



PT Bank Danamon Indonesia Tbk

Analysts Briefing FY 2018

Jakarta, 20 February 2019

Strong loan growth across all target segments; stable asset quality and improved profitability metrics

Strong growth in key engines

- Excluding Micro, Loan Portfolio and Trade Finance grew 12% YoY
- Consumer Mortgage and SME grew 29% and 10%, respectively
- ADMF loans grew 13% YoY in FY18. Both 2W and 4W new financing improved
- Enterprise Banking grew 11% YoY

Healthy asset quality

- CoC improved by 30 bps to 2.5%
- SM improved to 9.8%
- Stable NPL at 2.7%

NPAT grew 7% YoY

- NPAT grew 7% YoY to Rp3.92 trillion as a result of better operational efficiency and CoC. Cost-to-income ratio stood at 48.8% better than 49.0% last year
- ROA and ROE improved to 2.2% and 10.6% respectively

FY 2018 Balance Sheet highlights

In Rp billion	FY17	FY18	YoY	1Q18	2Q18	3Q18	4Q18	QoQ
Total Assets	178,257	186,762	5%	179,555	182,416	178,253	186,762	5%
Total Loan Portfolio and Trade Finance ¹⁾	129,724	139,497	8%	130,181	133,902	134,341	139,497	4%
Total Loan Portfolio and Trade Finance ¹⁾ excl. Micro	122,971	137,219	12%	124,487	129,360	131,132	137,219	5%
Government Bonds ²⁾	10,974	10,973	0%	10,154	11,821	12,246	10,973	-10%
Total Funding	124,560	131,976	6%	124,870	125,534	120,423	131,976	10%
CASA	50,501	52,064	3%	50,072	50,822	49,068	52,064	6%
Time deposits	54,144	58,494	8%	53,678	54,560	50,865	58,494	15%
Borrowings and LT. Funding	19,965	21,467	8%	21,120	20,153	20,489	21,467	5%
Equity	38,660	41,311	7%	38,336	39,155	40,328	41,311	2%

1) Trade Finance includes related marketable securities

2) Reclass in 3Q18 and 4Q18 due to signing of Conditional Sale and Subscription Agreement related to divestment of Adira Insurance, as presented in published financial statements.

FY 2018 Income Statement

In Rp billion	FY17	FY18	YoY	1Q18	2Q18	3Q18	4Q18	QoQ
Net Interest Income	14,170	14,434	2%	3,599	3,613	3,613	3,609	0%
<i>Net Interest Income excl. micro</i>	13,243	14,017	6%	3,439	3,493	3,529	3,557	1%
Non Interest Income ¹⁾	3,489	3,277	-6%	795	812	828	842	2%
Operating Income	17,659	17,711	0%	4,394	4,425	4,441	4,451	0%
Operating Expenses	8,646	8,647	0%	2,118	2,149	2,172	2,208	-1%
Pre-Provision Operating Profit	9,014	9,065	1%	2,275	2,277	2,270	2,243	0%
Cost of Credit	3,466	3,267	6%	798	888	831	751	6%
Operating Profit	5,548	5,797	5%	1,477	1,389	1,439	1,492	4%
NPAT²⁾	3,682	3,922	7%	1,044	967	1,027	884	6%

1) Consist of fee income of Rp3,513 bn in FY17 vs Rp3,273 bn in FY18

2) Due to signing of Conditional Sale and Subscription Agreement related to divestment of Adira Insurance, as presented in published financial statements, Adira Insurance's net income is presented in a separate line of profit or loss as net income from disposal group classified as held-for-sale. See appendix for the consolidated financial statement under PSAK 58 (IFRS 5)

FY18 Key Financial Ratios

<i>In %</i>	FY17	FY18	YoY	1Q18	2Q18	3Q18	4Q18	QoQ
NIM	9.3	9.0	(0.3)	9.0	9.0	9.0	9.0	0.0
CoC	2.8	2.5	0.3	2.5	2.8	2.5	2.2	0.3
Risk-adjusted NIM	6.5	6.4	(0.0)	6.5	6.2	6.5	6.8	0.3
Cost to Income	49.0	48.8	0.1	48.2	48.6	48.9	49.6	(0.7)
CASA Ratio	48.3	47.1	(1.2)	48.3	48.2	49.1	47.1	(2.0)
LFR	93.3	n/a	n/m	93.5	94.1	n/a	n/a	n/m
RIM	n/a	97.2	n/m	n/a	n/a	105.7	97.2	8.5
NPL Gross	2.8	2.7	0.1	3.1	3.3	3.3	2.7	0.6
NPL Gross, including Trade Finance ³⁾	2.8	2.6	0.2	3.0	3.1	2.9	2.6	0.3
Loan Loss Coverage (LLC)	119.2	120.2	0.9	126.5	124.1	126.4	120.2	6.2
ROAA ¹⁾	2.1	2.2	0.1	2.3	2.1	2.3	2.2	(0.1)
ROAE ¹⁾	10.5	10.6	0.1	11.5	10.6	11.0	10.6	(0.4)
CAR – Consolidated	22.0	22.2	0.2	21.6	21.7	22.3	22.2	(0.1)

1) Trade finance includes related marketable securities

More efficient cost structure without Micro Banking

	Consolidated Financials – with SEMM			Consolidated Financials – If without SEMM*		
	FY17	FY18	YoY	FY17	FY18	YoY
NIM (%)	9.3	9.0	(0.3)	8.8	8.7	(0.1)
Cost of Credit (%)	2.8	2.5	0.3	2.8	2.7	0.1
Cost-to-Income Ratio (%)	49.0	48.8	0.1	46.7	46.5	0.1
Net Profit Before Taxes (Rp bn)	5,548	5,797	5%	5,546	5,840	5%
ROAE (%)	10.5	10.6	0.1	11.7	10.9	(0.7)

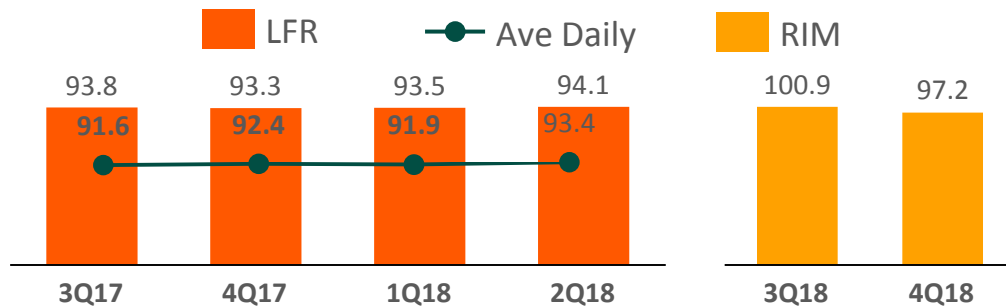
* Opex reduction are based on SEMM direct cost only

