

Analyst Briefing
First Nine Months 2015 Financial Results

Jakarta, 26 October 2015

- **Financial Results**
- **Corporate Events and Awards**
- **Regulations Update**

9M15 Highlights: NIM and OPEX showed quarterly improvements despite Macroeconomic challenges.

- Loans amounted to Rp 133.6 tn. Non mass market loans rose 3% YoY to Rp 70 tn underpinned by SME (+7%), Corporate (+5%) and Commercial (+5%). The growth was offset by 10% decline in the Mass Market segment to Rp 64 tn.
- CASA grew 5% YoY to Rp 53 tn, while TD fell 4% YoY to Rp 63 tn. CASA ratio stood at 45%.
- LFR stood at 91.1%, below BI requirement of 94%.
- Quarterly NIM improved by 50bps to 8.3% in 3Q15 (7.8% in 2Q15) boosted by lower CoF. Nine-month NIM declined by 30bps to 8.1% (8.4% in 9M14) due to change in asset mix.
- OPEX declined by 7% YoY to Rp 6.9 tn. Pre-Provisioned Operating Profit (“PPOP”) improved by 6% YoY to Rp 6.1 tn. CIR improved to 53.0% from 56.2% last year.
- NPL rose to 3.0% from 2.4% last year due to SME, Commercial, and Asset Based Financing (“ABF”).
- Third quarter NPAT was Rp 643 bn (rose 14% QoQ), bringing 9M15 NPAT to Rp 1.9 tn. Quarterly ROA and ROE have improved by 0.2%, and 0.8%; respectively.

<i>In Rp billion</i>	9M14	9M15	YoY	1Q15	2Q15	3Q15	QoQ
Net Interest Income	10,171	10,193	0%	3,430	3,310	3,453	4%
Fee Income	3,003	2,790	-7%	891	980	919	-6%
Operating Income	13,174	12,983	-1%	4,321	4,290	4,372	2%
Operating Expenses	7,410	6,878	-7%	2,304	2,342	2,232	-5%
Pre-Provisioned Op. Profit ("PPOP")	5,764	6,105	6%	2,017	1,948	2,140	10%
Cost of Credit	2,835	3,500	23%	1,091	1,146	1,263	10%
Risk Adjusted Op. Profit	2,929	2,605	-11%	926	802	877	9%
Net Profit after taxes	2,106	1,895	-10%	687	565	643	14%

- QoQ net interest income grew by 4% as a result of CoF improvements.
- PPOP grew by 6% YoY and by 10% QoQ due to discipline in OPEX management.
- Adira Finance and DSP accounted for most of the CoC increase.
- QoQ NPAT rose 14%.

9M15 Balance Sheet Highlights

<i>In Rp billion</i>	9M14	9M15	YoY	1Q15	2Q15	3Q15	QoQ
Total Assets	194,373	195,012	0%	193,811	200,091	195,012	-3%
Loans (gross)	138,681	133,615	-4%	135,694	136,275	133,615	-2%
Government Bonds	6,488	6,016	-7%	7,014	6,382	6,016	-6%
Total Funding	144,134	141,827	-2%	143,309	147,448	141,827	-4%
Current Accounts	20,053	19,899	-1%	22,406	23,396	19,899	-15%
Savings Accounts	29,990	32,679	9%	31,531	31,764	32,679	3%
Time Deposit	65,823	63,215	-4%	62,567	65,884	63,215	-4%
Borrowings and LT. Funding	28,267	26,033	-8%	26,805	26,404	26,033	-1%
Equity	32,101	33,668	5%	33,505	33,056	33,668	2%

- Loans declined by 4% YoY. The 3% increase in the non mass market loans was offset by 10% contraction in the Mass Market segment.
- CASA grew by 5% YoY while TD decreased by 4%.

