



PT Bank Danamon Indonesia Tbk

Analyst Briefing 1Q 2018

April 2018

1Q 2018 Highlight: Mortgage, SME and ADMF loans gained more traction. CASA Ratio improved YoY

Asset and Liabilities

- Excluding micro loans, total loan portfolio including trade finance grew 6% YoY
- Consumer mortgage, SME, and ADMF loans grew by 40%, 12%, and 5% YoY
- ADMF's 2W new financing amount grew by 17% in 1Q18 compared to a decline of 9% in 1Q17. Similarly 4W new financing amount increased by 30% in 1Q18 vs. a 6% growth in the previous year
- CASA ratio in 1Q 2018 increased by 350 bps to 48.3% from 44.8% last year due to higher current account and granular savings account

Asset Quality

- NPL ratio declined by 10 bps to 3.1% from 3.2% last year
- Cost of credit (CoC) amount decreased by 4% to Rp798 billion. CoC ratio improved by 20 bps YoY to 2.5%

Profitability

- Net interest income excluding Micro loans increased 6% YoY as non market segment start to offset the decline in micro
- Risk-Adjusted NIM stable at 6.7% despite shift in portfolio mix
- Operating profit grew 17% QoQ, NPAT stood at Rp1.0 trillion in 1Q 2018
- ROA and ROE stood at 2.3% and 11.5% respectively in 1Q 2018.

1Q 2018 Balance Sheet Highlights

In Rp billion	1Q17	1Q18	YoY	4Q17	1Q18	QoQ
Total Assets	171,149	179,555	5%	178,257	179,555	1%
Total Loan Portfolio and Trade Finance ¹⁾	126,383	130,181	3%	129,724	130,181	0%
Total Loan Portfolio and Trade Finance ¹⁾ excl. Micro	116,972	124,487	6%	122,971	124,487	1%
Government Bonds	7,504	10,154	35%	10,974	10,172	-7%
Total Funding	121,290	123,972	2%	124,626	123,972	-1%
CASA	45,118	50,072	11%	50,501	50,072	-1%
Time deposits	55,636	53,678	-4%	54,144	53,678	-1%
Borrowings and LT. Funding	20,535	20,222	-2%	19,981	20,222	1%
Equity	37,054	38,336	3%	38,660	38,336	-1%

1) Trade Finance includes related marketable securities

1Q 2018 Income Statement

In Rp billion	1Q17	1Q18	YoY	4Q17	1Q18	QoQ
Net Interest Income	3,550	3,599	1%	3,589	3,599	0%
<i>Net Interest Income excl. micro</i>	3,258	3,439	6%	3,405	3,439	1%
Non Interest Income ¹⁾	851	795	-7%	882	795	-10%
Operating Income	4,401	4,394	0%	4,472	4,394	-2%
Operating Expenses	2,092	2,118	1%	2,256	2,118	-6%
PPOP²⁾	2,309	2,275	-1%	2,215	2,275	3%
Cost of Credit	831	798	4%	957	798	17%
Operating Profit	1,477	1,477	0%	1,258	1,477	17%
Net Restructuring Cost	0	0	-	206	0	-100%
NPAT	1,050	1,044	-1%	648	1,044	61%

1) Consist of fee income of Rp798bn in 1Q18 VS Rp866 bn last year and other non interest income

2) Pre-Provision Operating profit

1Q 2018 Key Financial Ratios

In %	1Q17	1Q18	YoY	4Q17	1Q18	QoQ
NIM	9.4	9.2	(0.2)	9.3	9.2	(0.1)
CoC	2.7	2.5	0.2	3.1	2.5	0.6
Risk-adjusted NIM	6.7	6.7	0.0	6.2	6.7	0.5
Cost to Income	47.5	48.2	(0.7)	50.5	48.2	2.3
CASA Ratio	44.8	48.3	3.5	48.3	48.3	(0.0)
Regulatory LFR	92.8	93.5	0.7	93.3	93.5	0.2
Consolidated LFR ²⁾	99.2	100.1	0.9	99.7	100.1	0.4
NPL Gross	3.2	3.1	0.1	2.8	3.1	(0.3)
NPL Gross, including Trade Finance ³⁾	3.1	3.0	0.1	2.6	3.0	(0.4)
Loan Loss Coverage (LLC)	119.1	126.5	7.4	119.2	126.5	7.3
ROAA ¹⁾	2.4	2.3	(0.1)	1.5	2.3	0.8
ROAE ¹⁾	12.1	11.5	(0.8)	7.2	11.5	4.3
CAR - Consolidated	21.8	21.6	(0.2)	22.0	21.6	(0.4)

1) Consolidated including Adira Finance structured funding

2) Trade finance includes related marketable securities

Higher efficiency and profitability without Micro Banking

	Consolidated Financials - with SEMM			Consolidated Financials - If without SEMM*		
	1Q17	1Q18	YoY	1Q17	1Q18	YoY
NIM (%)	9.4	9.2	(0.2)	9.3	9.2	(0.1)
Cost of Credit (%)	2.7	2.5	0.2	2.6	2.6	0.0
Cost-to-Income Ratio (%)	47.5	48.2	(0.7)	45.7	45.8	(0.1)
Net Profit Before Taxes (Rp bn)	1,477	1,477	0%	1,469	1,487	1%
ROAE (%)	12.1	11.5	(0.6)	13.3	12.2	(1.1)

