



PT Bank Danamon Indonesia Tbk

Analyst Briefing 1st Half 2018

Jakarta, 25 July 2018

Long-term strategic initiatives have translated into strong loan and CASA growth in 1H18

Successfully serving personal and business needs of the growing middle class and mass-affluent segments

Diversify Growth Engines

- Consumer Mortgage and SME grew 40%, and 14%, respectively
- ADMF's 4W new financing amount increased by 26% in 1H18
- Enterprise Banking grew 4% YoY

Improve Funding Structure

- CASA grew 9% YoY due to higher current account and granular savings account
- CASA ratio increased by 400 bps to 48.2% from 44.3% last year

1H 2018 Balance Sheet Highlights

<i>In Rp billion</i>	1H17	1H18	YoY	1Q18	2Q18	QoQ
Total Assets	176,135	182,416	4%	179,555	182,416	2%
Total Loan Portfolio and Trade Finance ¹⁾	128,340	133,902	4%	130,181	133,902	3%
Total Loan Portfolio and Trade Finance ¹⁾ excl. Micro	119,782	129,360	8%	124,487	129,360	4%
Government Bonds	6,722	11,821	76%	10,154	11,821	16%
Total Funding	126,471	125,534	-1%	124,870	125,534	1%
CASA	46,695	50,822	9%	50,072	50,822	1%
Time deposits	58,770	54,560	-7%	53,678	54,560	2%
Borrowings and LT. Funding	21,006	20,153	-4%	21,120	20,153	-5%
Equity	37,091	39,155	6%	38,336	39,155	2%

1) Trade Finance includes related marketable securities

1H 2018 Income Statement

<i>In Rp billion</i>	1H17	1H18	YoY	1Q18	2Q18	QoQ
Net Interest Income	7,057	7,212	2%	3,599	3,613	0%
<i>Net Interest Income excl. micro</i>	6,511	6,932	6%	3,439	3,493	2%
Non Interest Income ¹⁾	1,718	1,607	-7%	795	812	2%
Operating Income	8,775	8,819	0%	4,394	4,425	1%
Operating Expenses	4,214	4,267	1%	2,118	2,149	1%
PPOP²⁾	4,562	4,552	0%	2,275	2,277	0%
Cost of Credit	1,691	1,686	0%	798	888	11%
Operating Profit	2,871	2,866	0%	1,477	1,389	-6%
NPAT	2,039	2,011	-1%	1,044	967	-7%

1) Consist of fee income of Rp1,608bn in 1H18 VS Rp1,734 bn last year and other non interest income

2) Pre-Provision Operating profit

1H 2018 Key Financial Ratios

In %	1H17	1H18	YoY	1Q18	2Q18	QoQ
NIM	9.3	9.2	(0.1)	9.2	9.2	(0.0)
CoC	2.7	2.6	0.1	2.5	2.8	(0.3)
Risk-adjusted NIM	6.6	6.5	(0.1)	6.7	6.4	(0.3)
Cost to Income	48.0	48.4	(0.4)	48.2	48.6	(0.3)
CASA Ratio	44.3	48.2	4.0	48.3	48.2	(0.1)
Regulatory LFR	89.6	94.1	4.5	93.5	94.1	(0.6)
Consolidated LFR ¹⁾	96.3	101.7	5.4	100.1	101.7	(0.1)
NPL Gross	3.2	3.3	(0.1)	3.1	3.3	(0.2)
NPL Gross, including Trade Finance ²⁾	3.0	3.1	(0.1)	3.0	3.1	(0.1)
Loan Loss Coverage (LLC)	119.1	124.1	4.9	126.5	124.1	(2.4)
ROAA ¹⁾	2.4	2.2	(0.1)	2.3	2.1	(0.2)
ROAE ¹⁾	11.8	11.1	(0.7)	11.5	10.6	(0.9)
CAR - Consolidated	21.5	21.7	0.2	21.8	21.7	(0.1)

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*		
	1H17	1H18	YoY	1H17	1H18	YoY
NIM (%)	9.3	9.2	(0.1)	9.1	9.1	0.0
Cost of Credit (%)	2.7	2.6	0.1	2.6	2.7	(0.2)
Cost-to-Income Ratio (%)	48.0	48.4	(0.4)	46.1	45.9	0.2
Net Profit Before Taxes (Rp bn)	2,871	2,866	0%	2,895	2,926	1%
ROAE (%)	11.8	11.1	(0.7)	13.1	12.1	(1.1)

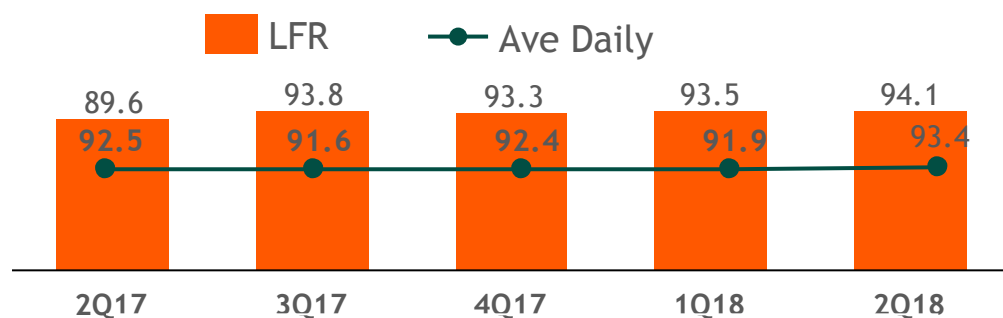
* Opex reduction are based on SEMM direct cost only

