

Maybank Indonesia's Net Profit Rose 29.9% to Rp1.64 Trillion in 2021, Supported by Strong Performing Shariah Banking Unit

Consolidated Financial Highlights as of 31 December 2021.

(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) increased by 29.9% to Rp1.64 trillion;
- Bancassurance continued its growth momentum by 26.9%;
- Continued to manage costs effectively as overheads reduced by 4.2%;
- Strong liquidity with Current and Savings Account (CASA) growth of 18.5% and CASA ratio of 47.2%;
- Capital remains strong with Capital Adequacy Ratio (CAR) at 26.9% and total capital of Rp28.39 trillion;
- The Bank's Loan to Deposit (LDR Bank only) stood at 76.3%;
- Growth in Shariah Banking Unit as:
 - Profit Before Tax (PBT) grew 52.8% to Rp450 billion;
 - Assets grew by 11.2% to Rp39.22 trillion;
 - CASA grew strong by 69.9% and total Deposits increased 13.1% to Rp31.04 trillion;
- Significant growth in digital banking:
 - Financial transactions from retail customers using M2U ID App (application) and Web (internet banking) increased 11.2% to more than 15 million transactions in December 2021;
 - Financial transactions from corporate customers using M2E skyrocketed by 230.3% to more than 3 (three) million transactions in 2021.

Maybank Indonesia announced its Consolidated Financial Results ended 31 December 2021, with Profit after Tax and Minority Interests (PATAMI) at Rp1.64 trillion increased by 29.9% from Rp1.27 trillion in the previous year, backed by lower provisions, declining cost of funds and overhead costs, and supported by strong performance from the Shariah banking unit, as gradual economic recovery in Indonesia takes place amidst the Covid-19 pandemic.

Net Interest Income (NII) decreased by 2.0% to Rp7.12 trillion in December 2021 from Rp7.26 trillion in the previous year, 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 14 basis points to 4.7% in December 2021, which was attributed by the improvements in the cost of funds and a healthy growth of CASA.

The Bank's fee-based income declined 12.1% to Rp2.09 trillion in December 2021 from Rp2.38 trillion in the previous year, primarily due to declining global markets-related fees. However, the Bank was able to maintain the growth momentum and strengthen its retail related income such as Bancassurance, which grew by 26.9% to Rp201 billion in December 2021 from Rp158 billion in the previous year.

Despite the squeeze in the Bank's net interest income and lower fee-based income, Bank's net profit (PATAMI) grew by almost 30% as provisioning costs tapered due to pre-emptive provisioning, which was made in previous years along with 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 during the year has now contributed to a drop in loan-loss provisions by 25.8% to Rp1.54 trillion.

The Bank's consolidated non-performing loans (NPL) ratio stood at 3.7% (gross) and 2.6% (net) in December 2021 from 4.0% (gross) and 2.5% (net) in December 2020, supported by lower NPL balances, which declined by 10.8%.

Meanwhile, the Bank's Loan at Risk ratio (LAR Bank only) has improved and stood at 18.0% in December 2021 from 21.5% in the previous year. The improved Bank's Loan at Risk (LAR Bank only) ratio was attributed by the improvement of loan quality, as the Bank proactively took part in monitoring and restructuring customer loans.

The Bank maintained a prudent banking approach and kept its risk posture at a healthy level to ensure asset quality remained sound.

On overheads, The Bank has successfully kept its overhead costs under control, which declined 4.2% to Rp5.47 trillion in December 2021, as a result of intensive and effective cost management efforts across the entire Bank's operations and its business initiatives, to ensure that every expense incurred contributed to an increase in the Bank's 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 3.3% to Rp101.77 trillion compared to Rp105.27 trillion in 2020, however the total outstanding loans grew 3.0% Q-o-Q as the economy gradually recovered and as a result of improved loan performance of accounts under restructuring program. This is reflected primarily in Global Banking loans, which grew 1.4% to Rp35.00 trillion in 2021 from Rp34.50 trillion in 2020.

