

Maybank Indonesia Records PBT of Rp562 Billion in the First Quarter 2022, Supported by Growth in CASA and Digital Banking

Consolidated Financial Highlights as of 31 March 2022.

(The figures presented here are the Bank's financial statements during the first quarter ended 31 March 2022, compared to the same period in 2021 (Y-o-Y) unless stated otherwise)

Y-o-Y Highlight of Q1 2022

- Profit before Tax increased by 12.1% to Rp562 billion from Rp501 billion;
- Fee-based income increased 4.9% to Rp475 billion derived from global market transactions and fee income from subsidiaries;
- Current and Savings Account (CASA) deposits rose 4.1% to Rp49.95 trillion, and CASA ratio increased to 47.1% from 41.0%;
- Loan-to-Deposit Ratio (LDR-Bank Only) stood at 82.0%;
- Strong capital position with Capital Adequacy Ratio (CAR) at 26.5% and total capital of Rp27.94 trillion;
- Growth in Shariah Banking Unit as:
 - Composition of Shariah total assets to the Bank grew from 20.7% to 24.0%;
 - Assets grew by 6.8% to Rp38.33 trillion;
 - CASA grew significantly by 39.7% to Rp11.76 trillion;
- Digital banking growth in the first quarter of 2022:
 - Financial transactions from retail customers using M2U increased 14.3% to approximately 4.1 million transactions;
 - Financial transactions from corporate customers using M2E grew by 91.1% to more than one million transactions.

Maybank Indonesia announced its Consolidated Financial Results ended 31 March 2022, with Profit before Tax (PBT) at Rp562 billion, rising by 12.1% from Rp501 billion last year, backed by lower provisions and cost of funds, well-contained overheads cost as well as strong growth in fee based income resulting from global market transactions and fee income from subsidiaries.

Net Interest Income (NII) remained stable compared to last year at Rp1.75 trillion despite the drop in loans, as the Bank managed to improve its Net Interest Margin (NIM). NIM increased by 45 basis points to 4.8% in the first quarter of 2022, backed by lower cost of funds and healthy growth of CASA. The Bank's fee-based income increased by 4.9% to Rp475 billion from Rp453 billion last year, contributed primarily by a significant rise in global market transaction fees by 46.0% to Rp51 billion from Rp35 billion, and fee income from subsidiaries.

Maybank Indonesia has taken conservative measures since 2020 to set aside provisions for accounts across all business segments impacted by the challenging economic environment. This continued in 2022 with provisions for specific Shariah financing. Despite this pre-emptive provisioning, the Bank saw an overall decrease in loan loss provisions by 22.3% to Rp212 billion due to the success of the Bank's restructuring efforts. The Bank continues to assist customers facing challenges and focuses on loan restructuring to safeguard asset quality.

The Bank's consolidated non-performing loans (NPL) ratio stood at 3.9% (gross) and 2.8% (net) as of March 2022 supported by lower NPL balances, which declined by 6.8%. The Bank maintained a prudent banking approach and kept its risk posture at a healthy level to ensure asset quality remained sound.

The Bank's overhead cost remained under control, which stood at Rp1.44 trillion, as the Bank continued to implement sustainable cost management across the entire Bank's operations and its business initiatives, to ensure that every expense incurred contributed to an increase in revenue.

Despite ongoing economic recovery that has taken place since the end of last year, the Bank faced challenging loan growth as businesses and trades are re-adjusting to the market after a prolonged challenge due to COVID-19 pandemic for the past two years and spikes in positive cases driven by Omicron in the first quarter of 2022.

These circumstances impacted the Bank's total outstanding loans, which declined by 2.2% to Rp99.52 trillion from Rp101.74 trillion last year. The Global Banking loan segment fell 3.4% to Rp35.26 trillion from Rp36.50 trillion while the Community Financial Services (CFS) loan segment comprising retail and non-retail loans, fell by 1.5%, mainly contributed by an 8.9% drop in the CFS Non-Retail loan segment. However, the CFS Retail loan segment continues to book positive growth of 5.7% Y-o-Y and also grew by 1.9% Q-o-Q, contributed by growth in mortgage.

