



# Analyst Briefing

## Nine Month 2017 Financial Results

Jakarta, 30 October 2017

# Nine Month 2017 Financial Highlights

## Assets and Liabilities

- Excluding Micro loans, total portfolio including Trade Finance<sup>1)</sup> grew 5% YoY.
- Enterprise<sup>2)</sup>, SME, and Consumer Mortgage loan portfolio grew 7%, 10%, and 31% respectively YoY.
- ADMF's 2W and 4W new financing amount improved 7% and 8% YoY, respectively.
- CASA ratio improved 360 bps YoY to 47.5% due to higher granular saving accounts.

## Asset Quality

- NPL amount declined 6% YoY to Rp3.9 tn. NPL ratio improved from 3.5% last year to 3.3%. Including Trade Finance<sup>1)</sup>, NPL ratio stood at 3.2%.
- Cost of credit (CoC) amount declined 25% YoY to Rp2.5 tn. CoC ratio improved by 90 bps YoY to 2.7% in 9M17.

## Profit and Loss

- Net interest income excluding Micro loans grew 7% YoY.
- Risk-Adjusted NIM improved 150 bps YoY to 6.6% in 9M17 from 5.1% last year.
- Cost to Income Ratio (CIR) decline by 20 bps to 48.4% in 9M17, from the same period last year.
- Net Profit after Taxes (NPAT) increased 21% YoY to Rp3.0 tn.
- ROA increased 50 bps YoY to 2.3%, while ROE improved 145 bps to 11.6%.

1) Trade Finance includes related marketable securities.

2) Enterprise: Commercial and Corporate.

# 9M 2017 Balance Sheet Highlights

In Rp billion	9M16	9M17	YoY	1Q17	2Q17	3Q17	QoQ
Total Assets	174,686	173,674	-1%	171,132	176,136	173,674	-1%
Total Loan Portfolio and Trade Finance <sup>1)</sup>	124,552	126,883	2%	126,383	128,340	126,883	-1%
Total Loan Portfolio and Trade Finance <sup>1)</sup> excl. Micro	113,109	119,181	5%	116,972	119,783	119,181	-1%
Government Bonds	9,143	9,163	0%	7,504	6,722	9,163	36%
Total Funding	124,575	121,023	-3%	121,758	126,445	121,023	-4%
CASA	45,574	47,762	5%	45,118	46,695	47,762	2%
Time deposits	58,197	52,687	-9%	55,636	58,770	52,687	-10%
Borrowings and LT. Funding	20,804	20,574	-1%	21,004	20,980	20,574	-2%
Equity	35,849	37,209	4%	38,702	37,096	37,209	0%

1) Trade Finance includes related marketable securities.

# 9M 2017 Income Statement

In Rp billion	9M16	9M17	YoY	1Q17	2Q17	3Q17	QoQ
Net Interest Income	10,247	10,582	3%	3,550	3,521	3,511	0%
<i>Net Interest Income excl. Micro</i>	<i>9,169</i>	<i>9,833</i>	<i>7%</i>	<i>3,263</i>	<i>3,271</i>	<i>3,299</i>	<i>1%</i>
Non Interest Income <sup>(1)</sup>	2,917	2,606	-11%	851	854	901	5%
Operating Income	13,164	13,188	0%	4,400	4,376	4,412	1%
Operating Expenses	6,394	6,390	0%	2,092	2,121	2,177	3%
PPOP <sup>(2)</sup>	6,770	6,798	0%	2,309	2,254	2,235	-1%
Cost of Credit	3,361	2,509	-25%	831	860	818	-5%
Operating Profit	3,409	4,289	26%	1,477	1,395	1,417	2%
NPAT	2,516	3,034	21%	1,050	989	995	1%

1) Consist of fee income of Rp2,852 bn at 9M16 vs Rp2,625 bn 9M17 and other non interest income.

2) Pre-Provision Operating Profit.

## 9M 2017 Key Financial Ratio

In %	9M16	9M17	YoY	1Q17	2Q17	3Q17	QoQ
NIM	8.8	9.3	0.5	9.4	9.2	9.2	0.0
CoC	3.6	2.7	-0.9	2.7	2.8	2.6	-0.2
Risk-adjusted NIM	5.1	6.6	1.5	6.7	6.4	6.6	0.2
Cost to Income	48.6	48.4	-0.2	47.5	48.5	49.3	0.8
CASA Ratio	43.9	47.5	3.6	44.8	44.3	47.5	3.2
Regulatory LFR	91.7	93.8	2.2	92.8	89.6	93.8	4.2
Consolidated LFR <sup>(1)</sup>	97.2	100.2	3.0	98.8	96.1	100.2	4.1
NPL Gross	3.5	3.3	-0.2	3.2	3.2	3.3	0.1
NPL Gross, including Trade Finance <sup>(2)</sup>	3.4	3.2	-0.2	3.1	3.0	3.2	0.1
Loan Loss Coverage (LLC)	102.6	116.6	14.0	119.1	119.2	116.6	-2.6
CAR - Consolidated	21.4	22.3	0.8	21.8	21.5	22.3	0.8
ROAA	1.9	2.3	0.5	2.4	2.3	2.3	0.0
ROAE	10.1	11.6	1.5	12.1	11.5	11.2	-0.3

1) Consolidated including Adira finance structured funding.

2) Trade Finance includes related marketable securities.

