



# Analyst Briefing

## FY 2017 Financial Results

---

Jakarta, 12 February 2018

# FY 2017 Highlight: Diversified portfolio resulted in improved Risk-Adjusted NIM and 38% NPAT growth

## Asset and Liabilities

- Excluding micro loans, total portfolio including trade finance grew 5% YoY
- SME and Consumer Mortgage loan portfolios increased by 10% and 36% YoY, respectively. Enterprise Banking loans grew 5% QoQ
- ADMF's 2W new financing amount grew by 5% in FY17 compared to a decline of 2% in FY16. Similarly 4W new financing amount increased by 6% in FY17 vs. a 3% growth in the previous year
- CASA ratio in FY17 stood at 48.3%, a 230 bps increase from the prior year level

## Asset Quality

- NPL amount declined by 9% YoY to Rp3.4 tn. NPL ratio improved to 2.8% from 3.1% in FY16
- Cost of credit (CoC) amount decreased by 20% to Rp3.5 tn. CoC ratio improved from 3.5% in FY16 to 2.8% in FY 2017

## Profitability

- Net interest income excluding Micro loans increased 7% YoY
- Risk-Adjusted NIM moved up from 5.4% last year to 6.5%, due to lower CoC & improved funding
- NPAT grew by 38% to Rp3.7 tn on the back of higher operating profit
- ROA improved by 60 bps to 2.1% while ROE also increased by 250 bps to 10.5%

# FY 2017 Balance Sheet Highlights

In Rp billion	FY16	FY17	YoY	1Q17	2Q17	3Q17	4Q17	QoQ
Total Assets	174,437	178,257	2%	171,132	176,136	173,674	178,257	3%
Total Loan Portfolio and Trade Finance <sup>1)</sup>	127,310	129,724	2%	126,383	128,340	126,883	129,724	3%
Total Loan Portfolio and Trade Finance <sup>1)</sup> excl. Micro	117,125	122,971	5%	116,972	119,783	119,181	122,971	3%
Government Bonds	9,563	10,911	14%	7,504	6,722	9,163	10,911	19%
Total Funding	126,224	125,702	0%	121,758	126,445	121,023	125,702	4%
CASA	48,536	50,501	4%	45,118	46,695	47,762	50,501	6%
Time deposits	56,955	54,144	-5%	55,636	58,770	52,687	54,144	3%
Borrowings and LT. Funding	20,733	21,057	2%	21,004	20,980	20,574	21,057	2%
Equity	35,942	38,660	8%	38,702	37,096	37,209	38,660	4%

1) Trade Finance includes related marketable securities

# FY 2017 Income Statement

In Rp billion	FY16	FY17	YoY	1Q17	2Q17	3Q17	4Q17	QoQ
Net Interest Income	13,793	14,170	3%	3,550	3,508	3,523	3,589	2%
<i>Net Interest Income excl. micro</i>	12,402	13,238	7%	3,263	3,271	3,299	3,405	3%
Non Interest Income <sup>(1)</sup>	3,913	3,489	-11%	851	867	889	882	-1%
Operating Income	17,706	17,659	0%	4,401	4,375	4,412	4,472	1%
Operating Expenses	8,632	8,646	0%	2,092	2,122	2,176	2,256	4%
PPOP <sup>(2)</sup>	9,074	9,014	-1%	2,309	2,253	2,236	2,216	-1%
Cost of Credit	4,358	3,466	-21%	831	859	818	957	17%
Operating Profit	4,716	5,548	18%	1,477	1,394	1,418	1,259	-11%
Net Restructuring Cost	260	206	-21%	0	0	0	206	100%
NPBT	4,456	5,342	20%	1,477	1,393	1,418	1,053	-25%
NPAT	2,669	3,682	38%	1,050	989	995	648	-35%

1) Consist of fee income of Rp3,513 bn vs Rp 3,842 bn in FY 2016 and other non-interest income

2) Pre-Provision Operating profit

# FY 2017 Key Financial Ratios

In %	FY16	FY17	YoY	1Q17	2Q17	3Q17	4Q17	QoQ
NIM	8.9	9.3	0.4	9.4	9.2	9.2	9.3	0.1
CoC	3.5	2.8	0.7	2.7	2.8	2.6	3.1	(0.5)
Risk-adjusted NIM	5.4	6.5	1.1	6.7	6.4	6.6	6.2	(0.4)
Cost to Income	48.8	49.0	(0.2)	47.5	48.5	49.3	50.5	(1.1)
CASA Ratio	46.0	48.3	2.3	44.8	44.3	47.5	48.3	0.7
Regulatory LFR	91.0	93.3	2.3	92.8	89.6	93.8	93.3	(0.5)
Consolidated LFR <sup>1)</sup>	96.6	98.8	2.2	98.8	96.1	100.2	98.8	(1.4)
NPL Gross	3.1	2.8	0.3	3.2	3.2	3.3	2.8	0.5
NPL Gross, including Trade Finance <sup>2)</sup>	2.9	2.6	0.3	3.1	3.0	3.2	2.6	0.5
Loan Loss Coverage (LLC)	117.7	119.2	1.5	119.1	119.2	116.6	119.2	2.6
ROAA	1.5	2.1	0.6	2.4	2.3	2.3	1.5	(0.8)
ROAE	8.0	10.5	2.5	12.1	11.5	11.2	7.2	(4.0)
CAR - Consolidated	20.9	22.1	1.2	21.8	21.5	22.3	22.0	(0.3)

1) Consolidated including Adira Finance structured funding

2) Trade finance includes related marketable securities

# Turn-around in Micro banking performance yielded further upside for the Bank

	Consolidated Financials With SEMM			Consolidated Financials If without SEMM*		
	FY16	FY17	YoY	FY16	FY17	YoY
NIM (%)	8.9	9.3	0.4	8.9	9.3	0.4
Cost of Credit (%)	3.5	2.8	0.8	2.4	2.3	0.1
Cost-to-Income Ratio (%)	48.8	49.0	(0.2)	45.9	46.7	(0.7)
NPAT (Rp bn)	2,669	3,682	38%	3,320	3,824	15%
ROAE (%)	8.0	10.5	2.5	10.8	11.5	0.7

