

Press Release

13 APRIL 2020

Robust capital and liquidity positions enable Maybank to weather uncertainties

Maybank wishes to reiterate that its robust liquidity and capital positions built over the years have been designed to ensure the Group is able to weather any stress arising from changes in the operating environment, such as the ongoing COVID-19 situation.

Group President & CEO Datuk Abdul Farid Alias said that the Board and management of Maybank have always ensured that the Group remained ahead of the capital and liquidity requirements set by bank regulators, particularly in its three key markets of Malaysia, Indonesia and Singapore. As such, for the past five years, these levels have been consistently higher than the full requirements, despite them being under gradual implementation by the regulators.

Maybank's Liquidity Capital Ratio as at December 2019 stood at 141%, while its total capital ratio was 18.23% and its fully loaded CET1 capital ratio 14.58%, all well above the current regulatory requirements of 100%, 10.5% and 7% respectively.

Given these levels, it is clear that Maybank Group's capital and liquidity ratios have been kept at the higher quartile compared to the other banks in South East Asia.

Datuk Farid said Maybank had taken note of Fitch Ratings' downward revision of the Bank's long term issuer default rating (IDR) by one notch although maintaining its outlook as stable, and that the move by the rating agency is based primarily on the weakened operating environment, and not a reflection of Maybank's strong fundamentals. Fitch has reaffirmed Maybank's short-term IDR.

"I was disappointed when I first saw this report but was also aware that Fitch had recently downgraded the credit rating of many banks especially in the Asia Pacific, Middle East and South African regions," he said.

"While this is the prerogative of the rating agencies, our view is that all effort including by the banking sector should be focused primarily on helping the people to survive the crisis, and then eventually help reverse this pandemic-induced economic slowdown given that the cause of this slowdown is peculiar and its impact significant. This downgrade will likely increase the bank's funding costs, but we will do our best to absorb it without passing the majority of it on to our customers."

Datuk Farid said the Group is nevertheless reassured by the Fitch report which stressed that Maybank remains better capitalised than peers and is in a firm position to weather potential strains on earnings and asset quality arising from the weaker operating environment. Additionally, Fitch had also stated that the bank's liquidity is well supported by its superior domestic deposit franchise and the central bank's highly accommodative liquidity management actions.

Maybank is one of only three banks in Malaysia to be publicly rated by Fitch Ratings.