# Performance in Micro Banking has improved, creating less drag to the Bank

	Consolidated Financials - With SEMM			Consolidated Financials - If without SEMM*		
	9M16	9M17	YoY	9M16	9M17	YoY
NIM (%)	8.8	9.3	0.5	8.7	9.3	0.6
Cost of Credit (%)	3.6	2.7	-0.9	2.4	2.2	-0.2
Cost-to-Income Ratio (%)	48.6	48.4	-0.2	45.7	46.1	0.4
Net Profit Before Taxes (Rp bn)	3,409	4,289	26%	3,892	4,312	11%
ROAE (%)	10.1	11.6	1.5	12.3	12.1	-0.2

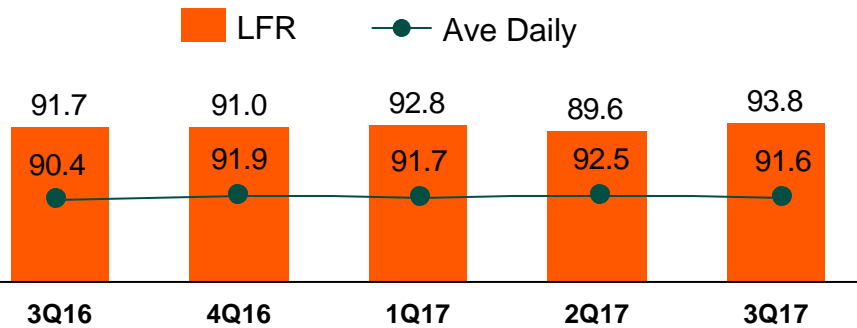
\*) Opex reduction are based on SEMM direct cost only.

## Micro Banking Update

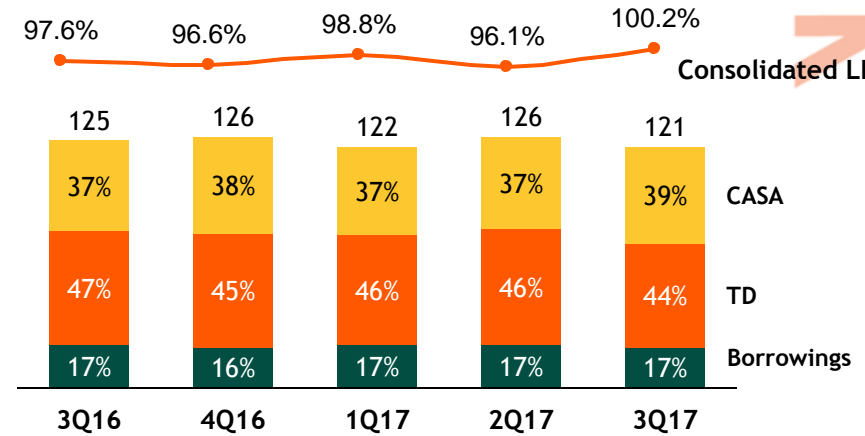
- > While loan continue to decline largely due to Special Asset units, strategy to improve efficiency, automation and collection has gained tractions.

# The average daily LFR is in line with management's target range of 92% - 94%

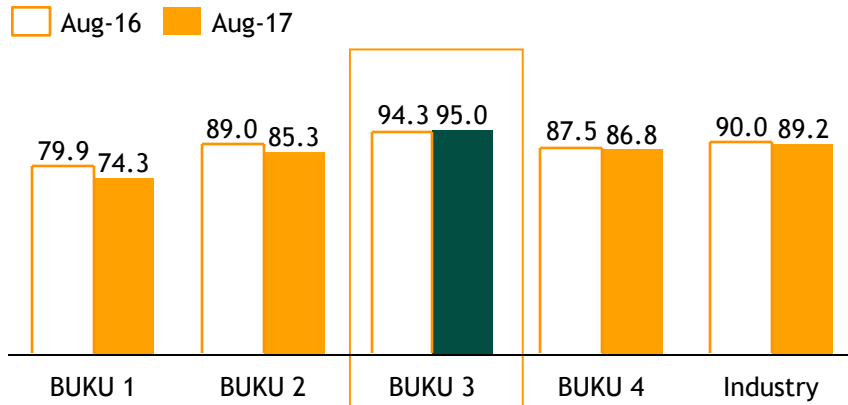
## Regulatory LFR\* (%) – Liquidity has been stable



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



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

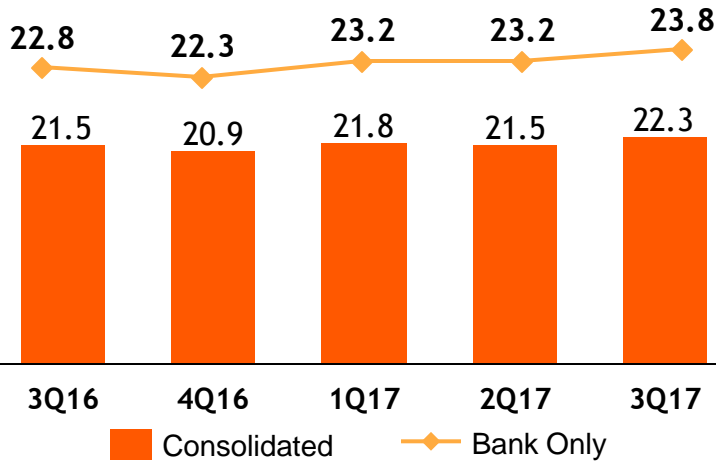


- CASA to consolidated funding has improved on the back of higher granular saving account (Danamon Lebih).
- The 93.8% LFR is better than those of BUKU 3.