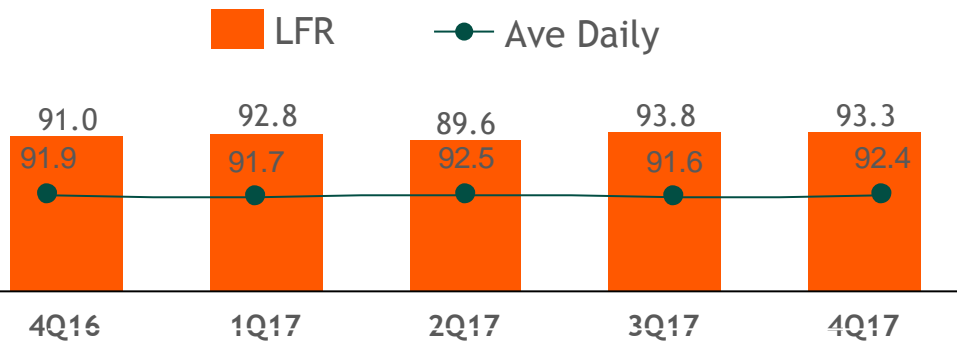
\* Opex reduction are based on SEMM direct cost only

## Micro Banking Update

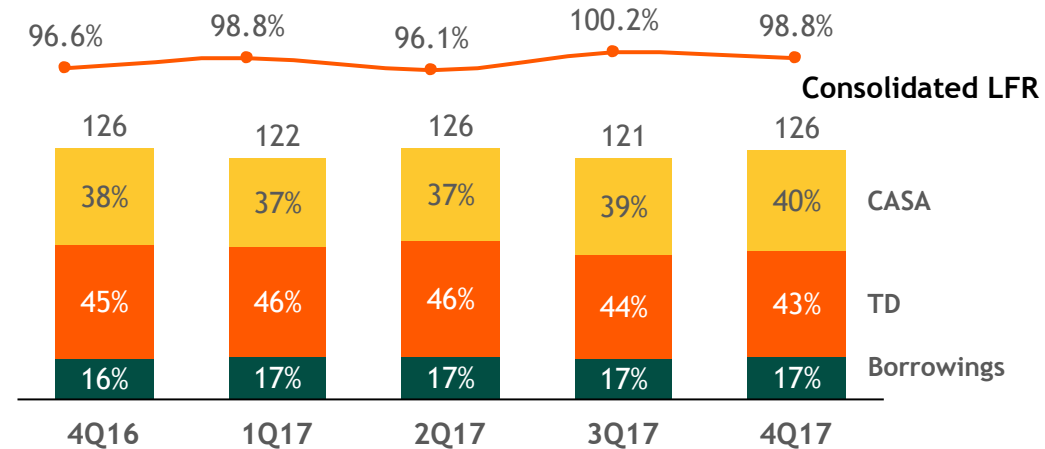
- > Micro banking will continue to focus on improving credit quality, collections, and recoveries as well as on streamlining the network

# Stable liquidity coupled with improving funding mix

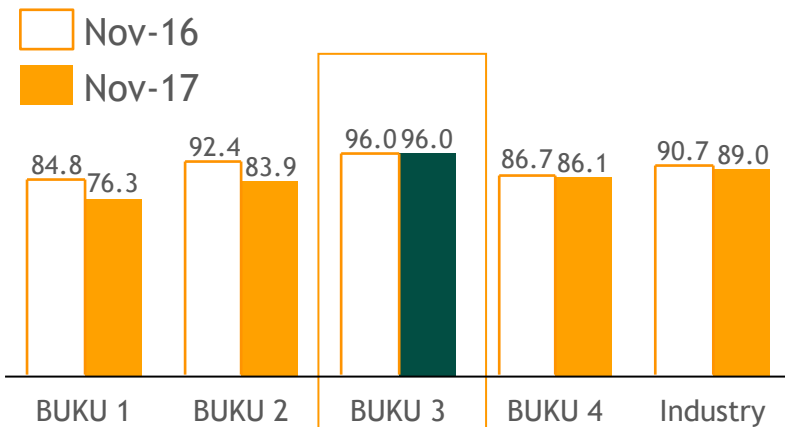
Regulatory LFR\* (%) - Liquidity has been stable



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



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

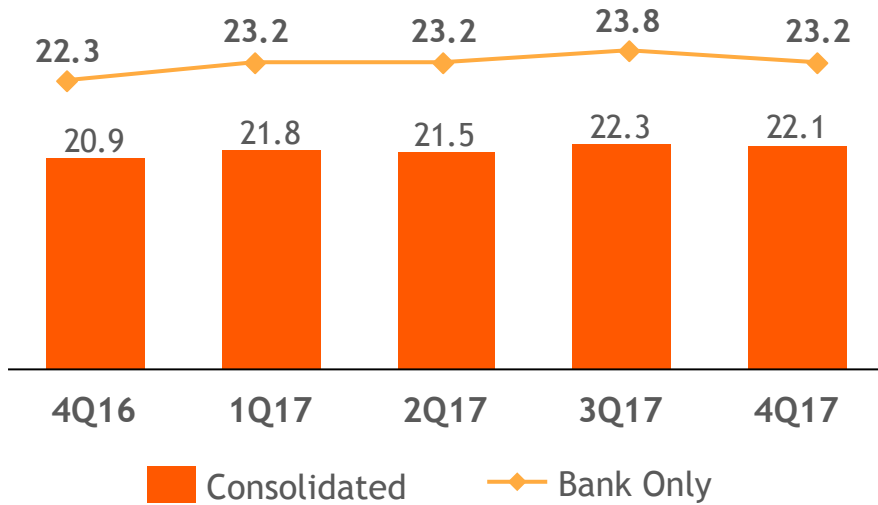


- CASA to consolidated funding continued to improved on the back of higher granular saving account (Danamon Lebih).

