

Press release

1 November 2021

Maybank Indonesia's Profit Before Tax (PBT) Increases 2.1% to Rp1.48 Trillion for the Nine Months FY2021

Consolidated Financial Highlights as of 30 September 2021
(All percentages noted are on year-on-year (Y-o-Y) basis unless otherwise stated)

Y-o-Y Growth

- Profit before Tax (PBT) increased 2.1% to Rp1.48 trillion;
- Fee-based income declined 14.8% due to lower Global Markets fees;
- Bancassurance continued its growth momentum by 43.2%;
- Continue to manage costs effectively as overheads reduced by 3.5%;
- Strong liquidity with Current and Savings Account (CASA) ratio of 44.7%;
- Total outstanding loans declined 9.7% to Rp98.79 trillion;
- Capital remains strong with Capital Adequacy Ratio (CAR) at 26.6% and total capital of Rp27.67 trillion;
- The Bank's Loan to Deposit Ratio (LDR) stood at 84.5%;
- Growth in Shariah Banking Unit as:
 - PBT grew 21.5% to Rp403 billion;
 - Assets grew by 3.6% to Rp37.06 trillion;
 - CASA grew strong by 35.5% despite total Deposits declined by 5.7% to Rp25.93 trillion;
- Significant growth in digital banking:
 - M2U ID App (application) and Web (internet banking) registered a 16.9% increase in financial transactions to more than 10 million transactions from a year ago. It increased 9.1% on a Q-o-Q basis.

PT Bank Maybank Indonesia, Tbk. (Maybank Indonesia or the Bank) today announced its Consolidated Financial Results ended 30 September 2021, with Profit Before Tax (PBT) at Rp1.48 trillion, increased by 2.1% from Rp1.45 trillion in the same period last year due to lower provisions, declining cost of funds and overhead costs.

The Bank's Profit After Tax and Minority Interest (PATAMI) declined 3.3% in the first nine months of 2021 to Rp1.06 trillion from Rp1.10 trillion in the same period last year. This was attributed to tax valuation adjustment resulting from deferred tax expenses.

Net Interest Income (NII) decreased by 4.7% to Rp5.35 trillion in the first nine months of 2021, impacted from lower loan growth and decreasing trend in loan yield, in line with the reduction in Bank Indonesia rates and ongoing restructuring of customers' loans impacted by the pandemic. However, Net Interest Margin (NIM) increased by 6 basis points to 4.8% in September 2021, which was attributed by sustained reduction in cost of fund.

Fee-based income declined 14.8% in the first nine months of 2021, primarily due to declining global markets-related fees. However, bancassurance fees grew by 43.2% to Rp152 billion in the first nine months of 2021. On a quarter-on-quarter basis, fee-based income increased by 4.8% to Rp522 billion in third quarter of 2021 from Rp498 billion in the second quarter of 2021.

While net interest and fee-based incomes were lower due to the ongoing pressure from the prolonged pandemic, the Bank's PBT was supported as provisioning cost tapered due to pre-emptive provisioning made previously and well-contained overhead costs.

Maybank Indonesia had taken conservative measures, since 2020, to set aside provisions for accounts, across all business segments, impacted by the challenging economic environment. The Bank also continued its efforts to assist customers facing challenges and focused on credit restructuring to safeguard asset quality. This pre-emptive provisioning combined with positive improvement from the restructuring has now contributed to a drop in loan-loss provisions by 26.4%. The Bank maintained its risk posture at a healthy level to ensure it continues to register sound asset quality.

The Bank's consolidated non-performing loans (NPL) ratio stood at 4.6% (gross) and 2.9% (net) in September 2021. The ratio was impacted by the reduction in loans despite the Bank manage to reduce actual NPL loans by 4.2%.

On overheads, the Bank has successfully kept its overhead costs under control, which fell 3.5% to Rp4.26 trillion. This was supported by continuous cost management efforts across the organisation relating to work from home policy during the pandemic. The Bank remains disciplined in managing its operational costs, ensuring that every expense incurred contribute to increase in revenue.

