



# **P T Bank Danamon Indonesia Tbk**

## **Analyst Briefing 1Q-2020**

Jakarta, 30 April 2020

# Profit growth of 33% YoY despite cautious stance due to COVID 19 going forward

## Growth in key engines

- Loan portfolio and Trade Finance grew 6% YoY.
- Enterprise Banking loans increased 22% YoY.
- Cautious stance on loan growth going forward due to COVID 19 impact.

## Funding Growth

- CASA grew 17% YoY, comprised of growth in CA by 21% and SA by 15% YoY.
- Granular funding (CASA and TD Regular) increased by 14% YoY.
- CASA ratio reached 49.9%.

## Asset Quality

- NPL ratio at 3.4, secured by higher NPL coverage ratio at 129.3%
- Additional provisioning taken in 4Q19 and 1Q20 help strengthen balance sheet.
- Restructured loans ratio improved 20bps YoY at 2.4% of total loans.

## Profitability

- PPOP increased 34% YoY while CIR improved to 42.9% boosted by better non-interest income.
- 1Q20 NPAT stood at Rp 1.25 tn, growing 33% YoY.
- ROA and ROE improved to 2.5% and 12.4%.

In Rp billion	1Q19	1Q20	YoY	4Q19	1Q20	QoQ
Total Assets	190,042	203,213	7%	193,534	203,213	5%
Total Loan Portfolio and Trade Finance <sup>1)</sup>	138,041	147,028	7%	144,253	147,028	2%
Total Loan Portfolio and Trade Finance excl. Run-Off Portfolio <sup>2)</sup>	136,423	144,471	6%	139,764	144,471	3%
Government Bonds	10,232	14,621	43%	14,227	14,621	3%
Total Funding	132,913	143,046	8%	136,140	143,046	5%
CASA	50,945	59,684	17%	55,829	59,684	7%
Time deposits	59,527	59,995	1%	56,465	59,995	6%
Borrowings and LT. Funding	22,441	23,367	4%	23,846	23,367	-2%
Equity	40,936	42,846	5%	44,937	42,846	-5%

1) Trade Finance includes related marketable securities.

2) Run-off portfolio : 1Q19 = Micro, 4Q19 - 1Q20 = ex-BNP portfolio+Micro

In billion IDR	1Q19	1Q20	YoY	4Q19	1Q20	QoQ
<b>Net Interest Income</b>	<b>3,541</b>	<b>3,800</b>	<b>7%</b>	<b>3,726</b>	<b>3,800</b>	<b>2%</b>
<i><b>Net Interest Income excl. Run-off portfolio<sup>1)</sup></b></i>	<b>3,507</b>	<b>3,774</b>	<b>8%</b>	<b>3,550</b>	<b>3,774</b>	<b>6%</b>
Non Interest Income	797	1,332	67%	1,117	1,332	19%
<b>Operating Income</b>	<b>4,338</b>	<b>5,132</b>	<b>18%</b>	<b>4,843</b>	<b>5,132</b>	<b>6%</b>
Operating Expenses	(2,157)	(2,201)	2%	(2,502)	(2,201)	-12%
<b>PPOP</b>	<b>2,181</b>	<b>2,931</b>	<b>34%</b>	<b>2,251</b>	<b>2,931</b>	<b>30%</b>
Cost of Credit	(810)	(1,148)	42%	(1,901)	(1,148)	-40%
<b>Operating Profit</b>	<b>1,371</b>	<b>1,784</b>	<b>30%</b>	<b>350</b>	<b>1,784</b>	<b>410%</b>
Non operating income/(expense)	(54)	(40)	26%	1,955 <sup>2)</sup>	(40)	-102%
<b>NPAT</b>	<b>933</b>	<b>1,245</b>	<b>33%</b>	<b>1,476</b>	<b>1,245</b>	<b>-16%</b>

1) Run-off portfolio : 1Q19 = Micro, 4Q19 - 1Q20 = ex-BNP portfolio+Micro

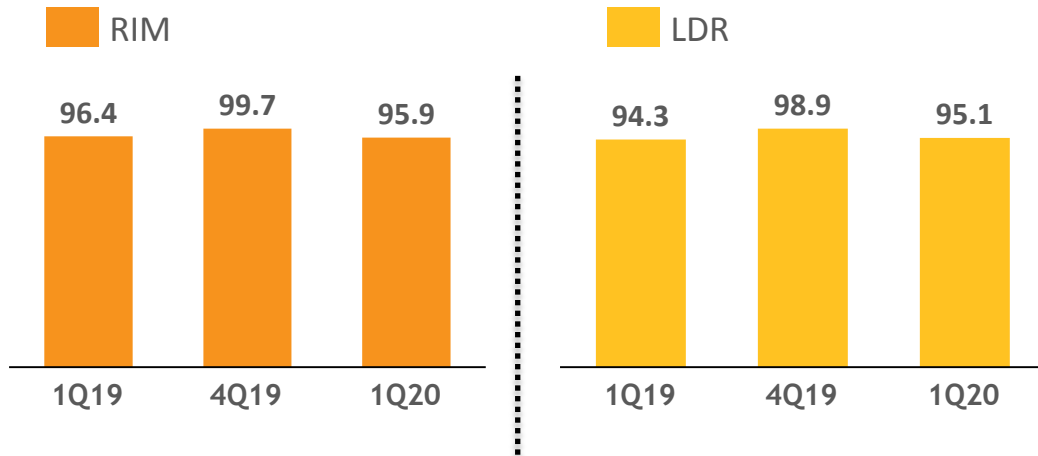
2) Include gain from divestment of Adira Insurance.

