

Analyst Briefing
First Quarter 2017 Financial Results

Jakarta, 26 April 2017

Assets and Liabilities

- Excluding Micro loans, total portfolio including Trade Finance¹⁾ grew 4% YoY.
- SME, Enterprise & FI²⁾, and Consumer Mortgage portfolio grew at 13%, 9%, and 25% YoY, respectively.
- LFR is stable at 92%-94%.
- Third-party funding was reduced by 9% YoY, in line with the LFR target.

Asset Quality

- NPL amount decreased 6% YoY to Rp3.8 tn. NPL ratio stood at 3.2% at the end of 1Q17. Including Trade Finance¹⁾, NPL ratio stood at 3.1%.
- Cost of credit (CoC) amount declined 26% YoY to Rp 831 bn. CoC ratio improved by 90 bps YoY to 2.7% in 1Q17.

Profit and Loss

- Risk-Adjusted NIM improved 170 bps YoY to 6.7% in 1Q17.
- Cost to Income Ratio (CIR) improved 70 bps from 48.3% in 1Q16 to 47.5% in 1Q17.
- Net Profit after Taxes (NPAT) jumped 29% YoY to Rp 1.0 tn.
- ROA increased 70 bps YoY to 2.4%, while ROE improved 230 bps to 12.1%.

1) Trade Finance includes related marketable securities

2) Enterprise: Commercial and Corporate

<i>In Rp billion</i>	1Q16	1Q17	YoY	4Q16	1Q17	QoQ
Total Assets	179,334	171,132	-5%	174,087	171,132	-2%
Total Loan Portfolio and Trade Finance ¹⁾	126,099	126,383	0%	127,310	126,383	-1%
Total Loan Portfolio and Trade Finance ¹⁾ excl. Micro	112,774	116,972	4%	117,125	116,972	0%
Government Bonds	6,605	7,504	14%	9,563	7,504	-22%
Total Funding	132,077	121,758	-8%	126,224	121,758	-4%
CASA	45,948	45,118	-2%	48,536	45,118	-7%
Time deposits	65,140	55,636	-15%	56,955	55,636	-2%
Borrowings and LT. Funding	20,989	21,004	0%	20,733	21,004	1%
Equity	34,706	38,702	12%	35,942	38,702	8%

1) Trade Finance includes related marketable securities.

<i>In Rp billion</i>	1Q16	1Q17	YoY	4Q16	1Q17	QoQ
Net Interest Income	3,395	3,550	5%	3,546	3,550	0%
Non Interest Income	928	851	-8%	996	851	-15%
Operating Income	4,322	4,400	2%	4,542	4,400	-3%
Operating Expenses	2,086	2,092	0%	2,238	2,092	-7%
PPOP¹⁾	2,236	2,309	3%	2,304	2,309	0%
Cost of Credit	1,129	831	-26%	997	831	-17%
Operating Profit	1,107	1,477	33%	1,307	1,477	13%
Restructuring Cost	-	-	NA	260	-	-100%
NPBT	1,107	1,477	33%	1,047	1,477	41%
Taxes ²⁾ & Minority Interest	293	427	46%	894	427	-52%
NPAT	814	1,050	29%	152	1,050	591%
Normalized NPAT³⁾	814	1,050	29%	608	1,050	73%

1) Pre-Provision Operating Profit

2) 4Q16: Danamon and subsidiaries participated in the Tax Amnesty Program, resulting in a one time tax expense adjustment of Rp 456 bn.

3) Excludes a one time tax expense adjustment.

<i>In %</i>	1Q16	1Q17	YoY	4Q16	1Q17	QoQ
NIM	8.6	9.4	0.8	9.4	9.4	0.0
CoC	3.6	2.7	-0.9	3.3	2.7	-0.6
Risk-adjusted NIM	4.9	6.7	1.7	6.1	6.7	0.6
Cost to Income	48.3	47.5	-0.7	49.3	47.5	-1.7
ROAA ¹⁾	1.8	2.4	0.7	0.4	2.4	2.1
ROAE ¹⁾	9.9	12.1	2.3	1.8	12.1	10.4
Regulatory LFR	90.2	92.8	2.6	91.0	92.8	1.8
Consolidated LFR ²⁾	94.9	98.8	3.9	96.6	98.8	2.2
CAR – Consolidated	20.8	21.8	1.1	20.9	21.8	0.9
NPL Gross	3.3	3.2	-0.1	3.1	3.2	0.1
NPL Gross, including Trade Finance ³⁾	3.3	3.1	-0.2	2.9	3.1	0.2
Loan Loss Coverage (LLC)	107.3	119.1	11.9	117.7	119.1	1.4

1) 4Q16: Danamon and subsidiaries participated in the Tax Amnesty Program, resulting in a one time tax expense adjustment of Rp 456 bn.

2) Consolidated including Adira finance structured funding.

3) Trade Finance includes related marketable securities.

