



# **P T B a n k D a n a m o n I n d o n e s i a T b k**

**A n a l y s t s B r i e f i n g 1<sup>s t</sup> H a l f 2 0 1 9**

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Jakarta, 24 July 2019



# A Stronger Danamon

## A growth strategy with MUFG

94.1% ownership by MUFG



With effect from 1 May 2019, MUFG achieved 94.1% ownership in Bank Danamon, following Danamon's merger with PT Bank Nusantara Parahyangan.



Merger with  
Bank Nusantara Parahyangan

With MUFG as sole controlling shareholder, Danamon can leverage MUFG's relationships with global customers and benefit from sharing their international best practices, to complement Danamon's local network and strengths.

# Inorganic growth boosted loan balance, supported by overall funding growth

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## Growth in key engines

- Excluding Micro, the Loan Portfolio and Trade Finance grew 14% YoY.
- Mortgage and Automotive portfolios registered healthy growth of 28% and 12% YoY, respectively.
- Loans in Enterprise Banking and SME segments increased by 15% YoY.
- Additional loans from ex-Bank Nusantara Parahyangan (BNP) portfolio amounted to Rp 6.5 tn.

## Funding growth

- CASA grew 8% YoY.
- Time Deposits grew 16% YoY.
- Rp 5 tn bond program launched, of which Rp 2 tn issued in May 2019.

# 1H 2019 Balance Sheet highlights

In Rp billion	1H18	1H19*	YoY	1Q19	2Q19*	QoQ
Total Assets	182,416	198,590	9%	190,042	198,590	4%
Total Loan Portfolio and Trade Finance <sup>1)</sup>	133,902	148,278	11%	138,041	148,278	7%
Total Loan Portfolio and Trade Finance <sup>1)</sup> excl. Micro	129,360	147,127	14%	136,423	147,127	8%
Government Bonds <sup>2)</sup>	11,821	9,602	-19%	10,232	9,602	-6%
Total Funding	125,534	142,651	14%	132,913	142,651	7%
CASA	50,822	54,675	8%	50,945	54,675	7%
Time deposits	54,559	63,047	16%	59,527	63,047	6%
Borrowings and LT. Funding	20,153	24,929	24%	22,441	24,929	11%
Equity	39,155	42,628	9%	40,936	42,628	4%

1) Trade Finance includes related marketable securities.

2) Reclassed in 1Q19, 2Q19 and 1H19 due to signing of Conditional Sale and Subscription Agreement related to divestment of Adira Insurance, as presented in published financial statements.

\*) Post-merger balance sheet.

# 1H 2019 Income Statement

In Rp billion	1H18	1H19	YoY	1Q19	2Q19	QoQ
Net Interest Income	7,214	7,092	-2%	3,541	3,552	0%
<i>Net Interest Income excl. micro</i>	6,934	7,039	2%	3,507	3,533	1%
Non Interest Income <sup>1)</sup>	1,604	1,667	4%	797	871	9%
Operating Income	8,819	8,760	-1%	4,337	4,422	2%
Operating Expenses	4,267	4,414	-3%	2,157	2,257	-5%
PPOP <sup>2)</sup>	4,552	4,346	-5%	2,181	2,165	-1%
Cost of Credit	1,686	1,716	-2%	810	906	-12%
Operating Profit	2,866	2,630	-8%	1,371	1,259	-8%
NPAT	2,011	1,813	-10%	933	880	-6%

1) Consist of 4% higher fee income of Rp1,664 bn vs Rp1,608 bn last year.

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.

# 1H 2019 Key Financial Ratios

In %	1H18	1H19	YoY	1Q19	2Q19	QoQ
NIM	9.0	8.2	(0.8)	8.4	8.0	(0.4)
CoC	2.6	2.5	0.1	2.4	2.6	(0.2)
Risk-adjusted NIM	6.3	5.7	(0.6)	6.0	5.5	(0.5)
Cost to Income	48.4	50.4	(2.0)	49.7	51.0	(1.3)
CASA Ratio	48.2	46.4	(1.8)	46.1	46.4	0.3
RIM	n/a	97.3	n/m	96.4	97.3	0.9
NPL Gross	3.3	3.2	0.1	2.8	3.2	(0.4)
NPL Gross, including Trade Finance <sup>1)</sup>	3.1	3.0	0.1	2.7	3.0	(0.4)
Loan Loss Coverage (LLC)	112.6	93.5	(19.1)	114.0	93.5	(20.6)
ROAA	2.2	1.9	(0.3)	2.0	1.8	(0.2)
ROAE	11.1	9.4	(1.6)	9.7	9.1	(0.6)
CAR - Consolidated	21.7	21.7	(0.1)	22.0	21.7	(0.3)

1) Trade finance includes related marketable securities.

# More efficient cost structure without Micro Banking

	Consolidated Financials – with SEMM			Consolidated Financials – If without SEMM*		
	1H18	1H19	YoY	1H18	1H19	YoY
NIM (%)	9.0	8.2	(0.8)	9.0	8.3	(0.7)
Cost of Credit (%)	2.6	2.5	0.1	2.7	2.5	0.2
Cost-to-Income Ratio (%)	48.4	50.4	(2.0)	45.9	47.9	(2.0)
Net Profit Before Taxes (Rp bn)	2,866	2,630	-8%	2,926	2,748	-6%
ROAE (%)	11.1	9.4	(1.6)	11.9	10.0	(1.9)

