

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

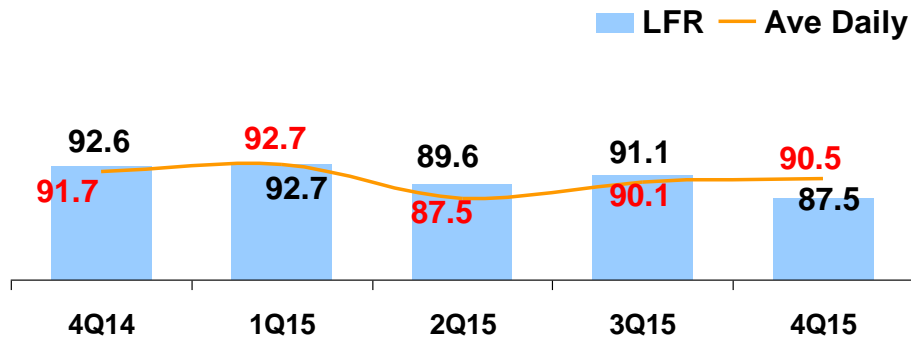
2015 Key Ratios

%	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

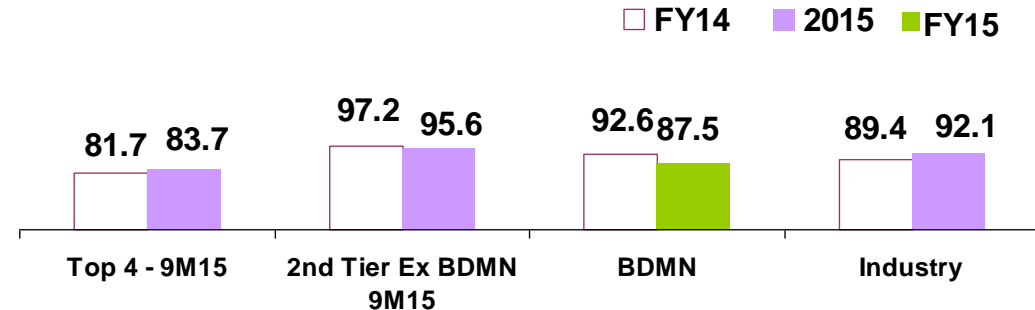
*) Loan to Funding Ratio ("LFR") calculation is as stipulated in BI regulation No. 17 / 11 / PBI / 2015 dated 25 June 2015 effective in August 2015. LDR data is used prior to Aug 2015.

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

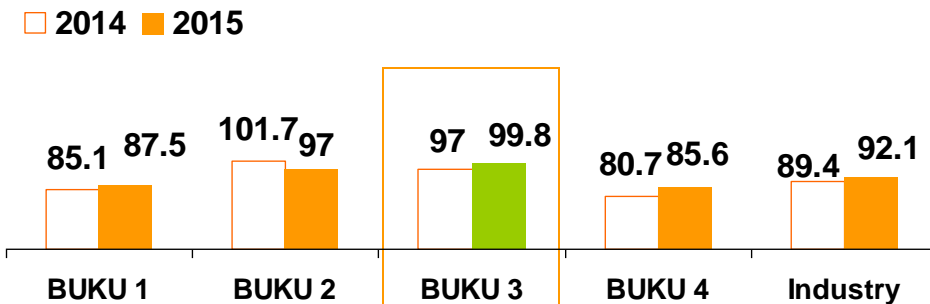
LFR* and Ave. Daily LFR (%) – Liquidity has been stable.



