PRESS RELEASE

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Maybank Q1 net profit up 11.8% to RM1.51 billion on steady growth

- *International PBT contribution rises to 31%*

Highlights Q1FY13

- PATAMI rises by 11.8% Y-o-Y to RM1.51 billion
- Revenue up 6.2% Y-o-Y to RM4.47 billion
- Annualised ROE of 14.2% on track for full year target of 15.0%
- Y-o-Y loans growth of 12.1%
- International operations PBT up 37.2%, contributing 31.0% to Group profit.
- Strong balance sheet with total assets up to RM512 billion and Total Capital Ratio of 14.76%
- Sound asset quality with Net Impaired Loans Ratio of 1.18%
- Group gross deposits grew 11.0% Y-o-Y, led by 15.1% increase in International operations
- Loans to deposits ratio improves further to 89.0%

Kuala Lumpur - Maybank, South East Asia's fourth largest bank by assets, today reported that profit after tax and minority interest (PATAMI) for the first quarter ended 31 March 2013 rose 11.8% to RM1.51 billion, compared with RM1.35 billion in the corresponding quarter last year. Group profit before tax (PBT) for the quarter was 12.3% higher at RM2.13 billion from RM1.89 billion a year ago.

The results came on the back of robust growth in the Group's International operations as well as higher revenue growth and improved operating profits across key broad sectors, which were achieved in spite of the relatively subdued business environment across the region in the first quarter.

Group gross loans grew 12.1% year-on-year (Y-o-Y), while deposits expanded by 11.0%. On an annualised basis, gross loans expanded 5.8%, while deposits rose 9.6%. Although loan growth was relatively slow, early indications are that the pace will accelerate in the next three quarters to enable the Group to attain its aim. The strong rise in deposits, in the meantime, helped support the growth in loans as well as enhanced the Group's overall funding capabilities. Net interest margin (NIM) remained stable at 2.37% (pre-MFRS 10), a result of the Group's effort to defend margin compression.

At the Group's International Operations, loans expanded 14.8% Y-o-Y and 7.1% on an annualised basis, driven by stronger Y-o-Y performance in Singapore and Indonesia. Deposits, meanwhile, grew 15.1% Y-o-Y and 17.1% annualised. PBT from international operations increased, resulting in its profit contribution to total Group PBT rising to 31% from 30% in December 2012.

The Group continued to have a healthy balance of revenue streams, with its fee income ratio relatively stable at 38.7% (pre-MFRS 10) compared with the preceding quarter. Key segments such as Commissions, Service Charges and Fees which reflect the Group's strong consumer franchise showed robust growth of 18.0% Y-o-Y to touch RM907 million. Investment and Trading Income also saw a 23.4% Y-o-Y growth to RM455 million.

Asset quality remains sound with net impaired loans ratio at a healthy 1.18% compared with 1.57% a year earlier. This was further boosted by a marked decline in allowances for impairment losses on loans, advances and financing for the quarter, which fell to RM84.5 million from RM185.2 million a year earlier.

Maybank's regional franchise in relation to deposits remained well entrenched particularly in the three home markets of Malaysia, Singapore and Indonesia. Total deposits in the Malaysian operations rose 8.9% Y-o-Y touching RM230.4 billion. Singapore operations registered a 14.7% rise Y-o-Y to SGD32.2 billion while Indonesia saw an even more robust Y-o-Y growth of 23.9% to IDR89.5 billion.

Quarterly Results Comparison

On a quarterly comparison, PATAMI for the first quarter ended 31 March 2013 was 3.2% higher compared with the preceding quarter ended 31 December 2012. PBT for the quarter meanwhile was 9.1% higher than the preceding quarter.

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

"We are encouraged by the strong start to the new financial year amidst the subdued business environment. The robust growth in our international profitability, in particular, is helping us assure continued value creation for our shareholders. In the coming quarters, the roll-out of our IT transformation programmes should lead to greater efficiencies and enhanced customer focus against our competitors."

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

"Maybank's results demonstrate the resilience the Group has built over the years, and the ability to reinvent itself even in competitive and challenging times to deliver value. We are expecting loans growth to pick up in the coming months on the back of sustained growth in our home markets, especially in Malaysia where the implementation of ETP projects is expected to gain greater traction following the conclusion of the general elections.

Together with ongoing efforts to boost our capabilities Group wide through all-round improvements in people, systems, processes and cost-structure, we are confident that Maybank can leverage on opportunities that will arise in Malaysia and regionally."

Operations Review

MALAYSIA

Maybank's Malaysian operations saw Y-o-Y loans growth of 10.7% (5.3% on annualised basis) on the back of a strong 12.7% rise Y-o-Y in gross loans for Community Financial Services and 6.6% Y-o-Y in Global Banking.

Community Financial Services, the largest component of Malaysian operations, registered a 7.8% rise Y-o-Y in revenue to RM1.74 billion for the quarter, buoyed by healthy loan growth in most segments. Mortgages rose 14.3% from a year earlier, while automobile financing rose 12.0% and Unit Trust financing 20.9%. The automobile financing segment grew its market share to 20.6% from 19.9% a year earlier while mortgages market share remained relatively stable at 13.3%.

In the Cards Business, Maybank further expanded its market share in key segments namely card base, billings and merchant sales, maintaining a faster growth pace than the industry in these categories. The SME segment saw loans growth accelerating by 17.1% from a year earlier with market share at 22.1% from 19.9% a year earlier. Business Banking loans, meanwhile grew at a more moderate pace of 5.4% Y-o-Y.

Global Banking operations saw total loans growing 6.6% from a year earlier on the back of a 15.1% rise in term loans. Revenue came in 9.0% higher from a year earlier, touching RM1.38 billion led by an 18.9% rise in revenue from **Corporate Banking** and 17.9% increase from **Investment Banking**.