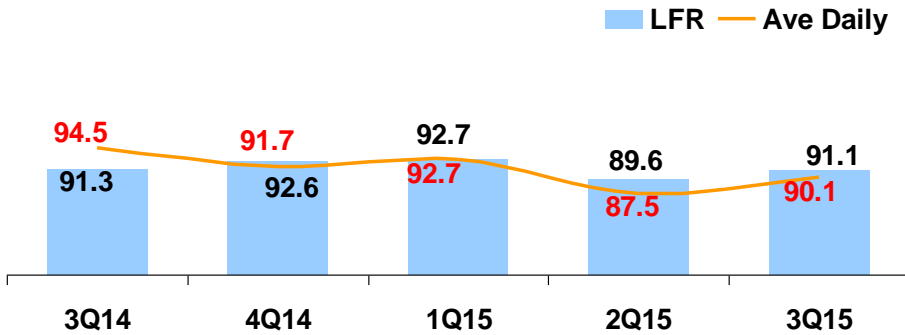
%	9M14	9M15	YoY	1Q15	2Q15	3Q15	QoQ
Net Interest Margin	8.4	8.1	-0.3	8.3	7.8	8.3	0.5
Cost of Credit	2.8	3.5	0.7	3.3	3.5	3.9	0.4
Cost / Income	56.2	53.0	-3.2	53.3	54.6	51.0	-3.6
ROAA	1.5	1.3	-0.2	1.4	1.1	1.3	0.2
ROAE	9.3	7.9	-1.4	8.6	7.1	8.0	0.8
Assets to Capital (x)	6.6	6.2	-0.4	6.2	6.4	6.2	-0.2
LFR*	91.3	91.1	-0.2	92.7	89.6	91.1	1.5
Stand Alone CAR	18.2	20.1	1.9	19.8	19.6	20.1	0.5
Consolidated CAR	17.9	19.1	1.2	18.7	18.5	19.1	0.6
NPL – Gross	2.4	3.0	0.6	2.5	2.9	3.0	0.1
Loan Loss Coverage (LLP/NPL)	117.5	105.1	-12.4	115.3	107.8	105.1	-2.7

- NIM improved from 7.8% in 2Q15 to 8.3% in 3Q15 due to reduction in high cost deposits. YoY NIM contracted by 30bps to 8.1% as asset mix shifted to non mass market loans.
- ROA and ROE improved on a quarterly basis.

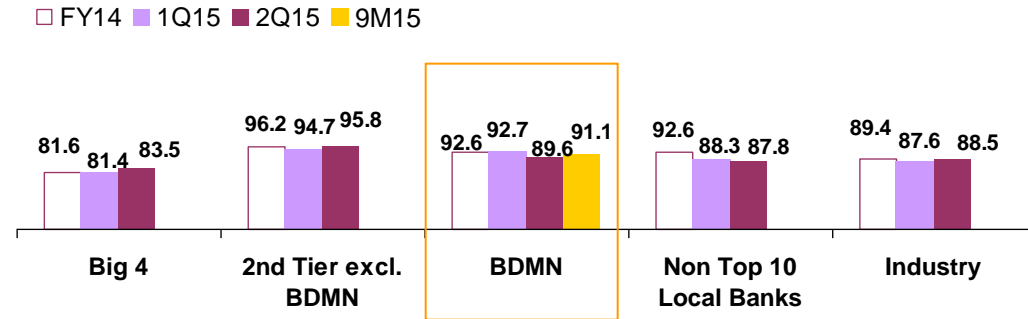
*) Loan to Funding Ratio (“LFR”) calculation is as stipulated in BI regulation No. 17 / 11 / PBI / 2015 dated 25 June 2015 effective in August 2015. LDR data is used prior to Aug 2015.

LFR stood at 91.1%.

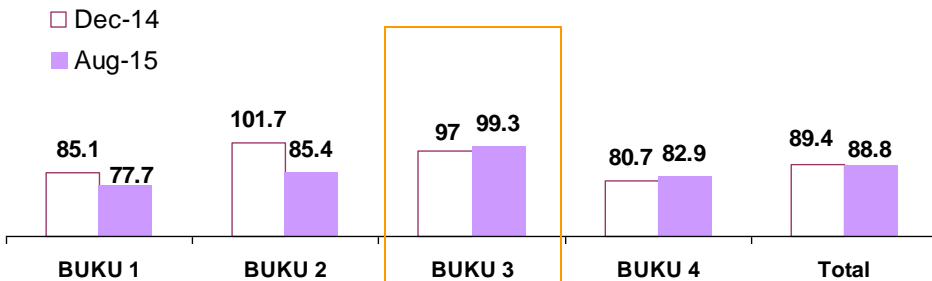
LFR* and Ave. Daily LFR (%) – Liquidity has been stable.