LFR* (%) by type of banks



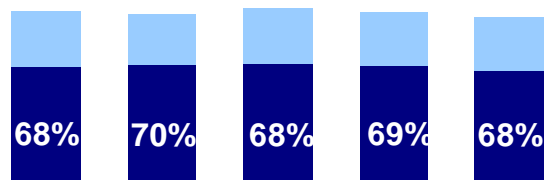
LFR* (%) by BUKU – BUKU 3 Banks posted the highest LFR



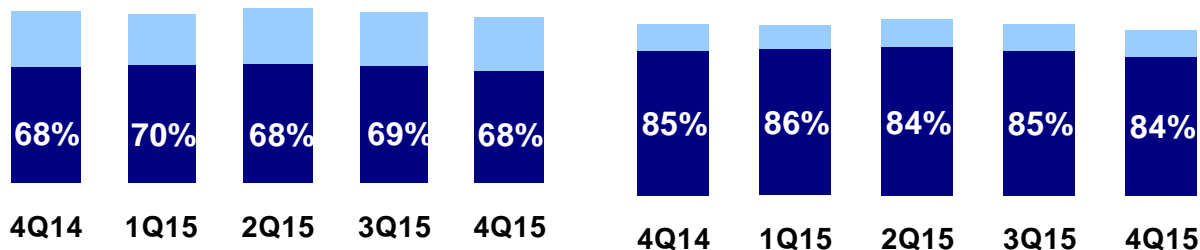
- Danamon's liquidity remained stable with LFR below that of BUKU 3 banks.

RWA / Total Assets

RWA BDI Only

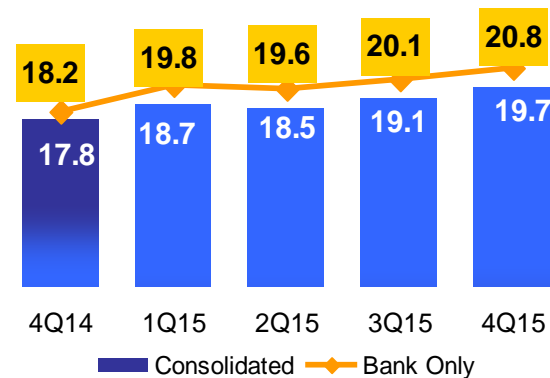


RWA Consolidated



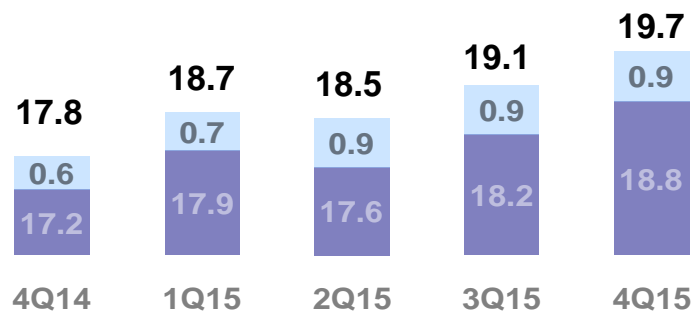
■ RWA ■ Other Assets

Capital Adequacy Ratio (%)



■ Consolidated — Bank Only

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



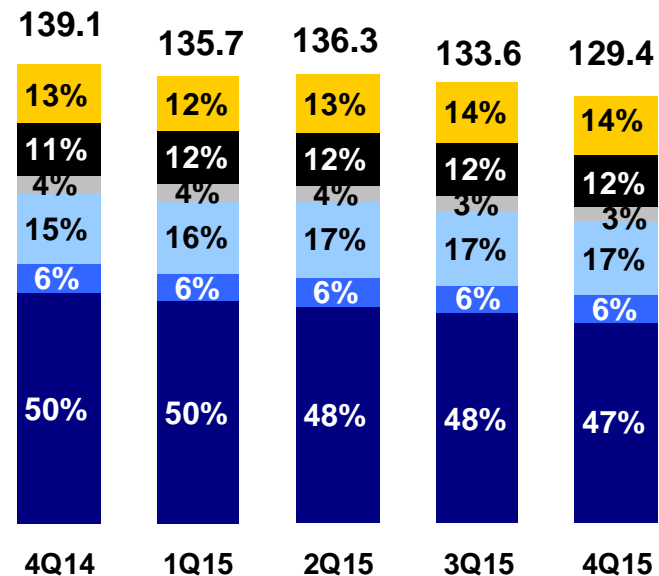
■ Tier 1 Capital ■ Tier 2 Capital

%	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
CAR Consolidated	17.8	18.7	18.5	19.1	19.7