In %	1Q19	1Q20	YoY	4Q19	1Q20	QoQ
NIM	8.4	8.4	0.0	8.4	8.4	0.0
CoC	2.4	3.3	0.9	5.4	3.3	(2.2)
Risk-adjusted NIM	6.0	5.1	(0.9)	3.0	5.1	2.1
Cost to Income	49.7	42.9	(6.8)	51.7	42.9	(8.8)
CASA Ratio	46.1	49.9	3.8	49.7	49.9	0.2
RIM	96.4	95.9	(0.5)	99.7	95.9	(3.8)
NPL Gross	2.8	3.4	0.6	3.0	3.4	0.4
Loan Loss Coverage (LLC)	114.0	129.3	15.3	112.6	129.3	16.7
Loan at Risk <sup>1)</sup> Coverage	21.8	27.2	5.4	23.7	27.2	3.5
ROAA	2.0	2.5	0.5	3.0	2.5	(0.5)
ROAE	9.7	12.4	2.7	14.3	12.4	(1.9)
CAR – Consolidated	22.0	22.1	0.1	24.2	22.1	(2.1)

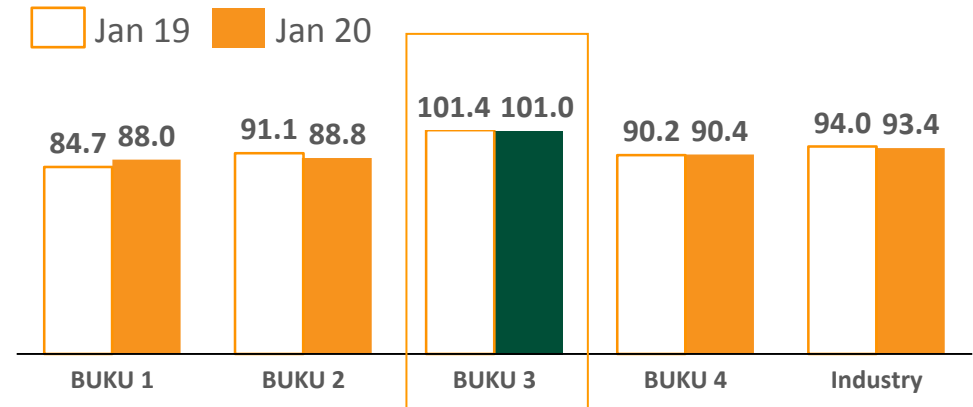
1) NPL + SM + Restructured Loan Coll. 1

# Growth on CASA coupled with ample liquidity

## RIM and LDR – Uplift Liquidity

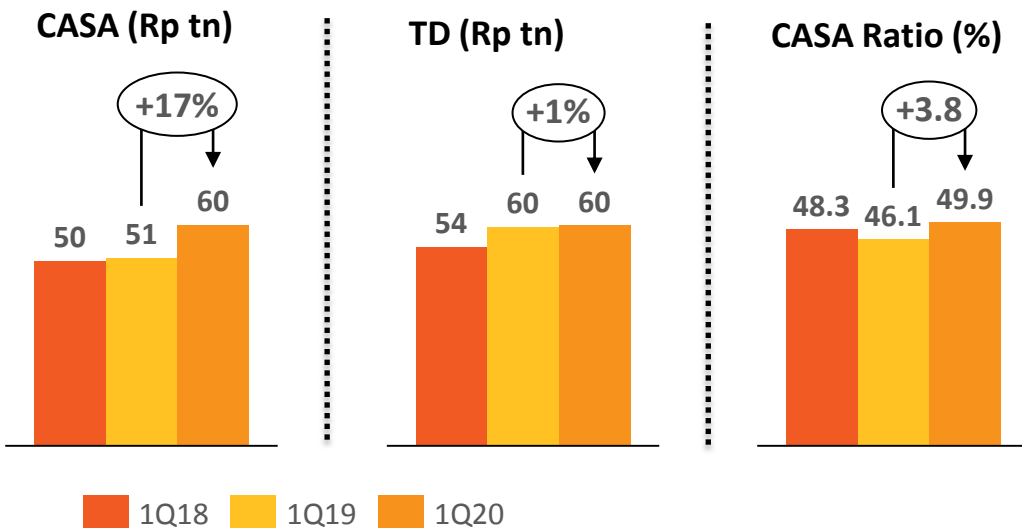


## LDR (%) by BUKU – BUKU 3 Banks posted the highest LDR

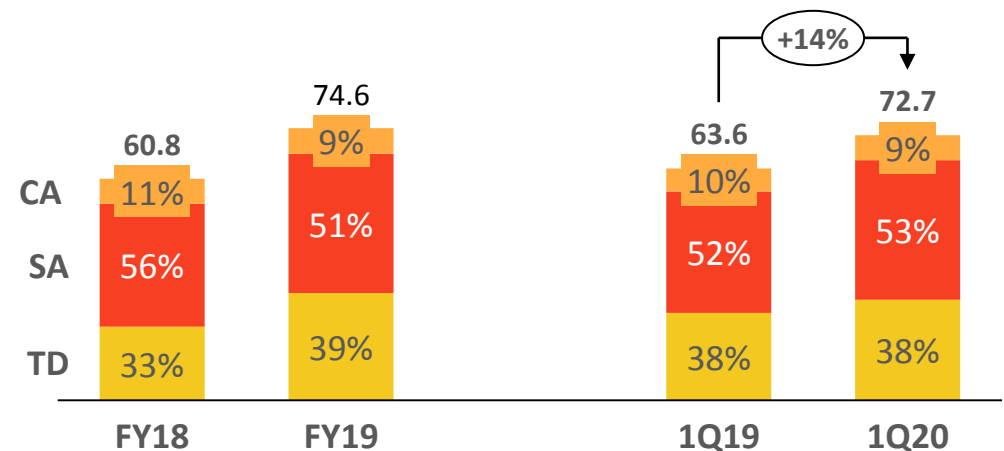


Source: SPI OJK Jan'20

## CASA , TD, & CASA Ratio – Improved CASA



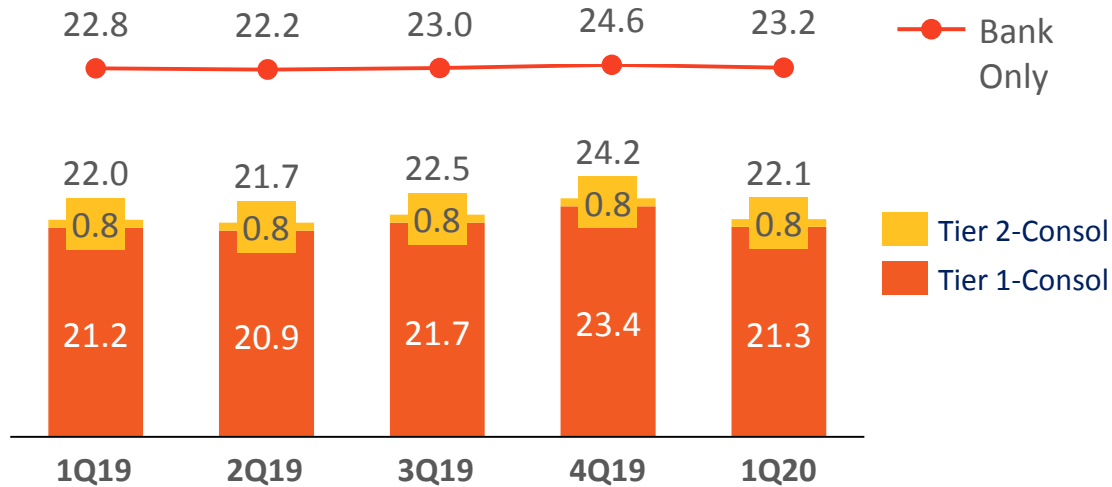
## Strong Focus on Granular Funding\* (Rp Tn)



