

Maybank nine months net profit surges 23% to RM5.39 b *- Q3 net profit also up 12.9% on higher loans and lower impairments*

Financial Highlights 9MFY17

- 9MFY17 profit before tax up 20.1% Y-o-Y to RM7.17 billion
- Net profit increases 23.0% to RM5.39 billion
- Net operating income grows 6.8% Y-o-Y to RM17.29 billion on back of 11.7% rise in net fund based income
- Pre-provisioning operating profit rises 6.4% Y-o-Y to RM8.78 billion
- Net impairment losses reduced by 25.2% Y-o-Y
- NIM improves by 12bps to 2.39% from December 2016
- Robust capital position - 18.03% total capital ratio & 13.50% CET1 ratio
- Asset quality remains sound with net impaired loans ratio at 1.63%

Kuala Lumpur - Maybank today said that its net profit for the nine months ended 30 September 2017 surged 23.0% to RM5.39 billion compared to a year earlier as the Group benefitted from the improving economic climate across the region. Higher net fund-based income as well as a 25.2% decline in net impairment losses boosted the Group's profit before tax (PBT) by 20.1% from a year earlier to RM7.17 billion.

Net operating income for the nine months rose 6.8% Y-o-Y to reach RM17.29 billion, with growth coming from across all business sectors led by Group Community Financial Services which registered an 8.6% rise, Group Insurance & Takaful 2.8% and Group Global Banking 0.9%.

PBT for the third quarter came in 19.3% higher at RM2.68 billion compared with the preceding quarter's (Q2FY17) RM2.24 billion, and 9.0% higher than the RM2.46 billion in Q3FY16. Net profit for the quarter, meanwhile, reached RM2.03 billion, or 22.2% higher than Q2FY17 and 12.9% higher than the previous year.

Group gross loans saw a steady expansion, rising 5.3% Y-o-Y for the nine months to RM485.9 billion, driven by a 6.6% rise in Malaysian operations and 3.7% in international operations. This helped boost net fund based income by 11.7% to RM12.47 billion from RM11.16 billion in September 2016, which more than offset a marginal 4.3% dip in net fee based income.

Group deposits expanded 2.7% Y-o-Y, led mainly by Malaysian operations which grew 7.5% and Indonesia operations at 3%. The continued growth in CASA helped maintain the Group's CASA ratio at a stable rate of 36.8%. The Group also preserved its robust liquidity position with a liquidity coverage ratio of 137.0% from 136.0% a year earlier, well above Bank Negara Malaysia's minimum requirement of 80% for 2017.

Net interest margin (NIM) for the nine months improved 12 bps to 2.39% compared with December 2016. However, it was 2bps lower than the 2.41% recorded in 2QFY17 reflecting the increasing pressure on margins owing to rising cost of funds.

Net impairment losses dropped significantly in the third quarter coming in 51.0% lower at RM409.6 million compared with RM835.7 million in 2QFY17 as the Group continued to realise the benefits from the proactive stance taken since early last year to restructure and reschedule (R&R) the credit facilities of customers impacted by the challenging economic environment.

In addition, asset quality has begun to improve with net impaired loans ratio decreasing by 10 bps to settle at 1.63% in 3QFY17, from 1.73% in 2QFY17, while its gross impaired loans ratio for the quarter also declined 3 bps to 2.50% from 2.53% in 2QFY17.

Maybank continued to maintain a robust capital position as one of the regions strongest capitalised banks with a total capital ratio of 18.03% and CET1 ratio of 13.50% as at September 2017.

Maybank Chairman, Datuk Mohaiyani Shamsudin said, "The results we have achieved demonstrate that the Group has been able to sustain its growth momentum across its business lines as well as home markets in the last nine months. The outlook for the remaining months appears to be improving, giving us the opportunity to seek new growth segments. We will, nevertheless, continue to manage our business prudently, ensuring that we grow responsibly while managing costs and risks in a highly disciplined manner."

Meanwhile, **Group President & CEO, Datuk Abdul Farid Alias said,** "Our strong franchise and resilient balance sheet has enabled us to ride through the challenging period over the last few quarters as well as support our customers through the changing economic cycles. We are now seeing a pick-up in business and loan growth as well as market sentiments, which we intend to leverage further in the coming months.

However, in the midst of this more positive outlook, we are conscious of the heightening pressure on interest margins owing to the increasing cost of funds. While we remain focused on building our core franchise for the long term, we will ensure that we price our assets and liabilities appropriately to ensure continued profitability."

Sectoral & Country Review

Group Community Financial Services (GCFS) recorded a commendable 29.1% Y-o-Y in PBT to RM3.86 billion from RM2.99 billion a year earlier, driven by higher net fund based income of 8.8% Y-o-Y and net fee based income of 7.9% Y-o-Y, as well as lower loan loss allowance. Net operating income rose by 8.6% to RM10.07 billion from RM9.27 billion, as it continued to benefit from Maybank's strong consumer franchise in the region as well as focus on growth in key target segments.

