

Press Release

26 February 2019

**Maybank FY18 PBT up 8% to record RM10.9b on strong Q4 earnings**  
- *Final dividend of 32 sen per share proposed*

### Highlights FY18

- Profit before tax up 8.0% to RM10.9b Y-o-Y
- Net profit surpasses RM8b for first time, touching RM8.11b or 7.9% higher Y-o-Y
- 4QFY18 net profit at RM2.33b, 9.1% higher than a year earlier
- FY18 net operating income at record RM23.63b, on the back of a 3.1% rise in fund based income
- FY18 PPOP at new high of RM12.42b
- Net impairment losses reduced by 20.5%
- Healthy capital position: Total capital ratio at 18.51%; CET1 ratio of 14.51%
- Final single-tier dividend of 32 sen per share; full-year dividend yield of 6.0%
- Earnings per share (basic) of 74.2 sen from 72.0 sen a year earlier
- Group Return on Equity at 11.4% exceeding guidance of ~11% for the year

**Kuala Lumpur** - Maybank, Southeast Asia's fourth largest bank by assets, today announced that it achieved a record profit before tax (PBT) of RM10.9 billion for the financial year ended 31 December 2018, up 8.0% from a year earlier boosted mainly by higher loans growth, lower overhead costs as well as lower provisioning.

Net profit for the year also marked a new record - surpassing the RM8 billion mark for the first time to reach RM8.11 billion or 7.9% higher Y-o-Y.

For the fourth quarter of FY18 (4QFY18), PBT came in 5.8% higher at RM3.1 billion from RM2.93 billion in the corresponding period a year earlier. Net profit, meanwhile, rose 9.1% to RM2.33 billion compared with RM2.13 billion in 4QFY17. Compared with the preceding quarter (i.e. 3QFY18), PBT and net profit for 4QFY18 was also significantly higher at 17.3% and 18.9% respectively.

**Maybank Chairman, Datuk Mohaiyani Shamsudin** said the results reflected the underlying strength and resilience of the Group, which had to contend with an extremely challenging year in 2018.

“Our strategy of growing responsibly, while managing expenses and pricing in a disciplined manner, were key factors that enabled us to remain on a steady growth trajectory despite the heightened volatility in global markets,” she said.

Datuk Mohaiyani added the Board of Directors is rewarding shareholders with a proposed final single-tier dividend of 32 sen per share. To be made under the Bank's Dividend Reinvestment Plan, the proposed dividend comprises a 15 sen cash portion and a 17 sen electable portion which can be reinvested into new ordinary shares or paid in cash.

Together with the 25 sen interim dividend declared earlier, the full year dividend payout of 57 sen per share amounts to RM6.3 billion or 77.3% of net profit. The total dividend payout also translates into a higher dividend yield of 6.0% (vs 5.6% in 2017), again placing Maybank as one of the banks offering the highest dividend yields in the region.

Meanwhile, **Group President & CEO of Maybank, Datuk Abdul Farid Alias** said the Group continued to benefit from its strong franchise in the region as well as its strong fundamentals, which gave it the capacity to navigate through the challenging year.

“We remain cautious over the global operating environment given continued geopolitical concerns as well as volatility in commodity prices, although we expect greater stability in the domestic market arising from measures being put in place to ensure sustainable growth,” he said. “We believe we can leverage business opportunities in ASEAN where the economies will show respectable growth, while at the same time, benefit from our focus on digitalisation which will help us achieve better efficiencies and new frontiers in customer experience.”

#### **Record Net Operating Income**

For the full year, the Group achieved a record net operating income which rose 1.7% to RM23.63 billion, on the back of a 3.1% increase in fund based income. The increase in fund based income came as a result of higher contributions from all business sectors and key home markets. This more than offset the marginal dip of 1.8% in fee based income which was mainly due to the weaker equity markets.

#### **Stronger Loans & Deposits Growth**

Group gross loans expanded at a faster pace of 4.8% in FY18, compared with 1.7% previously - with healthy growth recorded across all markets. The Group's Malaysian operations saw loans expanding 4.8%, Singapore 4.5%, Indonesia 7.0% while other international markets recorded a 10.9% increase.

Deposits also expanded at a faster pace of 5.6% compared with 1.8% a year earlier, with emphasis remaining on lower cost CASA deposits as part of an overall strategy to ensure efficient management of assets and liabilities. This helped the Group manage pressures on net interest margin (NIM) with FY18 NIM only marginally lower at 2.33% from 2.36% in FY17. For 4QFY18, NIM was significantly higher at 2.38% compared with 2.30% in 3QFY18.