Amidst the pandemic, the Bank maintained a conservative risk appetite in loan approval and disbursement to protect asset quality. The Bank's total outstanding loans declined 9.7% to Rp98.79 trillion as Global Banking loans declined by 6.0% and Community Financial Services (CFS) loans declined by 11.5%, in which CFS Non-Retail and CFS Retail loans declined by 17.0% and 5.5% respectively.

Mortgage loans under the CFS-Retail portfolio, however, which saw a turnaround in loan disbursement in the previous quarter, continued to grow positively by 5.9% in the first nine months of 2021 to Rp14.82 trillion from Rp13.99 trillion in the same period last year. On a quarterly basis, mortgage loans also grew 2.8% from Rp14.42 trillion in the previous quarter (Q2).

Customer deposits declined by 12.6% to Rp101.88 trillion mainly due to reduction in time deposits by 19.9%. This was in line with the Bank's strategy to maintain strong liquidity and efficient cost of funds, by trimming the high-cost funding.

The Bank registered a stronger funding profile, as reflected by its CASA ratio, which stood at 44.7% of the total customer deposits in September 2021. This level improved from 39.7% in the same period last year. The Bank's CASA fell slightly by 1.5% to Rp45.54 trillion in September 2021 from the same period last year.

The Bank's liquidity remained strong, with Loan to Deposit ratio (LDR Bank only) at a healthy level of 84.5%, while its Liquidity Coverage Ratio (LCR Bank only) stood at 175.0% in the first nine months of 2021. This exceeded the regulator's minimum level of 100.0%.

Capital position was also strong, with Capital Adequacy Ratio (CAR) standing at 26.6% in September 2021, compared with 23.5% in the previous year. The Bank's total capital also increased to Rp27.67 trillion in September 2021 from Rp26.66 trillion in September 2020.

Digital Transformation

Maybank Indonesia continues to improve its M2U ID digital banking services, which offer internet banking (web) and applications (App)-based services. In the third quarter of 2021, the Bank introduced e-KYC and Biometric technology to support easier and faster online registration for opening an account without a need for face-to-face video calls or pay a visit to branch offices for the verification process.

After completing the online verification process, customers can directly proceed to open a bank account and choose various products, from regular savings account, term savings, time deposits, and investment products such as mutual funds and insurance via M2U ID.

On top of that, through the M2U ID App, customers can make cashless withdrawals using QR code at Maybank's ATMs all over Indonesia that support the feature.

The Bank recorded an increase in financial transactions through M2U ID (App and Web) by 16.9% to 10 million transactions by the end of September 2021. On a quarterly basis, financial transactions made through M2U ID grew by 9.1%.

Shariah Banking Unit

The Shariah Banking Unit's PBT increased 21.5% to Rp403 billion despite the challenging market conditions. This was supported by the Bank's ongoing focus to increase efficient funding and reduce high-cost savings. Although Customer deposits fell by 5.7% to Rp25.93 trillion, total CASA increased by 35.5% to Rp9.03 trillion in September 2021.

The total Shariah Banking Unit's financing declined by 1.5% to Rp24.81 trillion in September 2021. On the other hand, the total assets of the Shariah Banking Unit rose 3.6% to Rp37.06 trillion as of September 2021 versus Rp35.77 trillion last year. Shariah Banking Unit's assets contributed 24.1% of the Bank's total consolidated assets.

Maybank Indonesia continues to implement the "Shariah First" strategy to promote Islamic financial solutions through a Leveraged Model. This allows the Shariah Banking Unit to access and utilise all the Bank's resources and networks to market and distribute its Shariah financial products. This has significantly helped boost the Shariah Banking Unit performance.

Bank's support to customers and the community

Maybank Indonesia continued to actively engage with customers to analyse the impact of the pandemic on their businesses. This included the need for restructuring and rescheduling (R&R) schemes on their payments, where required, to ensure business continuity.

Following the spike in Covid-19 positive cases between July-August 2021, the Bank took part in assisting the Government in dealing with the pandemic through its CSR programme *Maybank Berbagi* by distributing medical supplies in the form of oximeters, sphygmomanometer (blood pressure monitor), multivitamins, microporous hazmat, N95 masks, protective gowns, face shields and safety goggles targeting health workers in Indonesia.