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

Loan Composition

Rp tn

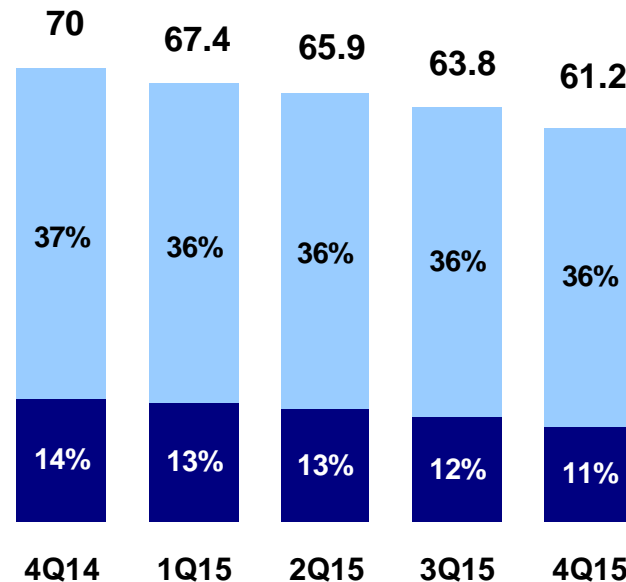


Loan Growth

Rp bn	2014	2015	△YoY
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%
Total	139,057	129,367	-7%

Mass Market segment was affected by the soft economy.

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



Mass Market Loan Growth

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

Note:

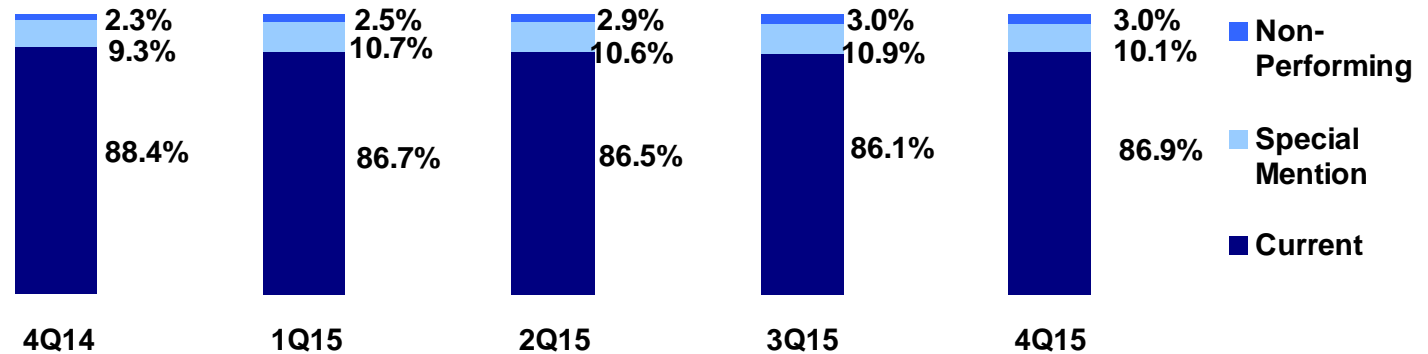
Adira Finance : auto financing and white goods financing

