Press Release

Maybank Indonesia's 1H 2019 Operating Profit rises 2.1% on Higher Interest and Fee Based Income

Consolidated Financial Highlights as of 30 June 2019

Y-o-Y growth

- Operating Profit Before Provision increased by 2.1% to Rp2.0 trillion
- Fee based income improved 14.1% to Rp1.2 trillion
- Net Interest Income grew by 2.4% to Rp4.0 trillion
- Global Banking loans grew by 25.6% to Rp37.8 trillion and total loans increased by 6.6% to Rp135.4 trillion
- Total deposits at Rp125.2 trillion, 10.1% higher than previous year
- Total Customer Deposits Sharia Banking grew 44.2% to Rp27.1 trillion
- Total asset Sharia Banking rose 15.3% to Rp33.7 trillion, contributing 18.3% of the Bank's consolidated total assets
- Financing to Deposit Ratio (FDR) Sharia Banking significantly improved from 121.9% in June 2018 to 88.5% in June 2019
- Strong capital position with Capital Adequacy Ratio (CAR) at 19.1% and total capital of Rp26.2 trillion

Jakarta, 29 July 2019

PT Bank Maybank Indonesia Tbk (Maybank Indonesia or the Bank) today reported a 2.1% increase in its operating profit before provisions to Rp2.0 trillion for the first semester ended 30 June 2019 compared with Rp1.97 trillion in the previous corresponding period. The growth of Operating Profit was mainly supported by improvement in fee based income, sustained strategic cost management and increased net interest income as loan growth reached 6.6% for the first six months of 2019.

Profit After Tax and Minority Interest (PATAMI), however, stood at Rp757 billion for the first semester ended 30 June 2019 compared with Rp933 billion as at 30 June 2018 due to the increase in loan loss provision as the Bank took a conservative stance in setting aside provision for business loans which were impacted by the continued challenging market conditions.

The Bank saw fee based income grow 14.1% to Rp1.2 trillion in June 2019 compared with Rp1.0 trillion in June 2018 driven by Global Market related fees, bancassurance, loan administration, loan recovery, and other services provided by the Bank. Net interest income increased by 2.4% to Rp4.0 trillion from Rp3.9 trillion while Net Interest Margin declined marginally by 28 bps to 4.8%. This was due to surplus liquidity as the Bank took a proactive stance to ensure the Bank has sufficient liquidity to mitigate any unforeseen risks during and post the general elections. The Bank will continue to implement discipline in loan pricing and active funding management to better mitigate pressures on margin.

Overhead costs remained under control with growth of 6.5% to Rp3.2 trillion in June 2019 from Rp3.0 trillion in June 2018 as a result of sound cost management initiatives across business lines and support units. Included in overhead costs are the incentives paid for mudharabah deposits which grew by 111.7%. Excluding these incentives, the actual operating costs reduced by 1.3% in June 2019.

Loans expanded by 6.6% to Rp135.4 trillion as at 30 June 2019 from Rp127.1 trillion as at 30 June 2018. Global Banking booked strong loans growth of 25.6% to Rp37.8 trillion from Rp30.1 trillion supported mainly by loans from State-Owned Enterprises (SOE) and top tier corporate for infrastructure and investment. Community Financial Services (CFS) Non-Retail loans, which comprise Micro and Small & Medium Enterprises (SME), grew by 1.6% to Rp54.6 trillion, while CFS Retail loans remained at Rp43.0 trillion as at June 2019. The Bank managed down exposures from Commercial accounts that had led to the increase in Non-Performing Loans (NPL) level and has actively carried out the restructuring of those accounts.

The Bank maintained a strong liquidity position with customer deposits increasing 10.1% to Rp125.2 trillion in June 2019. The Bank's Loan-to-Deposit Ratio (LDR – Bank only) was at a healthy level of 92.3%, while its Liquidity Coverage Ratio (LCR Bank) stood at 165.7% as of June 2019, way above the mandatory minimum of 100%. In the first semester 2019, the Bank also completed the issuance of Shelf Registered Bond II Tranche IV amounted Rp640.5 billion to further diversify and strengthen its liquidity profile.

