

Analyst Briefing
First Half 2017 Financial Results

Jakarta, 25 July 2017

Assets and Liabilities

- Excluding Micro loans, total portfolio including Trade Finance¹⁾ grew 4% YoY.
- SME, Mortgage, and Enterprise loan portfolio grew 9%, 25%, and 6% respectively YoY.
- ADMF's 2W & 4W new financing amount improved 5% YoY in 1H17.
- CASA ratio improved by 210 bps to 44.3% from 42.1% in 1H 2017 on the back of higher Current Account.

Asset Quality

- NPL amount declined 4% YoY to Rp3.8 tn. NPL ratio stood at 3.2% at the end of 1H17. Including Trade Finance¹⁾, NPL ratio stood at 3.0%.
- Cost of credit (CoC) amount declined 23% YoY to Rp1.7 tn. CoC ratio improved by 90 bps YoY to 2.7% in 1H17.
- Special Mention (SM) ratio increased seasonally due to the timing of Lebaran holiday at the end of June. However, the ratio has since come back down to the pre-Lebaran level.

Profit and Loss

- Risk-Adjusted NIM improved 140 bps YoY to 6.6% in 1H17.
- Cost to Income Ratio (CIR) of 48% in 1H 2017, due to discipline in operating expenses management.
- Net Profit after Taxes (NPAT) increased 18% YoY to Rp2.0 tn.
- ROA increased 40 bps YoY to 2.4%, while ROE improved 130 bps to 11.8%.

1) Trade Finance includes related marketable securities.

2) Enterprise: Commercial and Corporate.

<i>In Rp billion</i>	1H16	1H17	YoY	1Q17	2Q17	QoQ
Total Assets	174,855	176,136	1%	171,132	176,136	3%
Total Loan Portfolio and Trade Finance ¹⁾ excl. Micro	115,369	119,783	4%	116,972	119,783	2%
Total Loan Portfolio and Trade Finance ¹⁾	127,879	128,340	0%	126,383	128,340	2%
Government Bonds	8,291	6,722	-19%	7,504	6,722	-10%
Total Funding	127,852	126,445	-1%	121,758	126,445	4%
CASA	44,712	46,695	4%	45,118	46,695	3%
Time deposits	61,391	58,770	-4%	55,636	58,770	6%
Borrowings and LT. Funding	21,749	20,980	-4%	21,004	20,980	0%
Equity	35,018	37,096	6%	38,702	37,096	-4%

1) Trade Finance includes related marketable securities.

<i>In Rp billion</i>	1H16	1H17	YoY	1Q17	2Q17	QoQ
Net Interest Income	6,802	7,071	4%	3,550	3,521	-1%
Non Interest Income ¹⁾	1,989	1,705	-14%	851	854	0%
Operating Income	8,791	8,776	0%	4,400	4,376	-1%
Operating Expenses	4,225	4,213	0%	2,092	2,121	1%
PPOP²⁾	4,566	4,563	0%	2,309	2,254	-2%
Cost of Credit	2,208	1,691	-23%	831	860	3%
Operating Profit	2,358	2,872	22%	1,477	1,395	-6%
NPAT	1,734	2,039	18%	1,050	989	-6%

1) Consist of fee income of Rp1,938 bn at 1H 2016 vs Rp1,734 bn 1H 2017 and other non interest income.

2) Pre-Provision Operating Profit.

<i>In %</i>	1H16	1H17	YoY	1Q17	2Q17	QoQ
NIM	8.7	9.3	0.6	9.4	9.2	-0.2
CoC	3.6	2.7	-0.9	2.7	2.8	0.1
Risk-adjusted NIM	5.1	6.6	1.4	6.7	6.4	-0.3
Cost to Income	48.1	48.0	-0.1	47.5	48.5	1.0
ROAA ¹⁾	1.9	2.4	0.4	2.4	2.3	-0.1
ROAE ¹⁾	10.5	11.8	1.3	12.1	11.5	-0.6
Regulatory LFR	92.6	89.6	-3.0	92.8	89.6	-3.2
Consolidated LFR ¹⁾	97.3	96.1	-1.3	98.8	96.1	-2.7
CAR – Consolidated	20.6	21.5	0.9	21.8	21.5	-0.3
NPL Gross	3.3	3.2	-0.1	3.2	3.2	0.0
NPL Gross, including Trade Finance ²⁾	3.2	3.0	-0.2	3.1	3.0	-0.1
Loan Loss Coverage (LLC)	108.9	119.2	10.3	119.1	119.2	0.1

1) Consolidated including Adira finance structured funding.

2) Trade Finance includes related marketable securities.

