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PRESS RELEASE

Maybank posts record net profit of RM3.82 b

- Improved performance across all key business segment; strong growth in Indonesia

Highlights FY10:

- Record pre-tax profit of RM5.37 billion for FY10
- Total revenue surged 22.4% to RM12.87 billion
- Earnings per share of 54 sen (2009: 12 sen)
- Normalised Return on Equity of 13.6% (against revised headline KPI of 13%)
- Group loans growth of 10.3%, led by domestic Consumer Banking (+15.0%), Indonesia operations (+33.3%) and Singapore (+8.6%)
- Total assets grew to RM336.7 billion
- Asset quality improved further with net NPL at 1.22% (1.64% at June 2009)
- Capital Adequacy Ratio remained strong at 14.7% (before final dividend)
- Proposed final dividend of 44 sen per share gross under the Dividend Reinvestment Plan

Maybank today announced record Group pre-tax profit of RM5.37 billion compared to pre-tax profit of RM1.67 billion posted in 2009. Net profit after tax and minority interest (PATAMI) jumped to RM3.82 billion from RM691.9 million previously. If compared to the normalised profit last year, pre-tax profit this year totalled RM5.01 billion, a 31.7% increase from RM3.81 billion previously. In the last financial year, the Group's results were impacted by the RM1.97 billion impairment charge on its investment in Bank Internasional Indonesia (BII) and MCB Bank.

The results were achieved on the back of higher revenues across all key business segments.

The significant profit growth affirms the Group's vision and strategy to entrench itself as a clear leader in the Malaysian market and emerge as a regional financial services leader by 2015. It also bears testimony to the benefits of the Group's transformation efforts which are now being accelerated with the performance improvement initiatives embedded within each Sector to propel Maybank forward for the next phase.

In summary, key drivers of the strong performance:

- Significantly better performance of Maybank Malaysia, where profit before tax increased to RM3.87 billion from RM183.5 million. Maybank also benefitted from the funds raised through the rights issue completed at the end of April 2009.
- Significantly improved performance of Maybank Singapore, where profit before tax increased to SGD338.0 million from SGD247.7 million previously
- Turnaround in certain overseas branches such as New York and London due to significantly lower provision/writebacks
- Greater contribution from Bank Internasional Indonesia (BII) (profit before tax of RM217.3 million from RM49.3 million) as a result of business growth and full year contribution
- Higher contribution from insurance & takaful of RM442 million compared to RM328 million last year
- Improved performance of investment banking with profit before tax of RM144 million compared to RM121 million last year
- Maybank Islamic strengthened its position as the leading Islamic bank in Malaysia with total assets of RM44.16 billion and profit before tax and zakat of RM533 million. Islamic assets now comprise 13.1% of Group total assets, rising at a faster rate than overall asset growth.

Maybank Group Quarterly Results Y-o-Y

Profit before tax rose to RM1.36 billion for the fourth quarter ended 30 June 2010 (4Q2010), a turn around from the loss of RM821.6 million recorded in the previous corresponding period. PATAMI for 4Q2010 was RM912.5 million compared with a loss of RM1.1 billion last year. The previous corresponding quarter's loss was largely due to the RM1.7 billion impairment charge on investment in BII and MCB Bank.

Net interest income for this quarter was 14.6% higher owing to the growing loan book and larger capital base as well as significantly lower interest expense compared to interest income. In addition, loan loss provisions were significantly lower at RM311.2 million compared to RM782.5 million previously.

Dividend

The Board has proposed a final dividend under the Dividend Reinvestment Plan (DRP) of 44 sen per share less 25% income tax. Out of the amount, 4 sen per share will be paid in cash while the balance of 40 sen per share will be in the Electable Portion whereby a shareholder may either elect whether to receive it entirely in cash or reinvest in Maybank shares.

