

**Maybank posts record net profit of RM4.45 billion**  
**- Final Dividend of 32 sen per share proposed**

**Highlights of FY11**

- PATAMI up 16.6% to a record RM4.45 billion
- Return on Equity of 15.2 % above FY11 target of 14%
- Robust 22.6% growth in Loans and Debt Securities outstrips FY11 target of 12%
- Revenue rises 8.9% to reach RM13.42 billion
- Asset quality continues to improve with net impaired loan ratio of 2.25%, down from 2.83% in June 2010.
- Capital position remains strong at 15.36%.
- Earnings per share up 13.8% to 61.41 sen

Maybank today announced another year of record performance with Group profit after tax and minority interest (PATAMI) of RM4.45 billion for the year ended 30 June 2011, up 16.6% from the RM3.82 billion recorded in the previous year. Group profit before tax for the year rose 16.8% to RM6.27 billion from RM5.37 billion previously.

The results were achieved on the back of exceptionally strong loans growth in all three home markets of Malaysia, Singapore and Indonesia, and better performance across all business segments. In addition, the continued decline in allowance for losses on loans which fell by more than half contributed to the stronger bottom line.

Group loans grew at its fastest pace in the last decade, touching 21.7%. This was a result of robust overseas loans growth of 29.4%, and a 16.8% rise from Malaysian operations which was well above the industry average of 13.5%. Indonesia and Singapore operations saw loans rising 25.8% each while other international operations were up 38.6%. Within the Malaysia operations, Global Wholesale Banking led the growth with 25.6% followed by Community Financial Services with 12.9%. The Islamic financing portfolio in Malaysia also registered strong growth of 35.1%.

Key drivers for the record performance for the year included the following:

1. A 16.3% increase in non-interest income (including income from Islamic and Insurance businesses), led by doubling of fee income from Islamic operations (+127.1%), insurance business (+31.2%), investment & trading income (+48.4%), commissions, service charges and fees (+12.8%) and foreign exchange income from customer transactions (+8.6%).
2. Higher net interest income which rose 6.1% to RM7.19 billion despite a tightening in the net interest margin.
3. Significant reduction in allowance for losses on loans which fell 59% to RM502.2 million from RM1.23 billion previously.
4. Continued improvement in asset quality with net impaired loan ratio declining further to 2.25% in June 2011 from 2.83% a year earlier.

5. A 19% growth in deposits, the highest rate of increase in the last 5 years, to touch RM 282 billion
6. Strong asset growth of 22.4% to RM412 billion

From a business segment point of view, the drivers were the following:

- (i) A 7.5% rise in profit before tax of Community Financial Services which rose to RM 2.99 billion from RM2.78 billion previously.
- (ii) Improved profit before tax from Global Wholesale Banking which rose 26.9% to RM 2.54 billion from RM2.00 billion previously.
- (iii) A 19.1% growth in profit before tax for International Banking which reached RM 1.49 billion from RM1.25 billion previously, including an RM888.2 million contribution from Singapore and RM289.7 million from Bank Internasional Indonesia (BII).
- (iv) Better profit from Insurance, Takaful & Asset Management which rose 10.4% to RM 488 million from RM442 million previously.
- (v) Strong performance by the Group's Islamic Banking which recorded a 69% rise profit before tax and zakat of RM904.2 million compared with RM535 million previously.

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

On a quarterly comparison, the fourth quarter ended 30 June 2011 saw profit before tax rising to RM1.73 billion from RM1.58 billion previously. PATAMI for the fourth quarter was higher at RM1.15 billion compared with RM1.14 billion in the preceding quarter.

Compared to the corresponding quarter ended 30 June 2010, profit before tax and PATAMI for the fourth quarter ended 30 June 2011 were 27.2% and 26.5% higher respectively.

#### **Dividend**

The Board has proposed a final dividend under the Dividend Reinvestment Plan (DRP) of 32 sen per share less 25% income tax, subject to the approval of shareholders at the Annual General Meeting. Out of the amount, 4 sen per share (3 sen net) will be paid in cash while the balance of 28 sen (21 sen net) per share will be in the Electable Portion whereby a shareholder may either elect to receive it fully in cash or reinvest it in Maybank shares.

This brings the total dividend for the year including the gross interim dividend of 28 sen per share, to 60 sen per share, representing a total payout ratio of 74.9% for the year. This once again exceeds the Group's dividend payout policy of 40-60%. It is targeted to be distributed in October 2011 after approval of shareholders at an Annual General Meeting to be convened.