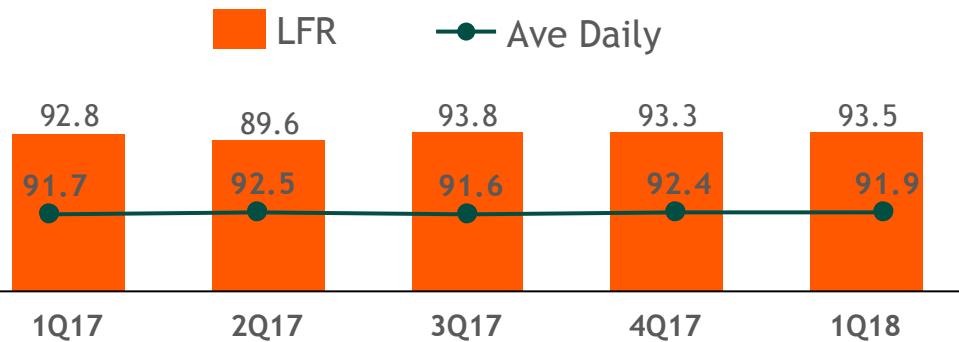
* Opex reduction are based on SEMM direct cost only

Micro Banking Update

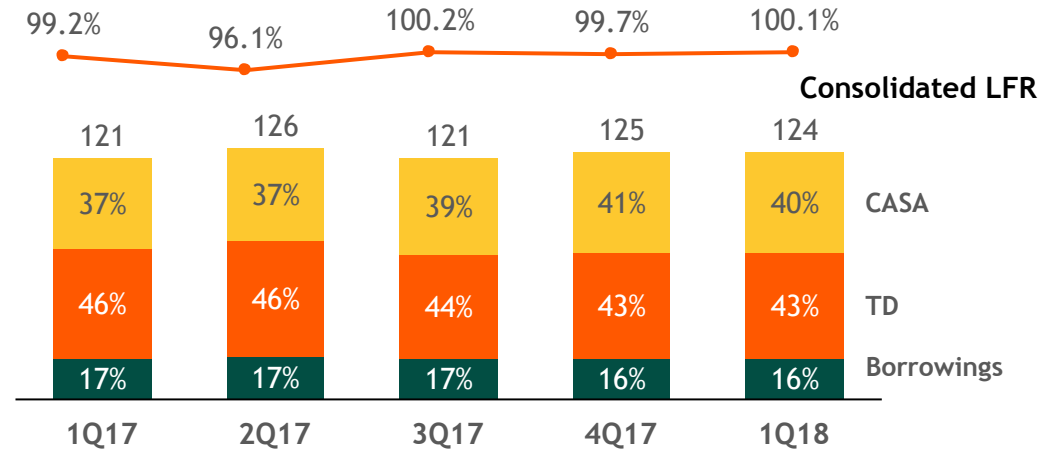
- > Micro banking will continue to focus on improving credit quality, collections, and recoveries as well as on streamlining the network

Stable funding and improved funding structure to support higher growth

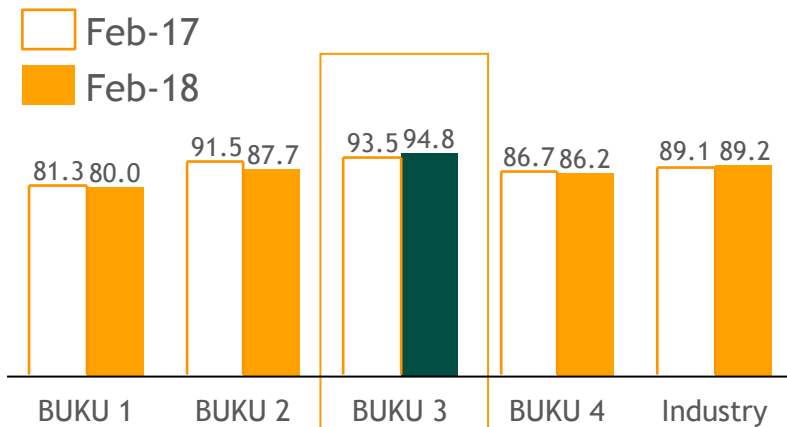
Regulatory LFR* (%) - Liquidity has been stable



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



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

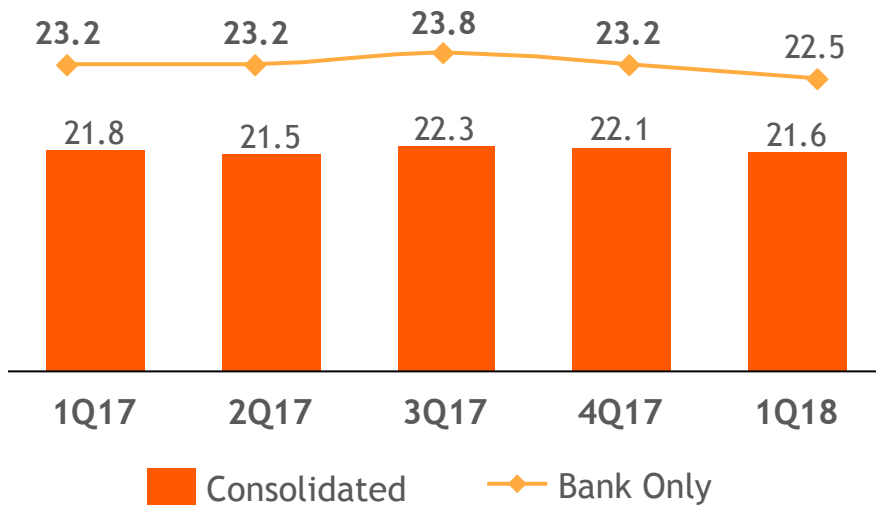


- CASA to consolidated funding continued to improved on the back of higher granular saving account (Danamon Lebih).

