

***Analyst Briefing***  
***First Nine Months 2016 Financial Results***

***Jakarta, 25 October 2016***

## 9M16 Highlights: Net profit grew 33% YoY boosted by revenue, opex and CoC improvements.

- Total loans stood at Rp 121.6 tn. SME grew 6% YoY. Excluding Micro loans, the combined portfolio, including marketable securities related to Trade Finance, declined by 4% YoY.
- As loan demand remained weak, third-party deposits were reduced by 10% YoY to Rp 103.8 tn.
- PPOP increased 13% YoY to Rp 6.8 tn. NIM improvement of 70 bps and fee income growth of 9% contributed to the increase in PPOP.
- CIR improved by 460 bps YoY to 49.1% due to continuous efficiency efforts.
- Cost of credit (CoC) for 9M16 improved 4% YoY to Rp 3.4 tn. Despite the quarterly increase, we expect CoC in the next quarter to be lower than the Rp 1.15 tn shown in 3Q16.
- NPAT for 9M16 increased 33% YoY to Rp 2.5 tn.
- ROE rose 220 bps YoY to 10.1%.

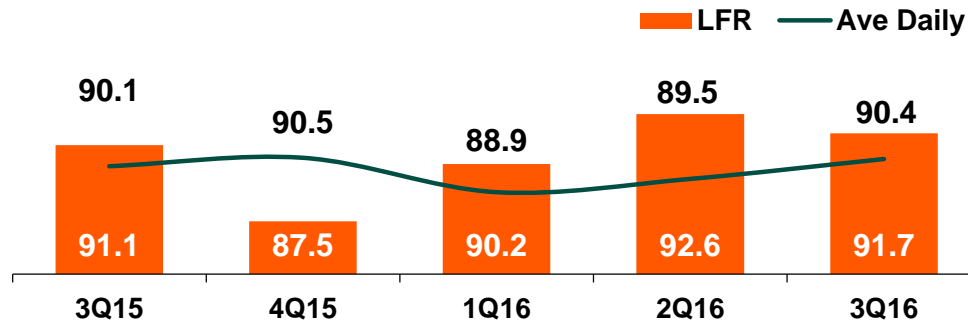
<i>In Rp billion</i>	9M15	9M16	YoY	1Q16	2Q16	3Q16	QoQ
Total Assets	195,012	174,685	-10%	179,334	174,855	174,685	0%
Loans (gross)	133,615	121,608	-9%	125,846	124,922	121,608	-3%
Marketable Securities related to Trade Finance (MS - TF)	117	2,945	2426%	253	2,958	2,945	0%
Total loan and MS – TF	133,732	124,552	-7%	126,099	127,880	124,552	-3%
Government Bonds	6,016	9,786	63%	6,605	8,291	9,786	18%
Total Funding	141,827	124,575	-12%	132,077	127,852	124,575	-3%
CASA	52,578	45,574	-13%	45,948	44,712	45,574	2%
Time Deposit	63,215	58,197	-8%	65,140	61,391	58,197	-5%
Borrowings and LT. Funding	26,033	20,804	-20%	20,989	21,749	20,804	-4%
Equity	33,668	35,849	6%	34,886	35,018	35,849	2%

<i>In Rp billion</i>	9M15	9M16	YoY	1Q16	2Q16	3Q16	QoQ
<b>Net Interest Income</b>	<b>10,193</b>	<b>10,248</b>	<b>1%</b>	3,395	<b>3,408</b>	<b>3,445</b>	<b>1%</b>
Fee Income	2,790	3,042	9%	966	1,103	973	-12%
<b>Operating Income</b>	<b>12,983</b>	<b>13,290</b>	<b>2%</b>	<b>4,361</b>	<b>4,511</b>	<b>4,418</b>	<b>-2%</b>
Operating Expenses	6,969	6,519	-6%	2,125	2,181	2,213	1%
<b>Pre-Provision Op. Profit ("PPOP")</b>	<b>6,014</b>	<b>6,770</b>	<b>13%</b>	<b>2,236</b>	<b>2,330</b>	<b>2,205</b>	<b>-5%</b>
Cost of Credit	3,500	3,361	-4%	1,129	1,079	1,153	7%
<b>Risk Adjusted Op. Profit</b>	<b>2,514</b>	<b>3,409</b>	<b>36%</b>	<b>1,107</b>	<b>1,250</b>	<b>1,052</b>	<b>-16%</b>
<b>Net Profit after taxes</b>	<b>1,895</b>	<b>2,516</b>	<b>33%</b>	<b>814</b>	<b>921</b>	<b>782</b>	<b>-15%</b>

