

# PT Bank Danamon Indonesia Tbk

Analyst Briefing 9M2019

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Jakarta, 23 October 2019

# Double digit YoY deposit growth supports prudent loan expansion

## Growth in key engines

- Excluding Micro, Loan Portfolio and Trade Finance grew 9% YoY.
- Mortgage and Automotive portfolios registered healthy growth of 20% and 8% YoY, respectively.
- Loans in Enterprise Banking and SME segments increased 10 % YoY, enhanced by collaboration with MUFG.

## Funding growth

- Focusing on institutional CASA growth initiatives through FSC, payroll, and digital banking & partnership.
- CASA grew 10 % YoY. Time Deposits grew 17% YoY.
- Granular funding (CASA and TD Regular) increased by 14% YoY.
- Healthy RIM at 97.4%.

## Corporate Updates

- Successful Operational Integration following legal merger with Bank Nusantara Parahyangan (BNP).
- 33 branches converted into Danamon network, offering harmonized and integrated services to BNP customers.

In Rp billion	9M18	9M19	YoY	1Q19	2Q19	3Q19	QoQ
Total Assets	178,635	195,826	10%	190,042	198,590	195,826	-1%
Total Loan Portfolio and Trade Finance <sup>1)</sup>	134,335	143,557	7%	138,041	147,510	143,557	-3%
Total Loan Portfolio and Trade Finance <sup>1)</sup> excl. Micro	131,126	142,806	9%	136,423	146,359	142,806	-2%
Government Bonds <sup>2)</sup>	13,082	13,636	4%	10,232	9,602	13,636	42%
Total Funding	120,435	137,700	14%	132,913	142,651	137,700	-3%
CASA	49,068	54,196	10%	50,945	54,675	54,196	-1%
Time deposits	50,865	59,420	17%	59,527	63,047	59,420	-6%
Borrowings and LT. Funding	20,502	24,084	17%	22,441	24,929	24,084	-3%
Equity	40,154	43,440	8%	40,936	42,628	43,440	2%

1) Trade Finance includes related marketable securities.

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

In Rp billion	9M18	9M19	YoY	1Q19	2Q19	3Q19	QoQ
<b>Net Interest Income</b>	<b>10,825</b>	<b>10,713</b>	<b>-1%</b>	<b>3,541</b>	<b>3,552</b>	<b>3,621</b>	<b>2%</b>
<i>Net Interest Income excl. micro</i>	<b>10,461</b>	<b>10,649</b>	<b>2%</b>	<b>3,507</b>	<b>3,533</b>	<b>3,610</b>	<b>2%</b>
Non Interest Income <sup>1)</sup>	2,435	2,565	5%	797	871	898	3%
<b>Operating Income</b>	<b>13,260</b>	<b>13,279</b>	<b>0%</b>	<b>4,337</b>	<b>4,422</b>	<b>4,519</b>	<b>2%</b>
Operating Expenses	6,439	6,726	-4%	2,157	2,257	2,312	-2%
<b>PPOP<sup>2)</sup></b>	<b>6,822</b>	<b>6,552</b>	<b>-4%</b>	<b>2,181</b>	<b>2,165</b>	<b>2,207</b>	<b>2%</b>
Cost of Credit	2,517	2,818	-11%	810	906	1,102	-18%
<b>Operating Profit</b>	<b>4,305</b>	<b>3,734</b>	<b>-13%</b>	<b>1,371</b>	<b>1,259</b>	<b>1,104</b>	<b>-12%</b>
<b>NPAT</b>	<b>3,038</b>	<b>2,596</b>	<b>-15%</b>	<b>933</b>	<b>880</b>	<b>784</b>	<b>-11%</b>

1) Consist of 4% higher fee income of Rp2,518 bn vs Rp 2,425 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 disclosed in a separate line of profit or loss as net income from disposal group classified as held-for-sale.

<i>In %</i>	9M18	9M19	YoY	1Q19	2Q19	3Q19	QoQ
NIM	9.0	8.2	(0.8)	8.4	8.0	8.1	0.1
CoC	2.6	2.7	(0.1)	2.4	2.6	3.1	(0.5)
Risk-adjusted NIM	6.4	5.5	(0.9)	6.0	5.5	5.0	(0.4)
Cost to Income	48.6	50.7	(2.1)	49.7	51.0	51.2	(0.1)
CASA Ratio	49.1	47.7	(1.4)	46.1	46.4	47.7	1.3
RIM	100.9	97.4	3.5	96.4	97.3	97.4	0.1
NPL Gross	3.0	3.2	(0.2)	2.8	3.2	3.2	0.1
Loan Loss Coverage (LLC)	115.2	98.0	(17.2)	114.0	93.5	98.0	4.5
ROAA	2.3	1.8	(0.5)	2.0	1.8	1.6	(0.2)
ROAE	11.0	8.9	(2.1)	9.7	9.1	7.9	(1.2)
CAR – Consolidated	22.3	22.5	0.2	22.0	21.7	22.5	0.9

# Upside potential from Micro Banking rundown

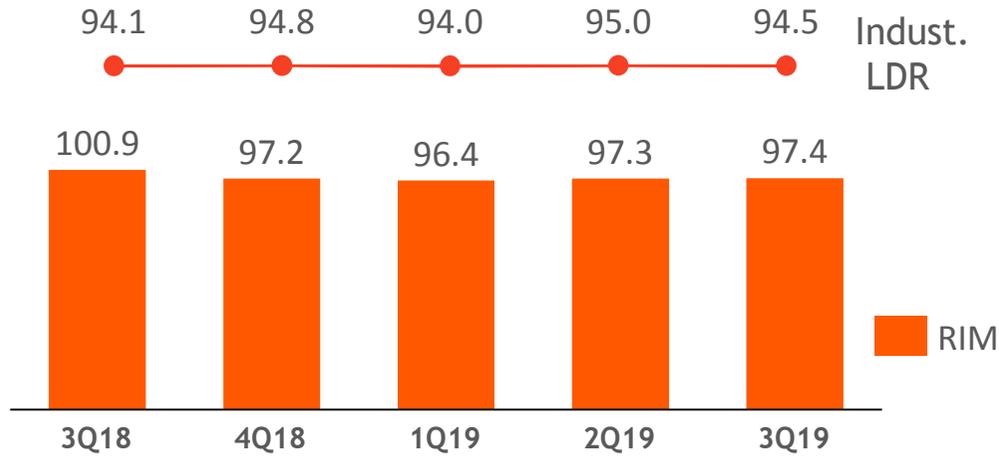
	Consolidated Financials – with SEMM			Consolidated Financials – If without SEMM*		
	9M18	9M19	YoY	9M18	9M19	YoY
NIM (%)	9.0	8.2	(0.8)	9.0	8.2	(0.7)
Cost of Credit (%)	2.6	2.7	(0.1)	2.7	2.8	(0.1)
Cost-to-Income Ratio (%)	48.6	50.7	(2.1)	46.2	48.4	(2.2)
Net Profit Before Taxes (Rp bn)	4,305	3,734	-13%	4,364	3,865	-11%
ROAE (%)	11.0	8.9	(2.1)	11.5	9.3	(2.2)

