

***Analyst Briefing***  
***Full Year 2015 Financial Results***

***Jakarta, 3 March 2016***

- **Financial Results**
- 3-Year Strategy Overview
- Regulations Update

## Full Year 2015 Highlights: NIM and CIR continued to show quarterly improvements.

- Total loans stood at Rp 129.4 tn. While SME rose 5% YoY to Rp 22.4 tn, Corporate and Commercial loans were relatively flat at Rp 17.7 tn and Rp 16.0 tn, respectively. The growth in SME was offset by the 13% decline in Mass Market loans to Rp 61.2 tn.
- CASA decreased by 15%, mainly in the expensive CASA segment, to Rp 49.8 tn. CASA ratio stood at 42.6%.
- Quarterly NIM increased 30bps to 8.6% driven by lower CoF. Full year 2015 NIM declined by 20bps to 8.2% due to change in asset mix.
- Efficiency continued to improve. Full year CIR was 51.7% as compared to 55.7% in the prior year. CIR for 4Q15 ended up at 48%.
- Pre-Provision Operating Profit (“PPOP”) grew by 8% YoY to Rp 8.4 tn.
- NPL climbed to 3.0% from 2.3% last year. However, Special Mention (“SM”) loans ratio improved 80bps from prior quarter to 10.1% of loans in 4Q15.
- Full year NPAT was Rp 2.4 tn (decreased by 8% YoY), after restructuring cost of Rp 182 billion. ROA and ROE stood at 1.2% and 7.4%, respectively.

## 2015 Balance Sheet Highlights

<i>In Rp billion</i>	2014	2015	YoY	1Q15	2Q15	3Q15	4Q15	QoQ
Total Assets	195,821	188,057	-4%	193,811	200,091	195,012	188,057	-4%
Loans (gross)	139,057	129,367	-7%	135,694	136,275	133,615	129,367	-3%
Government Bonds	6,605	6,916	5%	7,014	6,382	6,016	6,916	15%
Total Funding	145,705	139,782	-4%	143,309	147,448	141,827	139,782	-1%
Current Accounts	23,157	16,778	-28%	22,406	23,396	19,899	16,778	-16%
Savings Accounts	35,100	33,007	-6%	31,531	31,764	32,679	33,007	1%
Time Deposit	60,068	66,991	12%	62,567	65,884	63,215	66,991	6%
Borrowings and LT. Funding	27,381	23,006	-16%	26,805	26,404	26,033	23,006	-12%
Equity	32,409	33,932	5%	33,505	33,056	33,668	33,932	0%

## 2015 Income Statement

<i>In Rp billion</i>	2014	2015	YoY	1Q15	2Q15	3Q15	4Q15	QoQ
<b>Net Interest Income</b>	<b>13,680</b>	<b>13,648</b>	<b>0%</b>	<b>3,430</b>	<b>3,310</b>	<b>3,453</b>	<b>3,455</b>	<b>0%</b>
Fee Income	3,956	3,822	-3%	891	980	919	1,032	12%
<b>Operating Income</b>	<b>17,636</b>	<b>17,470</b>	<b>-1%</b>	<b>4,321</b>	<b>4,290</b>	<b>4,372</b>	<b>4,487</b>	<b>3%</b>
Operating Expenses	9,821	9,033	-8%	2,304	2,342	2,232	2,155	-3%
<b>Pre-Provisioned Op. Profit ("PPOP")</b>	<b>7,814</b>	<b>8,438</b>	<b>8%</b>	<b>2,017</b>	<b>1,948</b>	<b>2,140</b>	<b>2,333</b>	<b>9%</b>
Cost of Credit	3,798	4,925	30%	1,091	1,146	1,263	1,425	13%
<b>Risk Adjusted Op. Profit</b>	<b>4,016</b>	<b>3,513</b>	<b>-13%</b>	<b>926</b>	<b>802</b>	<b>877</b>	<b>908</b>	<b>4%</b>
Restructuring Cost	306	182	-40%				182	
<b>Net Profit after taxes</b>	<b>2,604</b>	<b>2,393</b>	<b>-8%</b>	<b>687</b>	<b>565</b>	<b>643</b>	<b>498</b>	<b>-23%</b>

