

Maybank records FY21 net profit of RM8.10b, boosted by lower provisioning on improving regional economies
30 sen per share second interim dividend, bringing full year dividend payout to 58 sen per share or RM6.84b in total

FY21 at a glance (Y-o-Y)

- Net fund based income up 14.6% to RM19.09b
- Net fee based income lower at RM6.36b from RM8.11b
- Net operating income 2.8% higher at RM25.45b
- Marginal 2.6% increase in overhead expenses to RM11.52b
- Pre-provisioning operating profit grew by 2.9% to RM13.93b
- Net impairment losses improved 36.6% to RM3.23b from RM5.09b
- Profit before tax rose to RM10.89b from RM8.66b
- Net profit higher at RM8.10b from RM6.48b
- Healthy liquidity position with Group LCR at 136.4%
- Robust capital position: 18.83% total capital ratio & 15.40% CET1 capital ratio

Maybank, Southeast Asia's fourth largest bank by assets, today announced that it posted higher earnings for the financial year ended 31 December 2021 (FY21) with profit before tax (PBT) rising 25.8% year-on-year (Y-o-Y) to RM10.89 billion, compared with the RM8.66 billion a year earlier. Net profit rose to RM8.10 billion, 24.9% higher than the RM6.48 billion recorded a year earlier.

The better results were driven by improving regional economic outlook that supported the Group's higher operating income and reduced impairment losses by 36.6% as it had taken pre-emptive provisioning for potentially bad loans and financial investments since the pandemic started in 2020.

Net operating income grew 2.8% to RM25.45 billion, tracking Malaysia's economic growth of 3.1% in 2021. This was achieved on the back of a 14.6% Y-o-Y increase in total net fund based income to RM19.09 billion as a result of stronger loan growth as well as robust improvement in current account and savings accounts (CASA), which helped net interest margin (NIM) expand 22 bps Y-o-Y. It was, however, partially offset by a 21.6% decline in net fee based income to RM6.36 billion mainly from lower net gain in investment income and marked-to-market losses on the fixed income portfolio held by its insurance unit due to rising yields.

Growth in costs, meanwhile, was contained at 2.6%, well below income growth, resulting in pre-provisioning operating profit coming in higher at RM13.93 billion from RM13.54 billion a year ago.

4QFY21 Performance

For the fourth quarter (4QFY21), the Group recorded a 36.5% rise in PBT to RM2.72 billion compared to the previous year, benefitting from the pick up in regional economies during the period. Net profit meanwhile, rose 33.8% to RM2.06 billion.

A similar trend was also seen in the Q-o-Q performance with net profit growing 22.1% to RM2.06 billion in 4QFY21 versus RM1.68 billion in 3QFY21 as net impairment losses fell 40.6% to RM668.4 million while net operating income grew 2.4% to RM6.30 billion.

Comments from Maybank Chairman and Group President & CEO

Maybank Chairman, Tan Sri Dato' Sri Zamzamzairani Mohd Isa said that despite the challenging environment owing to the resurgence of the pandemic and reimplementation of movement restrictions during a good part of the year, the Group remained resilient and delivered a commendable performance. This was mainly due to the Group's diligent asset and liability management, prudent credit lending and asset quality practices, disciplined cost management and strong governance.

"While we are witnessing gradual recovery regionally supported by the resumption of more economic activities, improving vaccination rates and accommodative policies, we will stay ahead in managing key risks and any resurgence in COVID-19 cases. With the completion of our first year under the M25 Plan, we are cautiously optimistic that we can accelerate our ambitions this year for our three strategic priorities, namely digital, sustainability and new value drivers."

Meanwhile, **Group President & CEO Dato' Sri Abdul Farid Alias** said that the Group's ability to deliver a better set of results in 2021 was underpinned by the risk posture to be prudent from the onset of the pandemic in terms of credit and risk management, pursuit of responsible growth and maintaining good shareholder returns.

"Our financial strength and resilience has been a result of our focus in building strong capital, liquidity, credit and risk management practises Group-wide over the years, which has helped us overcome this pandemic and enabled us to support our customers in need. While lingering COVID-19 concerns remain in 2022 due to the recent rapid increase in cases, the upside is that many have been fully vaccinated and we are learning to live with the new virus variants. Maybank will remain steadfast in pursuing its M25 ambitions to enable meaningful and lasting value creation."

