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## PRESS RELEASE

### **BII Records 34% Increase in Net Profit on the Back of Strong Business Growth**

Jakarta - PT Bank Internasional Indonesia Tbk (“BII” or the “Bank”) today announced its consolidated net profit of Rp555 billion for the first nine months ended 30 September 2011, a 34% increase from the Rp415 billion in the previous corresponding period ended 30 September 2010. The increase was achieved on the back of solid growth across the Bank’s core businesses as well as from its overall operational improvements.

The Bank continued to book strong loan growth in the first nine months 2011, accompanied by better asset quality. The Bank recorded a 22% consolidated loan growth from Rp50.8 trillion in September 2010 to Rp61.9 trillion in September 2011. SME & Commercial loans contributed the largest growth of 26% from Rp17.6 trillion in September 2010 to Rp22.2 trillion in September 2011, followed by Corporate and Consumer loans which increased by 23% and 19% respectively compared to the same corresponding period in 2010. Corporate loans accounted for 24% of total loans, while SME & Commercial and Consumer Loans contributed 36% and 40% respectively. The Bank’s total asset as of 30 September 2011 increased 26% to Rp90.9 trillion from Rp72.2 trillion as of 30 September 2010.

Rahardja Alimhamzah, BII’s Acting President Director, said “I am pleased that our growth has resulted in the stronger bottom line. I am confident that our sustainable growth plan across all business segments will further improve our performance as we continue to capture higher market share while ensuring good asset quality. Our continued investments in the Bank’s infrastructure, IT, and Human Capital will support our sustainable business growth target”.

Total deposits from customers increased by 20% to Rp66.6 trillion as of 30 September 2011, up from Rp55.4 trillion recorded on 30 September 2010. Current Accounts grew 17% to Rp10.8 trillion as of 30 September 2011 from Rp9.2 trillion as of 30 September 2010, while Savings Accounts increased 18% to Rp14.8 trillion from Rp12.5 trillion and Time Deposits went up 22% to Rp41.1 trillion from Rp33.6 trillion. The loan to deposit ratio (LDR) remained at a comfortable level of 92.6% as of 30 September 2011.

“The Bank is continuously implementing series of innovative initiatives to further improve funding composition. Our branch and electronic channel expansions, innovative loyalty and acquisition programs, new product launchings combined with proven excellent service quality will certainly support and contribute to improvement of the funding composition as well as the growth of the Bank’s customer deposits,” added Rahardja.

“As part of the strategy to be the most connected transaction bank in Indonesia, we recently launched mobile banking service using the latest platform to provide convenience for our customers in undertaking banking transactions and bill payments. BII Mobile Banking connects with all electronic networks in Indonesia and has online and real time winning features to more than 80 banks under ATM Bersama, PRIMA/BCA and ALTO network. BII Mobile Banking combined with other BII electronic banking services have brought the Bank much closer to the customers, and thus will support us in increasing our customer base” added Rahardja.

The Bank’s growth across its business segments was accompanied by improved asset quality. BII’s gross non performing loans (gross NPL) level reduced to 2.54% as of September 2011 from 3.52% as of September 2010 and net NPL improved to 1.37% from 1.97%. The improvement in asset quality was achieved mainly through the Bank’s continuous effort in strengthening its risk management and credit processing while implementing quicker loan restructuring programs and closer monitoring of existing borrowers.

Loan loss provision expense in September 2011 marginally increased 8% from Rp854 billion in September 2010 to Rp921 billion in September 2011 due to the higher provision expense for WOM’s portfolio primarily related to its venture into second hand motorcycle financing.

The Bank’s net interest income (NII) improved by 16% YoY from Rp2,548 billion in September 2010 to Rp2,946 billion in September 2011 while the Bank’s Net Interest Margin (NIM) was pressured to 5.28% in September 2011 from 5.78% in the previous corresponding period. The tight competition in the banking industry has put pressure on the Net Interest Margin (NIM) across the banking industry.

Other operating revenues (fee based income) as of 30 September 2011 increased by 17% to Rp1,766 billion compared with Rp1,515 billion in the same period last year, contributing 37% of the Bank’s total income. The Bank’s total fee based income was mainly generated by increases in fees from corporate deals, treasury transactions, credit card usage, trade finance, remittances, and other services.

Total overhead costs increased 20% from Rp2,596 billion to Rp3,128 billion reflecting the Bank’s aggressive network expansion and investments in human capital as well as IT infrastructure throughout the first nine months 2011. Currently the Bank has 346 offices (including Syariah and overseas branches) and 1,088 ATMS including 51 CDMS.

The Capital Adequacy Ratio (CAR) with credit, market, and operational risks was at 12.33% as of September 2011 with Tier 1 Capital of Rp7.3 trillion and Tier 2 Capital of Rp 1.8 trillion. The Bank is currently looking to further strengthen its capital structure by increasing its Tier 2 capital.

Maybank Chairman and President Commissioner of BII, Tan Sri Dato’ Megat Zaharuddin bin Megat Mohd Nor added, “I am pleased with the improving performance of BII in the first nine months, which clearly demonstrates the value that BII creates for all stakeholders. It is satisfying to see that the intensive efforts by management to strengthen operations and build on capabilities have paid off and we now have a franchise that is indeed on a growth trajectory in terms of profitability and business expansion. In doing this, we always keep in mind the communities around our operations, providing them with products and services which are of value and fair prices, as part the Group’s mission to humanizing financial services across Asia”.

### **PT Wahana Ottomitra Multiartha (WOM)**

The Bank's subsidiary, PT Wahana Ottomitra Multiartha Tbk (WOM) has booked new financing of 424,000 unit motorcycles (equivalent to Rp5.2 trillion) as of 30 September, 12.7% lower compared to 486,000 units (equivalent to Rp5.7 trillion) in the same period last year. The decrease in the total financing was due to a conscious decision by the Management to redefine the used motorcycle business model and distribution channel to improve overall asset quality.

As a result of aggressive sales booking in 2010, WOM is saddled with a challenge in the quality of receivables, especially related to its venture into second hand motorcycle financing. WOM and the Bank continue to book impairment losses in 2011 due to this 2010 portfolio. As of September 2011, provision for impairment losses was doubled from Rp62 billion to Rp125 billion.

However there have been major management changes at WOM to strengthen its oversight of the overall business operations. Under these changes, WOM has undergone initiatives to improve its asset quality, strengthen collection, and increase asset recovery. WOM has developed new collection system to be rolled out in its branches. It has also taken steps toward better risk management and underwriting standards such as establishing processes based on risk level, implementing rigorous requirements for credit applications, and performing stringent appraisal.

These initiatives and changes combined with close vigilance from the Bank have started to bear positive results as the 2011 loan portfolio quality is now at its the best since 2008.

### **Note for Editor:**

BII is one of the largest banks in Indonesia with an international network that comprises 346 branches including five Syariah branches and 3 overseas branches, 1,088 ATMs including 51 CDMs (Cash Deposit Machines) BII across Indonesia, and also connected with more than 20,000 ATMs under ATM PRIMA, ATM BERSAMA, ALTO, CIRRUS, and Malaysia's MEPS network, and to more than 3,500 Maybank ATMs in Malaysia and Singapore as well as a banking presence in Mauritius, Mumbai and the Cayman Islands. As of 30 September 2011 total customer deposit base of Rp66.6 trillion and Rp90.9 trillion in assets, BII provides full range of financial services through its branch and ATM network, phone banking and internet banking channels. BII is listed on the Indonesia Stock Exchange (BNII) and is active in SME/Commercial, Consumer and Corporate banking.

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