

Press Release

27 February 2020

Maybank records higher FY19 PBT of RM11b on strong Q4 earnings
39 sen per share final dividend proposed; full year dividend payout of RM7.19b

Highlights FY19

- Net fee and fund based income rises 10.7% and 2.2% Y-o-Y respectively
- Net operating income increases by 4.6% Y-o-Y to RM24.7 billion
- PPOP grows 6.1% to RM13.2 billion
- Full year PBT rises 1.0% to RM11 billion
- FY19 net profit at record RM8.2 billion supported by 5.3% rise in 4Q earnings
- Group loans and deposits expand 1.2% and 1.6% respectively
- Healthy liquidity risk indicators with Group LCR at 141% and Group LDR at 92.4%
- Strong capital position: 18.23% total capital ratio & 14.58% fully loaded CET1 capital ratio
- Final single-tier dividend of 39 sen per share proposed; full-year dividend yield of 7.4%

Kuala Lumpur - Maybank, Southeast Asia's fourth largest bank by assets, today announced that it achieved a record profit before tax (PBT) of RM11 billion for the financial year ended 31 December 2019, up from the RM10.9 billion a year earlier.

The results were boosted by robust performances of its Community Financial Services, Islamic banking and insurance & takaful segments, as well as a particularly strong fourth-quarter (4QFY19) which saw the Group record its highest ever PBT of RM3.26 billion, a 5.4% increase from a year earlier. This came on the back of a 4.6% improvement in net operating income to RM24.7 billion.

Net profit for the year also reached a new high of RM8.2 billion, from RM8.11 billion in 2018, lifted by 4QFY19 net earnings which were up 5.3% to RM2.45 billion from a year earlier.

When compared with the preceding quarter of July-September 2019 (3QFY19), both PBT and net profit for 4QFY19 also came in significantly higher by 23.2% and 22.5% respectively.

The Board of Directors has proposed a final single-tier cash dividend of 39 sen per share, which together with the interim dividend of 25 sen per share, takes the full-year all-cash dividend to 64 sen per share. This translates into a full year dividend payout ratio of 87.8%, amounting to RM7.19 billion.

Maybank Chairman, Datuk Mohaiyani Shamsudin said that despite the challenging economic environment during 2019, the Group's steady performance reflected its underlying strength and resilience.

"We believe our ability to create sustainable value is based on the strong foundation that has been laid since Maybank commenced its operations 60 years ago. While we are hopeful for a better year ahead, clouds of uncertainty continue to hover, which is expected to impact global economic outlook in the near term. Nevertheless, we will depend on our ability to innovate, drive service excellence and remain steadfast in our mission of humanising financial services to sustain our position in the coming year."

Meanwhile, **Group President & CEO of Maybank, Datuk Abdul Farid Alias** said that the Group will aggressively seek out selective growth opportunities despite the overall cautious stance that is being seen across markets today especially with the prevailing concerns over the Covid-19 virus outbreak and other geo-political issues.

"We have planned an exciting year ahead for Maybank, given that it is our 60th anniversary in 2020, particularly with a number of market-leading digital offerings. We will continue to focus on our digital agenda to help deliver greater efficiency and seek additional revenue streams for the future, while maintaining our emphasis on stringent risk and cost management to cushion the Group from the uncertainties ahead. At the same time, we will closely monitor the current situation and ensure that our business continuity initiatives are able to mitigate the impact to our business."

Record Net Operating Income

The Group achieved a record net operating income of RM24.74 billion for FY19 on the back of a 10.7% rise in net fee based income and a 2.2% improvement in fund based income. The increase came as a result of higher contributions from all business sectors led by its Group Insurance & Takaful business.

Loans & Deposits Growth

The Group continued to manage its balance sheet in line with its risk posture, ensuring both loans and deposit growths were balanced to protect its Net Interest Margin (NIM) and reduce liquidity surplus, in light of the challenging external environment.

Group gross loans expanded by 1.2% in FY19 - contributed by a healthy growth in Malaysian operations, where it outpaced the industry with a 4.9% expansion. The home markets of Singapore and Indonesia saw a decline by 3.9% and 8.2% respectively, mainly as a result of write-offs and repayments as the Group continued to manage its exposure in these markets. Group Deposits, meanwhile, expanded 1.6%, in line with loans expansion, led by Singapore at 4.6% and Malaysia at 2.2%. Consequently, NIM for FY19 was only marginally lower by 6bps to 2.27%, compared with 2.33% in FY18.

Liquidity & Capital strength

Maybank continued to maintain a healthy liquidity position with a Liquidity Coverage Ratio of 141% and Loan-to-Deposit Ratio of 92.4%. Total capital ratio was 18.23% while its fully loaded CET1 ratio stood at 14.58%, both well above the regulatory requirements of 10.5% and 7.0% respectively.