Micro Banking Update

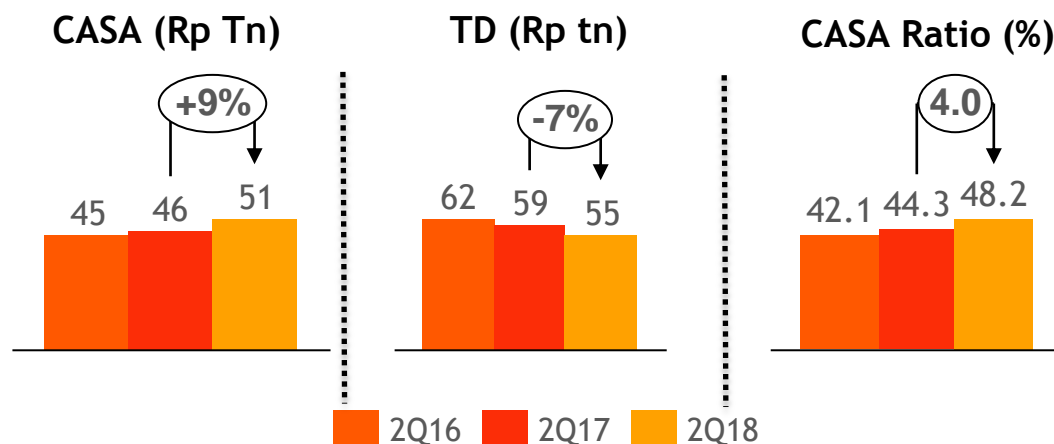
- > Micro banking will continue to focus on improving credit quality, collections, and recoveries as well as on streamlining the network

Adequate liquidity combined with improvement in funding structure

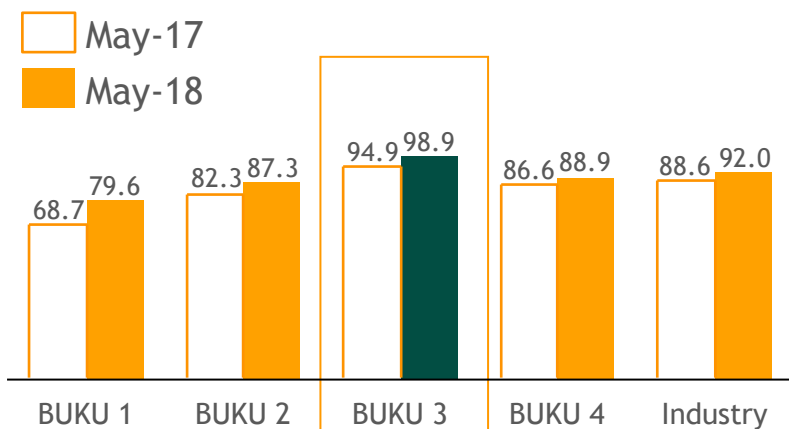
Regulatory LFR* (%) - Liquidity is in line with mgmt's target



CASA , TD, & CASA Ratio - CASA ratio continued to improve



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

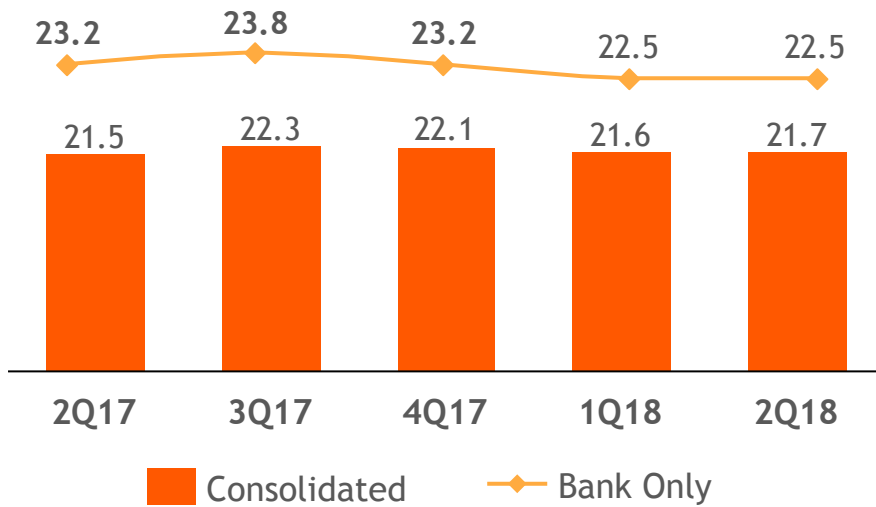


- LFR is in line with management's target in the 92-94% range.
- CASA to consolidated funding continued to improve on the back of higher granular saving account (Danamon Lebih).

*) 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

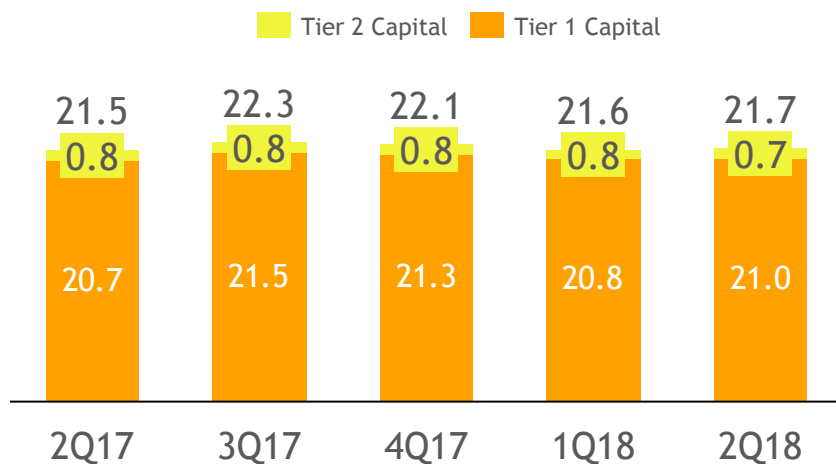
Capital Adequacy Ratio (%)



Market and Operational Risk Charges (%)

