

Maybank FY23 Net Profit up 17.5% to RM9.35b; declares full cash second interim dividend of 31 sen per share

FY23 at a glance (Y-o-Y)	
<ul style="list-style-type: none"> • Net fund based income stood at RM19.30b from RM20.67b • Non-interest income recorded a strong 38.3% increase to RM8.06b • Net operating income 3.3% higher at RM27.36b • High loans growth of 9.2% overall across key sectors and home markets • Pre-provisioning operating profit dipped 3.8% to RM13.97b • Net impairment provisions improved by 39.5% to RM1.68b • ROE improved significantly to 10.8% from 9.6% • PBT increased 5.6% to RM12.53b, while Net profit rose 17.5% to RM9.35b • Healthy liquidity risk indicators with Group LCR at 142.1% and Group LDR at 91.7% 	<p><u>Dividend</u></p> <ul style="list-style-type: none"> • Highest total dividend declared post pandemic at 60 sen per share • Total Shareholder Returns (TSR) >9% <p><u>M25+</u></p> <ul style="list-style-type: none"> • Building on the M25+ momentum and continues to introduce value-added initiatives with stronger traction <p><u>Sustainability</u></p> <ul style="list-style-type: none"> • Exceeded all sustainability targets. • Launched First Transition Finance Framework (TFF) in Malaysia

Maybank, Southeast Asia's fourth largest bank by assets, today reported a 17.5% rise in net profit to RM9.35 billion for the financial year ended 31 December 2023 (FY23). Profit before tax (PBT) meanwhile, was up 5.6% at RM12.53 billion compared to a year earlier. The better results were driven by higher operating income on the back of improved regional economic activities and significant improvement in net impairment provisions.

Net operating income grew by 3.3% to RM27.36 billion, led by a strong 38.3% Y-o-Y increase in non-interest income (NOII) from gains in investment and trading income, foreign exchange and higher core fees. Net fund based income meanwhile, was lower by 6.6% as net interest margin (NIM) compressed 27bps due to higher funding costs and continued deposit competition, though the intensity subsequently moderated in the second half of FY23. Group loans grew 9.2% Y-o-Y, demonstrated by improvements in key home markets and business segments.

Overhead costs expanded to RM13.39 billion or 11.7% a year earlier on higher personnel costs, credit card related fees due to higher billings, Right of Use (ROU) assets depreciation and IT related costs. As a result, the Group's pre-provisioning operating profit (PPOP) decreased slightly by 3.8% Y-o-Y to RM13.97 billion.

Net impairment provisions decreased by 39.5% to RM1.68 billion following lower net loan provisioning by 16.3% to RM1.83 billion on writeback for corporate borrowers and pre-emptive provisioning made in 2022 as well as a net writeback in financial investments and others of RM145.15 million. As a result, net credit charge off rate for loans decreased to 31 bps from 40 bps a year earlier. Gross impaired loans ratio improved by 23 bps to 1.34% from 1.57% a year earlier while loan loss coverage remained strong at 124.9% from 131.2% in 2022. The Group continues to undertake proactive engagement with clients facing financial challenges by assisting them in managing their commitments effectively.

4Q FY23

For the fourth quarter (4QFY23), the Group recorded a healthy 8.3% rise in net profit to RM2.39 billion compared to the same period in the previous year, benefitting from the pick-up in regional economies during the period. PBT meanwhile, dipped 15.7% Y-o-Y to RM2.95 billion. On the Q-o-Q performance, net profit rose 1.3% compared with the quarter earlier while PBT for the quarter decreased 6.6% as net impairment losses was higher by 37.8% to RM471.5 million.

Comments from Maybank Chairman and President & Group CEO

Maybank Chairman, Tan Sri Dato' Sri Ir. Zamzamzairani Mohd Isa said that Maybank continued to remain resilient and further strengthen its position as a leading financial institution in the region by managing its business in a disciplined and responsible manner; continuing to make a positive impact in the communities it serves despite an unpredictable global environment amidst various geo-political events.