%	9M15	9M16	YoY	1Q16	2Q16	3Q16	QoQ
Net Interest Margin	8.1	8.8	0.7	8.6	8.8	8.9	0.1
Cost of Credit	3.5	3.6	0.1	3.6	3.5	3.8	0.2
Cost / Income	53.7	49.1	(4.6)	48.7	48.4	50.1	1.7
ROAA	1.3	1.9	0.6	1.8	2.1	1.8	(0.3)
ROAE	7.9	10.1	2.2	9.8	11.2	9.2	(2.0)
Assets to Capital (x)	6.2	5.3	(0.9)	5.6	5.5	5.3	(0.2)
LFR*	91.1	91.7	0.6	90.2	92.6	91.7	(0.9)
Bank Only CAR	20.1	22.8	2.7	22.1	22.0	22.8	0.8
Consolidated CAR	19.1	21.5	2.4	20.8	20.6	21.5	0.9
NPL – Gross	3.0	3.5	0.5	3.3	3.3	3.5	0.3
Loan Loss Coverage (LLP/NPL)	105.1	102.3	(2.8)	108.3	110.6	102.3	(8.3)

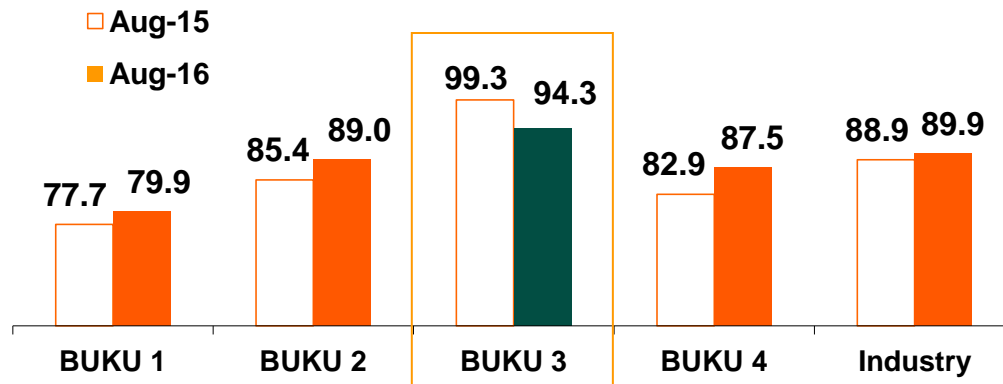
\* Loan to Funding Ratio ("LFR") calculation is as stipulated in BI regulation No. 17 / 11 / PBI / 2015 dated 25 June 2015 effective in August 2015. LDR data is used prior to Aug 2015.

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



- Danamon’s LFR has been manageable

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

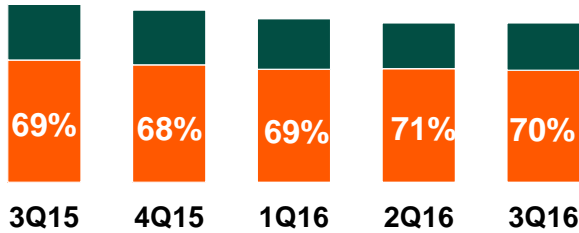


- ...well below BUKU 3’s LDR.

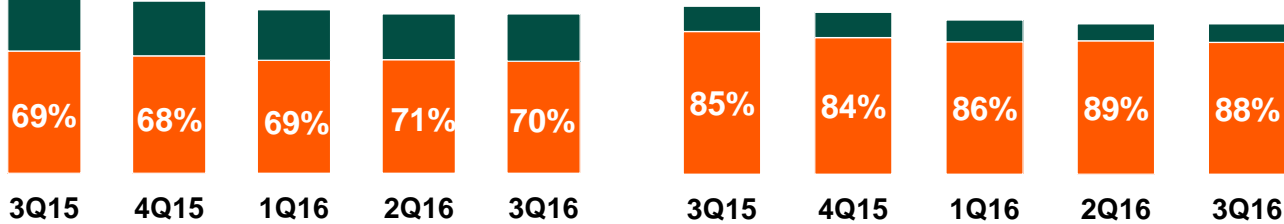
\*) Loan to Funding Ratio (“LFR”) calculation is as stipulated in BI regulation No. 17 / 11 / PBI / 2015 dated 25 June 2015 effective in August 2015.