Micro Banking Update

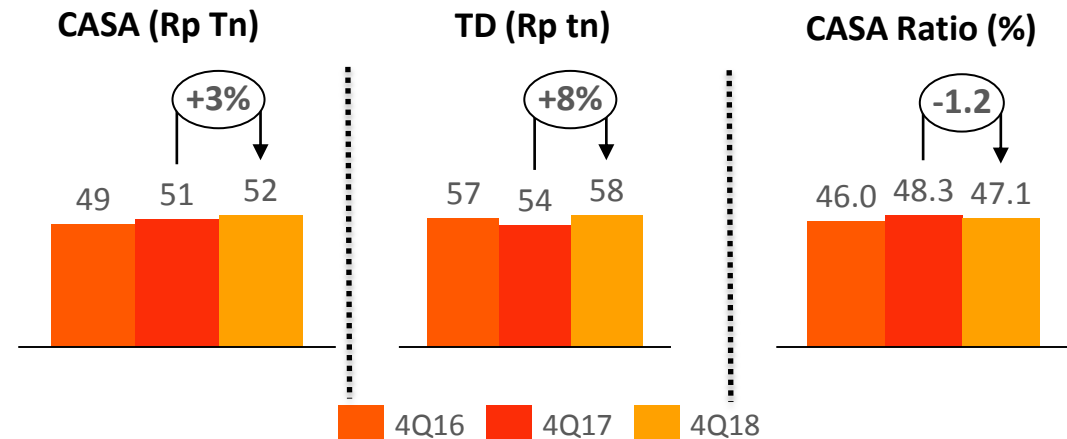
- > Micro banking will continue to focus on improving credit quality, collections, and recoveries as well as on streamlining the network

CASA amount grew steadily. Liquidity was well managed

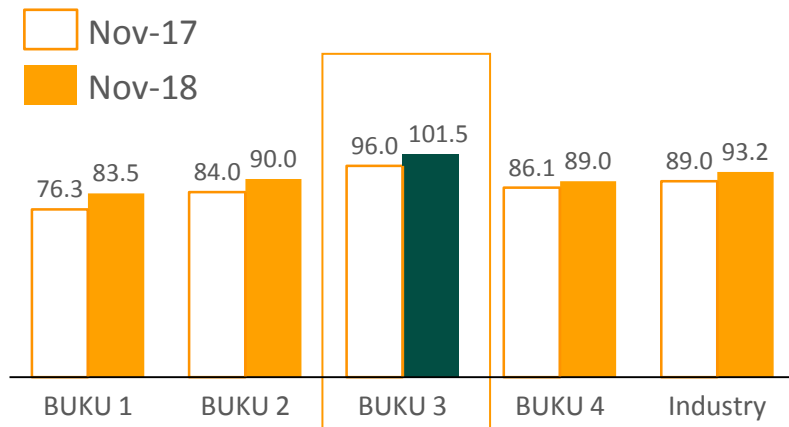
Regulatory RIM* (%) – RIM successfully maintained



CASA, TD, & CASA Ratio – Stable CASA



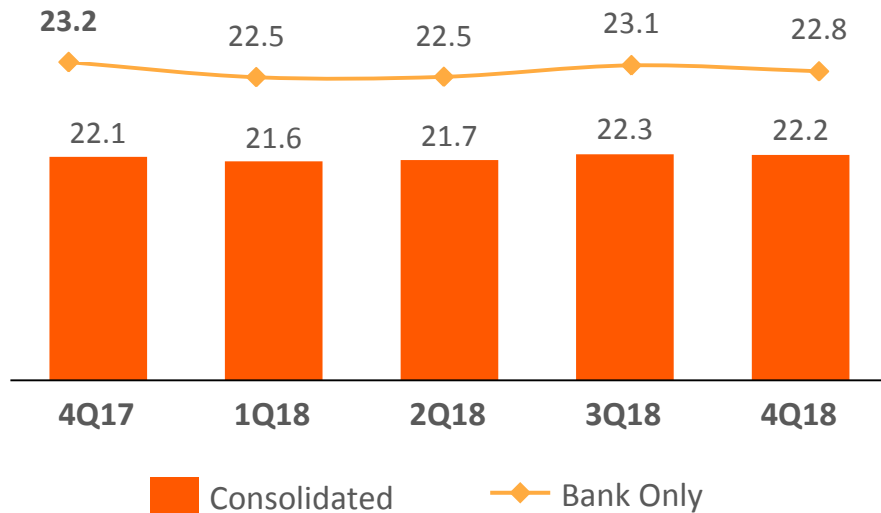
LDR (%) by BUKU – BUKU 3 Banks posted the highest LDR



- RIM is in line with management's target. RIM successfully managed down in fourth quarter
- CASA amount grew steadily though CASA ratio was slightly lower owing to TD growth

Strong capital to support long-term prospects

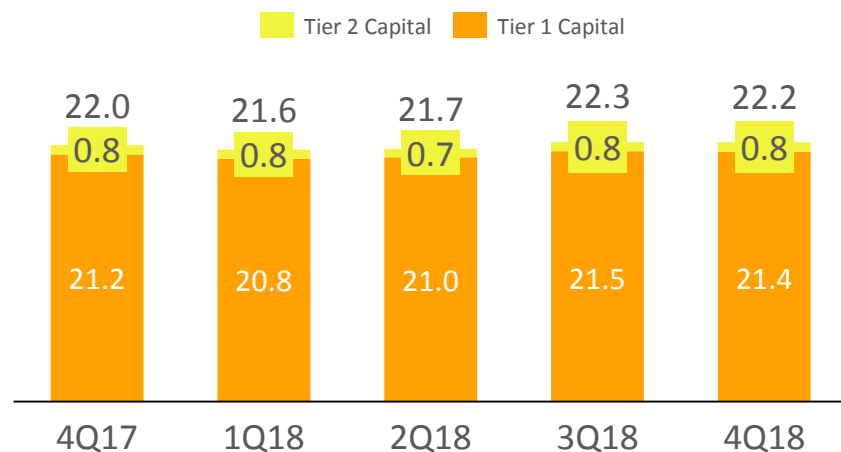
Capital Adequacy Ratio (%)



