PRESS RELEASE

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Maybank Interim Net Profit up 10.4% to RM3.07 billion on stronger second quarter

Single-tier interim dividend of 22.5 sen per share declared on enlarged capital base

Highlights 1HFY13

- Double digit rise in PATAMI to RM3.07 billion
- Revenue up 8.1% to RM9.28 billion, outpacing rise in overhead costs and improving cost-to-income ratio
- Half year ROE achievement of 14.4% within range of 15.0% KPI target
- On annualised basis, Group loans grew 9.1%, after 12.3% pick up in Q2; Indonesia leads with 27.2% loans growth in Q2
- Deposits growth of 14.6% ahead of 12.0% target
- Overseas operations' performance gains momentum; contribution to Group profit rises to 31.5% from 27.5% a year earlier.
- Total Group assets in excess of half a trillion ringgit
- Sound financial strength with total capital ratio at 14.8%
- 22.5 sen per share single tier interim dividend declared (under DRP); total payout of RM1.96 billion or 63.7% of Group PATAMI.

Kuala Lumpur - Maybank, South East Asia's fourth largest bank by assets, today reported that profit after tax and minority interest (PATAMI) rose to RM3.07 billion for the six months ended 30 June 2013, buoyed particularly by a stronger second quarter. This was 10.4% higher than the RM2.78 billion PATAMI recorded a year earlier. Profit before tax (PBT) for the Group rose 7.5% to RM4.22 billion compared with RM3.92 billion in June 2012.

The performance came on the back of steady loans growth of 9.1%, a robust increase in fee income and higher revenue growth across all business sectors. In addition, improved profits from two other home markets of Singapore and Indonesia as well as the Islamic banking business helped boost overall Group performance.

Fee income surged 22.7% from the preceding quarter and 8.0% from a year earlier, boosted mainly by healthy gains from its investment portfolio; higher trading income particularly from Maybank Kim Eng's record brokerage revenues in Thailand, as well as increased commissions, service charges and fees. Fund based income meanwhile grew 8.2% from a year earlier. The Group's relentless focus on cost management also saw the rise in overhead expenses contained below that of total income, which helped boost overall bottom-line.

Group loans expanded 9.2% year on year (YoY) and 9.1% annualised, having accelerated by 12.3% in the second quarter. Loans at the Malaysian operations grew 9.4% annualised while loans at international operations expanded 8.4% with Indonesia showing a sharp pickup in loans growth in the second quarter of 27.2%.

Concerted efforts to increase deposits as part of a robust asset & liability management programme saw Group deposits rise 14.6% annualised with solid increases across the three home markets. Malaysian operations' deposits expanded 12.7% while deposits at the international operations rose at a faster 18.2%, buoyed by Singapore which recorded a 27.1% rise and Indonesia, 12.0%. In particular, the focus placed on increasing low cost *Current Account & Savings Account* (CASA) deposits was particularly successful as Maybank raised its CASA ratio to 34.2% in June 2013 from 33.1% a year earlier. This enabled the Group to contain pressure on its net interest margins, which only contracted by a marginal 3 basis points from the previous year.

At the same time, rigorous credit control and risk management initiatives helped the Group maintain sound asset quality with net impaired loans ratio improving to 1.09% as at 30 June 2013, compared with 1.28% a year earlier. Loan loss coverage was also at a healthy level, settling at 103.5%, while total capital ratio stood at 14.51% (assuming an 85% reinvestment rate). The Loan-to-Deposit Ratio remains comfortable at 87.5%, from 86.9% a year earlier.

Quarterly Results Comparison
On a quarterly comparison, PATAMI for the second quarter ended 30 June 2013 was 9.0% higher at RM1.57 billion compared with the corresponding period last year. Compared with the preceding quarter ended March 2013, PATAMI for the second quarter was 4.1% higher.

Dividend
The Board of Directors has proposed a single-tier interim dividend of 22.5 sen in respect of the financial year ending 31 December 2013. This will once again be under the Dividend Reinvestment Plan in which 6.5 sen per ordinary share will be paid in cash while the electable portion of 16.0 sen per ordinary share can be reinvested in new ordinary shares or paid in cash. The dividend, totalling RM1.96 billion, represents a total payout ratio of 63.7% of Group PATAMI for the period.

Comments by Maybank Chairman, Tan Sri Megat Zaharuddin Megat Mohd Nor
"I am pleased that our first half year results have been strong, in large part due to our well diversified portfolio and continuing focus to improve performance despite the challenging external environment.

Our priority now is to continue creating value for stakeholders and strengthening our foundations as we expand our presence and operations in the region. We continue to reward shareholders with over 60% payout and the strong support they have given us in return through our DRP is helping us build greater resources for further growth. Our financial strength remains a key enabler and we are confident we can further solidify this position. Our balance sheet now already exceeds a half trillion ringgit and our total capital ratio hovers around 15%."