Results without Micro would yield higher asset quality and profitability

	Consolidated Financials – with SEMM			Consolidated Financials – If without SEMM*		
	1H16	1H17	YoY	1H16	1H17	YoY
NIM (%)	8.7	9.3	0.6	8.6	9.3	0.7
Cost of Credit (%)	3.6	2.7	-0.9	2.3	2.1	-0.2
Cost-to-Income Ratio (%)	48.1	48.0	-0.1	45.2	45.7	0.5
Net Profit Before Taxes (Rp bn)	2,358	2,872	22%	2,717	2,932	8%
ROAE (%)	10.5	11.8	1.3	12.9	12.6	-0.4

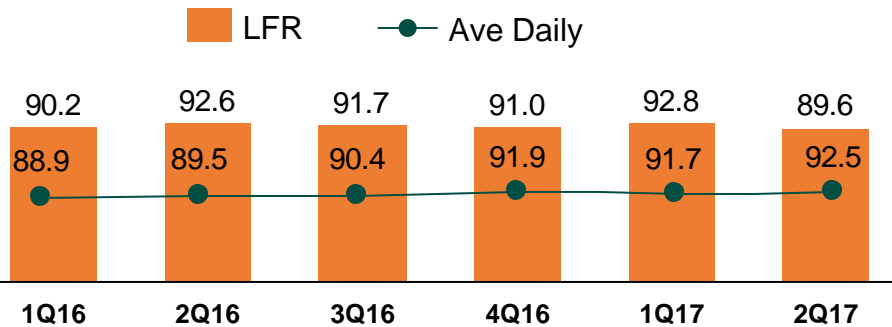
*) Opex reduction are based on SEMM direct cost only.

Micro Banking Update

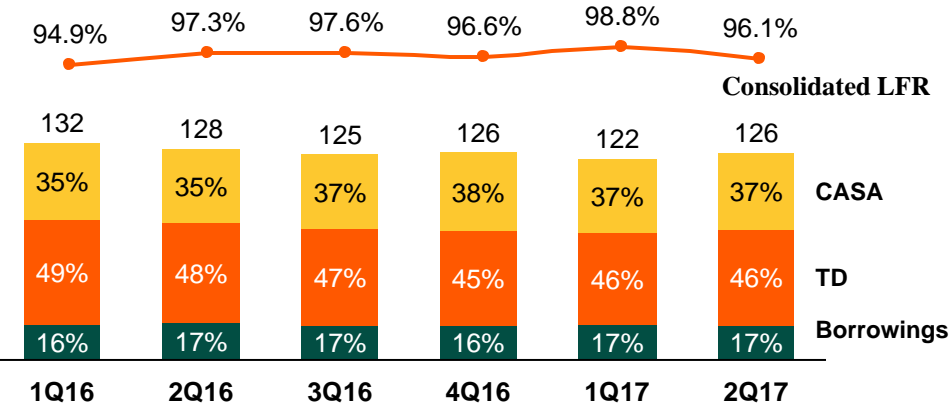
- > Our strategy in the Micro banking segment has shown results.
- > We will remain focused on efficiency improvement, network rationalization, as well as collection in Special Assets branches.

Improved liquidity with regulatory LFR of 89.6% and consolidated LFR of 96.1%

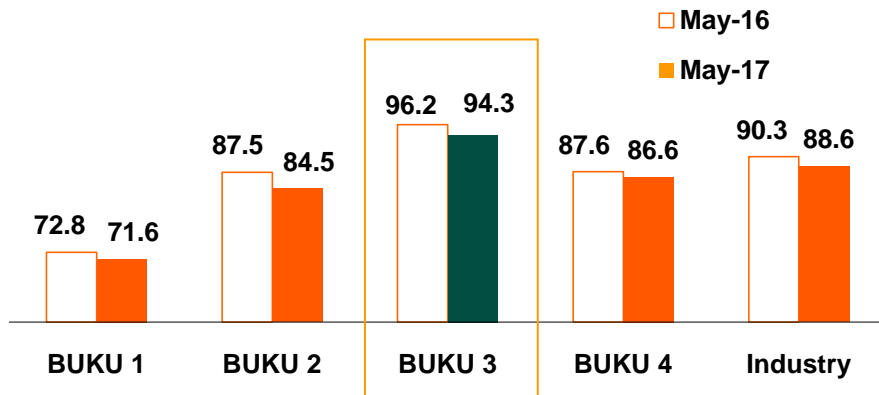
Regulatory LFR* (%) – Liquidity has been stable



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



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

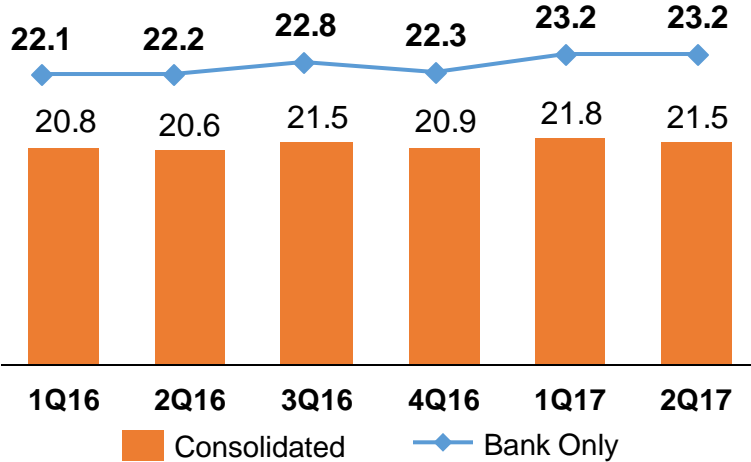


- Average daily LFR of 92.5% is in line with management's target range of 92-94%.
- The 89.6% LFR is better than those of BUKU 3 and also lower than the 94% regulatory limit.
- CASA proportion of total funding has improved on the back of higher Current Account Balance.