\*) 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

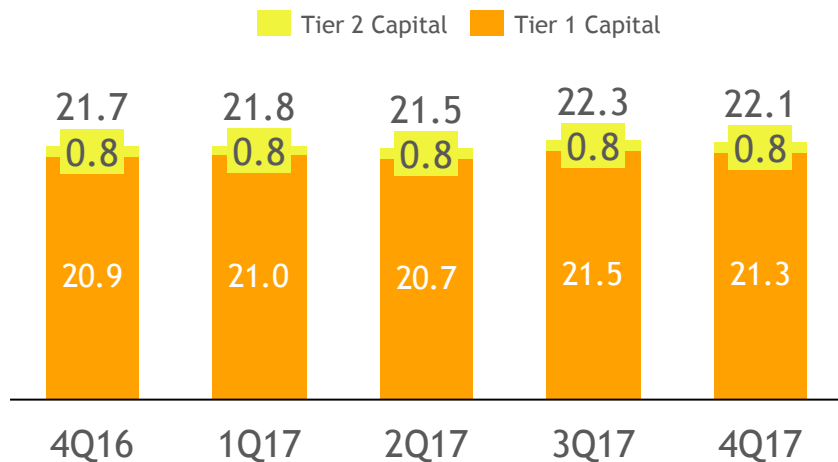
## Capital Adequacy Ratio (%)



## Market and Operational Risk Charges (%)

%	4Q16	1Q17	2Q17	3Q17	4Q17
CAR w/ Credit Risk	26.9	28.1	27.6	28.6	28.2
Market Risk Charge	0.1	0.1	0.1	0.1	0.1
Operational Risk Charge	6.0	6.2	6.0	6.3	6.1
CAR Consolidated	20.9	21.8	21.5	22.3	22.1

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

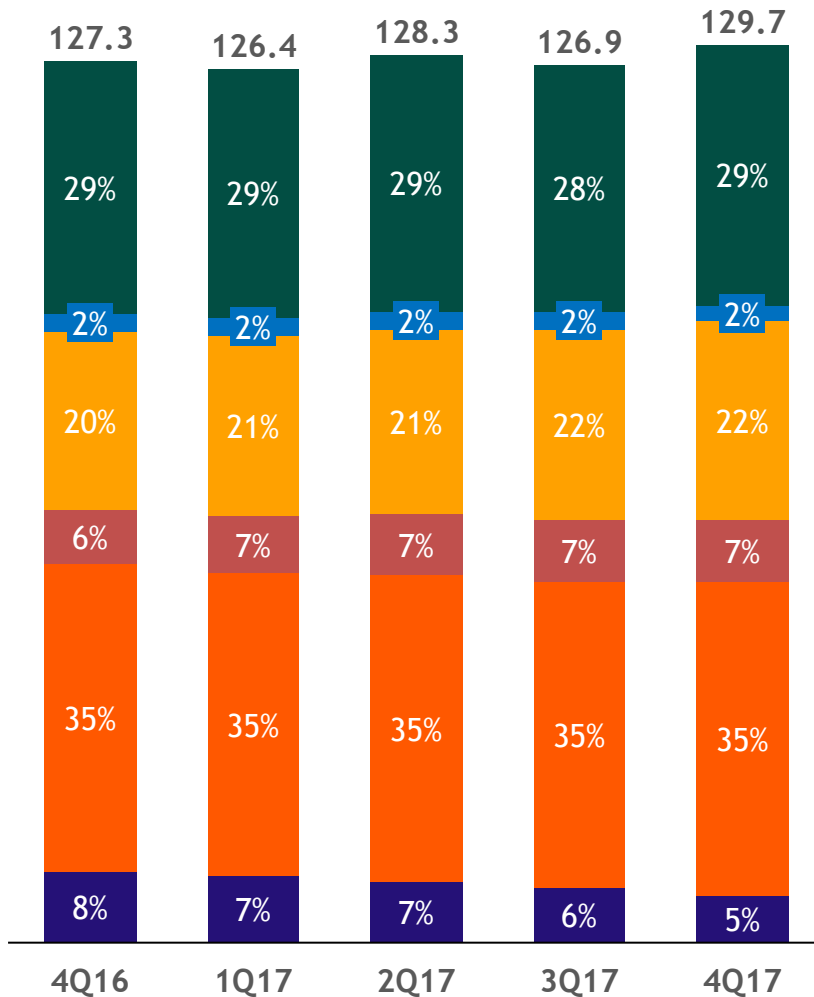


- Danamon's capital level and internal capital generation remain strong.
- The capital level is significantly above the minimum regulatory requirement.
- Even after considering the potential impact of IFRS 9 implementation, Danamon's capital level would remain adequate to support growth.



# Double digit growth in SME and Consumer Mortgage offset declining exposure in Micro loans

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



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

Rp bn	FY16	FY17	ΔYoY	ΔQoQ
Enterprise <sup>2)</sup> & FI	36,294	37,618	4%	5%
ABF	2,745	2,447	-11%	-3%
SME	25,842	28,461	10%	4%
Consumer	7,791	9,213	11%	1%
Mortgage	4,453	6,045	36%	12%
Others <sup>3)</sup>	3,338	3,168	-5%	-14%
Adira Finance	44,453	45,232	2%	2%
<b>Total excl Micro</b>	<b>117,125</b>	<b>122,971</b>	<b>5%</b>	<b>3%</b>
SEMM (Micro)	10,185	6,753	-34%	-12%
<b>Total</b>	<b>127,310</b>	<b>129,724</b>	<b>2%</b>	<b>2%</b>

