

Press release

Maybank Indonesia Records Rp501 Billion Profit Before Tax (PBT) in Q1 2021, Advancing with Its Digital Banking Growth

Consolidated Financial Highlights as of 31 March 2021

(The figures presented here are the Bank's financial statements during the first quarter period ended 31 March 2021, compared to the same period in 2020 (Y-o-Y) unless stated otherwise)

Y-o-Y Highlight of Q1 2021

- Profit Before Tax recorded at Rp501 billion, 31.8% lower than the Rp735 billion recorded last year
- Fee-based income lower by 24% to Rp453 billion due to lower Global Market fees
- Strong growth in Bancassurance income (89.7%) and Wealth Management income (33.8%)
- Continue to manage costs effectively as overheads reduced by 11.4%
- Strong liquidity with Current and Savings Account growth of 9.6%, hence CASA ratio improved from 37.4% to 41.0%
- Capital remains to be strong with Capital Adequacy Ratio (CAR) at 25.3%
- Continued growth in Shariah Banking as:
 - PBT grew 58.2% to Rp173 billion
 - Assets grew by 12.9% to Rp35.9 trillion
 - Deposits grew by 13.2% to Rp29.5 trillion
- Significant growth in digital banking as follows:
 - Deposits acquired through Maybank2u (M2U) increased 150% y-o-y
 - Number of transaction on M2U increased by 55%

Jakarta, 29 April 2021 - PT Bank Maybank Indonesia, Tbk. (Maybank Indonesia or the Bank) today announced its Consolidated Financial Results for the first quarter ended 31 March 2021, with Profit Before Tax (PBT) coming in at Rp501 billion, a decline of 31.8% compared to last year. The Bank's Profit After Tax and Minority Interest (PATAMI) for the first quarter reduced from Rp538 billion the previous year to Rp381 billion. This was due to the ongoing impact of the Covid-19 pandemic in the first quarter of 2021.

However, on a QoQ basis, PATAMI has improved by 127.6% as a result of the Bank capitalizing on selective opportunities in an improving market through its digital banking services. Credit cost also reduced on a QoQ basis as the Bank continues to remain disciplined in managing assets quality.

Net interest income (NII) eased by 13.7% to Rp1.7 trillion owing to a decline in loan balances as the Bank continued to see loan redemption, while the Bank continued to maintain selective loan growth strategies due to the pandemic situation.

Net interest margin (NIM) also decreased by 61 basis points to 4.35% at the end of the first quarter of 2021 from 4.96% in March 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 and incomes were impacted by the Covid-19 pandemic. However, the Bank managed to reduce its cost of funds by 126 basis points through continue focus on growing CASA in its liquidity to better mitigate pressure on margins.

Fee-based income fell by 24% to Rp453 billion due mainly to lower GM related fee income. This was partially offset by the increase in Bancassurance and Wealth Management fees which jumped by 89.7% to Rp65 billion and 33.8% to Rp40 billion, respectively.

Prudent approach

For the quarter under review, the Bank maintained a selective approach in disbursing its loans given the ongoing pandemic which disrupted the market. In line with this, Maybank Indonesia's total outstanding loans declined 17.2% to Rp101.7 trillion as of 31 March 2021, from Rp122.9 trillion as of 31 March 2020.

Nonetheless, Maybank Indonesia will continue to proactively support its customers facing challenges, and focus efforts on restructuring eligible loans to ensure their sustainability and going concern as well as maintain the Bank's asset quality.

Overhead costs under control

Maybank Indonesia continued with efforts to manage overhead costs (OHC), resulting in a 11.4% decline to Rp1.4 trillion in the first quarter of this year. This was supported by the Bank's continuous cost management efforts as well as its prudent approach across all business lines during the work from home period.

Digital banking offering enhance ease

In the first quarter of 2021, the Bank continued to accelerate its digital banking roll out by adding more features to its M2U application, offering enhanced ease for customers particularly in managing their personal finance.

M2U is an all-in-one application that offers customers with hassle-free and modern lifestyles features. Customers can open an account instantly leveraging its digital Know Your Customer (digital KYC) features, make payments using QR Pay, undertake online bill payments as well as make donations online.

The M2U application is now supported by features that allow customers to control their personal finance and investment, including purchasing online Conventional and Sharia mutual funds, retail government bonds, and health insurance products. M2U also offers additional security features - Secure2u, to ensure safer, easier and faster banking transactions.

In the near future, M2U will offer additional features to help customers better manage their spending and finances, track their monthly auto-debit bills, enjoy various lifestyle-related products, and many more.

The Bank's digital transformation has shown promising results, as reflected by increased customer acquisitions and higher transaction volumes. Financial transactions made through M2U jumped more than 55%, hitting more than 3 million transactions in Q1 2021. More than 32,000 new accounts/savings were also opened online via M2U during that period. Third-party funds generated through M2U have exceeded Rp4 trillion, all of which have supported the Bank's funding significantly.

Shariah banking

The Bank's 'Sharia First' strategy and its Leverage Model continue to be instrumental in the significant increase of its Sharia Banking businesses.