## RWA / Total Assets

### RWA BDI Only

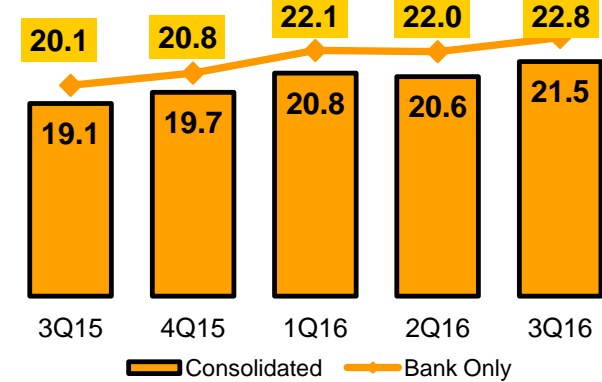


### RWA Consolidated



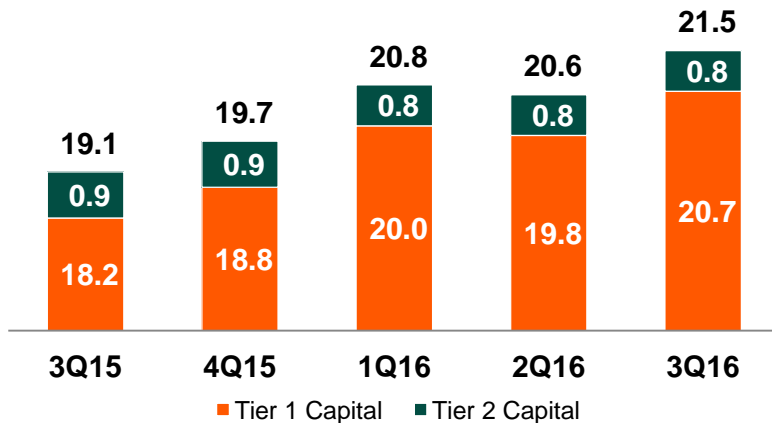
■ RWA ■ Other Assets

## Capital Adequacy Ratio (%)



■ Consolidated — Bank Only

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

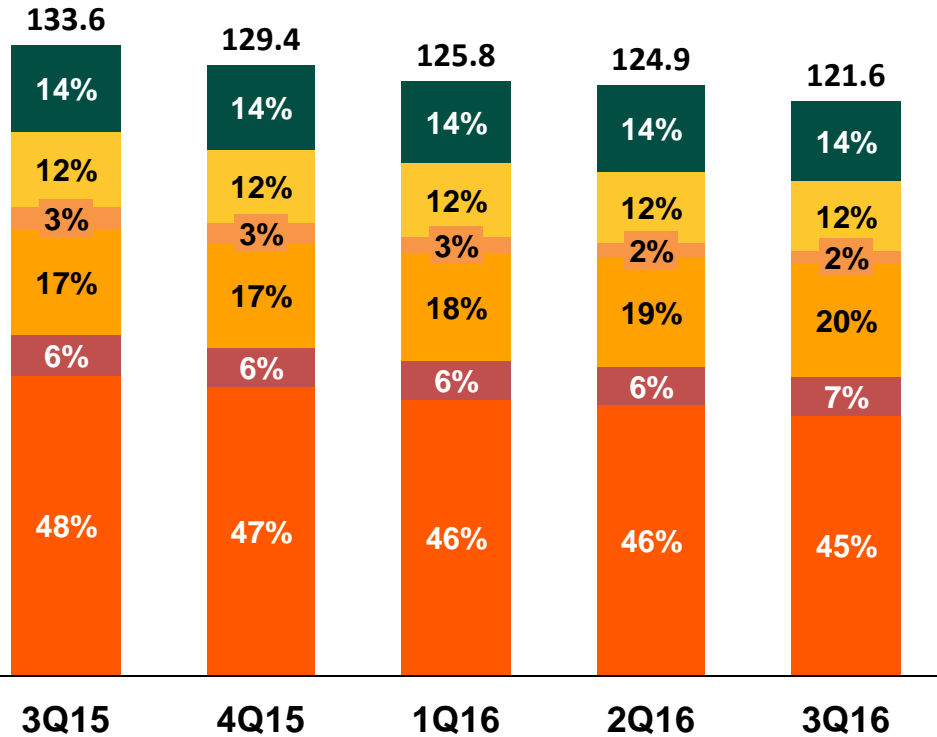


■ Tier 1 Capital ■ Tier 2 Capital

%	3Q15	4Q15	1Q16	2Q16	3Q16
CAR w/ Credit Risk	24.0	25.1	26.8	26.5	27.9
Market Risk Charge	0.1	0.1	0.1	0.1	0.2
Operational Risk Charge	4.8	5.3	5.9	5.8	6.2
<b>CAR Consolidated</b>	<b>19.1</b>	<b>19.7</b>	<b>20.8</b>	<b>20.6</b>	<b>21.5</b>

# The combined portfolio excluding Micro loans declined by 4%.

Loan Composition (Rp tn)