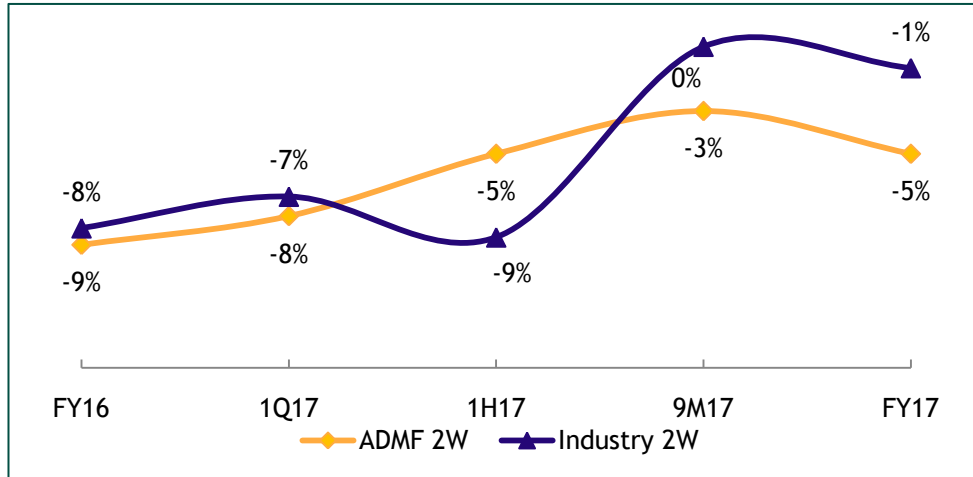
1) Trade finance includes related marketable securities.

2) Enterprise: Commercial and Corporate.

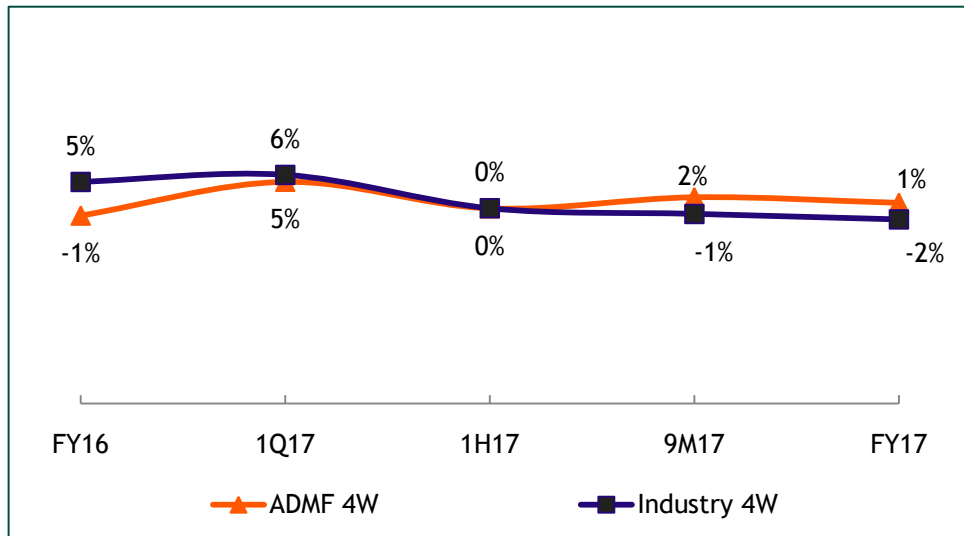
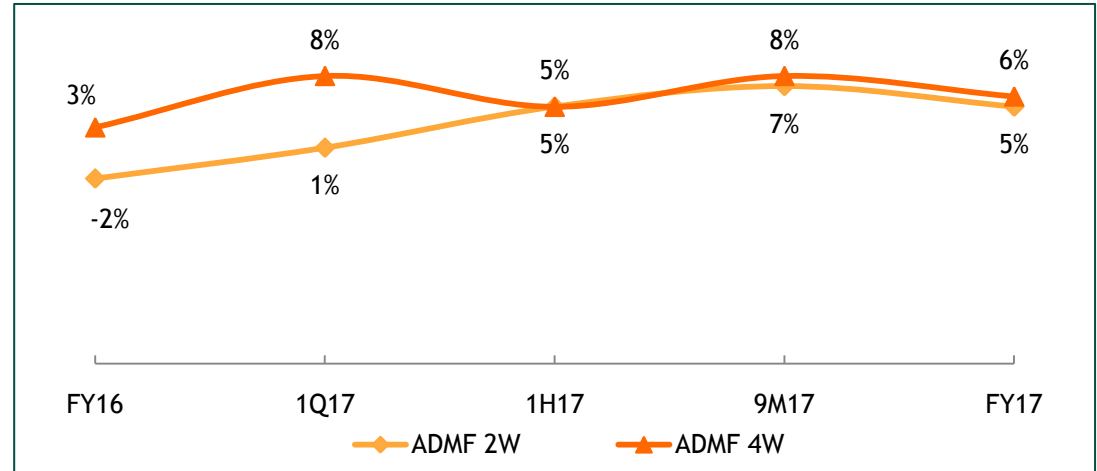
3) Unsecured Personal Loan, Credit Card, and Other.