\* Opex reduction are based on SEMM direct cost only

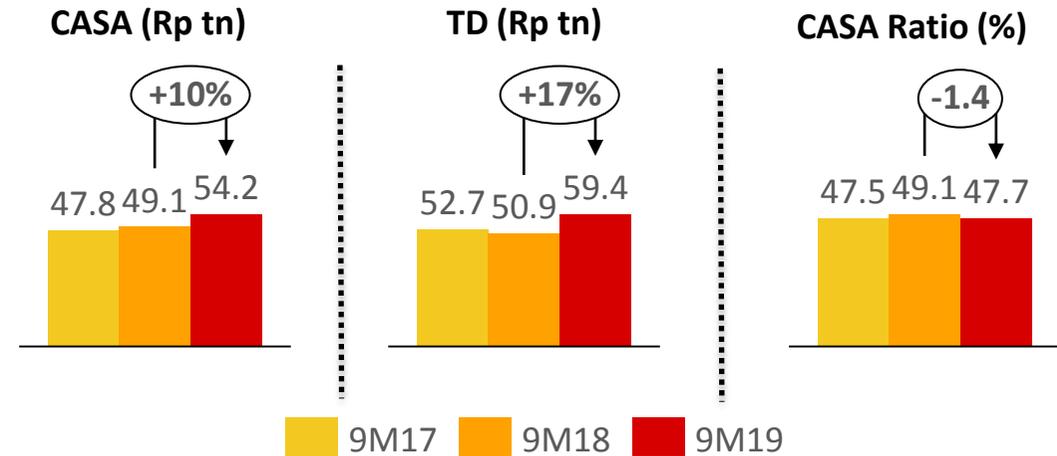
## Micro Banking Update

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

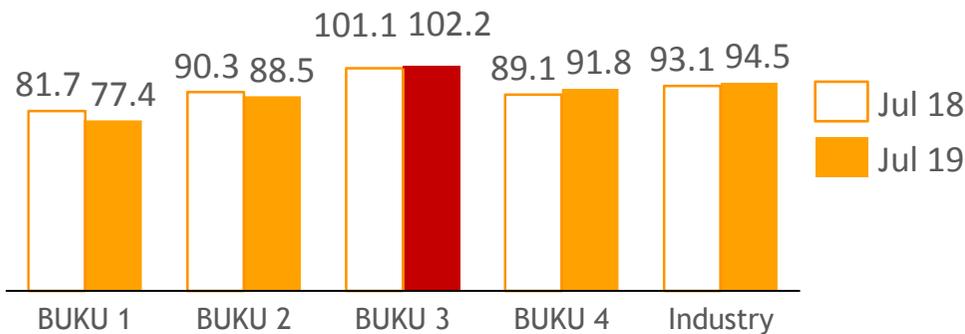
## RIM (%) - RIM is successfully maintained



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



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

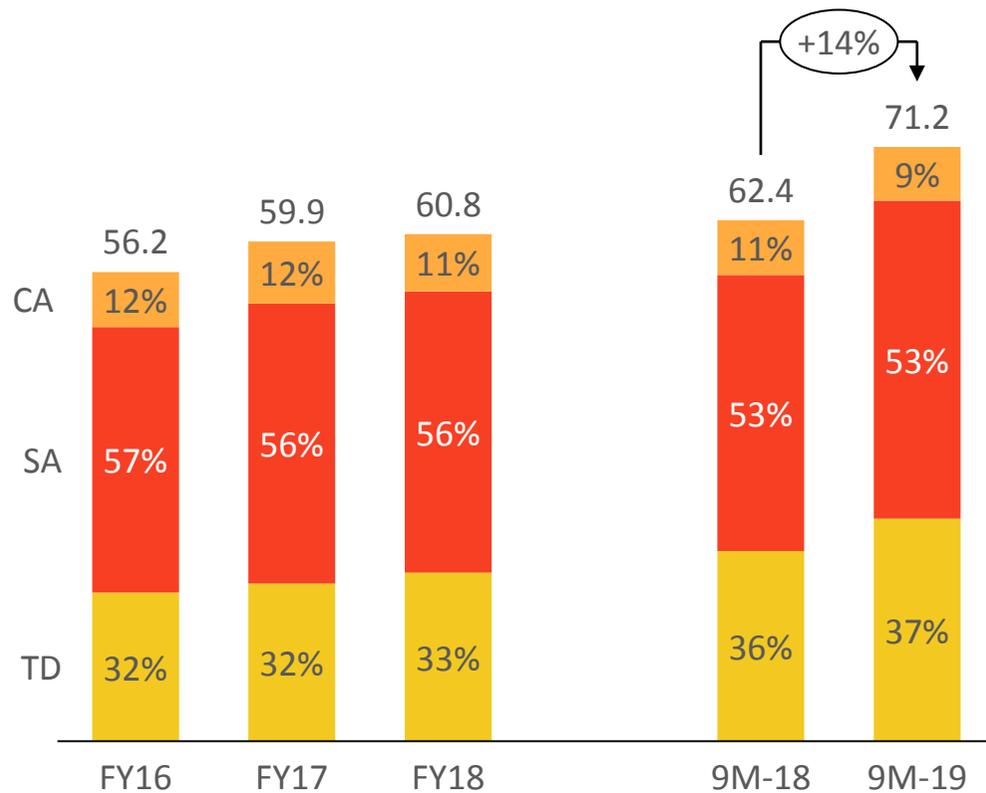


Source: SPI Jul'19

- Ample liquidity enabled by granular deposits (CASA and regular TD).
- Bond issuance of Rp 2 tn in May 2019, has helped provide stable long-term funding. Shelf registration of additional Rp 3 tn is available.
- LDR – Bank only is at 96.5%.