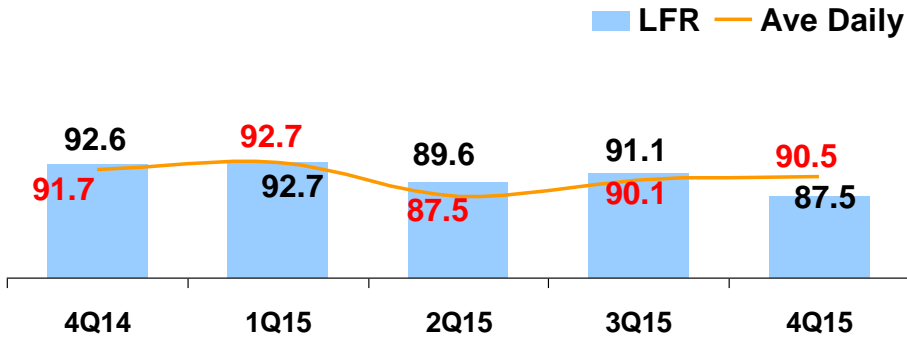
## 2015 Key Ratios

%	2014	2015	YoY	1Q15	2Q15	3Q15	4Q15	QoQ
Net Interest Margin	8.4	8.2	-0.2	8.3	7.8	8.3	8.6	0.3
Cost of Credit	2.8	3.8	0.9	3.3	3.5	3.9	4.5	0.6
Cost / Income	55.7	51.7	-4.0	53.3	54.6	51.0	48.0	-3.0
ROAA	1.4	1.2	-0.2	1.4	1.1	1.3	1.1	-0.2
ROAE	8.6	7.4	-1.2	8.6	7.1	8.0	6.1	-1.9
Assets to Capital (x)	6.6	6.0	-0.6	6.2	6.4	6.2	6.0	-0.2
LFR*	92.6	87.5	-5.1	92.7	89.6	91.1	87.5	-3.6
Bank Only CAR	18.1	20.8	2.8	19.8	19.6	20.1	20.8	0.7
Consolidated CAR	17.8	19.7	1.9	18.7	18.5	19.1	19.7	0.6
NPL – Gross	2.3	3.0	0.7	2.5	2.8	3.0	3.0	0.0
Loan Loss Coverage (LLP/NPL)	122.6	112.0	-10.6	115.3	107.8	105.1	112.0	6.9

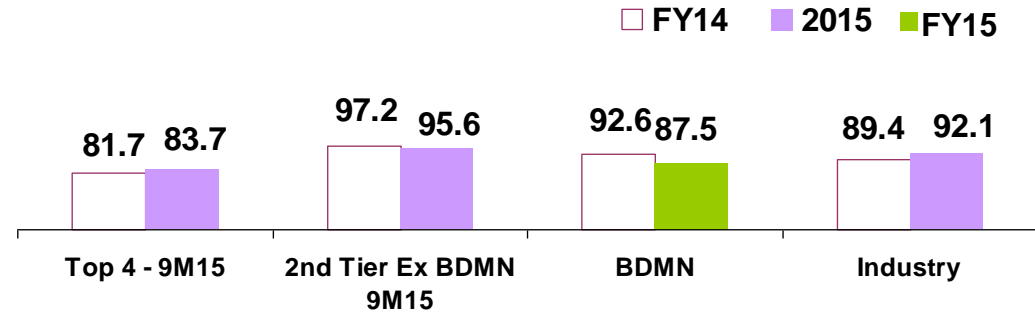
\*) Loan to Funding Ratio (“LFR”) calculation is as stipulated in BI regulation No. 17 / 11 / PBI / 2015 dated 25 June 2015 effective in August 2015. LDR data is used prior to Aug 2015.

LFR stood at 87.5% compared to 92.6% last year.

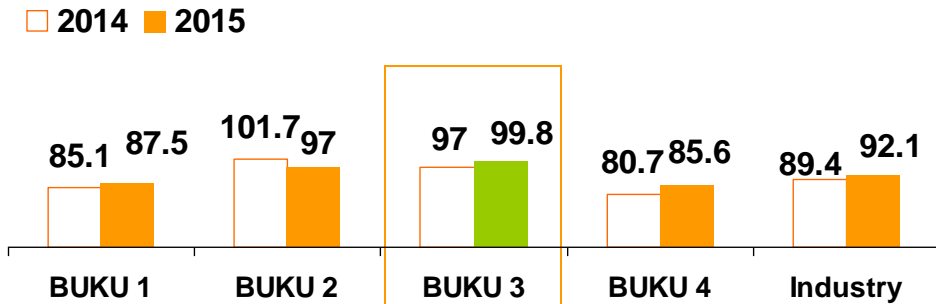
LFR\* and Ave. Daily LFR (%) – Liquidity has been stable.



LFR\* (%) by type of banks



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

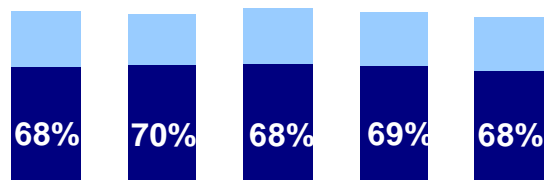


- Danamon’s liquidity remained stable with LFR below that of BUKU 3 banks.

