

Maybank Nine Months Net Profit up 18.2% to RM4.3 billion

Press Release

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Highlights of 9MFY12

- PATAMI up 18.2% to another record RM4.3 billion
- Net revenue increased by 14.8% to RM12.37 billion
- Return on Equity of 16.3%, ahead of 15.6% target
- Strong growth across most business sectors including international operations
- Group Islamic Banking PBT surpasses full-year RM1 billion target in 9 months
- Asset quality continues to strengthen; Net Impaired Loan Ratio improves further to 1.22%
- Strong Risk Weighted Capital Adequacy Ratio of 16.71% (after 88% DRP reinvestment rate and equity placement)
- Earnings per share up 14.3% to 55.4 sen

Maybank today reported profit after tax and minority interest (PATAMI) of RM4.29 billion for the nine months ended 30 September 2012, up 18.2% from the RM3.63 billion recorded in the nine months to September 2011. Group profit before tax was up 15.6% to RM5.95 billion.

The Group saw steady growth across almost all business sectors despite the softening global economy, reflecting efforts to grow profitably and responsibly while ensuring sound asset quality. Net revenue rose 14.8% to RM12.37 billion on the back of a 14.9% growth in fund-based income and 14.8% in fee-based income. Performance was boosted by strong growth in revenue from International Banking, particularly Bank

Internasional Indonesia (BII), as well as Islamic Banking, Investment Banking and Corporate Banking.

Group loans maintained double-digit growth of 10.4%, led by Community Financial Services, Corporate Banking, Investment Banking and BII. Although this was behind the original full year target of 16.2%, it was in line with the general slowing down recorded by the industry. For the Malaysian operations, loans growth was 12.4% on an annualised basis and higher than industry growth of 11.2%. Total Loans & Debt Securities grew at 9.9%.

The main drivers for the steady performance in the nine months included:

- A 14.8% rise in non-interest income (including fee income from Islamic operations and net income from insurance & takaful business) to RM4.78 billion, led by a 63% rise in investment and trading income and a 14.5% increase in commissions, service charges & fees. Fee income from Islamic operations on its own grew 72%, mainly owing to the increase in primary subscriber fees from major deals undertaken by the Investment Banking business.
- Net fund based income which grew 14.9% to RM7.59 billion, with net interest margin stable at 2.41% at the end of September 2012 compared with the 2.40% registered in the first six months to June 2012.
- Healthy growth in Group deposits which stood at RM330.5 billion, up 12.7% from a year earlier, with low-cost deposits making up a significant 34.6% of total deposits. Double digit year-on-year growth was recorded across the three home markets of Malaysia, Singapore and Indonesia
- Continued robust growth of 23.4% in Global Wholesale Banking's profit before tax (PBT) to RM2.75 billion. This was led by more than a doubling in PBT for Investment Banking (to RM318 million), 25.5% rise in Corporate Banking (to RM1.30 billion) and 5.4% growth in Global Markets (to RM1.13 billion).
- A 52.7% rise in PBT for International Banking to RM1.72 billion with the key home markets of Singapore registering PBT of S\$307 million (+2.8%) and Indonesia's Bank Internasional Indonesia (BII) recording PBT of Rp 1.3 trillion (+63%).
- Stronger results from the Group's Islamic banking which saw profit before tax and zakat rise by 43.8% to RM1.10 billion.

Maybank Group Quarterly Results Q-on-Q and Y-on-Y

On a quarterly comparison, PATAMI for the third quarter ended 30 September 2012 rose 4.4% to RM1.5 billion from the RM1.44 billion in the previous quarter ended 30 June 2012. PBT for the third quarter was similar to the second quarter at RM2.02 billion. Compared to the previous corresponding quarter ended 30 September 2011, PATAMI and PBT for the quarter ended were 13.0% and 10.0% higher respectively.

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

"Maybank's sustained growth over the nine month period reflects our ability to adapt to global economic challenges, while at the same time, optimising our resources and growing in our new business sectors.

We intend to leverage on our global network to tap opportunities when they arise in order to enhance our total shareholders returns. At the same time, we are improving our brand presence in communities where we serve as well as enhancing productivity and efficiency to maintain a competitive edge for the future."