# Initiatives to improve granular funding continue to gain traction

## Strong Focus on Granular Funding\* (Rp bn)



\*CA, SA and regular TD from Consumer, SME banking and merger with Bank Nusantara Parahyangan.

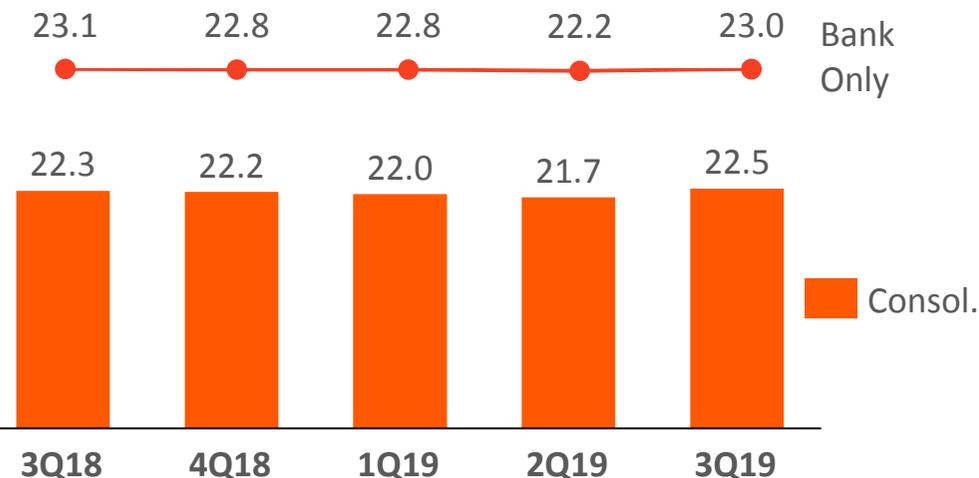
## Improved funding franchise

Enhancing Sales Discipline through **Danamon Way** complemented by **Established Digital Platforms**

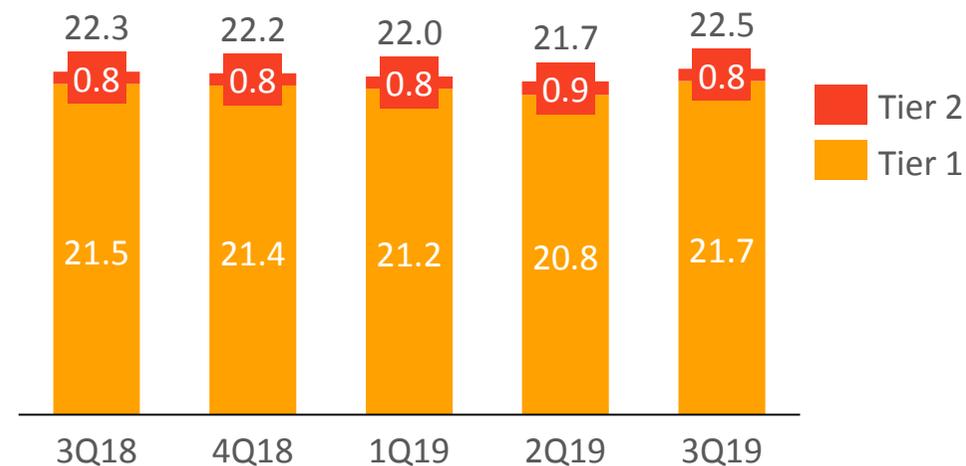


- 90%+ of banking transactions are through digital
- D-Bank contributes 10% of NTB Acquisition
- New to Bank (NTB) penetration rate increased to 77% (Dec: 61%)
- TD Online portfolio grew 125% YoY. TD acquisition rose 152% YoY.
- Enabling access to e-commerce and e-wallet top up with >1.5Mn transaction recorded

## Capital Adequacy Ratio (%)



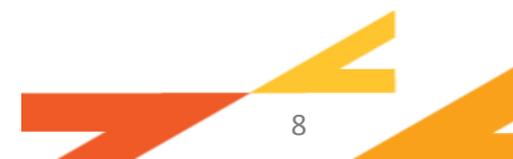
## Tier 1 and Tier 2 Consolidated Capital Ratio (%)