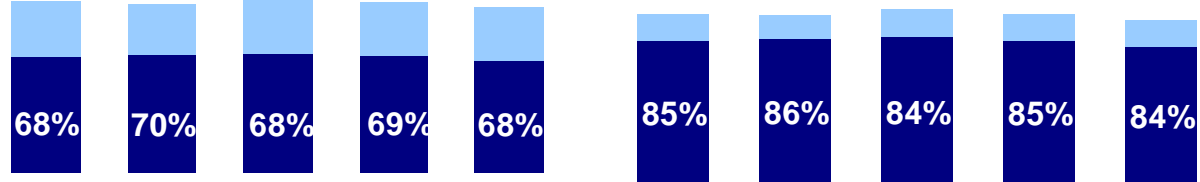
\*) Loan to Funding Ratio (“LFR”) calculation is as stipulated in BI regulation No. 17 / 11 / PBI / 2015 dated 25 June 2015 effective in August 2015. LDR data is used prior to Aug 2015.

## RWA / Total Assets

### RWA BDI Only

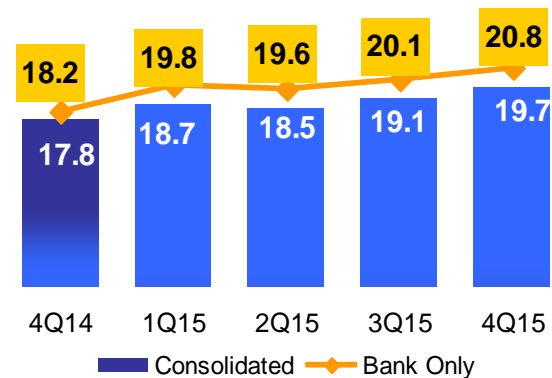


### RWA Consolidated



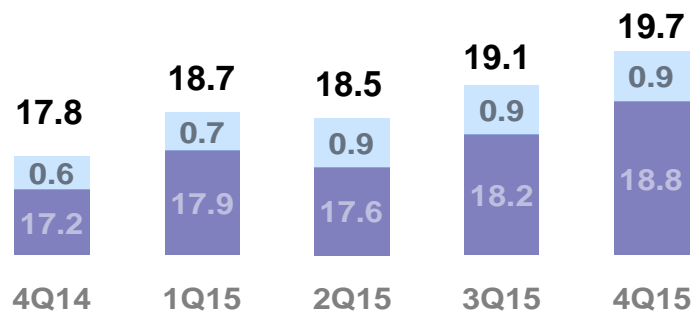
■ RWA ■ Other Assets

## Capital Adequacy Ratio (%)



■ Consolidated — Bank Only

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



■ Tier 1 Capital ■ Tier 2 Capital

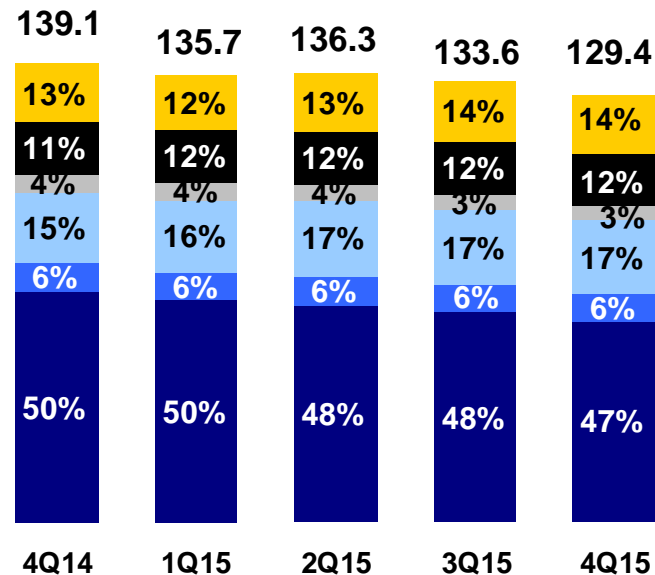
%	4Q14	1Q15	2Q15	3Q15	4Q15
CAR w/ Credit Risk	22.1	23.6	23.2	24.0	25.1
Market Risk Charge	0.1	0.1	0.1	0.1	0.1
Operational Risk Charge	4.2	4.8	4.6	4.8	5.3
<b>CAR Consolidated</b>	<b>17.8</b>	<b>18.7</b>	<b>18.5</b>	<b>19.1</b>	<b>19.7</b>



Loans amounted to Rp 129 tn. The growth in SME was offset by the decline in Mass Market.

