

Press Release

**Maybank Indonesia's 9M FY2019 Operating Profit Up 2.0%
on Higher Fee Based Income**

Consolidated Financial Highlights as of 30 September 2019

Y-o-Y growth

- Operating Profit Before Provision increased by 2.0% to Rp3.1 trillion
- Fee based income improved 23.2% to Rp1.9 trillion
- Net Interest Income grew by 1.4% to Rp6.1 trillion
- Global Banking loans rose 13.7% to Rp35.4 trillion
- Total deposits up 4.3% to Rp115.6 trillion
- Total Sharia Banking Customer Deposits grew 45.9% to Rp26.4 trillion
- Total Sharia Banking asset rose 10.6% to Rp33.4 trillion, contributing 20.4% of the Bank's total assets
- Sharia Banking Financing to Deposit Ratio (FDR) improved significantly from 131.1% in September 2018 to 92.5% in September 2019
- Strong capital position with Capital Adequacy Ratio (CAR) at 20.1% and total capital of Rp26.8 trillion

Jakarta, 29 October 2019

PT Bank Maybank Indonesia Tbk (Maybank Indonesia or the Bank) today reported a 2.0% increase in its operating profit before provisions to Rp3.1 trillion for the nine months period ended 30 September 2019. The growth in operating profit was mainly supported by improvement in fee based income, sustained strategic cost management and increased net interest income during the period.

Profit After Tax and Minority Interest (PATAMI), however, stood at Rp1.1 trillion as at 30 September 2019 compared with Rp1.5 trillion as at 30 September 2018 due to an increase in loan loss provision as the Bank took a conservative stance in setting aside provision for a few accounts in the commercial and corporate segments which were impacted by weaker financial performances.

The Bank saw a strong growth of 23.2% in fee based income to Rp1.9 trillion up to September 2019 compared with Rp1.5 trillion for the same period last year, attributable to Global Market related

fees, tax refund, loan administration, loan recovery, and bancassurance as well as other services provided by the Bank.

Net interest income rose 1.4% to Rp6.1 trillion from Rp6.0 trillion while Net Interest Margin declined by 27 bps YoY to 5.0% in September 2019 from 5.2% in September 2018. However, Net Interest Margin on QoQ basis in September 2019, was 14 bps higher compared with 4.8% in June 2019, due to the Bank's ongoing efforts to improve loan yield and reduce cost of funds during the third quarter of the year. The Bank also managed down the liquidity surplus and high cost funds provided during the first semester which was a proactive stance to ensure sufficient liquidity to mitigate any 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 continued to preserve a strong liquidity position with customer deposits increasing 4.3% to Rp115.6 trillion in September 2019 from Rp110.8 trillion in September 2018. The Bank's Loan-to-Deposit Ratio (LDR - Bank only) was at a healthy level of 96.3%, while its Liquidity Coverage Ratio (LCR Bank) stood at 169.7% as of September 2019, way above the mandatory minimum of 100%.

Global Banking booked strong loans growth of 13.7% to Rp35.4 trillion from Rp31.1 trillion supported mainly by loans from State-Owned Enterprises (SOE) and top tier corporate for infrastructure and investment. However, Community Financial Services (CFS) Non-Retail loans, which comprise Small & Medium Enterprises (SME), was 7.0% lower to Rp51.9 trillion, while CFS Retail loans declined 4% to Rp42.5 trillion as at September 2019. As a result, total loans declined marginally by 1.1% to Rp129.8 trillion as at 30 September 2019 from Rp131.2 trillion as at 30 September 2018.

Overhead costs remained under control with 8.4% growth reaching Rp4.9 trillion in September 2019 from Rp4.5 trillion in September 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 107.8%. Excluding these incentives, the actual operating cost was relatively flat with only 0.7% growth up to September 2019.

The Bank increased its loan loss provision by 59.4% to Rp1.6 trillion as of September 2019. This provisioning was mainly due to a few accounts in the commercial and corporate segment impacted by weaker financial performances. The Bank continues to take a proactive stance to assist customers facing challenges and maintain risk posture to safeguard asset quality. This resulted in improved asset quality as reflected by the decline in NPL level from 2.7% (gross) and 1.5%(net) in September 2018 to 2.6%(gross) and 1.5%(net) in September 2019.