Results without Micro would yield higher asset quality, efficiency and profitability

	Consolidated Financials – with SEMM			Consolidated Financials – If without SEMM*		
	1Q16	1Q17	YoY	1Q16	1Q17	YoY
NIM (%)	8.6	9.4	0.8	8.5	9.3	0.8
Cost of Credit (%)	3.6	2.7	-0.9	2.2	2.1	-0.1
Cost-to-Income Ratio (%)	48.3	47.5	-0.7	45.6	45.2	-0.3
Net Profit Before Taxes (Rp bn)	1,107	1,477	33.4%	1,327	1,488	12.2%
ROAE (%)	9.9	12.1	2.3	12.6	12.8	0.2

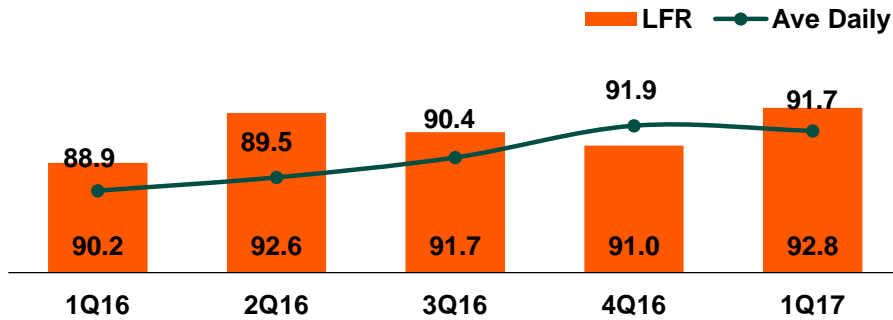
**) Opex reduction are based on SEMM direct cost only*

Micro Banking Update

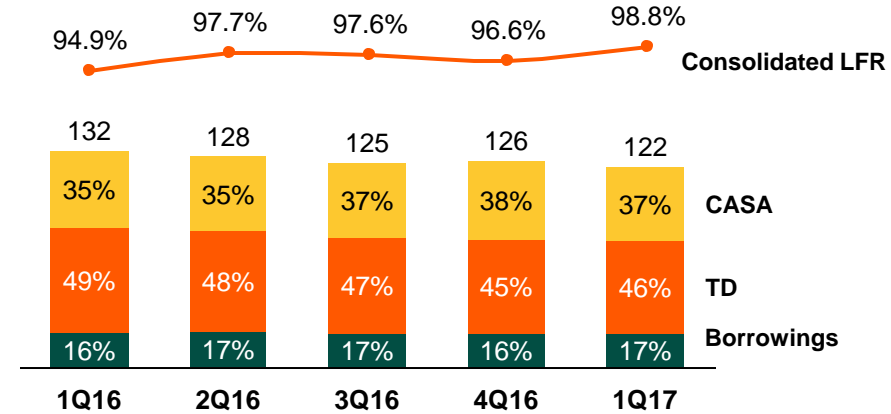
- > Our strategy in the Micro banking segment has shown some traction.
- > We will remain focused on efficiency improvement, network rationalization, as well as collection in Special Assets branches.

Consolidated LFR of 98.8% and Bank Only LFR of 92.8%

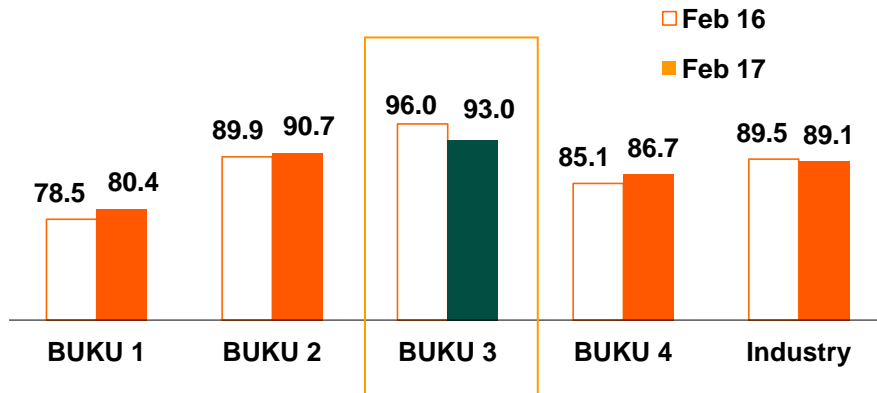
Bank only LFR* (%) – Liquidity has been stable



Consolidated Funding (Rp tn, %) – Increase in CASA ratio



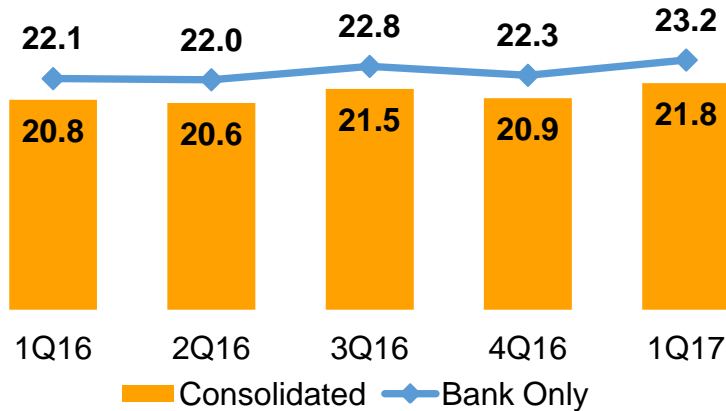
LDR (%) by BUKU – BUKU 3 Banks posted the highest LDR