M25 Progress

Under the rollout of its M25 plan in 2021, Maybank has enabled greater financial inclusion and accessibility for its customers by facilitating real-time cross border transfers between Malaysia and Singapore as well as Cambodia while simplifying day-to-day business banking for SME customers with the launch of Maybank2u Biz. In capturing new growth opportunities in the areas of digital, sustainability, SME and wealth, Maybank has seen greater SME borrowing penetration across the region, new Islamic Wealth Management solutions and the launch of new ESG-centric funds in 2021.

Maybank also made impactful strides in its sustainability commitments, having mobilised over RM13.6 billion in sustainable finance and benefitting over 500,000 households across ASEAN through its community programmes. The Group was once again included in the Bloomberg Gender-Equality Index for the fifth consecutive year and has moved closer to its carbon neutral position of its own emissions by 2030 by being the first bank in Malaysia to commit to purchase Malaysia Renewable Energy Certificates, equivalent to 70% of the Malaysian operations' Scope 2 carbon emissions.

Continuing support for customers to ensure sustainable recovery

As economic recovery continues, Maybank's focus is to tailor financial support for customers in specific need, and to help them rebuild their resilience to adapt and operate in the new normal, in line with our mission of Humanising Financial Services.

As at 31 December 2021, Maybank Group had a total of RM82.9 billion of loans under some form of repayment assistance and restructuring across the region covering consumer, retail SME and Business Banking customers. Of this, RM79.9 billion was from Malaysia covering various relief programmes such as PEMERKASA Plus, PEMULIH and URUS.

As at early February 2022, the portion of relief programmes in Malaysia and other home markets has reduced as customers' cash flow pressures lessen and livelihoods stabilise with the reopening of the economies. Maybank customers in Malaysia still requiring financial assistance can apply either for the URUS programme, which is open until 31 March 2022 to eligible B50 customers, or through Maybank's own rescheduling and restructuring programme, called Maybank Repayment Assistance (MRA).

The MRA will continue to be available even after the expiry of the other repayment assistance programmes.

Dividend

The Board of Directors has declared a single-tier second interim dividend of 30 sen per share, comprising an electable portion of 7.5 sen per share under its Dividend Reinvestment Plan. This brings the full-year dividend to 58 sen per share, and translates into a payout ratio of 84.5% or RM6.84 billion in total.

Loans & Deposits

Total Group gross loans grew 5.7% Y-o-Y as at 31 December 2021, lifted mainly by increases of 8.7% and 4.1% respectively in its Singapore and Malaysia operations, while the Indonesia operations saw a slight decline of 3.2%. Steady growth was recorded in the Global Banking segment across all three home markets while the Community Financial Services (CFS) franchise recorded good growth in Singapore and Malaysia.

In line with the strategy to maintain a healthy liquidity base and expand the Group's low-cost funding structure, total CASA deposits rose 17.2%, driven by strong growth across all home markets. Consequently, the CASA ratio expanded to 47.1% as at December 2021 from 42.8% a year earlier. The strong CASA growth also helped lower the Group's cost of funds and lifted NIM for the full year by 22 bps to 2.32%.

Meanwhile, total Group deposits expanded 6.5%, led primarily by a 10.2% growth in Malaysia although this was moderated by a decrease of 6.9% and 0.4% in Singapore and Indonesia respectively as part of their strategy to reduce dependency on costlier fixed deposits.

Capital & Liquidity Strength

Maybank continued with its strategy to maintain robust capital and liquidity positions, with its CET1 capital ratio at 15.40%, and total capital ratio at 18.83% as at 31 December 2021, making it one of the best capitalised banks in the region. The Group's liquidity coverage ratio stood at a healthy 136.4%, way above the regulatory requirement of 100%.

Asset Quality

The Group registered an improvement in asset quality with its Gross Impaired Loans (GIL) ratio declining 24 bps to 1.99% in December 2021 from 2.23% a year ago. Meanwhile, loan loss coverage improved to 111.9% in December 2021 from 106.3% previously as a result of the additional provisioning undertaken and as several older impaired accounts were written-off throughout the year.

Notwithstanding this, Maybank continues to maintain stringent monitoring of its credit portfolios while at the same time, undertaking proactive engagement with clients facing financial distress to assist them in managing their commitments effectively.

Sectoral Review

Group Community Financial Services (GCFS) recorded an 8.8% rise in net operating income to RM14.05 billion for FY21. This was on the back of a 9.8% rise in net fund based income and 5.7% increase in net fee based income compared to a year earlier.