Market and Operational Risk Charges (%)

%	4Q17	1Q18	2Q18	3Q18	4Q18
CAR w/ Credit Risk	28.2	27.6	27.6	28.3	28.1
Market Risk Charge	0.1	0.1	0.1	0.1	0.1
Operational Risk Charge	6.1	5.9	5.8	5.9	5.8
CAR Consolidated	22.0	21.6	21.7	22.3	22.2

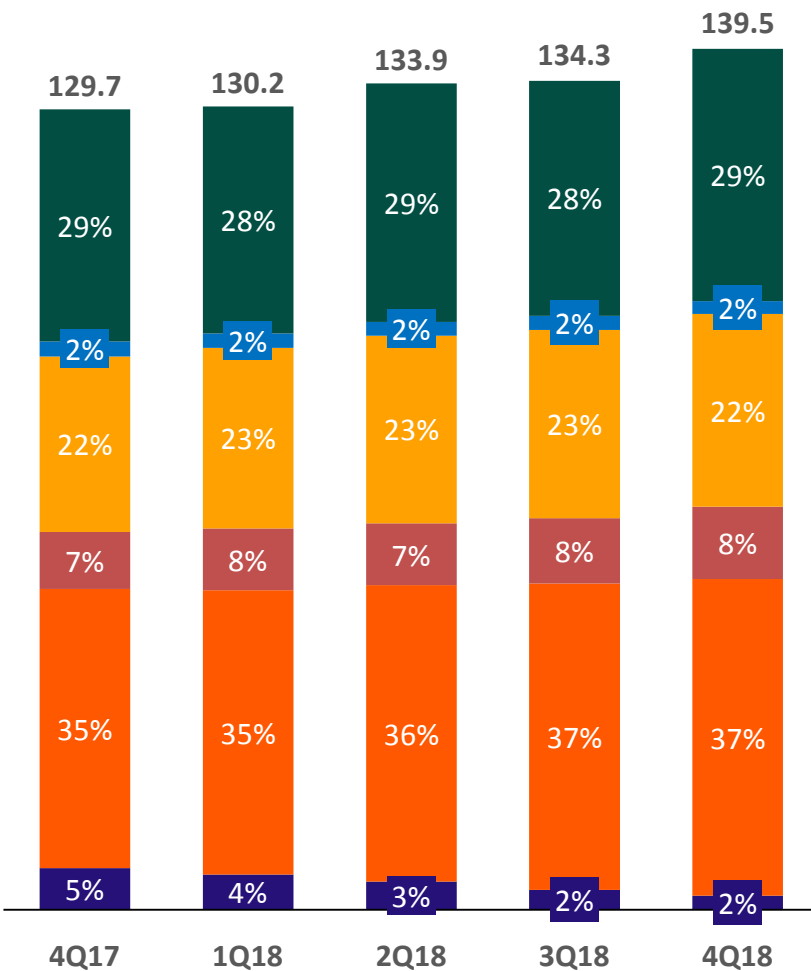
Tier 1 and Tier 2 Consolidated Capital Ratio (%)



- The capital level is significantly above the minimum regulatory requirement.
- Strong capital adequacy to support growth

Loan growth in key segments grew double digit YoY

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



Growth of Loan Portfolio & Trade Finance¹⁾

Rp bn	FY17	FY18	YoY	QoQ
Enterprise²⁾ & FI	37,618	41,484	11%	9%
ABF	2,447	2,105	-14%	-7%
SME	28,461	31,215	10%	2%
Consumer	9,213	11,118	18%	5%
Mortgage	6,045	7,813	29%	7%
Others ³⁾	3,168	3,305	-3%	1%
Adira Finance	45,232	51,296	13%	3%
Total excl Micro	122,971	137,219	12%	5%
SEMM (Micro)	6,753	2,278	-66%	-29%
Total	129,724	139,497	8%	4%

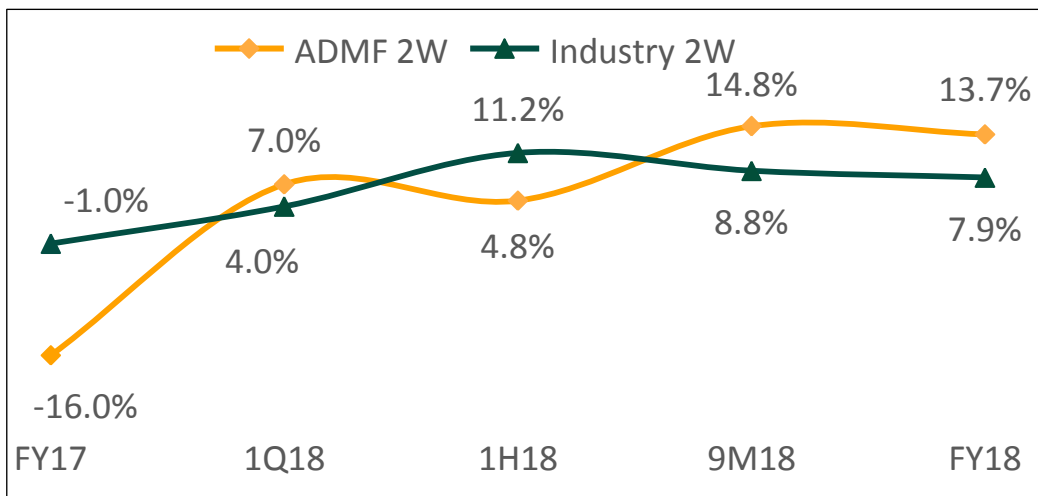
1) Trade finance includes related marketable securities.

2) Enterprise Banking: Commercial and Corporate.