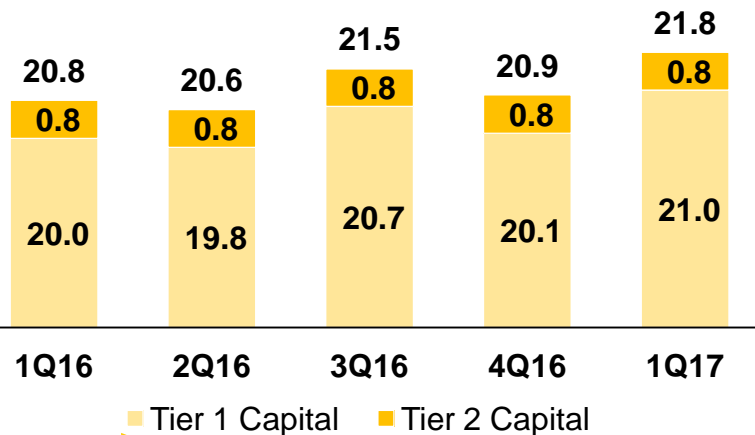
- Danamon's Bank only LFR is in line with management's target range of 92-94%.
- The 92.8% Bank only LFR is in line with those of BUKU 3 and also lower than the 94% regulatory limit.
- CASA proportion of total funding has improved YoY.

**) 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.*

Capital Adequacy Ratio (%)



Tier 1 and Tier 2 Consolidated Capital Ratio (%)



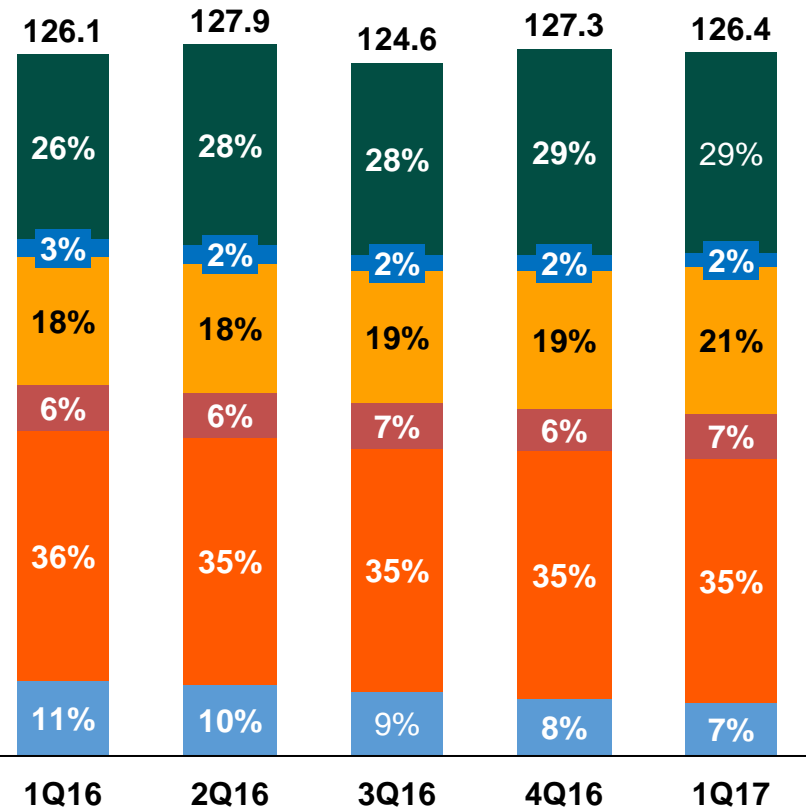
Market and Operational Risk Charges (%)

%	1Q16	2Q16	3Q16	4Q16	1Q17
CAR w/ Credit Risk	26.8	26.5	27.9	26.9	28.1
Market Risk Charge	0.1	0.1	0.2	0.1	0.1
Operational Risk Charge	5.9	5.8	6.2	6.0	6.2
CAR Consolidated	20.8	20.6	21.5	20.9	21.8

- Danamon's capital level and internal capital generation remain strong.
- The capital level is significantly above the minimum regulatory requirement.
- Even after considering the potential impact of IFRS 9 implementation, Danamon's capital level would remain adequate to support growth.

SME, Enterprise & FI, and Consumer Mortgage grew double digit

Composition of Loan Portfolio & Trade Finance¹⁾ (Rp tn)



Growth of Loan Portfolio & Trade Finance¹⁾ (%)

Rp bn	1Q16	1Q17	ΔYoY	ΔQoQ
Enterprise ²⁾ & FI	33,084	36,039	9%	-4%
ABF	3,484	2,593	-26%	-8%
SME	23,054	26,155	13%	6%
Consumer	8,041	8,414	5%	8%
Mortgage	3,765	4,687	25%	6%
Others ³⁾	4,288	3,727	-13%	12%
Adira Finance	45,112	43,772	-3%	-2%
Total excl Micro	112,774	116,972	4%	0%
SEMM (Micro)	13,325	9,411	-29%	-8%
Total	126,099	126,383	0%	-1%