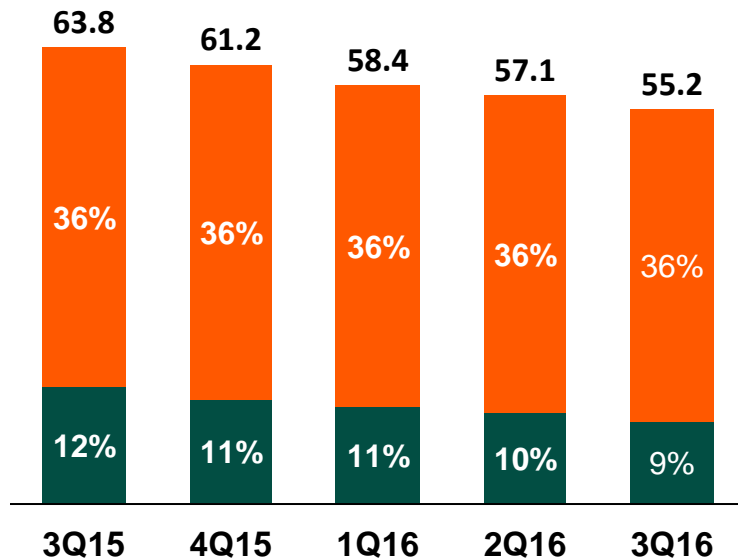
Growth of Loans & MS related to Trade Finance (%)

Rp bn	9M15	9M16	ΔYoY	ΔQoQ
Corporate	18,258	16,833	-8%	-6%
Commercial	16,172	14,697	-9%	-4%
ABF	4,537	2,842	-37%	-7%
SME	22,605	23,850	6%	1%
Consumer	8,286	8,172	-1%	2%
Mass Market	63,757	55,214	-13%	-3%
<b>Total Loans</b>	<b>133,615</b>	<b>121,608</b>	<b>-9%</b>	<b>-3%</b>
MS rel to Trade Finance	117	2,945	2,426%	0%
<b>Total</b>	<b>133,732</b>	<b>124,552</b>	<b>-7%</b>	<b>-3%</b>
Total excl Micro	117,595	113,109	-4%	-2%

- Decline in the consumer loans was due to a the effort to reduce unsecured personal loans portfolio. The rest of the Consumer portfolio grew by 10% YoY.
- The combined Corporate and Commercial portfolio, including marketable securities related to Trade Finance, was flat on a YoY basis.



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



## Mass Market Loan Growth (%)

Rp bn	9M15	9M16	ΔYoY	ΔQoQ
Adira Finance	47,620	43,771	-8%	-2%
DSP	16,137	11,443	-29%	-9%
<b>Total</b>	<b>63,757</b>	<b>55,214</b>	<b>-13%</b>	<b>-3%</b>

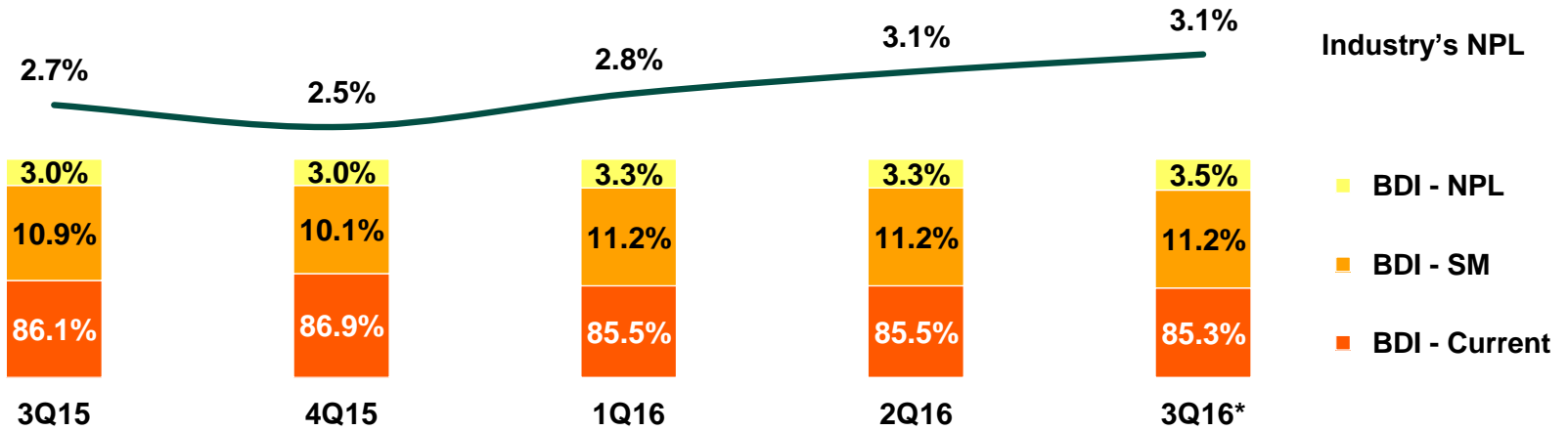
Note:

Adira Finance : auto financing and white goods financing

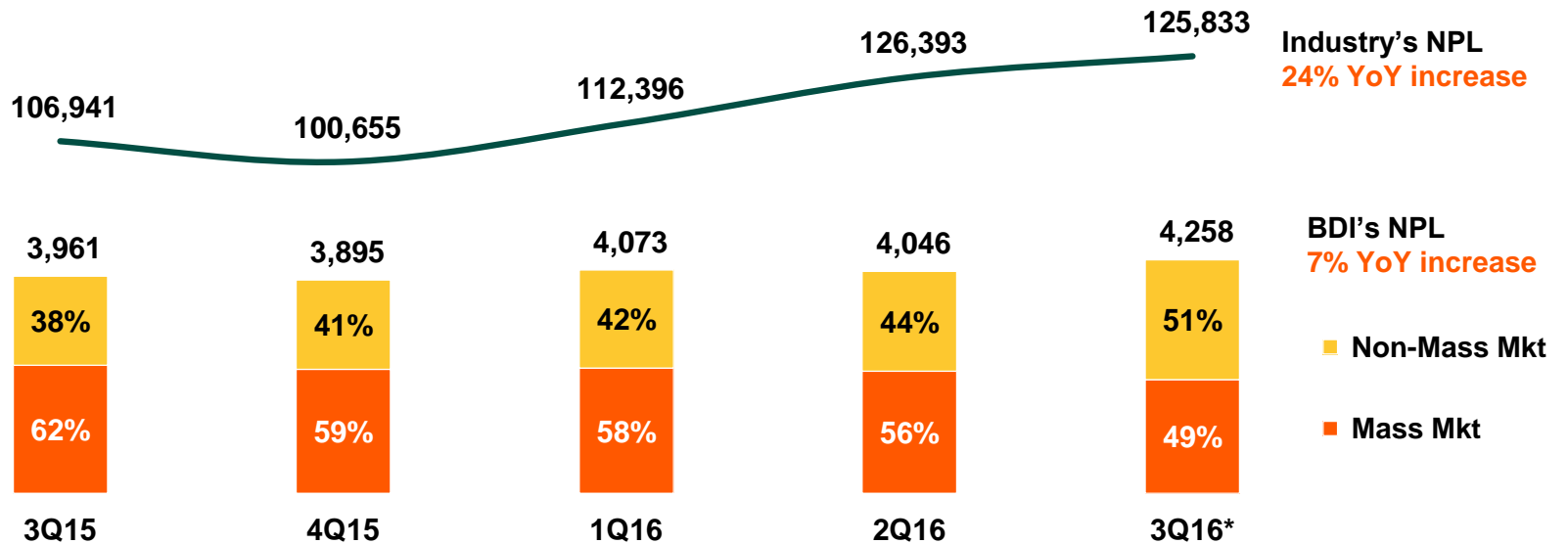
DSP : micro lending

# Special Mention formation has flattened. NPL is expected to come down by the end of the year.

**Loan Collectability**  
(% of Total Loans)



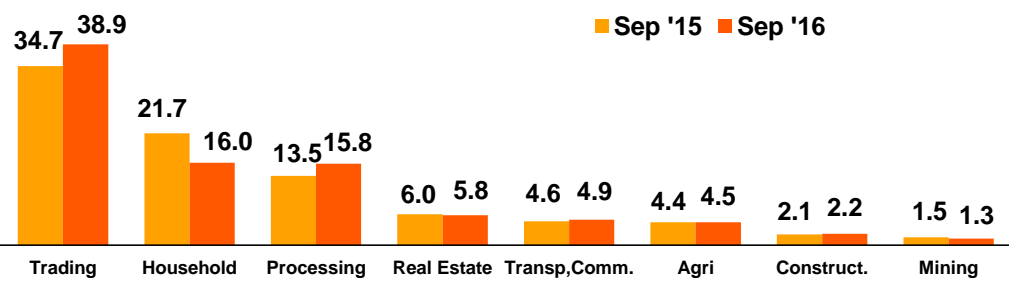
**NPL amount and Composition**  
(Rp bn)  
(% of Total NPL)