*) 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

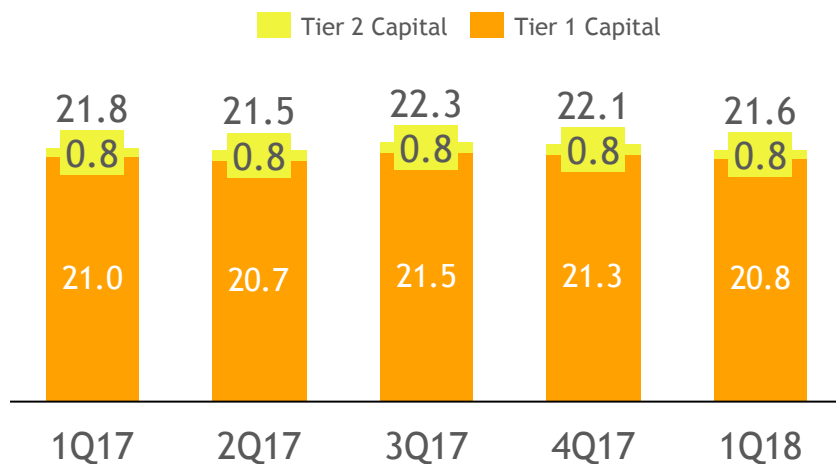
Capital Adequacy Ratio (%)



Market and Operational Risk Charges (%)

%	1Q17	2Q17	3Q17	4Q17	1Q18
CAR w/ Credit Risk	28.1	27.6	28.6	28.2	27.6
Market Risk Charge	0.1	0.1	0.1	0.1	0.1
Operational Risk Charge	6.2	6.0	6.3	6.1	5.9
CAR Consolidated	21.8	21.5	22.3	22.1	21.6

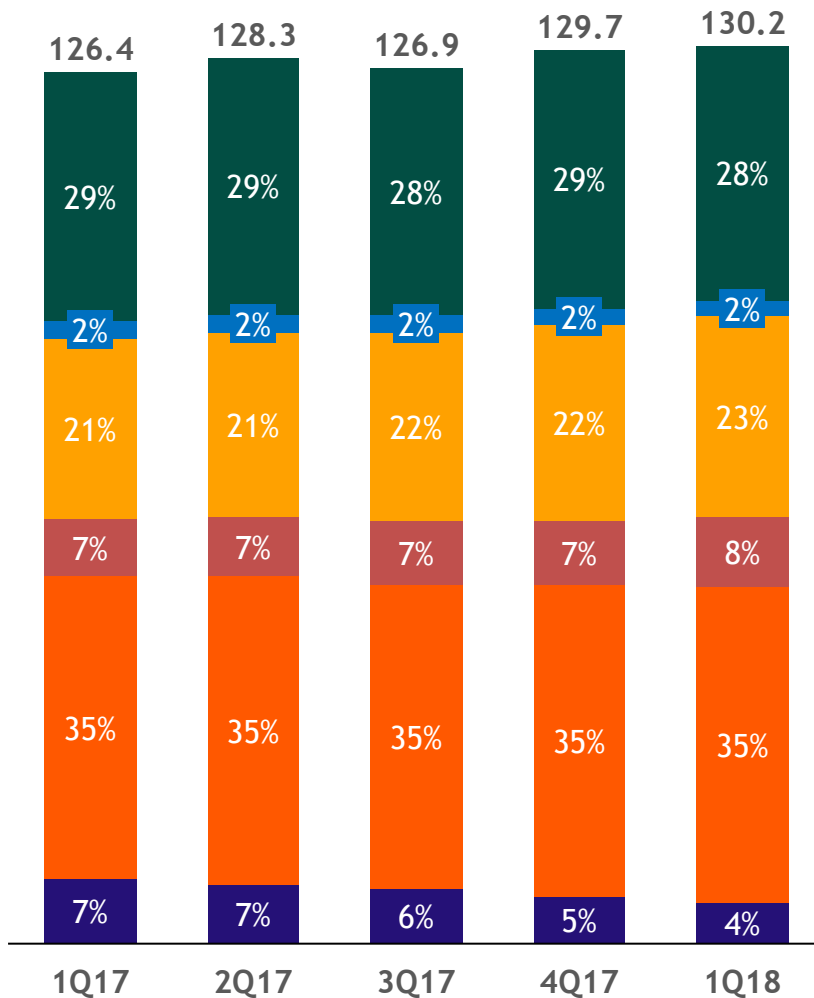
Tier 1 and Tier 2 Consolidated Capital Ratio (%)



- 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.

SME, Consumer Mortgage and ADMF have gained more traction

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



Growth of Loan Portfolio & Trade Finance¹⁾

Rp bn	1Q17	1Q18	YoY	QoQ
Enterprise ²⁾ & FI	36,039	36,807	2%	-2%
ABF	2,593	2,308	-11%	-6%
SME	26,155	29,291	12%	3%
Consumer	8,414	10,004	11%	9%
Mortgage	4,687	6,565	40%	9%
Others ³⁾	3,727	3,439	-8%	9%
Adira Finance	43,772	46,076	5%	2%
Total excl Micro	116,972	124,487	6%	1%
SEMM (Micro)	9,411	5,694	-40%	-16%
Total	126,383	130,181	3%	0%

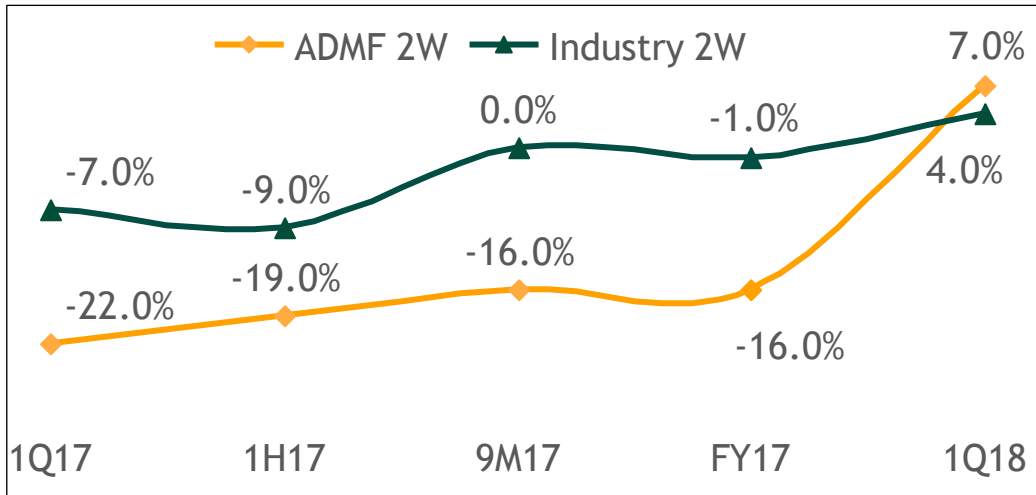
1) Trade finance includes related marketable securities.