# ADMF's new 2W & 4W financing amount grew by 5% & 6% respectively

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



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

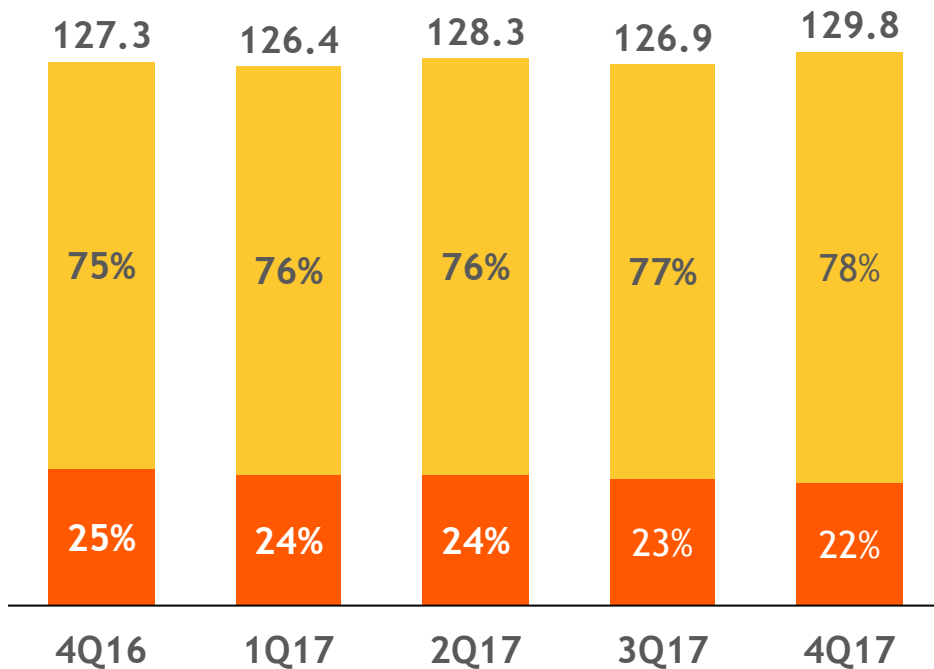


**ADMF Outstanding Loan**

<i>Rp bn</i>	FY16	FY17	YoY	QoQ
2W auto loans	21,275	21,340	0%	1%
4W auto loans	22,761	23,252	2%	3%
White goods and others	417	640	14%	2%
<b>Adira Finance</b>	<b>44,453</b>	<b>45,232</b>	<b>2%</b>	<b>2%</b>

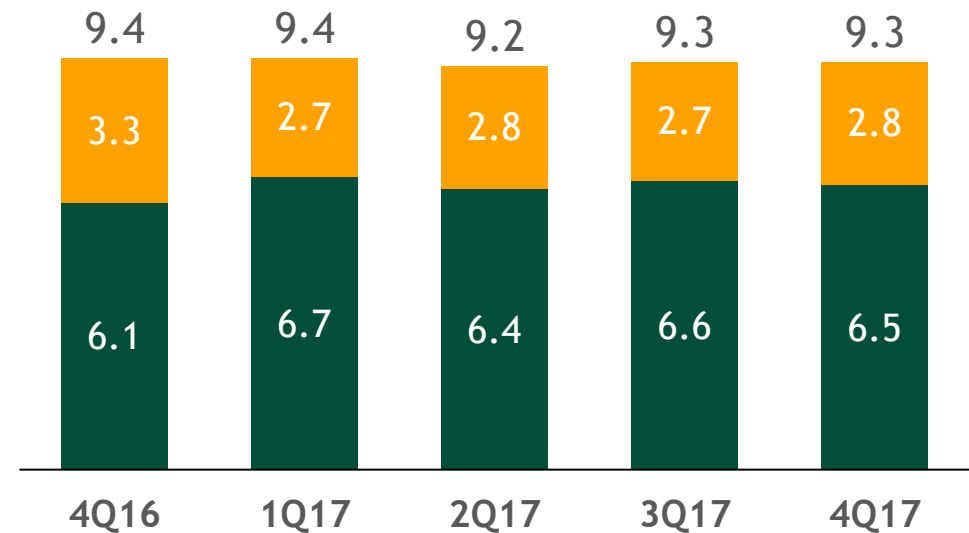
# Risk adjusted NIM steady despite shifting away from Micro

Composition of Loan Portfolio & Trade Finance  
(Rp tn)



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

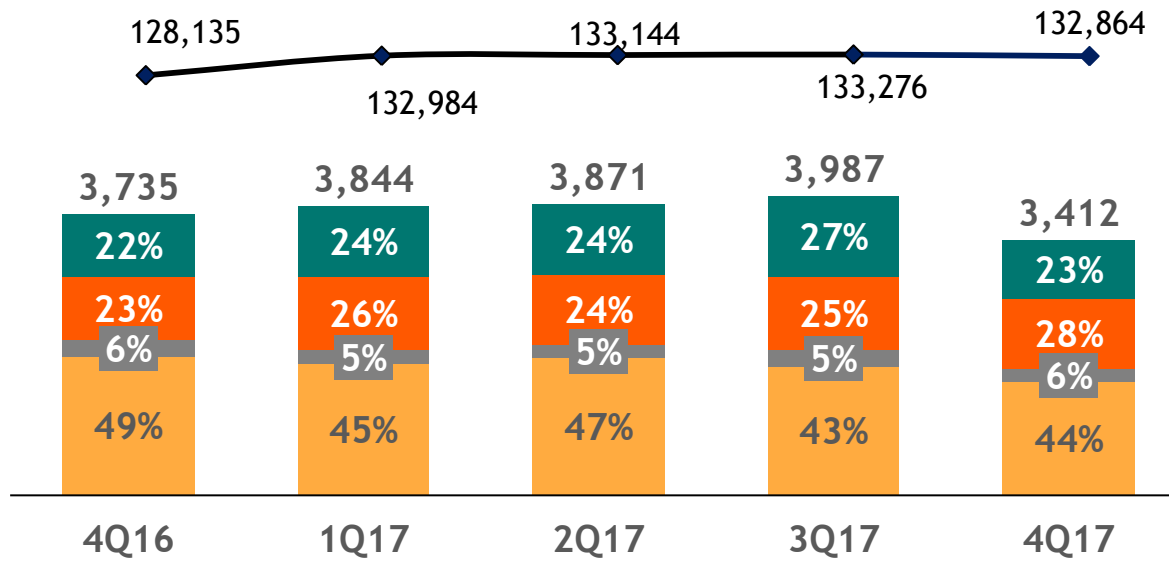
Risk-Adjusted NIM  
(%)