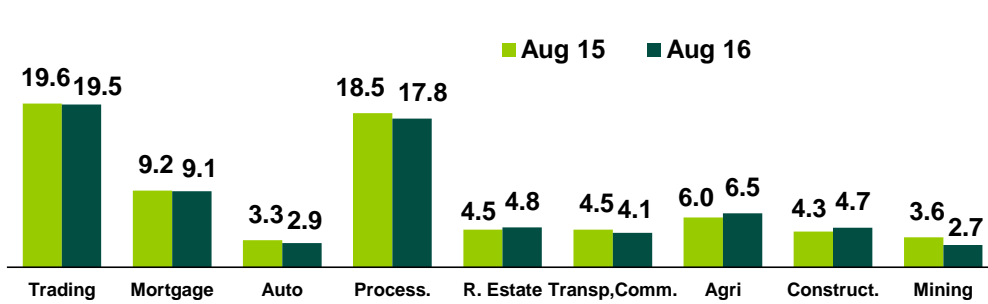
\* For industry data, per Aug 2016

# Asset quality by sector is better across the majority of industry sectors.

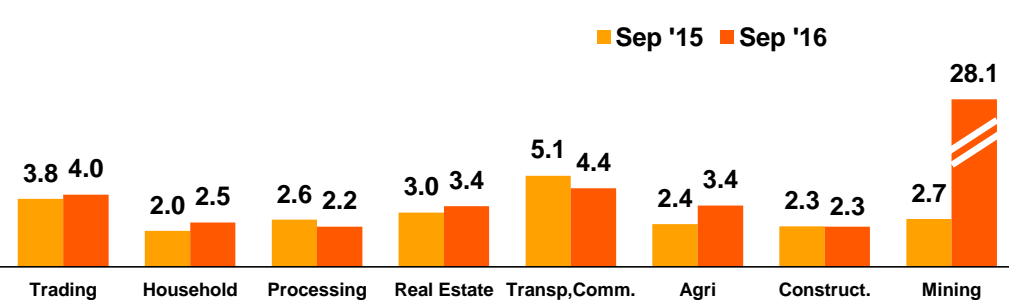
**BDI Loans by Sector (% of total loans)**



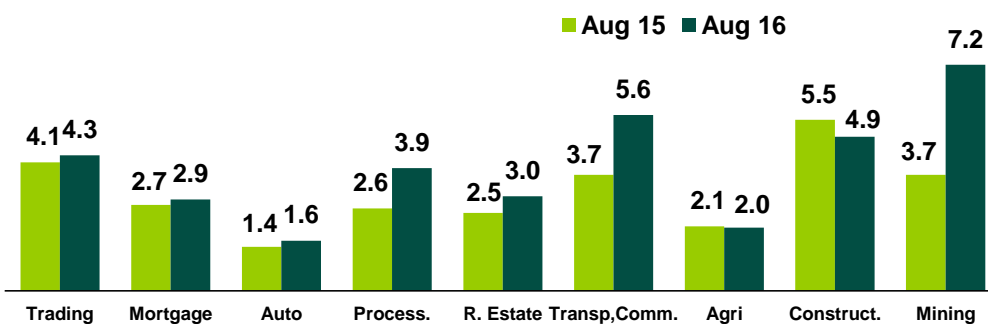
**Industry Loans by Sector (% of total loans)**



**BDI NPL by Sector (%)**



**Industry NPL by Sector (%)**

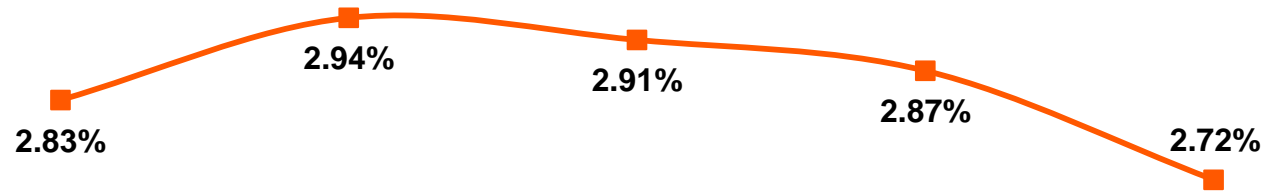


Source: OJK Aug 16

- NPL increase in the mining sector was primarily due to a coal related corporate loan debtor.
- NPL in the agriculture sector rose by 100 bps, largely attributed to micro borrowers in CPO & Rubber.
- NPL in the transportation & communication sector decreased by 70 bps due to settlement of certain troubled loans.

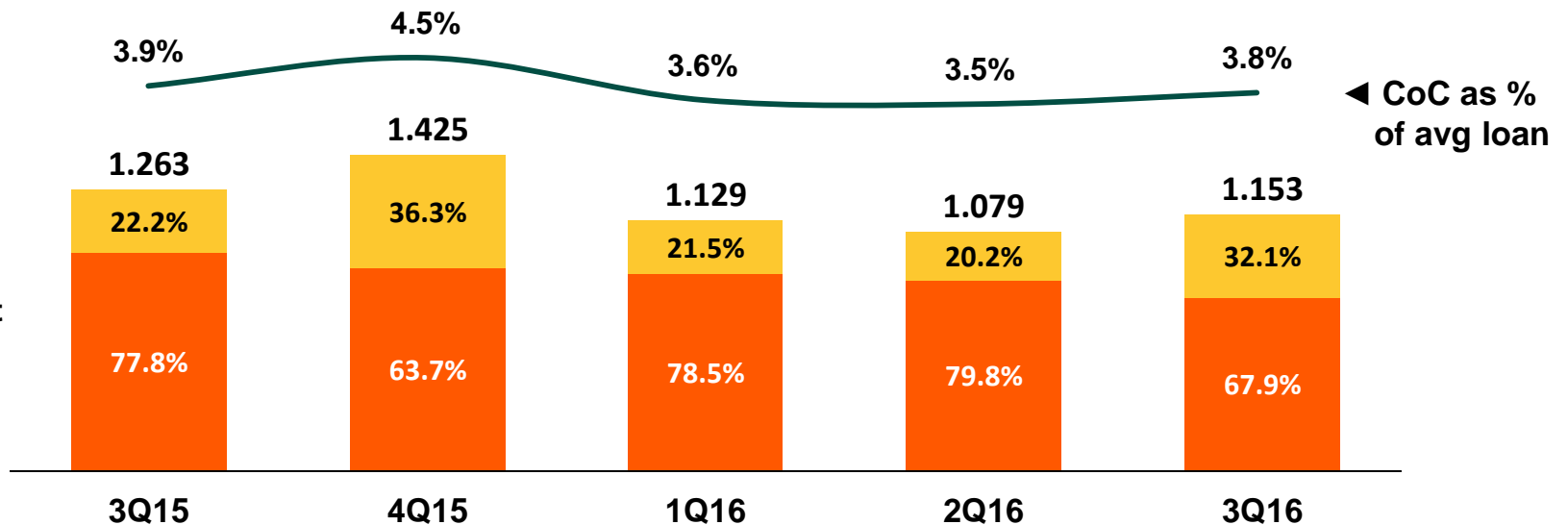
# CoC and restructured loans ratio were lower than those of prior year.