%	2Q17	3Q17	4Q17	1Q18	2Q18
CAR w/ Credit Risk	27.6	28.6	28.2	27.6	27.6
Market Risk Charge	0.1	0.1	0.1	0.1	0.1
Operational Risk Charge	6.0	6.3	6.1	5.9	5.8
CAR Consolidated	21.5	22.3	22.1	21.6	21.7

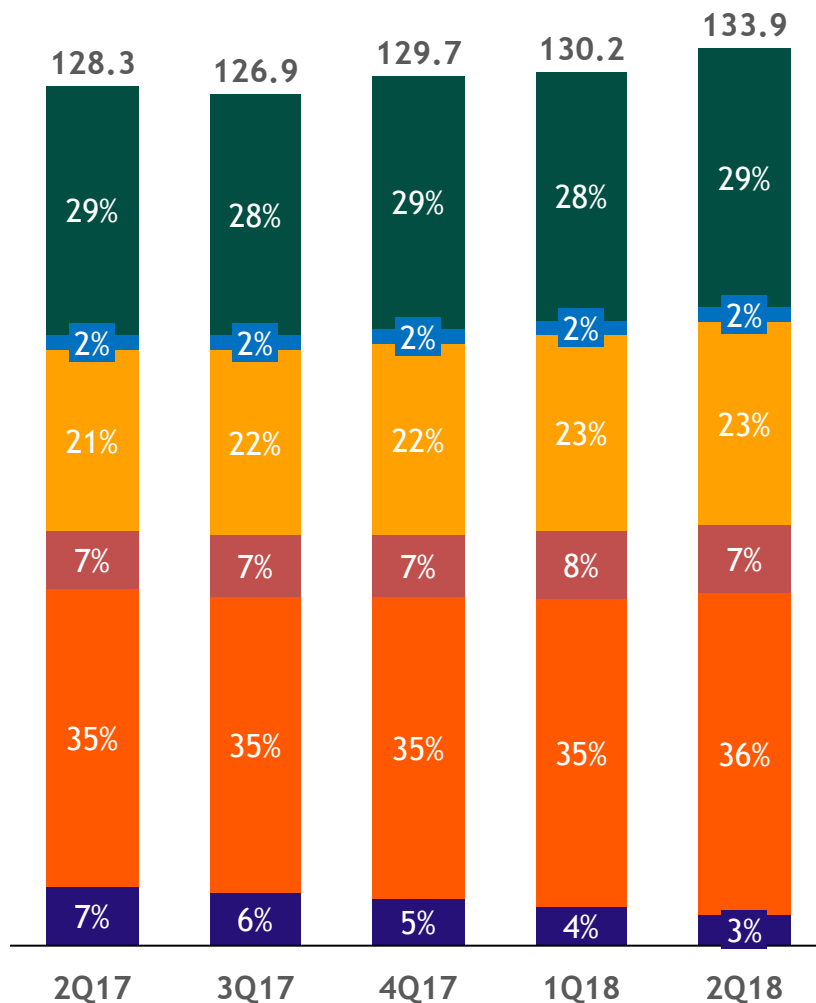
Tier 1 and Tier 2 Consolidated Capital Ratio (%)



- 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.

Continued growth in the SME, Consumer Mortgage, and ADMF

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



Growth of Loan Portfolio & Trade Finance¹⁾

Rp bn	1H17	1H18	YoY	QoQ
Enterprise ²⁾ & FI	37,142	38,637	4%	5%
SME	26,746	30,410	14%	4%
Consumer	8,785	10,022	11%	0%
Mortgage	4,937	6,920	40%	5%
Others ³⁾	3,848	3,101	-19%	-10%
Adira Finance	44,552	48,071	8%	4%
ABF	2,558	2,221	-13%	-4%
Total excl Micro	119,783	129,361	8%	4%
SEMM (Micro)	8,558	4,542	-47%	-20%
Total	128,341	133,902	4%	3%

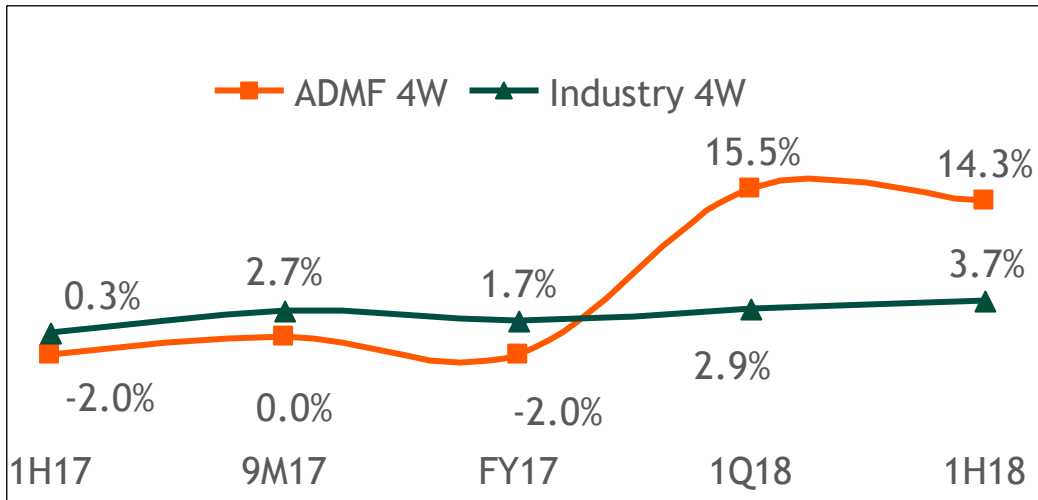
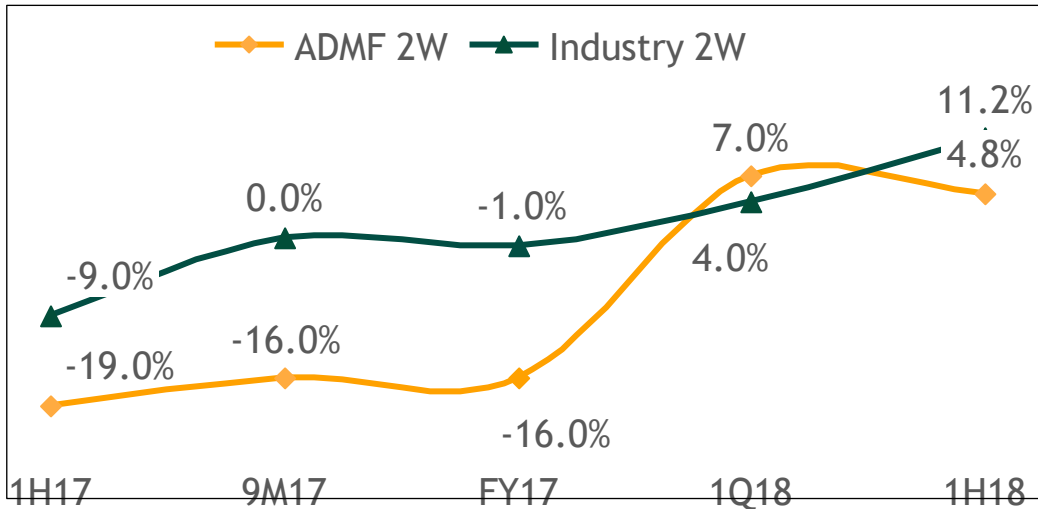
1) Trade finance includes related marketable securities.