YTD CoC YTD Risk Adj NIM

# NPL ratio improved 30 bps YoY to 2.8%

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

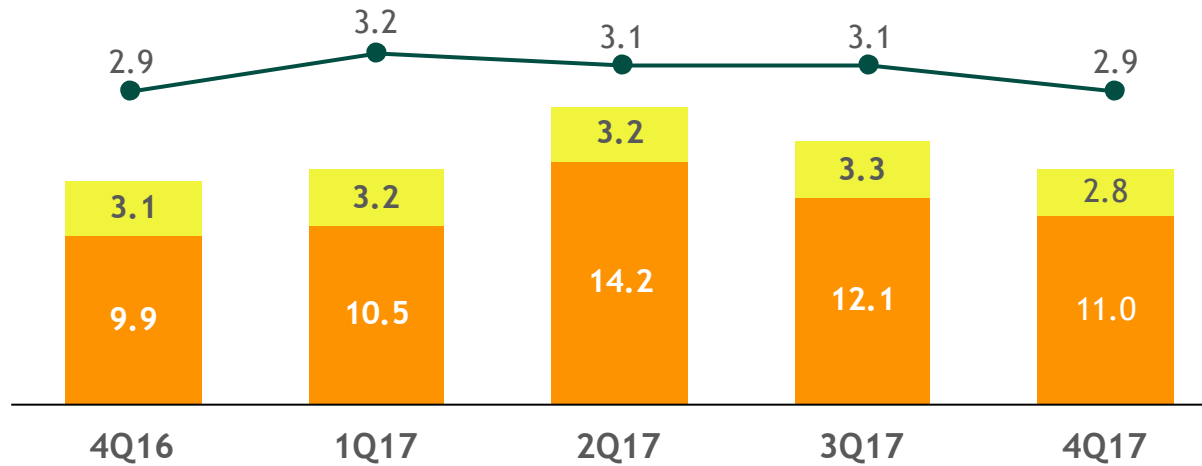


Industry's NPL  
4% increase

BDI's NPL  
9% YoY decrease

- Enterprise & FI
- SME
- Consumer
- Mass Market

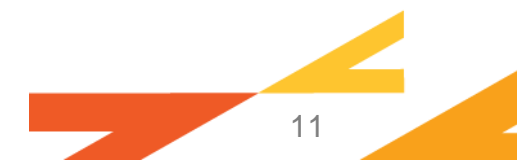
**Loan Collectability (% of Total Loans)**



Industry's NPL Ratio

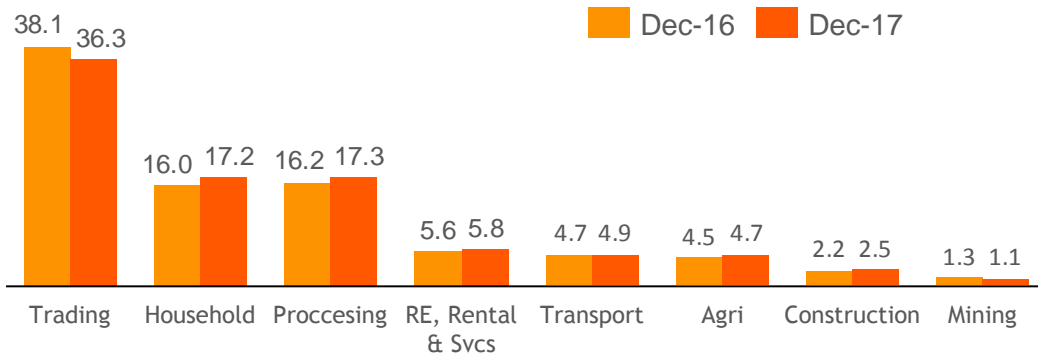
- BDI NPL
- BDI-SM

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

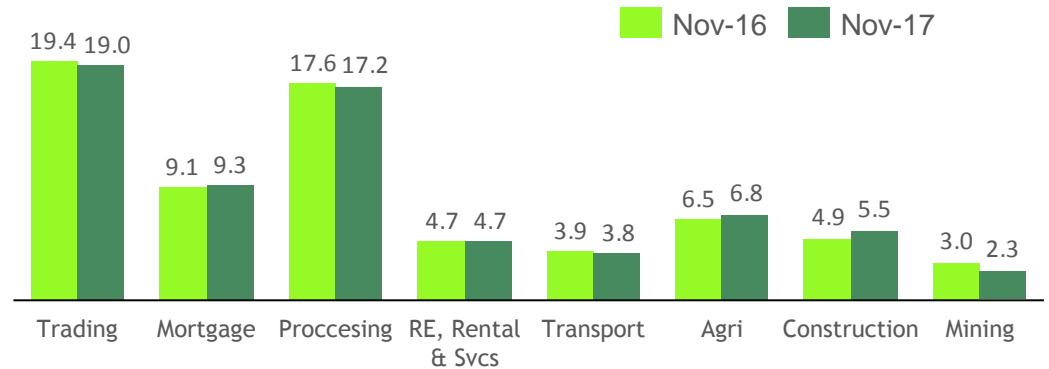


# The majority of portfolio is in the trading, processing and household sectors with low exposure in mining

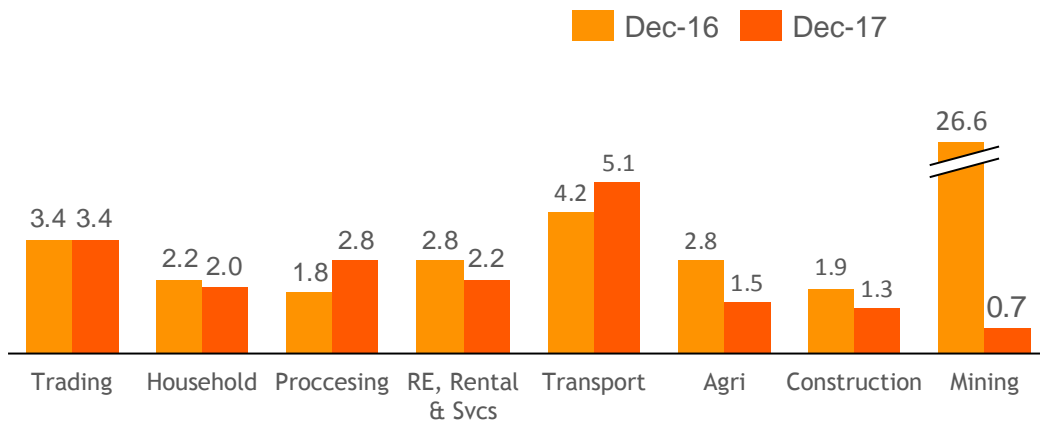
## BDI Loans by Sector (% of total loans)