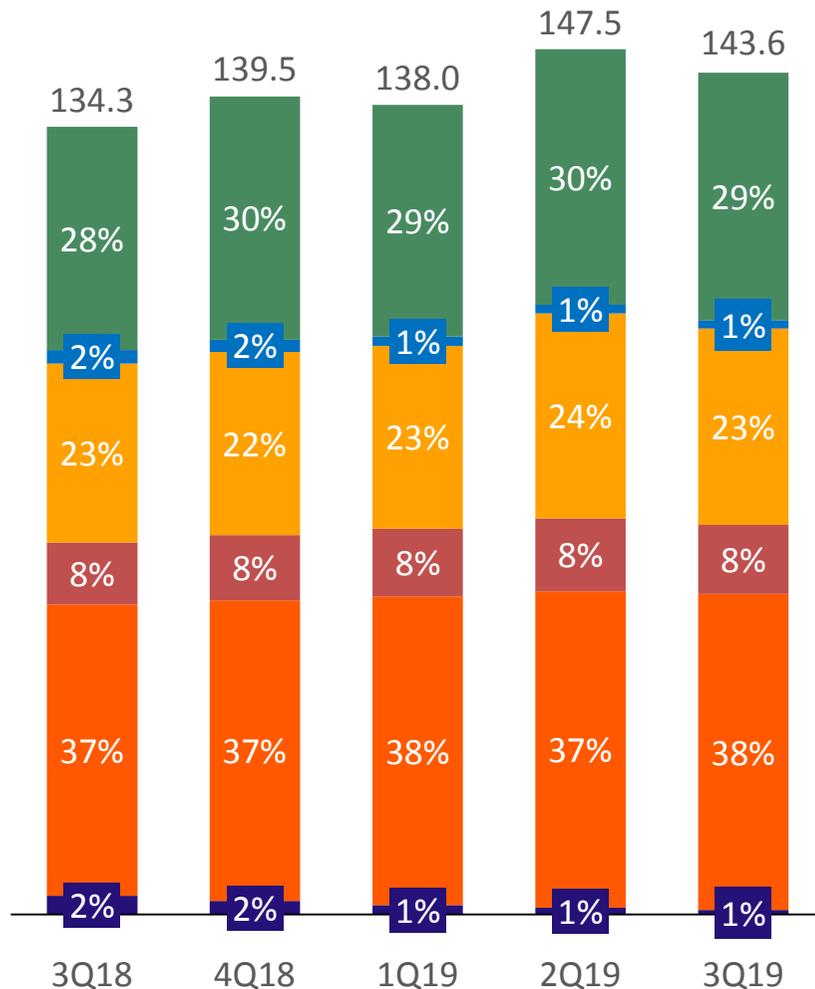
## Market and Operational Risk Charges (%)

%	3Q18	4Q18	1Q19	2Q19	3Q19
<b>CAR w/ Credit Risk</b>	<b>28.3</b>	<b>28.1</b>	<b>27.8</b>	<b>27.1</b>	<b>28.4</b>
<b>Market Risk Charge</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>(0.2)</b>	<b>(0.2)</b>
<b>Operational Risk Charge</b>	<b>(5.9)</b>	<b>(5.8)</b>	<b>(5.8)</b>	<b>(5.3)</b>	<b>(5.7)</b>
<b>CAR Consolidated</b>	<b>22.3</b>	<b>22.2</b>	<b>22.0</b>	<b>21.7</b>	<b>22.5</b>

- The capital level was significantly above the minimum regulatory requirement.



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



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

Rp bn	9M18	9M19	YoY	QoQ
Enterprise <sup>2)</sup> & FI	38,116	42,232	11%	-3%
ABF	2,266	1,438	-37%	0%
SME	30,536	33,427	9%	-4%
Consumer	10,550	11,840	12%	-5%
Mortgage	7,318	8,963	22%	1%
Others <sup>3)</sup>	3,232	2,877	-11%	-20%
Adira Finance	49,653	53,865	8%	0%
<b>Total excl Micro</b>	<b>131,121</b>	<b>142,803</b>	<b>9%</b>	<b>-2%</b>
SEMM (Micro)	3,209	754	-77%	-34%
<b>Total</b>	<b>134,330</b>	<b>143,557</b>	<b>7%</b>	<b>-3%</b>

1) Includes portfolio from recent merger with BNP.

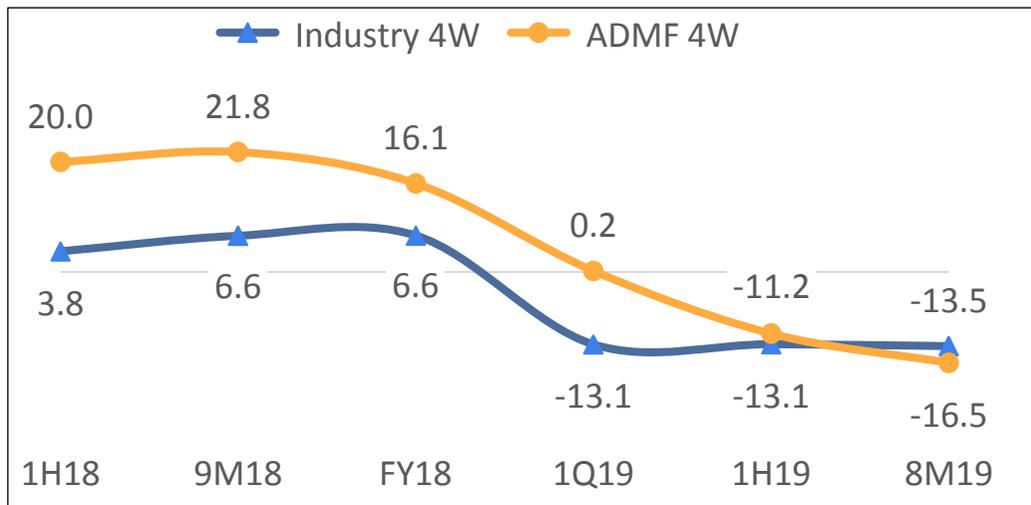
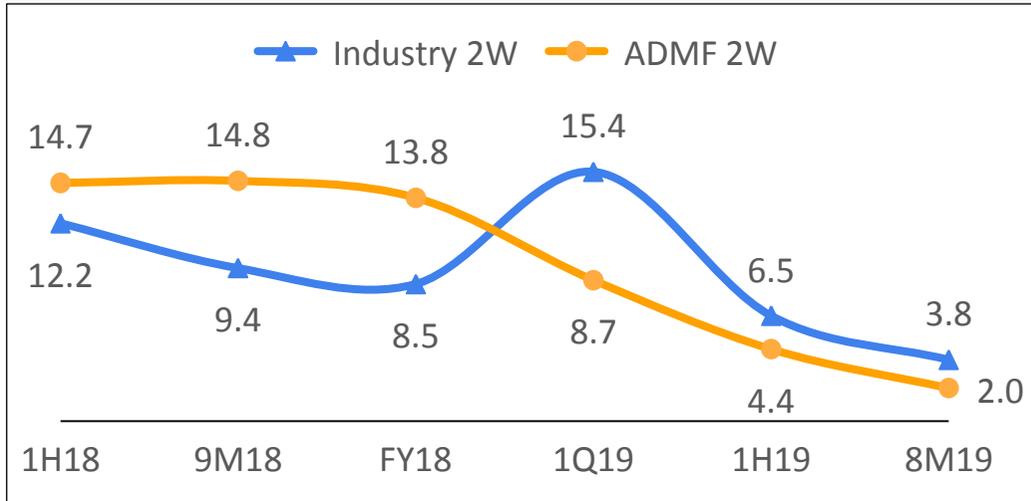
Trade finance includes related marketable securities.