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

“Our approach in growing responsibly and profitably in addition to adopting loan pricing discipline has helped us sustain profit growth over the nine months. These efforts, coupled with our strategic cost management initiatives, development of new income streams as well as expansion of regional platforms are key to helping us build efficiency and drive our region-wide growth further.

While we cannot fully avoid the headwinds in the current global economic environment resulting in lower external demand, we remain reassured that our three home markets of Malaysia, Singapore & Indonesia will see resilient domestic growth. With our focus on the region, particularly ASEAN, we expect to register reasonable business growth for the full financial year.”

Sectoral Review

Malaysia

Community Financial Services

Community Financial Services remains the largest contributor to Group revenue and PBT, despite a competitive and challenging consumer banking environment. Revenue for the nine months rose 2.8% to RM4.98 billion.

Loans growth for this sector was led by mortgages which increased 15.2%, followed by financing of unit trusts (+14.7%) and automobile financing (+13.7%). Market share in the mortgage and automobile financing segments continued to increase despite keen competition. Mortgage market share rose to 13.4% from 13.1% in September 2011 while automobile financing share rose to 20.4% from 19.0%.

The Cards Business also extended its market share in most segments. For card base, market share grew to 18.4% (from 17.7% previously), billings grew to 25.7% from 23.7%, and merchant sales to 32.3% from 28.6%. It outperformed the industry in billings (17.8% growth vs 8.6% for industry), merchant sales (17.4% vs 4.1%), and maintained growth in card base of 1.9% compared to a contraction of 2.1% in the industry.

Growth in the Business and SME banking segment remained positive with loans expanding 9.0% on an annualised basis. Growth was almost balanced amongst the two categories with Business Banking loans rising 9.1% and SME loans 8.4%. The Bank continued to build market share in the SME segment achieving 21.5% from 17.4% a year earlier. Deposits grew at 7.9% on an annualised basis to reach RM53.7 billion.

Global Wholesale Banking

Global Wholesale Banking (GWB) registered a 29.7% rise in revenue to RM3.86 billion, buoyed by stronger growth from all sectors. Total GWB loans rose 12.4% on an annualised basis to RM63.2 billion. Fee based income expanded 44.0% while net fund-based income rose by 13.7%.

• Corporate Banking

Corporate Banking remained on a steady growth path with revenue accelerating 39.3% to touch RM1.55 billion. Performance was boosted by strong growth in term loans (+21.5%) while overdrafts expanded at a moderate pace of 2.3%. The Group maintained its strong position in trade finance with a 26.6% market share in September 2012 compared with 25.1% a year earlier.

• Global Markets

Global Markets operations saw revenue rising 6.6% to RM1.31 billion on the back of a 22.8% increase in non-interest income compared to a year ago. Its Securities portfolio rose 7.9% to RM71.1 billion with 39.7% being foreign securities as at September 2012.

• Investment Banking

The Group's Investment Banking business under the Maybank Kim Eng brand, maintained its vigorous growth pace on the back of continued strong deal pipeline. Revenue for the period rose 57.6% to RM1 billion with total income in Malaysia rising 54.0%. The Malaysian Business contributed 45% of total income with the rest coming from Kim Eng's operations worldwide.

Maybank Investment Bank maintained its leading position in industry rankings for almost all categories such as Mergers & Acquisitions as well as both categories of Debt Markets namely Malaysia Domestic Bonds & Malaysia Ringgit Islamic Bonds. Regionally in the equity brokerage league table, Maybank Kim Eng is the top broker in Thailand, in 3rd spot in Malaysia, 4th in Indonesia and Philippines and 5th in Singapore.

Insurance, Takaful and Asset Management

The combined gross premium grew 19%, with both Life/Family business and General business increased by 22% and 15%, respectively.

Etiqa registered a profit before tax of RM436.9 million for the 9 months financial period ended 30 September 2012, compared to the RM574.8 million for the corresponding 9 months financial period ended 30 September 2011. Higher net income in 2011 was due mainly to additional actuarial transfer of RM138.5 million by Etiqa Insurance Berhad ("EIB") in June 2011 before the introduction of the new Bank Negara Guidelines for non-participating business

Islamic Banking

The performance of the Group's Islamic banking operations surged in the nine months to notch up a profit before tax of RM1.10 billion, surpassing its full year target of RM1 billion. Total income rose 24.0% to RM1.67 billion from RM1.35 billion a year earlier. Fee-based income grew 72.0% to RM366.8 million while fund based income rose 14.9% to RM1.30 billion.