LFR* (%) by type of banks



LDR* (%) by BUKU – BUKU 3 Banks posted the highest LDR



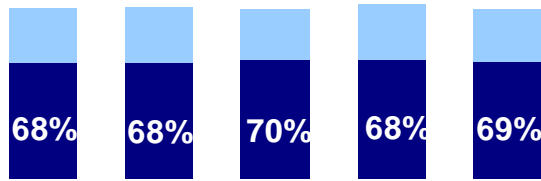
- Danamon’s liquidity remained stable with LFR below that of BUKU 3 banks.

*) Loan to Funding Ratio (“LFR”) calculation is as stipulated in BI regulation No. 17 / 11 / PBI / 2015 dated 25 June 2015 effective in August 2015. LDR data is used prior to Aug 2015.

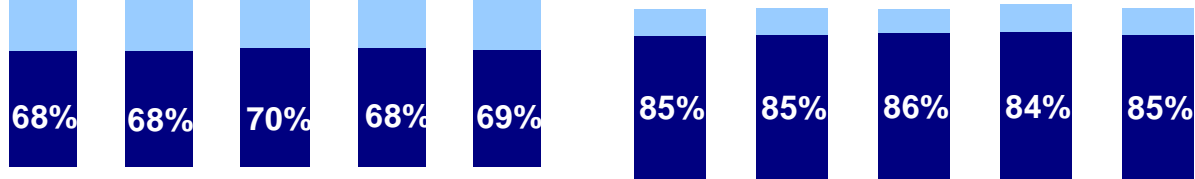
Source: OJK August 15, company reports

RWA / Total Assets

RWA BDI Only

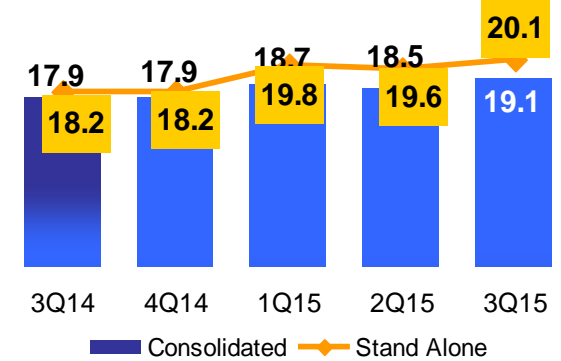


RWA Consolidated



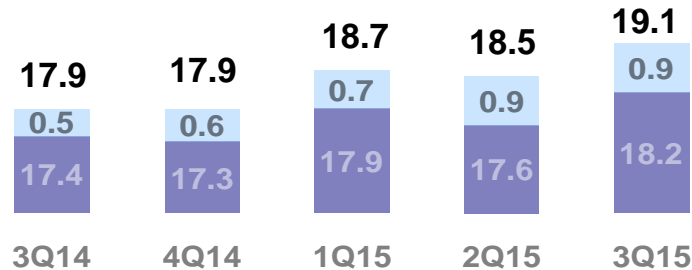
■ RWA ■ Other Assets

Capital Adequacy Ratio (%)



■ Consolidated — Stand Alone

Tier 1 and Tier 2 capital ratio (%) - Consol



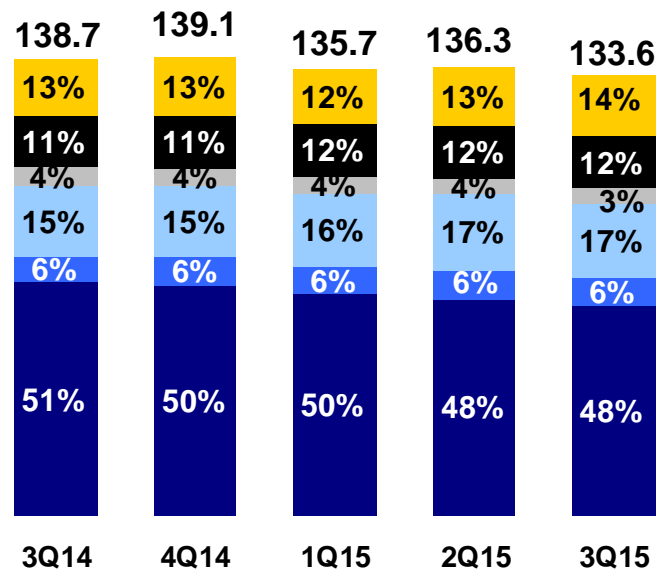
■ Tier 1 Capital ■ Tier 2 Capital

%	3Q14	4Q14	1Q15	2Q15	3Q15
CAR w/ Credit Risk	22.4	22.2	23.6	23.2	24.0
Market Risk Charge	0.1	0.0	0.1	0.1	0.1
Operational Risk Charge	4.4	4.3	4.8	4.6	4.8
CAR Consolidated	17.9	17.9	18.7	18.5	19.1

The growth in SME, Corporate and Commercial Banking were offset by contraction in the Mass Market segment.