2) Enterprise: Commercial and Corporate.

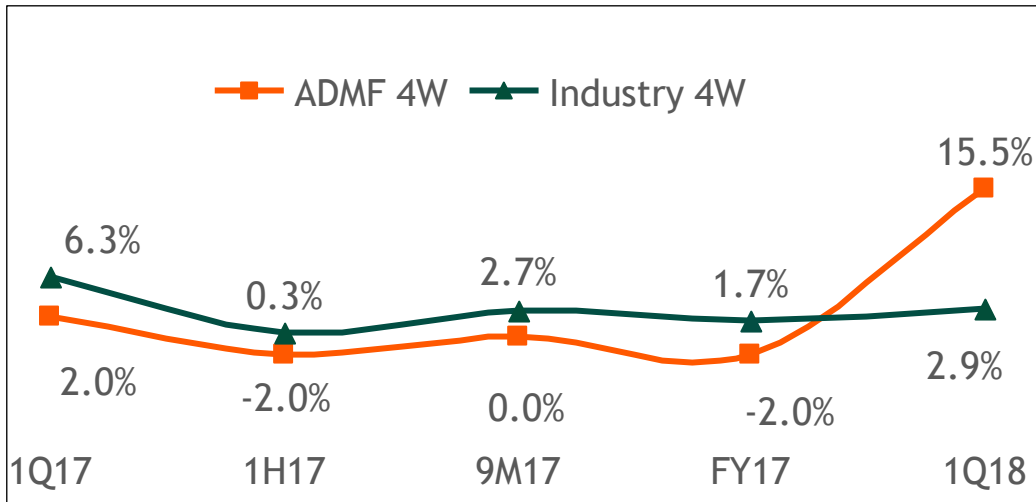
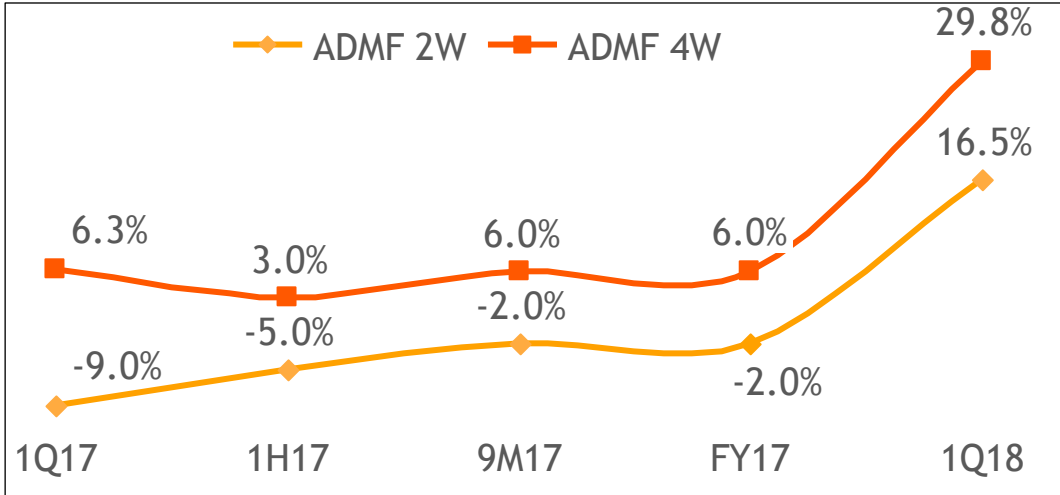
3) Unsecured Personal Loan, Credit Card, and Other.

ADMF's 2W & 4W new financing amount grew by 17% and 30% respectively

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



ADMF New Financing amount
(% YoY growth)



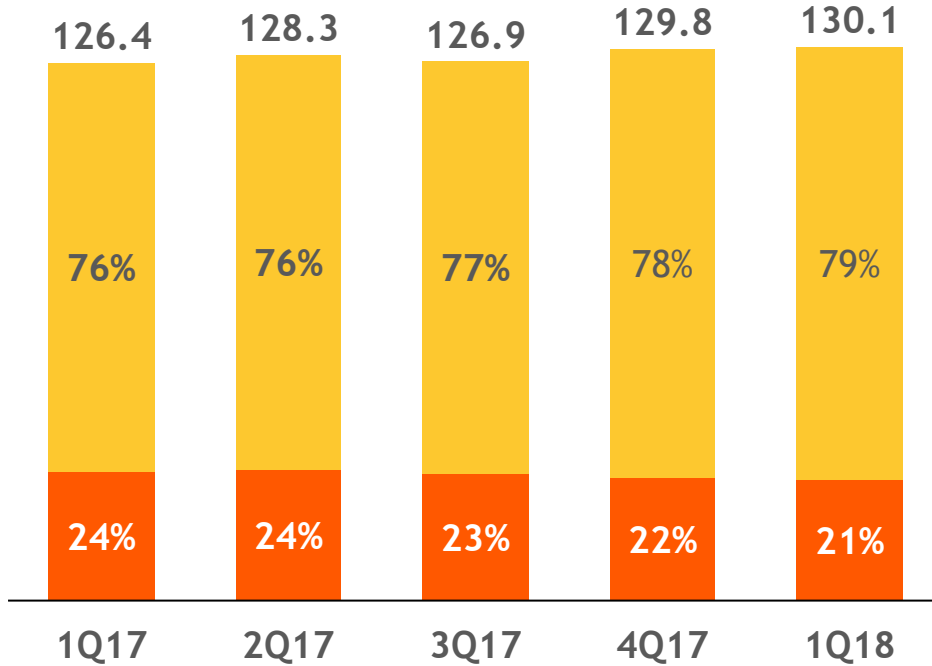
ADMF Outstanding Loan

Rp bn	1Q17	1Q18	YoY	4Q17	QoQ
2W auto loans*	20,156	20,409	1%	20,277	1%
4W auto loans*	22,509	23,849	6%	23,211	3%
White goods and others*	1,106	1,819	64%	1,744	4%
Adira Finance	43,772	46,076	5%	45,232	2%

*Restated to include reclassification of certain collateralized multipurpose loans into White goods and others.

