

## 11.5% rise in Q4 earnings lifts Maybank FY14 net profit to a record RM6.72 b

*Single-Tier Final Dividend of 33 sen per share proposed*

### Highlights FY14

- FY14 profit before tax surpassed RM9.11 billion
- Group loans rise 13.4% Y-o-Y ahead of 13% guidance
- 11.1% rise in deposits - within guidance of 10-12%
- ROE of 13.8% within 13-14% target
- Strong performance in international operations with accelerating momentum especially in Singapore, Philippines, Cambodia and Greater China.
- Total Group assets increased to RM640.3 billion in FY14 from RM560.3 billion in FY13
- Group total capital ratio of 15.88% and CET1 at 11.39% places Maybank among strongest domestically
- Dividend yield of 6.2% ranks Maybank highest amongst regional peers

**Kuala Lumpur** - Maybank, South East Asia's fourth largest bank by assets, today announced that Group net profit for the financial year ended 31 December 2014 (FY14) reached another record of RM6.72 billion, lifted by a strong 11.5% rise in net earnings for the fourth quarter of FY14. The full year earnings were 2.5% higher than the RM6.55 billion achieved in the previous year. Profit before tax (PBT) meanwhile, was 2.7% higher at RM9.11 billion from RM8.87 billion a year earlier.

For the fourth quarter (October-December) of FY14 (Q4FY14), net profit came in at RM1.93 billion compared to RM1.73 billion in the previous year boosted by a 21.6% Y-o-Y increase in fee income as well as a 1.6% rise in net fund based income. PBT for the quarter was 5.6% higher at RM2.43 billion compared with RM2.30 billion a year earlier.

The Group saw overall income for FY14 growing steadily across most of its business lines with International operations recording the highest Y-o-Y income growth of 6.5%, helping boost its contribution to Group income to 36.1% from 34.4%, a year earlier. Additionally, it managed to mitigate the impact of slower capital market activities on its Global Market and Investment banking businesses to close the year with relatively stable income levels for both these sectors.

Maybank Chairman Tan Sri Megat Zaharuddin Megat Mohd Nor said the record results demonstrated that the Group still enjoyed a strong franchise in the region which had helped it achieve a commendable performance despite the volatile global environment in FY14.

"Our well diversified footprint and single minded focus on growing the business in profitable market segments together with discipline in cost management have ensured that we continued to create value for all our stakeholders," he said.

Tan Sri Megat added that the Board is proposing a single-tier final dividend of 33 sen per share which together with the interim dividend of 24 sen per share earlier, is 6.5% higher than FY13. This would bring the total dividend pay-out for FY14 to 78.5% of net profit.

“This record of consistently strong dividend pay-out also continues to rank Maybank among the top banks in the region in terms of dividend yield,” said Tan Sri Megat.

The final dividend will consist of a cash portion of 10 sen per share and an electable portion of 23 sen per share, under Maybank’s Dividend Reinvestment Plan.

Meanwhile Group President & CEO Datuk Abdul Farid Alias said that despite the challenging year the Group delivered on its main Key Performance Indicators, even outperforming the market in areas such as loans growth in Malaysia and Singapore.

“We saw greater traction as a result of the various regional initiatives which have helped us overcome the impact of the slower capital market activities as well as margin compression,” he said. “Additionally we have maintained a well-managed capital position and our fully loaded capital are among the best compared with domestic peers.”

“Our focus for 2015 will be on four key areas that we believe can help us ride through the uncertain global economic conditions - namely, strengthening our revenue growth, focusing on Group wide productivity, deploying our capital efficient strategy and to continue our international market performance.”

“We are also intensifying efforts to solidify our position to tap extensive opportunities within the ASEAN Economic Community (AEC) and to be deemed a Qualified ASEAN Bank. The recognition will play an important part in increasing the role in bolstering trade and investments in ASEAN and we will benefit from greater market access and operational flexibilities,” he added.

