

Maybank Indonesia Takes Proactive Steps to Support Customers Impacted by the Pandemic

Consolidated Financial Highlights as of 31 December 2020.
(all percentages noted are on year on year (Y-o-Y) basis unless otherwise stated)

Y-o-Y Growth

- Profit after Tax and Minority Interests (PATAMI) at Rp1.3trillion
- Significant increase in Global Market and Wealth Management Fee Income:
 - 98.0% jump in Global Market fees to Rp681 billion
 - 51.7% rise in Wealth Management fees to Rp152 billion
 - 10.2% increase in Bancassurance fees to Rp158 billion
- Customer deposits grew 4.0% to Rp115.0 trillion from Rp110.6 trillion
- Low-cost CASA funds grew 13.0% to Rp45.8 trillion
- Global Banking Loans grew by 7.4%
- Overhead costs managed effectively, down 10.7% compared to last year
- Total Sharia Banking assets rose 8.1% to Rp35.3 trillion, contributing 20.4% of the Bank's total consolidated assets
- Total Sharia Banking deposits increased 7.8% to Rp27.4 trillion, supported by a 28.6% growth in Sharia saving accounts
- The Financing-to-Deposit Ratio (FDR) stood at 95.3% in December 2020 compared to 94.0% in December 2019
- Strong capital position with a Capital Adequacy Ratio (CAR) of 24.3% and a total capital of Rp27.1 trillion
- Significant increase in the total digital banking transactions in 2020:
 - Consumer related transactions jumped 110%, hitting 10 million transactions
 - Business related transactions increased by 36.2% to 970,000 transactions

Jakarta, 19 February 2021 - PT Bank Maybank Indonesia, Tbk. (Maybank Indonesia or the Bank) today announced that its Profit After Tax and Minority Interests (PATAMI) for the financial year ended 31 December 2020 came in at Rp 1.3 trillion from Rp1.8 trillion in the previous year.

The Bank recorded a significant increase in its digital banking transactions both in the retail segment and corporate segment as customers use more digital services amid the Covid-19 pandemic conditions. Total transaction volume made through M2U (digital banking platform for consumer) in 2020 jumped 110%, hitting 10 million transactions. Total customer deposits acquired through M2U surged 190.2% to reach Rp3.4 trillion. Meanwhile, the total transaction volume made through M2E (digital banking platform for corporate) jumped by 36.2% to 970,000 transaction, with funds collected increased by 78.8% to Rp14 trillion.

The performance of the Bank was supported by a continued reduction in cost of funds and effective management of overhead costs. Overhead cost declined by 10.7% to Rp5.7 trillion owing to continued cost management initiatives across the organization combined with reduction in general and administration cost due to implementation of work from home arrangements during the pandemic. However, the Bank experienced a 10% reduction in income due to decrease in fee based income and net interest income as a result of the Large Scale Social Restriction (*PSBB*) and the impact of slowing down business activities following the Covid-19 pandemic.

The Bank's fee based income decreased by 8.0% to Rp2.4 trillion in December 2020 compared to Rp2.6 trillion in the same period last year. Last year, Maybank Indonesia included a one-off income of Rp219 billion from a domestic arbitration settlement and tax-related income. Excluding this one-off income, the recurring fee income grew slightly by 0.5%. There was a significant increase in wealth management-related transactions and Global Markets income which more than doubled in 2020. These increases helped offset the reduction from loan-related fees and the drop in business activities arising from the pandemic.

Net interest income fell 11.1% to Rp7.3 trillion, due to reduction in loan balances as the Bank continued to maintain selective loan growth strategies due to the pandemic situation. Net Interest Margin also decreased by 51 basis points to 4.6% at the end of December 2020 due to the decrease in loan yields.

The loan yields decline was in line with the reduction in Bank Indonesia rates and the loan restructuring program to assist customers whose businesses were impacted by the Covid-19 pandemic. The Bank continues to maintain discipline on lending rates and manage its liquidity to better mitigate pressure on margins.

Customer deposits, including deposits made through digital banking facilities, grew 4.0% to Rp115.0 trillion from Rp110.6 trillion. In line with Maybank Indonesia's strategy to reduce the high cost of funds through higher use of digital banking as well as efforts to increase corporate clients, the total CASA balance grew 13.0% to Rp45.8 trillion as of December 2020 compared to Rp40.5 trillion in December 2019.

Loan loss provision expenses increased by 16.5% to Rp2.1 trillion in December 2020 due mainly to the first time implementation of PSAK 71 and the Bank also took conservative measures to provide provisions in almost all of its business portfolio segments in response to the Covid-19 pandemic.

The Bank continues to actively maintain the quality of its assets and liabilities to ensure it operates with an optimal level of funding and costs at all times. The Loan-to-Deposit Ratio (LDR-Bank only) was at a healthy level of 79.2% while the Liquidity Coverage Ratio (LCR-Bank only) stood at 214.1% as of December 2020, well above the mandatory minimum of 100%.

The Covid-19 pandemic resulted in a declining demand for loans. In line with the Bank's efforts to manage risks effectively during the pandemic, Maybank Indonesia stepped up the monitoring of assets across all business segments and actively engaged its customers to help them manage the impact of the pandemic on their business. This included selectively leveraging the Financial Services Authority's (OJK) relief and restructuring program to reschedule loan payments and help customers maintain their business continuity.