### Loan Composition

Rp tn

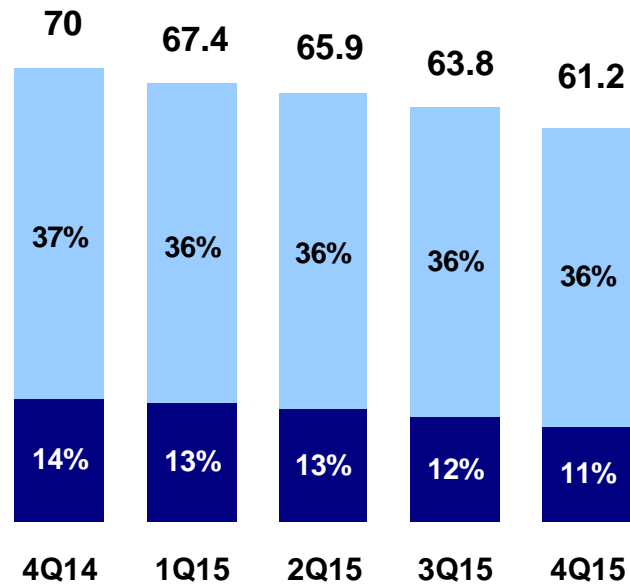


### Loan Growth

Rp bn	2014	2015	ΔYoY
Corporate	17,548	17,676	1%
Commercial	15,976	15,986	0%
ABF	5,749	3,899	-32%
SME	21,315	22,401	5%
Consumer	8,464	8,206	-3%
Mass Market	70,005	61,199	-13%
<b>Total</b>	<b>139,057</b>	<b>129,367</b>	<b>-7%</b>

# Mass Market segment was affected by the soft economy.

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



**Mass Market Loan Growth**

Rp bn	2014	2015	ΔYoY
Adira Finance	51,038	46,592	-9%
DSP	18,967	14,606	-23%
<b>Total</b>	<b>70,005</b>	<b>61,199</b>	<b>-13%</b>

Note:

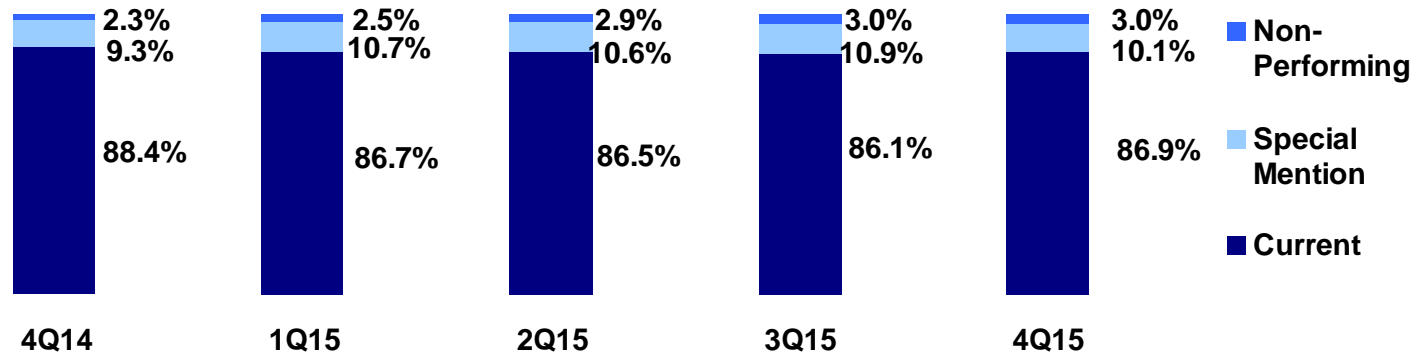
Adira Finance : auto financing and white goods financing

DSP : micro lending

NPL increased to 3.0% from 2.3% a year ago, in line with industry trend. SM improved from prior quarters.