#### **Lower Impairments**

The Group benefitted from lower impairments in its credit and investment portfolio with net impairment losses for the year coming in 20.5% lower than the previous year, lifting operating profit by 9.3% to RM10.8 billion this year. A similar trend was seen for 4QFY18 with net impairment losses coming in 58.1% lower than the preceding 3QFY18.

### Healthy Liquidity & Capital ratios

Maybank continued to maintain a healthy liquidity position with its Liquidity Coverage Ratio of 132.4% and Loan-to-Deposit Ratio of 92.7%. Total capital ratio was 18.51% while its fully loaded CET1 ratio stood at 14.51%, both well above the regulatory requirements of 8.0% and 4.5% respectively.

### Sectorial Review

**Group Community Financial Services' (GCFS)** Profit before Tax increased 4.9% Y-o-Y to RM5.57 billion underpinned by the strong franchise built in the region and persistent efforts in cost and asset quality management. Net fund based income grew 0.3% to RM10.32 billion buoyed by strong loans growth across its home markets namely Indonesia (+7.2%), Malaysia (+6.0%) and Singapore (+2.6%). Net fee based income rose to RM3.22 billion from RM3.21 billion a year earlier aided mainly by improved performance in its Group Private Wealth which saw Assets Under Management (AUM) growing 3.4% Y-o-Y to RM23.89 billion.

**Group Global Banking (GGB)** recorded a 4.3% Y-o-Y increase in profit before tax to RM5.36 billion from RM5.14 billion, driven by net fund based income that rose 4.6% Y-o-Y to RM5.61 billion aided by loans growth across all home markets led by Indonesia (+6.8%), Singapore (+6.7%) and Malaysia (+1.7%) as well as lower provisioning cost Y-o-Y by 13.6%. Non-interest income saw a decline mainly from investment banking advisory and asset management groups due to lacklustre investment activities and external volatilities, however, cushioned by improvement in Global Markets. In addition, continuous effort in managing its asset quality and cost effectively had also contributed to its improving profitability.

The **Group's Islamic Banking** business continued to perform strongly, with profit before tax rising 10.2% to a record RM3.03 billion on the back of a robust 11.3% rise in total income. Financing and advances rose 6.7% while Deposits & Investment Accounts saw a 10.8% increase.

Within this business, **Maybank Islamic** maintained a solid performance, with gross financing rising to RM176.8 billion aided by a 9% increase in CFS financing and a 6% increase in GB financing. As at December 2018, Islamic financing constituted 58.7% of Maybank's total domestic financing, with Maybank Islamic ranking No 1 in Malaysia in terms of market share of Islamic assets at 30%. Maybank also ranked top in the MYR Sukuk league table rankings with a 24.6% market share.

**Etiqa Insurance & Takaful** registered a solid 16.6% rise in gross premium boosted by a 16.5% increase in Total Life Insurance/Family premium and 16.9% rise in Total General premium. Profit before tax, however, dipped 18.6% to RM825.0 million owing to the adverse equity market performance as investments are now marked-to-market monthly with the adoption of MFRS9. Etiqa, nonetheless, maintained its top position in the General Insurance & Takaful segment with an 11.7% market share and placed fourth in the Life/Family (New Business) segment with an 11.5% market share.

### Home Markets

**Maybank Singapore** turned in a sterling performance with FY18 PBT surging 33.6% to S\$421.4 million from S\$315.5 million a year ago, underpinned by a 9.7% increase in net income as well as lower impairment allowances. Net fund based income rose 9.6% largely driven by net interest margin improvement and loan expansion, while net fee based income grew 9.7% aided by higher fees from wealth management and treasury income.

**PT Bank Maybank Indonesia Tbk** saw profit after tax and minority interests (PATAMI) for the financial year ended 31 December 2018 surge 21.6% to a new high of Rp2.2 trillion on the back of higher net interest income and continued improvement in asset quality. PBT increased 20.5% to a record Rp3.0 trillion, the Bank's highest achievement to date. Normalised PBT rose 34.3% YoY after eliminating exceptional one-off proceeds mainly from the sale of securities in 2017. Better asset quality, a solid growth in Sharia business, combined with improvement in subsidiaries as well as sustained strategic cost management also contributed to the Bank's improved performance.

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