\* ) 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.

# Capital structure remains strong

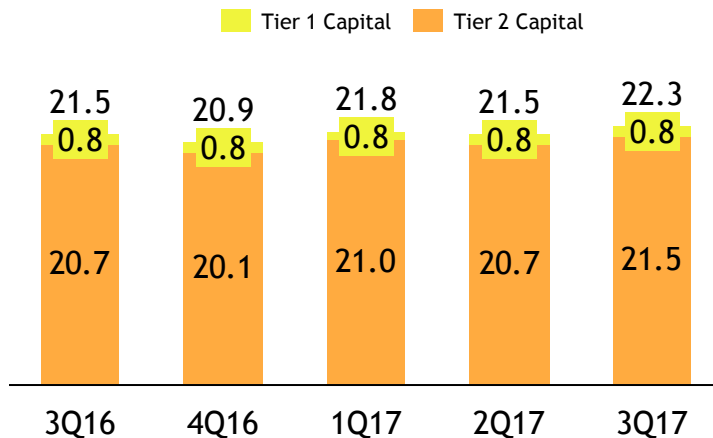
## Capital Adequacy Ratio (%)



## Market and Operational Risk Charges (%)

%	3Q16	4Q16	1Q17	2Q17	3Q17
CAR w/ Credit Risk	27.9	26.9	28.1	27.6	28.6
Market Risk Charge	0.2	0.1	0.1	0.1	0.1
Operational Risk Charge	6.2	6.0	6.2	6.0	6.3
CAR Consolidated	21.5	20.9	21.8	21.5	22.3

## Tier 1 and Tier 2 Consolidated Capital Ratio (%)

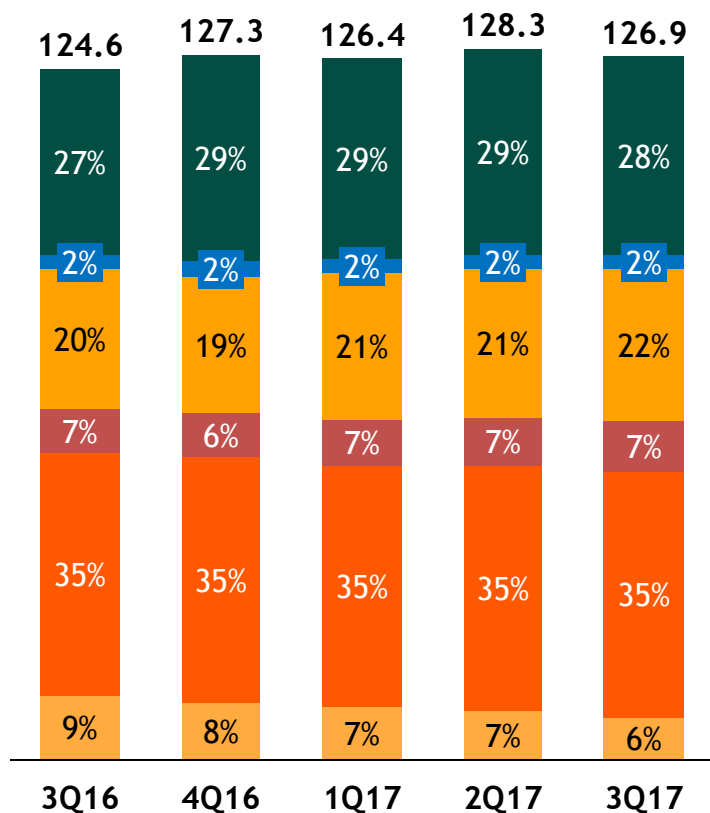


- Danamon's capital level and internal capital generation remain strong.
- The capital level is significantly above the minimum regulatory requirement.
- Even after considering the potential impact of IFRS 9 implementation, Danamon's capital level would remain adequate to support growth.



# Enterprise, Consumer Mortgage, and SME grew double digit

## Composition of Loan Portfolio & Trade Finance<sup>1)</sup> (Rp tn)



## Growth of Loan Portfolio & Trade Finance<sup>1)</sup>

Rp bn	9M16	9M17	ΔYoY	ΔQoQ
Enterprise <sup>2)</sup> & FI	33,299	35,676	7%	-4%
ABF	2,792	2,531	-9%	-1%
SME	25,064	27,480	10%	3%
Consumer	8,184	9,111	11%	4%
Mortgage	4,115	5,409	31%	10%
Others <sup>3)</sup>	4,069	3,703	-9%	-4%
Adira Finance	43,770	44,382	1%	0%
<b>Total excl Micro</b>	<b>113,109</b>	<b>119,181</b>	<b>5%</b>	<b>-1%</b>
SEMM (Micro)	11,443	7,702	-33%	-10%
<b>Total</b>	<b>124,552</b>	<b>126,883</b>	<b>2%</b>	<b>-1%</b>