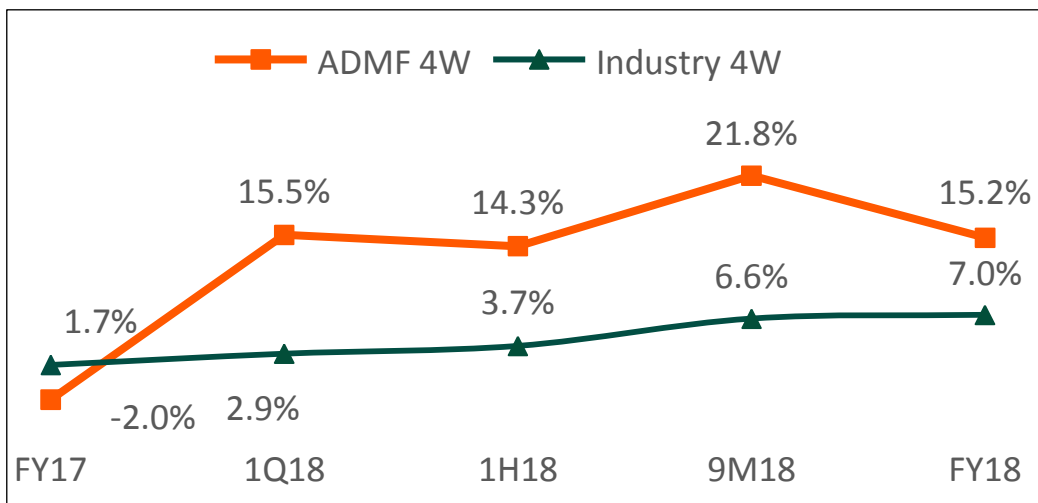
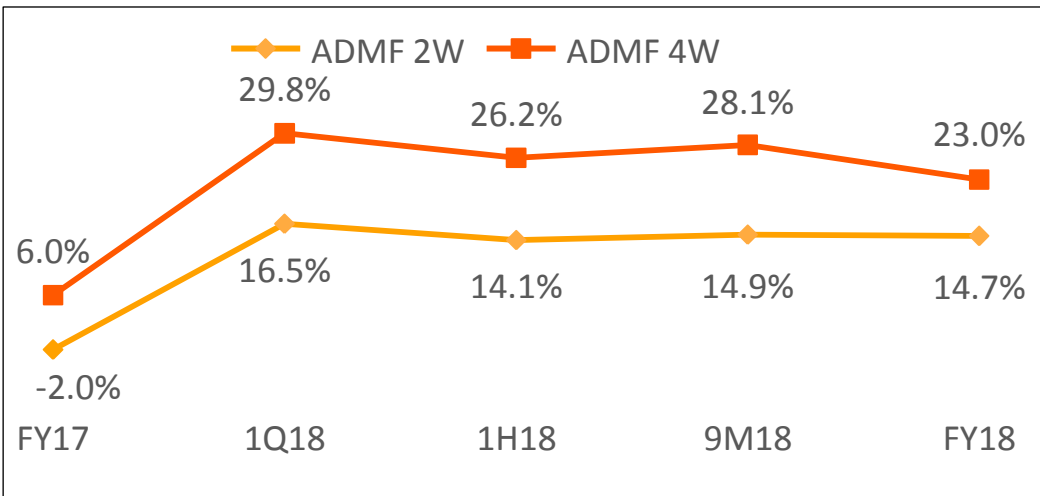
3) Unsecured Personal Loan, Credit Card, and Other.

ADMF's 2W and 4W new financing grew above industry

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



ADMF New Financing amount
(% YoY growth)



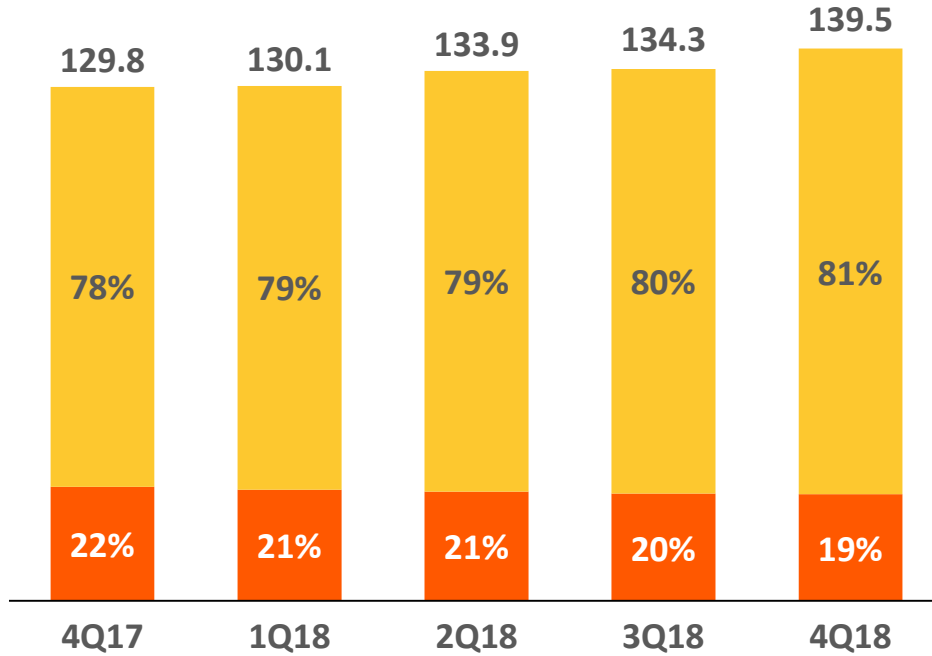
ADMF Outstanding Loans

Rp bn	FY17	FY18	YoY	3Q18	QoQ
2W auto loans*	20,277	22,776	12%	22,030	3%
4W auto loans*	23,211	26,638	15%	25,711	4%
White goods and others*	1,744	1,882	8%	1,913	-2%
Adira Finance	45,232	51,296	13%	49,654	3%

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

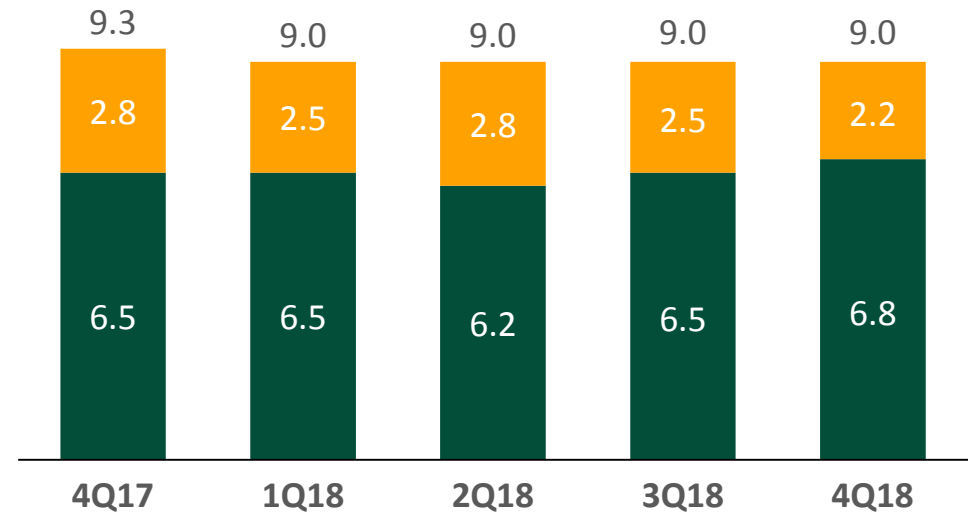
Risk adjusted NIM level was sustained throughout the year