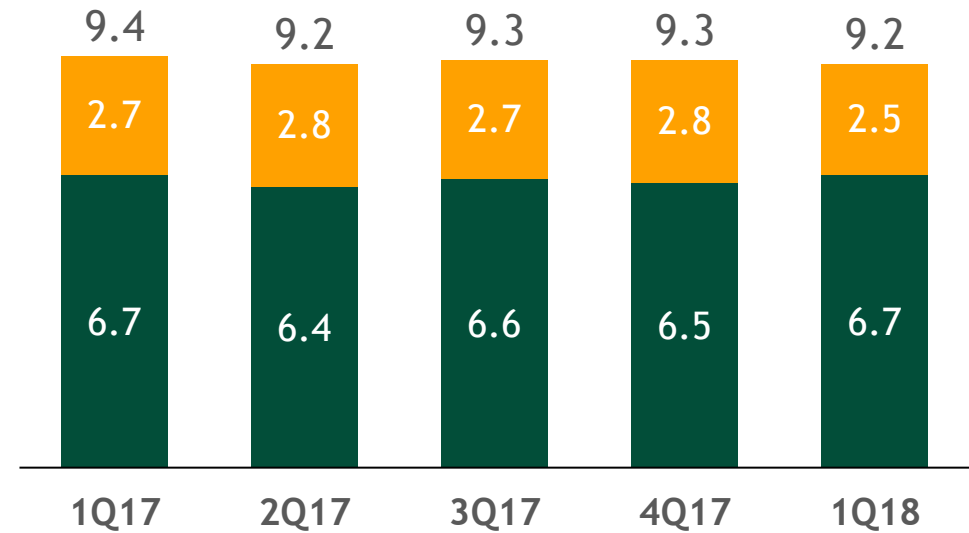
Steady risk adjusted NIM despite growth in lower yield loans

Composition of Loan Portfolio & Trade Finance
(Rp tn)



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

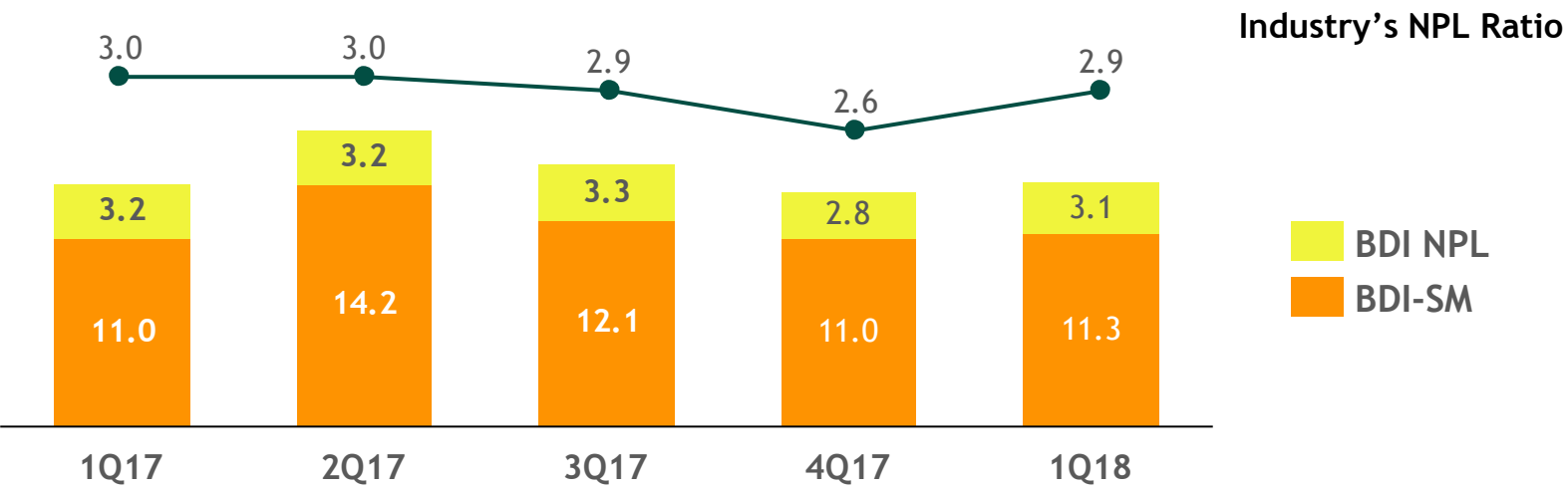
NIM and Risk-Adjusted NIM
(%)