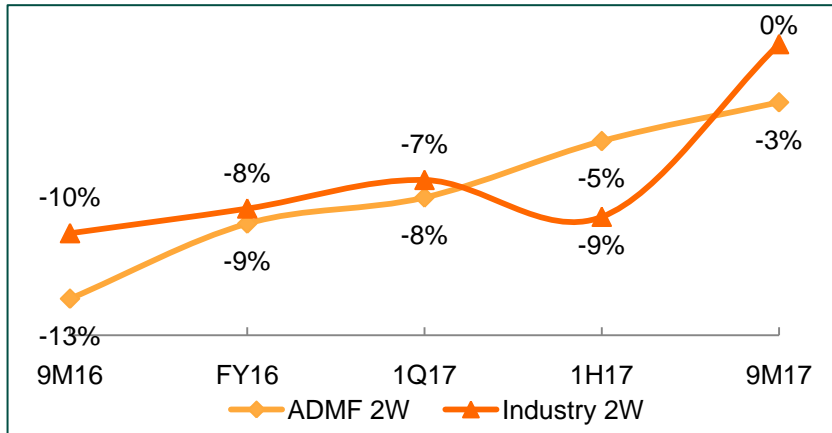
1) Trade finance includes related marketable securities.

2) Enterprise: Commercial and Corporate.

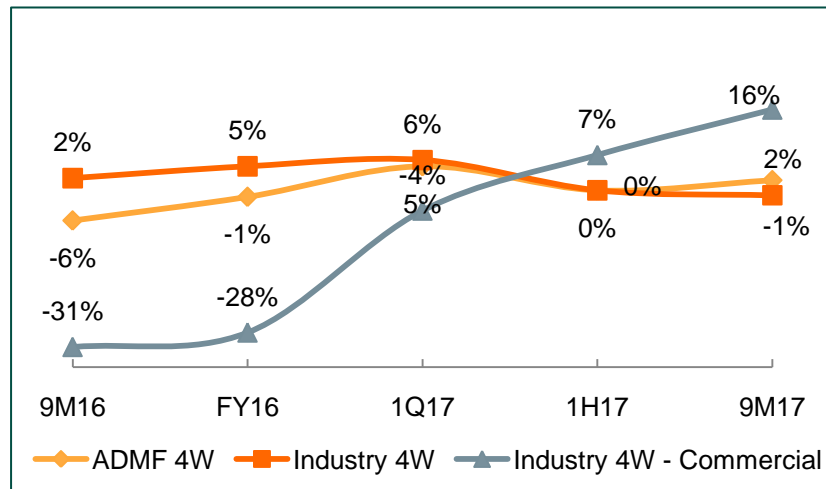
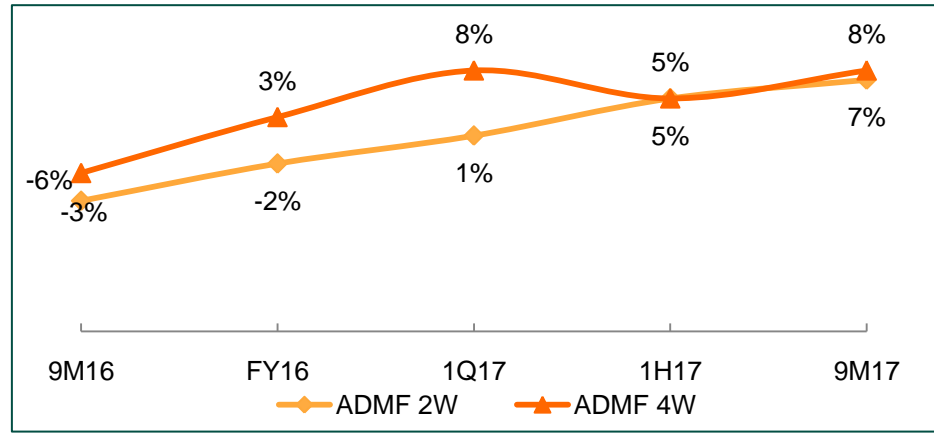
3) Unsecured Personal Loan, Credit Card, and Other.

