

Maybank records 7.7% rise in interim net profit

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The Maybank Group today announced that net profit for the [half-year ended 31 December 2007](#) rose 7.7% to RM1.47 billion from RM1.36 billion in the previous corresponding period. Gross profit for the period grew 2.1% to RM2.05 billion from RM2.0 billion in the previous corresponding period.

Net profit for the October-December 2007 quarter totaled RM731 million compared with RM735 million in the preceding quarter of July-September 2007 and RM792.3 million in the corresponding October-December 2006 quarter. Gross profit for the quarter stood at RM1.03 billion compared with RM1.01 billion for the preceding quarter.

The Group's performance translated into an annualized net return on equity of 16.01% after adjusting for deferred taxes.

Dividend

The Bank announced an interim dividend of 15 sen per share less 26% income tax, payable on 7 April 2008. The dividend to be paid is also applicable to the bonus shares in the ratio of 1:4 that was approved by the shareholders on 23 January 2008. This dividend, together with the earlier dividend of 17.5 sen per share declared in the first quarter, would translate into a total interim dividend payout of 32.5 sen for the half year ended 31 December 2007, with a payout ratio of 72% of the half year net profit of the Bank.

Comments from President and CEO

Announcing the results in Kuala Lumpur today, Maybank President and CEO Datuk Amirsham A Aziz said the higher profit in the half-year was aided by an increase in net interest income on the back of a larger gross loans base, lower loan loss and provisions and stronger performance from the Group's international operations.

"Our investment through the years in building a robust international operations network is seeing good returns

as we record continued growth in profit and revenue, particularly in Singapore," he said.

On revenue streams, he said notwithstanding market conditions which affected the Group's trading and investment income, the core commercial banking business of the Group grew at a steady pace, reflecting Maybank's solid leadership in this segment.

Review of Group Performance

Total gross revenue before interest expense for the Group during half-year grew 13.2% to RM7.92 billion. Net interest income for the six months increased by 7.3% to RM2.73 billion while non-interest income declined marginally by 5.2% to RM1.25 billion. The lower non-interest income was largely due to lower investment trading income and provisioning made from revaluation of securities due to the volatile market conditions.

Despite the slight decline in non-interest income, transactional income from the Group's strong customer franchise continued to grow significantly, expanding by 17.8% to RM1.31 billion for the half-year.

In addition, the Group saw stronger performance in its Singapore operations, which registered an increase in gross profit by 52% to S\$121.9 million. Profit contribution from the international operations rose to 16.5% from 12.7% a year ago in line with the Group's focus to grow its international franchise in the region.

The Group's insurance business recorded growth of 14% in pre-tax profit on the back of better underwriting results, improved investment income and greater cost efficiency arising from the integration of the business under the Etiqa brand. Etiqa is second largest insurer by total premiums in the Malaysian market.

The Group benefited from lower loan loss and provisions for the half-year, which fell by 37% to RM285.6 million. Newly classified non-performing loans (NPLs) also fell further by nearly 11% in the half-year period.

Gross loans at the Group level grew by an annualised 10.6% compared with June 2007. Loan growth in the Malaysian operations stood at 6.4% led by consumer loans which grew 9%, mainly on the back of higher automobile financing and card receivables. Loans to small and medium sized enterprises went up by 8.6%.

Loans growth for the overseas operations rose at an annualised 22.5%, led by the Singapore Operations which recorded growth of 23%, boosted mainly by robust mortgage lending. Higher growth was also recorded in Hong Kong/China, United Kingdom, Indonesia, Papua New Guinea and the Philippines' operations.

Asset quality improved further with the net NPL ratio declining to 2.69% in December 2007 from 3.67% in December 2006. Loan loss coverage for the Group continued to increase, rising to 83.6% as at December 2007 compared with 74.0% in December 2006.

The Group continued to see a strengthening of deposit mobilization, especially in current and savings deposits. Total deposits from customers of the Group grew by RM19.2 billion or an annualized 23.4% in the period under review. For the Malaysian operations, savings and current account deposits grew 11.7% and 33.6% respectively,

resulting in the market share for savings accounts increasing to more than 30% and that of current account deposits maintained at around 22%.

The strong consumer franchise is not only seen in deposits but also in the expansion of various customer touch points to support the demands from an increasing customer base as well as to ensure quality service standards.

To date, the Group has a global network of over 450 offices and electronic channels totaling 4067 region wide. For the half-year, the Group had expanded the number of branches opened by 10 and self-service terminals by 784. The Group's internet banking portal, Maybank2u.com recorded an increase of close to half million users in the half-year, while the Group's total customer base grew by 4% to 8.09 million.

Total assets of the Group rose by 2.9% to RM264.1 billion at December 2007, while the Bank's Risk Weighted Capital ratio stood at 12.14% (after deducting the dividend payable).

Future Prospects

Looking ahead, Datuk Amirsham noted that despite signs of slowdown in the global economies, Malaysia's resilient economy, spurred mainly by domestic demand with growth from higher consumer, business and government spending should enable Maybank to sustain a steady growth in both its interest income and recurring non-interest income, while profiting from the lower loan loss and provision arising from its declining trend in NPLs.

He also said that the Group's recently integrated insurance division and international operations were expected to increase their profit contribution in the future. However, rising cost pressures and margin squeeze due to intense competition would remain a main challenge for the Group.

Links ():

<http://www.maybank.com.my/investor-relations/news-releases/maybank-records-77-rise-interim-net-profit>