Maybank FY12 net profit up 17.6% to record RM5.74 billion

Declares Final Net Dividend of 28.5 sen per share for a full year dividend of 52.5 sen

**Highlights FY12**
- PATAMI jumps 17.6% to another record RM5.74 billion
- Revenue higher by 12.0% to RM16.6 billion
- Commendable shareholder value creation with ROE of 16.0% exceeding headline KPI of 15.6%
- Strengthened domestic leadership with loans growing faster than industry at 11.8% YoY
- Continued international expansion with overseas profit contribution growing to 30% (up 45.4% YoY) of Group profit.
- Maybank Islamic maintains leadership with PBT up 25% to RM1.19 billion
- Strong balance sheet with total assets of RM495 billion and RWCAR of 17.2%
- Asset quality continues to improve with Net Impaired Loans Ratio of 1.09% and Loan Loss Coverage of 105.6%
- Final net dividend of 28.5 sen per share amounting to RM2.4 billion. This brings total FY2012 net dividend to RM4.29 billion representing a net dividend payout ratio of 74.7%.

*Kuala Lumpur* - Maybank, South East Asia’s fourth largest bank by assets, today reported a record profit after tax and minority interest (PATAMI) of RM5.74 billion for the year ended 31 December 2012, surpassing its ROE target of 15.6% with an achievement of 16%. PATAMI was up 17.6% from the RM4.88 billion in the corresponding period to December 2011*. Profit before tax (PBT) for the Group also touched a new high of RM7.89 billion from the RM6.88 billion a year* earlier.

The Group’s results were boosted by sustained growth across most business sectors complemented by strong contributions from its global operations spanning 20 countries. Significant achievements were recorded in key international home markets of Singapore (where PBT surpassed RM1 billion) and Indonesia (where PBT surged some 60% to reach a new high of RM0.55 billion). The Group’s Islamic banking business (including Maybank Islamic) meanwhile recorded a robust 26.9% rise in PBT to RM1.32 billion.

Key financials of the Group recorded double-digit growth for the year. Total operating income rose 12.0% in spite of the challenging global economy as the Group leveraged on its strong domestic positioning, diverse capabilities and regional network to grow its franchise and explore new market segments. Revenue growth was led by a 14.0% increase in net fee-based income and 10.8% increase in net fund-based income.

*Note: The Group had changed its financial year-end from 30 June to 31 December. Comparatives for cumulative quarters consist of 12 months results beginning 1 January 2011 to 31 December 2011. The figures are for comparative purposes only.*
Revenue grew ahead of overhead expenses, a result of continuous efforts in improving efficiency and the implementation of a vigorous cost management exercise. These helped offset the pressure on net interest margins during the year.

Group loans growth remained in double-digit territory with a healthy 12.2% rise. Loans & Debt Securities registered a higher growth of 12.9%. Malaysia and Singapore operations saw loans growing ahead of industry rate of 10.4% in both locations, reaching 11.8% and 10.5% respectively. Indonesia saw loans growing at a more robust pace of 20.8% while other international markets registered a rise of 12.9%.

Deposits expanded strongly across the three home markets, reinforcing the Group’s regional franchise, with higher growth momentum recorded in Indonesia. Gross Group deposits rose 10.3% to RM347.2 billion, led by a 22.3% rise in Indonesia. Singapore registered a 12.7% rise and Malaysia, 8.5%.

Quarterly Results Comparison
On a quarterly comparison, PATAMI for the fourth quarter ended 31 December 2012 was 15.9% higher at RM1.46 billion compared with the previous corresponding quarter. PBT for the quarter meanwhile was 12.6% higher at RM1.95 billion.

Dividends
The Board of Directors has proposed a final dividend in respect of the financial year ended 31 December 2012 of 18 sen less 25% taxation and a 15 sen single tier dividend on 8,440,046,735 ordinary shares of RM1.00 each (31 December 2011: final dividend of 36 sen per share less 25% taxation) for the shareholders’ approval.

The proposed gross dividend consists of cash portion of 4 sen single-tier dividend per ordinary share to be paid in cash and an electable portion of 29 sen (net 24.5 sen) per ordinary share, where the electable portion comprises of 11 sen single-tier dividend and 18 sen franked dividend (net 13.5 sen) per ordinary share of RM1.00 each. The proposed dividend, together with the interim dividend paid earlier, represents a total payout ratio of 74.7% of net profit or 52.5 sen per ordinary share.

Comments by Maybank Chairman, Tan Sri Megat Zaharuddin Megat Mohd Nor
"Maybank's diversified growth portfolio, ranging from countries like Indonesia, opportunities in regional investment banking and niches in Islamic banking, enabled it to deliver superior double digits growth last year amidst challenges affecting the global economy. I feel confident the key components in our transformation journey, especially further enhancement of staff productivity and restructuring of our regional cost base, will lead to further sustained high performance in future”.