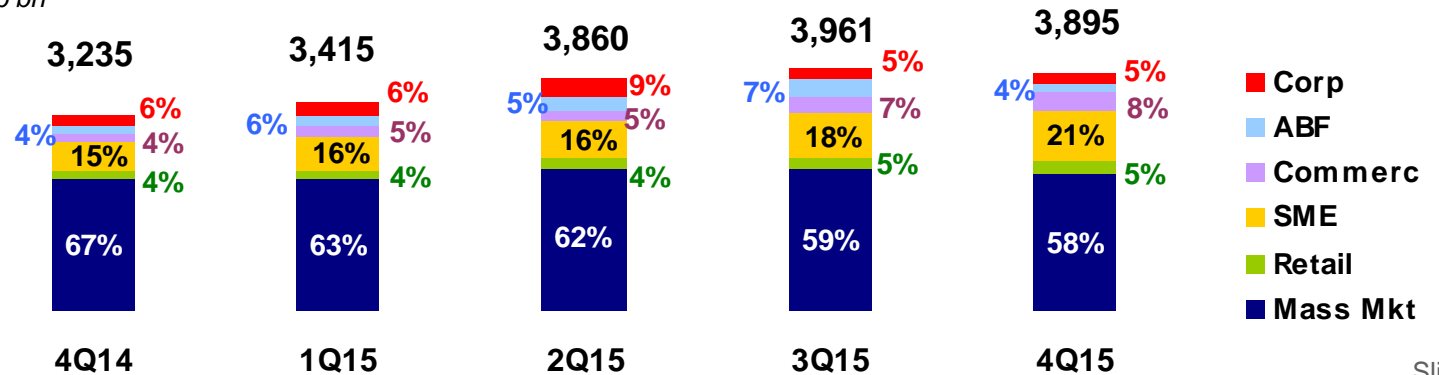
### Loan Collectibility

As % of Total Loans

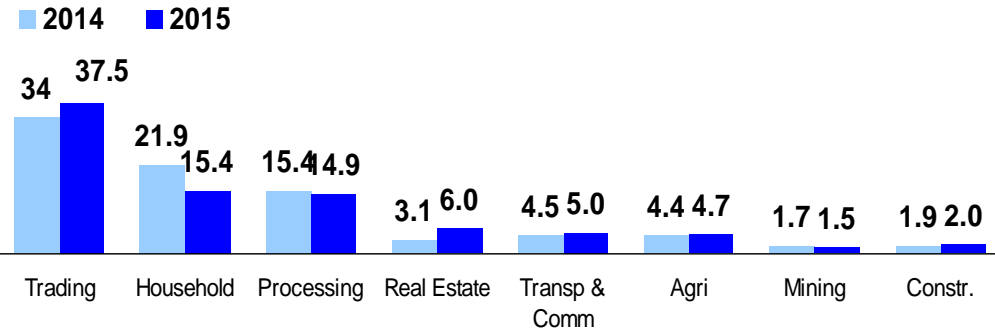


### NPL Composition

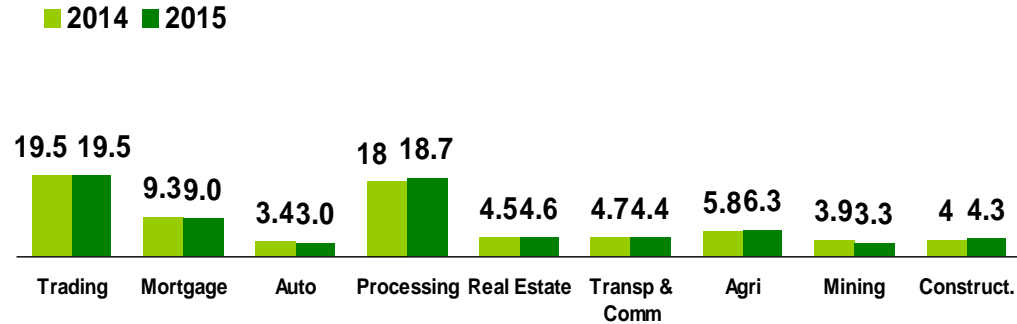
Rp bn



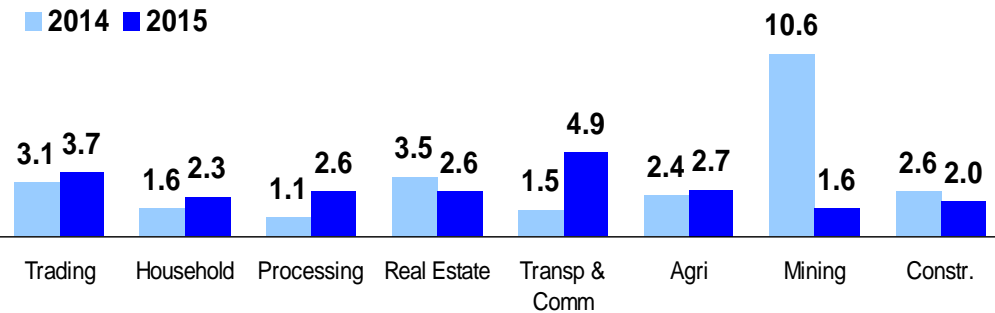
## BDI Loans by Sector (% of total loans)



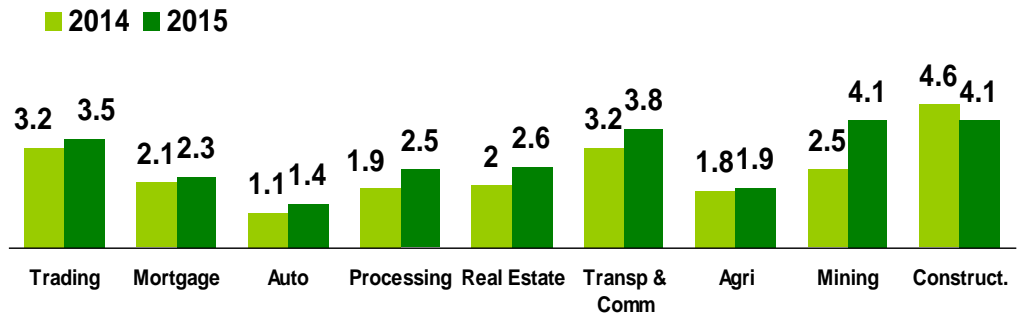
## Industry Loans by Sector (% of total loans)