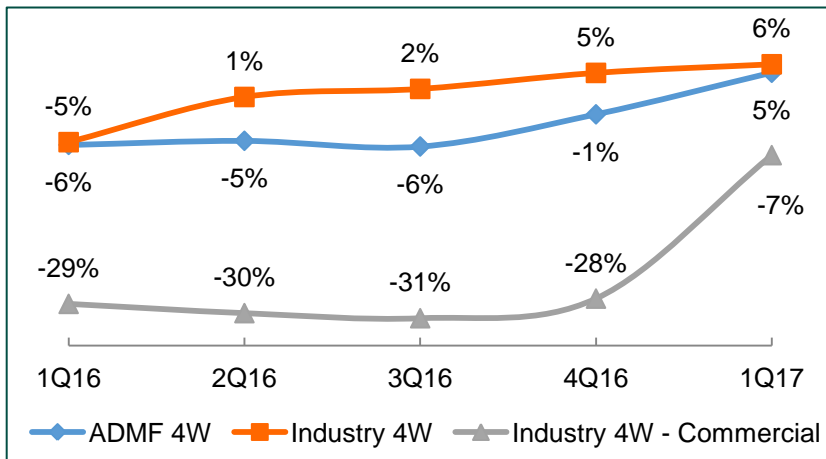
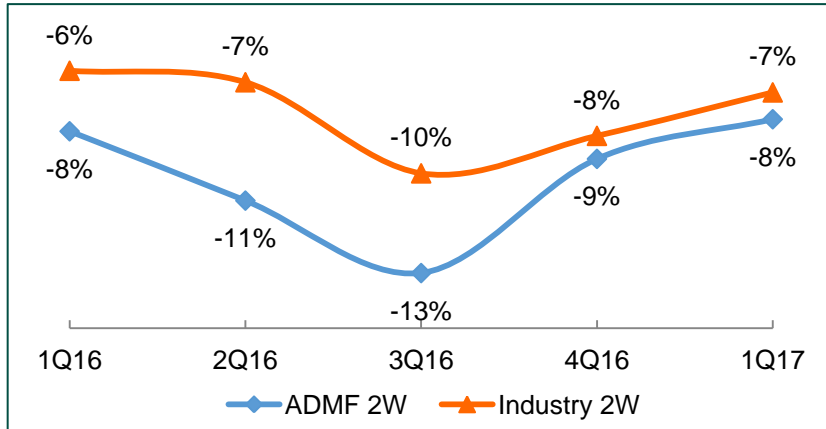
1) Trade finance includes related marketable securities

2) Enterprise: Commercial and Corporate

3) Unsecured Personal Loan, Credit Card, and Other

ADMF's 4W new financing growth rebounded along with that of the industry

ADMF New Financing vs. Industry (% YoY growth)



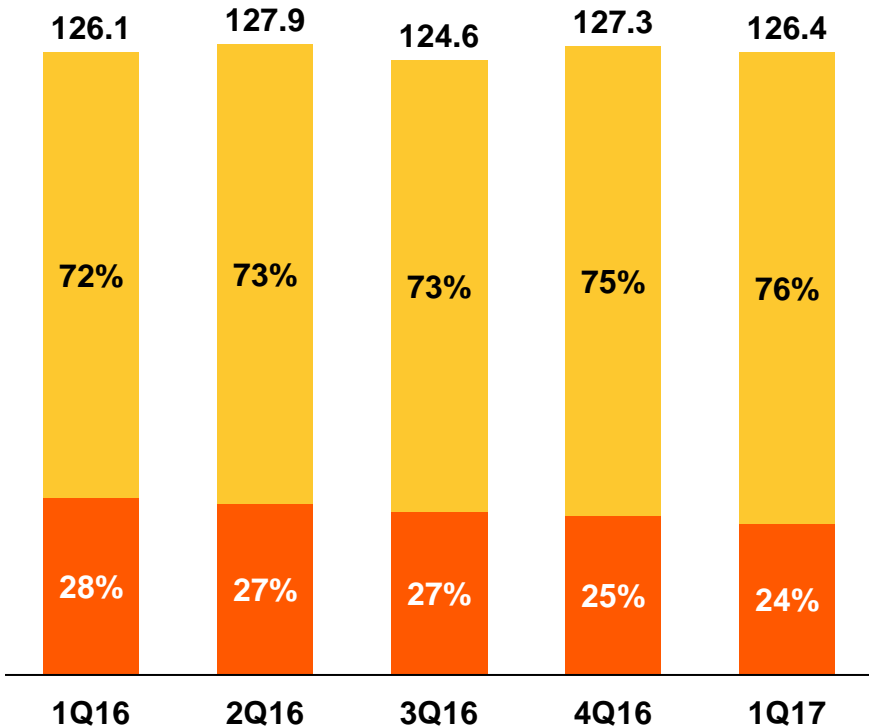
ADMF Loan Growth (%)

Rp bn	1Q16	1Q17	ΔYoY	ΔQoQ
2W auto loans	21,540	20,379	-5%	-3%
4W auto loans	22,734	22,341	-2%	-1%
White goods and others	838	1,052	26%	20%
Adira Finance	45,112	43,772	-3%	-2%

Note: Growth % based on YTD cumulative new financing
1Q17 YoY industry growth data is based on YTD Feb numbers