Within the Group's Islamic banking business, Maybank Islamic achieved better key ratios. Gross financing grew 15% on an annualised basis to RM58.1 billion led by a 16% rise in Consumer financing and a 12% rise in Business financing. In the Business segment, term financing rose 33% while in the Consumer segment, mortgage financing rose 43% and term financing, 20%. In the domestic market, Maybank Islamic maintains a solid market share with 29.9% of the industry's automobile financing, 24.4% of term financing and 20.3% of mortgages (*mortgages as at August 2012).

Asset quality at Maybank Islamic remains outstanding with the net impaired financing ratio improving to 0.84% from 1.18% a year earlier. The Bank's financing-to-deposit ratio remains healthy at 87.5% from 96.6% a year earlier. Islamic financing currently makes up 29.2% of the Group's total domestic financing up from 28.2% a year earlier.

International Banking

Revenue from the Group's international banking operations grew at a robust pace of 21.7% to RM3.92 billion. This was underpinned by a 22.3% rise in its net fund-based income as well as a 20.6% rise in fee-based income. Loans for the Group's international operations collectively grew 6.0% on an annualised basis, and now make up 36% of total Group gross loans. Revenue from this sector also makes up 36% of total Group revenue (from 33% in September 2011) while PBT makes up 30% (from 22%).

• Singapore

Singapore operations were impacted by the slower pace of growth in the Republic, resulting in a marginal 0.1% growth in income to S\$542.4 million supported by a 1.4% rise in net fund based income.

Annualised loan growth stood at 2.1% with its total portfolio reaching S\$24.9 billion. It maintains a well diversified loan portfolio with consumer loans making up 39% and corporate loans 61%. Asset quality remains excellent with net impaired loans ratio remaining stable at 0.32% as at September 2012.

• **Indonesia**

BII continued to register healthy performance with an 18% rise in gross operating income to Rp5.58 trillion from Rp4.71 trillion in September 2011. Loans growth surged 17.3% on an annualised basis, accompanied by better asset quality which saw the net impaired loans ratio improve further to 0.9% from 2.7% in September 2011. BII saw a higher net interest margin of 5.88% as at September 2012 compared to 5.53% a year earlier.

The Bank's expansion remains well on track with another 38 branches added in the nine months bringing its total to 389 branches. Its ATM network has also expanded with another 85 new machines added, taking its total across the country to 1,237.

Numerous other services continue to be introduced and enhanced to lift the Bank's competitiveness in the market. These include the capability to scan local ID cards for account opening – the first among local banks, improving the mobile and internet banking platforms for individuals, supply chain and corporates as well as introducing a new trade finance system.

MCB Bank

MCB saw profit before tax rise by PKR1.6 billion or 6.7% to PKR25.9 billion for the nine months. Revenue rose 5.6% to PKR38.5 billion. The improved result was achieved despite a 4.8% decline in gross loans due to the economic situation and a dip in net interest margin to 6.7% from 7.6%. Customer deposits, however, improved by 12.4% to PKR535.5 billion in the same period, mostly contributed by corporate deposits.

Return on equity was still strong at 26.7% marginally down from 27.4% last year. Efficiency improved with cost-to-income ratio of 33.6% compared with 33.8% a year ago.

AnBinh Bank (ABBank)

ABBank of Vietnam registered a 4.6% rise in revenue to VND1,329.6 billion for the nine months. This was contributed by the growth in non-interest income which rose by VND58.3 billion. Profit before tax rose 63.9% to VND540.1 billion, attributable mainly to lower provisioning by VND332.4 billion. Return on equity rose 12.1%, up from 7.0% previously.

Gross loans recorded an increase of 10.9%. The higher loans in the third quarter was due to the central bank's issuance of a new rule where amounts loaned to other financial institutions will be booked as loans to customers.

Customer deposits rose 14.8% on an annualised basis, in tandem with higher deposits received from the retail sector. Net interest margin, however, dipped to 4.8% compared with 5.1% last year.

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