Group Global Banking (GGB) registered a stronger performance for 9M FY2017 reflected in its positive growth of net operating income to RM7.0 billion. This was contributed by the increase in net fund based income of 5.8% Y-o-Y on the back of strong loans growth in all key home markets of Malaysia (+9.4% Y-o-Y), Indonesia (+34.8% Y-o-Y) and Singapore (+3.1% Y-o-Y). Despite the challenging performance in net fee based income in the first half of 2017, GGB saw a pick-up in 3QFY17 mainly driven by Group Corporate Banking and Global Markets.

Group Asset Management meanwhile continued to sustain its robust performance this year with net operating income growing 51.5% Y-o-Y, attributed to strong growth in its Assets Under Management (AUM) of 21.9% Y-o-Y while Group Investment Banking's brokerage business remained on track to record positive performance in line with the industry.

The Group's **Islamic Banking business** recorded a 24.4% rise in revenue to RM3.47 billion for the nine months, on the back of a 12.4% rise in financing & advances on the back of a robust 24% increase in Global Banking Financing and an 8% rise in Consumer Financing. Customers Funding rose a healthy 7.9% to RM154.0 billion. PBT meanwhile surged 64.4% to RM1.97 billion compared to RM1.20 billion a year earlier.

Maybank Islamic maintained its position as the largest Islamic bank in Malaysia with a 30% share of Islamic assets. In addition, the Group ranked No 1 in the MYR Sukuk league Table with 29.7% market share and second in the Global Sukuk League Table with a 10.2% market share. Maybank Islamic's contribution to the Group's total domestic financing for the quarter rose to 56% from 53.2% a year earlier.

Etiqa Insurance & Takaful saw its PBT rise by a robust 15.8% to RM641.6 million in the nine months from RM554.1 million a year earlier. This was boosted by a 10% rise in gross premiums led by a 28.8% increase in Total Life Insurance/Family Takaful premiums. Etiqa maintained its market position during the period with top rank in the General Insurance & Takaful segment (12% market share) and fourth place in the Life/Family (New Business) segment with an 8.4% market share.

Maybank Singapore saw PBT surge 32.4% to S\$234.3 million in the nine months to September 2017, from S\$176.92 million a year earlier. Net income rose 26.3% boosted by a solid increase in net fund based income and net fee based income of 32.1% and 15.7% respectively. The rise in net fund based income was mainly on account of a 4.6% increase in loans as well as improvement in net interest margin. Net fee based income was boosted by higher fees from wealth management, credit-related and treasury income.

PT Bank Maybank Indonesia Tbk recorded a net profit after tax and minority interest (PATAMI) of Rp1.45 trillion for the nine months of FY2017, a 12.0% increase from Rp1.29 trillion achieved in the first nine months of 2016. The Bank's PBT rose 14.0% reaching Rp2.0 trillion in September 2017 from Rp1.75 trillion in September 2016.

The improved performance was mainly contributed by loan growth, in particular Global Banking, effective cost management control and outstanding achievement in Sharia Banking.

Maybank Philippines continued to register a strong performance as PBT reached PESO 1.03 billion, a turnaround from the PESO 87.9 million loss recognised a year earlier. This was driven by higher revenue, coupled with lower provisioning expenses. Revenue rose 9.7% Y-o-Y to PESO 4.35 billion, led by higher net interest income. Gross loans rose 13.4% YTD annualised driven by growth in term loans while customer deposits increased by 7.2% YTD annualised supported by growth in term deposits and savings account. Meanwhile, gross impaired loans ratio improved 110 bps YTD to 2.30%.

Maybank's Indo-China operations continued to record stable revenue growth across all its markets comprising of Cambodia, Vietnam, Laos and Myanmar. Total income for the nine months rose 14.6% Y-o-Y reaching RM165.1 million as loans saw a 16.3% increase to RM3.38 billion while deposits rose 26.2% to RM3.92 billion from RM3.10 billion a year earlier. PBT dipped slightly to RM47.7 million from RM57.4 million compared with a year earlier owing to impairment charges.

Maybank - Humanising Financial Services

Maybank is among Asia's leading banking groups and South East Asia's fourth largest bank by assets. The Maybank Group has an international network of 2,400 offices in 20 countries namely Malaysia, Singapore, Indonesia, Philippines, Brunei Darussalam, Vietnam, Cambodia, Thailand, Hong Kong SAR & People's Republic of China, Bahrain, Uzbekistan, Myanmar, Laos, Pakistan, India, Saudi Arabia, Mauritius, Great Britain and the United States of America. The Group offers an extensive range of products and services, which includes consumer and corporate banking, investment banking, Islamic banking, stock broking, insurance and takaful and asset management. It has around 44,000 employees worldwide. (www.maybank.com)