DSP : micro lending

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

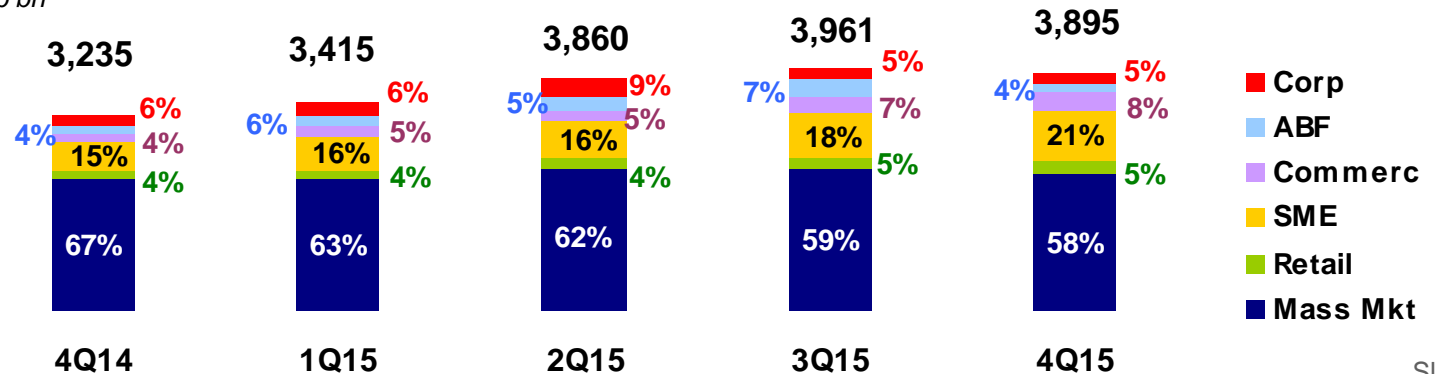
Loan Collectibility

As % of Total Loans

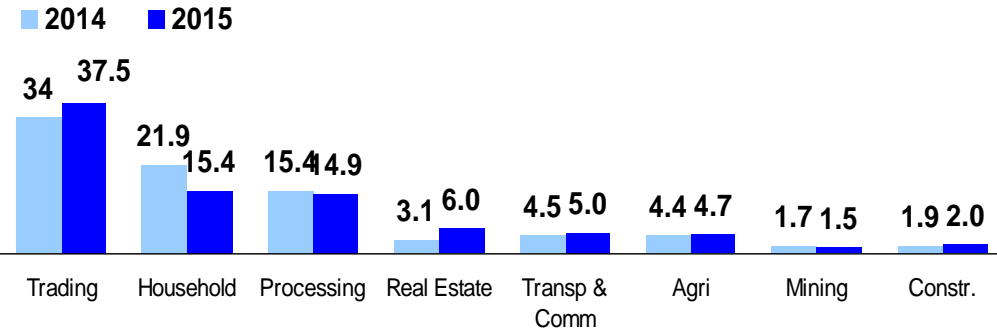


NPL Composition

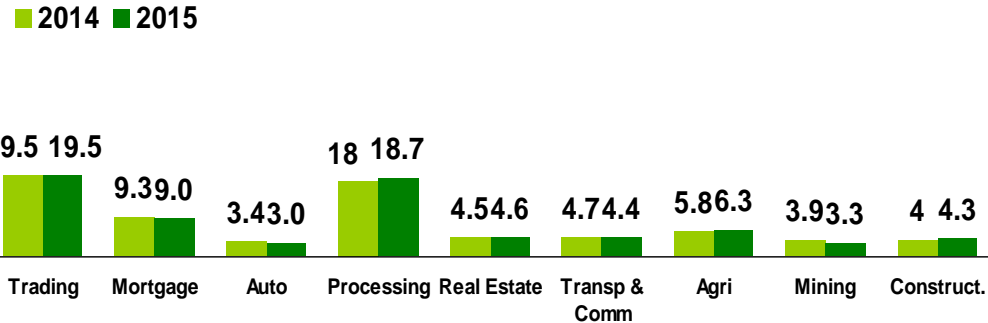
