

Maybank Indonesia's Operating Profit Rises on the back of a 14.1% Increase in Fee Based Income

Consolidated Financial Highlights as of 31 December 2019

Y-o-Y growth

- Fee based income improved 14.1% to Rp2.6 trillion
- Gross Operating Income grew by 3.7% to Rp10.8 trillion
- Operating Profit Before Provision increased by 0.3% to Rp4.4 trillion
- Net Interest Income grew by 0.8% to Rp8.2 trillion
- Global Banking loans rose 3.4% to Rp32.1 trillion
- Total savings deposits up 5.4% to Rp21.0 trillion
- Total Sharia Banking Customer Deposits grew 9.4% to Rp25.5 trillion
- Total Sharia Banking assets rose 8.1% to Rp32.6 trillion, contributing 19.3% of the Bank's total consolidated assets
- Sharia Banking Financing to Deposit Ratio (FDR) improved significantly from 101.5% in December 2018 to 94.0% in December 2019
- Strong capital position with Capital Adequacy Ratio (CAR) at 21.4% and total capital of Rp26.8 trillion

USD1 = IDR13,883

Jakarta, 18 February 2020

PT Bank Maybank Indonesia Tbk (Maybank Indonesia or the Bank) today reported a 3.7% increase in its gross operating income to Rp10.8 trillion for the financial year ended 31 December 2019 compared with Rp10.4 trillion in the previous corresponding period. The growth in gross operating income was supported primarily by the improvement in fee based income during the period.

Operating profit before provision increased 0.3% to Rp4.4 trillion, while profit after tax and minority interest (PATAMI), stood at Rp1.8 trillion compared with Rp2.2 trillion a year earlier due to an increase in loan loss provision as the Bank maintained its conservative stance in setting aside provision for accounts primarily in the commercial segment impacted by the challenging economic environment. Loan loss provision rose 35.9% to Rp1.8 trillion as of December 2019.

The Bank saw a strong growth of 14.1% in fee based income to Rp2.6 trillion in December 2019 compared with Rp2.3 trillion for the same period last year, attributable mainly to Global Market related fees, bancassurance, investment, and e-channel transaction fees.

Net interest income rose 0.8% to Rp8.2 trillion while Net Interest Margin declined by 17 bps YoY to 5.07%. However, Net Interest Margin as at December 2019 was 10 bps higher compared with 4.97% in September 2019, owing to the Bank's ongoing efforts to improve loan yield and reduce cost of funds during the fourth quarter of the year. The Bank also managed to pare down its liquidity surplus and higher cost funds which was maintained during the first semester as a proactive stance to ensure sufficient liquidity to mitigate unforeseen risks during and post the general elections. The Bank will continue to maintain discipline in loan pricing and active funding management to better mitigate pressures on margin.

The Bank's strategy to reduce higher cost funds resulted in a 5.3% decrease in total customer deposits to Rp110.6 trillion as of December 2019 compared with Rp116.8 trillion in December 2018. Additionally, the Bank continues to actively manage its assets and liabilities to ensure optimal funding levels and cost at all times. The Bank's Loan-to-Deposit Ratio (LDR-Bank only) was at a healthy level of 94.1%, while its Liquidity Coverage Ratio (LCR-Bank only) stood at 145.2% as of December 2019, way above the mandatory minimum of 100%.

Total loans dipped 8.1% to Rp122.6 trillion as the Bank continued to maintain its conservative stance to grow selectively and took the decision to have an exit strategy for selected loans in the corporate and commercial segments which were not aligned with the Bank's risk appetite and posture. As of December 2019, Global Banking booked moderate loans growth of 3.4% to Rp32.1 trillion, while Community Financial Services (CFS) Non-Retail Loans was 17.1% lower to Rp48.3 trillion and CFS Retail loans declined 4.2% to Rp42.2 trillion.

Overhead costs remained under control with a 6.2% growth reaching Rp6.4 trillion in December 2019 from Rp6.0 trillion in December 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 79.3%. Excluding these incentives, the actual operating cost was flat at Rp5.6 trillion.

The Bank's non-performing loan (NPL) level stood at 3.3% (gross) and 1.9% (net) as at December 2019 compared with 2.6% (gross) and 1.5% (net) in December 2018. The Bank continues to take a proactive stance to assist customers facing challenges and maintain a suitable risk posture to safeguard asset quality.

The Bank's capital position remained strong with its Capital Adequacy Ratio at 21.4% in December 2019 compared with 19.0% in the previous year and total capital of Rp26.8 trillion in December 2019 compared with Rp26.1 trillion in December 2018.

Sharia Banking

Sharia Banking recorded a growth of 8.1% in total asset reaching Rp32.6 trillion in December 2019 from Rp30.2 trillion in December 2018, making up 19.3% of the Bank's total consolidated assets and 21.1% of the Bank only total assets. Total customer deposits increased 9.4% to Rp25.5 trillion from Rp23.3 trillion. Asset quality continued to improve as demonstrated by the decline in its Non Performing Financing (NPF) level to 2.0% (gross) and 1.6% (net) in December 2019 from 2.8% (gross) and 1.9% (net) in December 2018.

The Bank's Sharia First strategy and implementation of Leverage Model whereby the *Unit Usaha Sharia* has access to the resources of the whole Bank to develop and market all Sharia products played key roles in the outstanding performance of Maybank Indonesia's Sharia Banking.

Subsidiaries

PT Maybank Indonesia Finance (Maybank Finance) continued to record a healthy performance with profit before tax increasing by 11.6% to Rp476 billion for the full year 2019. Maybank Finance remains focused on ensuring sound asset quality management with lower NPL at 0.27% (gross) and 0.14% (net) as of December 2019 compared with 0.53% (gross) and 0.27% (net) in the previous corresponding period.

PT Wahana Ottomitra Multiartha Tbk (WOM)'s profit before tax rose 28.4% to Rp364 billion despite a 1.6% reduction in its total consumer financing (stand alone) from Rp7.5 trillion in December 2018 to Rp7.3 trillion in December 2019. This was due to its strategy to focus on quality dealers which resulted in better portfolio quality. WOM's multipurpose financing (*multiguna*) business also continues to deliver healthy growth. WOM recorded improved asset quality as reflected by the decline in NPL level to 2.0% (gross) and 0.6% (net) from 2.8% (gross) and 0.8% (net). Going forward, WOM will continue to focus on growing the business with prudent risk management practices.

President Director of Maybank Indonesia Taswin Zakaria said, "2019 was yet another challenging financial year, but we are pleased to have been able to improve our operating profits despite the reduction in loans growth. Banking transactional fees significantly increased and became our main source of income for the Bank during the period. Our newly revamped mobile banking application, M2U has shown positive traction increasing fee based income as well as customer acquisition. This has set a new benchmark in terms of customer experience and we are eager to see further expansion in our customer base as more users move into digital platforms."

“Going forward, we shall continue to focus on further improving our relationship with customers to have a better understanding of their financial needs and provide them with end to end financial solutions, as well as expanding our market share in profitable segments.”

President Commissioner of Maybank Indonesia and Group President & CEO of Maybank, Datuk Abdul Farid Alias said, “We are encouraged by the growth in our fee based income despite the challenging economic environment and believe that we have the necessary foundation in place to continue to leverage growth opportunities in the coming year. Given the uncertain global economic outlook, we will focus on growing responsibly through disciplined pricing and ensuring quality of assets, while prioritising effective management of costs and liquidity. At the same time, we will accelerate our Group digital transformation agenda to drive Maybank Indonesia’s next phase of growth and enable it to increase its customer base in a cost effective manner.”