\*CA, SA and regular TD from Consumer and SME banking

# Strong capital provides buffer against economic downturn

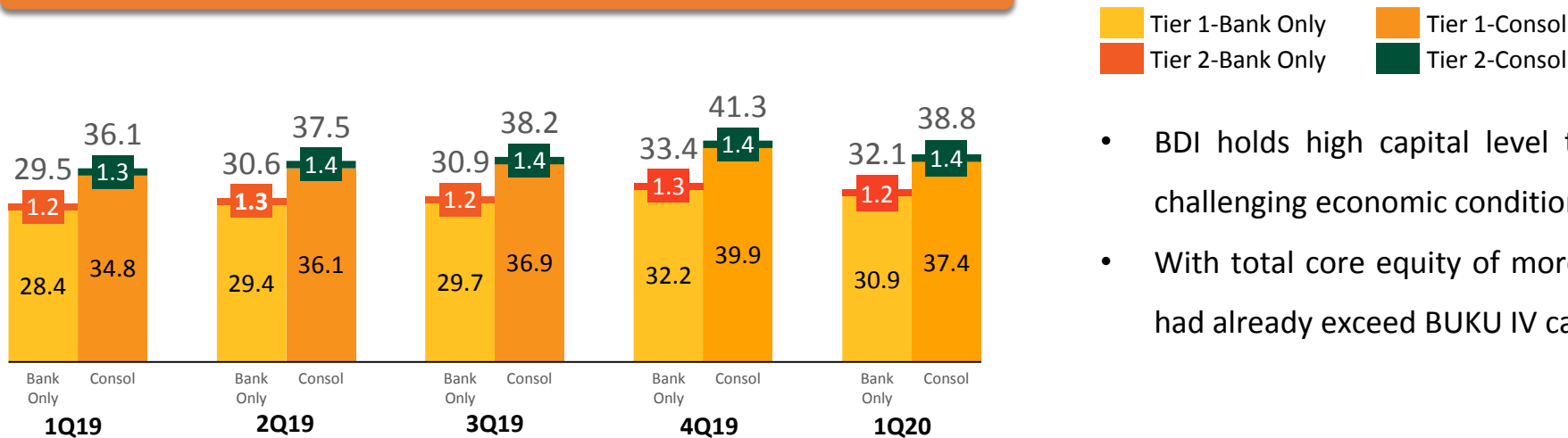
## Capital Adequacy Ratio (%)



## Market and Operational Risk Charges (%)

%	1Q19	2Q19	3Q19	4Q19	1Q20
CAR w/ Credit Risk	27.8	27.2	28.4	30.5	27.6
Market Risk Charge	-0.1	-0.2	-0.2	-0.2	-0.1
Operational Risk Charge	-5.7	-5.3	-5.7	-6.1	-5.4
CAR Consolidated	22.0	21.7	22.5	24.2	22.1

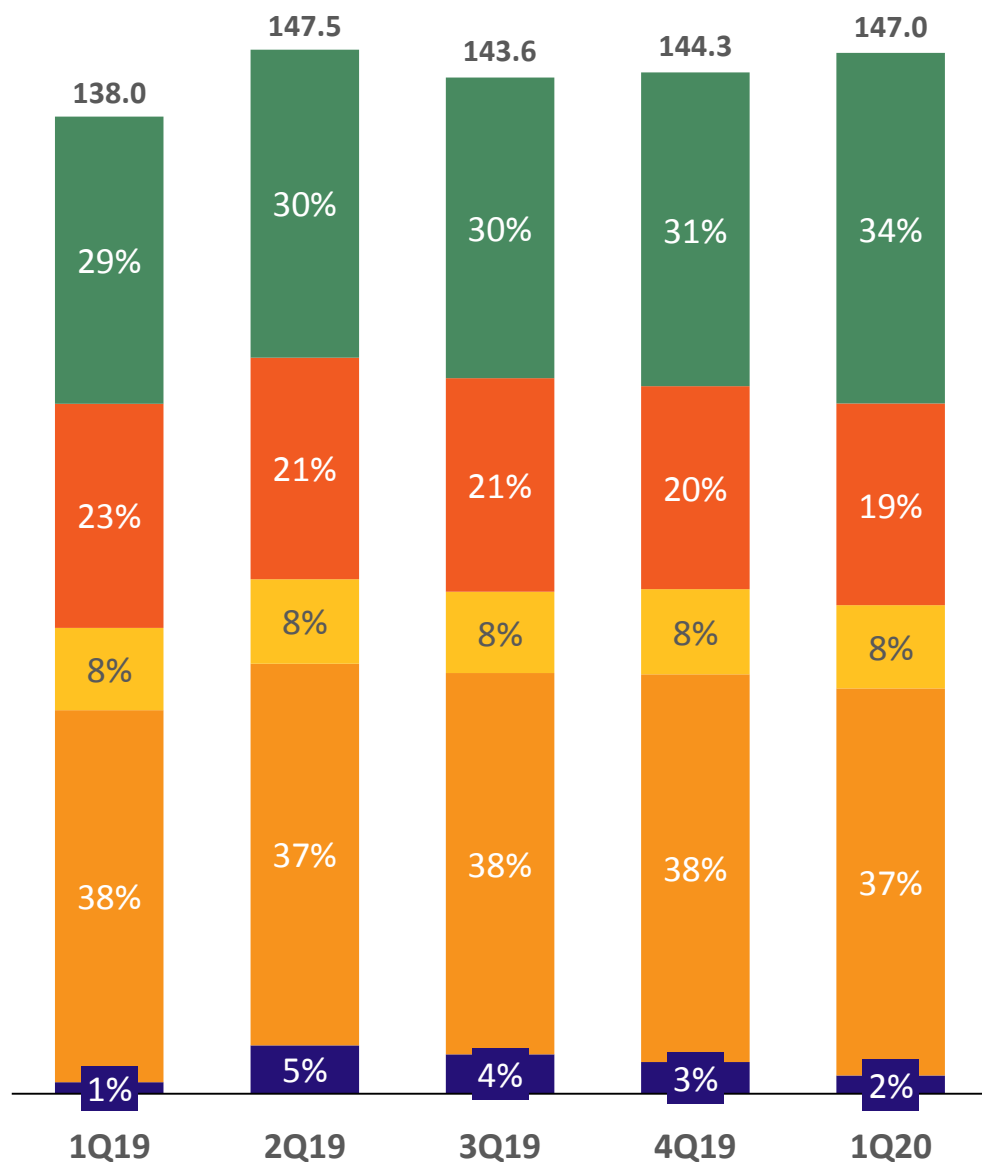
## Tier 1 and Tier 2 Consolidated Capital Ratio



- BDI holds high capital level to withstand against challenging economic conditions.
- With total core equity of more than 30Tn IDR, BDI had already exceed BUKU IV capital requirement.

