

Maybank posts 17.9% rise in Q1 net profit

Press Release

24 May 2012

Maybank posts 17.9% rise in Q1 net profit to RM1.35 billion - Encouraging start to financial year amidst challenging environment

- PATAMI rises 17.9% to RM1.35 billion
- Revenue grows 27.7% to RM4.05 billion
- Return on equity of 16.0% (annualised)
- Loan & Debt Securities growth of 7.0%
- Asset quality improves further with net impaired loan ratio of 1.57% from 2.39% a year earlier
- Risk weighted capital ratio remains healthy at 15.4%
- Earnings per share up 13.0% to 17.63 sen
- Maintained no 1 position in Islamic banking business with a 74.8% rise in profit before tax and zakat to RM352.9 million

Maybank today reported a profit after tax and minority interest (PATAMI) of RM1.35 billion for the three months ended 31 March 2012, up 17.9% from RM1.14 billion in March 2011. Group profit before tax for the period was up 20.2% to RM1.89 billion.

The results were supported by sustained revenue growth across all business pillars led by strong revenue increase in investment banking, corporate banking, international banking and global markets operations. It also includes the results of Kim Eng Holdings which was not part of Maybank Group in the previous corresponding quarter.

The Group continued to see gross loans growing during the quarter, albeit moderately, at 6.1% on an annualised basis. Key segments such as consumer, business, corporate banking and the Indonesian operations, however, maintained a more robust pace. The moderating loan growth was offset by higher fee-based income arising from the Group's diversified operations. Loan-to-Deposit Ratio for the Group remained healthy at 87.2%.

Other key drivers which supported the Group's improved performance during the quarter were:

- A 54.5% rise in non-interest income (including net income from insurance business and fee income from Islamic operations) to RM1.65 billion, led by increase in investment & trading income (+238.8%), fee income from Islamic operations (+175.4%), foreign exchange profit (+99.3%) and commissions, service charges & fees (+25.6%)
- Higher net fund based income which grew 14.0% to RM2.40 billion. This was achieved despite a further tightening in net interest margin to 2.37% during the quarter from 2.53% in the six months ending December 2011.
- An annualised 8.3% expansion in total Group deposits to RM320.2 billion led by 23.1% rise in Singapore. Low cost deposits (including current and savings accounts) now make up 33.6% of total deposits.

- Annualised growth of 10.6% in total assets to RM463.3 billion
- Among the business segments, significant achievements recorded were as follows:
- A 46.4% rise in profit before tax to RM928 million by Global Wholesale Banking led by Global Markets (RM408 million), Corporate Banking (RM404 million) and Investment Banking (RM116 million).
 - Profit before tax of RM463 million from International Banking, up 41.2% from a year earlier
 - Rise of 22.4% in profit before tax for the Insurance & Takaful business, which reached RM100 million.
 - A robust 74.8% rise in Group Islamic banking profit before tax and zakat to RM352.9 million

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

"I am pleased that Maybank is continuing to show resilience despite the challenging global economic environment. Our strong growth in profitability is a reflection of the solid momentum that we have been building over the last few years even as we expanded our regional footprint. Our focus now remains on fully leveraging on our operations regionally and ensuring we remain agile to deliver even better value to our stakeholders."

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

"We are heartened by the continued growth that we are seeing across our network as it reaffirms our conviction that there are always new opportunities to sustain our growth momentum. We remain focused on growing responsibly and profitably, and believe that our diversified markets give us the ability to mitigate the impact of the global economic slowdown. In Malaysia, we are seeing traction from the Economic Transformation Programmes as reflected in the robust growth of our corporate banking segment. Concurrently with initiatives to grow our business, we are accelerating our transformation efforts to now include a Strategic Cost Management Programme that will help relieve pressure on topline achievements. At the same time, we are doubling our efforts to enhance service quality as well as embed the right risk culture to achieve greater effectiveness and efficiency while improving our cost structure."

Sectoral Review**MALAYSIA****Community Financial Services (CFS)**

Community Financial Services saw revenue grow marginally by 1.6% to RM1.6 billion for the quarter as a result of a moderating economic environment. Mortgages, however, remained in demand, growing 12.5% on an annualised basis with market share remaining stable at 13.2% despite intense competition, while its asset quality improved to 1.9% from 3.9% a year earlier.

The Group's share of the automobile financing market rose to 19.9% from 18.8% a year earlier on the back of a 12.9% annualised rise in hire purchase. In the cards business, the Group further extended its leadership, gaining market share in key areas such as card base (18.1% market share vs 17% in March 2011), billings (24.7% vs 22.8%), receivables (15.4% vs 14.5%) and merchant sales (31% vs 29.3%). The Group also outperformed industry growth in these areas with a 2.5% rise in card base compared with a 3.4% decline in the industry, 21% increase in billings (vs 11.6% industry), 13.7% surge in receivables (vs 7.2% industry) and 18% growth in merchant sales (vs 11.7% industry).

The Business Banking & SME segment continues to strengthen, with deposits growing 6.8% on an annualised basis although loans registered a marginal 4.4% drop mainly due to some large repayments. The SME segment, in particular, continued to gain market share, touching 19.9% in March 2012 compared with 16.5% a year earlier.

Global Wholesale Banking (GWB)

GWB had a strong quarter with a 61.7% rise in revenue to RM1.26 billion chalking up healthy increases in all

sectors including investment banking which was boosted by contribution from Kim Eng Securities. Loans expanded by 2.6% to RM57.6 billion led by term loans which registered a 9.8% increase.