For FY2014, the Group achieved loans growth of 13.4% YoY on the back of robust loan growth in our International operations of 20.6% and 9.0% rise in the Malaysian operations. Singapore operations saw a healthy 13.3% rise in loans, while Indonesia saw a 5.4% rise and other international markets, 47.5%.

Our asset quality continues to remain strong when compared against industry trends, with the Group’s net impaired loans (NIL) ratio at 1.04% as at Dec 2014. Malaysia’s NIL ratio stood at 1.25% while Singapore marked a YoY improvement to 0.18% as at Dec 2014.

Gross deposits at Group level rose 11.1% Y-o-Y, on the back of a 17.5% rise from International operations and a 7.4% increase from Malaysian operations. This helped maintain a relatively stable ratio of low-cost CASA deposits to total deposits at 35.3%. The Group’s loan-to-deposit ratio also remained at a comfortable level of 91.8% although net interest margins faced some pressure and came in at 2.31% from 2.43% in FY13.

## Operations Review

Maybank’s focus on building a robust **Regional Community Financial Services (CFS)** gained greater traction during FY14 as it saw total income rising 4.4% Y-o-Y; while loans and deposits rose 14.4% and 14.0% respectively. Regional cards initiatives were also taken to strengthen the card base across the region while first full year of Regional Private Wealth has not only completed the universal offering across the region but also seen Total Assets Under Management of RM13 billion with 31% being new-to-bank.

In **Malaysia**, CFS had another strong year with total loans expanding 11.5% contributed by healthy increases in mortgages (+13.3%), automobile finance (+10.5%), unit trust loans (+7.4%), SMEs (+43.2%) and business banking (+6.5%). CFS deposits grew 12.3% Y-o-Y driven by consumer, SME and business banking segments. During the year, CFS saw sustained growth in the High Network and Affluent (HNW & A) customer segments with the continued refinement of its segment-led business model. Total Financial Assets (TFA) for the HNW & A segments rose 12.7% Y-o-Y to RM150.4 billion with a higher product cross-sell ratio of 6.65 compared with 6.37 a year earlier. Meanwhile, the Mass customer segment too, saw TFA rising 5.4% to RM106.4 billion, with product cross sell ratio at 3.12 from 2.99 a year earlier.

The Bank's strong franchise has enabled it to achieve No 1 position in areas of total deposits, total core retail deposits, retail CASA and retail saving deposits as well as in unit trust loans, internet and mobile banking as well as branch network.

**Group Islamic Banking** business recorded another outstanding year with total income rising to RM3.27 billion, 16.4% higher than a year earlier, as the Group benefitted from higher contributions from international markets. PBT came in at RM1.61 billion, 9.2% higher than in FY13.

Within its business, **Maybank Islamic** saw gross financing grow by a robust 25% to RM108.5 billion boosted by a 25% Y-o-Y growth in CFS financing and a 23% increase in GB financing. The Bank strengthened its leadership in both deposits and overall financing achieving market shares of 24.9% and 32.7% respectively compared with 23.8% and with 30.6% a year earlier. Automobile financing market share rose to 39.7% from 34.9% a year earlier, home financing to 25.8% (from 23.1%) and term financing to 30.1% (from 29.8%). Islamic financing now makes up 43.8% of total Maybank Domestic financing from 38.9% in FY13.

Maybank Islamic retained its leadership position as the third largest Islamic bank in the world with assets of US\$38.7 billion, and also the leading Islamic bank in Malaysia with a 29.3% market share of Islamic assets in the country. It also ranks third in the Global Sukuk League Table for FY14 with a market share of 38.7% from 98 issues totalling US\$4.59 billion.