**) 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.*

Adequate capital for growth and Basel III

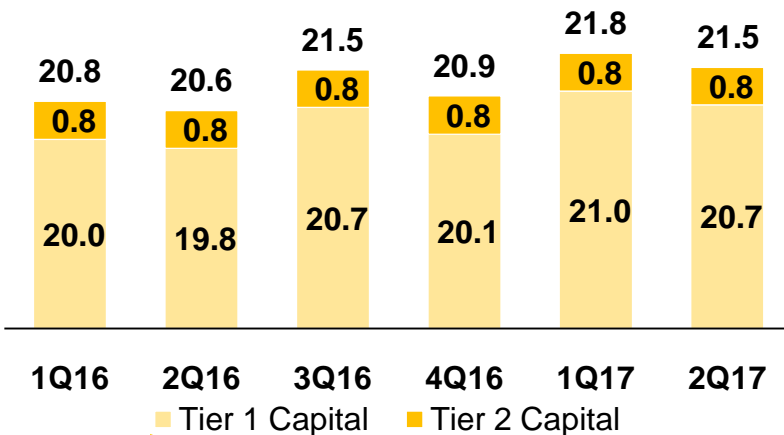
Capital Adequacy Ratio (%)



Market and Operational Risk Charges (%)

%	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17
CAR w/ Credit Risk	26.8	26.5	27.9	26.9	28.1	27.6
Market Risk Charge	0.1	0.1	0.2	0.1	0.1	0.1
Operational Risk Charge	5.9	5.8	6.2	6.0	6.2	6.0
CAR Consolidated	20.8	20.6	21.5	20.9	21.8	21.5

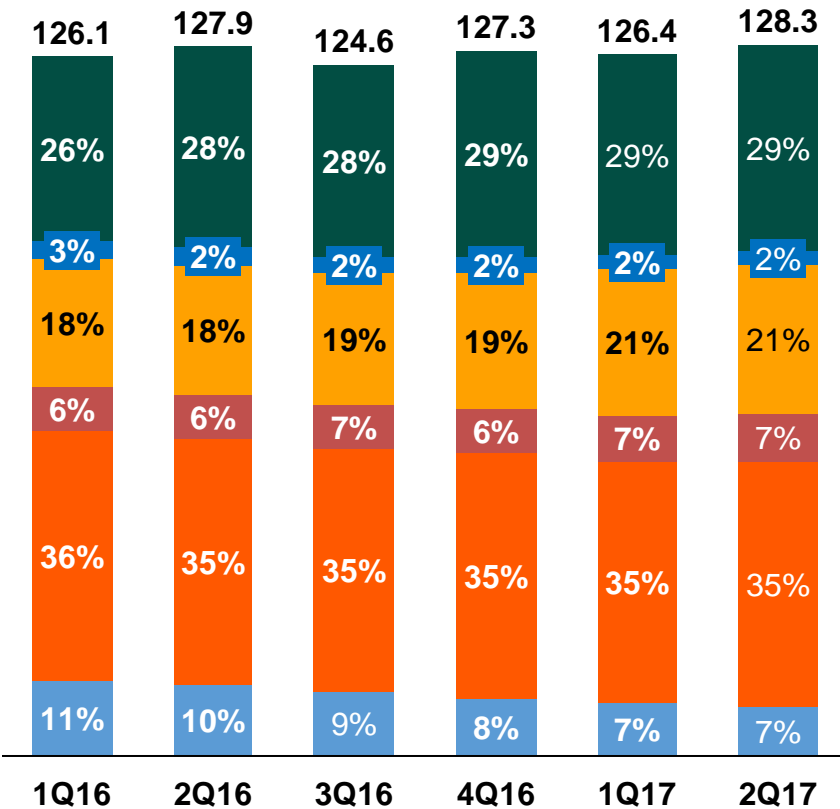
Tier 1 and Tier 2 Consolidated Capital Ratio (%)



- 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.

Loan portfolio mix continue to shift towards non-Mass Market

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



Growth of Loan Portfolio & Trade Finance¹⁾ (%)

Rp bn	1H16	1H17	ΔYoY	ΔQoQ
Enterprise²⁾ & FI	35,159	37,142	6%	3%
ABF	2,976	2,558	-14%	-1%
SME	24,560	26,746	9%	2%
Consumer	8,048	8,785	9%	4%
Mortgage	3,941	4,937	25%	5%
Others ³⁾	4,107	3,848	-6%	3%
Adira Finance	44,626	44,552	0%	2%
Total excl Micro	115,369	119,783	4%	2%
SEMM (Micro)	12,510	8,558	-32%	-9%
Total	127,879	128,340	0%	2%

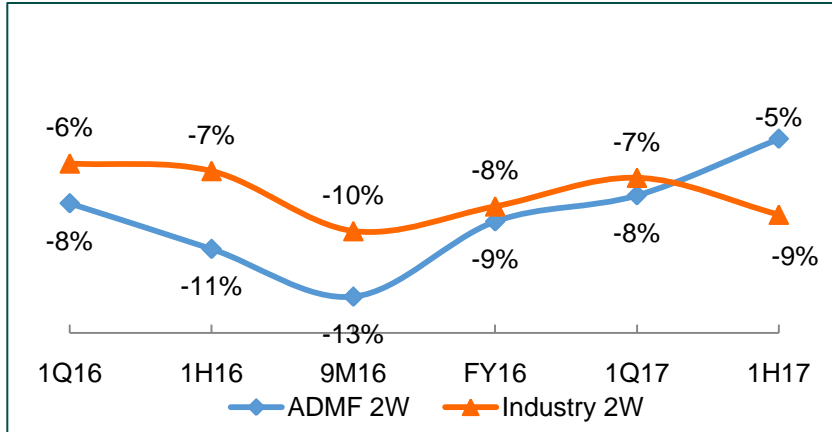
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2) Enterprise: Commercial and Corporate.