The Bank's capital position remained strong with its Capital Adequacy Ratio at 20.1% in September 2019 compared with 18.8% in the previous year and total capital of Rp26.8 trillion in September 2019 compared with Rp25.3 trillion in September 2018.

Sharia Banking

Sharia Banking recorded a growth of 10.6% in total asset reaching Rp33.4 trillion in September 2019 from Rp30.2 trillion in September 2018, making up 20.4% of the Bank's total assets. Total financing grew 3.0% to Rp24.5 trillion while the Non Performing Financing (NPF) level improved significantly to 1.3% (gross) and 1.1% (net) in September 2019 compared with 2.9%(gross) and 1.9% (net) in September 2018. Total Sharia Banking deposits jumped 45.9% to Rp26.4 trillion in September 2019. This was driven by focused efforts to increase its customer base and the launch of innovative products.

Subsidiaries

PT Maybank Indonesia Finance (Maybank Finance) continued to record an impressive performance with profit before tax increasing by 17.2% to Rp350 billion in the nine months of 2019 despite a 2.6% reduction in its total financing. Maybank Finance continues to focus on ensuring sound asset quality management with lower NPL at 0.31% (gross) and 0.16% (net) as at 30 September 2019 compared with 0.59% (gross) and 0.31% (net) in the previous corresponding period.

PT Wahana Ottomitra Multiartha Tbk (WOM)'s profit before tax remained flat at Rp201 billion despite the reduction of 12.5% in its total consumer financing (stand alone) from Rp8.4 trillion in September 2018 to Rp7.3 trillion in September 2019 as the industry experienced declining business volume in 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 recorded improved asset quality as reflected by the decline in NPL level to 2.4% (gross) and 0.6% (net) from 2.7% (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, "We experienced yet another challenging period during the third quarter of 2019, but we remained committed to our strategy of growing responsibly and selectively to ensure asset quality whilst focusing on optimizing technology to provide a better customer experience across all touchpoints. We are excited with the response to the launch of the new and improved mobile banking application M2U which we believe sets a new benchmark in customer experience. We are optimistic that we will conclude financial year 2019 with commendable operating results albeit the challenging market conditions for the remaining year."

President Commissioner of Maybank Indonesia and Group President & CEO of Maybank, Datuk Abdul Farid Alias said, "We are encouraged that despite the uncertainties in the global economy, Maybank Indonesia continues to register growth at the operating level. This is a result of its prudent approach and focusing on quality, as well as disciplined effective management of costs and liquidity. This will remain our key areas of focus as we seek to enhance value creation for all our stakeholders and at the same time seize opportunities for future growth. We intend to drive our digital transformation agenda more aggressively so that the Bank can expand its customer base in a cost effective manner and increase its market share in the country."

Notes to editors

Maybank Indonesia is one of the largest banks in Indonesia that has a regional or international network of the Maybank Group. Maybank Indonesia provides a comprehensive range of products and services for individual and corporate customers through Community Financial Services and Global Banking, as well as automotive financing through subsidiaries, WOM Finance for two-wheeled vehicles and Maybank Finance for four-wheeled vehicles. Maybank Indonesia also continues to develop Digital Banking services and capacity through Mobile Banking, Internet Banking, Maybank M2U (mobile banking based internet banking) and various other channels.

As of 30 September 2019, Maybank Indonesia has 380 branches including Syariah branches spread across Indonesia as well as one overseas branch (Mumbai, India), 21 Mobile Cash Cars and 1,601 ATMs including CDM (Cash Deposit Machine) connected with over 20,000 ATMs incorporated in ATM PRIMA, ATM BERSAMA, ALTO, CIRRUS, and connected to 3,500 Maybank ATMs in Singapore, Malaysia and Brunei. Until the end of September 2019, Maybank Indonesia manages customer deposits amounting to Rp115.6 trillion and has total assets valued at Rp177.9 trillion.