Mortgage has been consistently growing since the first half of 2021 and remains a key driver in the growth of CFS Retail loan segment. The mortgage segment contributes the highest loan growth within the CFS Retail loan, and grew by 10.8% with outstanding loan at Rp15.59 trillion from Rp14.07 trillion last year.

The Bank's total customer deposits declined by 9.5% to Rp105.98 trillion from Rp117.07 trillion last year, mainly contributed by a decline in time deposits, which fell 18.9% to Rp56.03 trillion from Rp69.08 trillion last year. This is in line with the Bank's strategy to focus on low cost deposits by leveraging the Bank's digital services to acquire customer deposits.

As a consequence, CASA grew 4.1% to Rp49.95 trillion from Rp47.99 trillion, comprising a 7.9% growth in savings and 1.1% growth in current accounts. The Bank's CASA ratio increased to 47.1% in March 2022, compared to 41.0% in March 2021.

The Bank's liquidity remains strong, with Loan to Deposit ratio (LDR Bank only) at a healthy level of 82.0%, while its Liquidity Coverage Ratio (LCR Bank only) stood at 190.4% in March 2022, exceeding the regulator's minimum level of 100%.

Capital position remains strong, with Capital Adequacy Ratio (CAR) standing at 26.5% in March 2022, compared with 25.3% in March 2021. The Bank's total capital also increased to Rp27.94 trillion in March 2022 from Rp26.87 trillion in March 2021.

Growth in Digital Platform

The Bank's digital banking platform M2U recorded an increase in transactions by 14.3% to approximately 4.1 million transactions in the first quarter of 2022 from more than 3.6 million transactions last year. The transaction value also grew by 23.0% to Rp21.94 trillion from Rp17.84 trillion last year followed by a 500% growth in new customer acquisitions through the digital platform.

The significant growth in transactions and customer acquisitions via M2U have contributed to an increase in the Bank's retail funding by 24.3% to Rp5.19 trillion.

Meanwhile, M2E transactions increased by 91.1% to more than one million transactions in the first quarter of 2022. The total value of financial transactions made through M2E was at Rp179.41 trillion in the first quarter of 2022, i.e. a growth of 87.3% from Rp95.79 trillion last year. The growth in customers' acquisition and the total banking transactions made through M2E have contributed to an increase in the Bank's corporate funding by 9.0% to Rp21.97 trillion.

Maybank Indonesia has introduced several new features as part of its digital banking service enhancements, by adding Digital Wealth feature into M2U in the first quarter of 2022. This enables customers to monitor and manage their entire financial portfolios from deposits, loans, investments and to ease customers in managing their financial portfolio through the Financial Planning feature.

In addition, the Bank also introduced a Switching Transaction feature, which allows customers to manage their mutual funds portfolios through M2U. M2U now also has the Foreign Currency Transfer feature, which enables customers to transfer funds in foreign currency amounting to more than USD 25,000. As per regulation, such transactions require underlying supporting documents, which are now facilitated through this M2U feature.

Shariah Banking Unit

Maybank Indonesia Shariah Banking Unit's operating profit before provision fell by 6.6% to Rp170 billion due to a drop in financing and its Profit before Tax fell by 51% to Rp85 billion, due to an increase in provisions.

Total assets grew by 6.8% to Rp38.33 trillion from Rp35.88 trillion, accounting for 24.0% of the Bank's total consolidated assets. However, Shariah financing assets experienced a drop of 2.9% to Rp24.56 trillion from Rp25.29 trillion.

In view of current economic challenges as the operating environment is still recovering from the pandemic, the Bank has taken conservative measures to increase provisioning levels for specific accounts. Thus Profit before tax declined to Rp85 billion in the first quarter of 2022 from Rp173 billion last year.

Non-Performing Financing (NPF) ratio was 4.0% (gross) at the first quarter 2022 from 3.6% (gross) last year due mainly to the decrease in total financing. Financing-to-Deposit Ratio (FDR) stood at a healthy level of 84.3%.