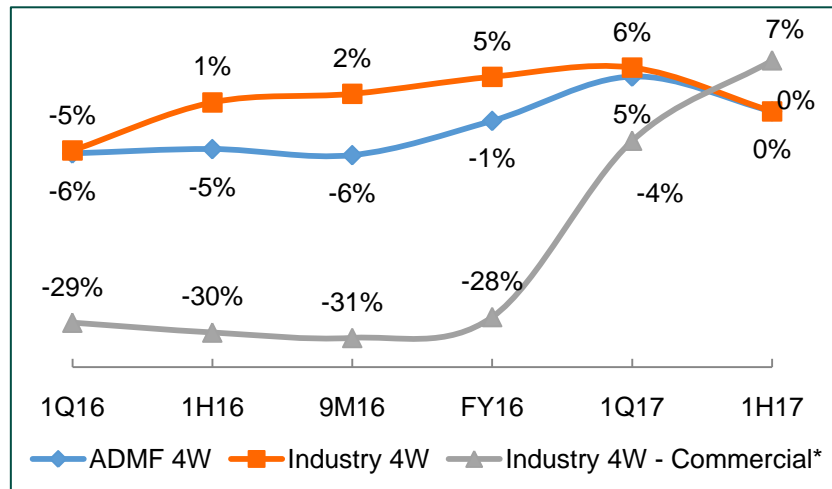
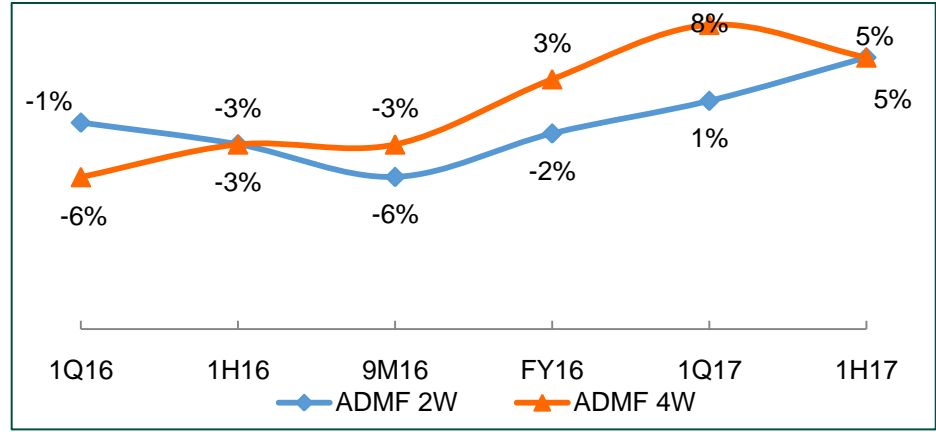
3) Unsecured Personal Loan, Credit Card, and Other.

ADMF's new financing amount improved despite weaknesses in 2W industry

ADMF units New Financing vs. Industry (% YoY growth)



ADMF New Financing amount (% YoY growth)



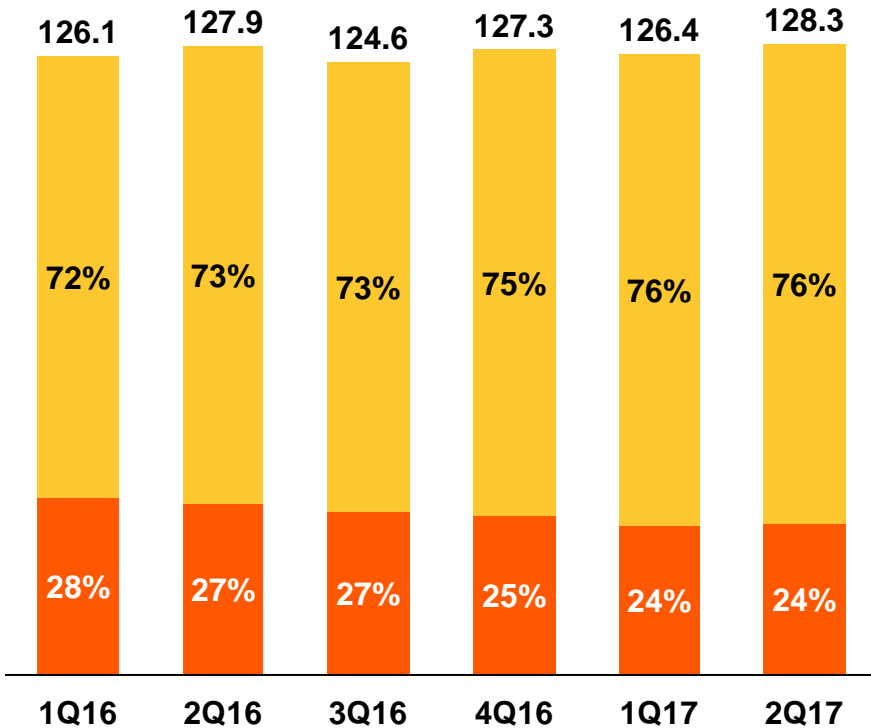
ADMF Loan Growth (%)

Rp bn	1H16	1H17	ΔYoY	ΔQoQ
2W auto loans	21,180	20,836	-2%	2%
4W auto loans	22,611	22,567	0%	1%
White goods and others	836	1,149	37%	9%
Adira Finance	44,626	44,552	0%	2%

Note: *Growth % based on YTD cumulative new financing.
1H17 YoY industry number based on YTD May 2017 number.