“The Group will continue to advance the application of value based banking principles through its solutions and services as a strategic differentiator to drive economic value aligning to our mission of Humanising Financial Services. The roll out of digital solutions will be accelerated in line with a holistic, regional digital and sustainable business model as seen in our myimpact agenda to address end-to end customer lifestyle and business needs.”

We are humbled by the recognition of our efforts, most notably, being named in TIME Magazine's World's Best Companies, the only Malaysian company to be included in the list of top 750 companies in the world. Underscoring our commitment to continuous value creation for our stakeholders, based on the commendable performance for the full year, we are proud to announce that the Board has declared the highest full year dividend post pandemic for our shareholders at 60 sen per share.”

Meanwhile, **President and Group CEO of Maybank, Dato' Khairussaleh Ramli** said that Maybank's laser-focused efforts in delivering on its M25+ strategy has borne positive outcomes, evidenced by both improving topline and asset quality management across its sectors and markets, while prioritising customer experience and a values-based holistic ecosystem of offerings.

“We want to deepen relationships with existing customers and acquire new ones by applying the Agile ways of working aligned to M25+. Our commitment to serving the evolving needs of our customers remain unwavering as we witness tangible progress in deepening customer relationships, increased revenue diversification and optimising operational efficiency. Notwithstanding this, targeted strategic investments will continue, to ensure enablers and capabilities are able to cope with the business and operational needs.

On the sustainability front, Maybank has been making great strides, surpassing all its four commitments in embedding environmental, social and governance (ESG) into our operations and strategies. We are the first Malaysian bank to both establish a Group Transition Finance Framework (TFF) as well as in receiving the highest rating in Carbon Disclosure Project (CDP) for 2023 where Maybank was upgraded to B, placing us higher than the Asia regional and Global average rating of C.

Looking ahead, we will stay focused in executing our M25+ strategy with agility and determination. We believe Maybank is well positioned to ensure sustainable growth and deliver exceptional value to all our customers and stakeholders in the region.”

Dividend payout

Maybank continued to reward its shareholders with steady dividend payments evident by the declaration of a full cash second interim dividend of 31 sen per share. Together with the first interim dividend of 29 sen per share earlier, full-year dividend stood at 60 sen per share, the highest declared post pandemic with a payout ratio at 77.4%, exceeding our dividend payout policy of 40% to 60%. This also translates to a strong dividend yield of 6.7%.

Loans & Deposits

Total Group gross loans grew strongly by 9.2% Y-o-Y as at 31 December 2023, lifted by increases in all home markets of Malaysia, Singapore and Indonesia by 6.7%, 8.7% and 6.2% respectively. The Group's deposits meanwhile expanded 9.0% on growth across its Singapore 13.5%, Indonesia of 9.4% and Malaysia market of 4.9%. Group fixed deposits was also up 11.2% mainly from growth in Singapore and Indonesia while Group CASA declined 1.7% coming from Malaysia and Singapore.

Capital & Liquidity Strength

Maybank maintained robust capital and liquidity positions as at 31 December 2023, with its CET1 capital ratio at 15.34%, and total capital ratio at 18.56% compared to 14.78% and 18.20% respectively in December 2022. The Group's liquidity coverage ratio remained stable at 142.1%, well above the regulatory requirement of 100%.

Sustainability updates

Maybank has exceeded all four of its sustainability targets for FY23. It continued to record strong progress in sustainable finance for the full year ended 31 December 2023, with a cumulative achievement of over RM68 billion, and well ahead in our target to mobilise RM80 billion in sustainable finance by 2025. Under commitment 2, Maybank has improved the lives of 1.36 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. Through the Bank's coordinated efforts in 2023 addressing climate issues, Maybank's CDP rating was upgraded to B from C, the highest rating received by a bank in Malaysia - placing Maybank higher than the Asia regional and Global average rating of C.