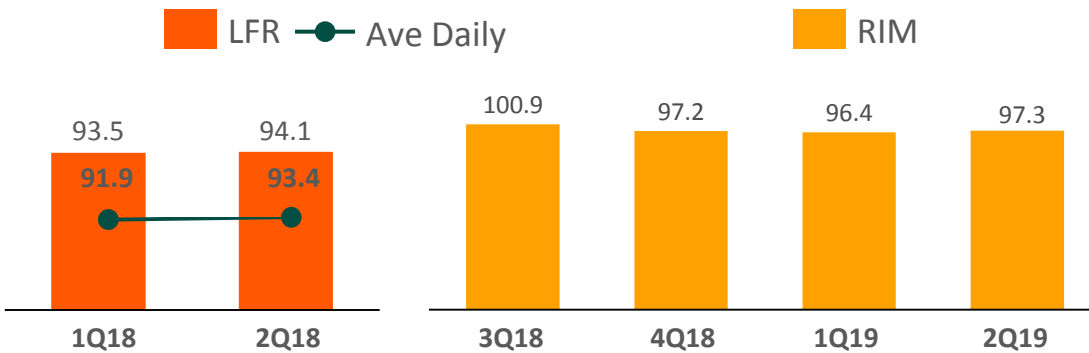
\* Opex reduction are based on SEMM direct cost only

## Micro Banking Update

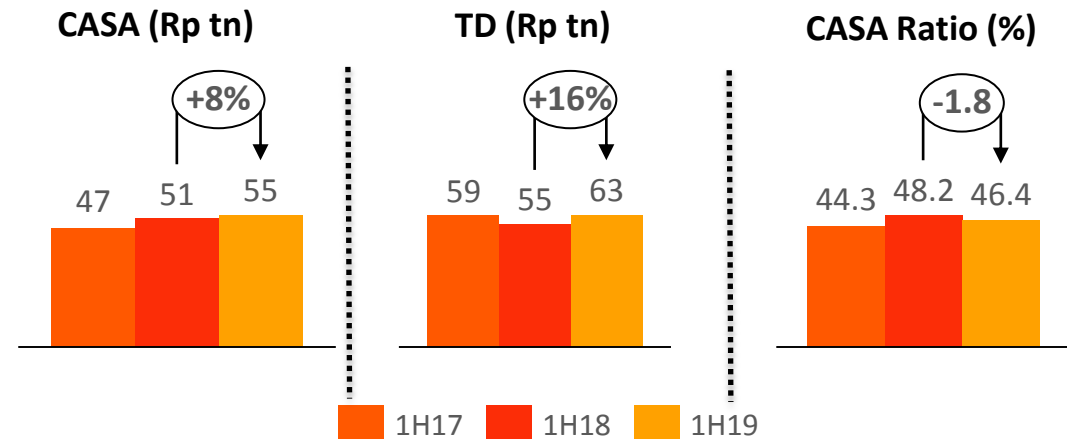
- > Micro banking will continue to focus on collections and recoveries, as well as on streamlining the network.

# Strong funding growth

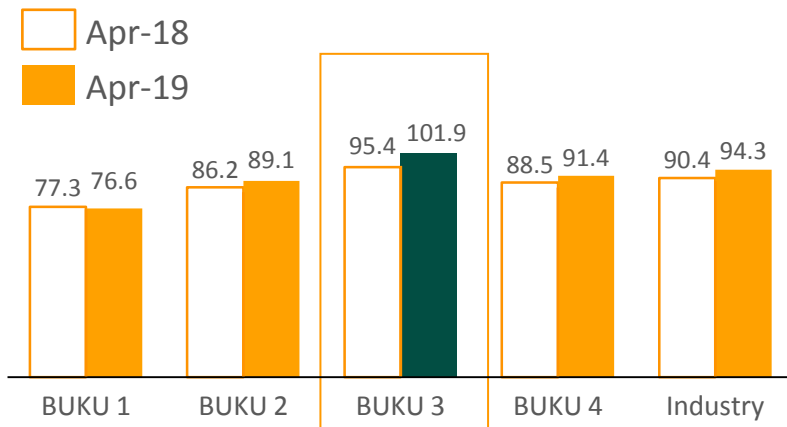
## Regulatory RIM\* (%) – RIM successfully maintained



## CASA , TD, & CASA Ratio – Stable CASA



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



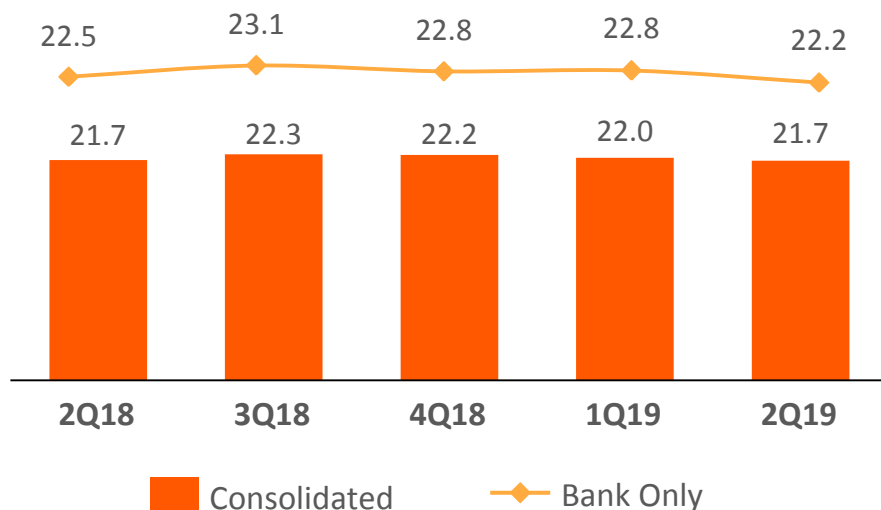
- Strong liquidity enabled by CASA and TD growth.
- Bond issuance in May 2019, has helped provide stable long-term funding.
- LDR – Bank only is at 95.7% (Dec'18 at 95.0%).

