

Bank's Strategic Plan

VISION, MISSION AND STRATEGY REVIEW BY THE BOARD OF COMMISSIONERS

The BOC reviews the Bank's vision and mission periodically in conjunction with the process of preparing the Bank's Long-term Plan. The Bank's management also defines the strategic focus areas of implementation to ensure sustainable business growth. The strategic focus was outlined into the 2019 Bank Business Plan (RBB), which specified work plans and initiatives to be undertaken and target achieved in 2019.

BANK'S STRATEGIC PLAN

The Bank prepares its strategic plan in 2019 based on the Bank's Vision and Mission. The Bank's vision is "To be a leading financial services provider in Indonesia, driven by passionately committed and innovative people, creating value and serving communities". Whereas the Bank's mission is "Humanising Financial Services, being in the heart of the community to support customers' growth."

In an effort to realize the Vision and Mission, the Bank can maintain sustainable growth momentum. The Bank makes consistent efforts to enhance the capabilities of all of its organs in carrying out business activities. The Bank's Management has identified 4 pillars of policies and strategic measures that are focusing on:

1. High Quality Service
2. Product Innovation
3. Process Simplification
4. Regional Connectivity

In line with the policies of the Bank and taking into account current economic environment, the Bank's management has formulated the following strategic focus areas to implement towards achieving sustainable growth:

1. Increasing fee-based income by intensifying the sales of bancassurance, building closer collaboration with other Maybank Group companies in Indonesia in order to provide comprehensive financial solutions to corporate customers, and intensifying revenue stream from treasury transactions.
2. Improving cross-selling activities of products and services by deepening e-channel penetration. Collaboration and synergy between business lines must be improved from the point of account opening and Customer Relationship Management (CRM) needs to be enhanced.
3. Continuing the process of aligning target segments of high-level corporate customers whilst taking into account the Bank's risk appetite. CFS segment is focusing on businesses with high profitability.
4. Continuing the transformation of regional offices:
 - Aligning the business model of branch offices with the Bank's and Maybank Group's target segments
 - Accelerating transformation initiative to increase productivity
 - Refining sales planning activities at regional and branch office levels
5. Maintaining Net Interest Margin (NIM) by ensuring appropriate and timely credit portfolio re-pricing. In addition, the Bank will review existing business model to ensure its suitability with current industry landscape.
6. Introducing a more rigorous credit approval procedure and applying new approval limits and matrix to ensure that greater control is in place. The Bank will also intensively monitor existing portfolio and exercise a more stringent early alert mechanism and watch list policy on credit portfolio – the alert system requires improvement on early warning standard as the main defense mechanism.
7. Strict monitoring on non-performing loan restructuring and the performance of recovery program.
8. Improving and expediting credit process.

The BOC supervises the implementation of the Bank's Business Plan (RBB) by conducting monthly bank performance evaluation. The BOC's oversight report has been submitted to the regulators according to existing regulations.

The Bank also reported its financial performance realisation in timely manner to the regulators i.e. on quarterly basis in 2018. The Bank's 2018-2020 RBB and the revised version of the document had been presented by the BOD and BOC and received the approval through BOC meeting.

At the end of 2018, the Bank prepared 2019 RBB that the BOD had presented to the BOC and approved by the BOC in the meeting and it has been submitted to the Financial Services Authority in timely manner. The BOD has communicated the RBB and the Bank's performance progress to shareholders and bank-wide across all organisational levels through Maybank Board Meeting, discussing update on the Bank's performance and plan in 2018 in the Maybank Board Meeting, Maybank Indonesia Townhall Meeting held quarterly and Public Expose, as well as Analyst Briefing to explain performance. The briefing was attended by analysts in Indonesia and abroad who joined via teleconference. In addition, the Bank regularly updates its performance data by publishing analyst presentation on the Bank's website.

The Bank's BOD has effectively implemented RBB by:

- Identifying targets in the RBB as KPI (Key Performance indicator) of each work units. Target achievement was evaluated from time to time to ensure full realisation.
- Regular formulation performance projection based on last position; intensively monitoring and identifying action plan as well as suitable actions to attain the annual identified targets.
- Establishing a task force to monitor the implementation of the business plan and ensure that performance targets were realised.

Maybank Indonesia recorded net income after tax and non-controlling interests of Rp2.2 trillion amidst challenging economic conditions. This profit demonstrates the Bank's ability to carry out well-defined strategies and is supported by the strengthening of sustainable organizational capabilities in facing these unfavorable economic challenges and constraints. Nevertheless, there are also some important business developments and initiatives that were successfully achieved by the Bank during 2018, including:

- Bank assets reached Rp177.5 trillion, growing around 2.5% from Rp173.3 trillion in 2017, supported by credit growth of 6.3% (yoy). The Bank continues to strive to manage loan growth conservatively while increasing discipline in managing capital and liquidity. In the future, the Bank will focus on the development of two main segments, namely the Big Corporation (including SOE) and the MSME segment.
- The Community Financial Services (CFS) business through Banking Non Retail CFS continued to show commitment to the growth of the SME sector by providing products suitable for customers in this segment.
- During 2018, credit growth in the Global Banking segment only grew by 2.9%, mainly due to accelerated credit repayments by several corporate debtors.
- Efforts to improve credit quality continue to be the main focus of the Bank, especially in managing exposures from several debtors affected by the economic downturn and actively striving to accelerate the restructuring program for the NPL debtors.

- The Maybank Indonesia Shariah Unit business continued to show encouraging performance. We consider that the 'Shariah First' initiative, namely by placing Islamic financial products and solutions in all business lines and Bank customer segments, is the right strategy. At the end of December 2018, Sharia Assets reached Rp30.2 trillion, growing by around 11.2% from Rp27.1 trillion in 2017 with a contribution of 17.0% to total Bank Assets. Shariah Financing and Deposits also grew significantly by 14.6% and 39.7% (yoy) respectively.
- In the MSME sector, as defined by regulatory provisions, the Bank recorded growth with well-maintained credit quality. The composition of the financing of the MSME sector towards the Bank's total loans as of December 31, 2018 reached 25.12% and exceeded the target set by the Regulator at a minimum of 20% in 2018.
- In addition, transformation and integration program strengthened the Bank's business foundation and created stronger platform for sustainable business growth. The Bank will continue its focus on transactional banking, financial supply chain solutions, electronic banking (including M2U internet banking).

Maybank Indonesia will continue to play an active role in supporting infrastructure projects and national development agenda. Strategic cooperation with SOEs will continue to allow the Bank to take part in the nation's economic development. In the future, the Bank is looking forward to keep this growth momentum and to sustainably improve its achievements, thereby expanding its market share and maintaining healthy asset quality.