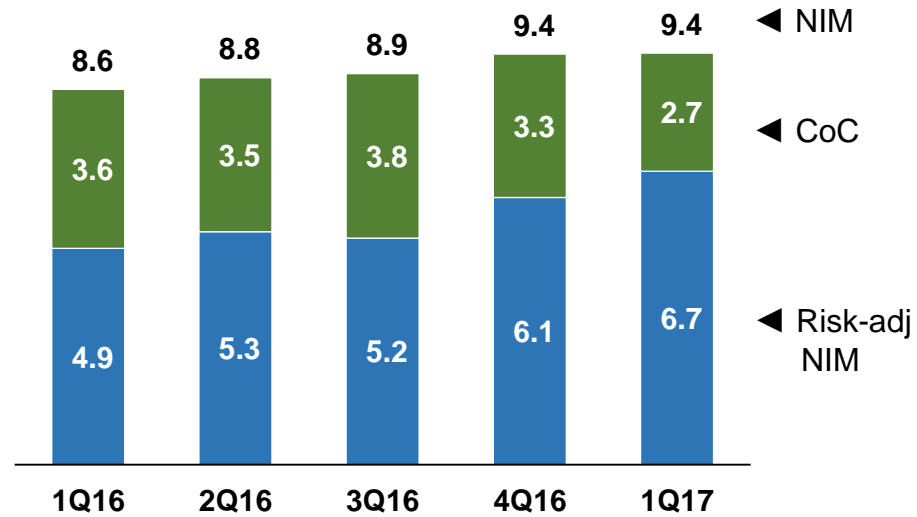
Shift in asset mix resulted in improved CoC and risk adjusted NIM

Composition of Loan Portfolio & Trade Finance
(Rp tn)



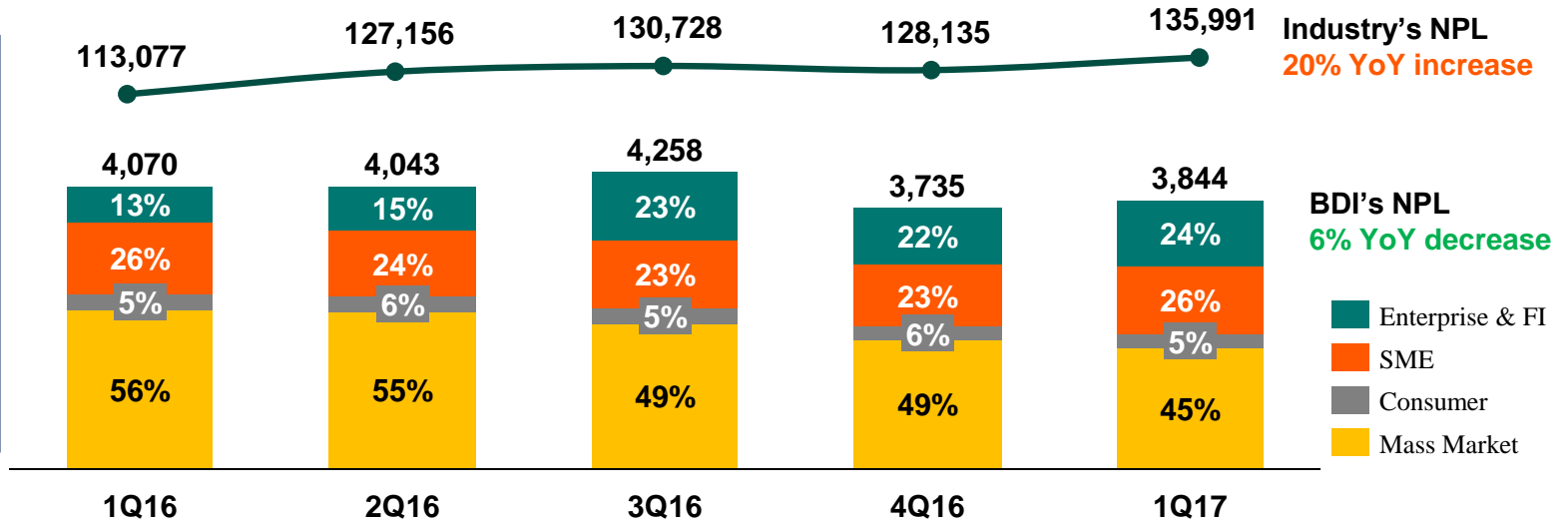
- Higher Yield (SEMM + 2W)
- Lower Yield (Non-Mass Market + 4W)

Risk-Adjusted NIM (%)