## BDI NPL by Sector (%)



## Industry NPL by Sector (%)

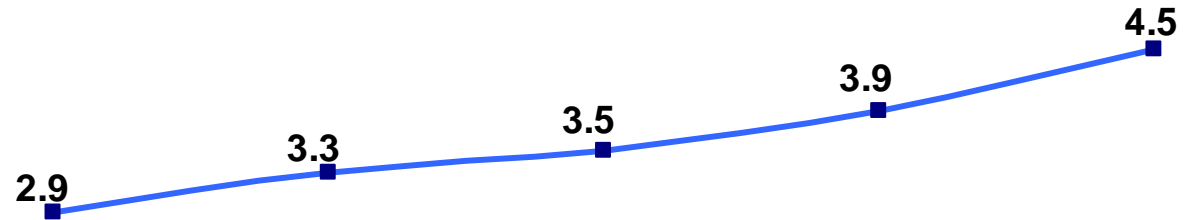


Source: OJK Dec 15

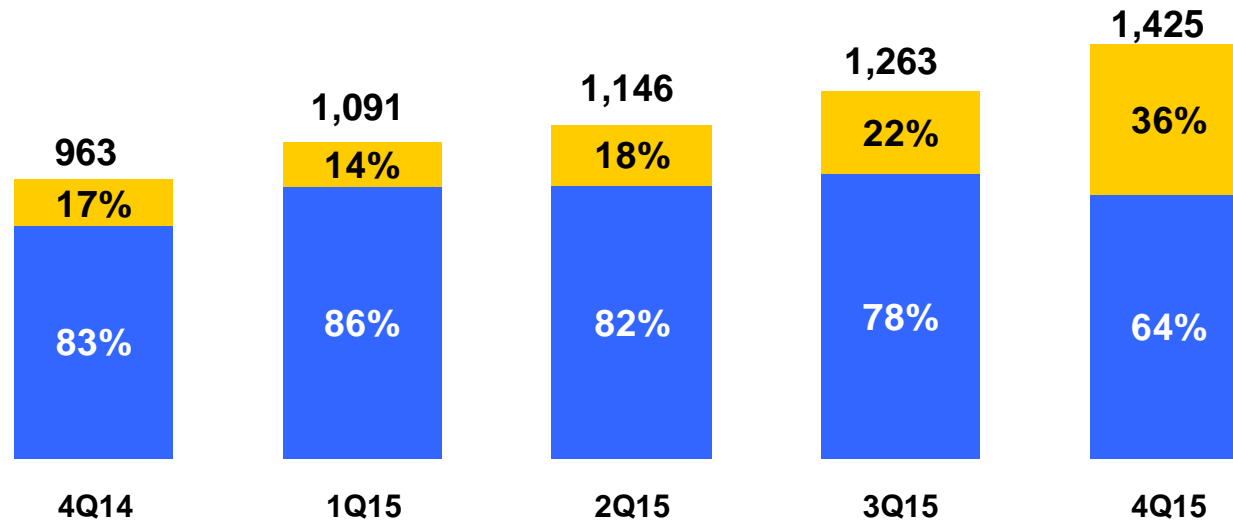
- Increase of NPL in the processing sector was primarily due to oil and gas related borrower.
- NPL in the transportation and communication industry rose 3.4% mainly from debtors supporting the commodity sector.
- NPL in the trading sector rose 60bps due to automotive related debtor.