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

"I am pleased with the record performance achieved by the Group this year, which clearly demonstrates the value we continue to create for all our stakeholders. This year, we have crossed another significant regional milestone to breach the US\$2 billion mark in pre-tax profit, a signal that our vision to become Malaysia's regional financial services leader is on the right track.

We are especially glad to see that our Malaysian operations have been strengthened not only in commercial banking but also investment banking, while at the same time, we have been able to derive greater value from our international operations. We anticipate that our enlarged regional footprint especially with the recent addition of Kim Eng Securities will further boost our capabilities and offerings internationally and enable us to diversify our income stream further.

We believe it is an opportune time for Maybank to signal to the market our renewed commitment to be among Asia's top banks and I am pleased to say Maybank will soon be refreshing our branding with an updated logo and improved brand experience within the next few weeks. Clearly, our intention is to cement our leadership position and equip us to manage the many challenges that we expect to see next year, especially arising from the volatility in the global markets.”

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

“The strong results we have reported bear testimony to the early successes of the new ‘House of Maybank’ organization structure we introduced in July 2010. We have seen better revenue and cost efficiencies from the synergies created, and are confident that we are on a firmer path for the future.

Our newly refreshed brand will give us greater impetus in leveraging on a consistent service experience across our network while at the same time differentiating us from our competitors to benefit from the opportunities that will arise regionally as well as locally, especially from the implementation of Malaysia's Economic Transformation Programme.

We have set robust KPIs of 16% ROE and 12% loan and debt securities growth, amongst others, for the financial year ahead. These KPIs reflect our optimism for continued growth whilst taking into account the challenging global business and market environment. Whilst we remain focused on growing the business, Maybank will continue to develop our network, processes and human capital capabilities to tap into the growing cross border opportunities that are being unleashed in this era of globalization.”

## **Sectoral Review**

### **Malaysia**

#### **Community Financial Services**

Community Financial Services remains the core contributor to Group revenue and profit, with revenue rising 1.6% to RM6.23 billion. Loans growth was attributable to strong increases in financing of securities (+25.2%) (a major part of which was for unit trust investments), credit card receivables (+15.6%), automobile financing (+14.3%) and mortgages (11.6%) despite intense competition. Market share for automobile financing continued its upward trend to wrest the second spot at 18.8%.

The Business and SME banking segment ended the year on a firmer footing, registering a 4.7% rise in loans. This helped it continue the momentum in its market share recovery to 16.7% in June 2011 from 15% a year earlier. Deposits from Business Banking customers also grew at a vigorous pace of 23.7%.

Maybank's Cards business also continued to lead, registering solid growth in market share of card billings (22.7% vs 21.8% in June 2010), card base (17.6% vs 16.6%) and receivables (14.9% vs 14.4%). Cards billings chalked up growth of 19%, well above industry growth of 14.4% while receivables rose 15.6% compared with the industry's 12.4%. Card members' loyalty was reaffirmed as the decline in card base was less than half that of the industry.

### **Global Wholesale Banking**

Global Wholesale Banking registered a 19.1% rise in revenue to RM3.30 billion, with strong loans growth boosted by a 29% rise in trade finance, 31.5% in short term revolving credit & overdrafts and 20.2% in term loans. Trade finance in particular continued to regain its market share which reached 25.6% in June 2011 compared with 22.5% a year earlier.

- **Corporate Banking**

Corporate Banking's results for the year was boosted by a 21.2% rise in revenue which reached RM1.28 billion, while registering improved asset quality. Its gross impaired loan ratio meanwhile continued its downward trend to touch 3.3% from 4.2% previously.

- **Global Markets**

Global Markets saw a 4.2% rise in revenue to RM1.57 billion, supported by a 27.7% rise in non-interest income. The Group registered an 11.3% rise in securities portfolio which totaled RM60.3 billion arising mainly from a 31.8% increase in PDS/Corporate Bonds.

- **Investment Banking**

Maybank Investment Bank (Maybank IB) saw revenue more than double to reach RM482 million from RM236 million a year ago, on the back of almost a 49% rise in fee based income to RM292 million. Brokerage activities contributed 43% of its income, while arrangers' fees made up 21%, underwriting/placement fees 20% and corporate advisory fees 7%.

Resulting from a number of strong mandates achieved in the year, Maybank IB strengthened its position in the league tables with top rank in the Debt Market (Ringgit Islamic Bonds) category, second in Debt Markets (Malaysia Domestic Bonds) and Equity & Rights Offerings and third in M&A and Equity Brokerage.

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

This segment registered a 22.4% surge in revenue to RM925 million for the year. Overall, Etiqa maintained its top position in Life/Family new business with market share of 18.3% as well as in the general insurance segment with market share of 11.5%. Total assets rose 6% to RM22.8 billion.