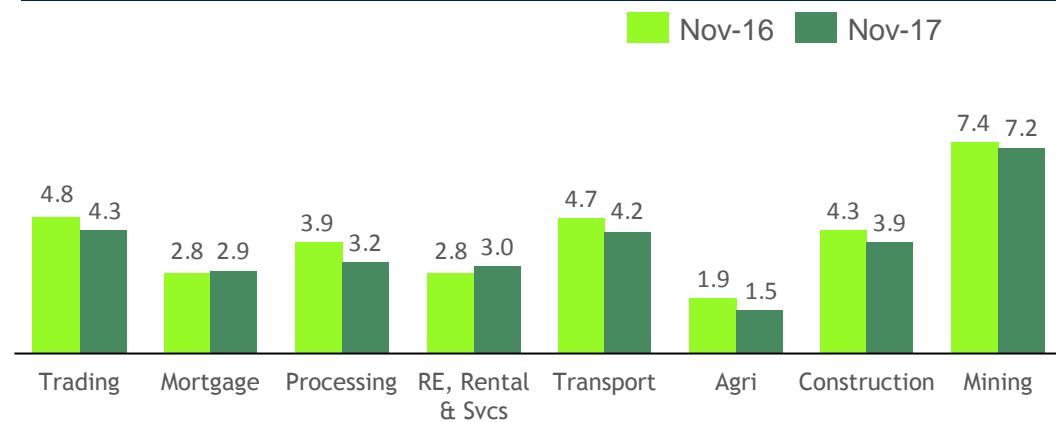
## Industry Loans by Sector (% of total loans)



## BDI NPL by Sector (%)

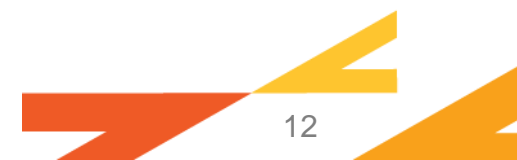


## Industry NPL by Sector (%)



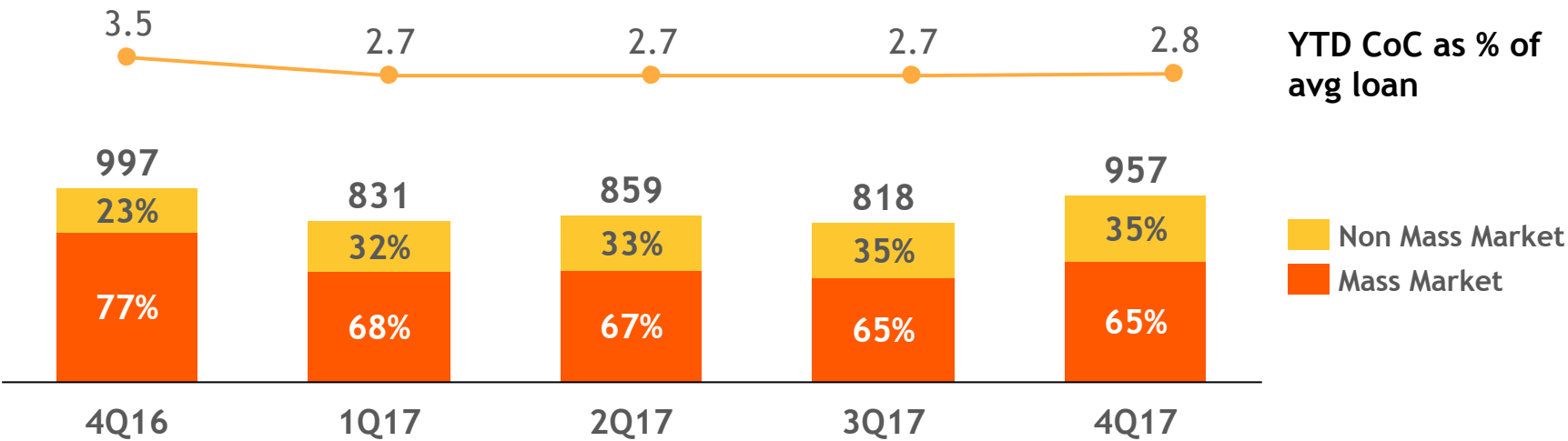
- NPL ratio in Processing segment increased by 100 bps due to customers in the steel industry
- NPL ratio in Transport segment worsened by 90 bps due to customers in vessel related services

Source: SPI Nov 2017

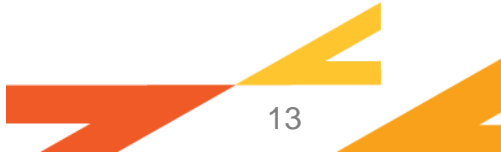
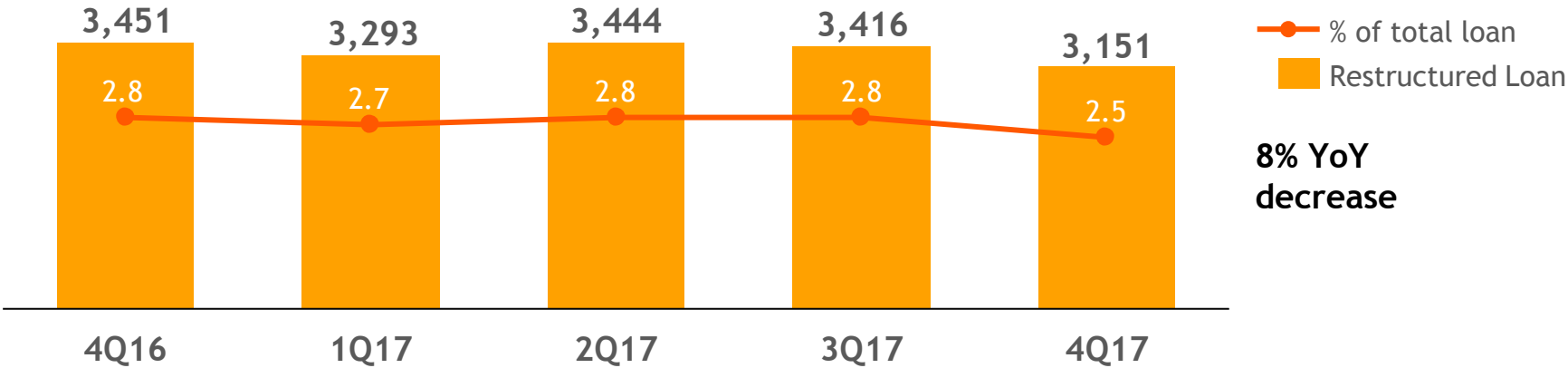