Rp bn



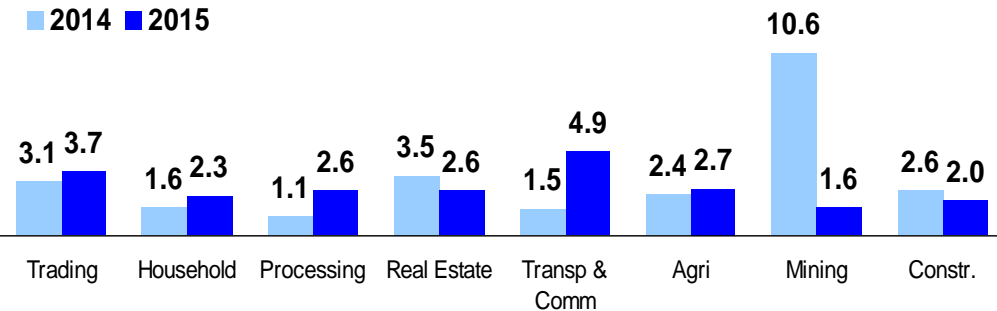
BDI Loans by Sector (% of total loans)



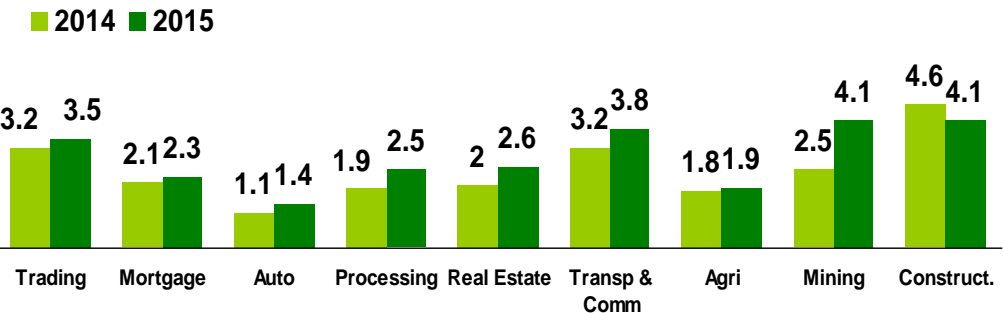
Industry Loans by Sector (% of total loans)



BDI NPL by Sector (%)



Industry NPL by Sector (%)

