

Maybank Indonesia Records 34.1% Increase in PBT to Rp1.27 trillion in 1H 2023

Consolidated Financial Highlights as of 30 June 2023

(All growth percentages noted are on year on year (Y-o-Y) basis unless otherwise stated)

Y-o-Y Overview

- Profit before Tax (PBT) rose 34.1% to Rp1.27 trillion from Rp944 billion;
- Profit after Tax and Minority Interest (PATAMI) rose 44.7% to Rp960 billion from Rp663 billion;
- Net Interest Income (NII) grew 6.7% due to increase in loans and better earning asset composition;
- Fee-based income increased by 25.6% to Rp1.10 trillion from Rp872 billion backed by:
 - Significant increase in Global Market (GM) transactions fees by 239.3% to Rp182 billion from Rp54 billion;
 - Increase in non-GM fees by 11.6% to Rp913 billion from Rp818 billion comprising of asset recovery fees as well as loan and retail business related fees.
- Total outstanding loans grew 2.9% to Rp109.97 trillion:
 - Significant growth in Community Financial Services (CFS) Retail loans by 15.4% to Rp41.49 trillion from Rp35.95 trillion supported by growth in subsidiaries' auto loans, credit card business & personal loans, and mortgage;
 - CFS Retail and Non-retail loans grew 7.2% to Rp69.42 trillion from Rp64.73 trillion;
 - Offset by a decrease in Global Banking loans, which fell 3.7% to Rp40.55 trillion although the segment grew 3.2% Q-o-Q.
- Growth in Shariah Banking Unit:
 - Significant increase in PBT of 179.0% to Rp346 billion from Rp124 billion;
 - Assets grew by 5.2% to Rp43.29 trillion from Rp41.14 trillion;
 - Share of Shariah Banking Unit's total assets to the Bank's standalone total assets improved to 28.2% in June 2023 from 26.2% in June 2022;
 - CASA grew significantly by 31.0% to Rp15.60 trillion from Rp11.91 trillion.
- Growth in digital banking:
 - Financial transactions from retail customers using M2U increased 17.6% to approximately 10.1 million transactions;
 - Financial transactions from corporate customers using M2E increased 2.3% to over 2.1 million transactions.
- Capital remains strong with Capital Adequacy Ratio (CAR) at 28.6% and total capital of Rp29.27 trillion.

Jakarta, 1 August 2023,

PT Bank Maybank Indonesia, Tbk. (Maybank Indonesia or the Bank) today announced its Consolidated Financial Results for the first half ended 30 June 2023, with Profit before Tax (PBT) of Rp1.27 trillion, which rose 34.1% from Rp944 billion last year. The Bank's Profit after Tax and Minority Interest (PATAMI) increased significantly by 44.7% to Rp960 billion from Rp663 billion last year.

The economy in Indonesia has resumed its growth phase in the first half of 2023 with a stable business climate leading to higher loan demand and a steady market outlook. The Bank was able to book higher earnings from its loan portfolio and a significant increase in fee-based income as treasury-related transactions improved. The Bank also recorded a continual decrease in provisions following improvement in asset quality and well-managed overhead costs, which collectively contributed to an increase in PBT and PATAMI.

The Bank's Net Interest Income (NII) increased by 6.7%, supported by Net Interest Margin (NIM), which expanded by 41 bps to 5.1% due to increase in loans, improved earning assets composition and higher yields.

Fee-based income increased by 25.6% to Rp1.10 trillion from Rp872 billion as Global Market transaction fees jumped 239.3% to Rp182 billion from Rp54 billion in the previous year supported by stable interest rate environment and positive market outlook as well as improved forex services performance. The Bank's non-GM fees grew 11.6% to Rp913 billion from Rp818 billion, deriving from asset recovery fees (Bank only) which increased by more than 7 (seven) times to Rp241 billion as well as from loan and retail business-related fees.

In the first half of 2023, the Bank's total outstanding loans recorded an increase of 2.9% to Rp109.97 trillion from Rp106.81 trillion as the economy in Indonesia continued its growth phase leading to improvements in public consumption and consumer purchasing power.

The Bank's CFS Retail and Non-retail loans grew 7.2% to Rp69.42 trillion from Rp64.73 trillion, attributed to significant growth in CFS Retail loans by 15.4% to Rp41.49 trillion from Rp35.95 trillion, backed by subsidiaries' two-wheel and four-wheel auto loans which grew 25.8% and 28.0% respectively, followed by 21.8% growth in credit card business & personal loans and mortgage by 1.8%.