2) Enterprise Banking: Commercial and Corporate.

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

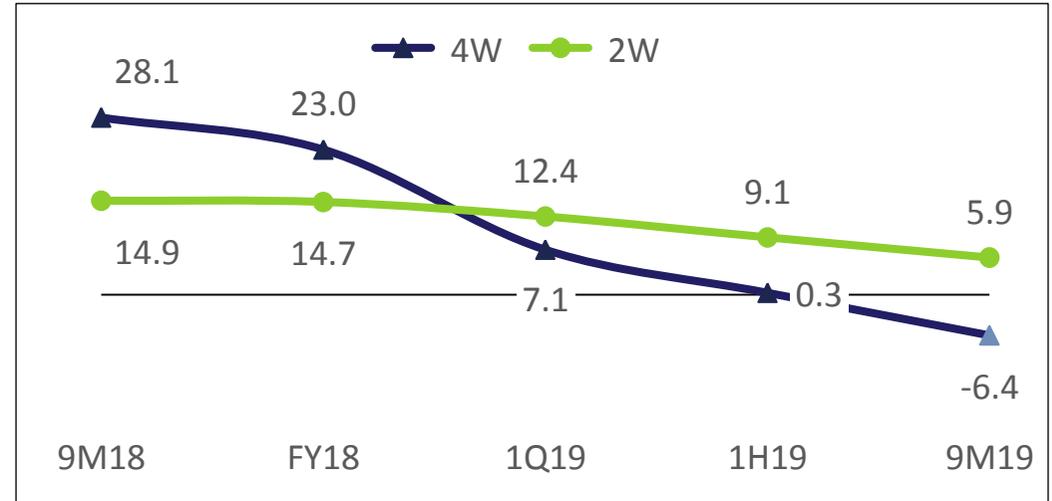
# 8% YoY growth for ADMF despite industry slow down

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



Note: Industry data from AISI and Gaikindo.