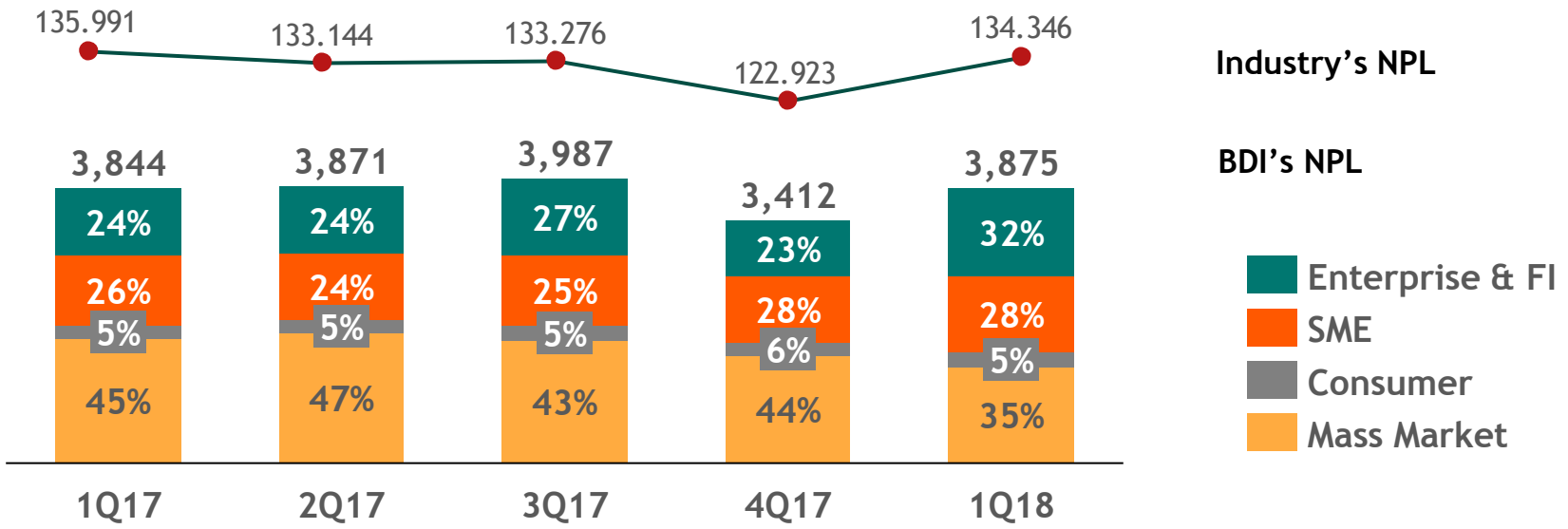
YTD CoC YTD Risk Adj NIM

NPL ratio declined to 3.1% from 3.2% last year

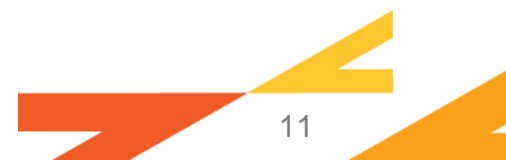
Loan Collectability (% of Total Loans)



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

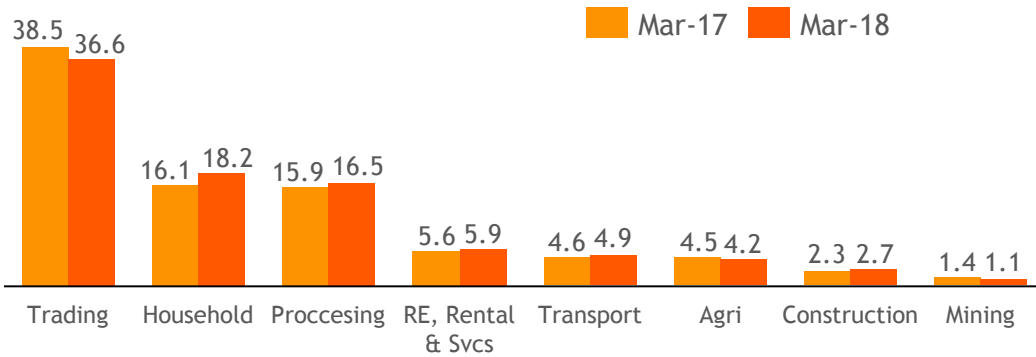


Source : Industry NPL based on SPI as of February 2018

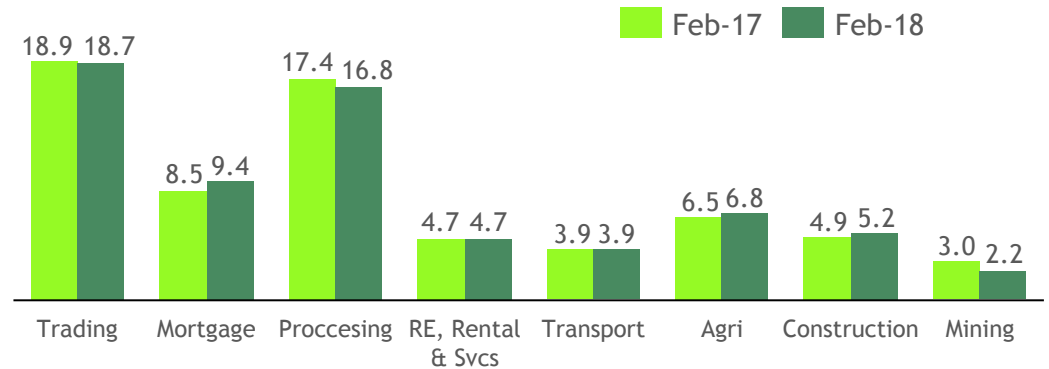


Increased NPL in some legacy sectors and stable or improving asset quality in the others

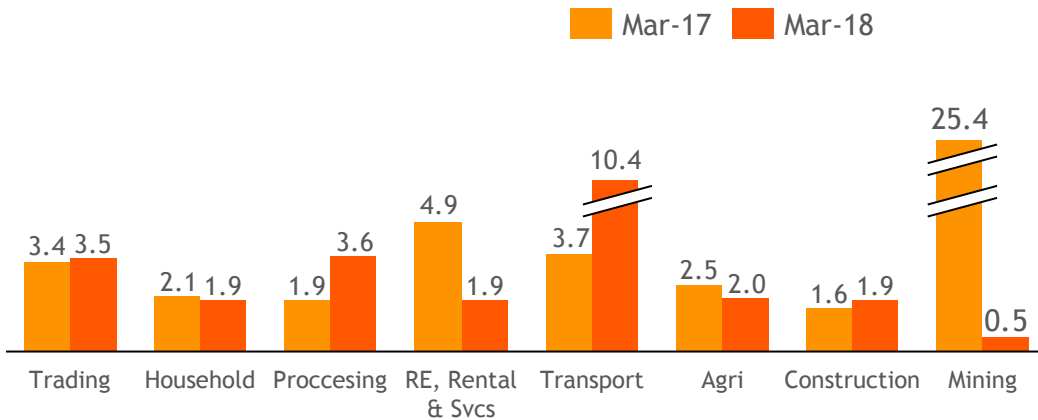
BDI Loans by Sector (% of total loans)