The net dividend payment for the financial year (including the earlier interim dividend of 8.25 sen per share after tax), totals RM2.9 billion. This represents a payout ratio of 76.5%. Maybank expects to announce the pricing of the shares for the reinvestment in October 2010.

Overview of results

- Net interest income for the year was up 14.4% to RM6.77 billion supported by robust loans growth. The significantly lower interest expense compared to reduction in interest income due to the declining trend in interest rate for the large part of the financial year, and increase in Overnight Policy Rate, helped push the net interest margin to 2.82% from 2.72% in 2009.
- Non-interest income rose 38% to RM4.67 billion from RM3.38 billion previously. This was led by a surge in investment & trading income (+281% to RM219.7 million), commissions, service charges and fees (+27% to RM2.61 billion), foreign exchange (+18% to RM517.2 million) and net premium written (+5% to RM530.1 million) as well as unrealised gain on cross currency swaps.
- Loans growth exceeded expectations with a double digit rise of 10.3% supported by strong growth in Malaysia, Singapore and Indonesia. For the Malaysian operations, loans grew at a rate of 11 % driven by a 15% increase in consumer loans and a 7.4% rise in business loans. For international operations, loans expanded 8.8%.
- Allowance for losses on loans, advances and financing improved for the year, declining 30.1% to RM1.19 billion compared with RM1.70 billion previously,
- Loan loss coverage strengthened further to 124.5% in June 2010 compared to 112.9% in June 2009.
- Deposit growth outpaced loan growth during the year rising at a rate of 11.5% to reach RM236.9 billion from RM212.5 billion last year. Significant increases were recorded in key markets of Malaysia (+12.4%), Singapore (+8.9%) and Indonesia (+23.4%). The Group's loan to deposit ratio remained comfortable at 86%.

Sectoral Review

Revenue by Segment (RM' million)

Segment	FY10	FY09	Change (%)
Consumer Banking	4,460	4,074	9.5
Business & Corporate Banking	2,519	2,270	11.0
Global Markets	1,426	716	99.2
Investment Banking	236	229	3.1
Insurance, Takaful & Asset Management	1,052	950	10.7
International Banking	3,749	2,833	32.3

Malaysia - Commercial Banking

Consumer Banking

Consumer Banking remained the key driver of Maybank's overall operations, particularly in Malaysia. Consumer loans growth in Malaysia was buoyed by increased demand for financing of securities (a major part of which is for unit trust investments) which rose by 28.6%, automobile financing (+13.2%), mortgages (+9.8%) and credit card receivables (+16%).

In the Cards business, Maybank strengthened its leadership with continued increase in market share of card billings (21.8% vs 20.7%), card receivables (14.4% vs 14.0%), card base (16.6% vs 15.0%) and card merchant sales (29.3% vs 26.5%). It also outpaced industry growth in card billings (20.2% vs 14.4%), receivables (14.8% vs 11.3%) and merchant sales (23.4% vs 11.5%).

A similar trend was recorded in automobile financing where market share rose to 17.4% compared with 16.6% in June 2009.

Business & Corporate Banking

This sector recorded loans growth of 7.4% led by a 17.8% rise in term loans. The portfolio of loans remained well diversified with 27% going to the finance, insurance & real estate sector, 23% to manufacturing, 15% to construction, 12% to wholesale & retail trade, 8% to transport & communication and 4% to primary agriculture.

Global Markets

Global Markets more than doubled its profit before tax to RM1.29 billion from RM549 million last year. Its securities portfolio stands at RM54.2 billion of which 51% comprises government securities, 36% PDS/Corporate Bonds and 4% Negotiable Instruments of Deposits/Bankers Acceptance.

Investment Banking

Investment Banking recorded an 18.8% rise in profit before tax to RM144 million from RM121 million previously. The performance of this sector was driven mainly by improvement in fee based income which surged to RM179.1 million from RM106.5 million previously.