M25+ progress

Maybank continues to demonstrate commendable progress towards achieving its M25+ 'north star' under the five strategic thrusts. Most notably, in terms of customer centricity, the Bank improved its Net Promoter Score (NPS) to +37 in FY23 compared with +24 in FY22, on the back of concerted efforts in customer experience improvements as well as innovative offerings. Our focused efforts in Malaysia for mid-cap segment and mortgage improved loans growth to 11.2% and 10.4% respectively as well as loans origination for SME by 20% Y-o-Y. Group Islamic wealth fee income grew 39% in Malaysia from RM146 million to RM202 million. The introduction of algorithm-driven BANCA 2.0 - EASE tool assisted our relationship managers and has generated a total of RM230 million in premiums uplift for insurance from June to December 2023. Increased digital access through straight through processing meant a 40% Y-o-Y rise in number of CASA opened digitally.

Sectoral Review

Group Community Financial Services (GCFS) registered an 8.3% Y-o-Y increase in net operating income to RM16.91 billion in FY23. This was backed by a steady growth in both its NOII and net fund based income by 11.2% and 7.4% respectively compared with a year earlier. Total loans expanded at all home markets of Indonesia (9.7%), Malaysia (7.2%) and Singapore (1.8%). Wealth Management, a key focus segment for the Group, maintained its upward trajectory with Total Financial Assets rising 10.9% from a year earlier, reaching RM469.2 billion contributed by growth in investments of 15.4% and loans of 9.2%.

Group Global Banking's (GGB) FY23 PBT rose 18.8% Y-o-Y to RM5.95 billion following continued effective asset quality management. Net operating income however, decreased to RM9.39 billion from RM10 billion a year earlier. This was primarily due to increased funding costs which resulted in a 9.6% Y-o-Y dip in net fund based income as well as a 0.7% Y-o-Y decline in NOII attributed to lower trading and brokerage income amid a challenging environment. GGB overall loans and financing maintained steady growth at 11.9% Y-o-Y driven by expansion in key home markets.

The **Group's Islamic Banking** business saw a drop in PBT at RM3.49 billion in the full year of 2023 compared with RM4.76 billion a year earlier amidst cost pressure due to higher funding expenses and increase in impairment provisions. Despite the challenging economic conditions, fee based income rose by RM0.6 billion Y-o-Y, partly cushioning the impact of higher expenses and provisions. Within this business, **Maybank Islamic's** total gross financing for Malaysia expanded to RM266.6 billion, a commendable increase by 9.2% Y-o-Y. This was attributed to a steady growth in CFS by 10.6% and GB by 4.4%. As at December 2023, Islamic financing constituted close to 70% of Maybank Malaysia's total financing while its market share of Islamic assets in Malaysia stood at 30%.

Etika Insurance & Takaful registered a huge jump in PBT to RM983.4 million for the full year of 2023 from RM190.6 million a year earlier. Total net adjusted premium was 9.7% higher on the back of an 11.9% rise in Total Life & Family net adjusted premiums and a 7.0% Y-o-Y increase in Total General net written premiums. Etika maintained its top position in the General Insurance & Takaful (Malaysia) segment with a 16.1% market share and third in the Life/Family (New Business) segment with an 11.9% market share.

Key Home Markets

Maybank Indonesia recorded a PBT of Rp2.35 trillion, which represented an increase of 15.4% from a year earlier. The increase was driven by an improvement in the Bank's Operating Income backed by better loan yields and improved asset composition, particularly in the retail and Retail Small Medium Enterprises loans segments and Shariah Banking Unit. Profit after Tax & Minority Interest meanwhile was registered at Rp1.74 trillion, up 18.5% compared with a year earlier.

Maybank Singapore saw a decline in its PBT by 8.1% Y-o-Y to S\$603.13 million, impacted by lower income and higher overheads. However, this was mitigated by a write back in loan loss allowances. Net fund based income fell 6.7% Y-o-Y to S\$753.59 million as loan growth and higher asset yields were offset by steeper increase in funding cost. NOII decreased 8.9% Y-o-Y mainly due to lower contribution from treasury and credit related fee negated by stronger gains from other core sources including wealth, trade and credit cards.