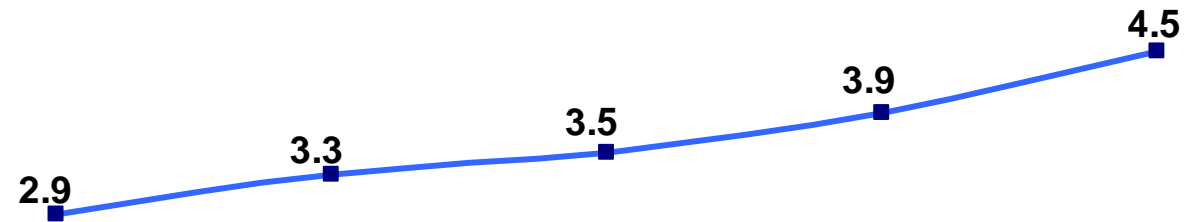


Source: OJK Dec 15

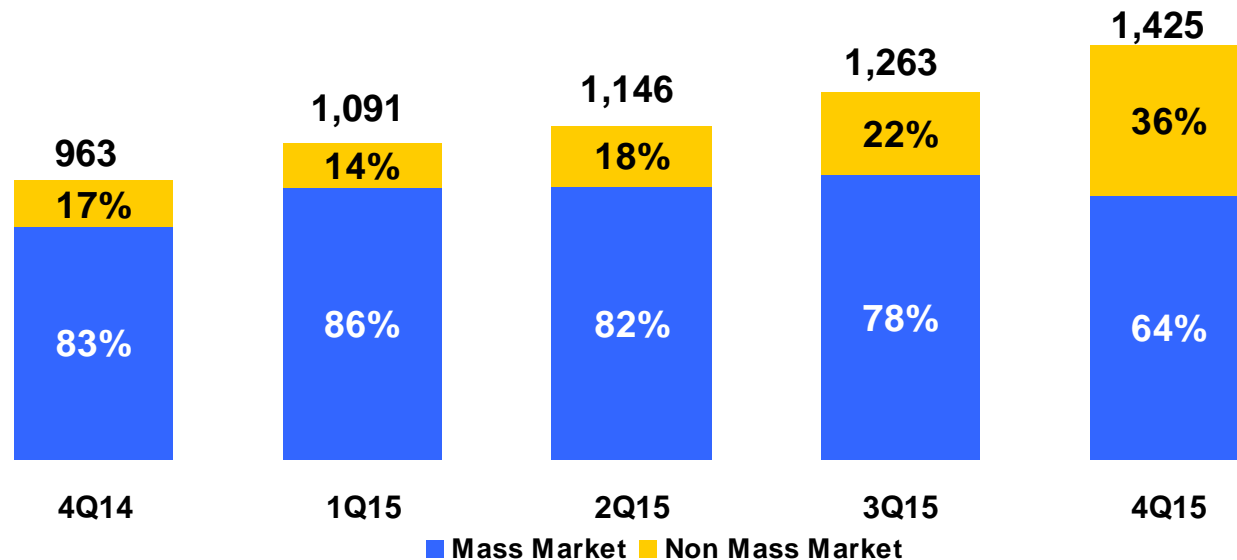
- Increase of NPL in the processing sector was primarily due to oil and gas related borrower.
- NPL in the transportation and communication industry rose 3.4% mainly from debtors supporting the commodity sector.
- NPL in the trading sector rose 60bps due to automotive related debtor.

Cost of Credit of 4.5% in 4Q15.

Quarterly Cost of Credit / Avg. Loans (%)

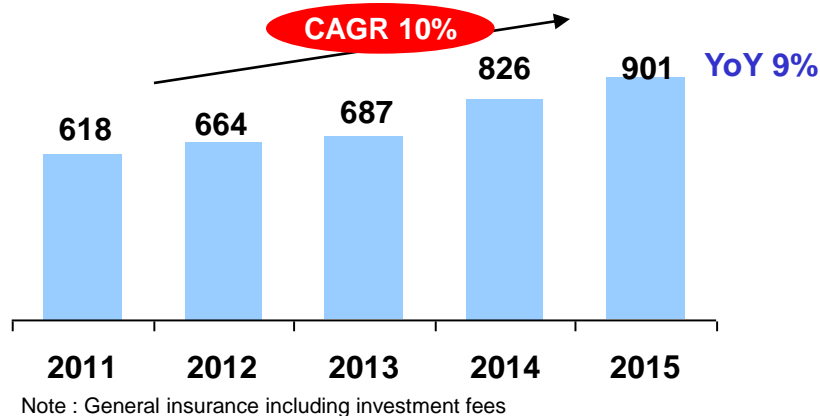


Cost of Credit (Rp bn)

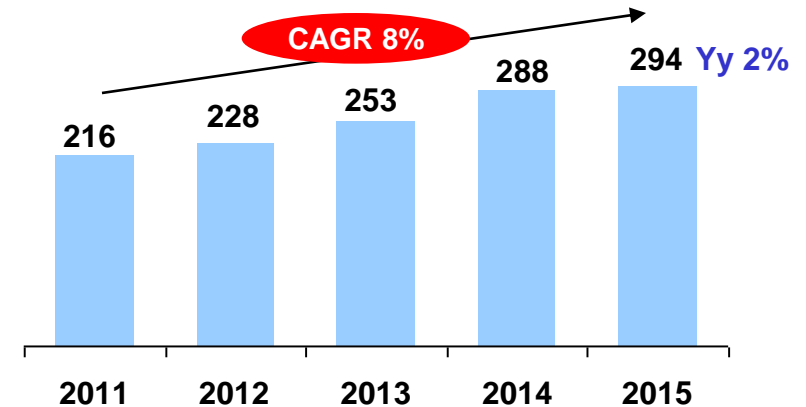


Fee Income* rose 8% to Rp 1.9 tn dominated by General Insurance.