# Cost of Credit of 4.5% in 4Q15.

**Quarterly Cost of Credit / Avg. Loans (%)**



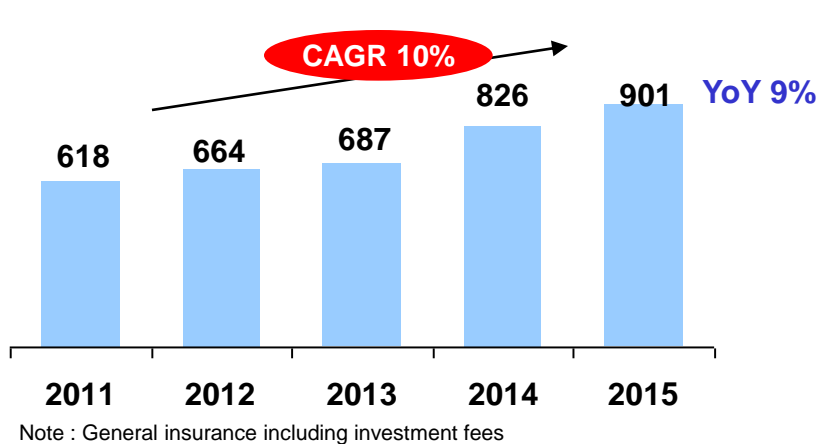
**Cost of Credit (Rp bn)**



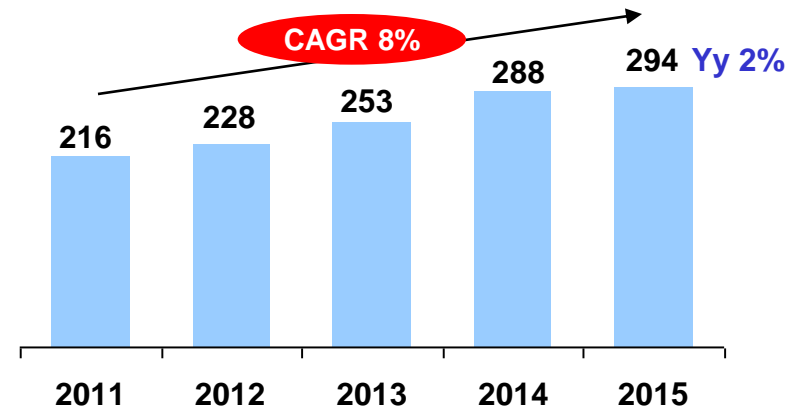
■ Mass Market ■ Non Mass Market

# Fee Income\* rose 8% to Rp 1.9 tn dominated by General Insurance.

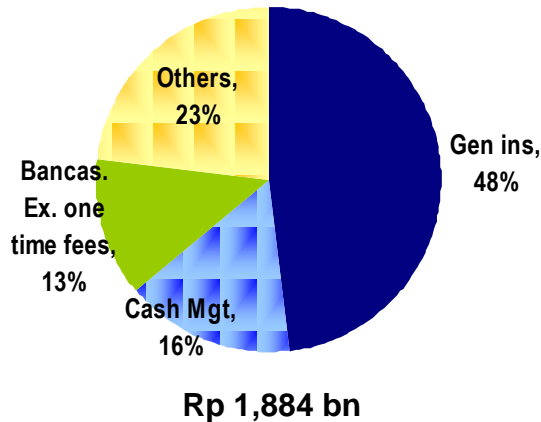
General Insurance (Rp bn)



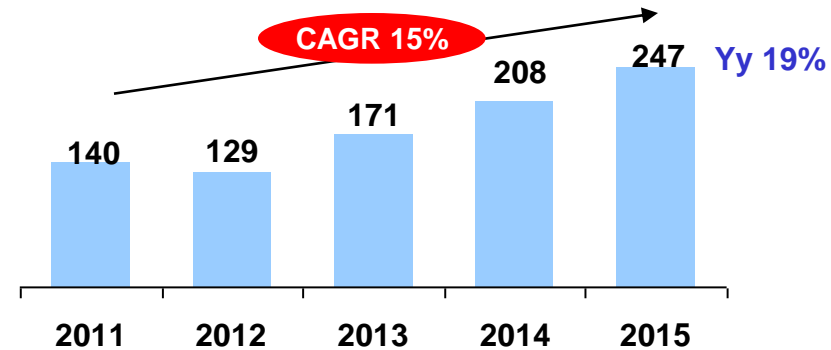
Cash Management (Rp bn)



Distribution of Fee Income 2015 (%)



Bancassurance excl. One Time Fee (Rp bn)



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

- Financial Results

- **3-Year Strategy Overview**

- Regulations Update

1

## ADMF and DSP

- **DSP**
  - Rationalize coverage model
  - Leverage DSP outlet to sell additional products
  - Adopt analytics-driven decision making
- **ADMF:**
  - Drive X-sell i.e. CASA, wealth, insurance, white goods.
  - Expand alternative channels (Keday, partnership with digital marketplaces, minimarts).

2

## SME, Consumer, Commercial Banking and Adira Insurance

- **SME:**
  - Capture small SMEs with scalable business model
  - Tap low-cost funding
  - Enhance offerings through sector bundles, transaction packages, and value added services.
- **Consumer:**
  - Tailor proposition based on demographic / lifestyle
  - Target transactions and low cost funding
- **Commercial:**
  - Industry expertise as key differentiator
  - Strengthen transaction platform to gain low-cost deposits and fees
- **Adira Insurance:**
  - Expand beyond auto
  - Leverage Danamon Group customers.

3

## Transaction Banking, Treasury and Sharia

- **Transaction Banking :**
  - Act as solution integrator across LoBs
  - Target low cost funding
  - Drive “sticky” client relationships, promote X-selling
- **Treasury:**
  - Strong advisory and customer support
  - Origination of holistic solutions
- **Sharia:**
  - Integrated offerings to target Islamic Institutions, Umroh, Halal and Hajj ecosystem
  - Leverage group network as product unit

4

## Sales and Distribution Network

- **Objectives:**
  - To offer holistic service and provide further X-selling opportunities.
  - To drive collaboration with shared goals and accountabilities across LoBs and subsidiaries
- Will be rolled out in January 2016.

