

PRESS RELEASE

## **BII Records 15% Increase in Net Profit for First Six Months 2013**

**Strong Deposits Growth amidst the Current Challenging Market**

30 June 2013 Financial Highlights

**YoY growth**

- Net Interest Income increased by 9%
- Net Interest Margin (NIM) marginally reduced from 5.89% in June 2012 to 5.34 in June 2013
- Profit Before Tax (“PBT”) increased by 17% to Rp966 billion
- Profit After Tax and Minority Interest (“PATAMI”) increased by 15% to Rp681 billion
- Assets grew by 19% to Rp121.4 trillion
- Loans portfolio grew by 16% to Rp85.1 trillion
- Customer Deposits increased 19% to Rp91.1 trillion
- Asset quality improved further with gross NPL standing at 1.43% compared to 2.11% in June 2012 and net NPL at 0.73% compared to 0.98% in June 2012
- Return on equity recorded at 15.72%, while ROA stood at 1.61%
- Earnings per share increased by 15.1% to Rp12.10
- Total Shariah financing grew from Rp0.4 trillion to Rp3 trillion and net profit increased almost ten times reaching Rp99.9 billion in June 2013 from Rp9.7 billion in June 2012.

**Jakarta, 29 July 2013**

PT Bank Internasional Indonesia Tbk (“BII” or the “Bank”) today announced a profit after tax and minority interest (PATAMI) of Rp681 billion for the first six months 2013, an increase of 15% from the same period a year earlier. The Bank’s profit before tax increased by 17% to Rp966 billion compared to Rp824 billion in the corresponding period.

The improved results were achieved on the back of growth in operating income and much lower provisions, mitigated by faster increase in operating expenses.

Customer Deposits continued to see strong increase of 19% during the first semester 2013 to Rp91.1 trillion from Rp76.6 trillion in the first semester last year. Our strategy in leveraging our existing clientele base in Retail Banking, Business Banking and Global Banking by optimizing cross sell and encouraging referrals has yielded positive results in growing our customer deposits. In addition, our transformation project to improve branch sale productivity has also shown positive traction in generating deposits. Saving accounts recorded the highest growth of 27% from Rp16 trillion in June 2012 to Rp20.3 trillion in June 2013;

while current accounts grew by 12% to Rp15.1 trillion and time deposits increased by 18% to Rp55.7 trillion.

Loans grew 16% during the first semester 2013, from Rp73.5 trillion as at June 2012 to Rp85.1 trillion as at June 2013. Business Banking (\*) loans grew the fastest from Rp 23.5 trillion to Rp30.2 trillion or 29%. Retail loans increased 16% from Rp26.7 trillion to Rp31.1 trillion. Global Banking (\*\*) loans have returned to the growth track with 2% increase from Rp23.3 trillion to Rp23.9 trillion after the decrease in first quarter this year as a result of portfolio adjustment to proactively manage credit risk.

The four wheel business under BII Finance recorded significant growth with consolidated profit before tax surging 63% to Rp144.8 billion. Total Financing (consolidated) recorded by BII Finance stood at Rp7.9 trillion in June 2013 from Rp5.4 trillion in June 2012, or an increase of 47%. To support its business expansion, BII Finance successfully completed its bond issuance in June 2013, raising a total of Rp 1.3 trillion.

PT Wahana Ottomitra Multiartha Tbk (WOM), the two wheeler financing subsidiary of the Bank, also performed well, continuing its turnaround journey and recording total Financing (consolidated) for the first six month was Rp8.3 trillion compared to Rp9.7 trillion for the first six months 2012, due to the down payment regulations.

The consolidated loan to deposit ratio (LDR) improved from 95.39% in June 2012 to 91.52% as of end of June 2013. LDR at the Bank (excluding subsidiaries) remained at a healthy level of 85.0%, while the Bank's modified consolidated LDR which includes senior bond, long term borrowings and customer deposits stood at 78.9% as of 30 June 2013.

BII Syariah Banking has shown encouraging results since the implementation of its revamped business model. Total BII Syariah financing significantly increased from Rp 0.4 trillion in June 2012 to Rp3 trillion in June 2013, contributing 3.5% of the Bank's total loan from only 0.6% in June 2012. BII Syariah has also received numerous awards and recognitions such as "Most Profitable Bank" from Karim Business Consulting among Shariah Business Unit with assets size more than IDR500billion (Feb 2013), number two for "Service to Care" Award from Markplus (Mar 2013), Banking Service Excellence Award from Infobank - MRI - Third Place in Best Overall (June 2013), and "Best Performance Shariah Banking Unit" for asset size between Rp1 trillion to Rp5 trillion (July 2013).