Source: SPI April 2019

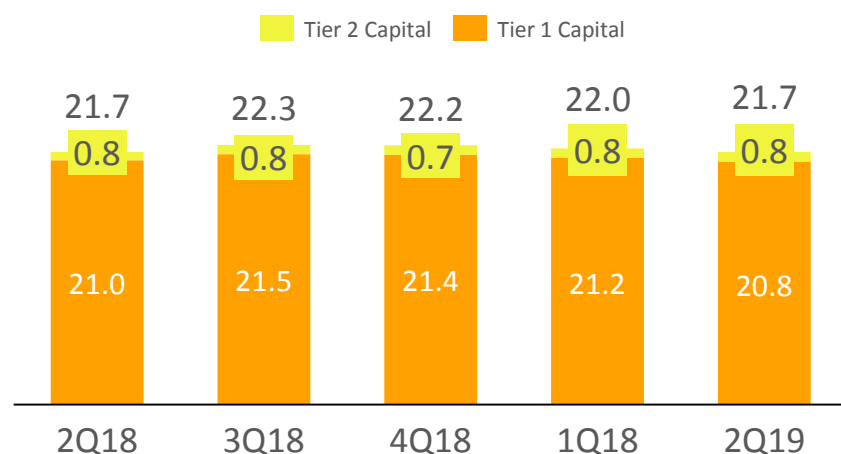


# Solid capital structure post-merger

## Capital Adequacy Ratio (%)



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



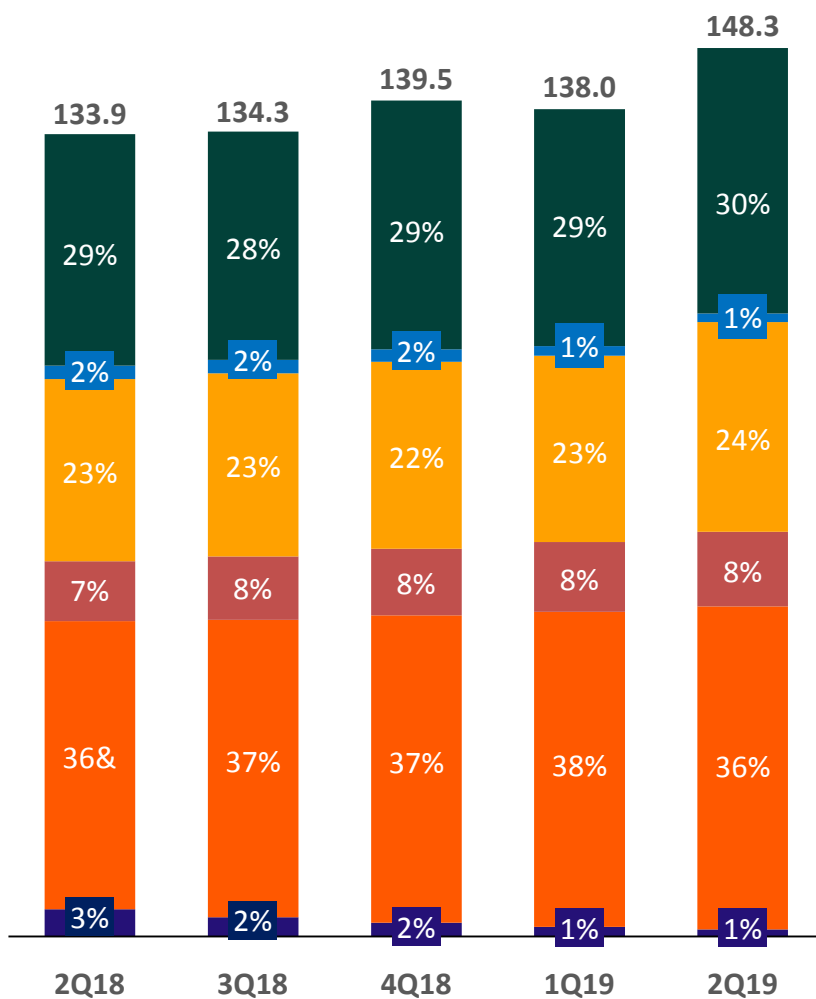
## Market and Operational Risk Charges (%)

%	2Q18	3Q18	4Q18	1Q19	2Q19
CAR w/ Credit Risk	27.6	28.3	28.1	27.8	27.1
Market Risk Charge	0.1	0.1	0.1	0.1	0.2
Operational Risk Charge	5.8	5.9	5.8	5.8	5.3
CAR Consolidated	21.7	22.3	22.2	22.0	21.7

- The capital level was significantly above the minimum regulatory requirement.
- Without BNP, Consolidated CAR would have been at 21.9%.

# Robust loan growth in key segments

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



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

Rp bn	1H18	1H19	YoY	QoQ
Enterprise <sup>2)</sup> & FI	38,477	44,332	15%	12%
ABF	2,221	1,438	-35%	-11%
SME	30,410	34,985	15%	12%
Consumer	10,182	12,447	22%	7%
Mortgage	6,920	8,845	28%	6%
Others <sup>3)</sup>	3,262	3,602	10%	9%
Adira Finance	48,071	53,925	12%	3%
<b>Total excl Micro</b>	<b>129,360</b>	<b>147,127</b>	<b>14%</b>	<b>8%</b>
SEMM (Micro)	4,542	1,151	-75%	-29%
<b>Total</b>	<b>133,902</b>	<b>148,278</b>	<b>11%</b>	<b>7%</b>