Composition of Loan Portfolio & Trade Finance
(Rp tn)



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

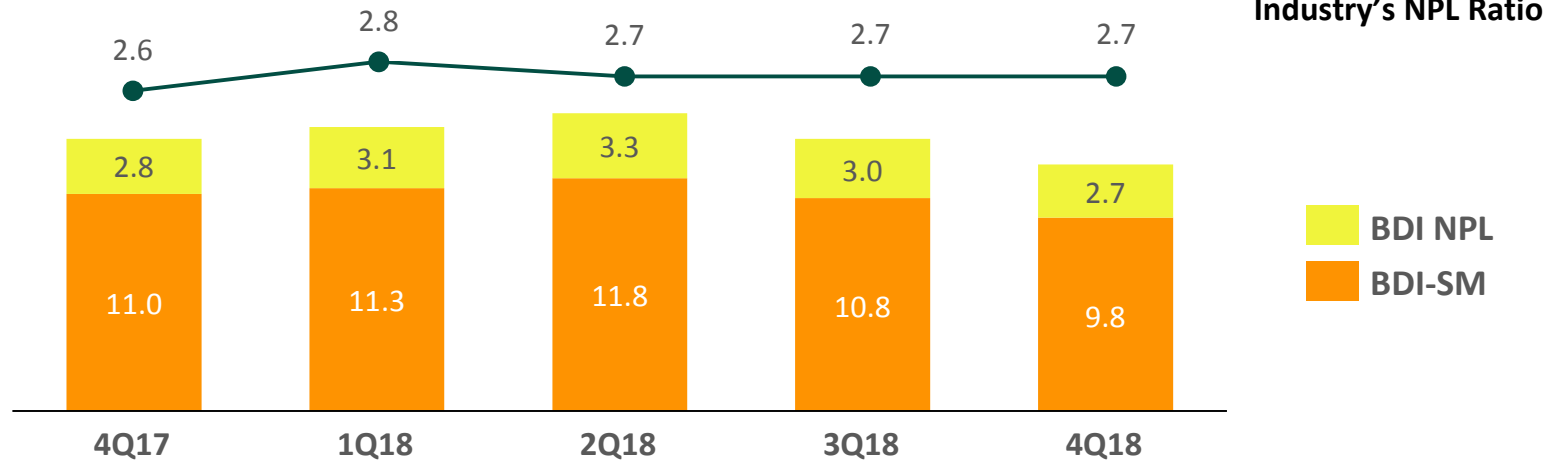
NIM and Risk-Adjusted NIM
(%)



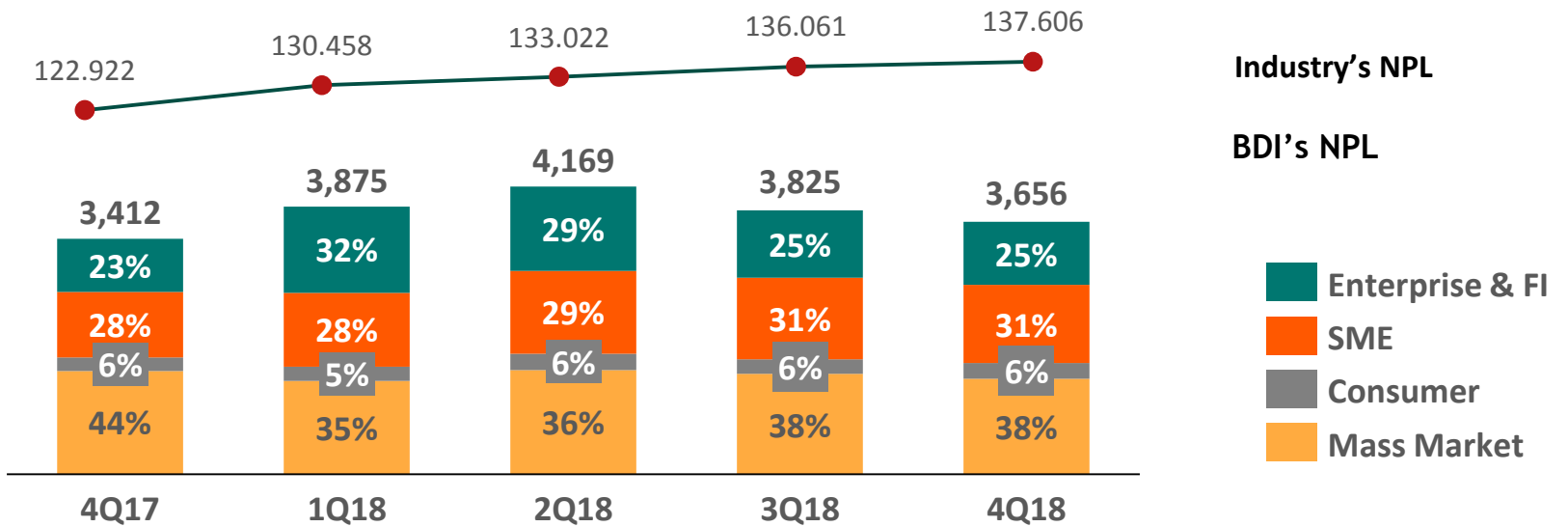
CoC Risk Adj NIM

NPL and Special Mention improved

Loan Collectability (% of Total Loans)