# Prudent growth with cautious stance going forward

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



Growth of Loan Portfolio & Trade Finance<sup>1)</sup> (Rp bn)

Rp bn	1Q19	1Q20	YoY	QoQ
Enterprise <sup>2)</sup> & FI	40,569	49,529	22%	12%
SME	31,664	28,471	-10%	-1%
Consumer	11,609	11,792	2%	-2%
Mortgage	8,319	8,853	6%	-1%
Others <sup>3)</sup>	3,290	2,939	-11%	-4%
Adira Finance	52,581	54,679	4%	0%
Total excl run-off portfolio <sup>4)</sup>	136,423	144,471	6%	3%
Run-off portfolio <sup>4)</sup>	1,618	2,557	58%	-43%
Total	138,041	147,028	7%	2%

1) Trade finance includes related marketable securities.

2) Enterprise Banking: Commercial and Corporate.

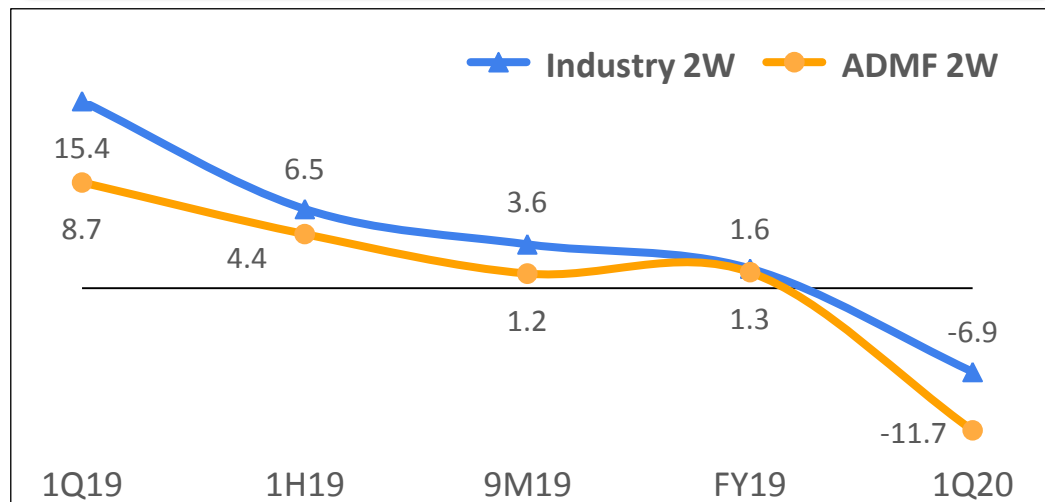
3) Unsecured Personal Loan, Credit Card, and Other.

