



PRESS RELEASE

BII Records 13.9% Increase in Net Profit for First Semester 2015 Amidst the Challenging Market Conditions

Consolidated Financial Highlights as of 30 June 2015

Y-o-Y growth

- Profit After Tax and Minority Interest (“PATAMI”) increased 13.9% to Rp388 billion from Rp341 billion
- Assets increased by 3.4% to Rp149.8 trillion
- Total loans increased by 2.4% from Rp106.0 trillion in June 2014 to Rp108.5 trillion in June 2015
- Business Banking loans grew by 13.1% to Rp43.3 trillion
- Retail Banking loans increased by 14.2% to Rp43.8 trillion
- NII increased 10.9% from Rp2.8 trillion to Rp3.1 trillion
- Net Interest Margin (NIM) improved to 4.73% in June 2015 from 4.48% in June 2014
- Fee Based Income increased by 8.5% to Rp 1.1 trillion
- Total Capital Adequacy Ratio (CAR) reached 15.68% with total capital of Rp18.2 trillion from Rp14.3 trillion in the previous year
- Sharia Banking’s total asset surged by 71% from Rp5.7 trillion to Rp9.7 trillion and net profit strongly significantly increased from a loss of Rp27 billion to Rp107 billion

USD1 = Rp13,332.50

Jakarta, 30 July 2015.

PT Bank Internasional Indonesia Tbk (“BII” or the “Bank”) today announced that its Profit After Tax and Minority Interests (PATAMI) increased 13.9% to Rp388 billion for the first semester ended 30 June 2015 from Rp341 billion in the previous corresponding period ended 30 June 2014 despite the macro economic slow down. Increase in Net Interest Income (NII) contributed to the improved performance and was achieved through the Bank’s discipline in loan pricing, active liability management and an intensive bankwide implementation of strategic cost management program.

The challenging business environment and weakened domestic economy impacted the Bank's loan growth in the first semester 2015. The Bank recorded a modest loan growth of 2.4% from Rp106 trillion in June 2014 to Rp108.5 trillion in June 2015.

Business Banking and Retail Banking continued to be the Bank's growth drivers as Global Banking strengthened its focus on re-profiling the Bank's corporate portfolio and on realigning business with redefined risk appetite toward higher credit quality corporate to improve asset quality.

Retail Banking loans grew by 14.2% from Rp38.3 trillion to Rp43.8 trillion, Business Banking loans increased by 13.1% from Rp 38.3 trillion to Rp 43.3 trillion, while Global Banking loans declined by 27.2% from Rp29.4 trillion to Rp21.4 trillion. Retail Banking and Business Banking loans each contributed 40% of the Bank's total loan portfolio while loans from Global Banking comprised the remaining 20% of the Bank's total loans.

Retail Banking posted a strong growth in the first semester 2015. Mortgage loans grew by 15.6% to Rp17.2 trillion on sound asset quality, while Unsecured loans increased by 19.7 % with Personal loans up by 48.6% and Credit Card receivables up by 8.8%. Electronic Banking has also shown a robust development with 81.0% retail transactions now using the Bank's electronic channels, propelling the growth in the Bank's e-channel's volume.

The Bank also saw a positive development in Business Banking as reflected by the 14.7% growth in Commercial loans from Rp21.8 trillion in June 2014 to Rp25.0 trillion in June 2015 and 7.2% growth in SME loan portfolio growth from Rp15.9 trillion in June 2014 to Rp17.0 trillion in June 2015. At the same time, asset quality metrics remained robust. Meanwhile, the distinctive micro financing product "PIJAR" (*Pilihan Bijak Mitra Usaha*) continued to show encouraging results with 118% micro loans increase compared with the previous year, to reach Rp1.2 trillion.

Product Innovations from Business Banking continue to fuel the growth in the Business Banking portfolio and revenue streams. In this first semester 2015, the Bank's Business Banking team was awarded, amongst others, the "Financial Insights Innovation Awards 2015 (FIIA 2015) by IDC Financial Insights on category for its CoOLPay (Corporate On-Line Payment) & BII Sinergi (Distribution Card) for Financial Supply Chain Management (FSCM). The Bank also received "the Best SME Bank 2015 Award" by Alpha Southeast Asia from over 200 competing Banks across Southeast Asia.