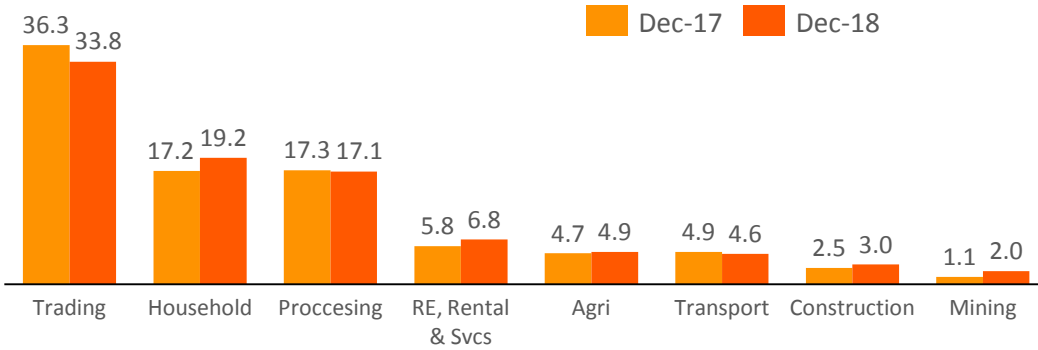
NPL amount (Rp bn) and Composition (% of Total NPL)



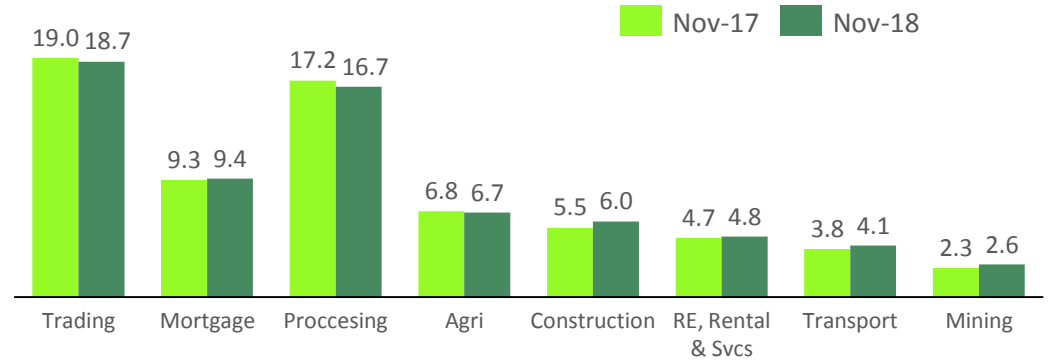
Source : Industry NPL based on SPI as of Nov 2018

Steady asset quality in key sectors. NPL in some legacy sectors remained

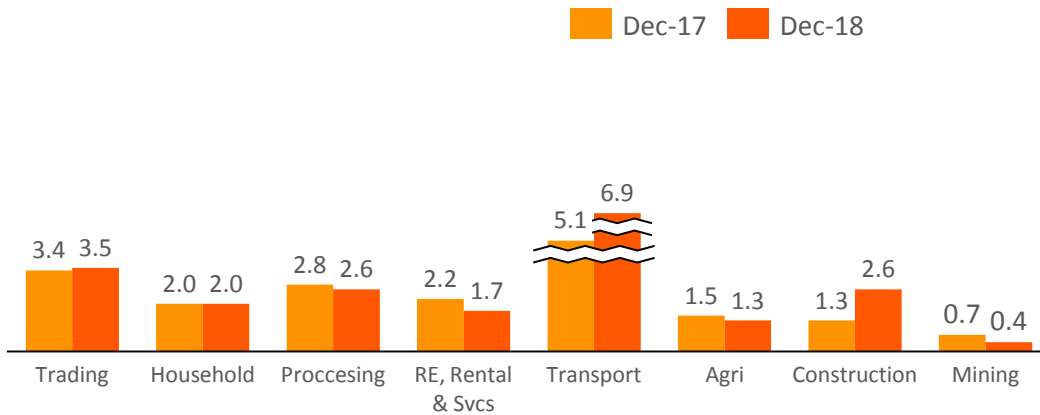
BDI Loans by Sector (% of total loans)



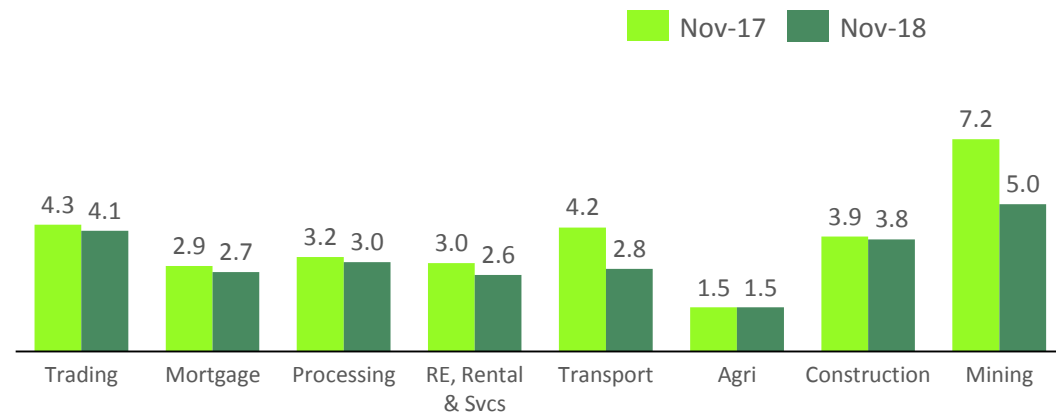
Industry Loans by Sector (% of total loans)



BDI NPL by Sector (%)



Industry NPL by Sector (%)