## ADMF New Financing amount (% YoY growth)

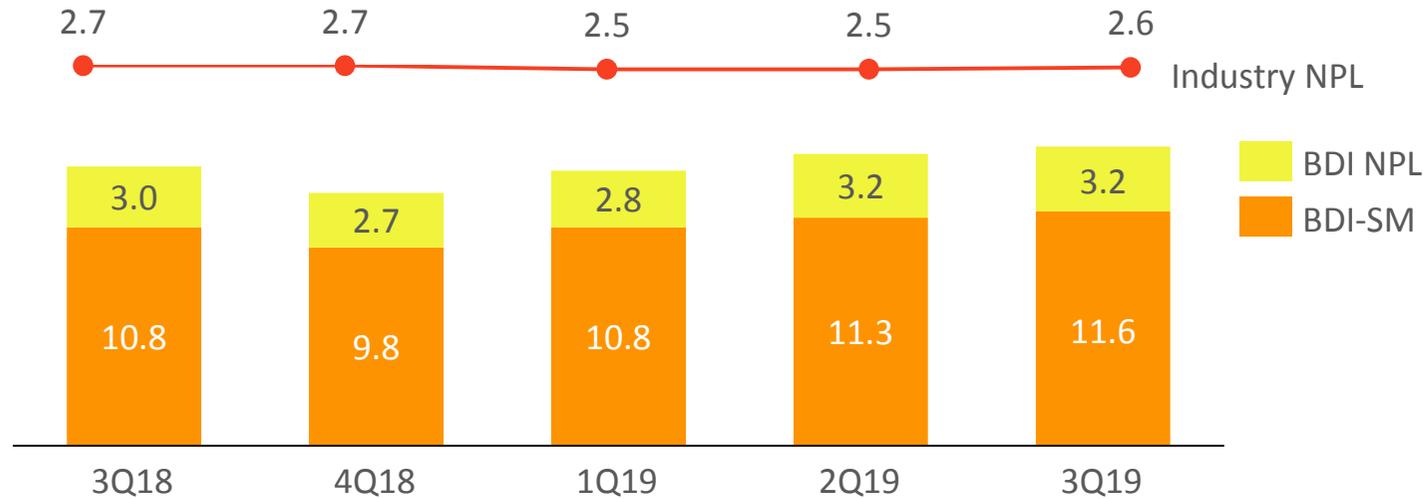


## ADMF Outstanding Loans

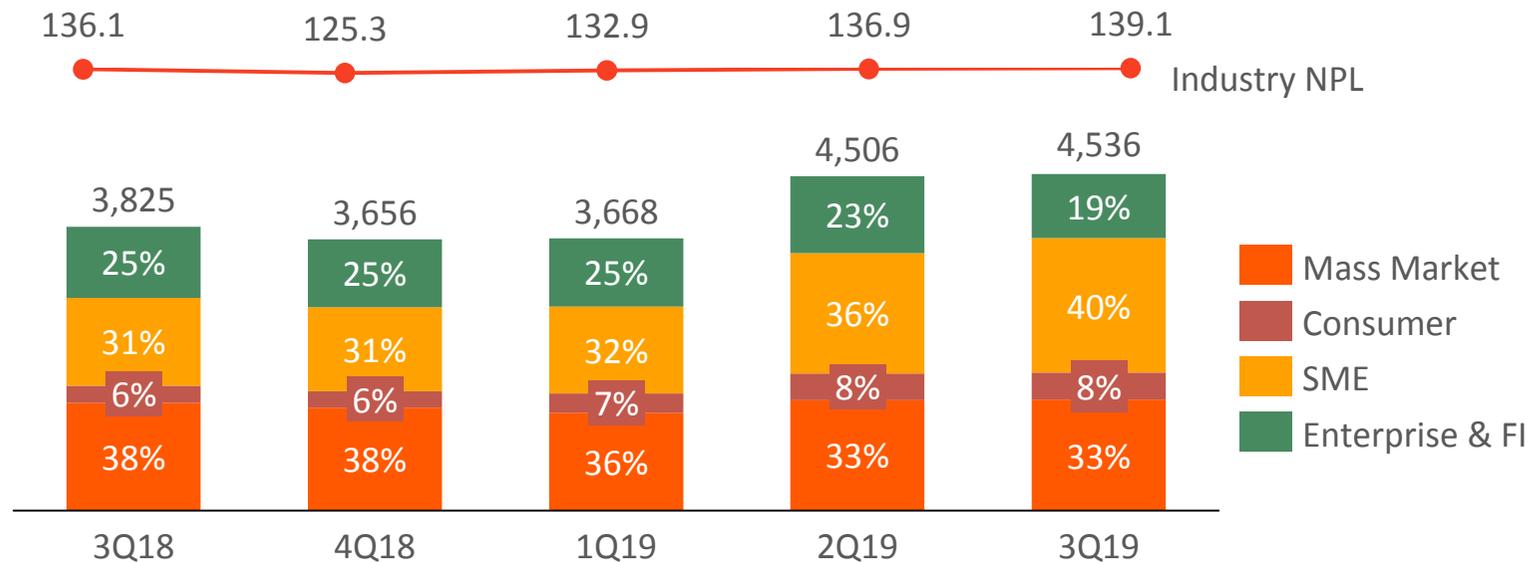
Rp bn	9M18	9M19	YoY	1H19	QoQ
2W auto loans*	22,030	24,405	11%	24,149	1%
4W auto loans*	25,711	27,735	8%	27,920	-1%
White goods and others*	1,913	1,725	-10%	1,856	-7%
<b>Adira Finance</b>	<b>49,654</b>	<b>53,865</b>	<b>8%</b>	<b>53,925</b>	<b>0%</b>

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

## Loan Collectability (% of Total Loans)



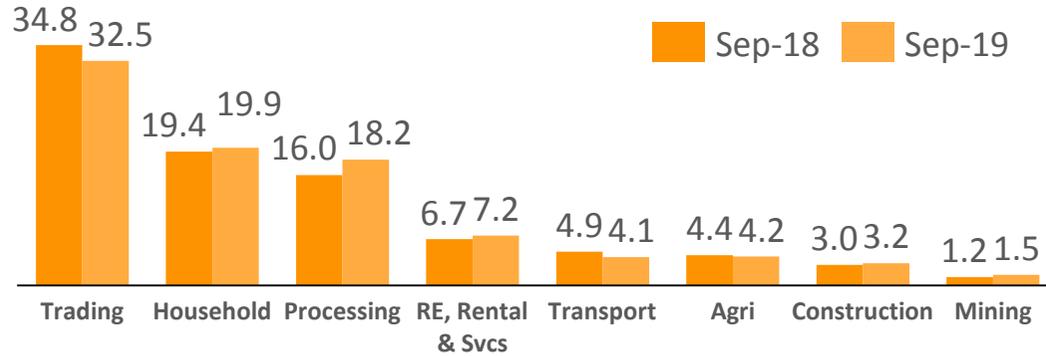
## NPL amount (Rp bn) and Composition (% of Total NPL)



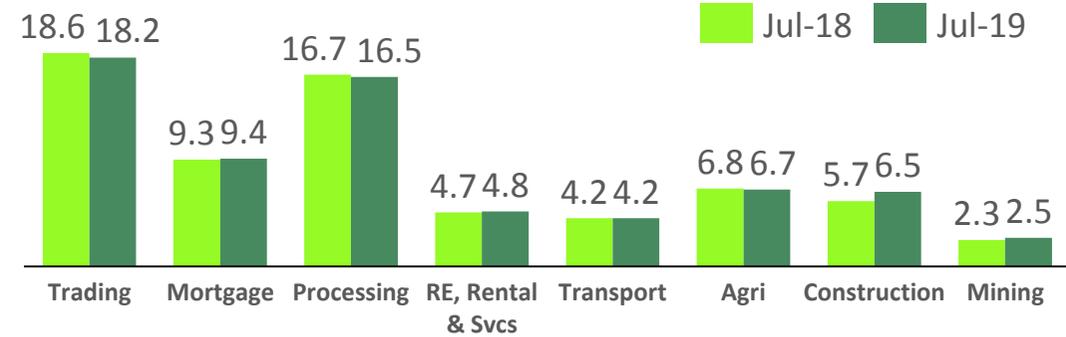
Source : Industry NPL based on SPI as of July 2019

# Continuous monitoring of asset quality in key sectors

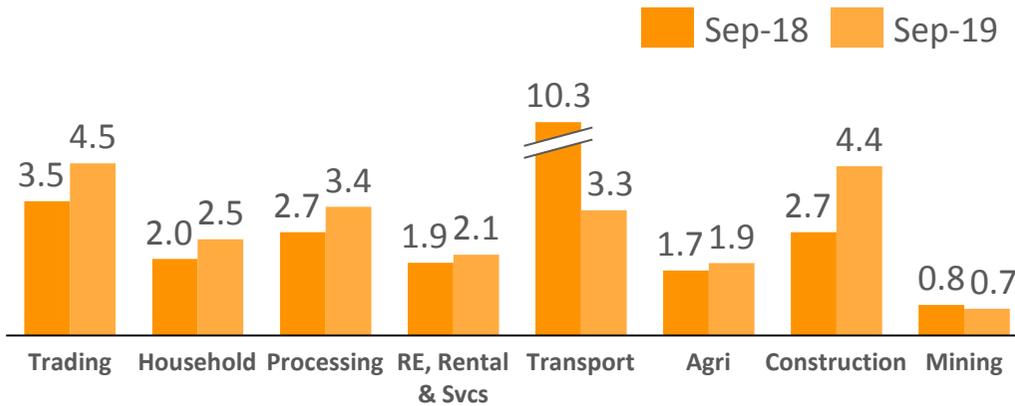
**BDI Loans by Sector (% of total loans)**