Asset quality

The Group recorded a net credit charge off rate of 44 bps for FY19 within its guidance of 40-45 bps, aided by strong recoveries during the year. Gross Impaired Loan (GIL) Ratio, meanwhile stood at 2.65% as at December 2019 from the 2.41% in December 2018 as the Group took a proactive stance to provide for some of the accounts of clients impacted by the challenging economic environment during the year. Net impairment losses in 4QFY19 were, however, significantly lower by 68% from the preceding quarter.

Sectoral Review

Group Community Financial Services (GCFS) registered a double-digit PBT growth of 16.5% to RM6.49 billion from a year earlier of RM5.57 billion. This was driven by solid growth in fee based income of 5.8%, arising from wealth management-related fees, particularly from bancassurance and investment fees. Loans expanded by 3.8% supported by resilient loans growth in the Consumer and Retail SME segment of 4.8% and 8.7% respectively. CASA recorded a steady growth of 5.0% underpinned by continued emphasis on growing low-cost funds.

In Malaysia, loans growth saw a healthy increase of 7.2% led by growth in Retail SME and Consumer of 11.6% and 7.2% respectively. Mortgage was the largest contributor to consumer loans with a solid growth of 11.6%. Meanwhile, international markets maintained a stable net operating income growth of 4.8% contributed by both fund based and fee based income.

Wealth management, another key focus segment for the Group, maintained its upward trajectory with Total AUM growth of 9% to reach RM230.6 billion, while active online banking users grew 14.6% on the back of a 40.1% rise in mobile banking active users.

Group Global Banking (GGB) recorded a 4.4% increase in net operating income to RM9.75 billion mainly contributed by Malaysia (7.6% YoY), Singapore (2.2% YoY) and Greater China (6.8% YoY). The increase was on the back of a 13% rise in net fee based income to RM4.21 billion from robust growth in Group Corporate Banking & Global Markets, particularly from treasury operations. Group Asset Management also saw its net fee-based income nearly doubled to RM163 million, underpinned by strong performance of its non-money market funds AUM which grew 50.7%.

During the year, the Group ranked No.1 on Bloomberg's League Tables for Global Sukuk, Malaysian Ringgit Islamic Sukuk and Malaysia Bonds and successfully executed several breakthrough green deals in the region including the Belt & Road Bankers Roundtable USD2 billion inaugural green bond.

The Group's **Islamic Banking** business recorded another sterling year, with profit before tax rising a robust 21.7% to RM3.69 billion compared with RM3.03 billion a year earlier. Financing and advances rose 8.7% while Deposits & Investment Accounts saw a 6.1% increase.

Within this business, **Maybank Islamic** maintained its steady growth path, with gross financing rising to RM192 billion on the back of an 11.1% increase in CFS financing and a 2.4% increase in GB financing. As at December 2019, Islamic financing constituted 60.7% of Maybank's total domestic financing, with Maybank Islamic ranking No. 1 in Malaysia in terms of market share of Islamic assets at 29.4%. It also ranked top in both the MYR Sukuk League table rankings with a 40.3% market share as well as the Global Sukuk League table ranking with a 15.2% market share.

Etiqa Insurance & Takaful registered a solid 19.5% rise in net operating income to RM1.92 billion for the year. PBT rose 14.5% to RM945.3 million enabling it to maintain top position in the General Insurance & Takaful segment with a 13.7% market share and fourth in the Life/Family (New Business) segment with a 10.8% market share. Total net adjusted premiums rose 13.8% lifted by a 21.1% in Total General premium and an 8.6% improvement in Total Life Insurance/Family premium. Total assets as at December 2019 meanwhile, rose 12.2% to hit RM40.5 billion from RM36.1 billion in December 2018.

Key Home Markets

PT Bank Maybank Indonesia Tbk reported a 3.7% increase in its gross operating income to Rp10.8 trillion for the financial year ended 31 December 2019 compared with Rp10.4 trillion in the previous corresponding period. The growth was supported primarily by the improvement in fee based income during the period. Operating profit before provision increased 0.3% to Rp4.4 trillion, while profit after tax and minority interest (PATAMI), stood at Rp1.8 trillion compared with Rp2.2 trillion a year earlier due to an increase in loan loss provision as the Bank maintained its conservative stance in setting aside provision for accounts primarily in the commercial segment impacted by the challenging economic environment.

Maybank Singapore registered a 2.6% increase in net income for FY19, boosted by a 5.8% rise in fee-based income to S\$376.49 million mainly from wealth management income on the back of higher unit trust commission and bancassurance fees. Excluding a one-off gain impact from property disposal in FY18, fee income would have increased 11.3%. Net fund based income rose by 1.1% Y-o-Y to S\$761.13 million, aided by a higher average volume of interest earning assets. The Bank recorded a PBT of S\$8.34 million for the year, after cushioning for higher impairment allowance.
