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PRESS RELEASE

Highlights of Q1FY11

- Pre-tax profit up 21.5% to RM1.4 billion Y-O-Y
- Total revenue higher by 4.4% to RM3.21 billion Y-O-Y
- Normalised Return on Equity of 14.8% in line with FY11 target of 14%
- Earnings per share 14.53 sen (Q1FY10: 12.46 sen)
- Full adoption of FRS139 & Basel II IRB Approach
- Group Capital Adequacy Ratio remains strong at 14.15% (assuming full electable portion of dividend is reinvested under the Dividend Reinvesment plan)

Maybank today announced a 21.5% rise in Group pre-tax profit for the first quarter ended September 2010 to RM1.40 billion compared to RM1.16 billion in the corresponding period ended September 2009. Profit after tax and minority interest (PATAMI) for the quarter rose 16.6% to RM1.03 billion from RM881.8 million previously.

Commencing this quarter, the Group has adopted the FRS 139 guidelines which places Maybank fully in line with international financial accounting standards and consistent with its aspiration and standing as a regional financial services leader. The strong results recorded for the quarter reflect the fundamental strength and sound financial management which have been a hallmark of Maybank.

Overall, the Group’s improved results were achieved on the back of higher profit across the key business pillars of Community Financial Services and Global Wholesale Banking’s business segments of Corporate Banking and Global Markets, as well as significantly lower allowance for losses on loans. Maybank’s Indonesian operations led in loans growth with a robust 30% annualised increase followed by Community Financial Services at 10% and Singapore Operations at 5%.

The Group’s Islamic Banking business also recorded strong financing growth of 25.8% which resulted in profit before tax more than doubling for the quarter. Maybank Islamic remains the largest Islamic bank by assets in the Asia Pacific region.

In summary, the better performance for this quarter came from the following:

- A 64% rise in profit before tax of Community Financial Services which rose to RM542 million from RM331 million previously.
- Improved profit before tax by Corporate Banking which saw a 21.5% rise to RM164 million from RM135 million previously
- Stronger performance in Islamic Banking where profit before tax and zakat increased 167% to RM195.3 million compared with RM73.1 million previously
- Global Market’s 4.4% increase in profit before tax to RM369 million from RM354 million previously
- Improved performance at BII which recorded Rp 84 billion pre-tax profit for the quarter compared to Rp 72 billion in the previous corresponding period.

Higher profit before tax from Maybank Singapore which rose 3.6% to SGD84.1 million from SGD81.2 million previously
Significantly lower allowance for losses on loans which declined 36.6% to RM 264.7 million from RM417.7 million previously
Higher net interest income which rose 9.0% to RM1.77 billion for the quarter on the back of an annualised 4.6% growth in loans and debt securities across the Group. This was despite a tightening of the net interest margin to 2.75% as at September 2010 compared with 2.82% in September 2009.
Increase of 3.1% in non interest income (including income from insurance business) to RM1.32 billion from RM1.11 billion previously, led by higher investment & trading income (+33%), commissions, net income from insurance business (+20%), customer forex transactions (+42%), service charges and fees (+2.4%) as well as a doubling in unrealised gain on securities and derivatives mainly as a result of the stronger Ringgit against the US Dollar.
Cost containment initiatives which kept the rise in overhead costs in line with revenue growth.
Deposit growth of 8.7% to RM237.8 billion as well as asset growth of 12.3% to RM347.1 billion

Maybank Group Quarterly Results Y-o-Y
Compared to the fourth quarter of FY10 ended 30 June 2010, this quarter's profit before tax was 3.3% higher than the RM1.36 billion recorded previously. PATAMI for this quarter was also 12.7% higher than the RM912.5 million in the preceding quarter.

Sectoral Review

Malaysia

Community Financial Services
Community Financial Services continues to be the mainstay of the Group's operations generating a significant portion of Maybank's revenue. Its robust loans growth was led by a 16.7% rise in financing of securities (a major part of which is for unit trust investments), 10.1% in automobile financing, 7.7% in mortgages and 4.5% in credit card receivables.
Maybank strengthened its hold in the Cards business recording continued increase in market share of card billings (22.3% vs 21.5% in September 2009), card receivables (14.17% vs 14.15%), card base (16.6% vs 15.2%) and card merchant sales (29.7% vs 28.6%). It again outpaced industry growth in card billings (18.0% vs 13.2%), receivables (12.9% vs 12.8%) and merchant sales (14.3% vs 9.9%).
Another area of significant performance was in hire purchase where the Group grew its market share to 17.4% compared with 17.0% in September 2009.
In the SME and Business Banking segment, loans growth declined by 9.5% on an annualised basis. However, with the recent realignment of the Group's organisation structure where all branches now act as point of sales and service for SME and business customers, Maybank believes it will be able to turnaround the decline in loans and capture an increasing portion of financing for this segment.