- Corporate Banking

The Group's Corporate Banking segment benefitted from the opportunities available as a result of the Government's Economic Transformation Programme, recording a solid loan growth of 17.7%. Revenue surged 40.9% this quarter to reach RM465 million compared to RM330 million last year. In addition, it saw improvement in allowance for losses on loans, advances and financing.

- Global Markets

Revenue from Global Markets operations rose 23.9% to RM462 million from RM373 million previously on the back of a 65.2% increase in non-interest income. Profit before tax stood at RM408 million, up 16.7% from a year earlier.

- Investment Banking

The Investment Banking Group's results were boosted by a strong pipeline of deals as well as the better overall performance and the inclusion of Kim Eng Securities. Revenue rose over four-fold to RM335 million from RM78 million previously while profit before tax increased to RM116 million from RM28 million in the previous corresponding period. Income from the Malaysian investment banking operations rose strongly by 77% to reach RM135.3 million from a year earlier.

For the quarter, Maybank Investment Bank further improved its industry ranking, coming out top in the M&A and Equity & Rights Offerings segments and second in Debt Markets (Malaysia Domestic Bonds and Malaysia Ringgit Islamic Bonds) as well as Equity Brokerage. Notable deals during the quarter include those for Projek Lebuhraya Usahasama Berhad (PLUS), Kencana Petroleum Berhad, SP Setia Berhad, Tanjung Bin Energy Issuer Berhad, Malaysia Airports Holdings Berhad and PT Astra Sedaya Finance.

Insurance, Takaful & Asset Management

Revenue for this business grew 15.9% to RM194 million while profit before tax increased 22.4% to RM100 million. The improvement was driven by a 17.5% rise in Total Life/Family Premium as well as a fivefold increase in Marine, Aviation & Transportation premium and 20% growth in Motor premium. Etiqa remains the top ranked insurer in Life/Family (New Business) with 16.4% market share as well as General Insurance (12.7% share).

Islamic Banking

The Group's Islamic banking business saw total income rising 37.9% to RM534.8 million for the quarter, driven mainly by an almost threefold increase in fee based income and a 13.9% rise in fund based income. Profit before tax and zakat was up to RM352.9 million from RM201.9 million previously.

Maybank Islamic registered annualised financing growth of 5%, which was driven by a 13% rise in Business financing and 2% rise in Consumer financing. The Business segment was boosted by 29% increase in term financing while the consumer segment saw mortgages grow by 36%. Financing by Maybank Islamic comprises about 28.2% of total Group domestic financing while its asset quality further improved to 0.92% in March 2012 compared with 1.58% a year earlier.

International Banking

Maybank's International Banking operations had a strong quarter registering a 29.1% growth in revenue to RM1.31 billion. Profit before tax meanwhile stood at RM463 million. The composition of loans from international operations to total Group loans grew to 36% from 34% last year. International operations contribution to Group profit before tax also rose to 27% from 23% in 2011.

- Singapore

Maybank Singapore saw relatively moderate growth with total income growing 8.2% to S\$180.3 million from S\$166.7 million previously. Profit before tax was up 6.9% to S\$95.5 million. Loans marginally declined by 3.6% on an annualised basis largely due to major repayments which more than offset the general increase in business loans. Nonetheless, net fund based income rose 4.4% to S\$117.8 million. Non-interest income meanwhile showed a stronger 16.1% rise to S\$62.4 million. Although slower than expected, business in Singapore is projected to see reasonable growth for the financial year ending 31 December 2012, taking the cue from an expected 3% growth of its economy.

- Indonesia - Bank Internasional Indonesia

Bank Internasional Indonesia (BII) recorded a strong improvement in performance this quarter with a 15.1% rise in revenue to Rp 1.8 trillion and a 78% rise in net profit to Rp 267 billion. Net interest income rose 20% to Rp 1.17 trillion on the back of strong loans growth while non-interest income grew 7% to Rp 628 billion. Net interest margin (NIM) experienced some compression as it fell to 5.51% in March 2012 from 5.67% in March 2011. However, this was an improvement compared to September 2011 and December 2011 when NIM was 5.28% and 5.22% respectively. Asset quality at BII remains good with net impaired loans ratio at 1.11% from 3.54% a year earlier whilst its capital adequacy ratio remained healthy at 12.71%.

BII is continuing to expand its network to leverage on robust growth opportunities in the country. In the quarter ended March 2012, a total of 17 branches were opened bringing the total to 368. An additional 38 self-service terminals were also installed making the total now 1,190.

Revenue at BII subsidiary WOM Finance registered a 5.5% growth to Rp402 billion. Although units financed recorded an 11% uptrend, WOM Finance registered a loss Rp 22 billion on account of the provisions arising from its 2011 portfolio. However, asset quality remained healthy with net NPLs at 1.19%.

- Pakistan - MCB Bank

Revenue at MCB Bank rose 2% to PKR13.22 billion, while profit before tax was up 11% to PKR8.82 billion mainly contributed by an increase in non-interest income of PKR463.1 million and lower provisioning by PKR1.1 billion. The higher non-interest income came from an increase in dividend income as well as commission and brokerage fees. Gross loans declined by 10% given the challenging environment but deposits grew 11%. The net interest margin, however, contracted to 7.65% from 9.13% previously. The Bank continued to record strong return on equity of 28.09%.

- Vietnam - AnBinh Bank

Profit before tax increased by VND30.0 billion or 20% largely due to higher net interest income of VND91.5 billion. Loans grew marginally by 1% mainly from corporate customers, while net interest margin widened to 5.41% from 5.20% a year earlier. Deposits from customers were higher by 25% owing to increase from the corporate and retail segments. Asset quality improved during this quarter with the non-performing loan ratio declining to 2.89% from 4.32% in 2011.

Publish Date: 24 May, 2012 - 16:45

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