The procurement of medical supplies was carried out in collaboration with Benih Baik. On top of that, the Bank, through its Shariah Business Unit's charity fund and in collaboration with Aksi Cepat Tanggap (ACT) Care for Humanity, also distributed oxygen tanks and the refills to help Covid-19 positive patients.

The medical supplies were distributed to 25 hospitals across 11 provinces in Indonesia with a total aid value of approximately Rp2 billion. Furthermore, the Bank took an active role to support the Government's acceleration for vaccination programme through PERBANAS and held vaccinations for Bank employees and their families in Jakarta and Bandung.

Moreover, in July 2021, on the occasion of Aidiladha 1442-H, Maybank Indonesia, through its Shariah Business Unit, launched a CSR programme called *Berbagi Untuk Kebaikan* (Sharing for Good) and distributed sacrificial animals to communities living nearby all Maybank Shariah branch offices throughout Indonesia. The programme also provides facilities to customers to fulfil their religious obligations of sacrificial animals through an online platform. The total value of the distributed sacrificial animals managed through the Shariah Banking charity fund reached more than Rp950 million.

In mid-September 2021, the Bank won the 'Best Companies to Work For 2021' and 'We Care HR Asia Most Caring Companies 2021' awards issued by HR Asia. The 'Best Companies to Work For' award is granted to Maybank Indonesia for the sixth time in a row since 2015, while the 'We Care HR Asia Most Caring Companies' award was given for the second time in a row after it was introduced in 2020. These two awards proved Maybank Indonesia's consistency in building a positive work culture, prioritising aspirations, offering a productive work environment, encouraging innovations, and fostering a strong spirit of ownership towards work and responsibility.

President Director of Maybank Indonesia Taswin Zakaria said, "We saw a rebound in the economy within the third quarter of 2021 as business activities have gradually improved along with public optimism given the decline in Covid-19 positive cases, followed by Government's decision to ease the level of Public Activity Restrictions (PPKM) throughout regions across Indonesia. We believe the improvements will further boost market confidence, leading to a gradual improvement over the national economy backed by the Government stimulus programmes and actively pushing the Covid-19 vaccine agenda."

"Despite the gradual recovery, we remain cautious and disciplined in navigating the growth of the Bank's businesses, and we still implement a conservative risk management approach amid the challenging situation. On the other hand, we continue to innovate various financial products and solutions relevant to our customers, in line with our mission of Humanising Financial Services. With our strong capital and ample liquidity, we are poised to grow and welcome the economic recovery ahead."

President Commissioner of Maybank Indonesia Datuk Abdul Farid Alias said, "Maybank Indonesia's positive performance demonstrated the Bank's resilience in dealing with the pandemic. Even though the conditions are still quite challenging, Maybank Indonesia continues to implement prudent banking practices in managing its assets and liquidity. Supported by strong risk management, we believe the Bank will be able to emerge from the pandemic on a stronger footing."

"We will continue to innovate and provide customer-centric financial solutions based on data and digital propositions, in line with one of the Group's business strategic thrusts to be the preferred ASEAN bank."

Subsidiaries

PT Maybank Indonesia Finance (Maybank Finance)

Maybank Finance's PBT declined 6.3% to Rp347 billion for the first nine months of this year from Rp371 billion in the corresponding period last year. Total outstanding financing declined 13.8% to Rp5.81 trillion in the first nine months of 2021.

Maybank Finance remains focused on asset quality management, as shown by its improving NPLs, which reduced to 0.4% (gross) and 0.2% (net) in September 2021 from 0.5% (gross) and 0.2% (net) in the same period last year.

PT Wahana Ottomitra Multiartha Tbk (WOM)

WOM's PBT increased 18.7% in the first nine month of 2021 to Rp96 billion from Rp81 billion in the corresponding period last year, due to improved loan quality which resulted in falling provision costs.

The pandemic has continued to place some pressure on WOM's consumer financing for the period, which fell 13.8%.

However, WOM's NPLs significantly improved to 1.9% (gross) and 0.9% (net) in September 2021 from 6.1% (gross) and 2.8% (net) in September 2020.