Loan Composition

Rp tn

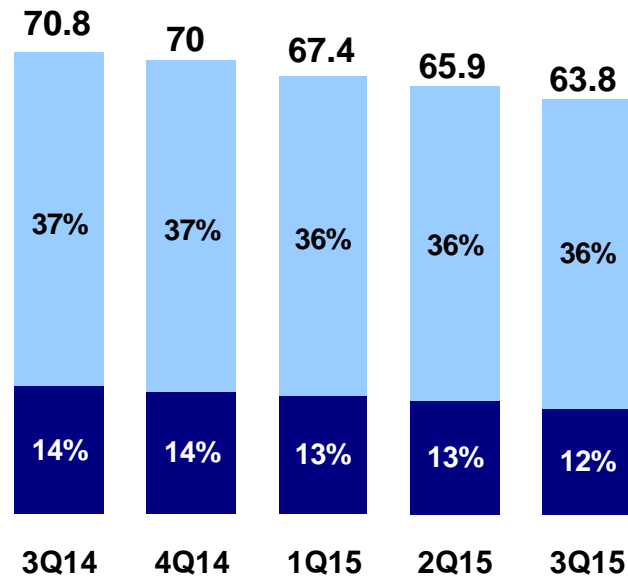


Loan Growth

Rp bn	9M14	9M15	ΔYoY
■ Corporate	17,421	18,258	5%
■ Commercial	15,420	16,172	5%
■ ABF	5,824	4,537	-22%
■ SME	21,049	22,605	7%
■ Consumer	8,186	8,286	1%
■ Mass Market	70,780	63,757	-10%
Total	138,681	133,615	-4%

Turning around the Mass Market segment is Management's key focus.

Mass Market Loan (as % to total loans)
Rp tn



Mass Market Loan Growth

Rp bn	9M14	9M15	ΔYoY
Adira Finance	51,114	47,620	-7%
DSP	19,666	16,137	-18%
Total	70,780	63,757	-10%

Note:

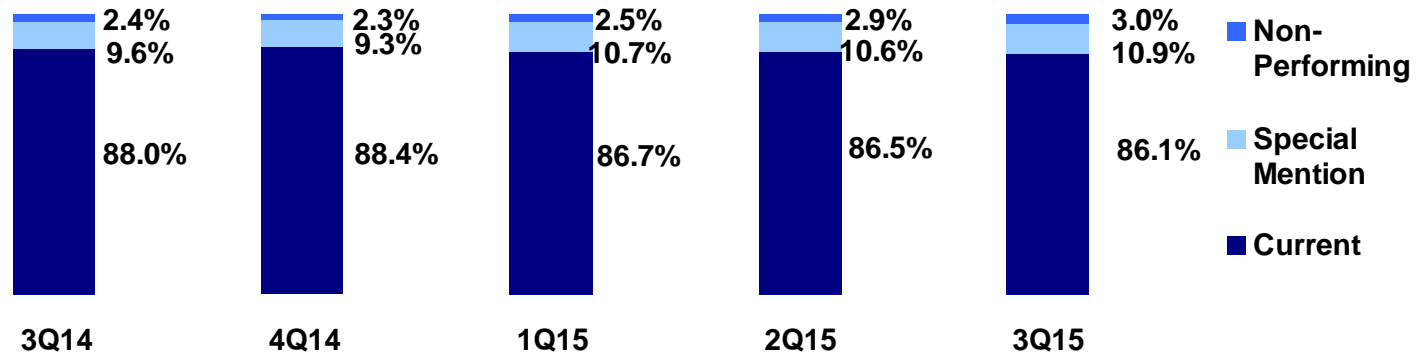
Adira Finance : auto financing and white goods financing

DSP : micro lending

NPL increased to 3.0% from 2.4% a year ago, in line with industry trend.