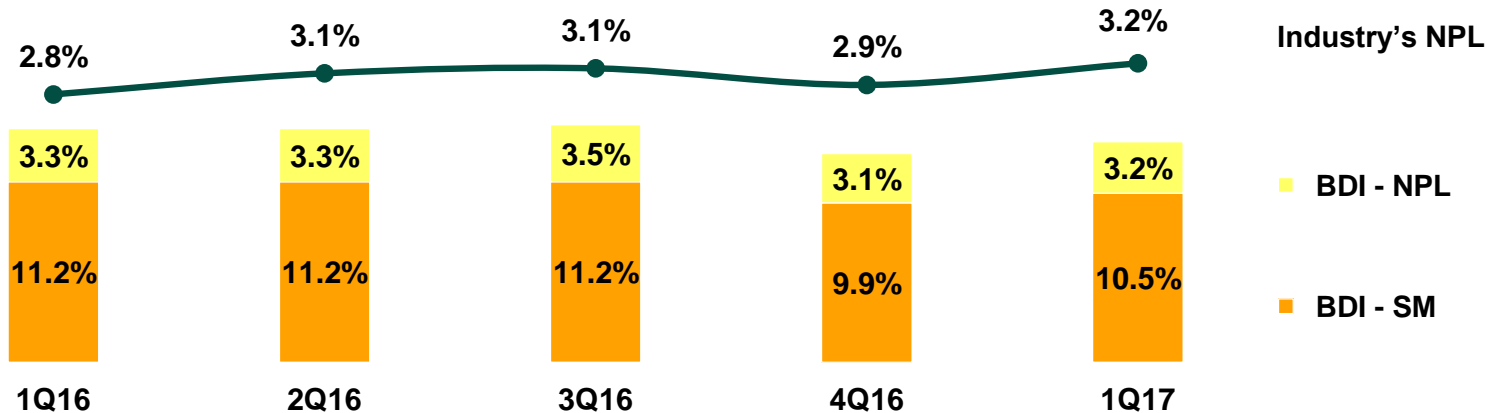


NPL amount improved 6% while that of the industry worsened 20% YoY

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



Loan
Collectability
(% of Total Loans)

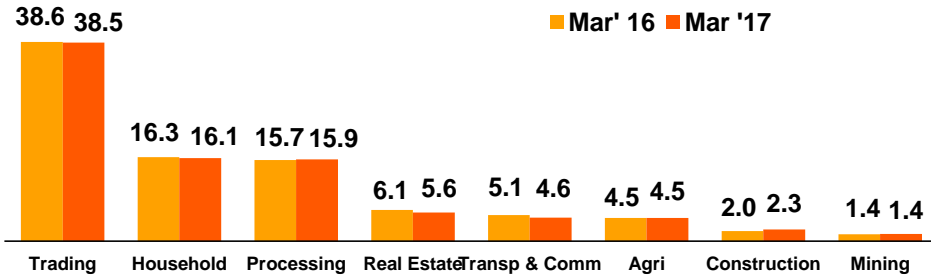


1Q17 Industry's NPL based on Feb 2017 data

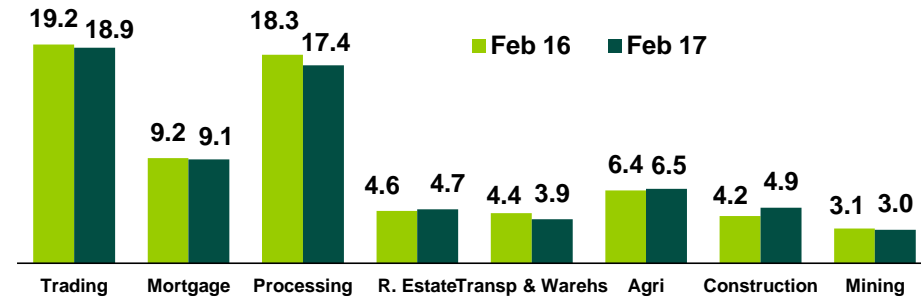
Source: OJK Feb 17

Asset quality in most sectors improved and better than industry

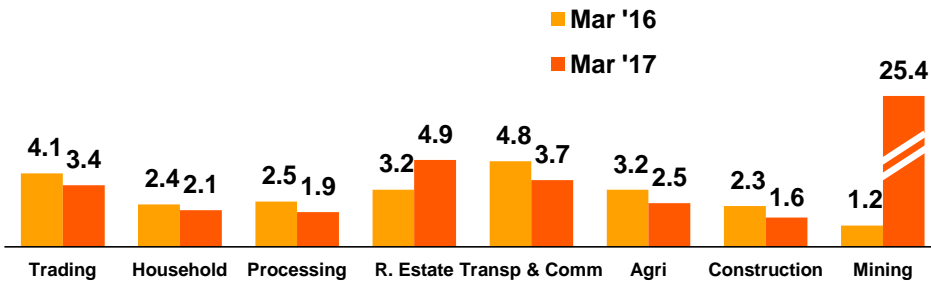
BDI Loans by Sector (% of total loans)



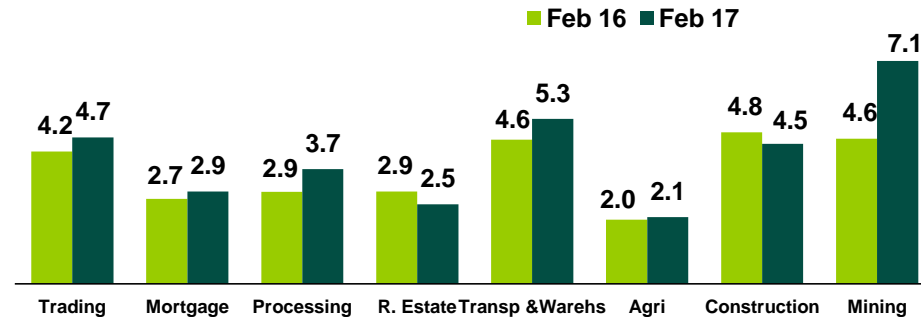
Industry Loans by Sector (% of total loans)



BDI NPL by Sector (%)



Industry NPL by Sector (%)