The **Global Banking (GB)** segment benefitted from the pro-active measures taken to strengthen revenues despite the slower capital market activity which primarily impacted the Global Markets and Investment Banking businesses. Its regional business saw PBT growth of 9.0% Y-o-Y to RM2.19 billion on the back of an 8.6% rise in revenue. Corporate Banking saw a 4.4% rise in loans to RM74.8 billion. Maybank Kim Eng, meanwhile, recorded total income of RM1.52 billion for FY14 from RM1.54 billion a year earlier, despite slower market activity during the year. It remains among the top three in both the ASEAN Loans Book Runner, Equity Capital Markets and Global Sukuk League Tables.

**Maybank's Insurance & Takaful business under the brand name of Etiqa** achieved a pre-tax profit of RM766.4 million for FY14 compared with RM733.2 million a year earlier, on the back of a 13.5% rise in net operating income. Net fund based income rose 1.5% to RM941 million in FY14 while net fee-based income rose 33.8% to RM738 million. Total Life/Family & General gross premium was 4.7% higher for the year on the back of a 10.4% rise in Total General premium while Total Life/Family premium was almost unchanged from the previous year.

Etiqa remained market leader in the General and General Takaful business with a 12.3% market share while it was ranked 4th in the Life & Family segment. Its total assets rose 2.3% to RM27.33 billion in December FY14 from RM26.73 billion a year earlier.

Maybank's **International Banking** continued to show traction in ASEAN and Greater China with double digit loans and deposits growth in most markets. Apart from higher loans growth in home markets of Singapore and Indonesia, major markets which registered robust loans growth included the Philippines (38.0%) Greater China (33.9%), and Indo-China (31.9%).

Net operating income from International Banking rose 6.5% during the year to RM5.68 billion, supported by a 9.5% rise in net fund based income which more than offset a marginal 2.0% decline in net fee based income. Consequently, pre-provisioning operating profit (PPOP) increased 10.2% to RM2.83 billion from a year earlier. The contribution from International Banking to total Group income rose to 36.1% from 34.4% a year earlier while gross loans now made up 40.3% of Group loans from 37.9%.

**Singapore operations** recorded sustained performance for the year with a 4.4% Y-o-Y rise in PBT to S\$432.73 million. Net income increased 13.9% lifted mainly by a 20.7% rise in net fund based income on the back of a 13.4% expansion in loans. Business loans rose 12.3% Y-o-Y driven by syndicated, term and revolving credit while consumer loans rose 15.4% led by housing and personal loans.

Customer deposits saw robust growth of 16.5% Y-o-Y which was more than double industry growth of 7.1%. This was driven by business deposits which rose 20.5% Y-o-Y while consumer deposits rose

13.7%. CASA deposits saw a healthy 12.1% Y-o-Y growth for the year. Meanwhile, asset quality continued to improve further with the net impaired loans ratio at 0.20% from 0.24% in FY13.

Maybank **Philippines** (MPI) recorded a strong year with PBT rising 10.8% Y-o-Y to PHP750.8 million on the back of a 20.0% rise in revenue to PHP4.21 billion. This was driven by a 38.7% increase in net interest income as a result of higher yields aided by a 67 bps increase in net interest margin to 5.79%. Gross loans surged 30.6% Y-o-Y with both consumer and business loans growing at double digit pace.

**Bank Internasional Indonesia (BII)** saw its operating profit for the year decrease marginally by 1 % to Rp 2.87 trillion from Rp 2.90 trillion last year. Net profit came in at Rp 699 billion while profit before tax was Rp 960 billion compared with Rp 1,545 billion and Rp 2,184 billion respectively in FY13. These were primarily due to higher provisioning recorded from a few corporate customers heavily affected by the market conditions and increasing cost of funds throughout the year which pressured the net interest margin. BII's NIL stood at 2.63% as at end Dec 2014.

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#### **Maybank - Humanising Financial Services**

Maybank is among Asia's leading banking groups and South East Asia's fourth largest bank by assets. It has been ranked among the World's Top 20 Strongest Banks by Bloomberg Markets for two consecutive years - 2013 and 2014. The Maybank Group has an international network of 2,400 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. (www.maybank.com)

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