

# Maybank likely to see dip in profits, say analysts

Nst 1 4 AUG 2001

MALAYSIA'S largest banking group is expected to post a fall in net profit for the year ended June 30 due to lower income and higher operating expenses from recent mergers, analysts say.

The results from Malayan Banking Bhd, or Maybank, are closely watched for signs of how other banks will perform. Maybank is expected to release full-year earnings by the end of the month.

According to a consensus forecast of 27 analysts reported by the Multex survey firm, reported yesterday by Dow Jones Newswires, Maybank will post net profit of RM1.15 billion down from RM1.36

billion the year before.

Sluggish loan growth and an increase in non-performing loans due to the slowing Malaysian economy, suffering a downturn in electronics exports as the US downturn bites, are expected to trim Maybank's profits going forward, analysts say.

A factor that could hurt Maybank's bottom-line in the future is the amount of loans extended to Renong Bhd, Malaysia's largest corporate debtor with debts estimated at RM13 billion.

Prime Minister Mahathir Mohamad recently warned that banks will be expected to take a haircut in their recovery on loans. AP