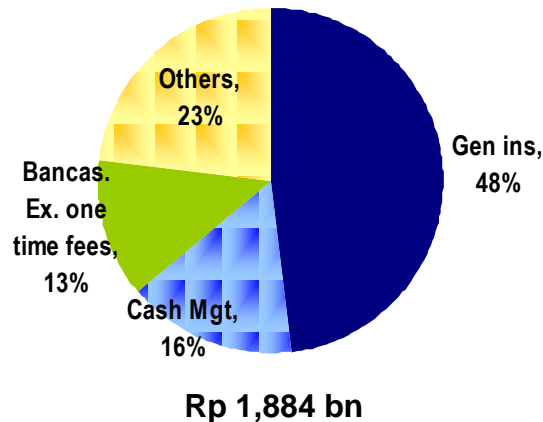
General Insurance (Rp bn)



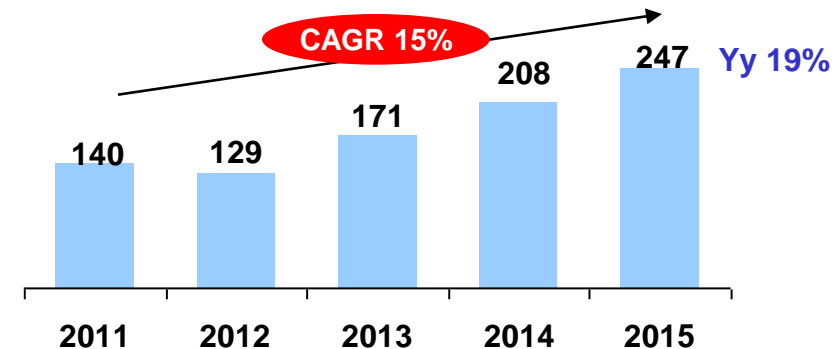
Cash Management (Rp bn)



Distribution of Fee Income 2015 (%)



Bancassurance excl. One Time Fee (Rp bn)



- 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
- 3-Year Strategy Overview

- 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"> Rating 1 : CAR min 8% Rating 2 : CAR min 9-<10% Rating 3 : CAR min 10-<11% Rating 4 & 5 : CAR min 11-<14% 	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	New: 0.25 - 0.625%	0.5 - 1.25%	0.75 – 1.875%	1 – 2.5%
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

PT Bank Danamon Indonesia, Tbk

Menara Bank Danamon, 6th Floor

Jl. Prof. Dr. Satrio Kav. E4 No.6

Mega Kuningan, Jakarta 12950

Phone: +62 21 5799 1001-03

Fax: +62 21 5799 1445

Email: investor.relation@danamon.co.id

Disclaimer:

This report has been prepared by PT Bank Danamon Indonesia Tbk independently and is circulated for the purpose of general information only. It is not intended to the specific person who may receive this report. The information in this report has been obtained from sources which we deem reliable. No warranty (expressed or implied) is made to the accuracy or completeness of the information. All opinions and estimates included in this report constitute our judgment as of this date and are subject to change without prior notice. We disclaim any responsibility or liability (expressed or implied) of PT Bank Danamon Indonesia Tbk and/or its affiliated companies and/or their respective employees and/or agents whatsoever and howsoever arising which may be brought against or suffered by any person as a result of acting in reliance upon the whole or any part of the contents of this report and neither PT Bank Danamon Indonesia Tbk and/or its affiliated companies and/or their respective employees and/or agents accepts liability for any errors, omissions or mis-statements, negligent or otherwise, in this report and any inaccuracy herein or omission here from which might otherwise arise.

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	Remark
									Minority Interest	
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										

Analyst Briefing Presentation