

Maybank's 9M FY23 net profit rises 21% to RM6.96b

- Total assets of Maybank Group exceeded RM1.0 trillion for the first time

9M FY23 at a glance (Y-o-Y)

- Net fund based income stood at RM14.43b from RM15.36b
- Non-interest income recorded a strong 37.8% increase to RM5.95b
- Net operating income 3.6% higher at RM20.38b
- Pre-provisioning operating profit dipped 2.1% to RM10.61b
- Net impairment provisions improved by 53.4% to RM1.21b, with annualised net credit charge off rate decreasing to 31 bps from 45 bps
- Net profit rose 21.0% to RM6.96b
- Healthy liquidity risk indicators with Group LCR at 137.4% and Group LDR at 93.0%
- Robust capital position: 18.77% total capital ratio & 15.41% CET1 capital ratio
- Group loans growth of 6.8% on annualised basis as at 30 September 2023, compared to full year growth of 6% in FY2022

Maybank, Southeast Asia's fourth largest bank by assets, today announced a profit after tax and minority interest (PATAMI) of RM6.96 billion for the nine months' period (9M FY23) ended 30 September 2023, an increase of 21.0% from the same period a year earlier. Meanwhile profit before tax (PBT) increased by 14.4% Y-o-Y to RM9.58 billion. The better results were attributed to steady income growth and significant improvement in net impairment provisions.

Net operating income for the nine months increased by 3.6% Y-o-Y to RM20.38 billion driven by higher non-interest income (NOII) of 37.8% to RM5.95 billion compared with a year earlier. Net fund based income meanwhile, was lower by 6.0% as net interest margin (NIM) compressed 25bps due to higher funding costs led by interest rate hikes in the past year and continued deposit competition.

Overhead costs expanded to RM9.77 billion from RM8.83 billion a year earlier on higher personnel costs, credit card related fees due to higher billings, ROU (Right of Use) assets depreciation and IT related costs. As a result, the Group's pre-provisioning operating profit (PPOP) decreased slightly by 2.1% Y-o-Y to RM10.61 billion.

Net impairment provisions reduced by 53.4% to RM1.21 billion following a writeback in financial investments and others of RM152.5 million and lower net loan provisions of 27.6% to RM1.36 billion on writeback for corporate borrowers, recoveries and stable impairment balances. As a result, net credit charge off rate for loans reduced to 31 bps from 45 bps the year before. Gross impaired loans ratio declined by 27 bps to 1.43% from 1.70% a year earlier while loan loss coverage strengthened to 127.1% in the nine months from 122.3% compared with a year earlier. The Group continues to undertake proactive engagement with clients facing financial challenges by assisting them in managing their commitments effectively.

Total assets grew from RM945 billion as at December 2022 to RM1.0 trillion as at September 2023 and for the first time it has exceeded the RM1.0 trillion mark.

3Q FY23 vs 3Q FY22

For the third quarter of 2023, PATAMI rose 12.3% Y-o-Y to RM2.36 billion compared with the same period last year, while PBT for the quarter was up 1.8% to RM3.16 billion.

Net operating income decreased by 5.2% Y-o-Y to RM6.75 billion, attributed to a decrease in net fund based income of RM4.81 billion compared with RM5.29 billion a year earlier as NIM compressed due to persisting funding competition. NOI however was up 6.1% Y-o-Y at RM1.94 billion while net impairment provisions improved with a 59.3% decrease to RM342.2 million.

3Q FY23 vs 2Q FY23

Net profit for the third quarter came in slightly higher by 0.8% compared with the preceding quarter's (2QFY23) RM2.34 billion as net impairment provisions declined by 40.4% following a net write-back in financial investments and others as well as lower loan loss provisions by 21.6%. PBT for the quarter, meanwhile, was 6.3% lower at RM3.16 billion compared with 2Q FY23.

Group President & CEO, Dato' Khairussaleh Ramli said that global challenges remain but Maybank will continue to pursue opportunities for growth guided by its corporate strategy across all its customer and business segments within its ASEAN operations, while maintaining its strong liquidity position, improving asset quality, and preserving sound capital levels. The Group will continue to bring about positive impact to the communities it serves in line with its purpose of Humanising Financial Services.

"As we deepen our M25+ strategy execution coupled with the agile ways of working, we have made encouraging strides in further shaping Maybank to be forward-looking, innovative and customer centric as we navigate through the ever-evolving operating landscape. Providing benefits to customers and uplifting customer experience via relevant product and solutions as well as process improvements facilitating account openings and loan applications have resulted in broader services uptake. We continue to drive digitalisation and operational efficiencies as well as building on the momentum for future revenue growth boosted by the 12 Strategic Programmes (SP) under the M25+ strategy and its targeted investments."