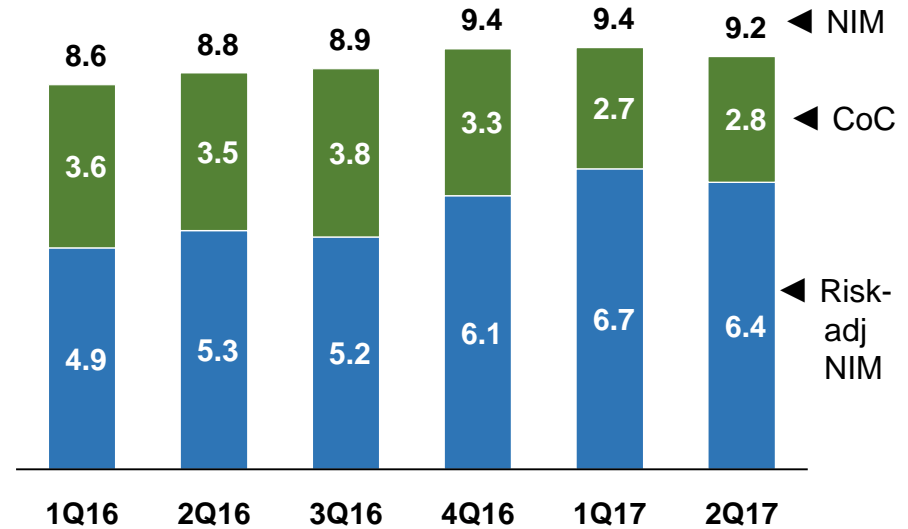
CoC and Risk Adjusted NIM trend is better than last year

Composition of Loan Portfolio & Trade Finance
(Rp tn)



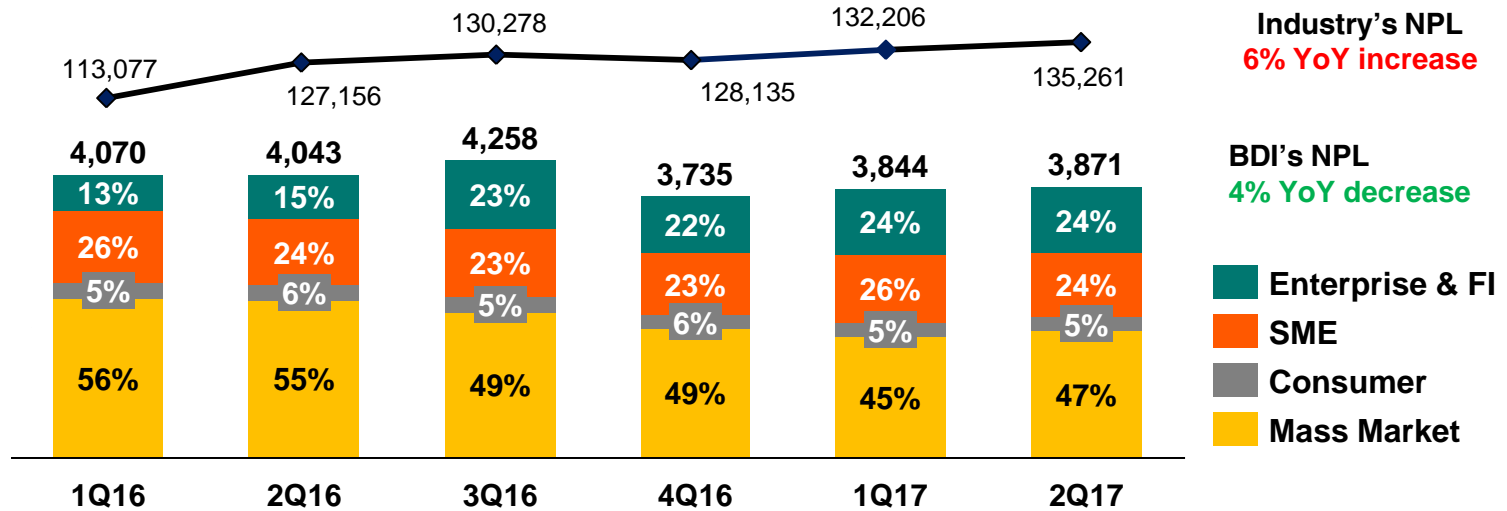
- Higher Yield (SEMM +2W+ Durable goods)
- Lower Yield (Non-Mass Market + 4W)

Risk-Adjusted NIM (%)