2) Enterprise Banking: Commercial and Corporate.

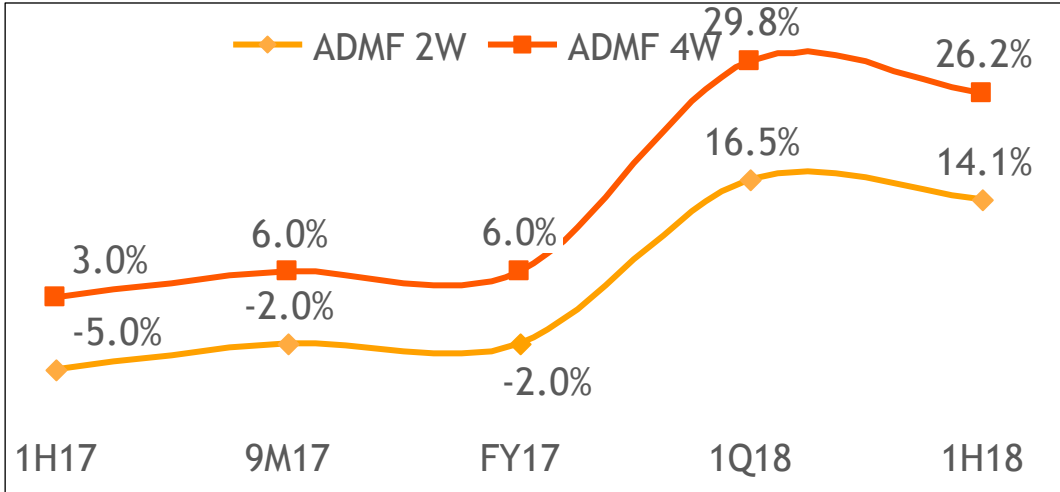
3) Unsecured Personal Loan, Credit Card, and Other.

ADMF's 2W & 4W new financing amount grew by 14% and 26% respectively

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



ADMF New Financing amount
(% YoY growth)



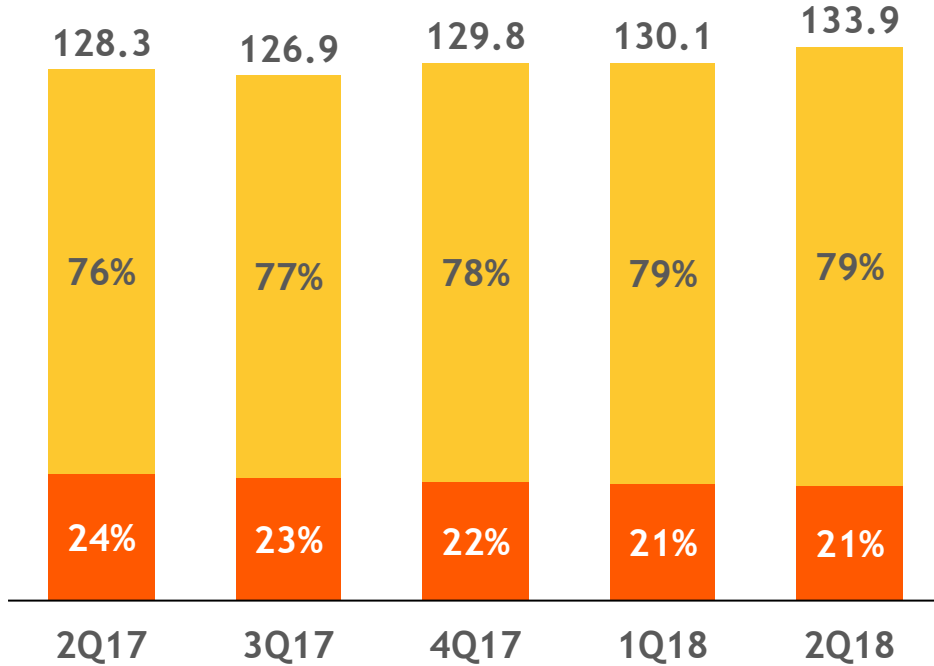
ADMF Outstanding Loan

Rp bn	1H17	1H18	YoY	1Q18	QoQ
2W auto loans*	20,327	21,344	5%	20,409	5%
4W auto loans*	22,722	24,790	9%	23,489	4%
White goods and others*	1,501	1,937	29%	1,819	7%
Adira Finance	44,552	48,071	8%	46,076	4%