The Bank increased its loan loss provision by 46.3% to Rp975 billion as of June 2019. This provisioning is mainly due to a few specific names in the commercial segment impacted by the weaker operating environment. The Bank continues to take a proactive stance to assist customers facing challenges and will continue to maintain a conservative stance in its risk posture to improve asset quality.

The Bank's capital position remained strong with its Capital Adequacy Ratio at 19.1% in June 2019 compared with 18.8% in the previous year and total capital of Rp26.2 trillion in June 2019 compared with Rp24.7 trillion in June 2018.

Sharia Banking

Sharia Banking recorded a growth of 15.3% in total asset reaching Rp33.7 trillion in June 2019 from Rp29.2 trillion in June 2018, making up 18.3% of the Bank's total consolidated assets while its total financing grew 4.9% to Rp24.1 trillion with Non Performing Financing (NPF) level of 3.0% (gross) and 2.1% (net) in June 2019 compared with 2.9%(gross) and 1.9% (net) in June 2018. Sharia Banking was successful in growing its total deposits which jumped 44.2% to Rp27.1 trillion in June 2019. This was driven by focused efforts to increase its customer base and the launch of innovative products such as hajj savings and My Arafah.

Subsidiaries

PT Maybank Indonesia Finance (Maybank Finance) continued to record an impressive performance with profit before tax increasing by 19.4% to Rp229 billion in the first semester 2019 despite a 3.8% reduction in its total financing. Maybank Finance continues to focus on ensuring sound asset quality management with lower NPL at 0.34% (gross) and 0.19% (net) as at 30 June 2019 compared with 0.65% (gross) and 0.38% (net) in the previous corresponding period.

PT Wahana Ottomitra Multiartha Tbk (WOM)'s total consumer financing (stand alone) reduced by 12.1% to Rp7.3 trillion as of June 2019 as the industry experienced declining business volume during the first six months of 2019. WOM chose to maintain a more cautious risk posture in line with the impact of the economy on the spending potential of its customer segment. WOM's loan loss provision increased 6.8% to Rp249 billion mainly due to the impact on its portfolio following the earthquake in Palu, Central Sulawesi in the first semester. The decline in its business volume and impact of force majeure resulted in a reduction of profit before tax to Rp99 billion in June 2019 from Rp139 billion in June 2018 (audited). WOM's gross NPL increased from 2.42% in June 2018 to 2.98% in June 2019; however, its net NPL improved from 1.27% to 0.81%. Going forward, WOM will continue to focus on growing the business with prudent risk management practices.

President Director of Maybank Indonesia Taswin Zakaria said, "The first six months of 2019 proved to be as challenging for growth as we had anticipated last year. Despite the slowdown in a number of areas, our core business and foundation remain intact and we will continue to grow our assets selectively to ensure sound asset quality. As we reinforce our ongoing recalibration of our retail business model, our next transformation journey will focus on optimizing technology to provide a better customer experience across all touchpoints. This will be marked by the launch of our new platform digital banking M2U and the revamp of our website. By doing so, we should be able to sustain value creation for the benefits of stakeholders while at the same time seize opportunities for future growth."

President Commissioner of Maybank Indonesia and Group President & CEO of Maybank, Datuk Abdul Farid Alias said, "Given the persisting subdued market conditions, we will maintain a prudent approach in pursuing growth by focusing on quality and productivity, while prioritizing effective management of costs and liquidity.

Our digital transformation agenda across the Group will drive Maybank Indonesia's next phase of growth and enable it to increase its customer base in a cost effective manner. We will also prepare our employees to be future ready and able to leverage the opportunities brought about by digitisation."

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