4) Run-off portfolio : 1Q19 = Micro, 1Q20 = ex-BNP portfolio+Micro

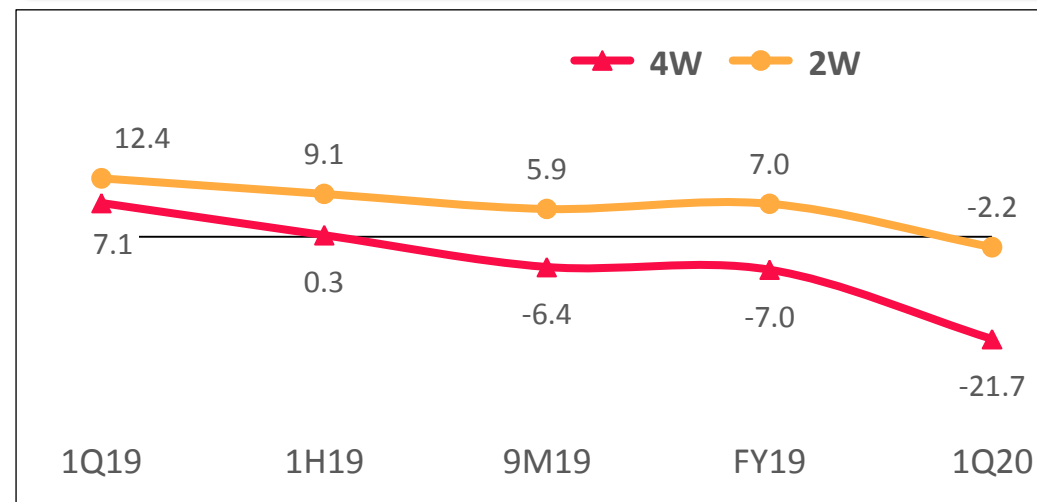


# Tightening of auto loan's credit underwriting amidst industry slowdown

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

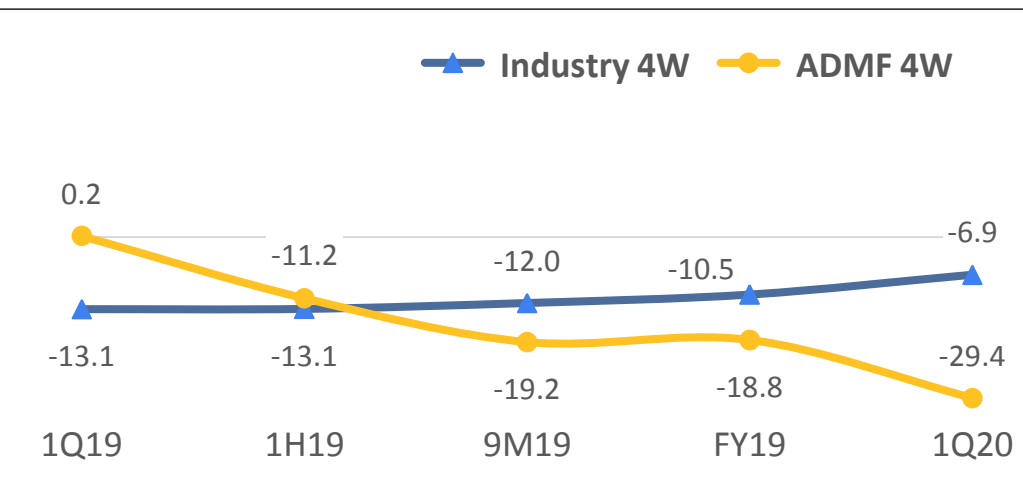


**ADMF New Financing amount**  
(% YoY growth)



**ADMF Outstanding Loans**

<i>Rp bn</i>	1Q19	1Q20	YoY	FY19	QoQ
2W auto loans	22,776	25,748	11%	25,735	0%
4W auto loans	26,638	27,858	1%	27,378	2%
White goods and others	1,882	1,073	-42%	1,643	-35%
<b>Total Loans</b>	<b>51,296</b>	<b>54,679</b>	<b>4%</b>	<b>54,756</b>	<b>0%</b>

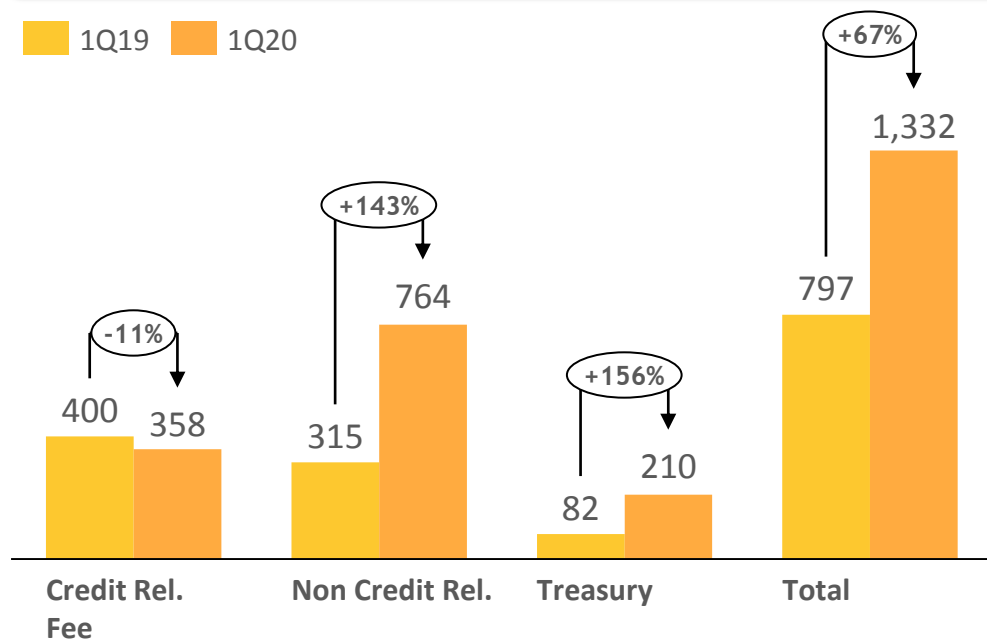


Note: Industry data from AISI and Gaikindo.

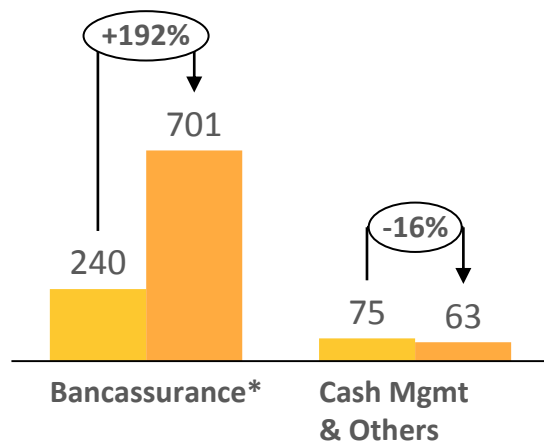
# Improvement in non-interest income for sustainable business growth

## Non-Interest Income (Rp bn)

1Q19 1Q20



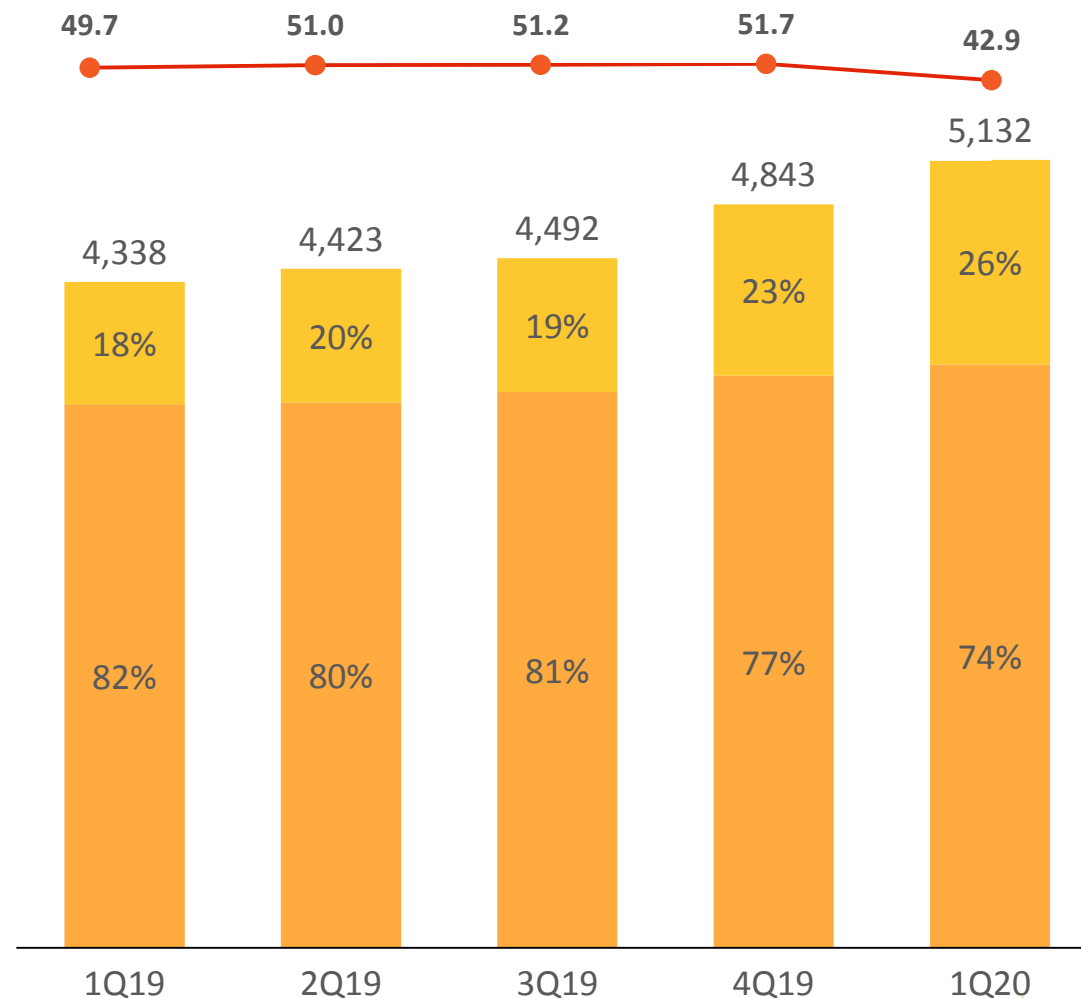
### Non-Credit Related Fee Income (Rp bn)