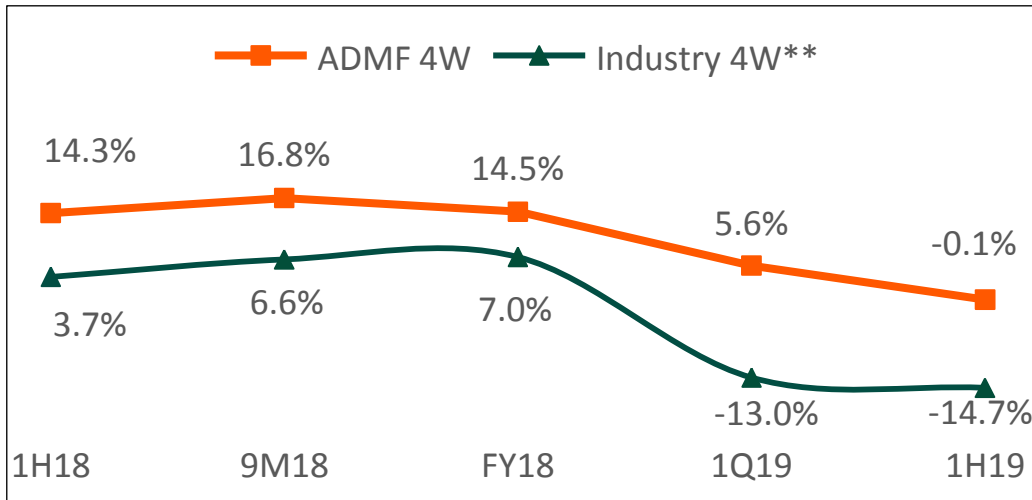
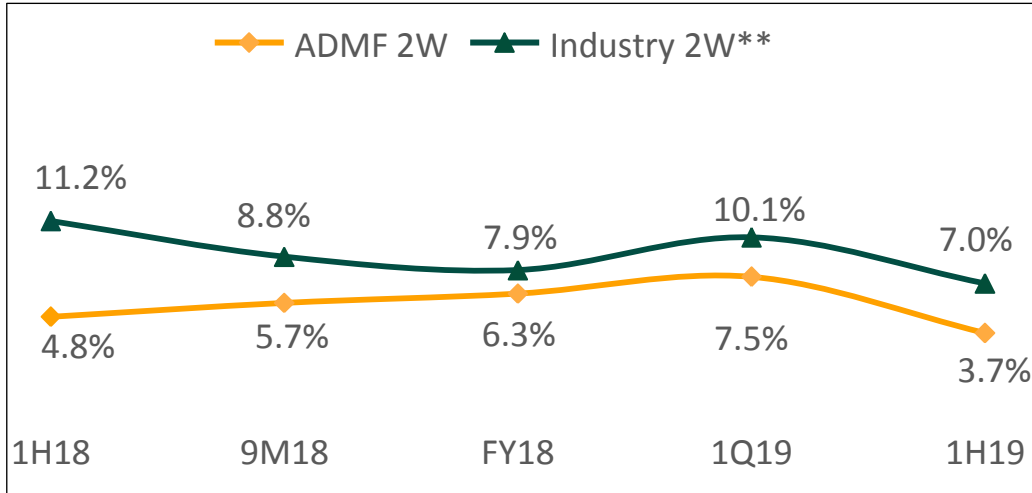
1) Includes portfolio from recent merger with BNP.  
Trade finance includes related marketable securities.

2) Enterprise Banking: Commercial and Corporate.

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

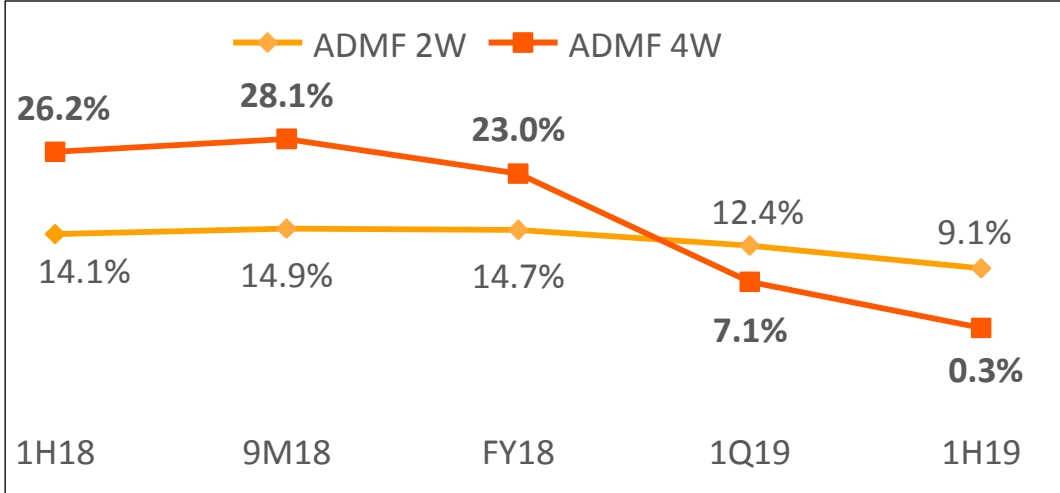
# Double digit loan growth for ADMF despite industry slow down