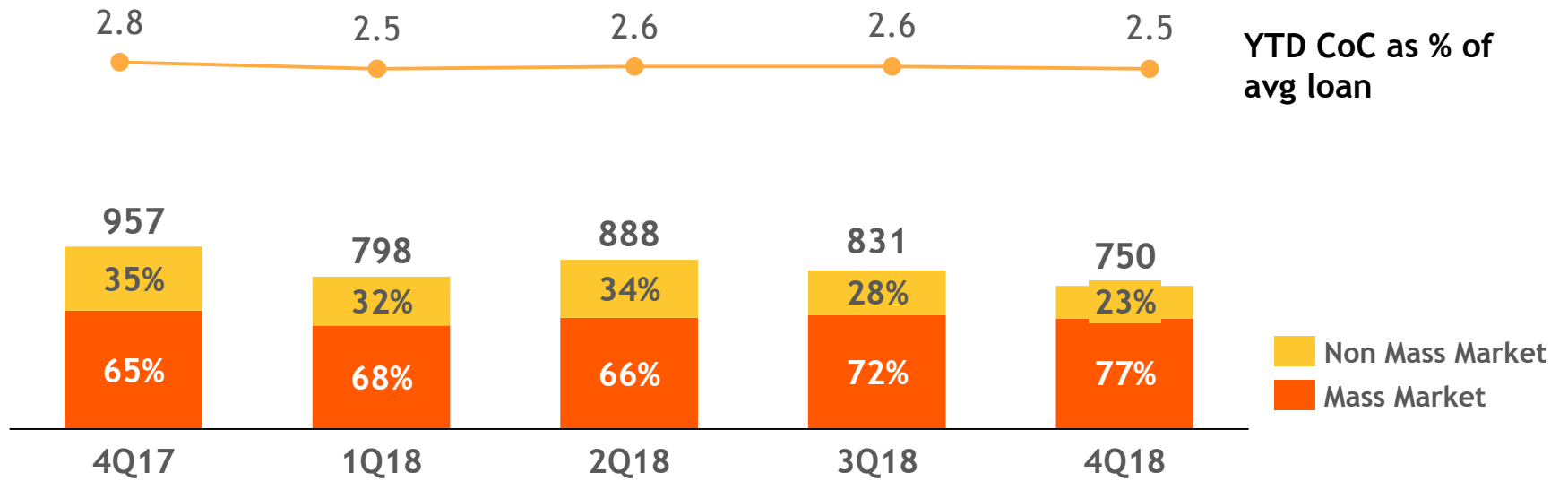


Source: SPI Nov'18

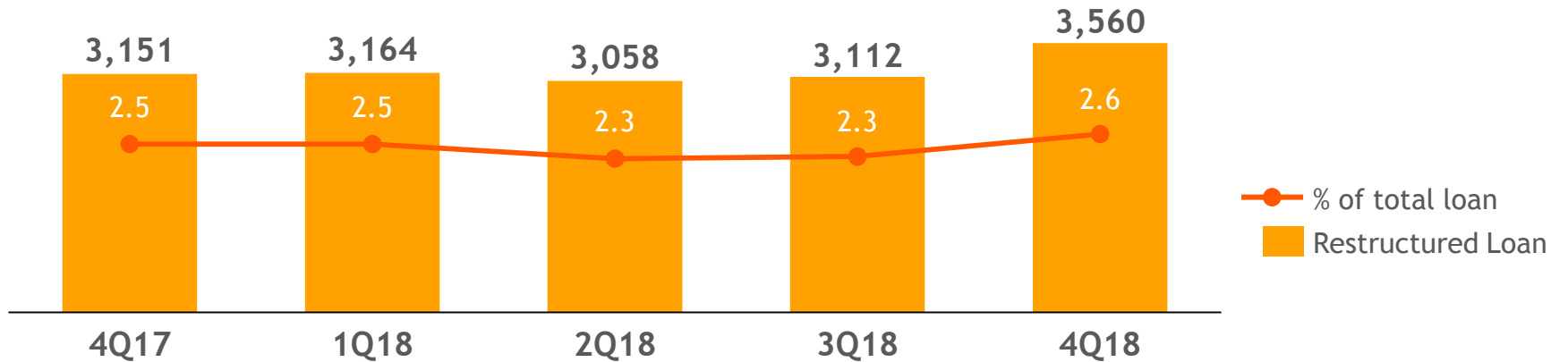
- Sectors experiencing increase in NPL ratios made up lower percentage of total loans

CoC continued to decline as overall asset quality improved

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

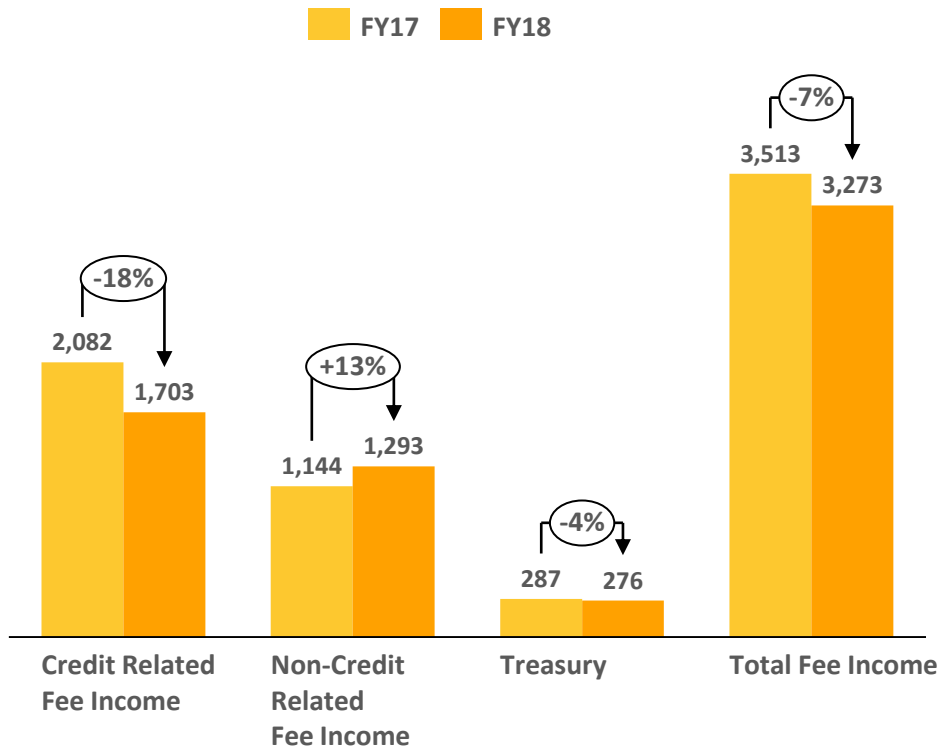


Restructured Loans (% of Total Loans and Rp bn)