GCFS also registered a healthy loan growth, mainly supported by its Singapore and Malaysia operations which saw a Y-o-Y increase of 8.5% and 5.1% respectively. Growth in Malaysia was boosted by a 10.7% and 6.3% expansion in the SME and Business Banking segments respectively, while the Consumer segment registered a 4.4% Y-o-Y increase. CFS Malaysia deposits, meanwhile, increased by 9.3% Y-o-Y driven by CASA growth of 15.8%. Group Wealth Management, a key focus segment, maintained its steady progress with Total Financial Assets rising 6.1% Y-o-Y to RM396.5 billion, contributed by a 28.8% growth in investments.

Group Global Banking (GGB) registered a steady 6.3% rise in net fund based income to RM6.01 billion for FY21, contributed mainly by improvements in Group Corporate Banking & Global Markets, as well as healthy loans growth across Malaysia, Singapore, Indonesia and Greater China. Total net operating income, however, came in 5.5% lower Y-o-Y at RM9.85 billion due to a decline in net fee based income mainly from Global Markets' lower investment and trading income.

In line with Maybank Group's Sustainability Commitments, GGB completed various notable ESG deals across the ASEAN region, while its strategic focus to drive the investment management business saw Group Asset Management recording a commendable 8.1% Y-o-Y growth in Asset under Management (AUM).

The **Group's Islamic Banking** business saw a sterling 90.3% rise in PBT to RM4.43 billion compared with RM2.33 billion a year earlier boosted by a 24.8% increase in total income to RM6.68 billion. Within this business, **Maybank Islamic's** total gross financing rose to RM220.60 billion led by an 8.0% growth in its CFS segment and 2.0% rise by GB. As at December 2021, total Islamic financing constituted 64.9% of Maybank's total Malaysia financing while Maybank Islamic's market share of Islamic assets in Malaysia stood at 29.8%. Maybank ranked top in the MYR Sukuk league table with a 26.8% market share and ranked 3rd in the Global Sukuk League table with a market share of 7.8%.

Etika Insurance & Takaful saw a 5.4% rise in Total Net Adjusted Premium on the back of an 8.4% increase in Total Life & Family premium. However, PBT declined 8.3% Y-o-Y to RM909.7 million owing to lower marked-to-market value of its fixed income portfolio arising from the rise in yields in 2021. Etika remained top in the General Insurance and Takaful segment (in terms of Gross Premium) with a 14.3% market share and fourth in the Life/Family segment (New Business) with a 12.0% market share. Its total assets as at December 2021, meanwhile, rose 8.2% to hit RM52.8 billion from RM48.8 billion in 2020.

Key Home Markets

Maybank Indonesia reported a Profit after Tax and Minority Interests of Rp1.64 trillion for FY21, a 29.9% increase from Rp1.27 trillion in the previous year. This was on the back of lower provisions, declining cost of funds and overhead costs as well as better performance from the Shariah banking unit, as the economy gradually recovered in Indonesia. The declining cost of funds was mainly attributed to strong CASA growth of 18.5% to Rp54.26 trillion in December 2021. Net interest income, however, reduced Y-o-Y arising from lower loan growth and loan yields (attributed mainly to COVID-19 related restructuring) while net fee-based income declined on reduced global markets-related fees, offsetting a slight growth in wealth management fees. Nonetheless, the Bank turned in a net profit as overhead expenses declined 4.2% and provisioning costs fell 25.8% to Rp1.54 trillion due to pre-emptive provisioning made in the previous year.

Maybank Singapore registered a robust 77.2% increase in FY21 PBT to S\$324.92 million from S\$183.41 million a year ago. This was on the back of a 15.7% increase in net fund based income to S\$642.38 million, which was driven by loans growth and improving margins. Net fee based income, however, was lower at S\$268.44 million compared with S\$421.57 million a year earlier due to lower treasury fees arising from market volatility. Loans expanded 8.7% Y-o-Y led by a 9.5% growth in corporate loans and 8.5% increase in CFS loans as the country continued to recover from the pandemic. Deposits, however, declined 6.9% Y-o-Y to S\$48.0 billion as Maybank Singapore continued to let go of costly fixed deposits in favour of CASA acquisition. Consequently, its CASA ratio improved to 48.8% from 37.5% a year ago on expanded current account deposits.