Shariah Banking Unit's CASA grew significantly by 39.7% to Rp11.76 trillion in the first quarter of 2022 from Rp8.42 trillion last year. This is in line with the Bank's strategy in maintaining strong liquidity by optimising low-cost funding. The increase in CASA is supported by efforts in increasing customer base through the Bank's digital platform M2U.

Bank's support to customers and the community

Maybank Indonesia is committed to support the Government's initiative to expand the scope of financial inclusion and economic independence, particularly among the disabled and marginalised communities in Indonesia. In the first quarter of 2022, the Bank continued to hold entrepreneurship training through Reach, Independence & Sustainable Entrepreneurship (RISE) 2.0 via online platform and has trained more than 270 participants across Java, Riau and Jambi. Since the program was first introduced in 2016, RISE 2.0 has trained more than 6,400 participants by the end of the first quarter 2022, and aims to train up to 7,500 participants by 2023.

In February 2022, Maybank Indonesia Shariah Business Unit and Dompot Dhuafa collaborated to provide clean water supply through the *Air untuk Kehidupan* program in several areas in Kadisobo district, Gunung Kidul. The assistance is provided through the customers' benevolent funds or *dana kebajikan*, managed by the Shariah Business Unit. The clean water supply is in high demand, particularly during the dry season, and is intended to support the resident's basic needs for water and the local economy.

President Director of Maybank Indonesia Taswin Zakaria said, "We started 2022 with a promising outlook after two years of challenging times. In this year's first quarter, we saw positive trend in the Bank's profit, backed by our strong effort in managing costs across the business and growth in fees as well as in our retail loan segment. We will continue implementing our strategies and initiatives to enhance our loan growth and expand our customer base through acquisition, which will strengthen the Bank's fundamentals. Our comprehensive financial solutions, including our digital banking services will ensure that we fulfil the demands of our customers and society in line with the Bank's mission of Humanising Financial Services."

"This year, we will also continue to focus with our digital transformation efforts and pave our way to a sustainable business, by leveraging our growing digital platforms and integrating all aspects of the Bank's services to fulfil the need of our wide range of customers," Taswin said.

On the resignation of Maybank Indonesia's **President Commissioner, Dato' Sri Abdul Farid Alias**, Taswin added, "On behalf of Maybank Indonesia's Management, we would like to thank Dato' Sri Abdul Farid Alias for his leadership and dedication to Maybank Indonesia, ushering the Bank onto a journey of transformation and driving innovation across the organisation, as well as, building a solid foundation for sustainable business while continuing our purpose in offering exceptional customer experiences. We wish Dato' Sri Abdul Farid Alias continued success in his next journey."

President Commissioner of Maybank Indonesia Dato' Sri Abdul Farid Alias said, "I am pleased that Maybank Indonesia has delivered a positive performance at the start of 2022, and I am confident that this positive momentum will enable Maybank Indonesia to continue its business journey and strategies in the following quarters. I am also confident that Maybank Indonesia will be able to navigate the recovery phase, equipped with the Bank's strong fundamentals to pursue growth in assets supported by effective risk management."

"I wish for Maybank Indonesia's continued success in continuing the journey to establish stronger foundation for a sustainable business in Indonesia," Dato' Sri Abdul Farid Alias concluded.

Subsidiaries

PT Maybank Indonesia Finance (Maybank Finance)

Maybank Finance recorded a Profit before Tax (PBT) of Rp137 billion, which rose by 29.5% from Rp106 billion last year, as four-wheeled financing continued to grow.

Total four-wheeled financing increased by 8.6% to Rp6.01 trillion from Rp5.54 trillion last year with NPL improving to 0.2% (gross) and 0.1% (net) as of March 2022, compared to 0.4% (gross) and 0.2% (net) last year.

PT Wahana Ottomitra Multiartha Tbk (WOM)

The ongoing economic recovery has contributed to two-wheeled vehicle financing growth. This is reflected in WOM's financing, which increased by 8.3% to Rp4.61 trillion in the first quarter of 2022. WOM booked a Profit before Tax (PBT), which grew by 20.0% to Rp37 billion, from Rp31 billion last year.

WOM's NPLs improved to 1.5% (gross) and 0.6% (net) as of March 2022, from 2.5% (gross) and 1.2% (net) last year.