# ADMF's 2W & 4W new financing amount grew 7% and 8% YoY, respectively

**ADMF units New Financing vs. Industry**  
(% YoY growth based on cumulative YTD)



**ADMF New Financing amount**  
(% YoY growth)

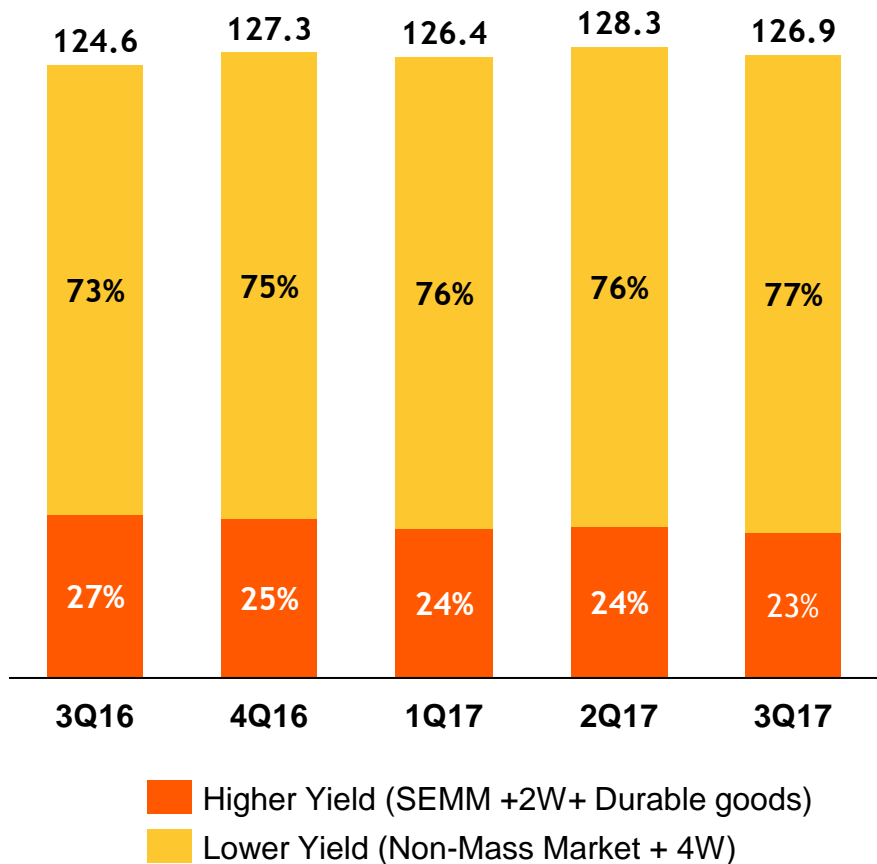


**ADMF New Financing**

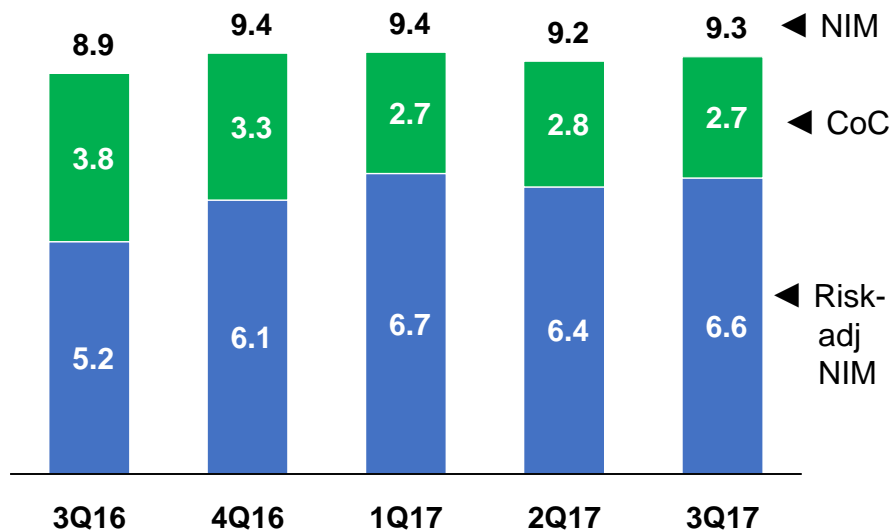
Rp bn	9M16	9M17	YoY	QoQ
2W auto loans	20,724	20,801	0%	0%
4W auto loans	22,195	22,479	1%	0%
White goods and others	850	966	14%	-16%
<b>Adira Finance</b>	<b>43,770</b>	<b>44,246</b>	<b>1%</b>	<b>-1%</b>