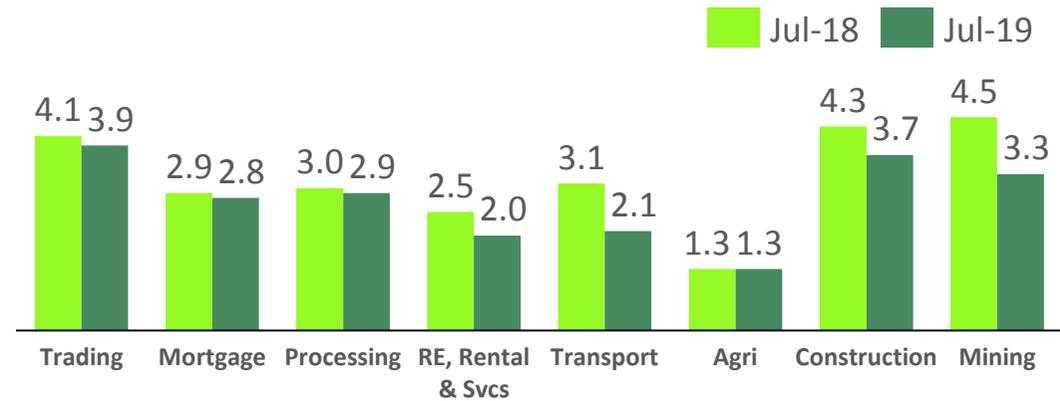
**Industry Loans by Sector (% of total loans)**



**BDI NPL by Sector (%)**



**Industry NPL by Sector (%)**

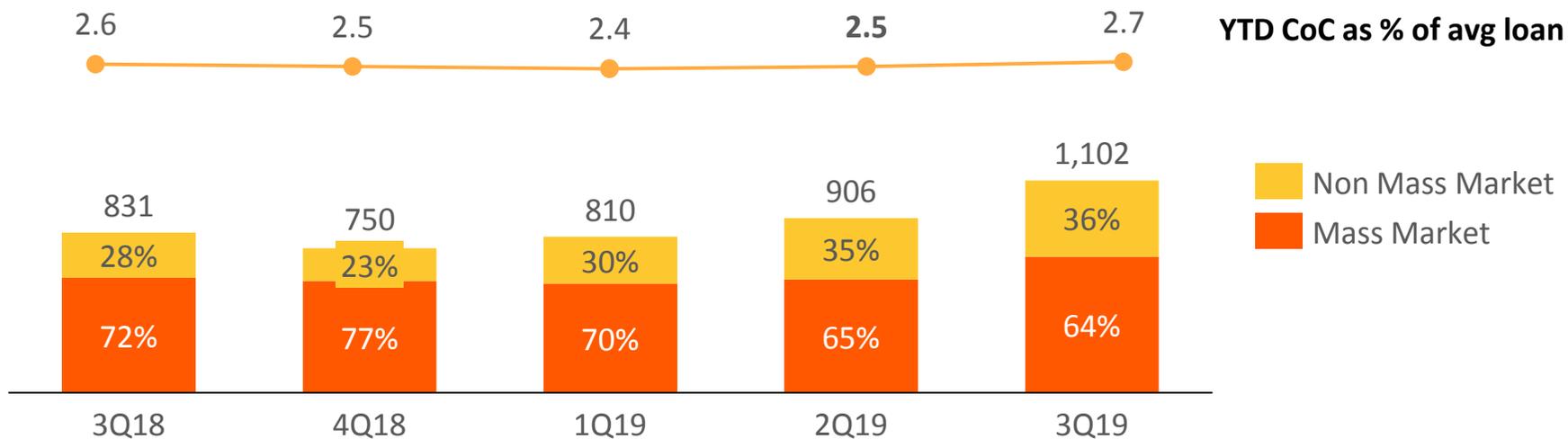


• Previous periods' legacy NPL from Transportation has been written off.

