

**Maybank 2Q PBT up 1.6% to RM2.65 billion on back of higher net fee based income***25 sen all-cash interim dividend declared***Highlights 2QFY19**

- Net fund based income higher by 0.3% to RM4.17 billion
- Net fee based income rose 3.6% to RM1.72 billion
- Net operating income increased 1.2% Y-o-Y to RM5.89 billion
- Group loans and deposits up 4.6% and 3.9% Y-o-Y respectively
- Profit before tax up to RM2.65 billion compared with RM2.61 billion in 2QFY18
- 19.6% decline in 2QFY19 impairments compared with 2QFY18
- Robust capital position: 17.98% total capital ratio & 14.23% CET1 ratio
- 25 sen interim dividend representing 74.9% payout ratio

**Kuala Lumpur** - Maybank, South East Asia's fourth largest bank by assets, today said that profit before tax for the second quarter ended 30 June 2019 (2QFY19) rose 1.6% to RM2.65 billion on the back of a 1.2% rise in net operating income and a 19.6% decline in net impairment losses. Net profit for the quarter was, however, marginally lower by 0.9% at RM1.94 billion compared with RM1.96 billion in the corresponding quarter last year, as the Group was subject to a lower effective tax rate in the corresponding period last year.

The second quarter also saw a stronger earnings growth momentum compared with the preceding quarter of January - March 2019 (1QFY19) as profit before tax for 2QFY19 was 8.2% higher than 1QFY19. Net profit also came in 7.3% higher, boosted by a 10.9% rise in net fee-based income arising mainly from better investment and trading income.

For the half year ended 30 June 2019 (1HFY19), net operating income was 1.0% higher at RM11.75 billion lifted by a 1.0% rise in net fund based income to RM8.47 billion on the back of a 4.6% growth in Group loans. Meanwhile, net fee based income was 1.1% higher at RM3.28 billion, as the Group recorded stronger net fee income, mainly from its insurance segment. Profit before tax, however, came in slightly lower at RM5.10 billion compared with RM5.17 billion in the corresponding period last year while net profit stood at RM3.75 billion against RM3.83 billion a year earlier.

**Dividend**

The Board of Directors has declared a single-tier interim dividend of 25 sen per share, to be paid fully in cash. The interim dividend represents a payout of 74.9% of net profit for the period and amounts to RM2.81 billion.

**Maybank Chairman, Datuk Mohaiyani Shamsudin** said that the better momentum in the second quarter was achieved despite the challenging operating environment globally. “We have continued to create value for our stakeholders and remain committed to pursuing a responsible growth strategy for the future. We are also optimistic that there will be better business opportunities in the second half of the year, driven by the measures being put in place by governments regionally to stimulate growth and boost consumer spending.”

Meanwhile, **Group President & CEO Datuk Abdul Farid Alias** said that Maybank continued to benefit from its strong franchise and diversified income streams, which has buffered it from the impact of current global uncertainties. “Our capital and liquidity base remains robust and we will focus on areas such as driving fee income across our international footprint, while managing costs and risks in a disciplined manner to ensure that we remain resilient on all fronts. At the same time, our digital agenda will remain a key strategy to ensure that we continue to meet our customers’ evolving banking needs for the future.”

### **Loans & Deposits**

For the half-year under review, gross loans expanded 4.6% Y-o-Y with healthy growth recorded across all markets. The Group’s Indonesia operations saw loans expanding 6.1%, Malaysia 4.2% and Singapore 2.3% while other international markets recorded a 3.2% increase. Group deposits, meanwhile increased 3.9%, led by strong increases of 10.3% and 4.6% in Indonesia and Malaysia respectively. Net interest margin for 1HFY19 was 9 basis points (bps) lower at 2.24% mainly as a result of the drop in base lending rates following the revision in the OPR during the period.

### **Liquidity & Capital Strength**

Maybank maintained robust liquidity and capital strength during the period under review, with its CET1 ratio strengthening further to 14.23% from 13.16% a year ago, and total capital ratio to 17.98% from 17.78% previously. The Group’s liquidity coverage ratio was also a healthy 145.4% - well above the regulatory requirement of 100%.

### **Asset Quality**

Asset quality remained healthy with the Group’s Gross Impaired Loans ratio improving to 2.62% from 2.64% in June 2018 while net credit charge off was better at 38 bps compared with 44 bps last year. The Group continues to ensure stringent monitoring of its credit portfolios, undertaking proactive engagement with clients who may be impacted by challenging business conditions to ensure they are able to manage their commitments effectively.