Global Wholesale Banking

- **Corporate Banking**

This segment saw a 14% rise in revenue to RM240 million for the quarter compared to last year, although its loans contracted due to large repayment of corporate loans. However, the Group is seeing more deals in the pipeline and given the various initiatives under the government's Economic Transformation Programme, Maybank is optimistic that this trend will be reversed in the coming quarters.

- **Global Markets**

Global Markets' profit before tax rose on the back of a 2.2% rise in revenue totalling RM420.4 million. Its securities portfolio expanded by 34.7% on an annualised basis to reach RM58.9 billion of which 52% comprises government securities, 36% PDS/Corporate Bonds and 7% Negotiable Instruments of Deposits/Bankers Acceptances.

- **Investment Banking**

With the recent organisation realignment, the Investment Banking segment now mainly undertakes fee-based income activities with fund-based activities being undertaken by Maybank. Maybank Investment Bank's (Maybank IB) fee based income for the quarter was RM52.6 million of which brokerage constituted 53%, Underwriting & Placement 18%, Corporate Advisory 10% and Arrangers Fees 8%.
For the quarter under review, the Bank has, however, managed to move up the industry ranking from fifth to second place for Debt Markets (Malaysia Domestic Bonds) and fifth to third for M&A. It also retained its ranking in the industry with second position in Equity & Rights Offerings and Debt Market (Ringgit Islamic Bonds).

With a renewed focus on its core business, Maybank IB has captured a number of significant deals in recent months. These include the initial public offering of Malaysia Marine & Heavy Engineering Holdings Berhad in which it was the principal adviser, sole underwriter, joint global coordinator and joint bookrunner, Putrajaya Holdings' RM1.5 billion Islamic Medium Term Notes Programme (joint principal adviser, joint lead arranger, joint lead manager and joint bookrunner), take-over offer of Tanjong Public Limited Company (joint financial adviser to Tanjong board), take-over offer of MEASAT Global Berhad (joint financial adviser to MEASAT Global Network Systems board), Celcom Transmission's RM4.2 billion Sukuk Programme (joint lead arrangers/joint lead managers), Danga Capital Berhad's SGD1.5 billion Islamic Securities (co-manager) and Pelabuhan Tanjung Pelepas' RM1.5 billion Islamic Medium Term Notes Programme (joint lead arrangers/joint lead managers). Maybank IB also remains optimistic of the deal flow for the rest of the year given the significant opportunities present in the capital markets.

Insurance, Takaful & Asset Management
For the quarter, Etiqa registered a 27.2% rise in revenue to RM187 million on the back of a 10.9% growth in total general premium and 5.7% in total life/family premium. However, its profit before tax remained relatively unchanged at RM79 million mainly due to increased provision for doubtful debts.

Etiqa which aims to become the leading national insurance company by December 2010, has nevertheless continued to retain its leading rank in market share for new business (life/family) improving it to 20.9% from 18.9% in June 2010, as well as general business where it improved to 10.8% from 10.1%. Its overall loss ratio of 45.2% for general insurance is also well below the industry rate of 60.5%.

Islamic Banking
Maybank reaffirmed its leadership in Islamic Banking with a strong performance for this quarter resulting in gross attributable income rising 9.1% to RM508 million from RM465.7 million previously.

Profit before tax from Islamic Banking now constitutes about 14% of Group total pre-tax profit compared to 10% in June 2010 while Islamic financing makes up 24.7% of the Group's total domestic loans compared to 21.8% in September 2009.
Financing remained robust led by a 148% growth in consumer term financing, 12.3% in automobile financing and 5.6% in mortgage financing as well as a 22% growth in business term financing, 83% in business overdraft and 3% in trade finance.

Maybank Islamic is ranked 17th in the world among Islamic banks and it has a leading market share of 17% of total Islamic assets in Malaysia as at September 2010.