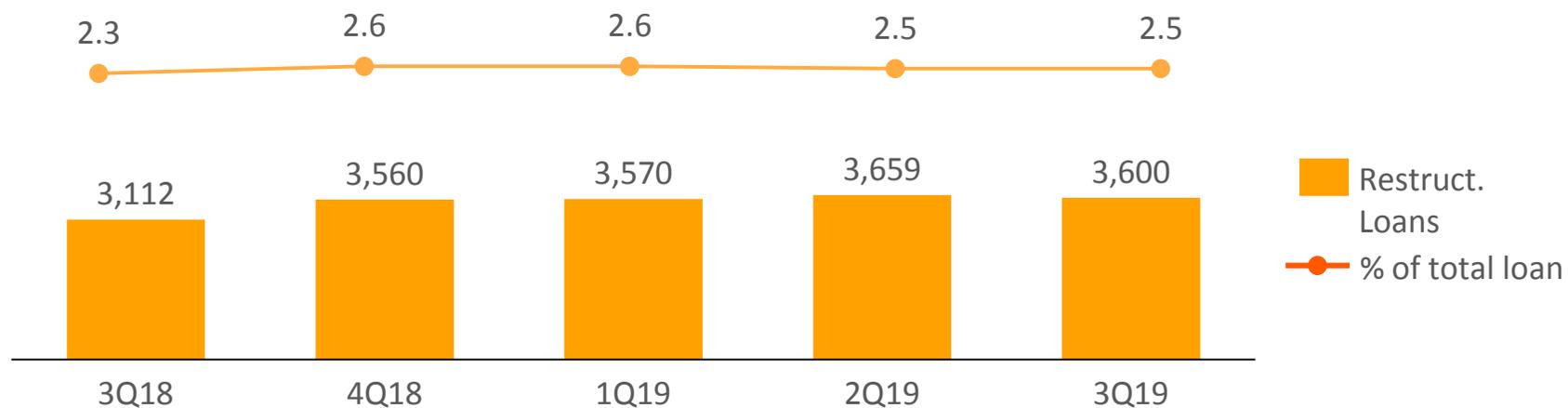
Source: SPI Jul'19

# Manageable CoC and restructured loans

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

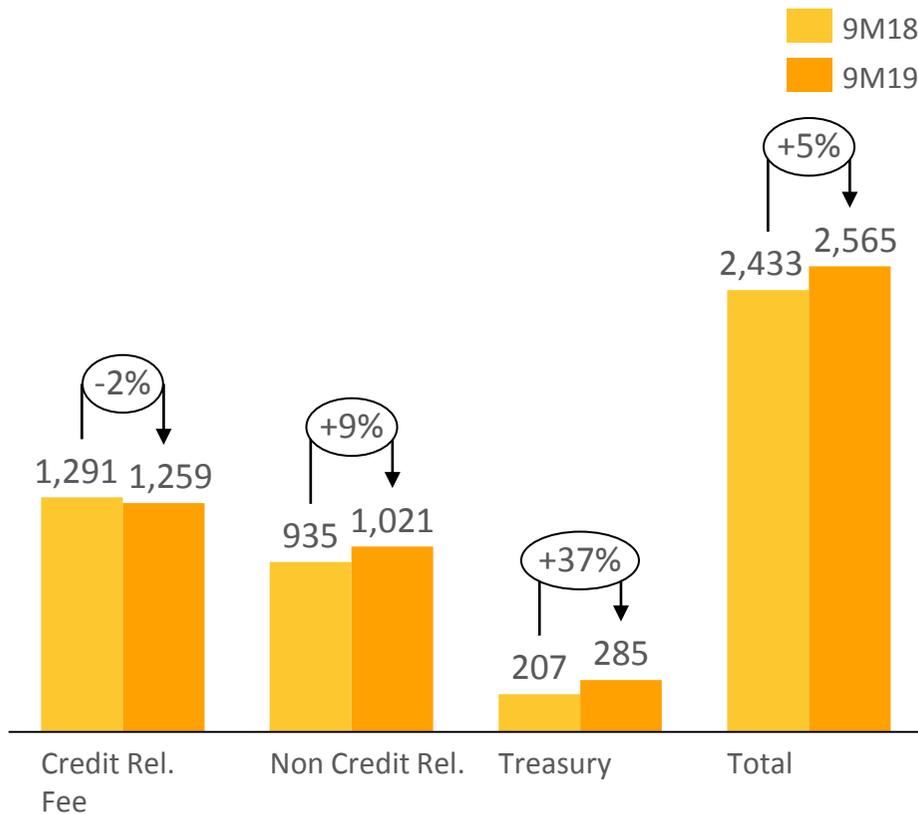


## Restructured Loans (% of Total Loans and Rp bn)

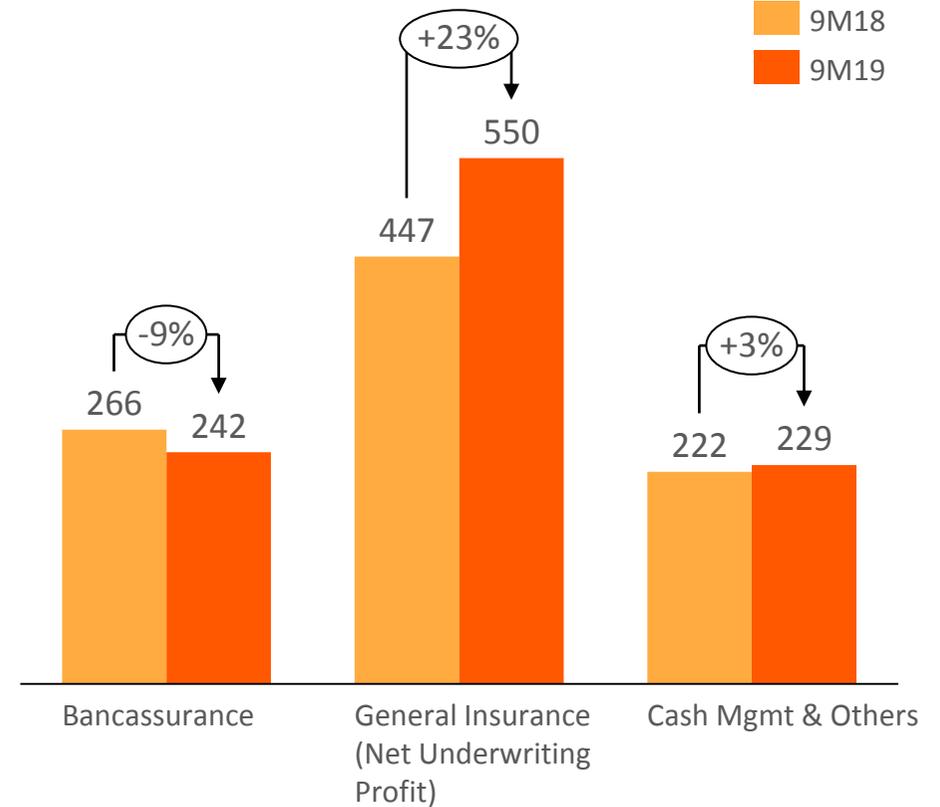


# YoY Fee Income increase from General Insurance, Treasury and Cash Management

## Fee Income (Rp bn)



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



# THANK YOU

Investor Relations

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## Distributor Financing (1)



*19<sup>th</sup> of July, 2019*

Signing ceremony with PT Istana Bandung Raya Motor, main dealer of HONDA, for collaboration agreement for Distributor Financing.

## Distributor Financing (2)

*30<sup>th</sup> of June, 2019*

Signing ceremony with PT Perfetti Van Melle Indonesia, Italian large FMCG company, for collaboration agreement for Distributor Financing.



Mortgage Loan (1)



*19<sup>th</sup> of September, 2019*

Signing ceremony with PT BSD Diamond Development, a joint venture of **Mitsubishi Corporation and Sinar Mas Land** for MOU for **Mortgage Loan**.

Mortgage Loan (2)

*28<sup>th</sup> of June, 2019*

Signing ceremony with **Damai Putra Group and Nishitetsu Group** (PT Sayana Damai Putra) for MOU for **Mortgage Loan**.



## Strategic Partnership (1)

*28<sup>th</sup> of June, 2019*

Announcement of the **strategic partnership with MUFG Innovation Partners** (MUFG's Venture Capital) **to support the growth of FinTech industry in Indonesia.**



## Strategic Partnership (2)



*25<sup>th</sup> of June, 2019*

Signing ceremony with **leading P2P lending provider, Investree** (PT Investree Radhika Jaya) to provide **lender funding account and direct debit service.**