The overall Community Financial Services (CFS) loan segment declined by 5.6% to Rp66.78 trillion Y-o-Y, however, the segment grew positively by 2.4% Q-o-Q, which was contributed by the growth in CFS Non-Retail and CFS Retail segments. The Bank's CFS Non-Retail loans declined 11.6% Y-o-Y, but managed to grow 1.3% Q-o-Q. The CFS Retail credit segment also grew 3.4% Q-o-Q across all business segments. Mortgage continued to grow by 9.0% Y-o-Y and 3.1% Q-o-Q to Rp15.28 trillion in 2021, and is a key growth driver in the CFS Retail loan segment.

Customer deposits remained relatively stable year on year, and grew 12.8% Q-o-Q. The Bank's funding profile remained strong throughout the year, in line with the Bank's strategy to maintain strong liquidity and efficient cost of funds by trimming high-cost funding as well as leveraging the Bank's digital services to acquire customer deposits.

Bank's CASA grew 18.5% to Rp54.26 trillion in December 2021 from Rp45.79 trillion in the previous year. The Bank has succeeded in reducing time deposits by 12.4% in December 2021 from Rp69.22 trillion to Rp60.63 trillion. Meanwhile, the Bank's CASA ratio of the total customer deposits increased to 47.2% in December 2021 compared to 39.8% in the previous year.

These enabled the Bank's liquidity to remain strong, with Loan to Deposit ratio (LDR Bank only) standing at a healthy level of 76.3%, while its Liquidity Coverage Ratio (LCR Bank only) stood at 183.2% in December 2021. This exceeded the regulator's minimum level of 100.0%.

Capital position was also strong, with Capital Adequacy Ratio (CAR) standing at 26.9% in December 2021, compared with 24.3% in the previous year. The Bank's total capital also increased to Rp28.39 trillion in December 2021 from Rp27.15 trillion in December 2020.

Digital Transformation

Maybank Indonesia continued to improve its M2U ID digital banking services, comprising of application (App) and internet banking (Web) for retail customers, as well as M2E for corporate customers.

The Bank recorded an increase in financial transactions through M2U ID (App and Web) by 11.2% to more than 15 million transactions in December 2021 from 14 million transactions in the previous year. The transaction has contributed to a significant rise in the Bank's funding, which grew 38.9% to Rp4.71 trillion, and in revenue by 24.6% to Rp193 billion in December 2021.

Meanwhile, financial transactions made through M2E jumped 230.3% to more than 3 (three) million transactions in December 2021 from more than 11 thousand corporate customers onboard through the service. The Bank recorded a surge in M2E total transactions by 399.2% in 2021 to Rp582.69 trillion from the previous year. This transaction has contributed to a rise in fee-based income by 189.9% to Rp8 billion in December 2021.

Throughout 2021, Maybank Indonesia has introduced several features to enhance its digital banking services. These features include the e-KYC and Biometric features on M2U ID App to provide easier and faster account opening through online without requiring customer to do video calls nor pay a visit to branch for verification process.

In addition, customers are now able to make cashless withdrawals using QR code at Maybank's ATMs all over Indonesia that support the feature through M2U ID App. Moreover, customer are able to top-up e-money card through M2U ID App. The App is also equipped with Digital Customer Service, where through this feature customers can update their personal information via online.

In terms of security, the Bank added Secure2u feature, providing customers with faster, convenient and secure transactions, minimising the dependency of SMS-based One-Time-Password (OTP).

Maybank Indonesia will continue to enhance its digital services to offer convenient and better customer experience, in line with the Bank's mission of Humanising Financial Services.

Shariah Banking Unit

Maybank Indonesia has been implementing the 'Shariah First' strategy to promote Islamic financial solutions through a leveraged model since 2013. This model allows the Shariah Banking Unit to market and distribute Shariah solutions by accessing and utilising all the Bank's resources and networks.

Total Shariah-compliant asset portion of Maybank Indonesia has reached 25%, the highest percentage of all Banks with Shariah Business Units in Indonesia. As a reference, to date, total Shariah asset of Indonesian Banking sector is at a level of 6.5% (Indonesia Shariah Banking Statistics, Financial Service Authority (OJK), November 2021).

The Shariah First strategy has significantly contributed to Maybank Indonesia's Shariah Banking Unit performance as reflected by its profit before tax (PBT), which jumped 52.8% to Rp450 billion in December 2021 from Rp295 billion in the previous year.