Comments by Maybank President & CEO, Datuk Abdul Farid Alias
"The strong performance we have achieved demonstrates Maybank's ability to execute our transformation plan and deliver consistent revenue growth through our extensive reach and innovative products whilst pursuing cost-efficiency and adopting sound capital and risk management policies.

Our aim moving forward is to target growth areas that can provide us greater earnings upside, while at the same time, accelerate our transformation programme for the future, particularly in key overseas markets. Another major focus will be our intention to develop Maybank Group's strategies and priorities for the next phase of growth that will take us beyond 2015."

Operations Review

MALAYSIA

Community Financial Services recorded an 8.6% increase in revenue to RM3.53 billion on the back of higher loans which grew 11.4% on an annualised basis. Consumer loans rose 11.8% led by a 10.2% rise in mortgages, 10.5% in automobile finance and 21.2% in unit trust loans. Maybank grew its automobile financing market share to 20.9% from 20.2% a year earlier while market share of mortgages remained stable at 13.3%. The Cards Business segment maintained its leadership by outperforming the industry in key areas of billings (13.4% vs industry of 6.8%), receivables (3.8% vs 1.0%) and merchant sales (12.9% vs 7.0%).

In the Business and SME Banking segments, loans expanded 10.1% on an annualised basis with SME loans surging 19.7% and Business Banking loans 8.0%. Deposits grew 10.2% YoY while market share for SME loans was 21.9% in June 2013 compared to 21.2% a year earlier.

Revenue from **Global Banking** business rose 6.0% to RM2.80 billion led by a 7.6% rise from Corporate Banking and an 8.7% increase from Investment Banking. **Corporate Banking** operations benefitted from a 4.14% rise in its Trade Finance portfolio and a 1.62% increase in overdrafts.

Maybank Kim Eng continued to entrench its position in the region, benefiting from a steady flow of deals during the six months. In Malaysia, Maybank IB retained its top position in the Malaysia League Table for Equity & Rights offering and is among the top investment banks for M&A and Domestic Bonds issuances in Malaysia. Maybank Kim Eng is also recognised as among the top investment banks in other ASEAN countries, and in Thailand particularly, where it has been in the top spot for 11 consecutive years.

The Group's **Insurance, Takaful & Asset Management** businesses booked solid growth with a 19.4% rise in revenue to RM1.0 billion for the half year on the back of a favourable investment environment. PBT for the period surged 64.9% to RM434.1 million from a year earlier. Total assets of the Insurance & Takaful business rose 6.1% YoY to RM27.97 billion from June 2012. Etiqa currently has the largest market share in the General Insurance & Takaful market, and second in the Life/Family New Business segment.

The Group's **Islamic Banking** business had another strong performance with total income rising 16.7% to RM1.29 billion for the half year, boosting PBT by 3.6% to RM741.5 million. Maybank Islamic registered a robust 32.2% rise in total financing, led by a 36% increase in consumer financing and 19% in global banking. Islamic financing now make up 34.4% of total domestic loans from 31.0% in December 2012.

Maybank Islamic's market share in automobile financing expanded to 31.9% (from 30.4% in June 2012), mortgage 22.1% (20.2% previously) and term financing 25.8% (23.2% previously). Net impaired loans ratio improved further to 0.57% from 0.70% in December 2012.

INTERNATIONAL
Maybank's international operations maintained its stable growth path in the first half, with revenue growing 1.8% to RM2.62 billion. PBT rose to RM1.20 billion from RM1.04 billion a year earlier, lifting contribution of international operations' PBT to the Group to 31.5% from 27.5% in June 2012.
Singapore operations remained resilient in spite of challenging economic conditions, recording a 7.5% rise in PBT to S$198.07 million, buoyed largely by higher loans and a write-back in loan loss provisions. Loans grew at 11% YoY with business loans rising 17% on the back of strong lending to the building and construction sectors, as well as in syndicated and term loans. This helped offset slower growth in consumer loans which was affected due to the drop in car loan volumes owing to recent financing restrictions in the republic.

Bank Internasional Indonesia (BII) maintained a healthy performance amidst the challenging local economic environment, chalking a 15% rise in PATAMI to Rp 681 billion from Rp 592 billion a year earlier. Net income for the half year rose 8% to Rp 3.98 billion while loans growth was a healthy 16% YoY to Rp 85.1 trillion. Net interest margin rose marginally to 5.34% in June 2013 from 5.32% in March 2013, although lower than the 5.89% in June 2012. Asset quality remained excellent with net impaired loans ratio relatively stable at 1.1% in June 2013.