# CoC ratio and Restructured Loans declined YoY

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

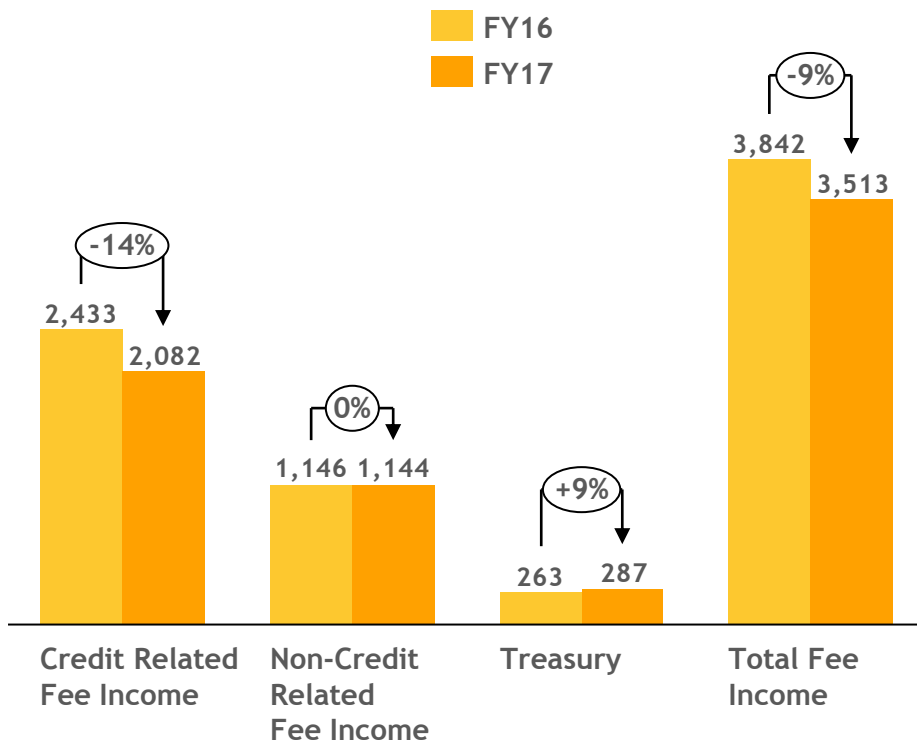


**Restructured Loans**  
(% of Total Loans and Rp bn)

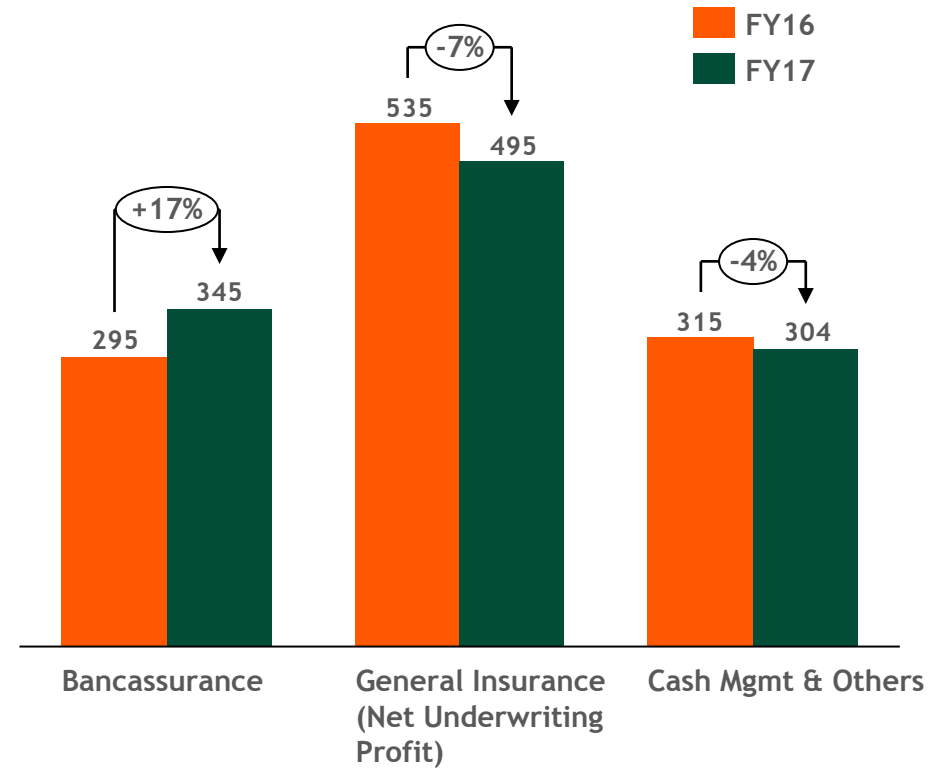


# Total fee declined mainly due to credit related fees. Bancassurance fee grew 17%

## Fee Income (Rp bn)



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



# THANK YOU

Investor Relations

**PT Bank Danamon Indonesia, Tbk**

Menara Bank Danamon, 16<sup>th</sup> Floor

Jl. H.R. Rasuna Said Kav. C-10

Setiabudi - Kuningan, Jakarta Selatan 12940

Phone: +62 21 8064 5000

Email: [investor.relations@danamon.co.id](mailto:investor.relations@danamon.co.id)