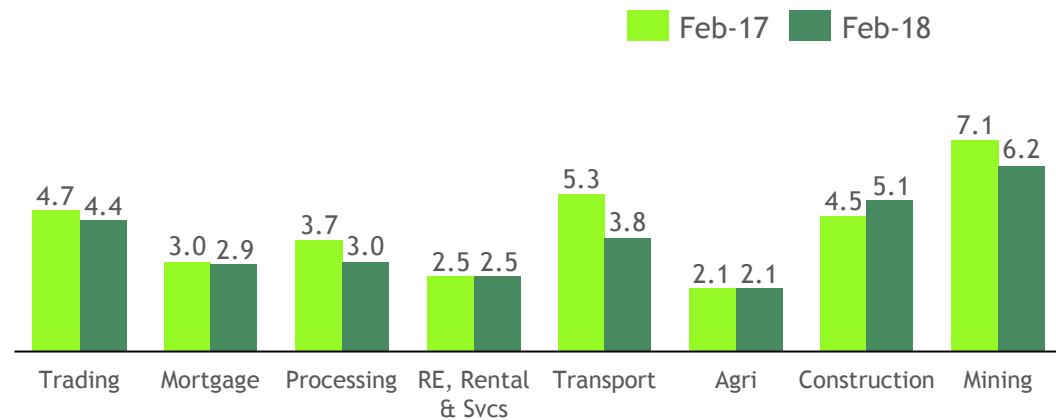
Industry Loans by Sector (% of total loans)



BDI NPL by Sector (%)



Industry NPL by Sector (%)

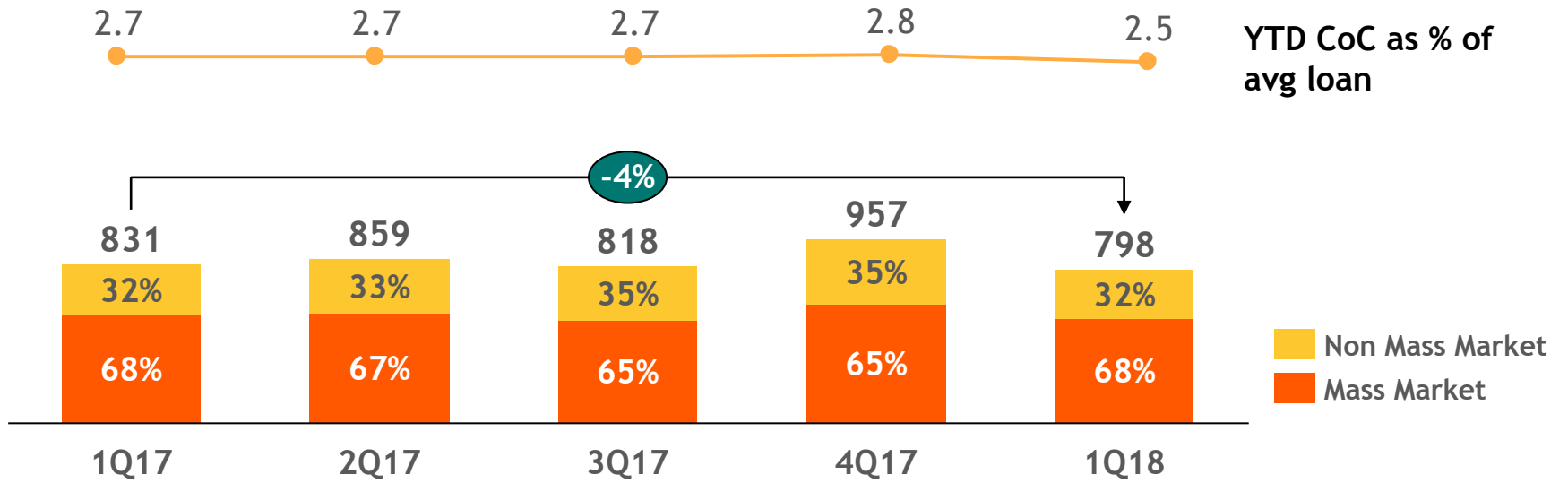


Source: SPI February 2018

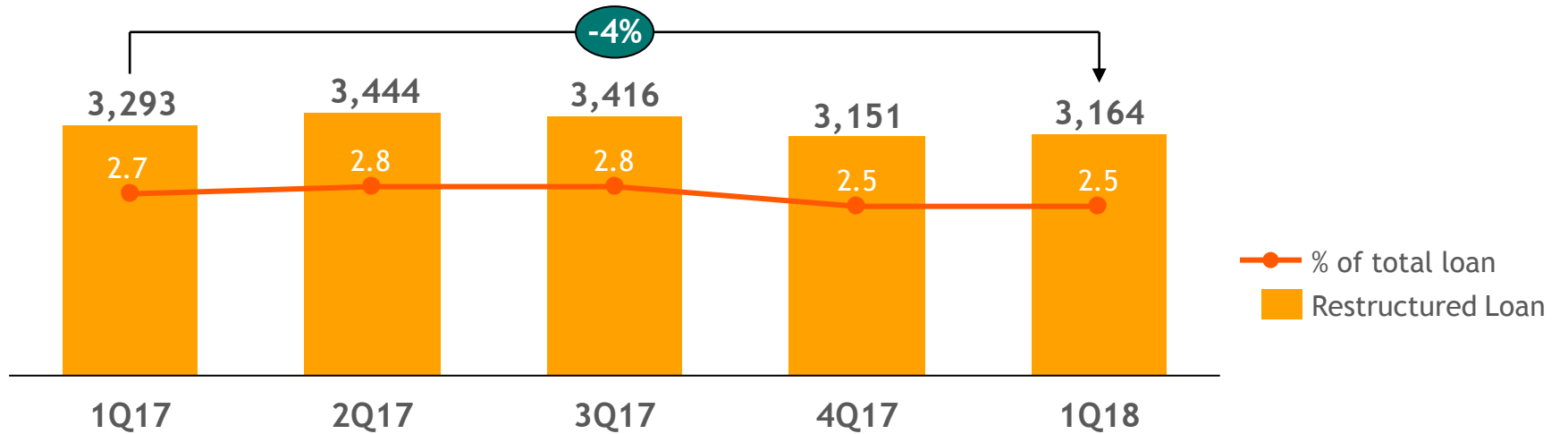
- NPL ratio in Processing segment increased one customer in the steel industry. Similarly NPL ratio in the Transport segment increased from one customer in the vessel related services.
- Processing sector makes up 16.5% of total loans, while transport only makes up 4.9% of total loans.