To support business growth, the Bank has successfully completed the Rights Issue of Rp1.5 trillion in July 2013. The Rights Issue VI entailed the issuance of 4,690,165,897 new ordinary shares on the basis of one (1) new ordinary Share Class D for every twelve (12) existing shares with nominal value of Rp22.50 and at an offer price of Rp320 per share. Total net proceeds resulting from the Rights Issue VI will increase the Consolidated Capital Adequacy Ratio from 12.96% to 14.50%

Other key drivers which supported the Bank's performance during the year were as follows:

- A 9% YoY improvement in the Bank's net interest income (NII) from Rp2.6 trillion in June 2012 to Rp2.8trillion in June 2013 despite the slowdown of loans in the first quarter this year. Strong competition among banks for both loans and deposits has put pressure on the Net Interest Margin (NIM) across the industry, and this resulted in a decline of the Bank's NIM to 5.34% in June 2013 from 5.89% in the previous year.
- Increase of 5% in fee based income from Rp1.11 trillion to Rp1.17 trillion, mainly generated from fees of corporate deals, treasury transactions, credit card usage, trade finance, remittances, bancassurance, and other services.
- Strong improvement in asset quality. BII's gross non-performing loans (gross NPL) improved to 1.43% as of 30 June 2013 from 2.11% as of 30 June 2012. Net NPL improved to 0.73% from 0.98%. Gross impaired loans improved to 1.85% from 2.25% previously while net impaired loans were managed at 1.05%. The improvement in asset quality was achieved mainly through the Bank's prudent and disciplined credit underwriting and monitoring practices. Asset quality of the two-wheel portfolio at WOM showed further improvement, with net NPL improving to 1.41% from 1.75%.
- The Bank saw a 42% decline in provision expenses to Rp324 billion as of 30 June 2013 compared to Rp555 billion a year earlier, despite a 16% growth in loans.
- Increase in overhead costs of 17% as the Bank continued to expand its branch and electronic network as well as investment in both IT infrastructure and human capital. Overhead costs stood at Rp2.8 trillion in June 2013 compared with Rp2.4 trillion in June 2012. The cost to income ratio (bank only) increased from 65.7% as of 30 June 2012 to 71.0% as of 30 June 2013. With additional 18 new branches during the first semester 2013, the Bank's total branches have now reached 421 branches. These new branches are expected to generate positive economic value to the Bank in the near term.

**Comments by BII's President Director, Dato' Khairussaleh Ramli:**

"We managed to book respectable performance in the first six months 2013, in line with industry expectation. In the second quarter loans grew strongly by 6.8%, after a decline in the first quarter. Our transformation program continued to bear positive results that augur well for our long term sustainability. Going forward, whilst we applaud the preemptive actions to stem inflation by hiking interest rates, we can expect that loans growth will be affected for both the industry and for ourselves. However we remain optimistic for the financial year of 2013 as we emphasize on asset quality and manage our cost more effectively and be responsible in growing our book and leveraging our business synergy with the Maybank Group."

“To support Maybank Group customers which have business dealings and transactions in India, on 10 July we re-activated the operations of Mumbai branch, India. The operations of BII in Mumbai will open up new potential business opportunity for BII as India is considered one of the fastest growing economies globally. BII Mumbai will enhance both BII and Maybank Group’s presence beyond the ASEAN region”.

“Our capital position has been strengthened with the equity injection by our shareholders. The strong capital base will augur well for us in increasing our asset growth. We are pleased that our shareholders are committed to the long term growth strategy and potential for BII as an institution by subscribing to their rights entitlements.”

**Comments from President Commissioner BII and Chairman of Maybank Group, Tan Sri Dato’ Megat Zaharuddin bin Megat Mohd Nor:**

“The overall improved financial performance for the first six months amidst the challenging economic condition demonstrates the resilience of the Bank and prove that the Bank is built upon solid fundamentals. Together with ongoing efforts to boost our capabilities through all-round improvements in system, processes, people and cost-structure, we are confident to see sustainable profitable growth for the remaining 2013”

(\* ) To reflect the coverage expansion covering Micro, SME, Commercial, Financial Supply Chain Management and credit Management; the SME Banking is now called Business Banking

(\*\*) With greater focus and harmonization with the Group, Wholesale Banking is now called Global Banking

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**Note for Editor:**

BII is one of the largest banks in Indonesia with 421 branches including Syariah branches and overseas branches 1,426 ATMs including 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. BII has overseas presence in Mauritius and Mumbai. As of 30 June 2013, total customer deposit of Rp91.1 trillion and Rp121.4 trillion in assets. BII provides full range of financial services through its branch and ATM network, phone banking, mobile banking and internet banking channels. BII is listed on the Indonesia Stock Exchange (BNII) and is active in Business, Retail and Global Banking.

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