Maybank Investment Bank participated in a number of major deals during the year, ranking second in the market for Equity & Rights Offerings and Debt Market (Ringgit Islamic Bonds). It is also among the top five in M&A, Equity Brokerage and Debt Markets (Malaysia Domestic Bonds).

Insurance, Takaful & Asset Management

Pre-tax profit for the insurance and asset management business of the Group rose 34.8% to RM442 million from RM328 million previously. Etiqa currently is top in market share for new business (life/family) (18.9%) as well as general business (10.1%) and is well on its way to becoming the leading national insurance company.

For the year, Etiqa registered a growth of 27% in combined gross premium for the year, led by a 33% rise in total life/family premium and a 16% increase in total

general premium. Its overall loss ratio of 55.3% for general insurance is well below the industry rate of 61.3%.

Islamic Banking

Maybank remains the largest Islamic commercial bank in Malaysia with a leading market share of 17% of the total Islamic assets as at June 2010.

Profit before tax rose 12% to RM533 million this year compared to RM476 million previously, driven by a 20% rise in gross attributable income. This constitutes about 10% of Group total pre-tax profit. Financing remained robust led by a 59% growth in consumer term financing, 17% in automobile financing and 10% in mortgage financing as well as a 63% growth in business term financing and 3% in business overdraft.

Maybank Islamic saw its financing to deposit ratio improve to 97% from 105% for the year under review. Islamic financing currently makes up 24.2% of the Group's total domestic loans compared to 20.5% in June 2009.

Singapore

Profit before tax at the Singapore operations for the year rose 36% to S\$338.0 million from S\$247.7 million last year, supported by strong loans growth of 8.6%. Among the key drivers for loans growth were general commerce which grew 19.6%, building & construction (14.7%), housing loans (10.0%) and automobile financing (1.4%).

Asset quality remained excellent with the net NPL at only 0.09% in June 2010 compared to 0.16% in June 2009.

Indonesia

BII showed strong improvement in performance with profit before tax for the year totalling Rp 607 billion while net profit was Rp 498 billion. In the previous year, the result of BII was only consolidated for the nine month period beginning October 2008 (following the completion of the acquisition of BII), in which pre-tax profit was Rp 146 billion and net profit totalled Rp 14 billion.

Interest income for the year was Rp 6,065 billion while non interest income stood at Rp 1,762 billion compared with Rp 4,915 billion and Rp 1,187 billion respectively for the previous nine months ended June 2009. Provisions meanwhile fell to Rp 1,048 billion for the year compared to Rp 1,082 billion in the nine months to June 2009.

The results were supported by robust increases in the consumer (+37%), SMEs (+36%) and corporate (+33%) segments. Asset quality remains excellent with net NPL at 1.87% while its capital adequacy ratio was 15.6%.

BII's expansion plans remain on track with 18 new branches opened since January 2010 with another 70 planned by June 2011.

Performance at BII's subsidiary WOM Finance also continued to show strong improvement with net profit increasing to Rp 118 billion from Rp 14 billion in June 2009. Monthly sales have surged passed the 56,000 mark compared with 31,100 units in June 2009.

Basel II Update

Maybank and Maybank Islamic have fully migrated to the Basel II Internal Ratings-based (IRB) approach for credit risk from 1 July 2010. Under this approach for credit risk, Maybank and Maybank Islamic will be using internal risk models to calculate their regulatory capital requirements in accordance with the risk-weighted capital adequacy framework. The Basel II compliance places both Maybank and Maybank Islamic as IRB banks, and both institutions will continue to meet the stringent qualitative and quantitative criteria as set by the regulators.

The adoption of the IRB approach is a major achievement for the Group and reflects the commitment of Maybank to adopt international practices in view of its global reach. Maybank now joins a select group of international banks in early adoption of the IRB approach in Southeast Asia.

Prospects

Maybank has set its sight on becoming a regional financial services leader, focusing on three key home markets of Malaysia, Singapore and Indonesia which collectively contributed some 95.7% to Group revenue and 98.7% to Group profit before tax and zakat in the last financial year.