The Bank's Sharia Banking business continued to show strong results following the implementation of Sharia First strategy across the Bank's Line of Business and branches and its revamped business model. Total Sharia financing grew 50.8% from Rp4.9 trillion in June 2014 to Rp7.4 trillion in June 2015, contributing 7% of the Bank's total loan portfolio. Sharia

Bank's net profit strongly increased from a loss of Rp27 billion in June 2014 to Rp107 billion in June 2015

The Bank's customer deposits showed a modest growth of 1.1% for the first semester 2015 from Rp105.9 trillion as of 30 June 2014 to Rp107.1 trillion as of 30 June 2015, as it reduced reliance on time deposits and improved its CASA deposit mix. The Bank continues to exercise rigorous control and discipline over growth of liquidity volume and pricing, while intensively executing CASA initiatives across its business lines.

The Loan-to-Deposit ratio (Bank only, excluding subsidiaries) recorded 89.71% as of 30 June 2015, while the Bank's consolidated modified consolidated LDR (i.e. Loan to Funding Ratio) which includes borrowing, securities issued, sub debt and customer deposits remained at a healthy level at 83.77%.

Net Interest Income increased 10.9% from Rp2.8 trillion in June 2014 to Rp3.1 trillion in June 2015 as the Bank's Net Interest Margin (NIM) improved to 4.73% from 4.48%.

Other operating revenue (fee based income) as of 30 June 2015 increased by 8.5% to Rp1.1 trillion compared with Rp1.0 trillion in the corresponding period of the previous year. The Bank's higher focus on advisory activities, insurance and credit card related fees has contributed to higher fee income for the period.

The challenging domestic conditions led to an increase in the Bank's Non-Performing Loan (NPL) level which was at 3.48% (gross) and 2.35% (net). The Bank remains cautious over loan quality as businesses, especially its corporate portfolio in Global Banking, are still impacted by the current economic slow-down, and weakening of the Rupiah. As a precaution given the current economic conditions and to ensure prudent banking practices, the Bank has booked provisions expenses of Rp952 billion in June 2015 compared to Rp703 billion in June 2014.

BII Subsidiaries

BII Finance recorded strong consumer financing (stand alone) growth of 37.3% to Rp4.1 trillion in June 2015 from Rp3.0 trillion in June 2014. Asset quality remained solid with gross NPL only at 0.33 % and net NPL at 0.25%.

PT Wahana Ottomitra Multiartha Tbk (WOM) is, however, facing challenges although its total consumer financing (stand alone) increased 10.8% from Rp4.1 trillion in June 2014 to Rp4.6 trillion in June 2015 while the industry as a whole shrank. WOM also focused on the implementation of prudent risk management practice to ensure sound asset quality. WOM's gross NPL declined from 3.08% in June 2014 to 2.91% in June 2015 and net NPL remained at 1.5%. Management will intensify cost management and productivity improvement efforts in order to improve its results.

Comments by BII President Director, Taswin Zakaria:

“Despite challenging economic conditions, we managed to record healthier results in the first semester 2015 compared to first semester last year. While remain cautious in provisioning, I am pleased that we continue to demonstrate a better operating performance in the first six months. Our Retail Banking and Business Banking continued to have positive tractions, while we managed down our Corporate exposure in certain industries impacted by current market condition and focused on re-profiling our portfolio. We are working intensively to restructure the portfolio and work with our customers to actively deal with the current domestic challenges.”

“We maintain the view of continued challenging market condition for the rest of 2015, and will be selective in growing Bank’s portfolio while exercising strict pricing discipline for both loan and liquidity and intensifying efforts to improve productivity across the Bank. We will continue to implement rigorous cost management initiatives, optimize the benefits from our investments, and improve the overall operational efficiency.”

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

"The prevailing business environment in Indonesia remains challenging with slower growth in some areas. Nonetheless, I am pleased that Management’s focus in our differentiated strengths, including leveraging on the Maybank Group synergies has led to commendable results so far this year".

Note for editor

BII is one of the largest banks in Indonesia with 428 branches including Syariah branches and overseas branches 1,564 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 a banking presence in Mauritius and Mumbai. As of 30 June 2015, total customer deposit of Rp107.1 trillion and Rp149.8 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.