## Restructured Loans Ratio (% to Total Loans)



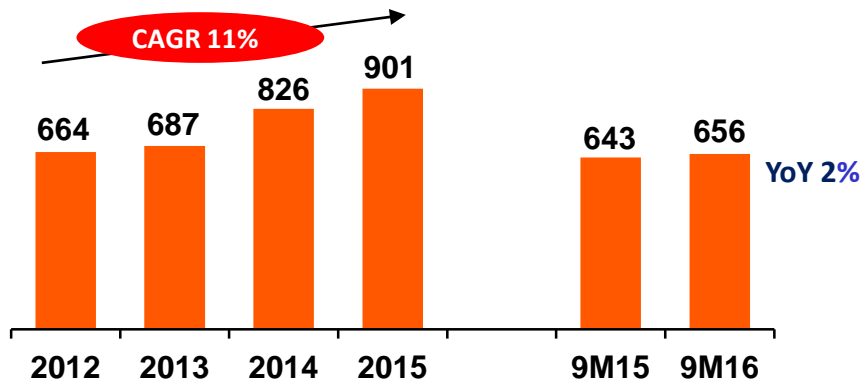
## Cost of Credit (% and Rp bn)

- Despite the increase in quarterly CoC in 3Q16, we expect the following quarter's CoC to come down, and FY16 CoC to be better than those of FY15.



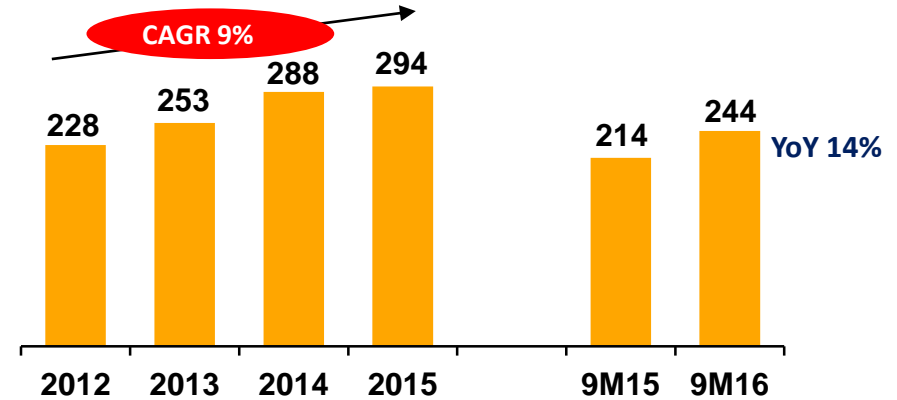
# Cash Management and Bancassurance support fee income\* growth.