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

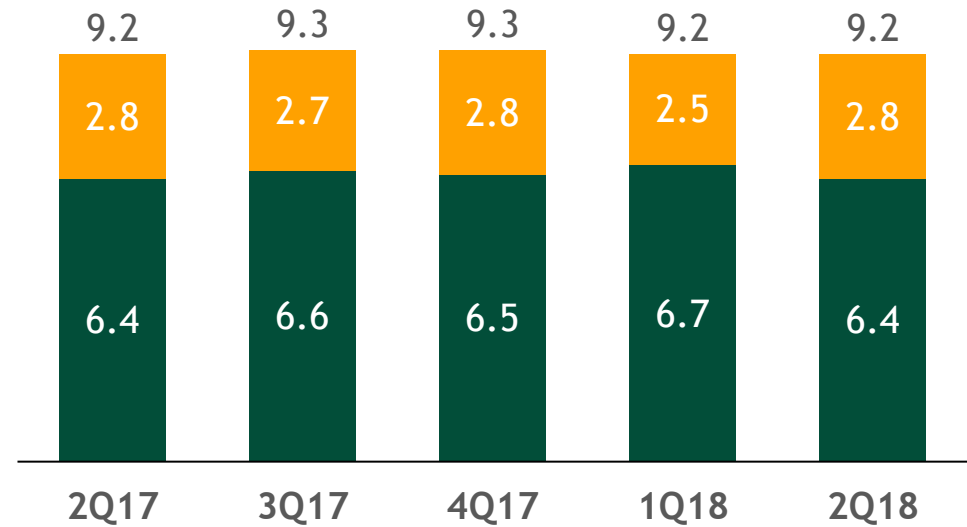
NIM and risk adjusted NIM are maintained, as Non-Mass Market loans grew

Composition of Loan Portfolio & Trade Finance
(Rp tn)

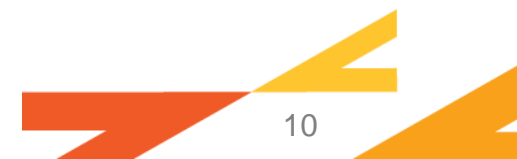


Higher Yield (SEMM +2W+ Durable goods)
Lower Yield (Non-Mass Market + 4W)

NIM and Risk-Adjusted NIM
(%)