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



\*\* Using 5M'19 2W and 4W Industry

## ADMF New Financing amount (% YoY growth)



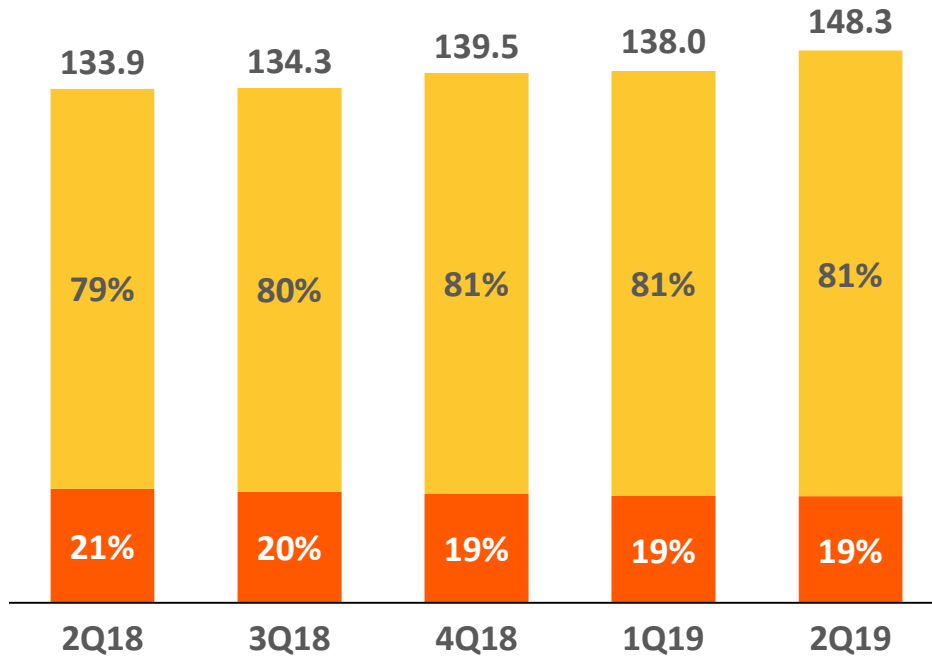
## ADMF Outstanding Loans

Rp bn	1H18	1H19	YoY	1Q19	QoQ
2W auto loans*	21,344	24,149	13%	23,263	4%
4W auto loans*	24,790	27,920	13%	27,465	2%
White goods and others*	1,937	1,856	-4%	1,853	0%
<b>Adira Finance</b>	<b>48,071</b>	<b>53,925</b>	<b>12%</b>	<b>52,581</b>	<b>3%</b>

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

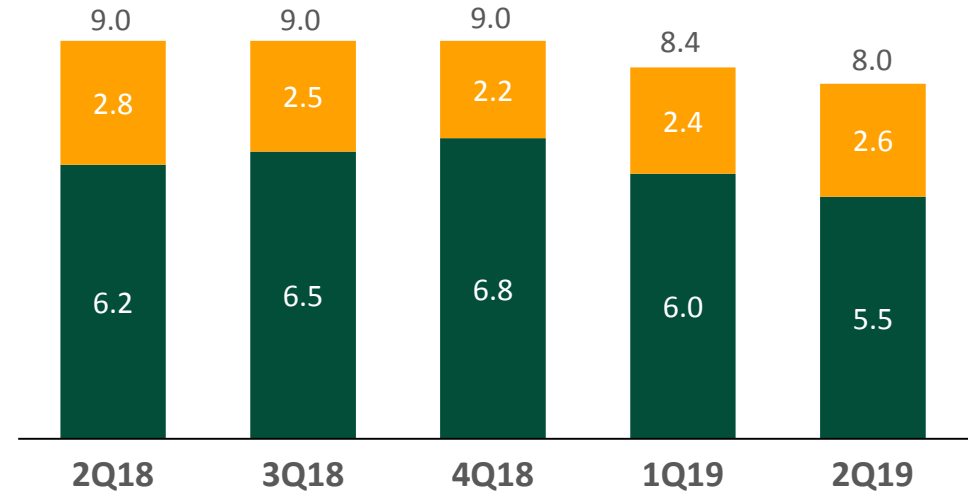
# Lower NIM reflects shift to higher quality assets

Composition of Loan Portfolio & Trade Finance  
(Rp tn)



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

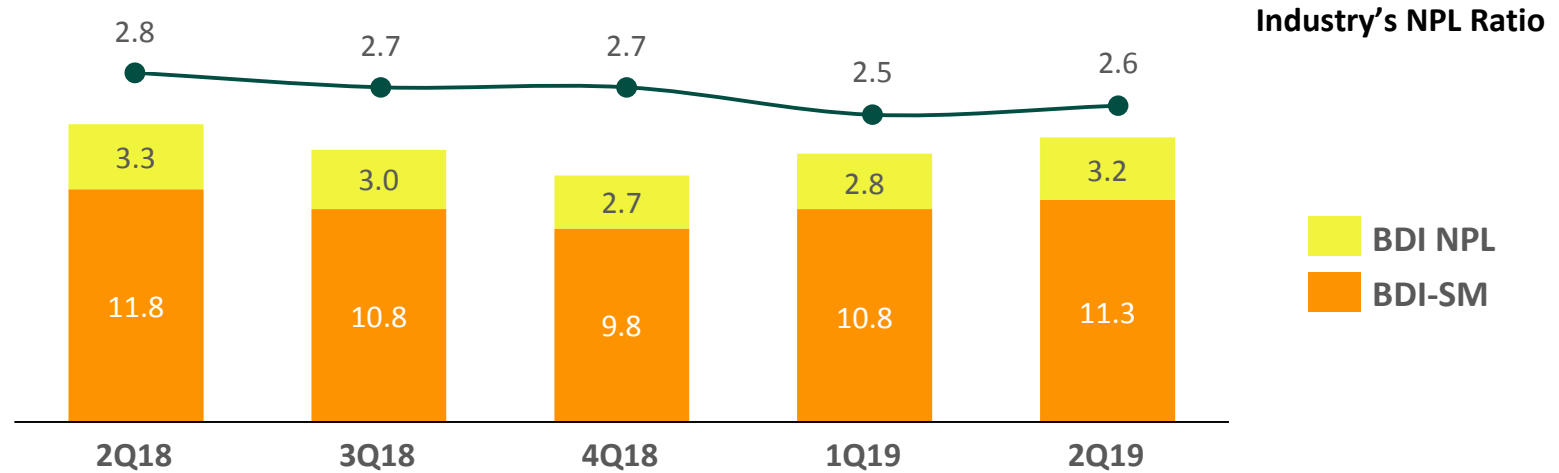
NIM and Risk-Adjusted NIM  
(%)



