

21 November 2013

Maybank 9 Months Net Profit up 12.5% to RM4.82 billion *Pickup in momentum in Q3 with 16.3% YoY PATAMI growth*

Highlights 9MFY13

- Nine months PATAMI rises to RM4.82 billion
- Net income rises 9.9% to RM14.2 billion; continues to outpace increase in overhead costs
- ROE moves up to 14.9%, on track for full year KPI target of 15%
- Group loans rises 9.3% annualised; buoyed by Indonesia's 19.8% annualised growth
- Deposits grow 11.8% annualised, within reach of 12.0% full-year target
- Total assets increase by 13.0% annualised to RM543 billion
- Overseas operations' contribution to Group profit stable at 30%.
- Sound asset quality with net impaired loans ratio improving to 1.06%
- Robust financial strength with total capital ratio rising to 15.25%

Kuala Lumpur - Maybank, South East Asia's fourth largest bank by assets, today reported that profit after tax and minority interest (PATAMI) for the nine months ended 30 September 2013 rose 12.5% from a year earlier to RM4.82 billion, aided by a pickup in momentum in the third quarter (Q3). Profit before tax (PBT) for the Group rose 10.4% to RM6.57 billion compared with RM5.95 billion in September 2012.

Earnings were boosted by a surge in net fee-based income which rose 13.8% year-on-year (YoY) while net fund-based income grew 7.6%. Overall, net income increased 9.9% YoY, outpacing overheads growth which was managed at 5.7%. Consequently, cost-to-income ratio improved further to 46.6% in Q3FY13 compared with 51.2% in Q3FY12.

Fee income growth was led by a tripling in net income from insurance business as well as healthy gains in foreign exchange profit (+81.4%), investment and trading portfolios (+20.6%) and commissions, service charges & fees (+9.8%). Growth in fund based income, meanwhile, came mainly from Global Markets (+21.8%), Corporate Banking (+17.9%) and Community Financial Services (+9.6%).

Group loans rose at an annualised rate of 9.3%, up from 9.1% in the first six months of 2013. This was on the back of a 10.0% annualised rise in loans at Maybank's international operations led by Indonesia which grew 19.8%. Loans at the Malaysian operations grew 8.7% while Singapore registered 5.6%.

Maybank continued to benefit from its established franchise, recording healthy growth in deposits, particularly in low-cost funds (CASA). The ratio of CASA deposits to total Group deposits rose to 36.1% in September 2013 from 35.1% in December 2012. Deposit growth at the Malaysian operations came in at an annualised rate of 11.1%, while international operations grew at a faster 13.6%, led by Indonesia (16.4%) and Singapore (15.9%). This healthy growth also aided the Group in managing pressure on interest margins, resulting in only a negligible 2 basis points drop in net interest margin to 2.30% in Q3FY13 from Q2FY13.

Asset quality for the nine months improved further with the net impaired loans ratio as at September 2013 at 1.06% compared with 1.22% a year earlier. Loan loss coverage, meanwhile, was also a healthy 104.7%.

Quarterly Results Comparison

PATAMI for the third quarter ended 30 September 2013 surged 16.3% to RM1.75 billion compared with the corresponding period last year. Compared with the preceding quarter ended June 2013, PATAMI for the third quarter rose 11.4%.

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

"Yet again, with this quarter's good results, we create a new profit record for the Group.

I am pleased we are sustaining this growth momentum, by being focused in finding opportunities across our geographic and diverse financial services portfolio, through revenue and cost levers amidst the subdued external business climate."

Comments by Maybank President & CEO, Datuk Abdul Farid Alias

"Maybank's results for this period demonstrate our continued ability to deliver growth amidst difficult operating conditions. Our emphases on cost management, enhancing productivity and adherence to sound risk management practices have clearly helped us in consistently creating value for stakeholders.

We believe there continue to remain windows of opportunity in the different markets we serve, and we intend to remain agile in tapping into these segments. At the same time, our focus will be on finalising our strategy to take Maybank Group to the next level and beyond 2015."

