

Maybank FY17 PBT hits a record RM10.1 billion

- *Final dividend of 32 sen per share proposed*

Highlights FY17

- Profit before tax breaches RM10b mark, rising 14.2% Y-o-Y to RM10.10b
- Net profit surpasses RM7b for first time, exceeding RM7.52b or 11.5% higher Y-o-Y
- 4QFY17 net profit at RM2.13b, 22.8% higher than normalised 4Q16 net profit
- FY17 net operating income at record RM23.27b, 4.9% higher Y-o-Y
- FY17 PPOP at new high of RM11.91b
- Net fund based income up 10.3% to RM16.63b
- Net impairment losses reduced by 32.7%
- Net interest margin improved 9 bps to 2.36%
- Return on equity at 10.9%
- Earnings per share up 6.2% to 72 sen
- Healthy capital position: highest total capital ratio in Malaysia at 18.80%; CET1 ratio of 14.19%
- Final single-tier dividend of 32 sen per share; full-year dividend yield of 5.6%

Kuala Lumpur - Maybank, South East Asia's fourth largest bank by assets, today announced that it achieved **record earnings for the financial year ended 31 December 2017 (FY17)** on the back of stronger revenue from all its business segments and key overseas markets, significantly lower impairment losses as well as better management of its assets and liabilities.

Profit before tax (PBT) breached the RM10 billion mark for the first time, coming in 14.2% higher at RM10.10 billion, compared with the RM8.84 billion a year earlier. **Net profit also surpassed the RM7 billion level** for the first time, rising to a new high of RM7.52 billion. This was 11.5% more than the RM6.74 billion recorded a year earlier.

For the fourth quarter of FY17 (**4QFY17**), **PBT came in 1.8% higher at RM2.93 billion from RM2.87 billion** in the corresponding period a year earlier. **Net profit meanwhile, stood at RM2.13 billion compared with the normalised net profit of RM1.74 billion in 4QFY16** (after eliminating exceptional one-off proceeds from the sale of securities in 2016). Compared with the preceding quarter i.e. 3QFY17, PBT and net profit for 4QFY17 was 9.3% and 5.2% higher respectively.

Announcing the results in Kuala Lumpur today, **Maybank Chairman, Datuk Mohaiyani Shamsudin** said, "We are delighted with the record performance which was achieved in spite of the volatility we saw in the external operating environment in 2017. Our strategy in managing risks well, maintaining a diversified portfolio, improving efficiency across the network as well as leveraging on digital capabilities have helped us to continue creating value for all our stakeholders. This achievement not only underscores our resilience but has also given us a sound platform to sustain the Group's performance in today's disruptive environment."

The Board of Directors has proposed to reward shareholders with a final single-tier dividend of 32 sen per share. To be made under the Dividend Reinvestment Plan, the proposed dividend will comprise 18 sen per share to be paid in cash and an electable portion of 14 sen per share which can be reinvested into new ordinary shares or paid in cash.

Together with the 23 sen interim dividend declared earlier, this makes the full year pay-out at RM5.90 billion or 78.5% of net profit, and translates into a dividend yield of 5.6%, maintaining Maybank's status among banks offering the highest yields in the region.

Meanwhile, **Group President & CEO, Datuk Abdul Farid Alias** said that discipline in pricing and a focused execution of its business plan throughout the year helped Maybank achieve its record performance for 2017.

“This year looks to be equally challenging as 2017 given the volatile markets we saw at the start of the year. We remain cautious of sudden shocks to the environment, and will maintain a prudent approach in pursuing growth by focusing on profitability as well as effective management of costs and liquidity, instead of just pursuing loans growth per se.”

“We continue to see growth opportunities in the different markets we serve, such as in wealth management, digital payments, Islamic banking and insurance which we intend to tap into and further strengthen our market share,” he said. “We will also be relentless in pursuing our digital transformation agenda across our network, especially preparing our employees to keep abreast of the changes that the Industry 4.0 revolution brings.”

For FY17, the Group's net operating income rose to a record RM23.27 billion, boosted by a robust 18.7% increase from Group Insurance & Takaful, 6.4% from Group Community Financial Services and 1.6% by Group Global Banking. Pre-provisioning operating profit also hit a new high of RM11.91 billion compared with RM11.69 billion a year earlier. These were underpinned by a solid 10.3% increase in net fund based income to RM16.63 billion from RM15.07 billion a year earlier, which more than offset a 6.5% decline in net fee based income as a result of lower foreign exchange profit as well as investment and trading income.

The Group's Malaysian operations recorded a loans growth of 5.0% for FY17, outpacing domestic industry growth, while its Singapore and Indonesian operations recorded increases of 4.3% and 3.6% respectively. At the Group level, gross loans on a reported basis grew 1.7% Y-o-Y. However, after normalising for foreign exchange impact, Group loans actually expanded at a healthy 4.0% Y-o-Y.

The Group maintained a steady course in building its low cost deposit base during the year, as part of its funding strategy to optimise returns through efficient management of its assets and liabilities. Its CASA (current account & savings account) ratio rose to 37.3% in FY17 from 36.0% a year earlier, as deposits in the Malaysian operations grew by 5.6%, and Singapore and Indonesia by 3.8% and 1.8% respectively. At the Group level, deposits rose 1.8% Y-o-Y to RM526.6 billion although after normalising for foreign exchange impact, growth was at 4.0%. The better CASA ratio helped mitigate pressures on margins, and enabled the Group to register an improved net interest margin of 2.36% in FY17, which was 9 bps higher than a year earlier.