At **BII Finance,** significant growth was achieved in both sales and profits as the company continued efforts to balance its auto portfolio between cars and motorcycles. PBT for the half year rose to Rp 129.75 billion from Rp92.74 billion a year earlier, with total units financed rising 26%. Total financing amount was up 36% from last year to Rp4.02 trillion. Although the motorcycle business was impacted by new regulations in the country, **WOM Finance** saw a turnaround in performance with PBT of Rp 33 billion compared with a loss of Rp 40 billion last year.

Maybank **Philippines'** (MPI) operations saw revenue rise 21.6% on the back of increased net interest income as well as non-interest income, mainly from higher loans and realised trading gain. Automobile and mortgage loans saw healthy increases of 15.9% and 48.5% respectively, lifting gross loans by 3.9%. Deposits rose 18.0%, with deposits per branch improving 13.8% to Peso 782.6 million. PBT, however, dipped 16.8% to Peso 345.3 million as the rise in operating expenditure resulting from its branch expansion outpaced growth in revenue. MPI is expanding its network by 25 new branches in 2013, and has already established 8 new branches todate bringing its total to 63 currently.

AnBinh Bank of **Vietnam,** in which the Group has a 20% stake, saw net interest margins weaken in the first half as a result of the central bank's 4% reduction in discount rates since July 2012, as part of efforts to help lower borrowing cost for businesses and stimulate the economy. PBT for the first half came in 39.2% lower at VND 214.3 billion, impacted mainly by lower net interest income. The reduction in discount rate, however, helped stimulate credit growth in the private sector, lifting gross loans by 37.1%. Overheads edged up slightly as a result of 6 new branches added over the last one year. Customer deposits, meanwhile, expanded 13.9% while loans to deposit ratio rose to a healthy 83.42% from 69.32% a year earlier.

In **Pakistan,** Maybank's 20%-owned **MCB Bank** saw the half year PBT rise 4.8% on the back of lower loan loss provisioning, although revenue slipped 5.7%. Revenue growth was impacted by continuous compression in net interest margin to 5.7% from 6.5% a year earlier, as the central bank dropped monetary policy rates by 50 basis points in June 2013. Credit demand was subdued resulting in gross loans dipping 6.8% although customer deposits expanded 11.9% mainly from CASA deposits. MCB Bank nevertheless maintained its focus on efficiency with cost-to-income ratio improving further to 34.0% from 35.64% in June 2012.

Prospects

The International Monetary Fund (IMF) expects global real GDP to grow 3.1% in 2013, the same as in 2012. The expected continuation of subdued global economic growth after the slowdowns in 2011-2013 reflects a mixture of sub-trend US growth amid fiscal consolidation; on-going Eurozone recession following the impact of austerity measures and banking credit crunch despite the abatement in the sovereign debt crisis; build up in the Abenomics-driven growth momentum in Japan; a moderation in China's growth amid economic rebalancing and in addressing risks of the property and shadow banking credit bubble; pick up in Asian NIEs and sustained expansion in ASEAN. The IMF projects the ASEAN 5 economies of Indonesia, Malaysia, Philippines, Thailand and Vietnam to remain robust with growth of 5.6% (2012: 6.1%) on the strength of domestic demand, especially investment.

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 steady economic expansion. Despite the slower growth in the first quarter of the year amid the soft external demand conditions, Malaysia is expected to see full-year economic growth of between 4.5% and 5.0% (2012: 5.6%), supported by domestic demand that is powered by strong investment momentum, mainly from the implementation of infrastructure projects and business capital expenditures under the Economic Transformation Programme (ETP). In Indonesia, robust domestic demand and inflows of foreign direct investments (FDI) should enable the economy to sustain positive momentum (2013: 5.8%; 2012: 6.2%), after taking into account the one-off impact from the recent hikes in the subsidised fuel prices. Meanwhile, Singapore's economic growth is expected to improve to 2.3% (preliminary 1H 2013: 2%; 2012: 1.3%) on the back of the aforementioned stabilisation in global economy.

Maybank's business momentum is expected to gather pace in the upcoming financial quarters on the back of loan growth opportunities in its three home markets and other markets in the region, non-interest income contribution arising from Maybank's commercial banking, investment banking operations, Islamic banking operations, insurance and takaful businesses, and revenue contribution from regional initiatives.

Having presence in all ten countries in ASEAN in 2012, the Group is focused on building a truly regional organisation. Global Banking's expanded relationship coverage model is realising merger synergies with Maybank Kim Eng and will see closer collaboration with overseas units especially in Singapore, Indonesia and Philippines.

Continued upgrading of IT infrastructure will further improve business capability in the Group's global banking, investment banking, credit cards, treasury and payment operations. The Group will continue to raise the quality of customer services, embed a robust right 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. With the continued conservation of capital from the Dividend Reinvestment Plan coupled with active capital management across the Group, 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 in line with the targets that have been set for the 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 Group 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 47,000 employees serving more than 22 million customers worldwide.

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