

## **MAYBANK OPTIMISTIC ABOUT ASEAN'S OPPORTUNITIES FOR INDONESIA**

October 6, Jakarta – Maybank, ASEAN's fourth largest bank by assets, said at the Invest ASEAN Indonesia conference today that Indonesia has much to gain from ASEAN's rich opportunities.

Amirul Feisal Wan Zahir, Group Head, Global Banking, Maybank said during the conference that whilst Indonesia is ASEAN's largest economy, the ASEAN Economic Community ("AEC") can provide it with further impetus for growth. "Indonesia is blessed with a favorable demography and a large domestic market but ASEAN will be able to offer it an even bigger market opportunity."

He said that the economy also stands to gain from the huge upside in intra-ASEAN trade, which will allow Indonesia to diversify its risks and improve its resilience against global shocks. "Diversifying into a growing ASEAN market will be especially attractive for Indonesian companies amid the current weakness in the local economy," Amirul Feisal Wan Zahir added.

Based on Maybank Kim Eng's research, ASEAN is currently at a capital expenditure (Capex) inflection point and the formation of AEC has the potential to drive growth in the region over multi-year period. One of the key factors is the elimination of trade barriers that will drive intra-ASEAN trade and foreign direct investment ("FDI"). Currently, Intra-ASEAN trade only accounts for about 24% of the total ASEAN trade while investment within the region remains at a low 18%. In contrast, the countries of North America exports 40% of its goods within the region, while trade within the European Union ("EU") accounts for about 60% of the EU's total trade.

Emphasising on the importance of the formation of ASEAN economic bloc Amirul Feisal said, "In today's "new normal" of uneven global growth and economic uncertainty, the countries of ASEAN must band more closely together to increase economic links, build resilience to external shocks and reduce its reliance on the Western economies. ASEAN needs to help ASEAN, to create opportunities for its own economies. There has never been a more important time to #beASEAN than now."

Similar to other ASEAN countries, Indonesia is currently facing short term challenges such as weaker economy and falling currency. However, Maybank remains confident of the country's long term economic outlook due to its strong fundamentals. Buoyed by stable fiscal and macro-economic policies, the Indonesian administration in its 2016 draft budget pledged to drive growth further by increasing infrastructure spending by 8% (from IDR290 trillion to IDR314 trillion) and creating greater trade and investment opportunities by encouraging more FDI into the country. The move to increase infrastructure spending will greatly improve accessibility and interconnectivity as well as education and employment rates in a nation made up of more than 17,000 islands.

Earlier at the press conference, John Chong CEO of Maybank Kim Eng Group said that the various infrastructure projects will have to be financed through the capital market. He said, "The capital market in particular the bond or sukuk market is an effective alternative to the bank market to finance the pipeline of infrastructure projects here in Indonesia. A deep IDR bond market will enable project sponsors to seek longer term fixed rate funding to provide certainty to their financing cost and match the IDR receivables received from these projects."

To uncover investment opportunities in ASEAN, Maybank held a series of Invest ASEAN conferences across the region this year. The series kicked off with the Cap 10: ASEAN CEO Summit in Kuala Lumpur in February, and continued in Singapore in March, Vietnam in May, Thailand in July and Philippines in August.

Invest ASEAN Indonesia is the sixth and final conference in the series and is themed "Embracing AEC; The Indonesia Opportunity". Held at the Grand Hyatt Hotel in Jakarta, the event attracted about 400 attendees with representatives from 7 countries. A total of 25 corporates from Indonesia and Malaysia with total market capitalisation close to USD93 billion and 60 funds across the world totaling USD585 billion in Assets Under Management (AUM) participated in the conference. In total, the whole Invest ASEAN 2015 conference series has been highly successful and drawn about 4000 participants from 19 countries, including over 150 companies with a total market capitalisation of approximately USD400 billion and investors with a combined AUM of about US\$30 trillion."

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Maybank is among Asia's leading banking groups and South East Asia's fourth largest bank by assets. The Maybank Group has an international network of 2,400 offices in 19 countries namely Malaysia, Singapore, Indonesia, Philippines, Brunei Darussalam, Vietnam, Cambodia, Thailand, Hong Kong SAR & People's Republic of China, Bahrain, Uzbekistan, Myanmar, Laos, Pakistan, India, Saudi Arabia, Great Britain and the United States of America. The Group offers an extensive range of products and services, which includes consumer and corporate banking, investment banking, Islamic banking, stock broking, insurance and takaful and asset management. It has over 46,000 employees serving more than 22 million customers worldwide. ([www.maybank.com](http://www.maybank.com))

#### **About Maybank Kim Eng**

The Maybank Kim Eng group of companies comprises businesses stretching around the globe with offices in Malaysia, Singapore, Hong Kong, Thailand, Indonesia, Philippines, India, Vietnam, Saudi Arabia, Great Britain and the United States of America. Maybank Kim Eng has been in Asia for more than 40 years and provides services in corporate finance, debt markets, equity capital markets, derivatives, retail and institutional securities broking and research. A leader in many of the Asian markets that it operates in, Maybank Kim Eng has won numerous prestigious awards in the markets that it serves.

Maybank Kim Eng is the fully-owned investment banking arm of Maybank; one of Asia's leading banking groups and South East Asia's fourth largest bank by assets. Maybank has been ranked among the World's Top 20 Strongest Banks by Bloomberg Markets for two consecutive years - 2013 and 2014 - and has an international network of offices in 20 countries serving more than 22 million customers worldwide. ([www.maybank-ke.com](http://www.maybank-ke.com))

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