\* 1Q2019 include fee from general insurance (AI).

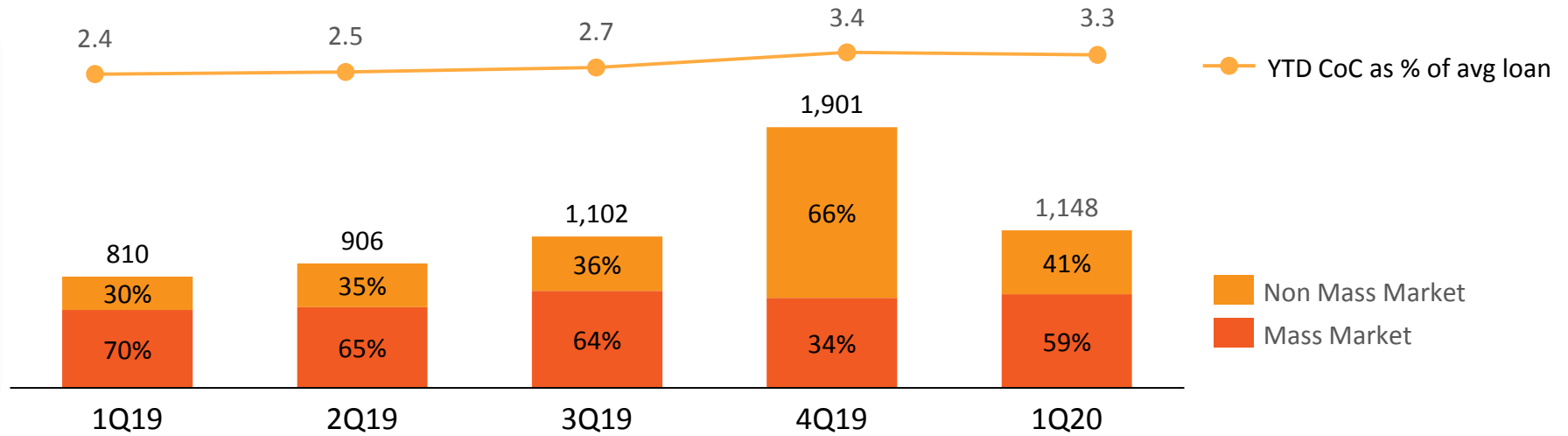
## Higher Non-Interest Income on revenue composition