## General Insurance (Rp bn)

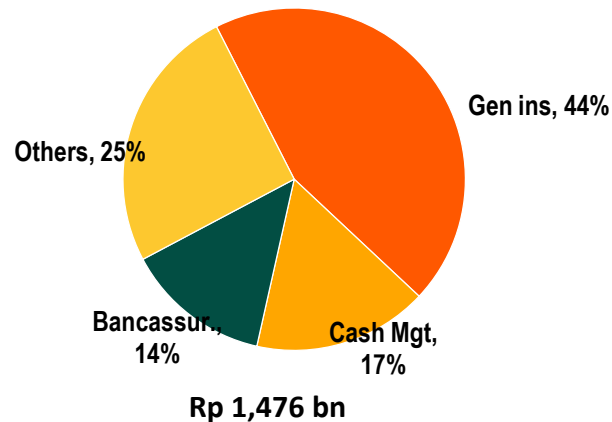


Note : General insurance including investment fees

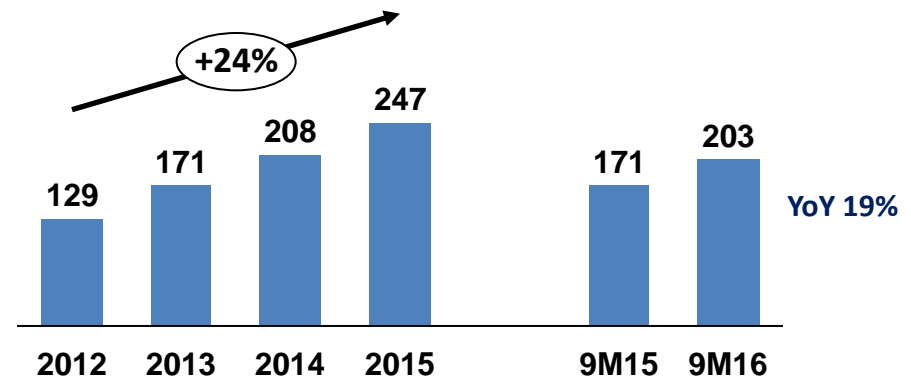
## Cash Management (Rp bn)



## Distribution of Fee Income 9M16 (%)



## Bancassurance excl. One Time Fee (Rp bn)



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

# Thank You

## Investor Relations

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# APPENDICES

## Regulation update



# BI Regulation (PBI) for Bank No.18/16/PBI/2016 – LTV/FTV for Property Loan.

LTV/ FTV for property loan/ financing increased by up to 150 bps as compared to prior regulations.

Collateral Type	Type of loan	NPL/NPF Ratio < 5% **)			NPL/NPF Ratio ≥ 5% **)		
		1 <sup>st</sup> Financing	2 <sup>nd</sup> Financing	3 <sup>rd</sup> Financing	1 <sup>st</sup> Financing	2 <sup>nd</sup> Financing	3 <sup>rd</sup> Financing
House and Flat type > 70	Conventional, Sharia (Murabahah and Istisna)	85%	80%	75%	80%	70%	60%
	Sharia (MMQ and IMBT)	90%	85%	80%	85%	75%	65%
House and Flat type 22-70	Conventional, Sharia (Murabahah and Istisna)	90% for Flat, *) for House	85%	80%	90% for Flat, *) for House	80%	70%
	Sharia (MMQ and IMBT)	90% for Flat, *) for House	85% for Flat, 90% for House	80% for Flat, 85% for House	90% for Flat, *) for House	80%	70%
Flat type ≤ 21 and Shop house	Conventional, Sharia (Murabahah and Istisna)	*)	85%	80%	*)	80%	70%
	Sharia (MMQ and IMBT)	*)	85%	80%	*)	80%	70%

\*) Not mentioned in the regulation

\*\*\*) NPL using position 2 months before

## Reconciliation with Newsletter

## Consolidated Statements of Income and Retained Earnings

PT. Bank Danamon Indonesia, Tbk

As of Sep 2016

Newsletter									
a	b	d	e	f	g	h	i		
Net Interest Income	Net Under-writing Income	Other Operating Income	Other Operating Expenses	Non Operating Income	Non Operating Loss	Income before Tax	Taxes	Minority Interest	Income after Minority Interest
10,410	424	3,156	(10,550)	-	29	3,470	(852)	(102)	2,516

a+c	b+d	e		f+g	h	i	Net Profit after Tax and Minority Interest		Remark	
Net Interest Income	Non-Interest Income	Operating Income	Operating Expenses	Pre-Provision Operating Profit	Cost of Credit	Non Operating Income/ (Loss)	Taxes	Minority Interest	Minority Interest	
10,410	3,580	13,990	(10,550)	3,440	-	29	(852)	(102)	2,516	
(165)		(165)	165	-						- LPS Deposit Insurance
	45	45		45	(45)					- Provision for ADMF acquisition cost
	(106)	(106)		(106)	106					- Write off on amortization cost
			21	21		(21)				- Refund insurance from written off loan
	(42)	(42)		(42)		42				- Collection compensation for ADMF loan
	(227)	(227)	227	-						- ADMF indirect acquisition cost
	(49)	(49)	49	-						- Decrease in fair value of financial assets (MTM)
	(1)	(1)	1	-						- Losses from sale of financial assets (marketable securities)
	(10)	(10)	10	-						- Losses from spot and derivative transaction (realised)
		-	3,421	3,421	(3,421)					- Impairment losses on financial assets
	(140)	(140)	140	-						- Fees/commissions and administrative expenses
2	(6)	(4)	(4)	(9)	(1)	10				0 Others
10,247	3,043	13,290	(6,519)	6,770	(3,361)	60	(852)	(102)	2,516	

Analyst Briefing Presentation