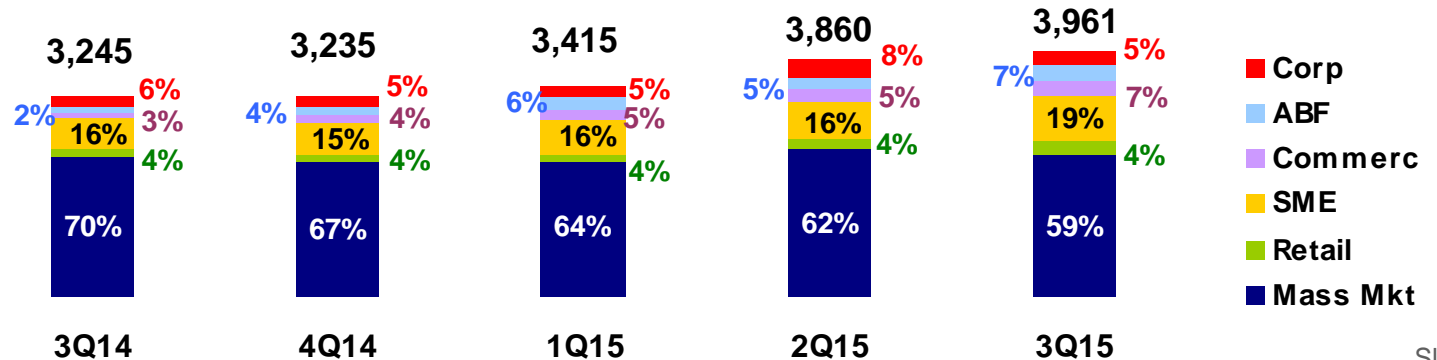
Loan Collectibility

As % of Total Loans

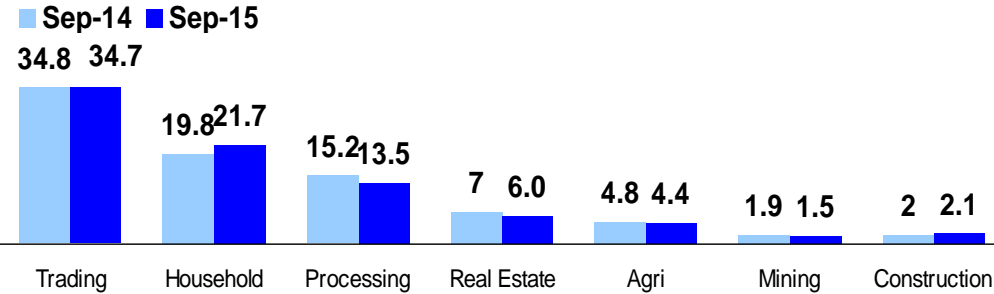


NPL Composition

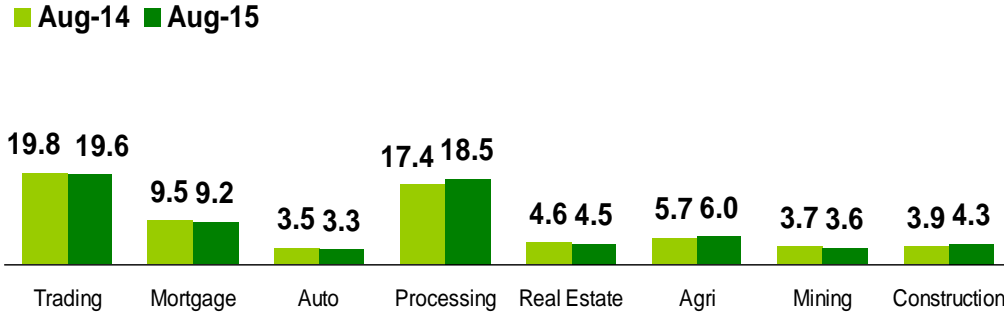
Rp bn



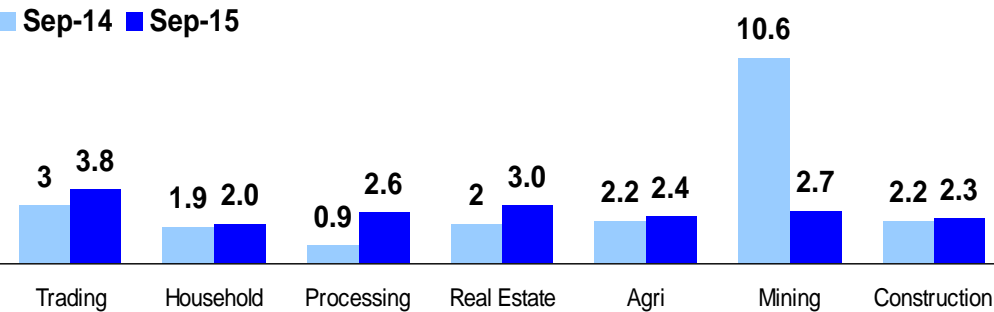
BDI Loans by Sector (% of total loans)



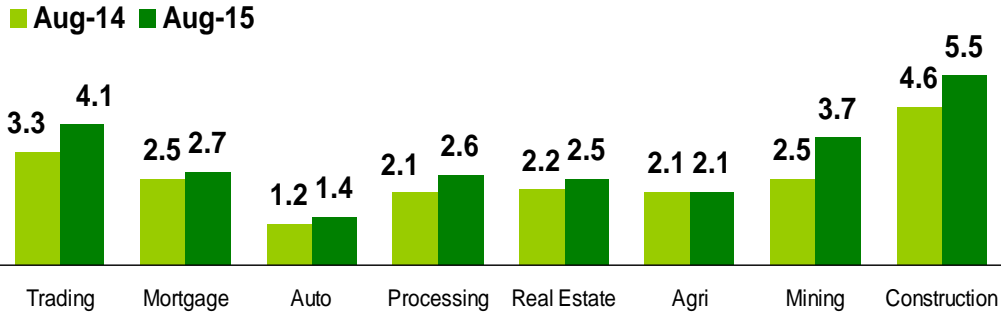
Industry Loans by Sector (% of total loans)



BDI NPL by Sector (%)