Net Interest Income Non-Interest Income Cost to income ratio

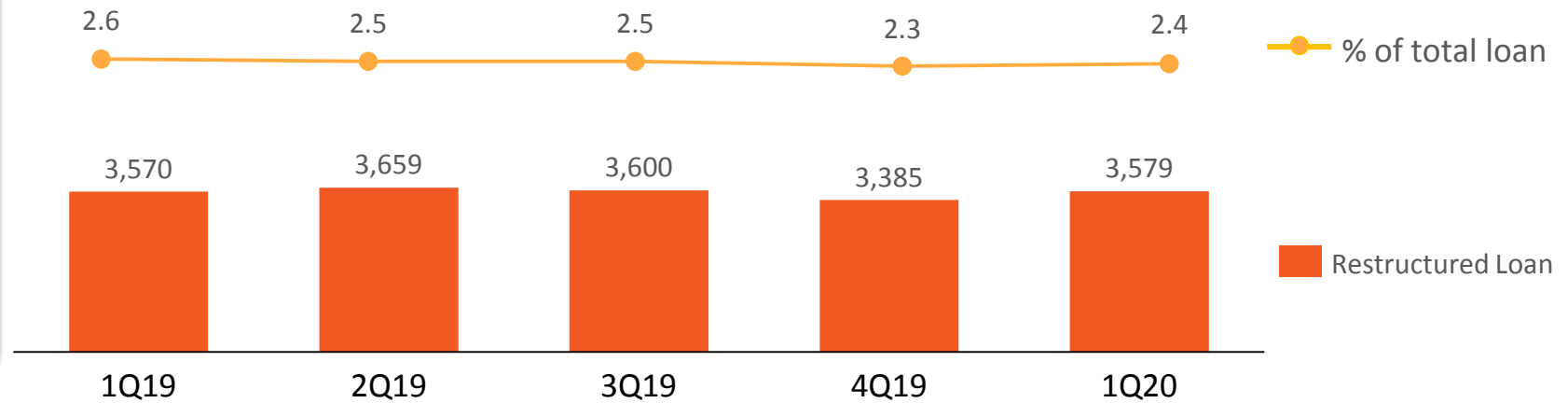


# Additional provisioning to boost coverage. Stable restructured loans

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



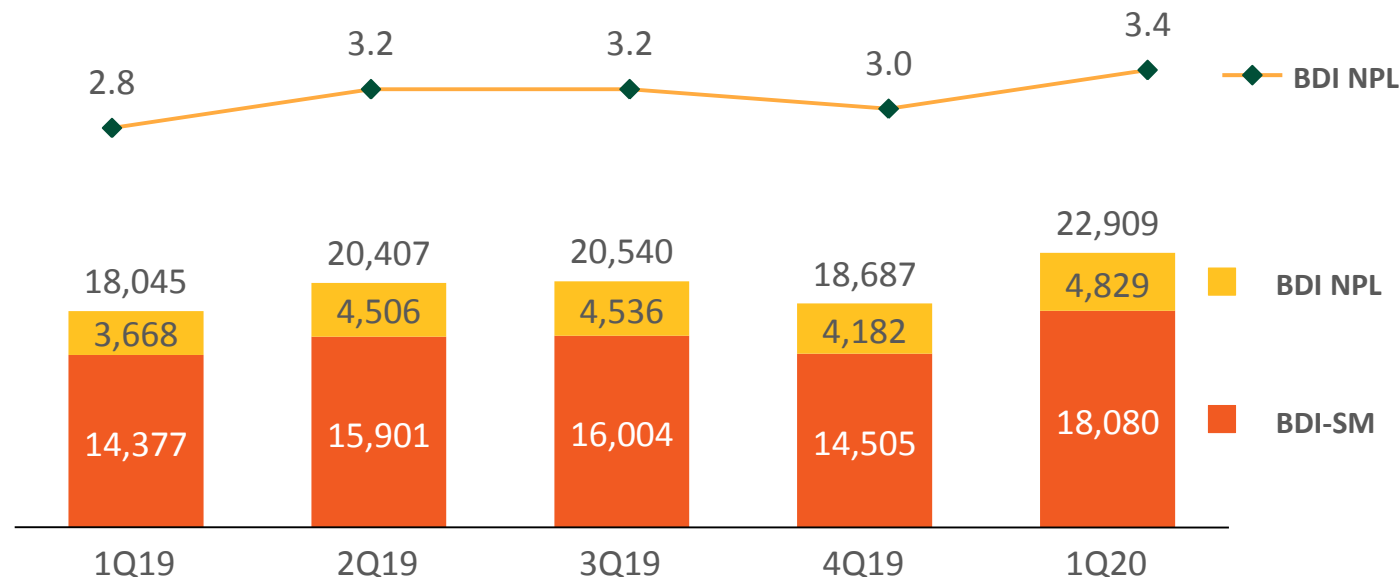
Restructured  
Loans  
(% of Total  
Loans and Rp  
bn)



# Manageable NPL secured by higher coverage

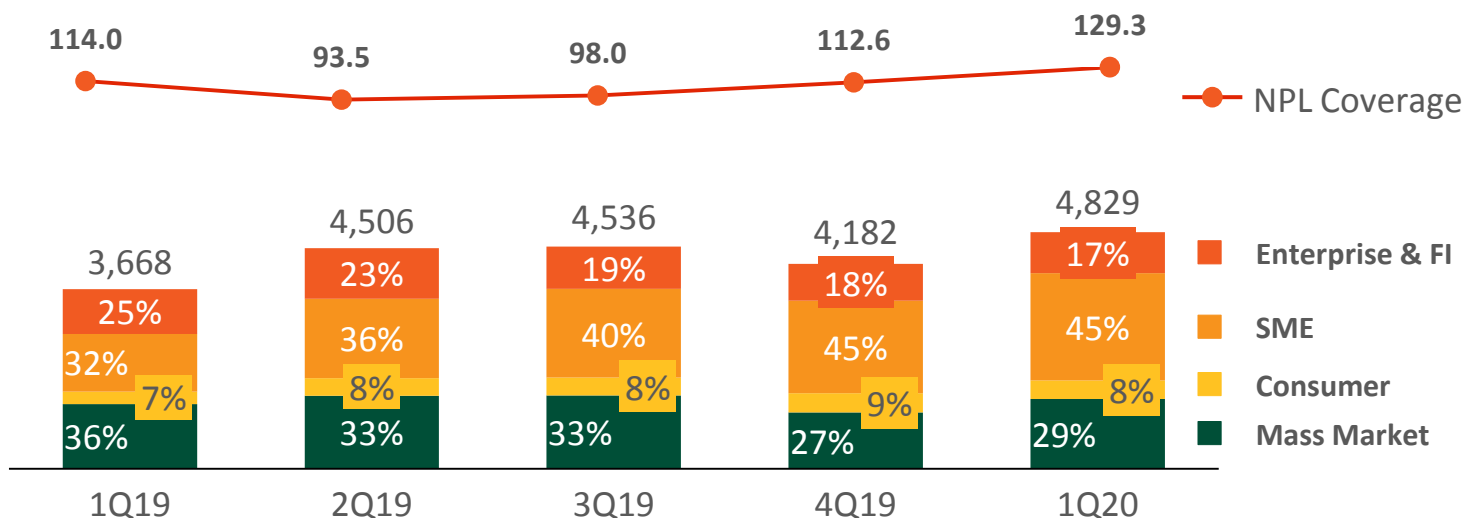
NPL % of Total Loans-  
Comparison  
with Industry

NPL and SM  
amount  
(Rp bn)



NPL Coverage  
Ratio (%)

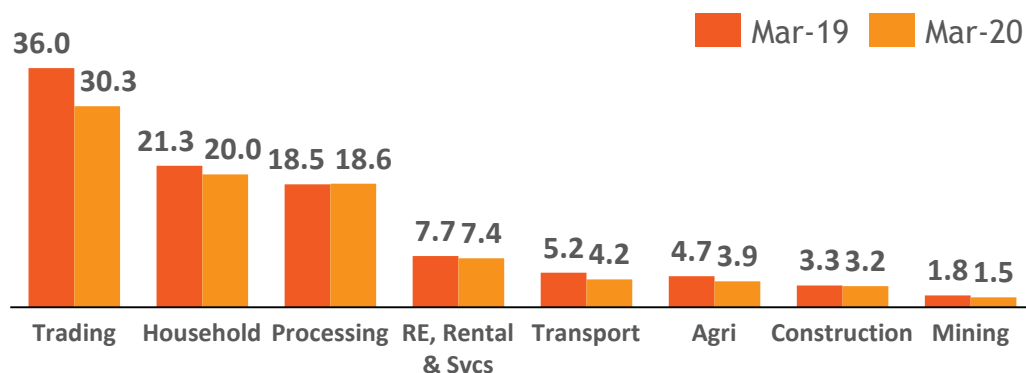
NPL amount  
(Rp bn)  
and  
Composition  
(% of Total  
NPL)