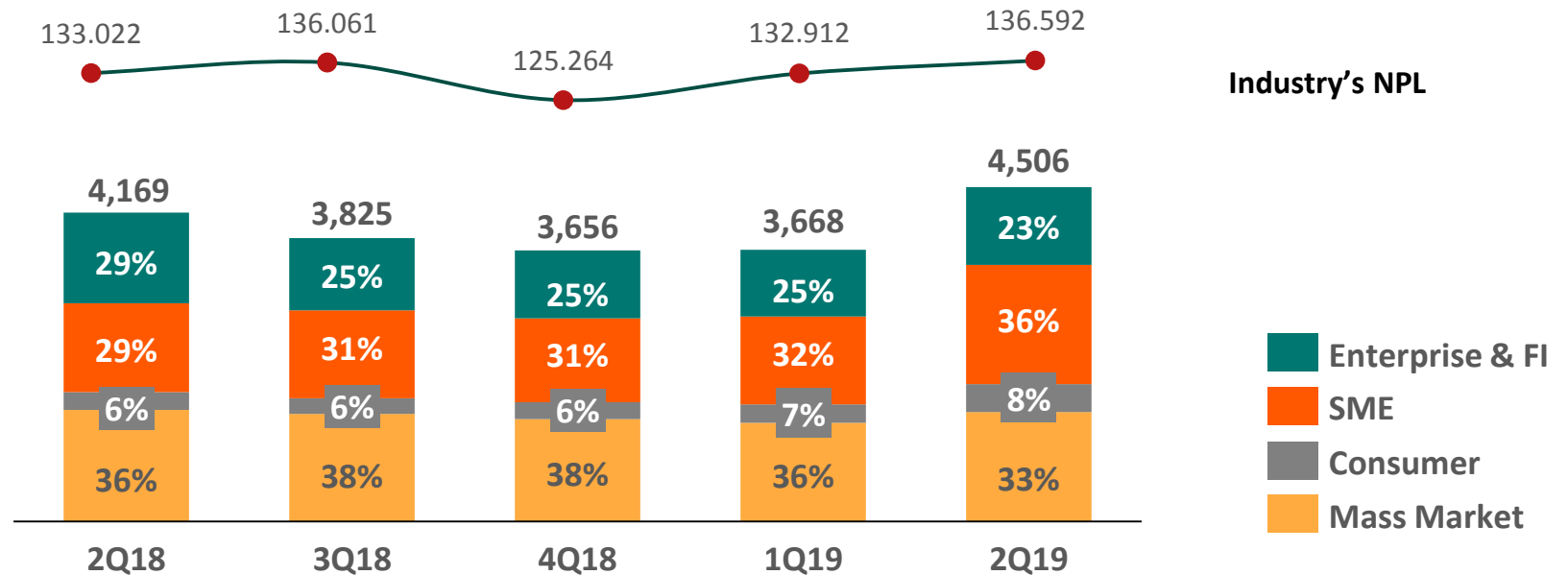
CoC Risk Adj NIM

# Uptick in NPL will be managed down by year-end

## Loan Collectability (% of Total Loans)



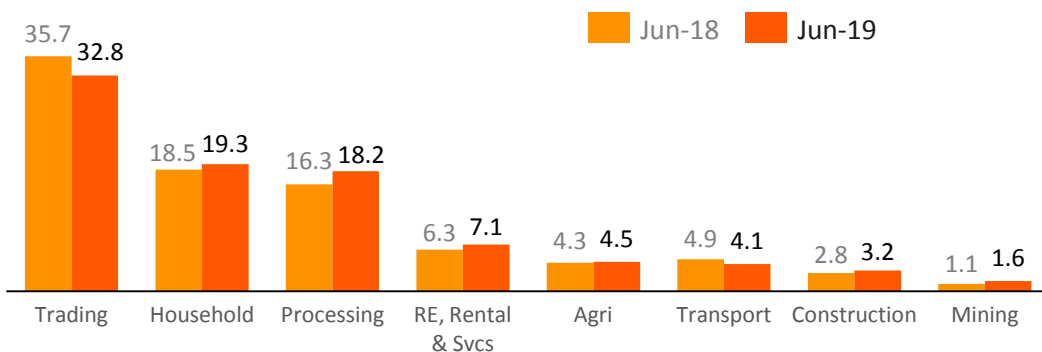
## NPL amount (Rp bn) and Composition (% of Total NPL)



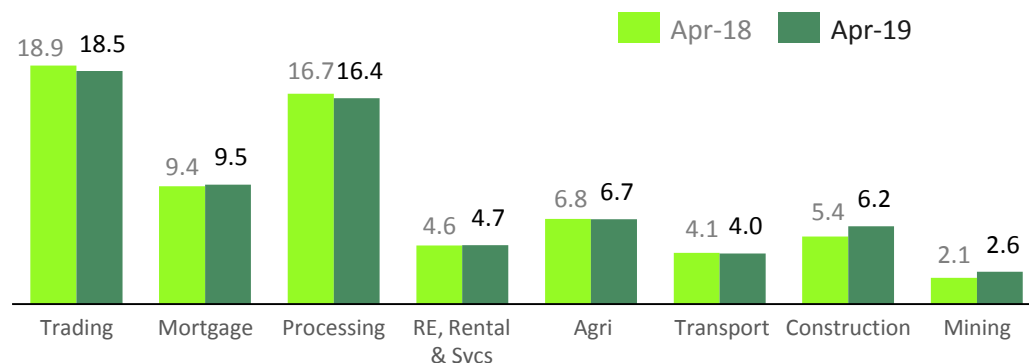
Source : Industry NPL based on SPI as of Apr 2019

# Continuous monitoring of asset quality in key sectors

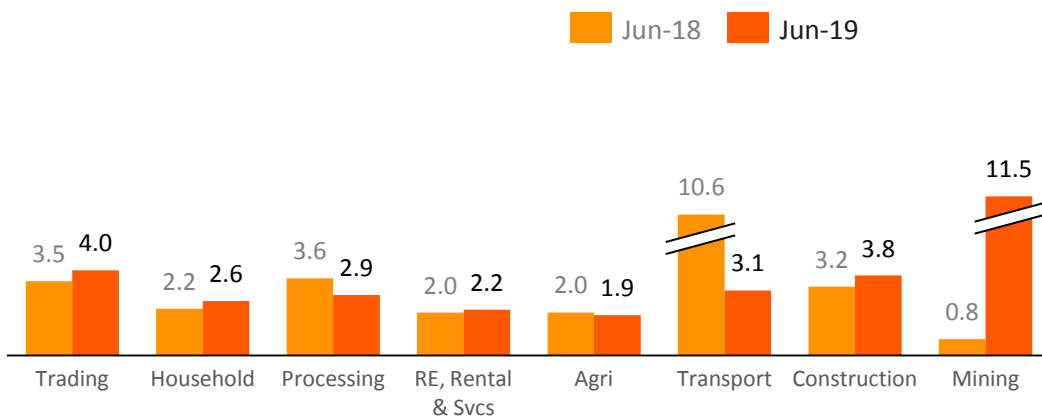
## BDI Loans by Sector (% of total loans)