Industry NPL by Sector (%)

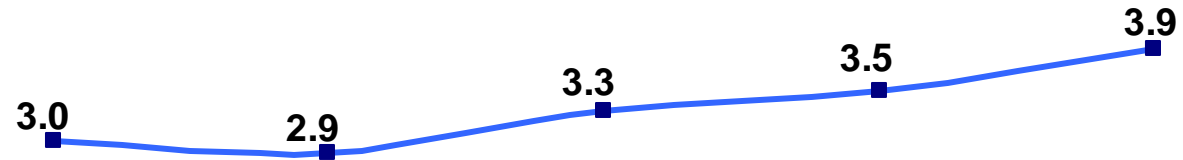


Source: OJK August 15

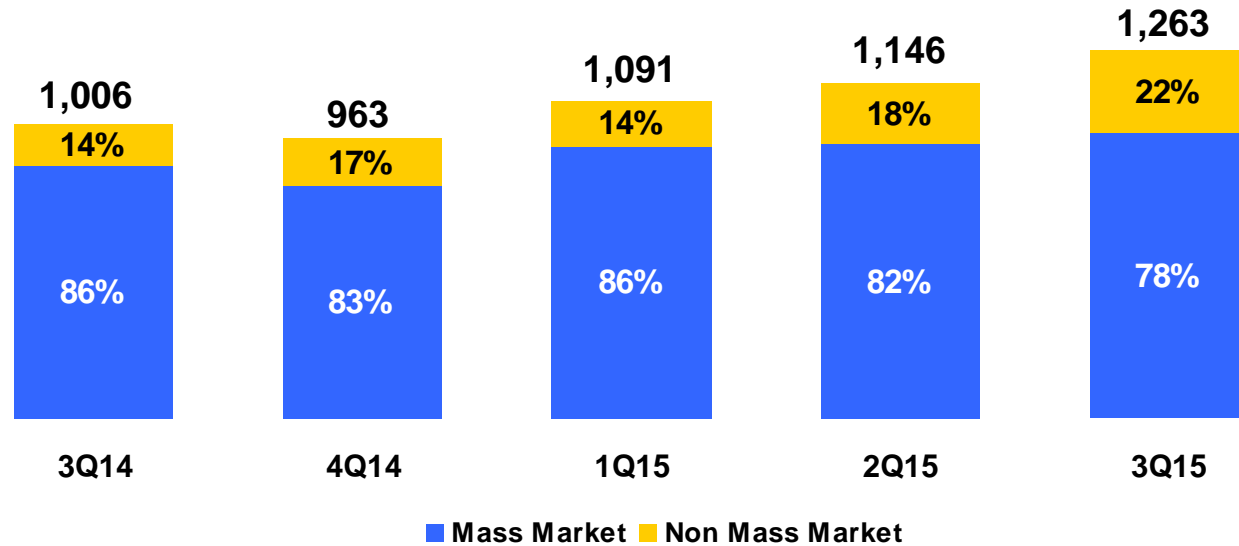
- Increase of NPL in the processing sector was primarily due to oil and gas related borrower.
- NPL in the trading industry rose 0.8% to 3.8%, mainly from automotive related debtor.
- Most of the NPL in the mining sector has been written-off.