Operations Review

MALAYSIA

Community Financial Services saw net income increase 8.5% to RM5.40 billion on the back of an annualised 11.3% rise in loans. Consumer loans maintained a healthy pace of growth, rising 11.8% arising from a 10.2% increase in mortgages, 11.7% in automobile finance and 18.8% in unit trust loans.

The Bank's automobile financing market share continued its upward trend, reaching 21.1% from 20.4% a year earlier while market share for mortgages stood at 13.2% from 13.4% earlier. Meanwhile, the Cards Business segment grew market share in billings (27.0% vs 25.5%), receivables (15.3% vs 15.1%) and merchant sales (33.7% vs 32.0%) compared to a year earlier, having outperformed the industry in these three areas.

The Business and SME Banking segment grew at a sustained pace, with loans expanding 9.2% on an annualised basis, led by SME loans which climbed 19.3% and Business Banking loans, 7.0%. SME &

Business Banking deposits grew 15.6% on an annualised basis while market share for SME loans was relatively stable at about 21.4% from a year earlier.

Efforts to increase revenue from existing market segments have borne fruit with Total Financial Assets (TFA) managed for High Net Worth and Affluent customers increasing by 12.6% annualised to RM127.6 billion. In addition, the cross-sell ratio for this segment rose to 6.3 from 6.19 in September 2012. In the mass customer segment, TFA grew 8.6% to RM98.7 billion from a year earlier, while the cross-sell ratio increased to 2.95 from 2.84 a year earlier.

Net income from **Global Banking (GB)** rose 3.1% to RM3.97 billion fuelled by a 17.5% rise in net fund-based income. GB loans grew 4.4% from a year earlier to RM65.9 billion, moderated owing to repayments in the corporate banking segment.

Maybank Kim Eng registered a 3.9% rise in total income from a year earlier, to RM1.08 billion, on the back of a steady deal pipeline in the region. It maintained its ranking as the top stockbroker in Thailand and was fourth in Malaysia and Philippines. In Malaysia, Maybank IB topped the Malaysia League Tables for Equity & Rights Offering in the nine months with a market share of 27.9% and was second in Mergers & Acquisition with a market share of 31.0%.

The Group's **Insurance & Takaful** business saw profit before tax rise 35.9% to RM593.5 million from a year earlier, on the back of a 10.5% increase in net income to RM1.43 billion. Total assets meanwhile grew 12.7% to RM28.01 billion. Etiqa remains the leader in General Insurance and Takaful with a 12.6% market share and is second in the Life/Family (New Business) segment where it has a 17.9% market share.

Total income for the Group's **Islamic Banking** business rose 21.0% to RM2.02 billion supported mainly by a 24.8% rise in fund based income. Profit before taxation and zakat for the Group's Islamic banking business stood at RM1.05 billion for the nine months. Maybank Islamic maintained healthy financing growth of 34%, with Consumer financing rising 37% and GB financing 25%. Total Gross Financing stood at RM78.0 billion, making up 36.7% of Maybank's total domestic loans.

Maybank Islamic also sustained its momentum in building market share. Its market share in the automobile financing segment grew to 33.3% in September 2013 (from 29.8% a year earlier), mortgages market share rose to 22.6% (20.9% previously) and term financing 28.0% (21.4% previously). The Group is now ranked 8th in the Global Islamic Bond Market League.

INTERNATIONAL

Net income from Maybank's international operations rose 2.6% for the nine months, to RM4.02 billion, making up 33% of total Group income. Loans at International Operations meanwhile made up 37% of total Group loans.

Singapore operations saw net income for Q3 rise 14.6% to S\$177.6 million. For the nine months cumulatively, net income was S\$511.0 compared with S\$527.8 million a year earlier, on account of adjustment for effective interest due to Financial Reporting Standards requirements. Without this additional adjustment of S\$22 million, net income would have come in higher at S\$533.0 million. Profit before tax for Q3 was up 15.4% to S\$112.8 million while for the nine months it stood at S\$310.9 million from S\$331.6 million a year earlier.