The Bank maintained its conservative approach to rebalance its non-retail loans portfolio and took a cautious risk posture in loan disbursements to ensure long-term commitment with clients. In the first half of 2023, the Bank's CFS Non-retail loans decreased by 2.9% as Business Banking segment eased by 6.8%, followed by 4.0% decline in Small-Medium Enterprise loans segment (classified by the Bank as SME+).

The Business Banking segment, however managed to book a growth of 2.7% Q-o-Q as new commitments with clients have started to pick up due to competitive pricing offers.

Retail Small-Medium Enterprise (RSME) loan segment continued its growth momentum, and grew 1.3% to Rp12.70 trillion from Rp12.54 trillion following the segment's retention programmes.

From the corporate lending perspective, the Bank's Global Banking loan segment decreased by 3.7% to Rp40.55 trillion. However, the segment booked positive growth of 3.2% Q-o-Q, and the Bank seeks to maintain the growth momentum into the upcoming quarters.

The Bank's total customer deposits was at Rp110.38 trillion, reduced slightly by 1.1% from Rp111.66 trillion due mainly to a drop in the Bank's CASA by 2.7%. The Bank's Time Deposits increased by 0.4% and grew significantly by 13.8% Q-o-Q as customers seek to divest funds in higher earning deposits. CASA ratio was largely stable at 48.6%. The Bank will continue to implement strategies to optimise low-cost funding by leveraging the Bank's digital services to increase CASA.

The Bank's overhead costs increased by 6.4% to Rp2.94 trillion as the Bank continued to intensify the development of its human capital with Future Ready skills. The Bank also took steps to focus on productivity improvement through strategic hiring and training programmes. There was also an increase in customer engagements, business visits and campaign initiatives resulting in higher travelling, outsourcing and marketing costs. The increase in overhead cost was as expected but remained under control while ensuring the costs incurred contributed to the Bank's revenue.

The continued oversight, monitoring and control of credit as well as better business climate has contributed to the improved asset quality. The Bank's provisions dropped by 8.2% and recorded a decrease in NPL balances by 4.4% and improved Loan at Risk ratio (LAR Bank only) at 11.5% in June 2023 from 15.3% in June 2022.

The Bank's consolidated Non-Performing Loan (NPL) ratio improved to 3.3% (gross) and 2.2% (net) in June 2023 from 3.5% (gross) and 2.6% (net) in June 2022.

Loan to Deposit (LDR) ratio (Bank only) was at a healthy level of 84.9% in June 2023 from 84.0% in June 2022, and Liquidity Coverage (LCR) ratio (Bank only) was at 168.8% in June 2023, exceeding the regulator's minimum level of 100%.

The Bank's Capital Adequacy Ratio (CAR) remained strong at 28.6% in June 2023, with total capital of Rp29.27 trillion at the end of June 2023.

Shariah Banking Unit

In the first half of 2023, Maybank Indonesia's Shariah Banking Unit recorded a significant increase in PBT by 179.0% to Rp346 billion from Rp124 billion.

The Shariah Banking Unit's Net Finance Income improved by 7.5% while Fee-based Income grew by 16.3%. Operating profit before provision improved by 5.2% to Rp402 billion from Rp382 billion last year. Provisioning costs tapered due to pre-emptive provisioning made in the previous years, which contributed to the improvement in PBT.

The Shariah Banking Unit's total financing grew 1.8% to Rp26.51 trillion with more growth focused on SME and retail financing. Shariah Banking Unit's assets increased by 5.2% to Rp43.29 trillion contributing to the Bank's total standalone assets by 28.2%, which is the highest Shariah asset portion in Indonesia compared to the National Banking average of about 7%.

The Bank continued to implement its 'Shariah First' strategy and Leverage Model to expand Shariah solution coverage which have significantly contributed to its Shariah Banking Unit businesses.

The Shariah Banking Unit's total customer deposits grew 14.1% to Rp36.03 trillion from Rp31.58 trillion last year. CASA grew significantly by 31.0% to Rp15.60 trillion from Rp11.91 trillion with a higher percentage in Current Accounts by 59.4% and Savings Accounts by 13.3%. Time Deposits grew 3.8% as

customers seek to divest funds in higher earning options. Shariah Banking Unit's CASA ratio went from strength-to-strength, achieving 43.3% from 37.7%.

Non-Performing Financing (NPF) ratio improved to 2.6% (gross) and 2.0% (net) in June 2023 from 2.9% (gross) and 2.3% (net) in June 2022.

Growth in Digital Platform

In the first half of 2023, the Bank's retail customer digital banking platform M2U registered an increase in transactions by 17.6% to approximately 10.1 million from more than 8.5 million transactions last year. The transaction value also grew 17.4% to Rp52.76 trillion from Rp44.94 trillion, followed by 19.1% growth in customer funding acquired via M2U.