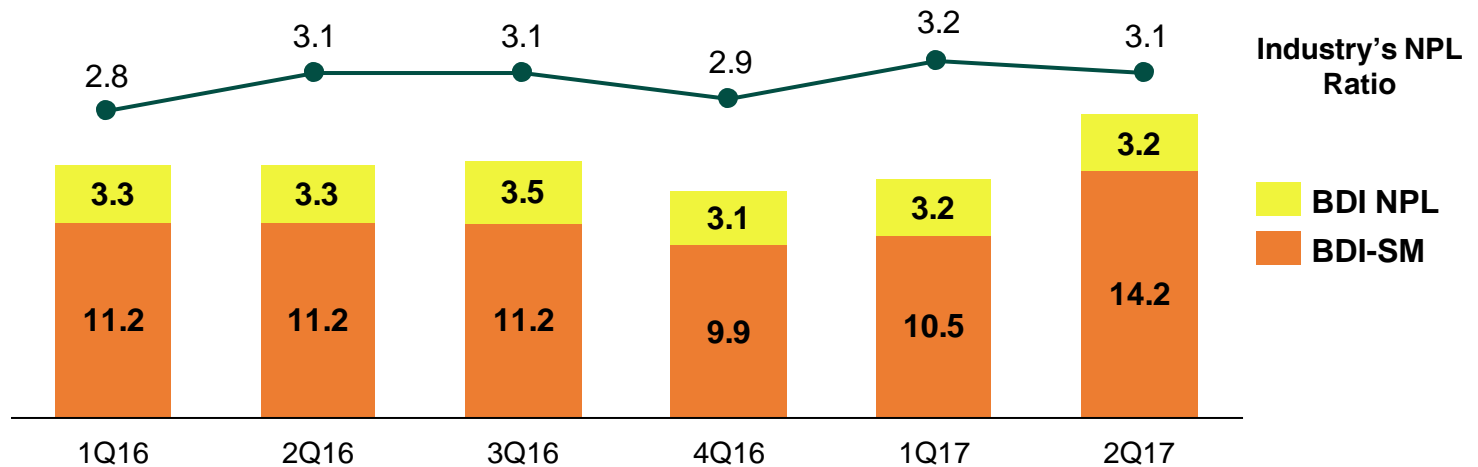


BDI's NPL amount declined 4% YoY.
Timing of Lebaran at the end of June increased SM seasonally, mostly in ADMF.

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



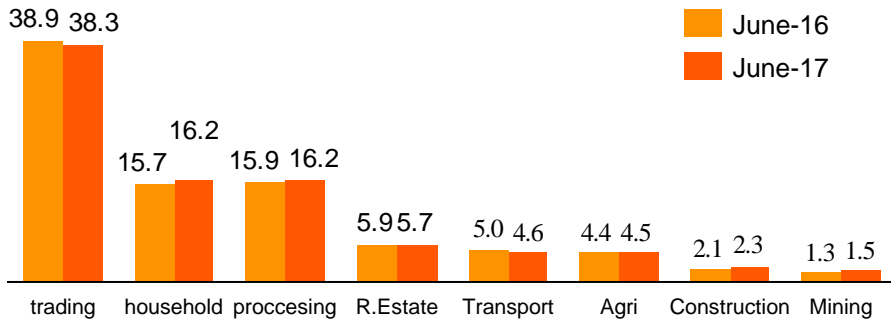
Loan Collectability
(% of Total Loans)



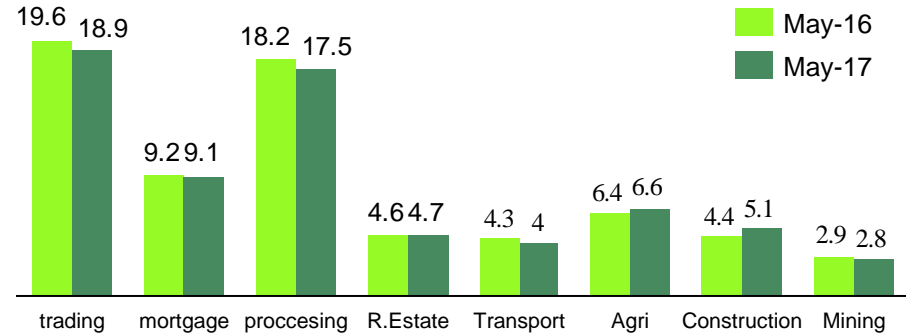
Source : Industry NPL based on SPI OJK May 2017.

Better asset quality in most sectors compared to industry

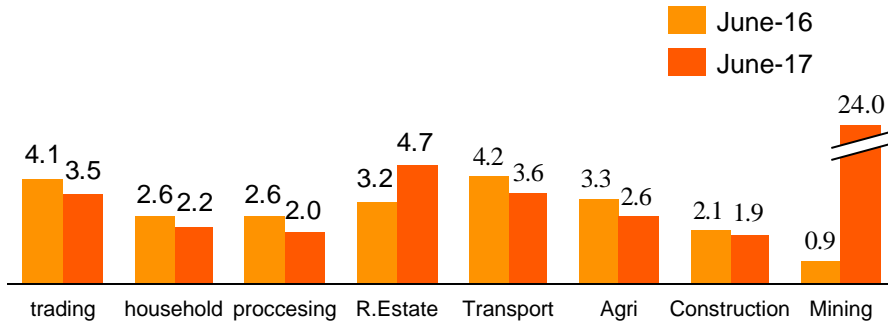
BDI Loans by Sector (% of total loans)