Loans expanded 5.6% annualised to reach S\$28.4 billion attributable to a 9.7% increase in consumer loans mainly from credit card and housing loans, and a 3.8% rise in business loans which included lending to the building & construction sector, non-bank financial institutions as well as syndicated and term loans.

Bank Internasional Indonesia (BII) maintained a solid performance despite the challenging environment, chalking up a 19% YoY rise in PATAMI to IDR1.10 trillion. This came on the back of buoyant Q3, where its PATAMI surged 12% to IDR418 billion over Q2FY13. Net income for the nine months grew 13% YoY to IDR6.05 trillion led by a 19% rise in net fee based income and 10% in net fund based income.

Loans grew at a healthy rate of 19.8% annualised, with growth in the third quarter itself surging at an annualised rate of 30.8%. Net interest margin maintained its upward trend from the last two quarters, rising to 5.37 % in September 2013, from 5.34% in June 2013 and 5.32% in March 2013. Asset quality remains healthy with net impaired loan ratio at 1.4%. Deposit growth which came in at 16.4% annualised was way ahead of the industry's 6.67%. It was boosted mainly by a 27.6% rise in savings deposits and a 9.0% increase in current account deposits.

BII Finance, meanwhile, recorded solid revenue growth of 49.6% to IDR651.54 billion arising mainly from its success in rebalancing its portfolio between cars and motorcycles. Profit before tax came in 38.5% higher at IDR203.88 billion. Total units financed rose 30.5% YoY while asset quality remained excellent with net non-performing loan ratio at 0.09%. **WOM Finance**, which continued to be impacted by new regulations in the country, nonetheless posted a profit before tax of IDR60 billion compared with a loss on IDR37 billion in the previous corresponding period.

Maybank Philippines' (MPI) recorded a 28.1% revenue rise for the nine months on the back of a 21.4% increase in net interest income from loans and advances, as well as a 50.8% rise in non-interest income, mainly from realised trading gain and forex profit. Gross loans grew 12.6 % led by automobile and mortgage loans. Deposits continued to grow, rising 31.3% contributed mainly by retail deposits. During the period, MPI invested significantly in expanding its branch network to 66 from 54 in September 2012. Consequently, overheads increased by 51.4% outpacing revenue growth, and resulting in profit before tax dipping 10.3% to Peso 519.5 million.

AnBinh Bank of Vietnam, in which the Group has a 20% stake, recorded loans growth of 76.0% to VND 36.5 billion. Revenue, however, declined 17.1% to VND1,101.7 billion owing to lower interest income. This was mainly due to net interest margin compression as the central bank had reduced the discount rates by 4% during the year to help lower the cost of borrowing as well as stimulate the economy. Deposits expanded 27% owing to the bank's continued efforts to mobilise retail deposits. Overheads increased by VND19.9 billion due to higher expansion costs as the Bank invested in opening six new branches during the year. Consequently, profit before tax came in lower at VND312.0 billion from VND 540.0 billion a year earlier.

In **Pakistan**, Maybank's 20%-owned **MCB Bank** saw PBT rise 2.6% YoY to PKR26.4 billion despite slower credit demand. Deposits recorded healthy growth of 10.0% annualised to PKR576.3 billion but gross loans dipped 8.7% to PKR245.5 billion. Revenue showed a marginal 3.0% decline as the central bank further decreased the monetary policy rates leaving the minimum deposit rate unchanged. This resulted in lower net interest margin of 5.7% from 6.5% a year earlier, as well as

a decline in net interest income. MCB Bank nevertheless continued to improve efficiency with cost-to-income ratio improving further to 35.5% from 35.6% a year earlier.

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 47,000 employees serving more than 22 million customers worldwide.