### **Sectoral Review**

**Group Community Financial Services (GCFS)** registered a 4.7% rise in profit before tax to RM 3.15 billion for 1HFY19, buoyed by growth in loans and CASA by 6.5% and 3.8% respectively. The rise in net fee based income of 1.8% to RM 1.61 billion was contributed by non-retail segments and efforts in growing wealth management-led fee income. We remained focus on delivering values to our key focus segments; Regional Retail SME loans registered a 14.1% Y-o-Y growth whilst Group Wealth Management’s total financial assets expanded by 7.8% to reach RM 326.2 billion.

In Malaysia, net fee based income registered growth of 3.6% attributable to non-retail segments' forex income. Loans to consumer and Retail SME segments remained robust; led by Retail SME loans with 11.9% Y-o-Y growth, mortgages 9.0%, unit trust loans 6.7%, and automobile financing 4.5%.

The Group's CFS franchise in other countries also recorded commendable growth. Singapore CFS recorded a 6.8% rise in net operating income supported by the growth in net fund based income of 10.1%. Indonesia CFS' continued focus on garnering deposits saw a 11.2% Y-o-Y growth - contributed by all customer segments. International CFS franchise saw sustained loans and deposits growth of 8.8% and 7.6% respectively whilst net fee based income recorded a 8.2% rise contributed by both Philippines and Cambodia.

**Group Global Banking (GGB)** recorded a 2.0% Y-o-Y increase in pre-provision operating profit to RM3.09 billion, underpinned by a 2.2% increase in net fee-based income to RM1.91 billion, contributed by growth of Group Corporate Banking & Global Markets by +8.6%, mainly from Malaysia and Indonesia operations. In addition, Group Asset Management saw a commendable growth trajectory from both domestic and regional fronts.

Net fund based income, however, saw a marginal dip of 0.8% to RM2.70 billion mainly from Group Investment, though cushioned by improvements in Group Corporate Banking and Global Markets. Indonesian operations saw robust expansion in GB loans with a 24.2% Y-o-Y increase followed by Singapore at 3.0%.

**The Group's Islamic Banking business** remained a strong performer, with profit before tax increasing 41.1% to a RM1.67 billion in 1HFY19 compared with RM1.18 billion a year earlier. Financing and advances rose 7.2% while Deposits & Investment Accounts saw an 11% increase. Within this business, **Maybank Islamic** maintained its steady growth path, with gross financing rising to RM183.7 billion led by a 10% increase in CFS financing and a 1% increase in GB financing. As at June 2019, Islamic financing constituted 60.2% of Maybank's total domestic financing, with Maybank Islamic ranking No 1 in Malaysia in terms of market share of Islamic assets at 31%.

**Etiqa Insurance & Takaful** achieved sterling results for 1HFY19, with PBT growth of 76.1% Y-o-Y to RM528.2 million compared with RM299.9 million a year earlier. This was on the back of a double-digit net adjusted premium growth of 14.2%, supported by a robust 22.6% increase in Total General premium and an 8.1% rise in Total Life & Family business. Etiqa maintained its top position in the General Insurance & Takaful segment with 12.2% market share and fourth position in the Life/Family (New Business) segment with 11.1% market share in the Malaysian market.

**Maybank Singapore** saw its net fund based income for 1HFY19 expand by 3.2% to S\$383.01 million, driven primarily by loans, investment and placement income. Fee based income, however, reduced by 19.7% Y-o-Y to S\$161.76 million on account of lower treasury related fees and in the absence of one-off property disposal gains which was recorded in 2018. Profit before tax for the half year stood at S\$17.15 million mainly owing to higher impairment allowances.

**PT Bank Maybank Indonesia Tbk** reported a 2.1% increase in its operating profit before provisions to Rp2.0 trillion for the first semester ended 30 June 2019 compared with Rp1.97 trillion in the previous corresponding period. The growth of Operating Profit was mainly supported by improvement in fee based income, sustained strategic cost management and increased net interest income as loan growth reached 6.6% Y-o-Y. Profit After Tax and Minority Interest (PATAMI), however, stood at Rp757 billion for the first semester ended 30 June 2019 compared with Rp933 billion as at 30 June 2018 due to the increase in loan loss provision as the Bank took a conservative stance in setting aside provision for business loans which were impacted by the continued challenging market conditions.

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