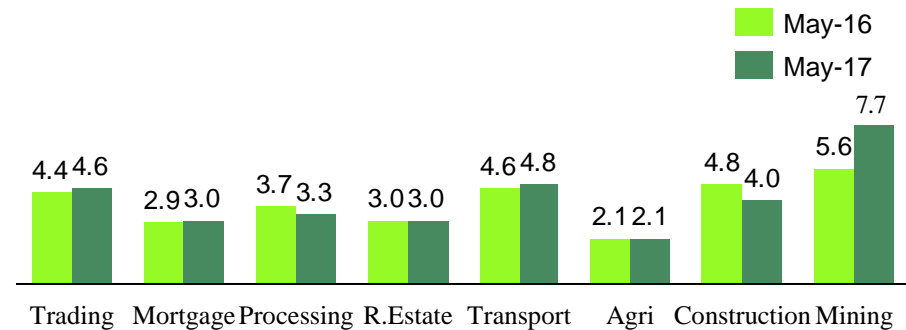
Industry Loans by Sector (% of total loans)



BDI NPL by Sector (%)



Industry NPL by Sector (%)



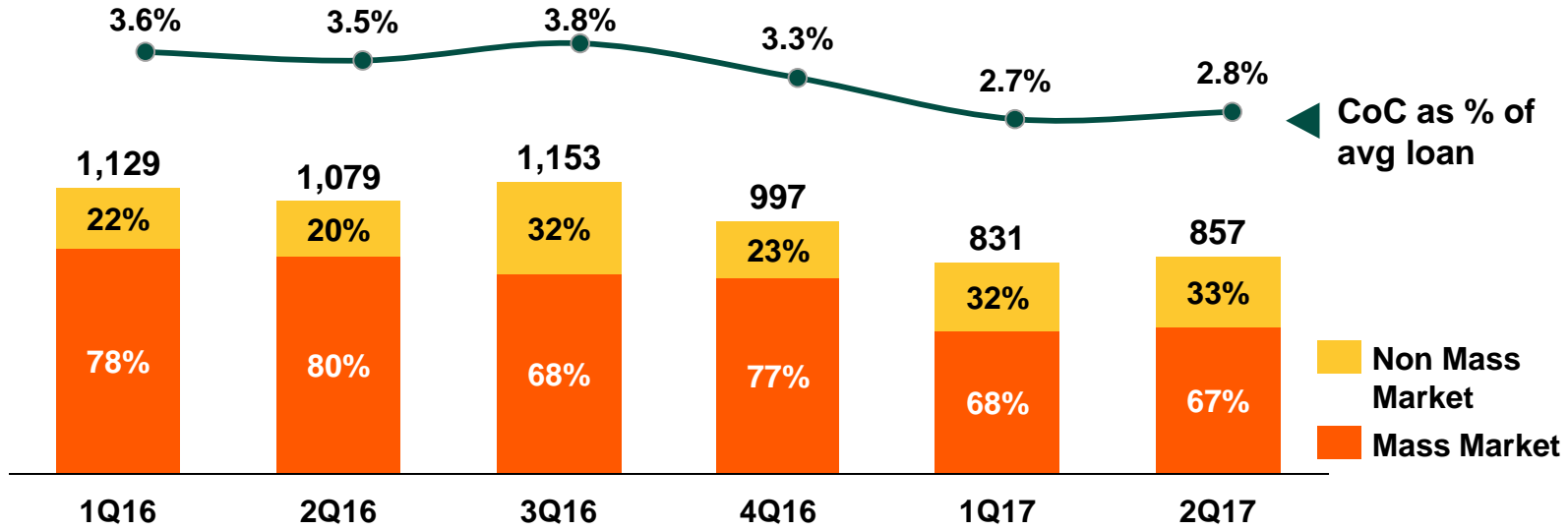
Source: SPI OJK May 2017

- NPL increase in the mining sector was primarily due to a coal related corporate loan debtor. However the sector only makes up 1.5% of the loan portfolio.
- NPL in the real estate, rental, and services sectors increased by 150 bps due to a rental related commercial loan debtor.