Cost of Credit of 3.9% in 3Q15

Quarterly Cost of Credit / Avg. Loans (%)

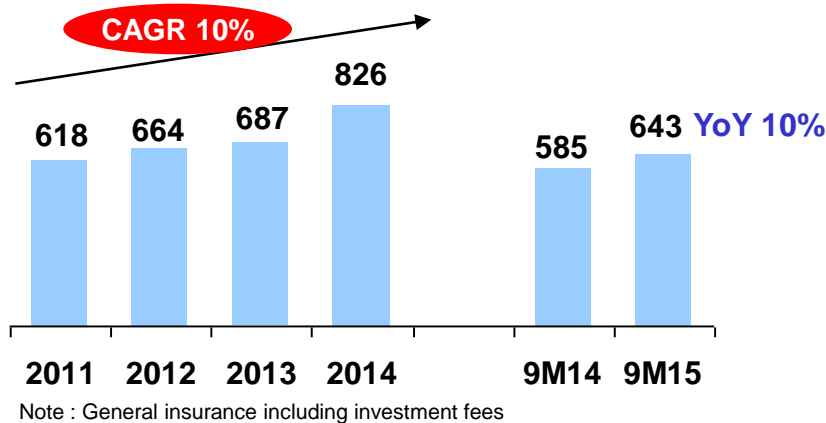


Cost of Credit (Rp bn)

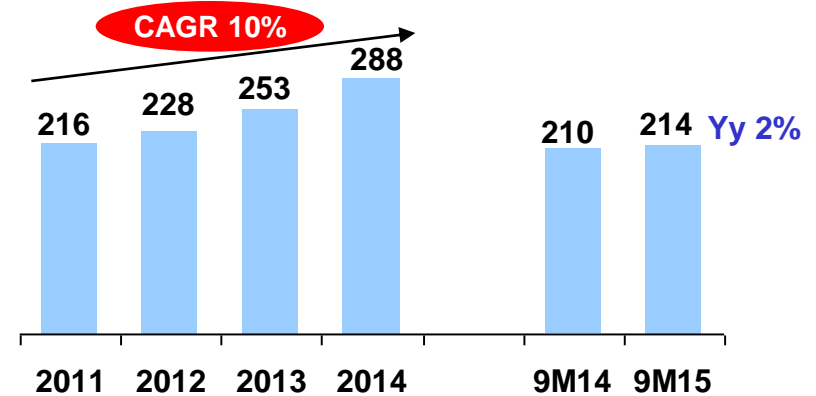


Fee Income* rose 8% to Rp 1.3 tn dominated by General Insurance

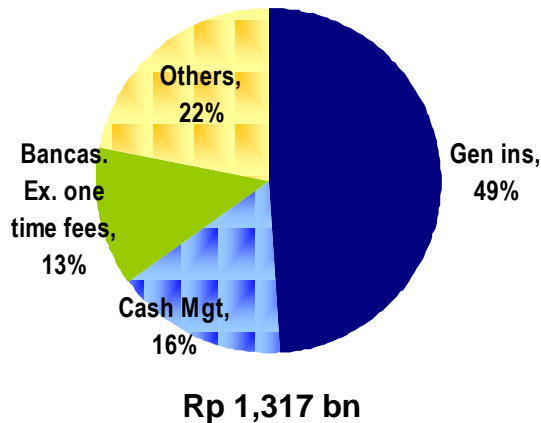
General Insurance (Rp bn)