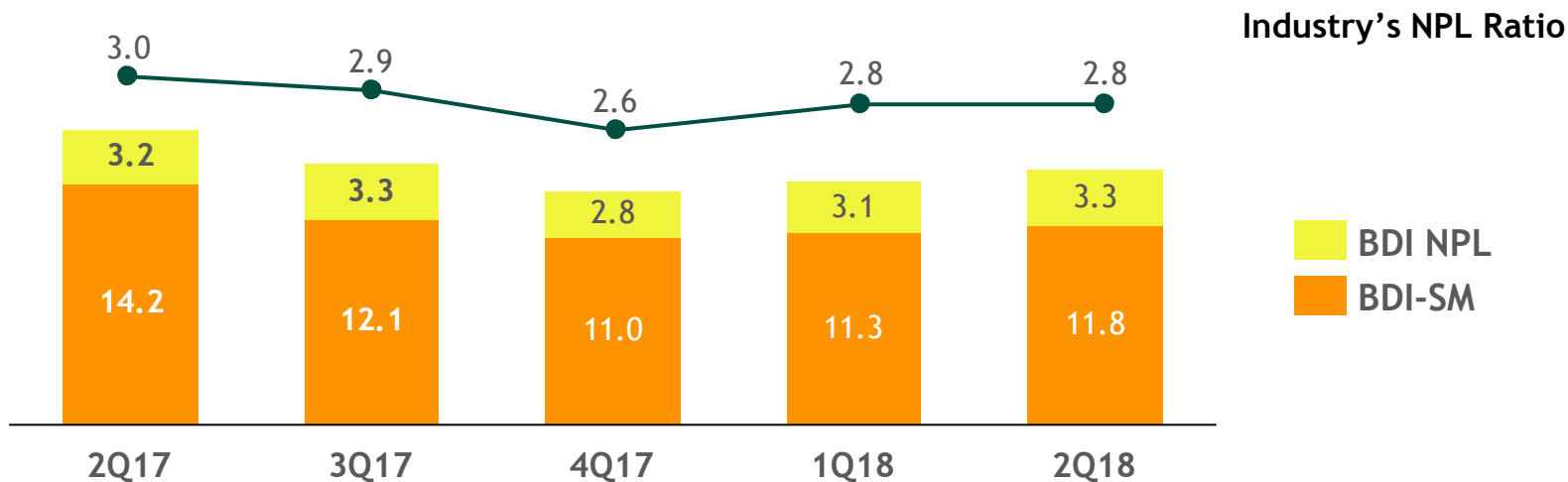


CoC Risk Adj NIM

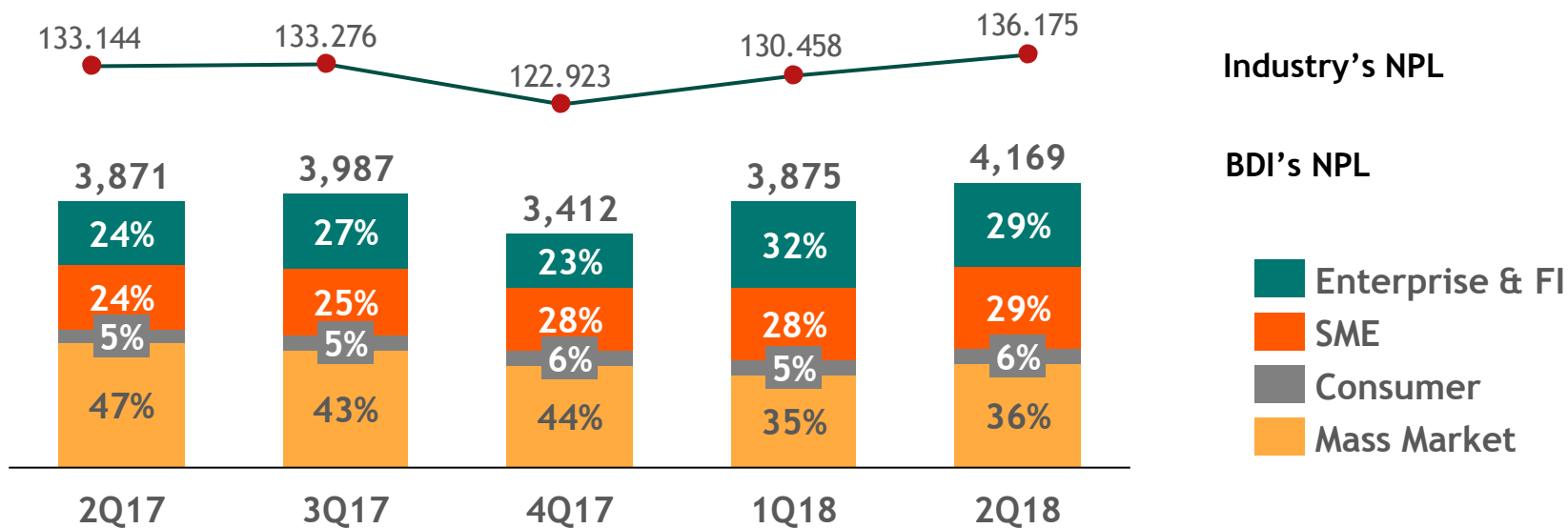


Special Mention loans improved 240 bps YoY. Moderate increase in NPL will be managed down in 2H18

Loan Collectability (% of Total Loans)



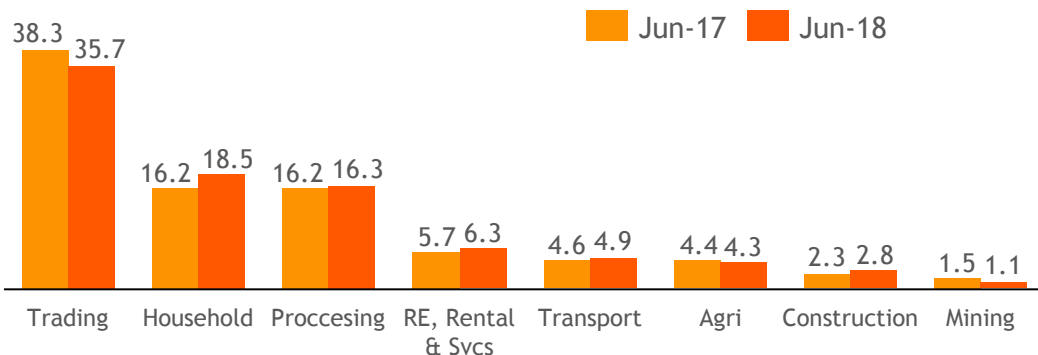
NPL amount (Rp bn) and Composition (% of Total NPL)



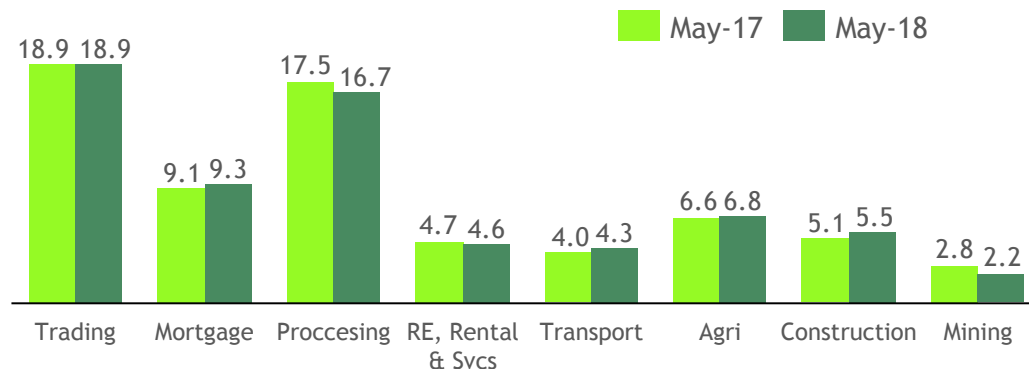
Source : Industry NPL based on SPI as of May 2018

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

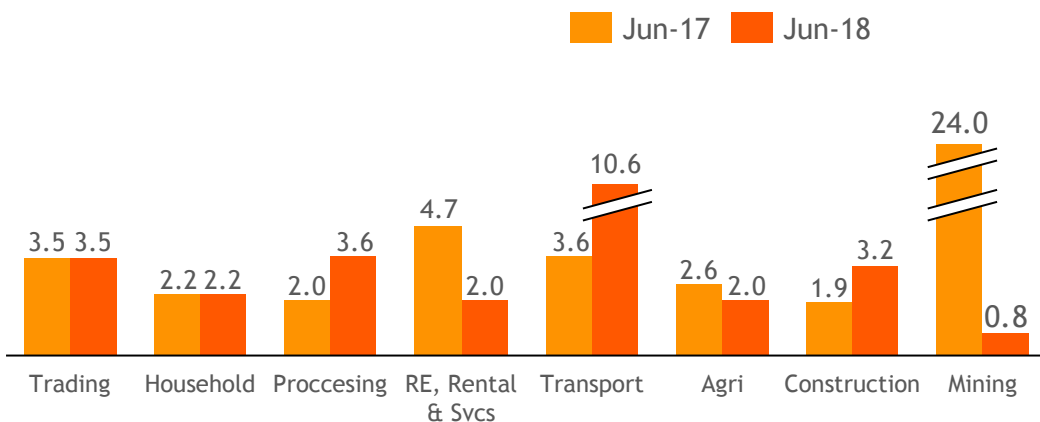
BDI Loans by Sector (% of total loans)