Total customer deposits increased 13.1% to Rp31.04 trillion from Rp27.44 trillion, supported by a surge in CASA, which increased 69.9% to Rp11.70 trillion in December 2021 from Rp6.89 trillion in the previous year. The increment was supported by the Bank's continuing effort to optimise low-cost fundings.

The Shariah Banking Unit's total assets rose 11.2% to Rp39.22 trillion in December 2021 from Rp35.26 trillion in December 2020. Financing-to-Deposit Ratio (FDR) stood at 82.44%, while Non-Performing Financing (NPF) stood at 3.73% (gross) in December 2021.

Furthermore, Shariah Business Unit also opened three new Shariah branch offices in Samarinda, Jambi, and Malang as well as converted the Bank's conventional branch in Aceh, in line with the *Qanun* (regulation) of Shariah Financial Institutions by Aceh provincial government. With the additional branches, Maybank Indonesia now operates 19 Shariah branches across Indonesia.

Bank's support to customers and the community

2021 has been a challenging year for Maybank Indonesia, as Covid-19's Delta had caused a spike of Covid-19 positive cases in Indonesia. In controlling the spread of Covid-19, the Government has imposed public activity restrictions (PPKM), and rolled out various stimulus programs, as well as pushing the vaccination program as an avenue towards economic recovery.

Despite the challenging situation, Maybank Indonesia continued to actively engage with customers by analysing the impact of the pandemic on their businesses, and on restructuring and rescheduling (R&R) schemes, to ensure their business continuity.

As part of the Bank's effort to assist the Government in dealing with the pandemic, especially at the height of Covid-19 positive cases occurring in mid 2021, the Bank's CSR programme *Maybank Berbagi* distributed medical supplies for health workers in Indonesia, and oxygen tanks (including refills) for Covid-19 patients across 26 hospitals throughout 10 provinces in Indonesia. The programme was established through partnerships with Benih Baik and Aksi Cepat Tanggap (ACT) Care for Humanity, valued at approximately Rp2 billion.

President Director of Maybank Indonesia Taswin Zakaria said, "2021 remained a challenging year for Maybank Indonesia, given the second wave of Covid-19. Nevertheless, Government campaigns on vaccination program and implementation of health protocols helped to speed up the recovery towards the last quarter 2021. We are optimistic that public optimism and economic recovery momentum will continue in 2022, although challenges remain."

"Amidst the uncertainties, we remain prudent in running our banking business to maintain the Bank's fundamentals and at the same time we look forward to optimise our acquisition efforts across our businesses by strengthening productivity and collaboration among various banking services, to deliver value for customers, as reflected in our mission, Humanising Financial Services."

President Commissioner of Maybank Indonesia Dato' Sri Abdul Farid Alias said, "We are very happy to report that Maybank Indonesia has resumed its growth phase, particularly in the fourth quarter 2021 which demonstrated the Bank's ability to grow even in the midst of the pandemic. Even though uncertainties still remain, we are optimistic that Maybank Indonesia will be able to navigate the challenges through prudent banking approach in growing asset and liquidity, supported by sound risk management."

"Maybank Indonesia will continue to innovate and provide customer-centric financial solutions based on data and digital propositions, in our efforts to help the economy grow and expand our services to the community."

Subsidiaries

PT Maybank Indonesia Finance (Maybank Finance)

The Government's incentive on Sales Tax for Luxury Goods has become a catalyst for four-wheeled automotive financing industry. This is reflected in Maybank Finance's Profit before Tax (PBT), which increased 4.4% to Rp491 billion in December 2021 from Rp470 billion in the previous year.

Maybank Finance remained focus on asset quality management, as shown by the improving NPLs, which reduced to 0.27% (gross) and 0.10% (net) in December 2021 from 0.31% (gross) and 0.17% (net) in the previous year.

PT Wahana Ottomitra Multiartha, Tbk. (WOM)

Gradual economic recovery has contributed to the improvement of WOM's two-wheeled vehicle financing, which recorded an increase of 1.8% to Rp4.58 trillion in December 2021. WOM's Profit Before Tax (PBT) has increased significantly by 76.0% to Rp154 billion in December 2021 from Rp87 billion in the previous year.

WOM managed to maintain its asset quality with NPLs improved to 1.43% (gross) and 0.58% (net) in December 2021, from 2.78% (gross) and 1.20% (net) in the previous year.