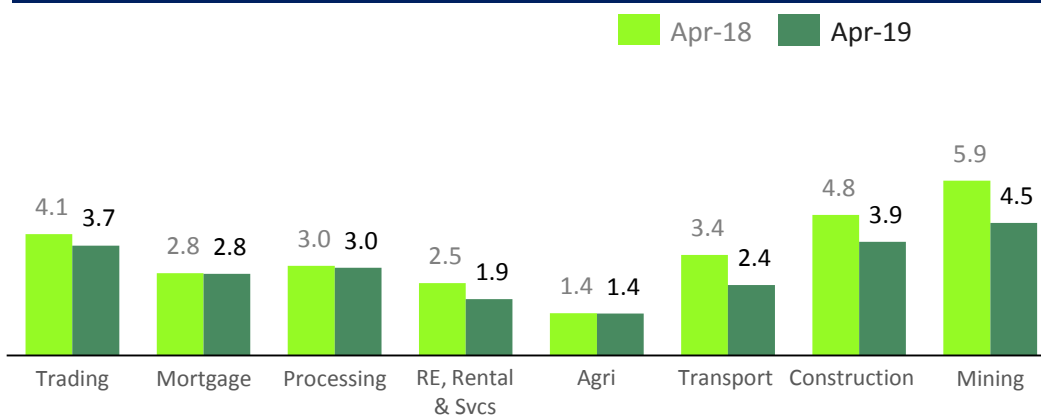
## Industry Loans by Sector (% of total loans)



## BDI NPL by Sector (%)



## Industry NPL by Sector (%)

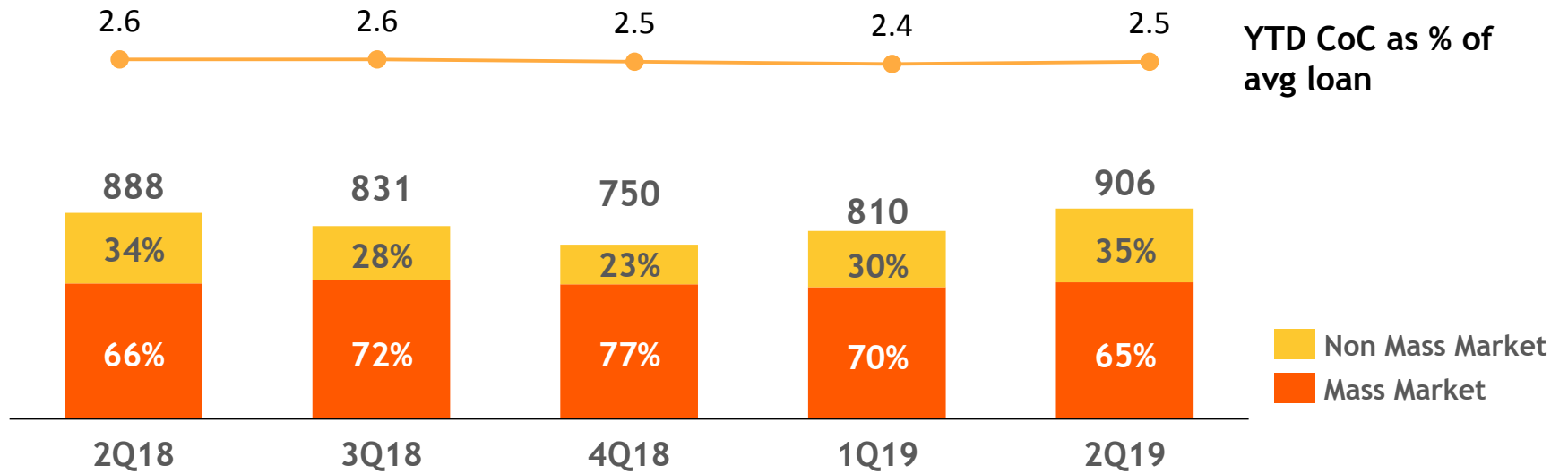


- Previous periods' legacy NPL from Transportation has been written off.
- Mining with increased NPL makes up only 1.6% of total loan.