Singapore
Singapore operations recorded a 5.2% growth in revenue compared to the previous corresponding quarter. Loans growth was spearheaded mainly by financing for the commercial sector which was underpinned by the strong economic growth in the island. The mortgage loan portfolio however, registered marginal decline as the consumer banking segment within Singapore's financial services industry was more subdued. Notwithstanding

this, the Singapore operations' loan portfolio was fairly well diversified among automobile, housing, general commerce and building & construction. Gross loans at the Singapore operations now constitute 19.3% of total Group loans, compared with 19% in September 2009.

Asset quality remained excellent with the net impaired loans ratio at 0.30% in September 2010.

Indonesia
BII recorded a.22.6% rise in gross operating income to Rp 1.46 trillion for the quarter compared with Rp 1.19 trillion previously on the back of a 26% rise in net interest income as well as a 17% rise in non-interest income. This was despite a tightening in net interest margin which declined to 6.05% from 6.85% previously.

Loans growth was boosted by significant increases in financing for the consumer segment (+45%), SMEs (+38%), corporate (+36%) and Syariah (+20%). Asset quality remains good with net impaired loans ratio at 1.97% while the capital adequacy ratio for the Bank remained a healthy 14.35%.

During the quarter under review, BII continued its strong network expansion to leverage on the greater demand for banking as well as the growth opportunities in Indonesia. Its branch network as at September 2010 stood at 295 compared with 255 in September 2010, while its number of ATMs has similarly increased to 893 from 748 previously.

BII's subsidiary WOM Finance also recorded a strong performance with profit before tax for the nine months to September 2010 increasing to Rp 177 billion from Rp 50 billion in the corresponding period to September 2009. Asset quality has shown significant improvement with net impaired loans ratio reaching 0.73%, while the default rate on loans dipped to 7.1% from 14.0% in September 2009.

Pakistan
MCB Bank, in which Maybank owns 20% stake, showed overall improvement registering profit before tax of PKR 19.4 billion for the nine months to September 2010 compared to PKR 17.7 billion previously on the back of a 3.3% rise in revenue to PKR 31.6 billion. Return on Equity at the Bank was strong at 26% while net interest margin stood at 7.7%. It remains well capitalised with Capital Adequacy Ratio of 23.2%.

FRS 139 & Basel II Update

Commencing from this quarter, Maybank has prepared its financial statements in full compliance to FRS 139 principles, hence adopting a more stringent criteria on the classification of impaired loans. The more stringent methodology has resulted in higher impaired loan ratios across the industry and in the case of Maybank, the net impaired loans ratio increase was marginal, at 2.99% in September 2010 from 1.6% a year earlier. The Day 1 adjustment (as at 1 July 2010) to shareholders' equity amounted to RM220 million which represents only a marginal reduction of 0.8% of the total of shareholder's equity.

Maybank continues to be conservative in managing credit risk through more refined and stringent methodology, which includes policies relating to impairment loss on loans and securities that are based on historical trend reflecting the quality of assets.

Maybank has also fully migrated to the Basel II Risk Weighted Capital Adequacy Framework from 1 July 2010. The Risk Weighted Capital Ratio under the new framework remained healthy at 14.15%.

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

"Our performance this quarter is very pleasing, given we have fully adopted FRS 139 standards as well as

Basel II for the first time. It also appears that under the recently announced Basel III capital requirements, our Core Equity Ratio will be able to meet the minimum of 7% by 2019 without the need to raise equity capital, apart from the Dividend Reinvestment Plan.

Our widening reach and focused capital use across ASEAN in particular, where growth remains robust, mean we are well placed to sustain strong growth for this financial year".

Quote by Maybank President and CEO Dato' Sri Abdul Wahid Omar

“This quarter’s results continue to bear testimony to the Group-wide transformation efforts that we have embarked on since 2008.

Given our mission to humanise financial services across Asia, we are renewing our focus on key markets across the region where we see significant opportunities to bring Maybank’s unique brand of products and facilities to our stakeholders. Of particular note is the significant progress we have made in our Indonesian operations, the third of our "home markets" after Malaysia and Singapore.

With increasing organisational confidence in our transformation journey, we will accelerate our growth efforts, leveraging synergies, enhancing productivities and shortening customer turnaround times in our preferred segments. Barring unforeseen circumstances, we expect our performance for the financial year ending 30 June 2011 to be better than the last financial year and on track to meet the targeted 14% Return on Equity.”

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