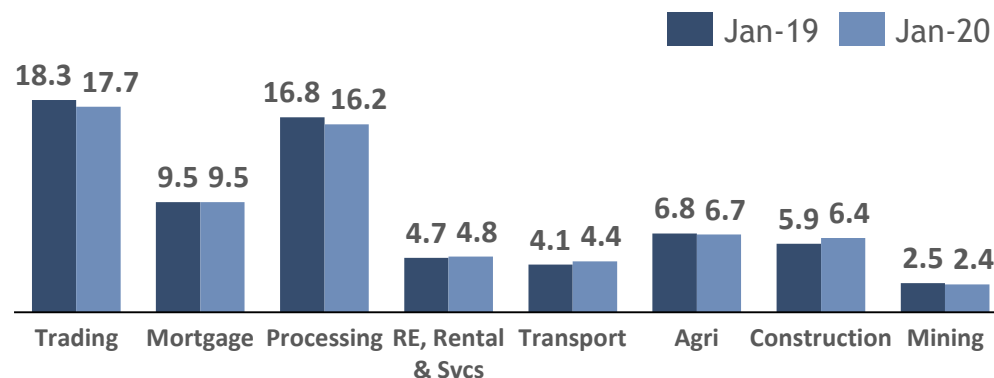
Source : Industry NPL based on SPI as of Jan 20

# Continuous monitoring of asset quality in key sectors

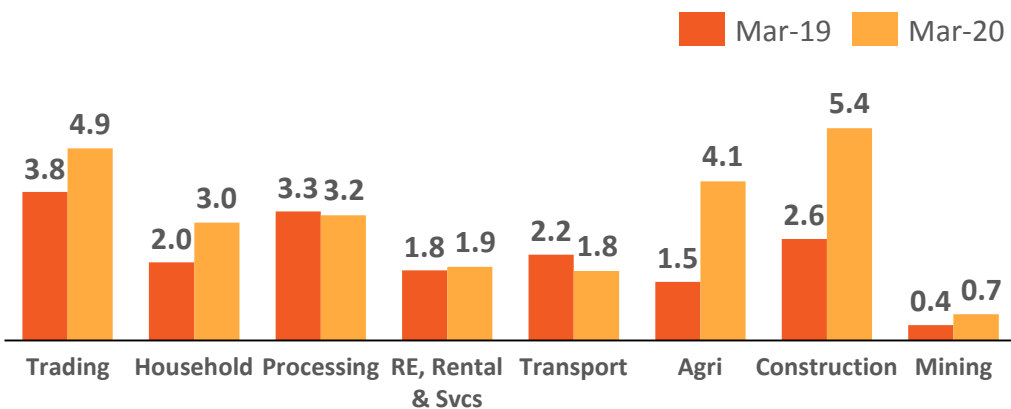
## BDI Loans by Sector (% of total loans)



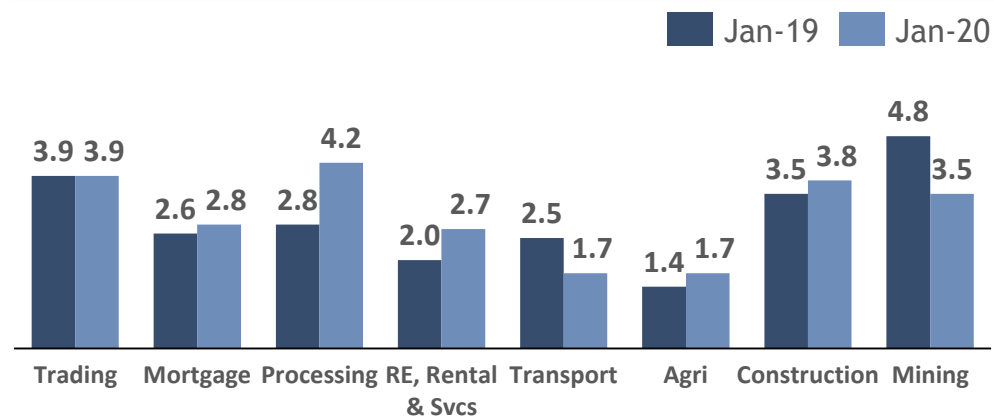
## Industry Loans by Sector (% of total loans)



## BDI NPL by Sector (%)



## Industry NPL by Sector (%)



\*NPL ratio increment in Agri and Construction sector mainly came from SME. However loan in those industries only represent small portion of total loan portfolio.

Source : SPI –OJK Jan 20

## Indonesia Macro Assumption Update

	Unit	2020F-Baseline	2020F-COVID19
GDP growth	%	5.0	2.3
Inflation Rate	%	3.4	3.3
Real Consumption: Private	%	4.9	2.6
Unemployment rate	%	5.3	6.8
Credit growth	%	7.7	1.8
Exchange rate (avg)	IDR/USD	14,187	16,878

## Current Condition

- As of **1Q20** no loans have been restructured under Covid19 stimulus, the process however has **started in Apr20**.
- Restructuring policy both from Bankwide and detail LoB level have been put in place since early April 20 **accommodating key points** addressed in **OJK stimulus**.
- As per 27 Apr, more than **130K** debtors with total **OS > IDR12tn** already requested for the relaxation mostly from **ADMF** and debtors under **SME/ informal sectors**. Approximately **40%** to **50%** of the applications were **approved**.

## Identified Impact Classification

Segment	Approach	Remarks
EB&FI	Industry	<ul style="list-style-type: none"> <li>Significant impact : Transportation and Accommodation.</li> <li>Moderate impact: Automotive, Construction, Garment, Steel, Textile.</li> <li>Mild impact : other 14 sectors</li> </ul>
Non EB&FI	Segment	<ul style="list-style-type: none"> <li>Significant impact : SME and ADMF</li> <li>Moderate impact : Consumer.</li> </ul>

Note : Transportation and Accommodation represents 5.3% of total loan portfolio.

## Stimulus Package-Restructured Loan

### CRITERIA

Priority sector	Hotel tourism, transportation, Automotive, Construction, Garment, Steel and Textile.
Credit quality	Loan collectability 1 and collectability 2 with past due no more than 7days as of 29 Feb 2020.
Other parameters	Significant deterioration in sales since Feb -20, major disruption on supply chain, and any other direct impact from changing situation due to COVID-19

### Type of restructuring

Mass market	<ul style="list-style-type: none"> <li>Temporary 6 months interest rate reduction; OR</li> <li>Payment deferment up to 6 months; OR</li> <li>Tenor extension up to 6 months.</li> </ul>
Non-mass market	Case per case scheme which include interest rate reduction/ deferment and payment deferment varies from 3 months up to 12 months.

# THANK YOU

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