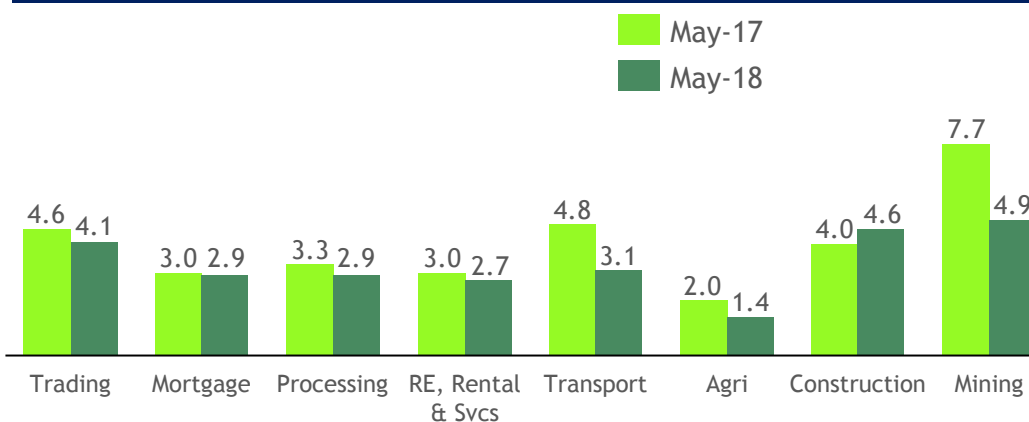
Industry Loans by Sector (% of total loans)



BDI NPL by Sector (%)



Industry NPL by Sector (%)

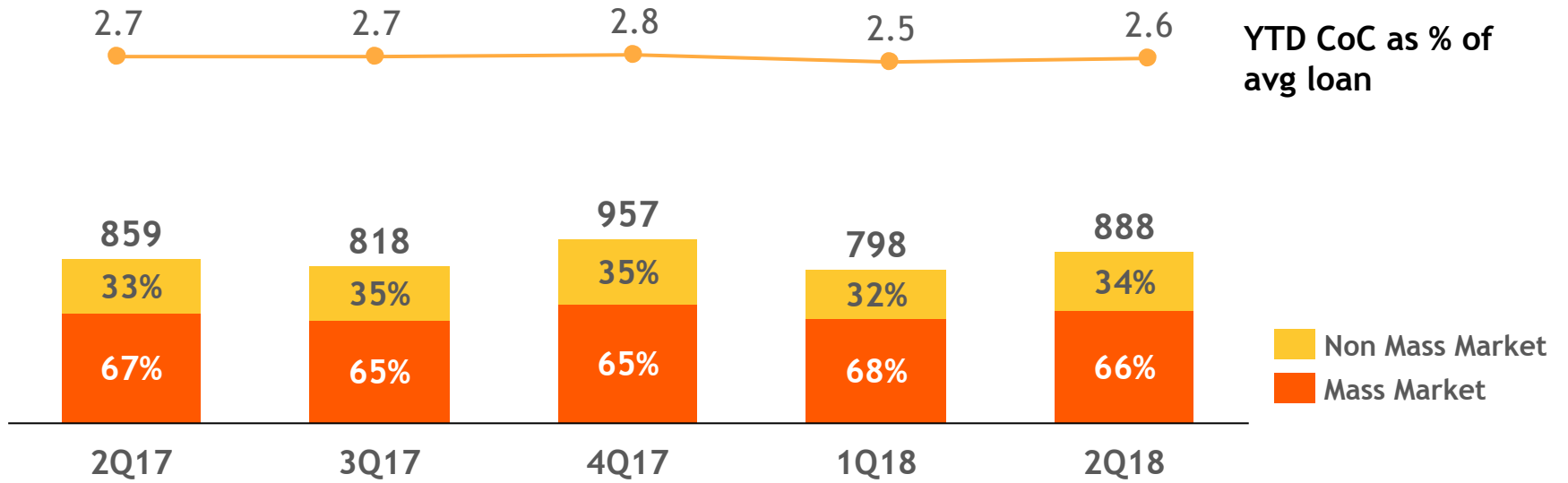


Source: SPI May 2018

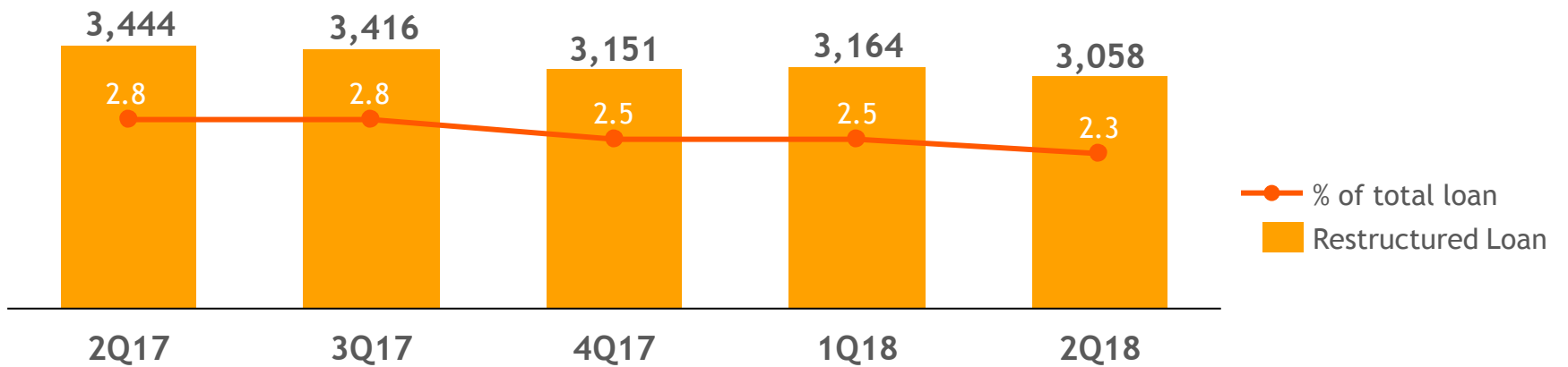
- Sectors experiencing increase in NPL ratios makes up lower percentage of total loans.
- Processing sector makes up 16.3% of total loans. While transport and construction segment only make up 4.9% and 2.8% of total loans, respectively.