# Resilient Risk Adjusted NIM despite the shift in portfolio mix

**Composition of Loan Portfolio & Trade Finance**  
(Rp tn)

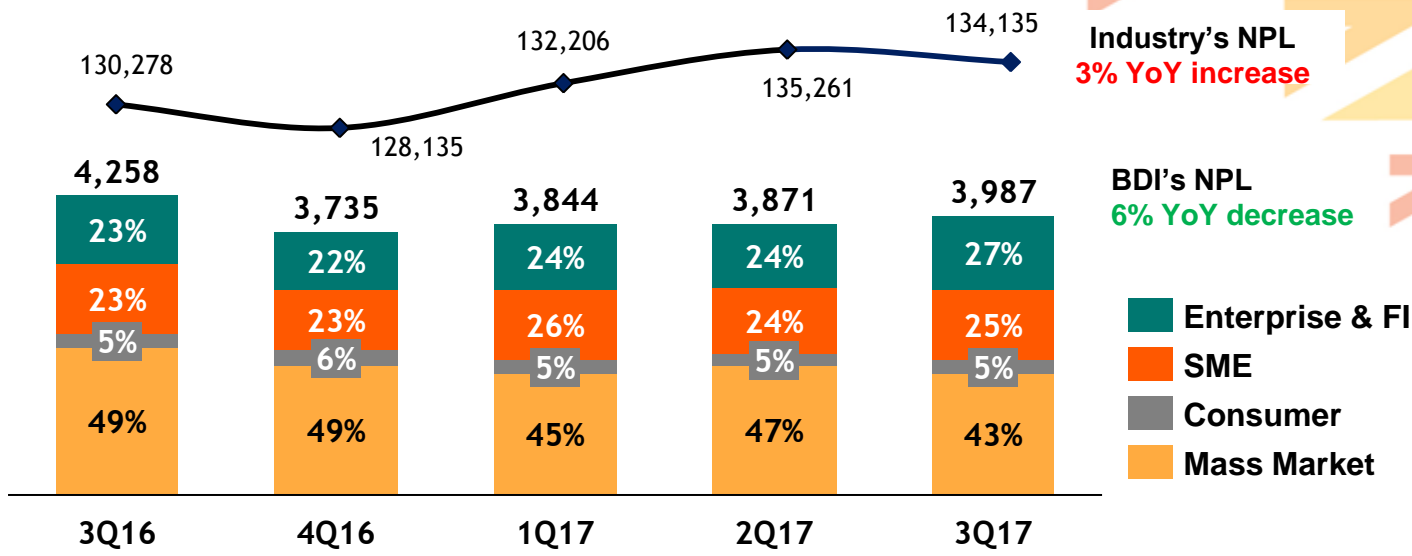


**Risk-Adjusted NIM**  
(%)

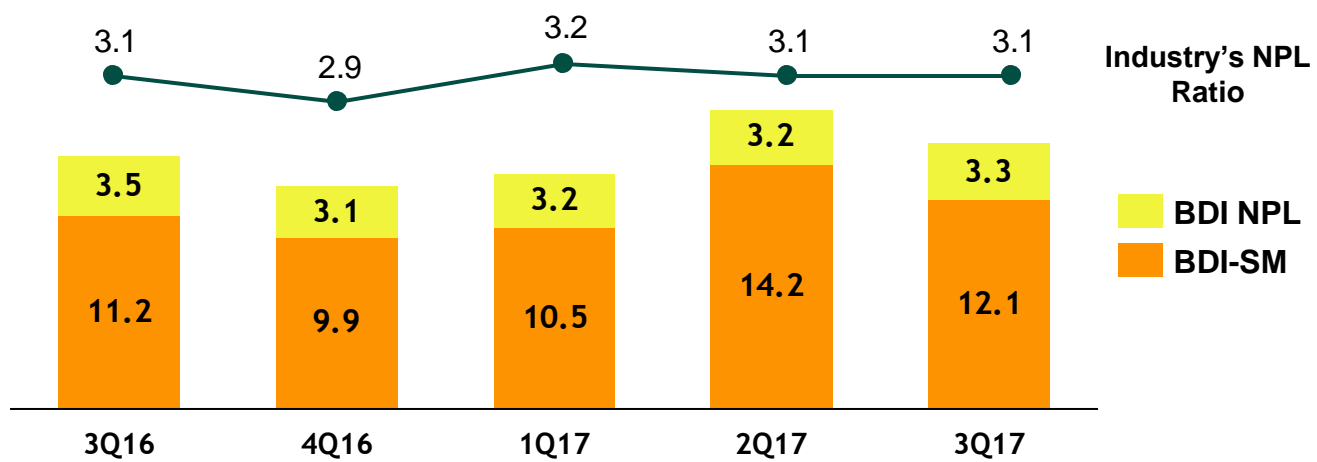


# NPL amount declined 6% vs. industry's 3% increase

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



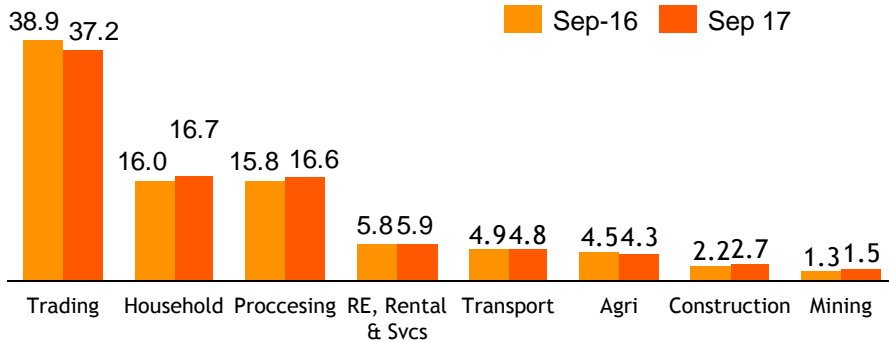
**Loan Collectability  
(% of Total Loans)**



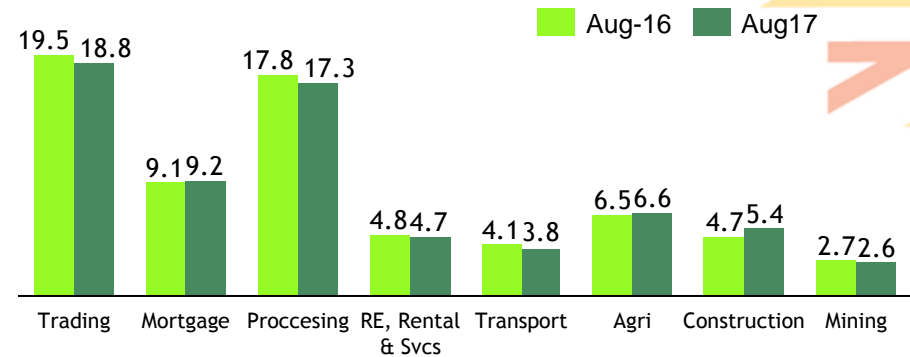
Source : Industry NPL based on SPI as of August 2017.