Comments by Maybank President & CEO, Dato’ Sri Abdul Wahid Omar
“ Our record earnings have been achieved through the sound fundamentals we have laid over the last few years as well as our diversified presence and product offerings in regional markets. We intend to raise the tempo in our regionalisation agenda, not only by leveraging on opportunities in existing markets but also in looking for new avenues where we can build a franchise. We will be relentless in improving our cost structure and accelerating our move to a high performing culture. We are also expecting global macro economic growth to stabilise in 2013. This, coupled with the improving economic conditions in our key home markets, is expected to drive Maybank Group’s earnings momentum for the year.

We are well capitalised and ready to support our expanding regional franchise. We also believe we are nimble enough to tap on opportunities that will arise and have set aggressive targets for the year, among them being an ROE of 15% on an enlarged capital base and Group Loans Growth of 12%.”
Operations Review

MALAYSIA
Maybank’s Malaysian operations, which contributed 70% of Group PBT, registered a 5.2% rise in FY12 PBT compared to last year.* Growth was sustained on the back of a 12.2% rise in gross loans for Community Financial Services and 11.5% in Global Wholesale Banking.

Community Financial Services which remains the largest component of the Malaysian operations, saw revenue rise 3.7% to RM6.87 billion. Mortgages rose 15.2% from a year* earlier despite intense competition, with a stable market share of 13.4%. Growth in automobile financing rose 12.9%, pushing its market share to 20.5% from 19.4% a year* earlier.

In the Cards Business, Maybank boosted market share in key segments namely card base, billings and merchant sales, clearly outperforming industry in these categories. The Business Banking and SME segment also continued its upward trend, with loans expanding 5.0%, and SME loans market share improving to 22.1% from 19.2% year* earlier.

Global Wholesale Banking operations were boosted mainly by strong loans growth in Corporate Banking and a robust Investment Banking performance. Corporate Banking operations continued to benefit primarily from the country’s Economic Transformation Programme, registering a 25.4% rise in term loans while revenue from Global Markets operations rose 5.4%.

The Investment Banking business saw growth accelerating this year, with revenue climbing 44.0% to RM1.28 billion and operating profit growing over 2 times to RM349 million. Maybank IB had an excellent year, clinching a majority of notable deals and benefiting from the regional network of the Maybank Kim Eng group. Maybank IB topped the Malaysia League tables in Mergers & Acquisitions, coming in second in all other categories. Its Equities Brokerage business particularly had a strong year, jumping 3 positions in industry ranking to 2nd place.

Maybank Kim Eng is now well positioned to tap on increasing opportunities in the region, having strengthened its visibility as a leading regional investment bank and broking house over the last year. Plans are in place to build on capabilities and capture niche markets through new products in debt offerings, futures broking and regional online trading this year.

Etiqa registered an 11% growth year-on-year in PBT which reached RM660.5 million, as a result of improved surplus transfer from the Life Insurance / Family Takaful fund, favorable investment performance of all funds and higher wakalah fee income. Both the Life Insurance / Family Takaful and General Insurance / Takaful businesses also recorded solid growth of 14.7% from last financial year with combined gross premium and contribution of RM5.4 billion. Etiqa also saw its total assets rising 9.4% to RM27.5 billion from RM25.2 billion in the previous year.

The Group’s Islamic Banking business had another record breaking year with PBT rising 26.9%, on the back of a 19.4% rise in total income. Maybank Islamic registered robust financing growth of 18.3% with Consumer financing rising 20% and Business financing, 14%. Its asset quality also improved with net impaired loans ratio reduced to 0.71% compared to 1.03% last year. Total gross financing stood at RM62.0 billion, making up 30.6% of Maybank Group’s total domestic financing.

INTERNATIONAL
Maybank’s International Operations gained further traction in the year, with PBT contribution to the Group rising to 30% from 24% in 2011*. Singapore operations saw a pickup in momentum in the second half, closing the year with a 10.6% rise in total loans and advances, boosting its PBT by 8.8% to
S$430.5 million. Business loans increased 5.4% helping to offset a 2.5% fall in Consumer loans, which was expected given the increasingly competitive environment as well as curbs on vehicle population growth.

**Bank Internasional Indonesia (BII)** turned in a sterling performance with an 80.6% jump in PATAMI to Rp 1.21 trillion on the back of a 17.8% rise in net income and a 3.4% drop in provision expenses. Fundamentals continued to improve, making the Bank well positioned to tap on the significant growth opportunities in the country. Loan to deposit ratio was at a healthy 87.3%, while net interest margin widened from 5.22% to 5.73%. BII also maintained sound asset quality with net impaired loans ratio remaining fairly stable at 1.3%. Meanwhile, WOM Finance benefited from the continued focus on underwriting and cost efficiencies, resulting in PBT improving to Rp 28 billion from Rp 16 billion a year earlier.

Plans remain on track to expand BII’s touch points throughout Indonesia to entrench its growing franchise. The Bank added 64 branches and 165 ATMs in 2012 bringing its network to 415 branches and over 1,300 ATMs. Other operational improvements through the use of technology are also helping accelerate customer acquisition. These include being the first to introduce electronic scanning of identity cards for account opening, implementing a new trade finance system as well as enhancing its mobile banking and internet banking platforms for individuals, supply chain and corporates.

