5%), general commerce (18.2%) and building & construction (14.7%) segments.

Singapore currently contributes 12% of total revenue and 14% of pre-tax profit of the Group.

### **Indonesia**

BII's robust loan growth resulted in a 22.4% rise in gross operating income to Rp 4.47 trillion for the nine months compared with Rp 3.65 trillion previously. Net interest income surged 26% despite a narrowing in net interest margin to 5.67% in March 2011, from 6.26% a year earlier while non-interest income rose 15.6% to Rp 1.45 trillion. Pre-tax profit for the nine months was, however, 9% lower at Rp 464 billion owing to higher provisions of which came mainly from WOM Finance. Asset quality remained good with net impaired loans ratio of 1.40% at March 2011 compared with 1.92% a year earlier.

The Bank's expansion plans is on track with 337 branches and 1,009 ATMs in its network as at March 2011 compared to 260 branches and 806 ATMs in March 2010.

### **MCB Bank**

MCB Bank of Pakistan recorded strong growth for the quarter ended March 2011 with a 28.1% increase in revenue to Pakistan Rupee 11.8 billion compared to the corresponding quarter in the previous year. PATAMI meanwhile surged 20.5% to Pakistan Rupee 5.1 billion. Loans and deposits grew at a healthy pace of 7.0% and 18.1% respectively while net interest margin remained relatively stable at 8.52% from 8.58% a year earlier.

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### **About Maybank**

Maybank Group is Malaysia's regional financial services leader with an international network of over 1,750 offices in 16 countries namely Malaysia, Singapore, Philippines, Brunei Darussalam, Indonesia, Vietnam, Cambodia, Thailand, Papua New Guinea, Hong Kong SAR, People's Republic of China, Bahrain, Uzbekistan, Pakistan, India, Great Britain and the United States of America.

The Maybank Group today has over 40,000 employees serving more than 18 million customers globally, offering a comprehensive range of products and services that include commercial banking, investment banking, Islamic banking, offshore banking, leasing and hire purchase, insurance, factoring, trustee services, asset management, stock broking, nominee services, venture capital and Internet banking.

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