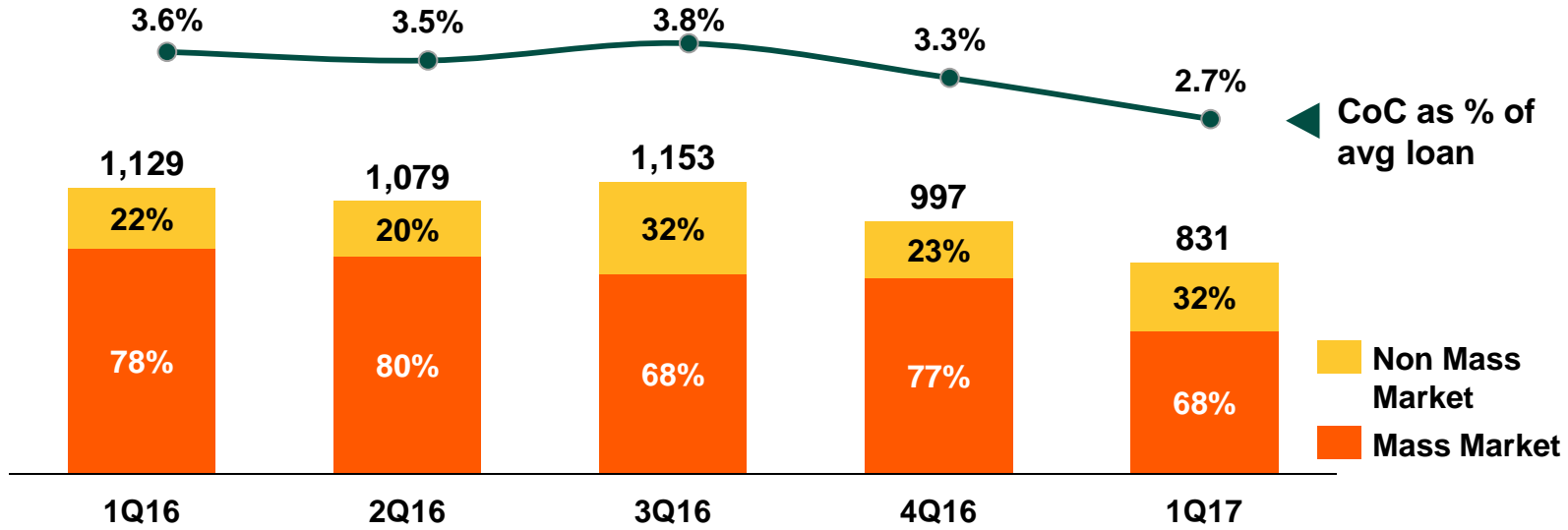


Source: OJK Feb 17

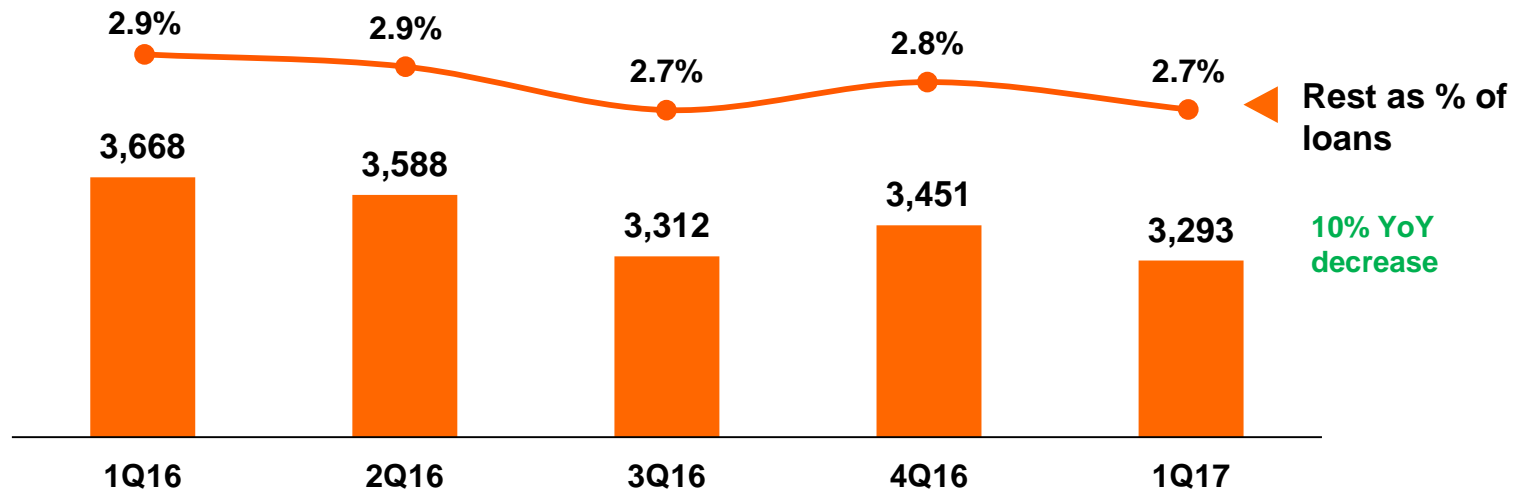
- NPL increase in the mining sector was primarily due to a coal related corporate loan debtor. However the sector only makes up 1.4% of the loan portfolio.
- NPL in the transportation & communication sector decreased by 110 bps due to settlement of certain troubled loans.
- NPL in the real estate, rental, and services sectors increased by 170 bps due to a rental related commercial loan debtor.