In other markets, both **Greater China** and **Philippines** saw PBT almost tripling this year compared to the previous corresponding period.* Greater China operations, which comprise Hong Kong, Shanghai and Beijing recorded a PBT of RM243.5 million from RM84.6 previously, while the Philippines saw PBT grow to RM60.9 million from RM23.7 million a year earlier*.

The Group’s 20% owned **AnBinh Bank (ABBank)** of Vietnam also had a strong year with a 24.1% rise in PBT to VND497.1 billion, owing mainly to a decline in allowance for losses on loans. Gross loans rose 15.6%, but this was tempered by lower net interest margin and higher overhead costs. Customer deposits, however, surged 31.2% and asset quality improved further to 2.29% from 2.79% a year earlier. In **Pakistan**, **MCB Bank**, where the Group has a 20% stake, registered a 3.7% rise in PBT to PKR32.5 billion, on the back of higher revenues and better efficiency. Gross loans grew 5.1% and customer deposits, mainly from corporates, rose 11%.

**Prospects**

Global macro economic growth is expected to stabilise in 2013 with real GDP forecast at 3.4% from an expected 3.3% in 2012 due to continued US recovery, stabilising of the crisis in Eurozone, a moderate but more sustainable growth in China and sustained expansion in Asia ex-Japan. The ASEAN 5 economies of Indonesia, Malaysia, Philippines, Thailand and Vietnam, is expected to outperform on continued resilience in domestic demand and relative improvement in net external demand, with GDP growth sustained at 5.5% in 2013 from 5.7% in 2012.

Maybank’s three home markets consisting of Malaysia, Singapore and Indonesia, which contribute more than 90% of the Group’s income and profit, are expected to record positive revenue growth on the back of improved economic expansion. In Malaysia, real GDP growth is expected to remain resilient above 5.0% (2012: 5.6%) due to sustained domestic demand and strong investment from implementation of projects under the Economic Transformation Programme, supported by an accommodative monetary policy. However, consumer spending may turn cautious in the second half on the prospects of higher inflation on gradual withdrawal of energy-related subsidies and a possible hike in the Overnight Policy Rate. In Indonesia, strong domestic demand and inflow of foreign investments should enable it record higher GDP growth of 6.7% (2012: 6.2%) while Singapore’s economic growth is
expected to improve to 3.0% (2012: 1.5%) on the back of stable growth across the advanced economies.

Maybank’s business momentum is expected to continue in 2013 on the back of improved loans growth in its three home markets and other markets in the region, higher non-interest income as a result of healthy deal pipeline for the investment banking business, while deriving higher revenue from regional initiatives.

Having established its presence in all ten countries in ASEAN in 2012, the Group is focused on building a truly regional organisation. Global Wholesale Banking’s global relationship coverage model is being extended to realise merger synergies with Maybank Kim Eng and will see closer collaboration with overseas units especially in Singapore, Indonesia and Philippines.

Adoption of good corporate governance and upgrading of IT infrastructure will further improve business capability in the Group’s global wholesale banking, investment banking, credit cards, treasury and payment operations. The Group will continue to raise the quality of customer services, embed a robust risk culture to sustain its strong asset quality, and improve effectiveness and efficiency through an optimal cost structure.

The Group is poised to remain well capitalised for 2013 in accordance with Bank Negara Malaysia’s Capital Adequacy Framework on Basel III which was issued on 28 November 2012. Supported by the recent private equity placement of RM3.66 billion undertaken in October 2012 and with continued conservation of capital from the Dividend Reinvestment Plan, the Group is expected to maintain a Common Equity Tier 1 Capital (“CET1”) ratio of above 7% well ahead of the minimum level of CET1 ratio (inclusive of capital conservation buffer) as required by 2019.

Barring any unforeseen circumstances, the Group expects its financial performance for the financial year ending 31 December 2013 to be better than the previous financial year. The Group has set two Headline Key Performance Indicators (“KPI”) of Return on Equity (“ROE”) of 15.0% (based on enlarged equity capital from private placement and dividend reinvestment plan) and Loans growth of 12.0% for the year ending 31 December 2013.

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About Maybank
The Maybank Group is Malaysia’s regional financial services leader with an international network of over 2,200 offices in 20 countries namely Malaysia, Singapore, Indonesia, Philippines, Brunei Darussalam, Vietnam, Cambodia, Thailand, Papua New Guinea, Hong Kong SAR & People’s Republic of China, Bahrain, Uzbekistan, Myanmar, Laos, Pakistan, India, Saudi Arabia, Great Britain and the United States of America. The Group offers an extensive range of products and services, which includes consumer and corporate banking, investment banking, Islamic banking, stock broking, insurance and takaful and asset management. It has over 46,000 employees serving more than 22 million customers worldwide.

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