# BDI's asset quality in most sectors improved

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

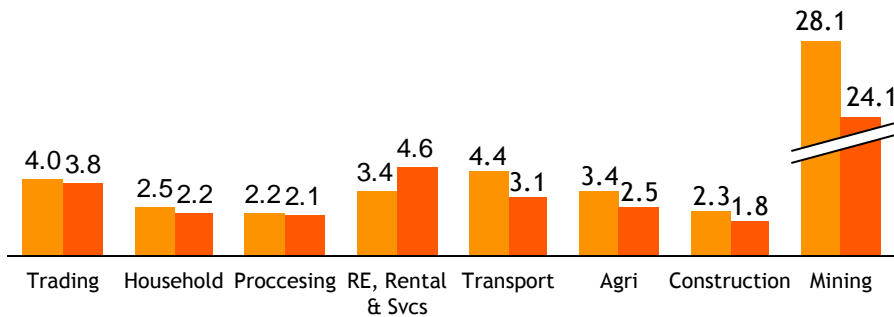


## Industry Loans by Sector (% of total loans)



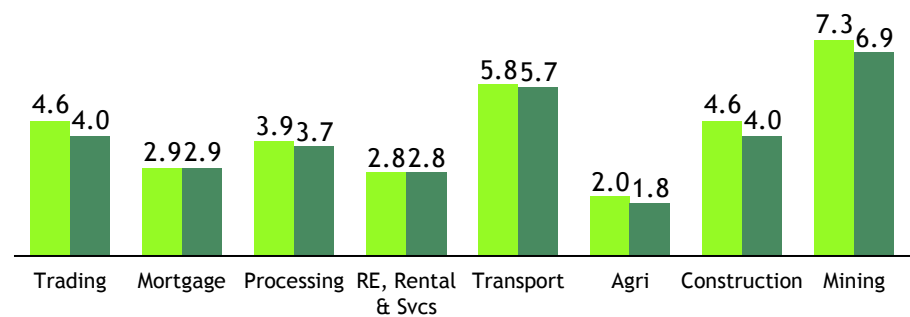
## BDI NPL by Sector (%)