We also aim to further deploy sustainable financing and decarbonisation solutions for our customers as we ourselves carve a clear pathway to net zero. We are also heartened that our holistic efforts have been recognised with several awards, most notably as the only Malaysian company to be included in TIME's World's Best Companies 2023 comprising 750 companies. For this, we would like to acknowledge our customers, stakeholders and of course, all Maybankers," added Dato' Khairussaleh.

Loans & Deposits

Total Group gross loans grew strongly by 5.1% Y-o-Y as at 30 September 2023, lifted by increases of 3.7% and 3.0% in its home markets of Malaysia and Singapore respectively, while other markets contributed a rise of 5.5%. The Group's gross deposits, meanwhile expanded 3.5% as fixed deposits grew 20.3% offsetting a decline of 8.8% in other deposits and 8.9% in CASA.

Capital & Liquidity Strength

Maybank maintained robust capital and liquidity positions as at 30 September 2023, with its CET1 capital ratio at 15.41%, and total capital ratio at 18.77%. The Group's liquidity coverage ratio remained stable at 137.4%, well above the regulatory requirement of 100%.

Sustainability updates

Maybank continued to record strong progress in sustainable financing for the nine months ended 30 September 2023, achieving close to RM53 billion and well ahead in achieving the RM80 billion target by 2025. Under commitment 2, Maybank has improved the lives of 1.21 million households across ASEAN through a combination of its community programmes and financial inclusion efforts particularly for the lower income communities, against the target of 2 million households by 2025.

Sectoral Review

Group Community Financial Services (GCFS) continued to strengthen its franchise in the nine months of 2023, registering an 8.6% Y-o-Y increase in net operating income to RM12.50 billion. This was backed by a steady growth in both its net fund based and NOI by 8.4% and 9.1% respectively compared with a year earlier. Total loans expanded at all home markets of Indonesia (7.6%), Malaysia (6.2%) and Singapore (1.0%). Wealth Management, a key focus segment for the Group, maintained its upward trajectory with Total Financial Assets rising 10.2% from a year earlier to reach RM458 billion contributed by investments growth of 16.6% and loans growth of 7.4%.

Despite the challenging market conditions, **Group Global Banking's (GGB)** PBT for 9M FY23 rose by 31.9% Y-o-Y to RM4.62 billion attributed to lower loan loss provisions. Net operating income, however, was lower Y-o-Y by 13.1% at RM6.89 billion mainly impacted by the slowdown in Global Markets and Investment Banking Group businesses amid global macroeconomic headwinds. Corporate loans meanwhile continued to grow steadily at 2.3% Y-o-Y.

The **Group's Islamic Banking** business saw a dip in PBT at RM2.88 billion in 9M FY23 compared with RM3.52 billion a year earlier as total income fell 1.6% Y-o-Y at RM5.57 billion. Within this business, **Maybank Islamic's** total gross financing for Malaysia rose to RM252.3 billion led by a steady growth in its CFS sector by 10%. As at September 2023, Islamic financing constituted 68.1% of Maybank Malaysia's total financing while Maybank Islamic's market share of Islamic assets in Malaysia stood at 29.2%.

Etiqa Insurance & Takaful registered a robust increase in PBT to RM645.4 million for the nine months of 2023 from a loss of RM197.8 million a year earlier. Total net adjusted premium was 5.9% higher on the back of a 7.4% rise in Total General net written premiums and a 4.7% Y-o-Y in Total Life & Family net adjusted premiums. Etiqa maintained its top position in the General Insurance & Takaful (Malaysia) segment with a 16.0% market share and third in the Life/Family (New Business) segment with an 11.6% market share.

Key Home Markets

Maybank Indonesia recorded a PBT of Rp1.66 trillion for the nine months ended 30 September 2023, up by 11.8% from Rp1.48 trillion in the same period last year from better earnings in the Bank's loan composition, particularly from the retail and Retail Small-Medium Enterprise loans following a continual lift in public consumption. The Bank also registered better asset quality as the economy continued to stabilise, leading to lower loan loss provision. Meanwhile, the Bank's Profit after Tax and Minority Interest was at Rp1.25 trillion, increased by 17.1% from Rp1.06 trillion last year.

Maybank Singapore saw a decline in its PBT by 4.2% Y-o-Y to S\$505 million, impacted by lower income and higher overheads. However, a write back in loan loss allowances mitigated the decline. Fund based income fell slightly by 1.3% Y-o-Y to S\$574.57 million mainly due to lower net interest margin as asset growth and higher asset yields were negated by the increase in interest cost. NOI, meanwhile decreased 13.9% Y-o-Y to S\$284.27 million on weaker treasury and credit related fees as well as bancassurance income.

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