Stable CoC Ratio. Restructured loans continued to decline

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

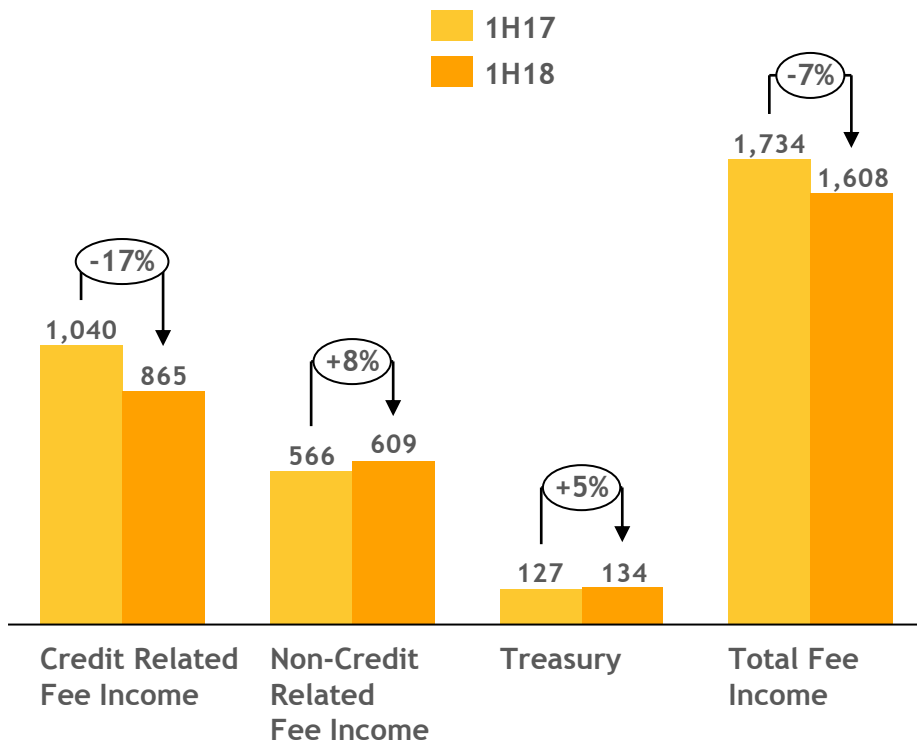


Restructured Loans (% of Total Loans and Rp bn)

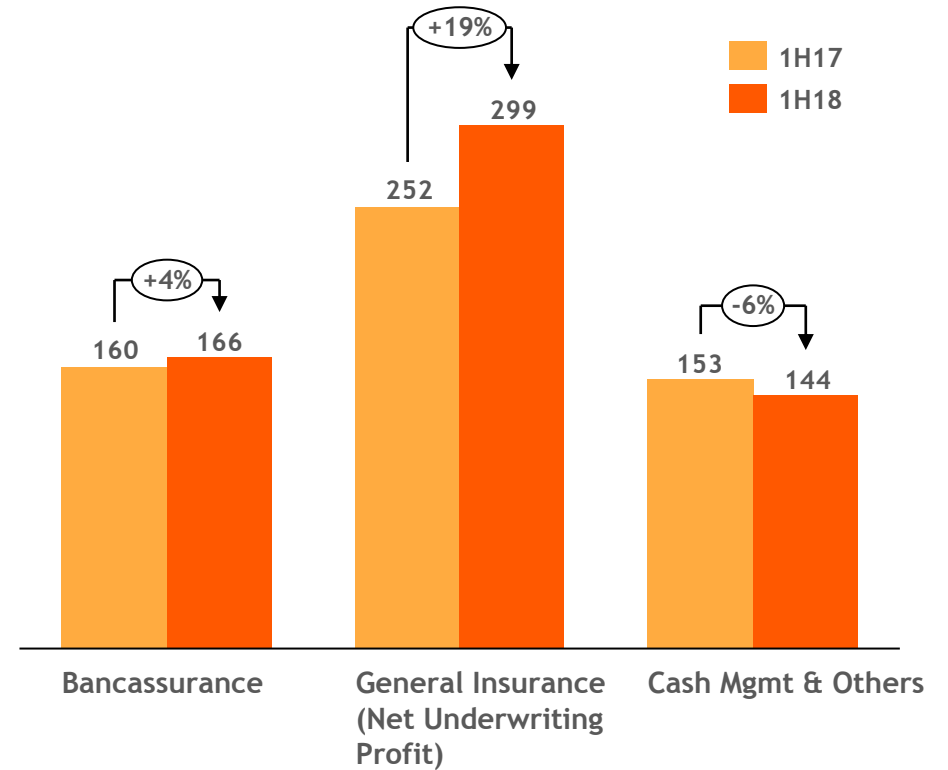


General insurance & bancassurance grew 19% and 4% YoY respectively

Fee Income (Rp bn)



Non-Credit Related Fee Income (Rp bn)



THANK YOU

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