5

## Digital Technology and Analytics

- **IT:**
  - Enhanced digital channel
  - Digitalization of the back-end B2B
- **Analytics:**
  - Centralized business intelligence ("central brain") and marketing

6

## Human Capital

- Institutionalize meritocracy (“SIPASTI”) in performance management
- Enhanced comprehensive Danamon Academy



# What will be changing at Danamon?

## Current situation

Heavy reliance on **2 engines of growth**, with recently declining performance

Businesses **lack differentiation** from competitors

**Insufficient talent**, with **high attrition rate**, hindering support for new business models

LOBs and Divisions **operate in silos** with **slow implementation speed**

**Sub-optimal processes** in place, which are largely manually driven

Culture with **limited accountability and discipline** in many parts of the organization



## Impact of transformation

Additional **5 engines of growth** creating more revenue streams and diversification

Well defined, better marketed **unique value propositions** for each segment

Holistic talent **attraction, development and retention plan** to support transformation

**Agile, energetic and collaborative** organization

**Leaner** and optimized operating model, supported by **digital & analytics capabilities**

Renewed sense of **purpose** with **honesty, discipline and SIPASTI** as part of core values

- Financial Results
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- Regulations Update

# OJK Regulation update No. 46/POJK.03/2015 regarding change in Surcharge for D-SIB

	2016	2017	2018	2019
Minimum CAR based on Risk Profile Rating: <ul style="list-style-type: none"> <li>• Rating 1 : CAR min 8%</li> <li>• Rating 2 : CAR min 9-&lt;10%</li> <li>• Rating 3 : CAR min 10-&lt;11%</li> <li>• Rating 4 &amp; 5 : CAR min 11-&lt;14%</li> </ul>	No Change			
Conservation Buffer	0.625%	1.25%	1.875%	2.5%
Countercyclical Buffer	0 – 2.5%	0 – 2.5%	0 – 2.5%	0 – 2.5%
Surcharge D-SIB	<b>New: 0.25 - 0.625%</b>	<b>0.5 - 1.25%</b>	<b>0.75 – 1.875%</b>	<b>1 – 2.5%</b>
	Previous: 1 – 2.5%	1 – 2.5%	1 – 2.5%	1 – 2.5%

# Liquidity: Internal LCR assessment has met OJK minimum reference for Basel III

## Implementation LCR in Danamon

### Background

- Basel Committee on Banking Supervision (BCBS) document related to Basel III Liquidity Coverage Ratio (LCR) was released in January 2013.
- This ratio measures bank short term resilience of the liquidity risk profile based on its High Quality Liquid Assets within crisis scenario in 30 calendar days.

- Following a consultative paper that was issued in 2014, OJK issued regulation No.42/POJK.03/2015 in December 2015 on Commercial-Bank Mandatory Liquidity Coverage Ratios.
- The LCR estimation is conducted periodically to meet the Basel III standard and local regulatory requirement. The formula is as follows:

$$\frac{\text{High Quality Liquid Assets (HQLA)}}{\text{Total net cash outflows over the next 30 calendar days}} \geq 100\%$$

- BUKU 3 and foreign banks must meet the LCR requirement gradually:

Minimum LCR	Starting from
70%	30 June 2016
80%	30 June 2017
90%	31 December 2017
100%	31 December 2018

- BDI's LCR estimation has met OJK min. reference, indicating the Bank has promoted short-term resilience of the liquidity risk profile based on High Quality Liquid Asset within crisis scenario in 30 calendar days.

# Thank You

Investor Relations

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Consolidated Statements of Income and Retained Earnings  
PT. Bank Danamon Indonesia, Tbk  
As of Dec 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
13,887	527	-	4,224	(14,694)	-	(662)	3,282	(812)	(76)	2,393

a+c	b+d	e		f+g		h	i			
Net Interest Income	Non-Interest Income	Operating Income	Operating Expenses	Pre-Provision Operating Profit	Cost of Credit	Non Operating Income/ (Loss)	Taxes	Minority Interest	Net Profit after Tax and Minority Interest	Remark
13,887	4,751	18,638	(14,694)	3,944	-	(662)	(812)	(76)	2,393	
(239)		(239)	239	-						- LPS Deposit Insurance
	36	36		36	(36)					- Provision for ADMF acquisition cost
	(193)	(193)		(193)	193					- Write off on amortization cost
	(283)	(283)	283	-						- ADMF indirect acquisition cost
	(49)	(49)	49	-						- Decrease in fair value of financial assets (MTM)
	(86)	(86)	86	-						- Losses from spot and derivative transaction (realised)
		-	5,082	5,082	(5,082)					- Impairment losses on financial assets
	(279)	(279)	279	-						- Fees/commissions and administrative expenses
	(69)	(69)	(360)	(429)		429				- Others
13,648	3,822	17,470	(9,033)	8,438	(4,925)	(231)	(812)	(76)	2,393	

Analyst Briefing Presentation