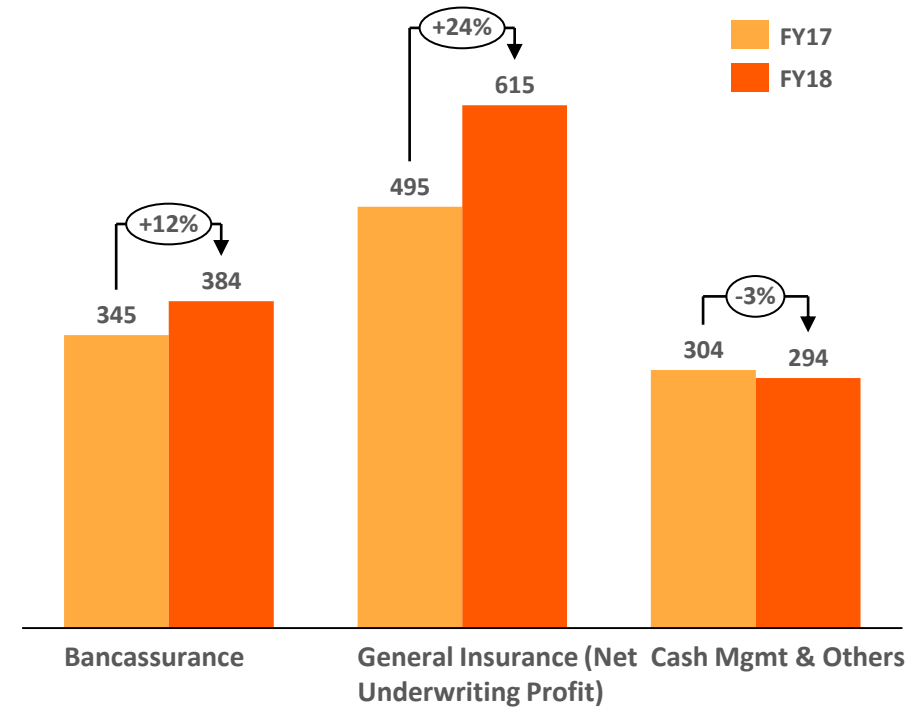


General insurance and Bancassurance grew 24% & 12% respectively

Fee Income (Rp bn)



Non-Credit Related Fee Income (Rp bn)



THANK YOU

Investor Relations

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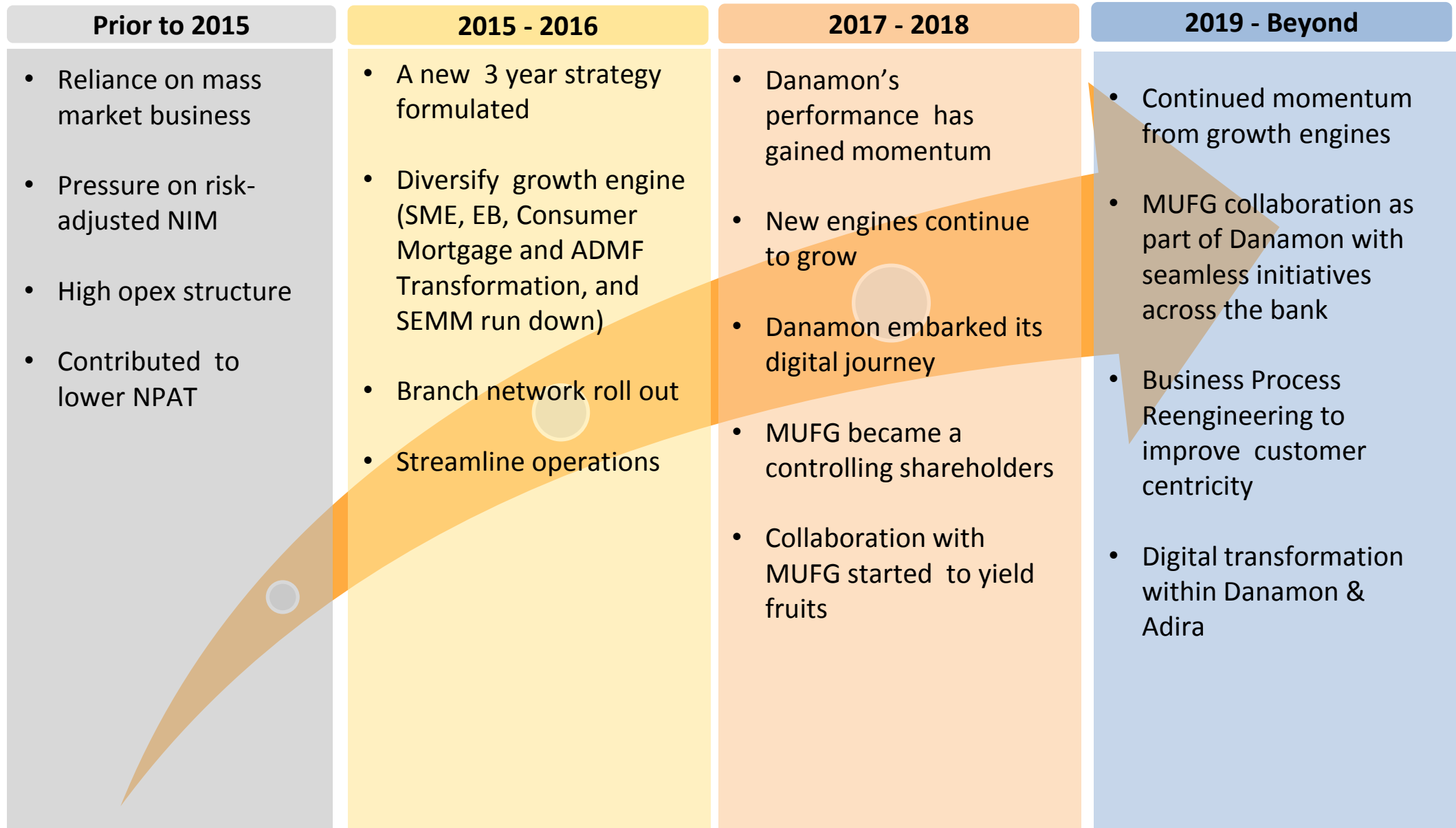
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Danamon's growth momentum will continue focusing on customer centricity, collaboration, enabled by digital



Appendix : Consolidated income statement under PSAK 58 (IFRS 5)

In accordance with PSAK 58 (IFRS 5), as the Bank has signed Conditional Sale and Subscription Agreement (“CSSA”) with Zurich Insurance Company Ltd. related to the divestment of 70% shares in Adira Insurance; Adira Insurance’s net income is presented in a separate line of profit or loss as net income from disposal group classified as held-for-sale

<i>In Rp billion</i>	FY17	FY18	YoY
Net Interest Income	13,975	14,232	2%
Non Interest Income	2,793	2,447	-12%
Operating Income	16,767	16,680	-1%
Operating Expenses	8,268	8,265	0%
PPOP¹⁾	8,499	8,415	-1%
Cost of Credit	3,466	3,267	6%
Operating Profit	5,162	5,198	1%
Profit after tax	4,033	4,311	7%
Net income from disposal group classified as held-for-sale	434	536	23%
Net Profit After Tax	3,682	3,922	7%

1) Pre-Provision Operating profit