CoC continued to decline in 1Q 2018. Restructured loan ratio improved YoY to 2.5%

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

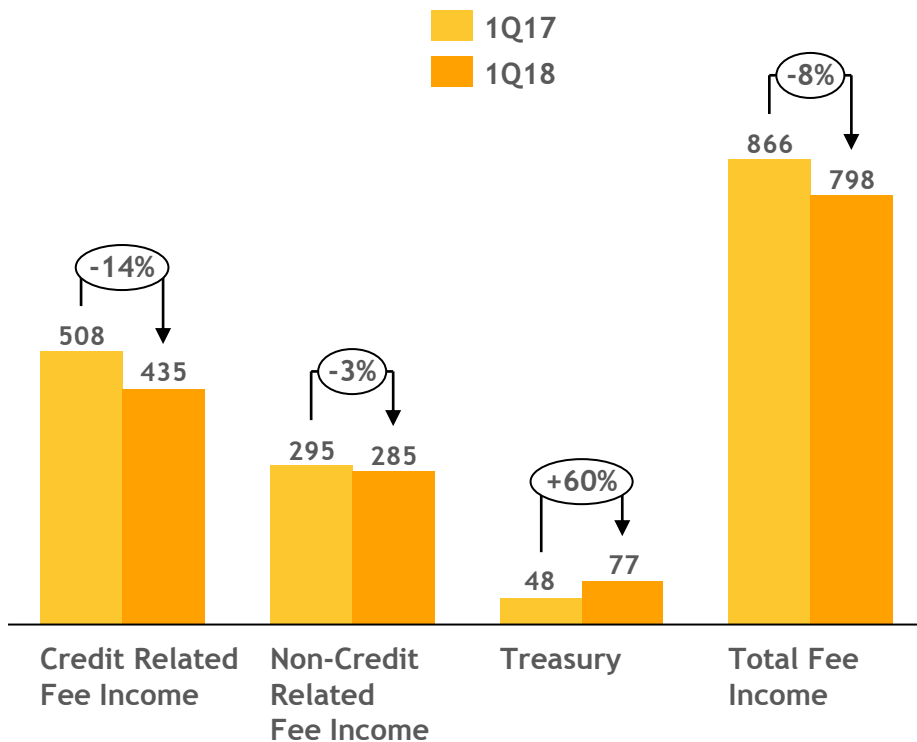


Restructured Loans
(% of Total Loans and Rp bn)

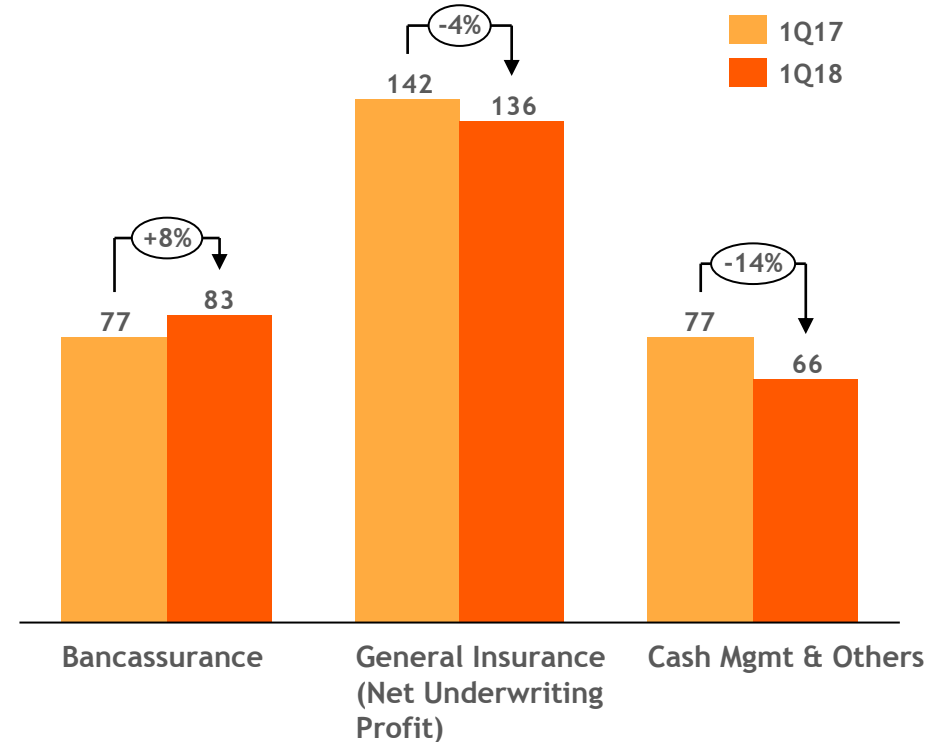


Fee income declined by 8% due to lower credit related fee. Bancassurance fee increased by 8% YoY

Fee Income (Rp bn)



Non-Credit Related Fee Income (Rp bn)



THANK YOU

Investor Relations

PT Bank Danamon Indonesia, Tbk

Menara Bank Danamon, 16th 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

Appendix: Successful strategic transformation