As a result of its pro-active restructuring and rescheduling efforts for customers impacted by the challenging business environment over the past two years, the Group continued to see lower impairments in its credit portfolios. Loan provisions for the full year declined substantially by 30.8% to RM1.96 billion from RM2.83 billion in 2016, as the Group saw slower growth in impaired loan formation.

Group liquidity coverage ratio stood at a robust 133.1%, well above the regulatory requirement of 80.0%. Maybank continued to maintain a sound capital position in FY17, with CET1 ratio of 14.2% and total capital ratio of 18.8%, making it among the best capitalised banks in the region. The adoption of the MFRS 9 standards from 1 January 2018 will not have any material impact on the Group's capital position as it is expected to result in only a marginal 40 bps reduction of its total capital ratio.

Sectoral Review

Group Community Financial Services (GCFS) which remained the largest business line within Maybank, achieved a strong profit-before-tax of RM5.31 billion for FY17, up 23.4% from RM4.30 billion a year earlier. This was attributable to a 6.9% rise in net fund based income to RM10.29 billion underpinned by loans growth of 2.9% and improved NIM, while net fee based income rose by 4.8% to RM3.21 billion as the Group benefitted from its strong consumer franchise in key markets. In addition, our robust asset quality management has resulted in reduction of net loan loss by 40.7%, which also contributed to the growth.

Group Global Banking (GGB)'s net operating income rose steadily to RM9.24 billion, up by 1.6% Y-o-Y. Underpinning the positive performance was the net fund based income which grew by 5.5% Y-o-Y as robust loans growth seen in key home markets - Malaysia (+3.9% Y-o-Y), Indonesia (+18.6% Y-o-Y) and Singapore (+2.6% Y-o-Y). Improvement in asset quality also resulted in the growth of its Profit before Tax (PBT) to RM5.1 billion, up by 5.5% Y-o-Y.

Additionally, Group Investment Banking showed good traction in its investment banking and advisory pillar where it ranked 1st in Global Sukuk and ASEAN Loan Syndication and 2nd in ASEAN Local Currency Bonds and Global Sukuk in Bloomberg's League Tables, as well as its brokerage business in line with sustained economic growth in our operating region. Meanwhile, Group Asset Management saw net operating income growing 80.3% Y-o-Y, backed by strong growth in its Assets Under Management (AUM) of 24% Y-o-Y.

The **Group's Islamic Banking** business continued to perform strongly, with profit before tax surging 41.4% to RM2.75 billion on the back of a 9.7% increase in financing and advances and an 18.7% rise in total income compared with a year earlier. Within this business, **Maybank Islamic** maintained its solid growth trajectory, with gross financing rising to RM163.6 billion aided by a 12% increase in GB financing and 8% in CFS financing. As at December 2017, Islamic financing constituted 56.9% of Maybank's total domestic financing, with Maybank Islamic ranking No 1 in Malaysia in terms of market share of Islamic assets. Maybank also ranked top in the Global and MYR Sukuk league table rankings.

Etiqa Insurance & Takaful achieved record PBT and surpassed the RM1 billion mark for the first time to reach RM1.01 billion. This translates into an 18.5% increase from RM855.0 million achieved a year earlier. The record PBT was achieved on the back of a double-digit gross premium growth of 12.6% to RM6.23 billion, supported by a strong 30% growth from its Life Insurance & Family Takaful business and one off gains from disposal of property amounting to RM76 million. Etiqa maintained its top position in the General Insurance & Takaful segment with 11.8% market share and fourth position in the Life/Family (New Business) segment with 8.9% market share for Malaysian market.

Profit before tax at **Maybank Singapore** surged 30.9% to S\$315.5 million for FY17, from S\$241.0 million a year ago lifted by a strong 27.3% increase in net income. Net fund based income rose 31.6% largely driven by net interest margin improvement and loan expansion, while net fee based income grew 19.1% aided by higher fees from wealth management, trade-related and treasury income.

PT Bank Maybank Indonesia Tbk saw its operating profit before provision increasing to Rp4.6 trillion for the full year ended 31 December 2017 compared with Rp 4.4 trillion in the previous corresponding period, while profit after tax and minority Interest (PATAMI) stood at Rp1.8 trillion in December 2017, slightly down from Rp1.9 trillion in December 2016. Gross operating income rose 5% to Rp10.4 trillion in December 2017.

Operating Income before provision increased by 4% and the Bank's top line grew 5% supported by continued improvement in operational efficiency in line with its Strategic Cost Management Program, improvement in fee based income, strong performance of Global Banking, sharp growth in Sharia Banking and improved performance of the subsidiaries.

Maybank Philippines registered a sterling performance as PBT increased more than four-fold to PESO 1.50 billion from PESO 328.8 million a year earlier, driven by higher revenue as well as lower overhead and provisioning expenses. Revenue rose 10.8% to PESO 5.89 billion, as gross loans rose 17.4% Y-o-Y mainly as a result of growth in term loans. Customer Deposits, meanwhile, increased 4.4% Y-o-Y supported by growth in current and savings accounts.