Maybank IB continued to maintain its growing presence, retaining top 3 ranking in Equities & Rights Offerings, M&A, Debt Markets and Equity Brokerage. **Maybank Kim Eng** meanwhile, intensified efforts to entrench its position as a leading regional investment bank and broking house, by expanding its product catalogue across the region with new debt offerings, futures broking and regional online trading. It was the world's first full-service broker to launch a full-fledged Blackberry Z10 mobile trading application recently and has also introduced a bank broking service in Indonesia at selected BII branches to leverage its vast network.

Etiqa recorded a sustained growth of 10.8% in premium income to RM1.50 billion, with Life Insurance / Family Takaful and General Insurance / Takaful businesses growing Y-o-Y at 7.9% and 13.8% respectively. PBT registered a 1.3% Y-o-Y rise which touched RM233.7 million. Total assets grew 15.3% from a year earlier to RM27.5 billion. Etiqa has a leading share in the General Insurance and Takaful market while it is ranked second in the Life/Family (New Business) category.

The Group's **Islamic Banking** remained a steady performer with profit before tax and zakat rising to RM362.8 million in March 2013, from RM352.9 million a year earlier. Maybank Islamic's gross financing grew 6.0% from a year earlier to RM66.0 billion, attributable to a 33% rise in Term Financing, 55% increase in mortgage financing and 8.0% in automobile financing. The Bank also saw improvement in market share for its automobile financing and mortgage which rose to 31.0% and 21.8% respectively from 30.0% and 21.4% in December 2012.

Asset quality improved further with net impaired loans ratio dropping to 0.63% while financing-to-deposit ratio improved to 87.3%. Islamic financing currently makes up 32.5% of total domestic loans from 31.0% in December 2012.

INTERNATIONAL
Singapore operations registered a 13.4% Y-o-Y rise in loans, on the back of a 23.9% rise in Business loans. This more than offset a marginal 1.5% decline in consumer loans, which saw housing and automobile financing impacted by recent cooling measures in the Republic. PBT for Singapore operations rose 5.1% Y-o-Y to SGD100.4 million from SGD95.5 million a year earlier.

Bank Internasional Indonesia (BII) recorded a 16.0% rise in PATAMI to IDR309 billion from IDR267 billion a year earlier. Net income rose 12.0% Y-o-Y to IDR2.02 trillion while provisions fell 11.0% to IDR195 billion. Strong deposit increase, continued growth in SME, mortgage and 4-wheel auto loan portfolio, profitability at WOM Finance and improvement in overall asset quality were the main drivers for the achievement.

Loans grew 15.8% Y-o-Y while customer deposits rose 23.9% resulting in the loan-to-deposit ratio improving to 89.4% from 96.3% a year earlier. The net interest margin declined to 5.32% from 5.51% a year earlier while the net impaired loan ratio was stable at 1.1% from a year earlier. Meanwhile, WOM

Finance benefited from the continued focus on underwriting and cost efficiencies, resulting in a turnaround in PBT to Rp 10 billion from a loss of Rp 22 billion a year earlier.

Investments are still being made to further expand BII's touchpoints to leverage the country's vast potential. A further 11 branches and 71 ATMs were added to the network during the quarter bringing the total to 415 and 1,388 respectively. Various other operational improvements through the use of technology as well as an IMPACT transformation programme are also under implementation to boost productivity and efficiency.

Maybank Philippines saw a 55.9% Y-o-Y surge in PBT, on the back of a 36.8% Y-o-Y rise in revenue to Peso 944 million owing to higher non-interest income. Gross loans growth was marginally lower by 0.9% on account of a huge corporate loan repayment of over Peso 532 million. Deposits grew 7.5% from the preceding quarter to Peso 39.9 billion while NIM improved to 5.00% from 4.48% in the preceding quarter.

AnBinh Bank (ABBank) of **Vietnam,** which is 20% owned by Maybank, registered gross loans growth of 15.2% mainly contributed by growth in corporate banking and lending to other financial institutions. Deposits growth in the quarter was almost flat in line with the operating environment in the country where banks were facing difficulty in mobilising deposits. PBT dipped 26.6% to VND 130 billion compared to a year earlier mainly due to a 32.6% drop in net interest income following the authority's reduction of the discount rate by 500 basis points in 2012.

Maybank's 20% owned **MCB Bank of Pakistan,** registered stable performance in the quarter with a 1.9% rise in PBT to PKR8.9 billion, compared to a year earlier. Gross loans growth was almost flat as credit demand was subdued in the wake of the uncertain political situation. Revenue dipped 8.0% from a year earlier owing to NIM compression as a result of the reduction in policy rate by 250 basis points in 2012. Customer deposits, however, rose 4.2% Q-o-Q mostly contributed by corporate deposits. Efficiency also improved with cost-to-income ratio of 34.9% for the quarter compared with 35.6% in the preceding quarter.

Prospects

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 further economic expansion. Despite the slower growth in the first quarter of the year, Malaysia is expected to see full-year economic growth above-5% (2012: 5.6%) on the back of domestic demand that is underpinned by strong investment momentum, mainly from the implementation of infrastructure projects and business capital expenditures under the Economic Transformation Programme. In Indonesia, robust domestic demand and inflows of foreign direct investments (FDI) should enable the economy to carry on with the trend of above-6% GDP growth i.e. 6.7% (2012: 6.2%). Meanwhile, Singapore's economic growth is expected to improve to 2.3% (2012: 1.3%), largely reflecting the mildly better global economic conditions and improvement in world trade growth.

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 the continued deal pipeline for the investment banking business, and revenue contribution 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 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.

Adherence to good corporate governance and 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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