Following the successful completion of the Rights Issue in April 2009 and the significant rebound in the regional economies in financial year 2010, the Group's performance is expected to continue to improve. With the economies in these home markets back on a growth track, Maybank expects demand for financing to remain strong, driven mainly by consumer finance in Malaysia, consumer and small and medium enterprises in Indonesia and broad based growth in Singapore. The Group targets financing growth rate of 24% at BII in Indonesia, 12% in Malaysia and 5% in Singapore.

Maybank's strategic objectives are to grow its market share for both deposit and financing in the retail business in Malaysia, build a global wholesale banking business across its footprint in ASEAN, and derive greater contribution from its insurance business as it becomes a leader in the domestic market and explores regional expansion. To be a regional leader, Maybank expects profit before tax and zakat contribution from outside of Malaysia to further grow from the current 21.0 %.

Becoming a regional ASEAN Islamic bank has been identified as a strategic differentiator. Maybank is in the midst of converting its subsidiary, Bank Maybank Indocorp in Indonesia into a Syariah bank and is awaiting Bank Indonesia to issue the Syariah Banking License.

Competition in the Malaysian financial services industry, however, is expected to stiffen following Bank Negara Malaysia's issuance of new commercial banking licenses, branch expansion of existing foreign banks and further consolidation of domestic banks. Whilst the increase in overnight lending rate will result in improvement in net interest income, competitive pressure for loans pricing is expected to offset the aforesaid improvement. Net interest margin is therefore expected to remain relatively stable.

In support of the new vision and realization of the strategic objectives for the Group, Maybank has realigned its organization structure, focusing on three key business pillars of Community Financial Services (CFS), Global Wholesale Banking (GWB)

and Insurance and Takaful. Key to the reorganization is to leverage on the shared distribution model where the branches will function as points of sales for all Group products and services, and to penetrate the corporate customer base for wholesale banking products not only in Malaysia (where the impetus for growth will be sourced from the private and public investment under the Tenth Malaysia Plan), but in the region and beyond.

While the Group makes further investment in people, technology and processes in the immediate future to realise its vision and strategic objectives, it will continue with efforts to reduce costs through synergies and centres of excellence.

The Group will also continue to focus on improving asset quality and lowering credit cost. With the expected introduction of higher capital adequacy framework under Basel III, capital adequacy for growth and compliance remains a top priority. The implementation of the Dividend Reinvestment Plan to allow a significant portion of the dividend paid to be reinvested as capital is a key initiative to preserve equity capital.

Barring any unforeseen circumstances, the Group expects its financial performance for the financial year ending 30 June 2011 to be better than the last financial year. The Group has accordingly set two Key Performance Indicators (KPIs) for the financial year ending 30 June 2011: Growth in loans and debt securities of 12% and Return on Equity of 14%.

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

"I am pleased that the various transformation efforts continue to build momentum within the Group organisation of 40,000 employees, and yielding the record profits for our Golden Jubilee year. I have no doubt we will leverage on the renewed confidence to forge further ahead in differentiating ourselves at the various customer touchpoints across the region, and through learning lessons of best practices, make even greater strides as leader through agility and focus."

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

"The good set of results is testimony to the significant progress we have made in our Transformation group-wide. It is indeed a year of achievement as we cross the 'regional milestone' of USD 100 billion in total assets and USD1 billion in profit after tax. Whilst we are more than pleased and have overcome the many challenges post our regional acquisitions, our journey of change is far from over. We have this year reframed our strategic aspirations to humanise financial services from the heart of Asean and reorganised our operations structure to enhance service and product delivery, pioneering new ways of providing financial solutions across our key markets."

The year ahead will be a challenging one and we are confident that the right formula is now in place for us to consistently deliver as Malaysia's regional financial services leader.

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