Sep-16 Sep-17



## Industry NPL by Sector (%)

Aug-16 Aug-17

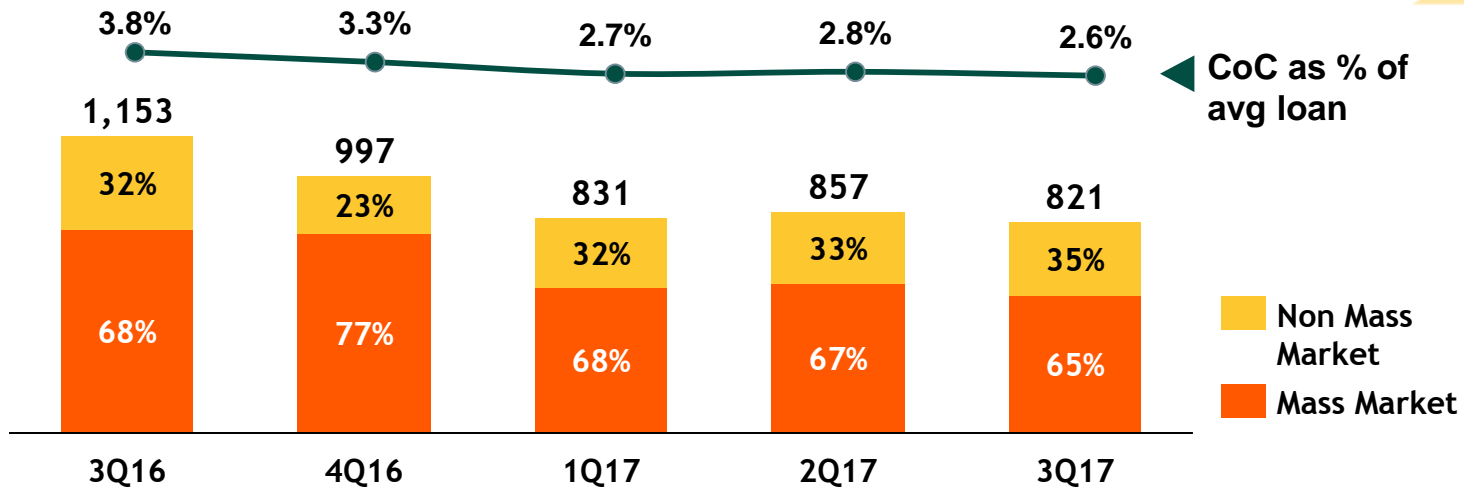


Source: SPI Aug 2017

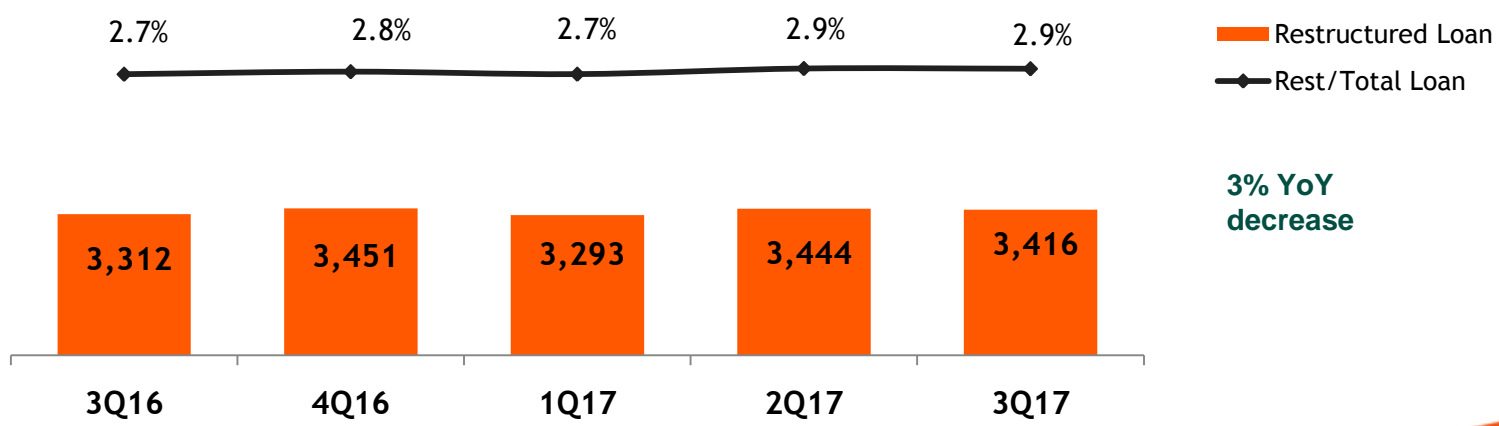
- NPL in most sectors improved except for real estate, rental and services sector, which worsened by 120 bps due to a rental related commercial loan debtor.

# CoC continue to decline, while restructured loan ratio was stable at 2.9%

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

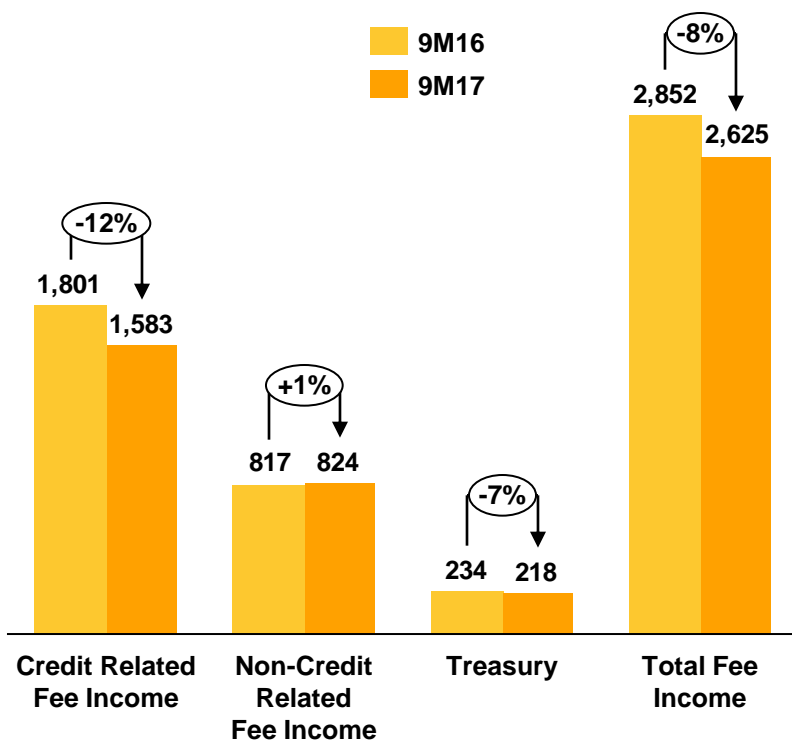


**Restructured Loans**  
(% of Total Loans and Rp bn)

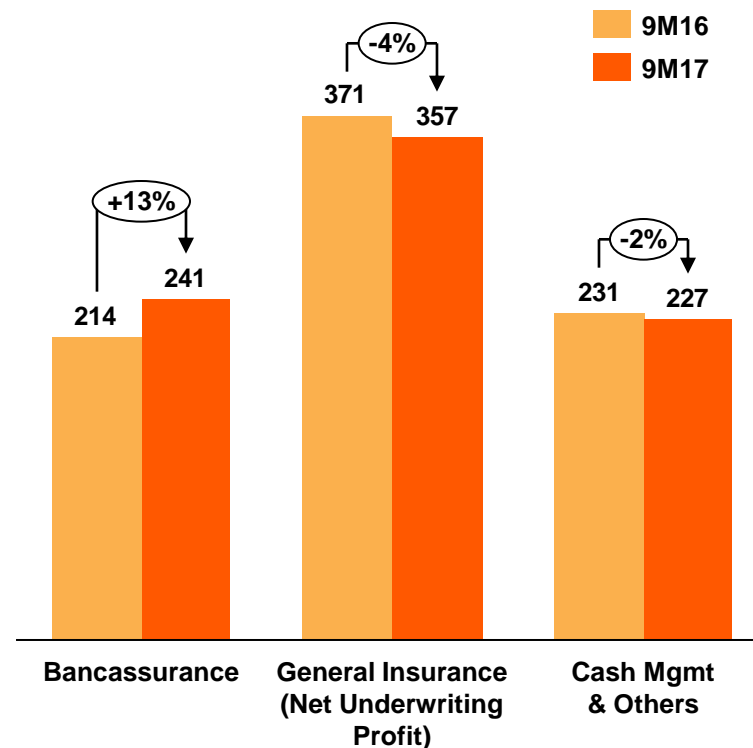


Credit Related Fee declined due to modest loan growth. Bancassurance grew 13% YoY.

### Fee Income (Rp bn)



### Non-Credit Related Fee Income (Rp bn)



# Thank You

Investor Relations

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