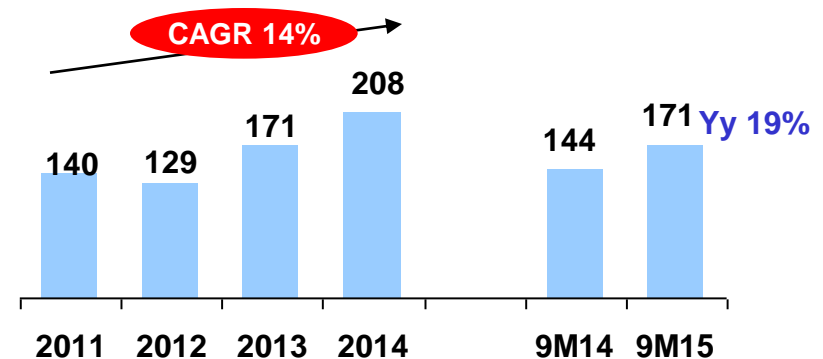
Cash Management (Rp bn)



Distribution of Fee Income 9M15 (%)



Bancassurance excl. One Time Fee (Rp bn)



* Ex-credit related. Others fee income include bancassurance one-time fee, mutual fund, treasury fee.

- Financial Results

- Corporate Events and Awards

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Selected awards and events

Jelajah Pasar Rakyat – Yogyakarta

MoU with Yogyakarta regional government for “traditional market revitalitation” program



MoU Signing Ceremony with BCA

Co-branding Flazz



Indonesia Banking Award 2015 by Tempo Group

The Most Efficient Bank

The Best Bank in Retail Banking Services



Infobank Awards 2015

“Very Good” for assets above Rp 100 tn category



Slide 16

- Financial Results
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Loan to Funding Ratio (LFR) will replace LDR formula starting August 2015

As per BI regulations No. 17 / 11 / PBI / 2015 dated 25 June 2015, the LDR formula will be replaced by Loan to Funding Ratio (LFR) with the following formula:

$$\text{LFR} = \frac{\text{Loan}}{\text{Funding}}$$

$$\text{Funding} = 3^{\text{rd}} \text{ parties Fund} + \text{M/S issued by the Bank owned by } 3^{\text{rd}} \text{ parties}$$

Criteria for marketable securities incorporated in funding components:

- Types: MTNs, FRNs, bonds, exclude subordinated bonds
- Issued through Public Offering
- Must have investment grade rating - rated by rating agency recognized by OJK
- Owned by non bank entity
- Registered or listed in custody by KSEI
- Using the nominal value of M/S issued at end of the previous 2 months; i.e. LFR Jul15 will use nominal value as of 31May 2015.

Thank You

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Consolidated Statements of Income and Retained Earnings
PT. Bank Danamon Indonesia, Tbk
As of Sep 2015

Newsletter										
a	b	c	d	e	f	g	h	i		
Net Interest Income	Net Under-writing Income	Net Sharia Interest Income	Other Operating Income	Other Operating Expenses	Non Operating Income	Non Operating Loss	Income before Tax	Taxes	Minority Interest	Income after Minority Interest
10,374	353	-	3,238	(11,304)	-	(69)	2,592	(646)	(51)	1,895

a+c	b+d	e			f+g	h	i			
Net Interest Income	Non-Interest Income	Operating Income	Operating Expenses	Pre-Provision Operating Profit	Non Operating Income/ Cost of Credit	Non Operating (Loss)	Taxes	Minority Interest	Net Profit after Tax and Minority Interest	Remark
10,374	3,591	13,965	(11,304)	2,660	-	(69)	(646)	(51)	1,895	
(181)		(181)	181	-						- LPS Deposit Insurance
	26	26		26	(26)					- Provision for ADMF acquisition cost
	(150)	(150)		(150)	150					- Write off on amortization cost
	(195)	(195)	195	-						- ADMF indirect acquisition cost
	(140)	(140)	140	-						- Decrease in fair value of financial assets (MTM)
	(120)	(120)	120	-						- Losses from spot and derivative transaction (realised)
		-	3,625	3,625	(3,625)					- Impairment losses on financial assets
	(165)	(165)	165	-						- Fees/commissions and administrative expenses
	(56)	(56)		(56)		56				- Others
10,193	2,790	12,983	(6,878)	6,105	(3,500)	(13)	(646)	(51)	1,895	

Analyst Briefing Presentation