The corporate customers' electronic banking platform M2E, registered an increase in transactions by 2.3% to more than 2.1 million transactions in the first half of 2023. The total value of financial transactions made through M2E was at Rp373.13 trillion in the first half of 2023, a growth of 7.2% from Rp348.18 trillion in the previous year. M2E also recorded growth in active users by 6.0% to 2,996 from 2,827 in the first half of 2023, which led to an increase in corporate funding through M2E by 3.6% to Rp25.23 trillion.

In the second quarter of 2023, the Bank continued to add new features and enhancements to its retail customer's digital banking platform M2U and further positioned the platform as a one-stop financial solution for customers' financial and lifestyle needs.

These new features and enhancements included a redesigned M2U internet banking allowing customers to easily access and conduct financial transactions through the web and enabling M2U customers to view financial portfolios mirroring the 360 Digital Wealth feature available on the M2U App. Moreover, the Bank also introduced new features allowing retail customers to invest in Shariah Government Bonds and to purchase the Maybank Marathon run slot through the M2U App.

President Director Maybank Indonesia, Taswin Zakaria said that Maybank Indonesia registered another positive performance in the Bank's first half of 2023 financial results on the back of continuing growth in its retail and corporate assets and higher profits from improved asset quality.

“Indonesia's economy continues to gain recovery momentum with business activities resuming its normal pace. Economic recovery momentum has provided a boost to consumer spending power and propelled the growth in the Bank's retail loan portfolio. Our SME loan portfolio also benefited from growth in the goods and services value chain. In the first half of 2023, the Bank also saw improvement in the volume and income from our treasury business as the market stabilised from the start of the year.”

“We continue to make progress with our transformation efforts under the M25+ strategy which aims to improve our business fundamentals, advance the Bank's digital capabilities especially for our SME customers and expand our participation in the relevant ecosystem. We will also continue to leverage the Bank's strong footprint in the Syariah banking market to lead the Industry in enriching Syariah Wealth solutions offering.”

President Commissioner Maybank Indonesia, Dato' Khairussaleh Ramli said that Maybank Indonesia demonstrated its ability to deliver commendable performance by capturing strong growth in the consumer retail business and SME segment, providing the Bank with increased access to grow across all segments in the coming quarters.

“We remain optimistic on our growth opportunities in Indonesia as the economy continues to pick-up. We will actively pursue these growth opportunities by providing the necessary support to all our stakeholders in efforts to strengthen our regional presence.”

“Implementation of our refined M25+ strategy will address the evolving needs of Maybank's franchise, specifically covering aspects of business and operational improvements as well as capability enhancements to uplift Maybank Indonesia's business. This strategy will further reinforce the Bank's market competitiveness while we continuously drive customer centricity in line with our mission to Humanise Financial Services.”

Subsidiaries

PT Maybank Indonesia Finance (Maybank Finance)

Following improvement in public consumption and consumer purchase power in the first half of 2023, Maybank Finance's financing grew 10.2% to Rp6.58 trillion from Rp5.97 trillion last year.

Maybank Finance recorded a PBT of Rp270 billion, largely stable due to competitive pricing landscape in the four-wheel financing sector. Maybank Finance NPL ratio remained stable at 0.2% (gross) and 0.1% (net) in June 2023 and June 2022.

PT Wahana Ottomitra Multiartha Tbk (WOM)

In the first half of 2023, WOM's two-wheel financing grew significantly by 25.8% to Rp5.82 trillion from Rp4.62 trillion last year.

WOM recorded a PBT of Rp112 billion, growing slightly by 0.5% due to higher funding costs in line with the increase in interest rate environment. NPL ratio stood at 2.0% (gross) and 0.9% (net) in June 2023, a slight increase from 1.7% (gross) and 0.7% (net) in June 2022.

Notes to Editor

Maybank Indonesia is one of the leading banks in Indonesia and is a part of the regional and 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 and automotive financing through subsidiaries, WOM Finance for two-wheel vehicles and Maybank Finance for four-wheel vehicles. Maybank Indonesia also continues to develop Digital Banking services and capacity through M2U (App and Web), M2E for corporate customer and other various channels.

As of June 2023, Maybank Indonesia has 339 branches, including Shariah branches spread across Indonesia, including one overseas branch in Mumbai, India, 22 Mobile Branch and 855 ATMs (including 26 Cash Recycle Machines/CRMs) connected with over 20,000 ATMs available through ATM PRIMA, ATM BERSAMA, ALTO, CIRRUS, and connected to 3,500 Maybank ATMs in Singapore, Malaysia and Brunei. Maybank Indonesia manages customer deposits amounting to Rp110.38 trillion and has total assets value of Rp165.62 trillion as of June 2023.