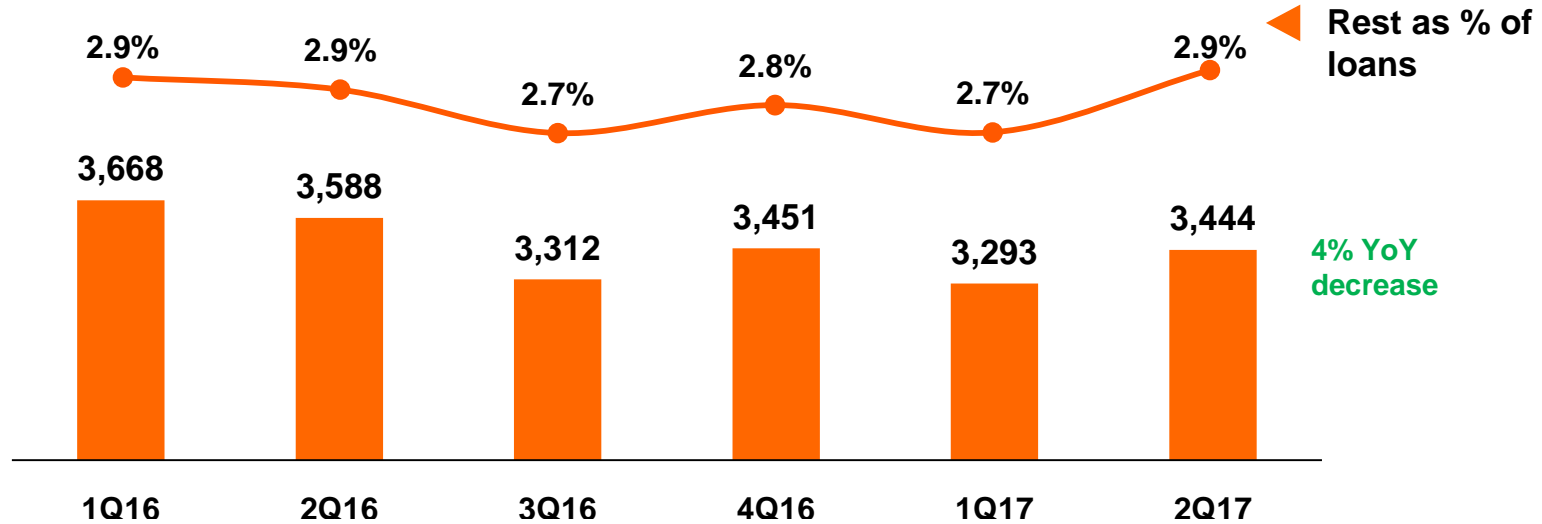
Danamon

CoC improved YoY, in line with shift in portfolio mix

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

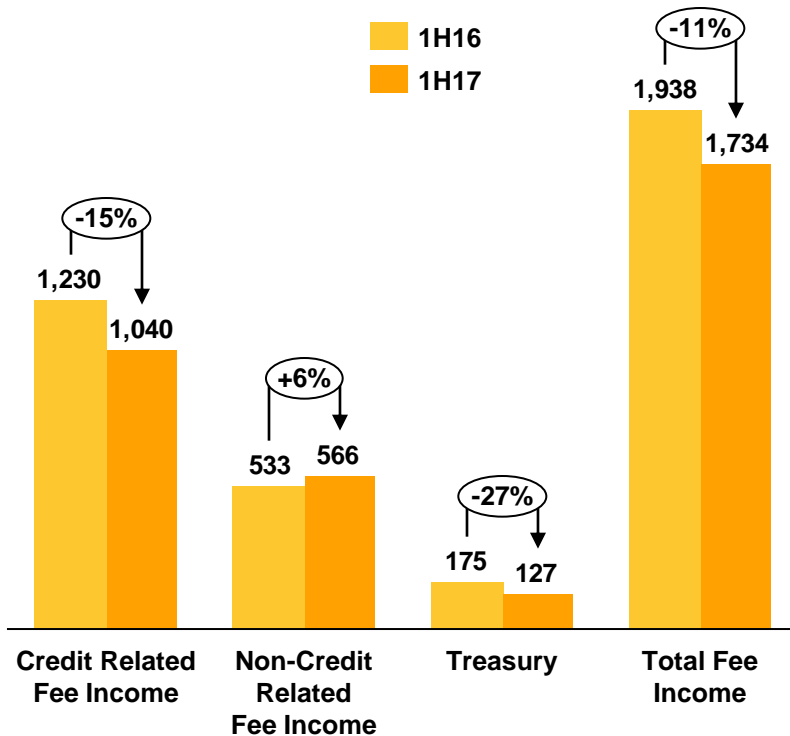


Restructured Loans
(% of Total Loans and Rp bn)

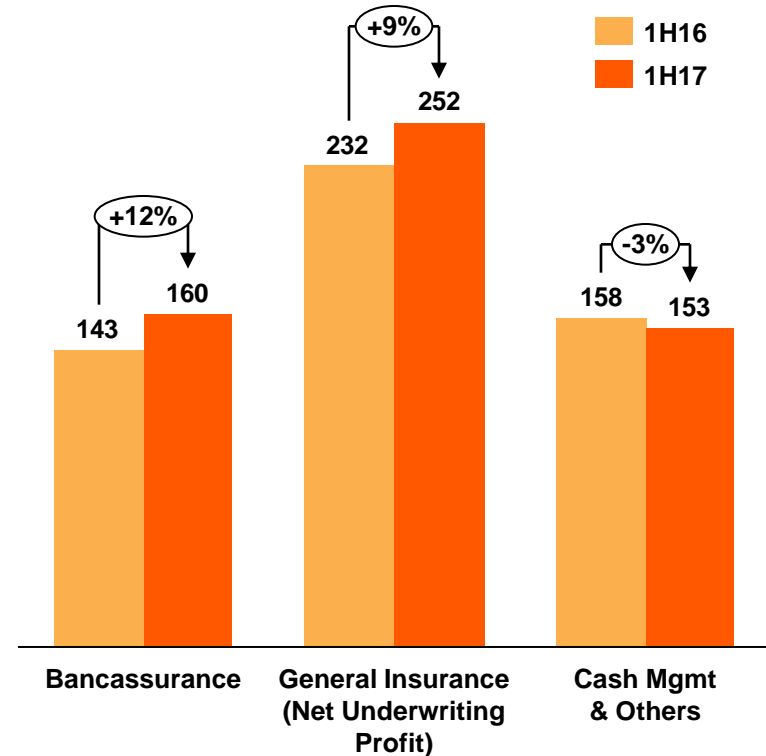


Non-Credit Related Fee Income grew 6% to Rp566 bn

Fee Income (Rp bn)



Non-Credit Related Fee Income (Rp bn)



Thank You

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