CoC ratio declined to 2.7%, while restructured loans decreased 10% YoY

Cost of Credit
(% of Avg Loans and Rp bn)

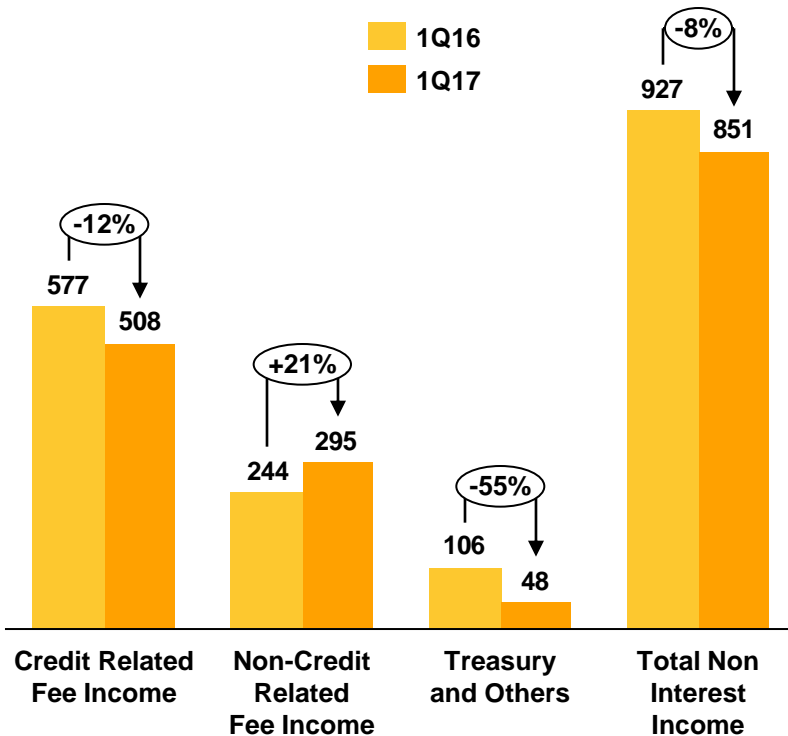


Restructured Loans
(% of Total Loans and Rp bn)

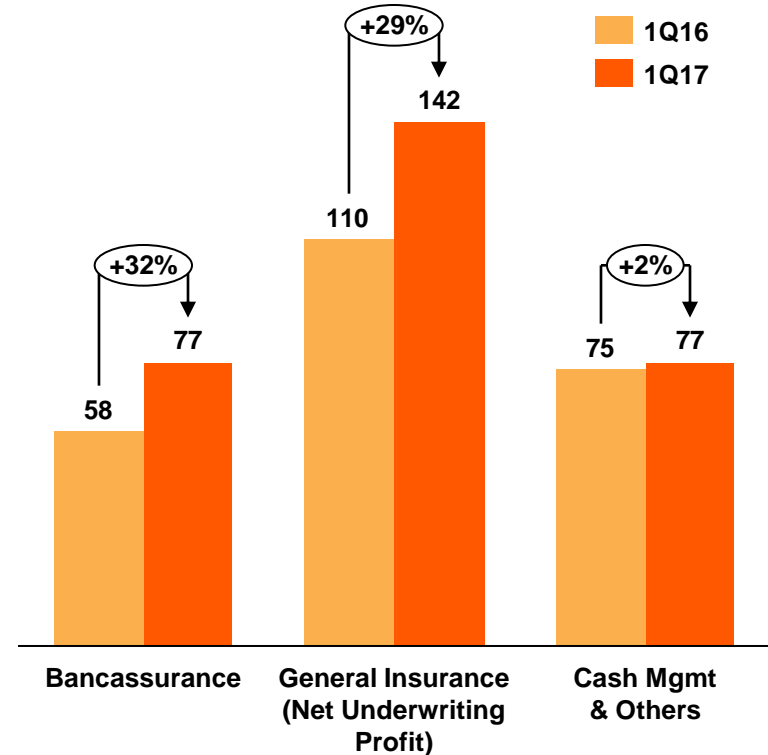


Non-Credit Related Fee Income grew 21% YoY to Rp 295 bn

Non Interest Income (Rp bn)



Non-Credit Related Fee Income (Rp bn)





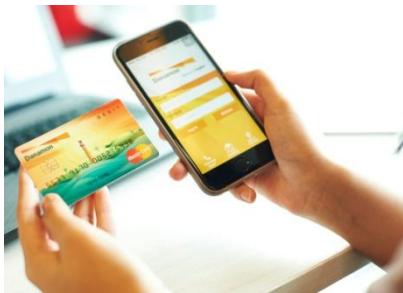
Increase in dividend payout ratio

In the April 12, 2017 AGMS, Danamon announced an increase in dividend payout ratio from 30% to 35% for fiscal year 2016 dividend.



First in overall service quality

A survey conducted by Infobank and the Institute of Service Management Studies between July and December 2016 (result published in April 2017) ranked Danamon first in overall service quality within the Indonesian banking industry.



Analytics to improve customer journey and fraud detection

In March 2017, Danamon adopted Cloudera's data management platform as the backbone of its analytics engine to improve customer service and enhance fraud detection.

Thank You

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