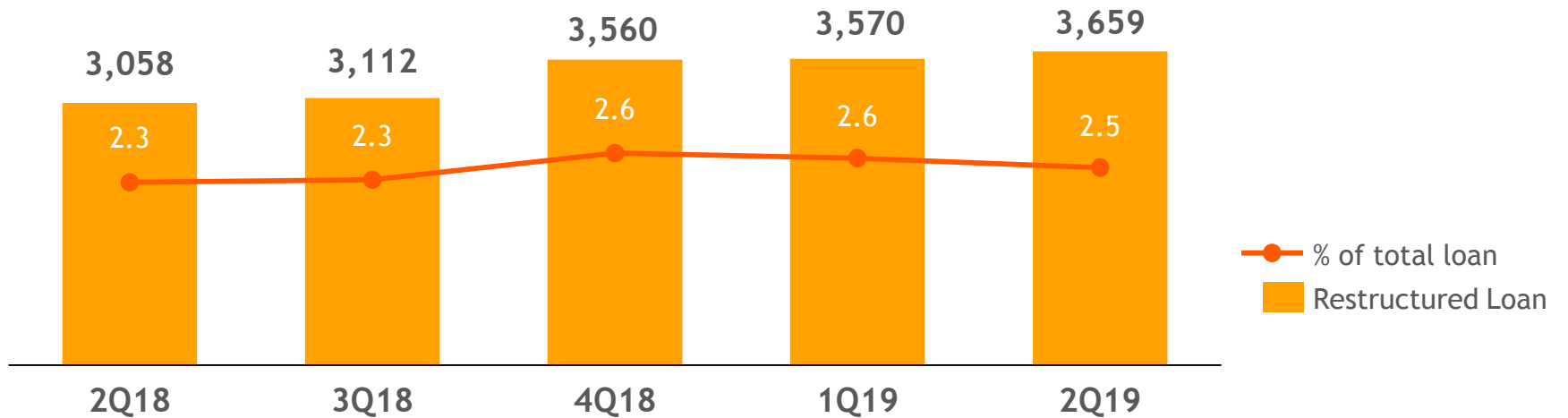
Source: SPI Apr'19

## Steady CoC Ratio at 2.5%

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

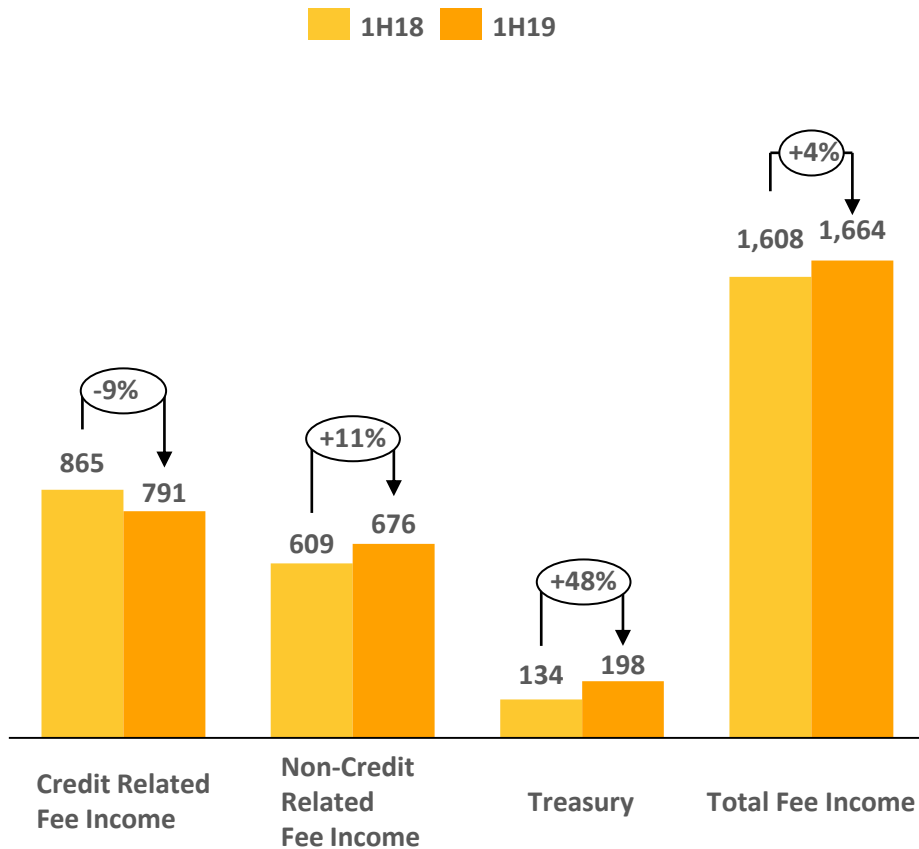


### Restructured Loans (% of Total Loans and Rp bn)

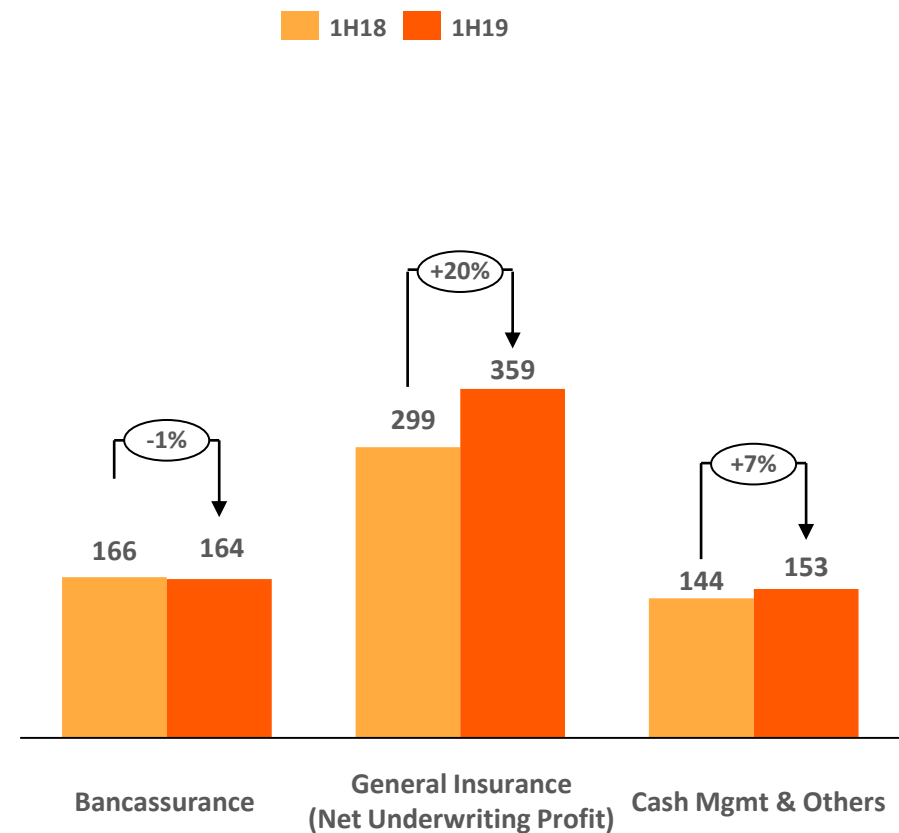


# Strong growth in Treasury, General Insurance and Cash Management fees

## Fee Income (Rp bn)



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





# THANK YOU

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