Maybank Indonesia's Shariah Banking continued to register solid earnings, with Profit Before Tax jumping 58.2% to Rp173 billion. Meanwhile, Shariah financing edged up by 3.5% to Rp25.3 trillion from Rp24.4 trillion.

Third-party funds of Shariah Banking rose 13.2% to Rp29.5 trillion from Rp26.1 trillion, driven by a significant 42.6% growth in Shariah low-cost funds (CASA).

Meanwhile, Shariah Banking's Financing to Deposit Ratio (FDR) improved to 85.5% as of 31 March 2021, from 93.8% a year-ago. Total assets increased by 12.9% to Rp35.9 trillion, contributing 20.7% of the Bank's total consolidated assets as of 31 March 2021, compared with 17.5% in the same period last year.

Financial ratios remain relatively stable

Despite the challenging environment, the Bank's financial ratios remained relatively stable, with non-performing loan (NPL) at 4.2% (gross) and 2.4% (net) in March 2021 compared with 4.0% (gross) and 2.5% (net) at the end of Q4 2020. The Loan to Deposit Ratio (LDR Bank Only) stood at 76.0%, and the Liquidity Coverage Ratio (LCR Bank Only) at a robust 202.0% as of Q1 2021, far beyond the required minimum level of 100%.

Third party funds were stable at Rp117.1 trillion in March 2021, with CASA growing 9.6% to Rp48.0 trillion, on the back of a 23.3% increase in Current Account deposits. Consequently, the Bank's CASA ratio improved to 41.0% from 37.4% a year earlier.

The Bank's capital position grew stronger, with its Capital Adequacy Ratio at 25.3% in March 2021, compared with 20.6% in the previous year. The Bank's total capital also increased to Rp26.9 trillion from Rp26.2 trillion.

Continuous support to the public and customers

Since the start of the Covid-19 pandemic in Q2 2020, the Bank has consistently monitored its assets and liabilities across all business segments. It has also been proactive in helping borrowers analyse the pandemic's impact on their businesses, and assessing whether there is a need for restructuring and rescheduling (R&R) their payments to help borrowers and support business continuity.

As part of efforts to broaden its Sharia banking services, the Bank inaugurated three new sharia branch offices in Jambi, Malang and Aceh during the quarter. Maybank Indonesia now operates 18 Sharia branches in Indonesia.

The Bank has also engaged in various economic empowerment training programmes for people with disabilities and marginalised communities through the RISE (Reach Independence & Sustainable Entrepreneurship) 2.0 programme to help those affected by the pandemic to continue running their business. There are currently 47 training programmes implemented in 20 cities, with 2,123 participants.

President Director of Maybank Indonesia Taswin Zakaria said, "Our financial performance (Q1 2021) is reflective of continued challenging conditions in this new year. We are continuously monitoring the risks within all our portfolios while at the same time pursuing all available opportunities, especially through our digital banking services."

"Nevertheless, we will remain cautious and vigilant in mitigating the prolonged impacts of the pandemic and will continue providing support to customers to ensure their business sustainability."

Taswin added that the Bank remained optimistic that the economy will recover this year on the back of the government's stimulus and the Covid-19 vaccination programmes.

President Commissioner of Maybank Indonesia Datuk Abdul Farid Alias said, "Despite the weaker economic environment, we are confident that our strong asset and liability management capabilities and robust capital and liquidity levels will help us face the challenges in the coming quarters. We are pleased with the growth in Sharia financing, following the continued implementation of our 'Sharia First' strategy. Our experiences have taught us to remain focused on turning challenges into opportunities, and we are at the same time reinforcing our brand positioning by boosting our digital banking and remain focused in customer experience, to place us on a stronger footing for the expected economic upturn."

Subsidiaries

PT Maybank Indonesia Finance (Maybank Finance)

Profit Before Tax (PBT) of PT Maybank Indonesia Finance (Maybank Finance) declined 12.8% to Rp106 billion during Q1 2021, as four-wheeled financing dropped by 19.9%, affected by weaker consumer buying power.

Asset quality remains healthy, although NPL increased marginally to 0.41% (gross) and 0.20% (net) as of March 2021 compared with 0.26% (gross) and 0.15% (net) in the same period last year.

Despite the lower Q1 2021 performance, Maybank Finance remains optimistic that growth in the four-wheeled financing sector will rebound this year on the back of the government's tax incentives on sales of four-wheeled vehicles. The government had announced a reduction in VAT for Luxury Goods (PPnBM) which includes four-wheeled vehicles effective 1 March 2021 and this is expected to drive car sales in Indonesia.

PT Wahana Ottomitra Multiartha Tbk (WOM)

Although the pandemic resulted in weaker consumer purchasing power which impacted motorcycle financing industries, WOM managed to book a Profit Before Tax (PBT) of Rp31 billion in March 2021. This was lower than the Rp57 billion in March 2020.

Total consumer financing (WOM only) fell 40.8% to Rp4.3 trillion from Rp7.2 trillion. WOM's NPL levels increased to 2.48% (gross) and 1.16% (net) in March 2021, compared with 2.12% (gross) and 0.68% (net) in March 2020.