Total loans disbursed in 2020 decreased by 14.1% to Rp105.3 trillion as Community Financial Services (CFS) Non-Retail loans declined 23.8% to Rp36.8 trillion and CFS Retail loans also fell 19.3% to Rp34.0 trillion. Global Banking however, posted a loan growth of 7.4% Y-o-Y to Rp34.5 trillion.

The Bank's Non-Performing Loans (NPLs) stood at 4.0% (gross) and 2.5% (net) respectively as of December 2020, compared to 3.3% (gross) and 1.9% (net) in a year ago period. The Bank's NPL had gradually improved on quarterly basis since first half of 2020 which stood at 5.0% (gross) and 4.3% (gross) in June and September 2020 respectively.

Bank will continue to take proactive measures to anticipate impact to its portfolio and will remain vigilant over asset quality through its prudent stance and stringent risk management approach.

Maybank Indonesia's capital level remains strong with CAR standing solid at 24.3% as of December 2020 compared with 21.4% in the same period last year. Total capital was higher at Rp27.1 trillion in December 2020 than Rp26.8 trillion in December 2019.

Sharia banking

Sharia Banking business contributed 16.2% of the Bank's profits and comprises 20.4% of the Bank's total consolidated assets.

Amidst challenging conditions last year, Sharia Banking continued to book a healthy growth in total assets, which grew by 8.1% to Rp35.3 trillion in December 2020 from Rp32.6 trillion in December 2019.

Total customer deposits from Sharia Banking increased 7.8% to Rp27.4 trillion from Rp25.5 trillion supported by 28.6% growth in Sharia savings. However, asset quality of Islamic Banking had also been under pressure during the pandemic, and Non-Performing Financing (NPF) stood at 3.2% (gross) and 2.1% (net) in December 2020 compared with 2.0% (gross) and 1.6% (net) as of December 2019.

The Bank's "Sharia First" strategy and the Leverage Model's implementation have played strategic roles in the significant increase of Sharia Banking businesses of Maybank Indonesia. Under the Leverage Model, supported by OJK, the Bank's Sharia Business Unit is allowed to access all Bank resources to develop and market Sharia-related products. This has resulted in the impressive Sharia assets growth over the past five years of 17.1%.

Maybank Indonesia's initiatives to support the Government in combating COVID-19

As the impact of the Covid-19 pandemic started to be increasingly evident since the second quarter of 2020, the Bank has been closely monitoring its assets across all business segments while at the same time proactively engaging with its debtors to better assess the impact to their businesses. The Bank has offered assistance to review whether they need restructuring and rescheduling (R&R), in order for the businesses to sustain.

In assisting the Government's efforts to procure vaccine, Maybank Indonesia is the first Bank to provide loan facilities related to vaccine procurement amounting to USD185 million. This is part of our commitment to overcome this Covid-19 pandemic.

In addition to focusing on sustaining performance throughout 2020, Maybank Indonesia, has played an active role in carrying out its social responsibility for the local communities affected by the pandemic. The Bank had provided personal protective equipment (PPE) distributed to several hospitals as well as food packages to various marginalised communities in Jakarta and its surroundings.

The Bank has also been active in conducting economic empowerment training programs for people with disabilities and the marginalised communities through its RISE (Reach Independence & Sustainable Entrepreneurship) 2.0 programme. This programme was aimed to help those affected by the pandemic to keep their businesses afloat. Last year, Maybank Indonesia organised 35 training programs throughout 16 cities, joined by 1,647 participants.

Subsidiaries

PT Maybank Indonesia Finance (Maybank Finance)

PT Maybank Indonesia Finance which focuses on four-wheel automotive financing, delivered a commendable performance during these challenging times. Profit before tax fell only slightly by 1.3% to Rp470 billion in 2020 fiscal year despite the drop in four-wheel vehicle financing by 8.7% during pandemic. NPLs were relatively stable at 0.3% (gross) and 0.2% (net) as of December 2020. This compares to 0.3% (gross) and 0.1% (net) in the same period last year.

PT Wahana Ottomitra Multiartha, Tbk. (WOM)

PT Wahana Ottomitra Multiartha, Tbk. (WOM)'s business is primarily two-wheel automotive financing which was greatly impacted by weaker consumer buying power during this pandemic. There was a 38.8% decline in automotive financing which resulted in a 76.0% decrease in profit before tax to Rp87 billion. WOM's NPLs edged up to 2.8% (gross) and 1.2% (net) from 2.0% (gross) and 0.6% (net). Moving forward, WOM will continue on focusing to grow its business with a more prudent practice.

Maybank Indonesia President Director, Taswin Zakaria said, "Our performance has been impacted by the unprecedented challenges presented by the Covid-19 pandemic. Nevertheless, we managed to offset declining income from loans with fee income resulting from Global Market, Wealth Management and Bancassurance fees. At the same time, restrictions on community activities and social distancing has changed our consumer behavior to rely more on online transactions which accelerated growth in our digital banking."

"Going forward, we intend to expand our digital banking services further and implement digitization and robotic process automation (RPA) at our branches to encourage greater efficiency and higher productivity. Focus will also be made on maintaining healthy assets and loan growth, employing a selective approach in the Global Banking segment, and adjusting our CFS Retail-segment business model that is expected to positively contribute to the Bank's profitability."

Maybank Indonesia President Commissioner, Datuk Abdul Farid Alias said, "Although it has been an extremely challenging year, the Bank has remained resilient. We have been able to put in the necessary system and processes to ensure a seamless transition for employees to work from home."

“Our focus, going forward, is to remain committed to supporting our stakeholders to weather through the uncertainties, and ensure that they remain sustainable in the long term.”