Gross premium in Motor insurance and Marine, Aviation and Transport (MAT) insurance both grew 29.6% while Regular Life/Family Premium rose 1.8%. Etiqa also continues to maintain a better overall loss ratio of 55.3% than the industry level of 59.5%.

### **Islamic Banking**

Maybank's Islamic banking business was boosted by a 54% rise in total income which touched RM 1.49 billion while its allowance for losses on financing shrank to RM10 million from RM350.4 million last year.

For Maybank Islamic in particular, financing growth was driven by a 47.6% rise in business financing and 30.7% rise in consumer financing. Growth in business financing was led by short term revolving credit which rose 120%, term financing 44% and trade financing 33%. In the consumer segment, term financing increased 72.6%, cards 55.2%, automobile financing 21.8%, and mortgage financing 14.1%.

### **Singapore**

Singapore operations saw sustained growth in revenue and profit before tax which rose 8% and 11% respectively. Revenue totaled S\$662.3 million while profit before tax stood at S\$375 million. Loans grew 25.4% to reach S\$22 billion, which was fairly diversified between consumer loans (42%) and corporate loans (58%).

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

### **Indonesia**

BII registered a 19% rise in gross operating income for the 12 months ended June 2011 to Rp6.04 trillion from Rp5.07 trillion a year earlier. Net interest income surged 21.8% to Rp4.03 trillion despite a narrowing of net interest margin from 5.63% in June 2010 to 5.43% in June 2011, while non-interest income grew 13.8% to Rp2.01 trillion. Profit before tax rose 28.8% to Rp782 billion from Rp607 billion a year earlier.

Loan loss provisioning rose 20.1% to Rp1.26 trillion, mainly due to higher provisioning for WOM Finance's portfolio related to its venture into second hand motorcycle financing. However, WOM has now curtailed the financing for this segment and is redefining the used motorcycle financing business model and distribution model to improve its asset quality.

BII saw asset quality continue to improve with net impaired loans ratio declining further to 1.22% in June 2011 from 1.87% in June 2010. Its capital position remains strong with Capital Adequacy Ratio at 13.06% in June 2011 compared with 12.50% in December 2010.

BII's network expansion remains on track with 70 branches opened in the past 12 months bringing the total to 344 as at June 2011. The number of self service terminals throughout the country has also risen significantly over the past year from 844 in June 2010 to 1017 in June 2011.

### **Greater China**

Maybank's operations in Greater China, comprising Shanghai and Hong Kong, saw revenue more than doubling to RM152.9 million from RM70.5 million a year earlier. This was driven mainly by a 30% expansion in loans which reached RM5.32 billion this year, as well as increased treasury activity as well as higher fee income from transaction banking and trade finance services. Profit before tax for the region surged to RM74.47 million from a loss of RM14.47 million previously.

The Bank is currently in the process of setting up a treasury unit in Shanghai under Global Markets and revenue from this initiative is targeted to be realized in the coming year.

### **MCB Bank**

MCB Bank of Pakistan (which is a 20% associate of Maybank) ended the half year to June 2011 with a 27.4% jump in revenue to Pakistan Rupee (PKR) 26.5 billion and a 31.6% rise in profit before tax to PKR 16.3 billion. The Bank, which is the largest financial services company by market capitalisation on the Pakistan stock exchange, benefitted from higher margins which rose to 8.48% from 8.26%. In addition, non interest income rose 37% mainly due to gains from investment income as well as an increase in fee and commission income. Loans and deposits meanwhile, grew at a healthy pace of 6.1% and 18.4% respectively.

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

ABBank of Vietnam in which Maybank has a 20% stake, saw revenue rise 29.6% to VND 816 billion for the half year to June 2011. However, higher loan loss provisioning led to a 14.6% drop in profit before tax to VND 270.6 billion. Loans and deposits grew 25.8% and 25% respectively, while the net interest margin increased to 5.12% from 3.87%.

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### **About Maybank**

The Maybank Group is Malaysia's regional financial services leader with an international network of over 2,100 offices in 17 countries namely Malaysia, Singapore, Indonesia, Philippines, Brunei Darussalam, Vietnam, Cambodia, Thailand, Papua New Guinea, Hong Kong SAR, People's Republic of China, Bahrain, Uzbekistan, Pakistan, India, Saudi Arabia, Great Britain and the United States of America. The Group offers an extensive range of products and services, which includes commercial banking, investment banking, Islamic banking, stock broking, insurance and takaful and asset management. It has over 42,000 employees serving more than 21 million customers worldwide.

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