



PT Bank Danamon Indonesia Tbk

Analyst Briefing FY2019

Jakarta, 19 February 2020



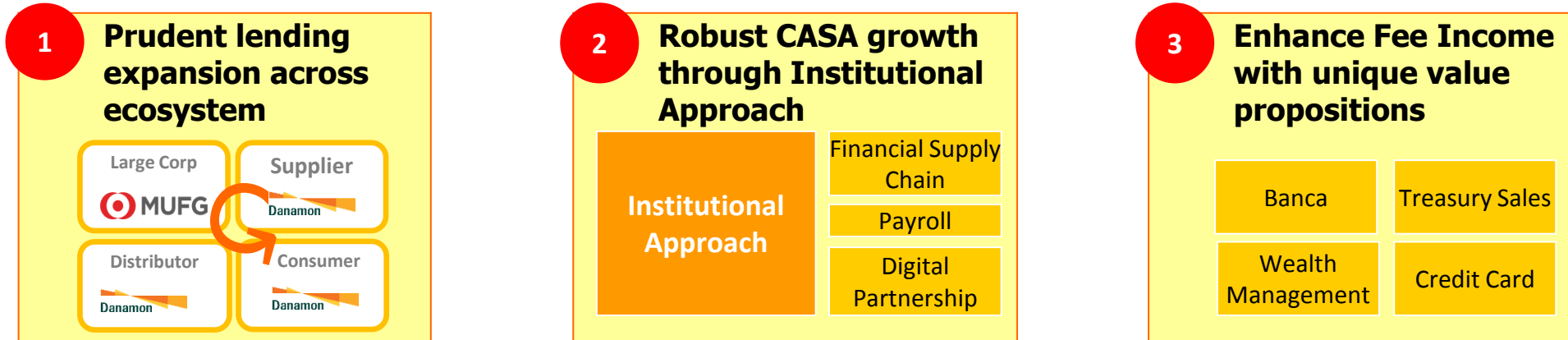
2020 Strategic Priorities and 2019 Achievements



FY19 Financial Highlights

Strategic priorities in 2020 will build upon efforts started in 2019

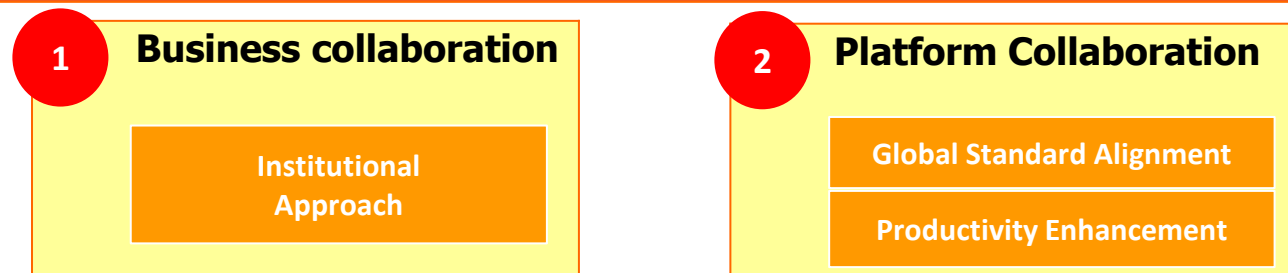
1 Business and Customer Expansion




2. Foundation Building



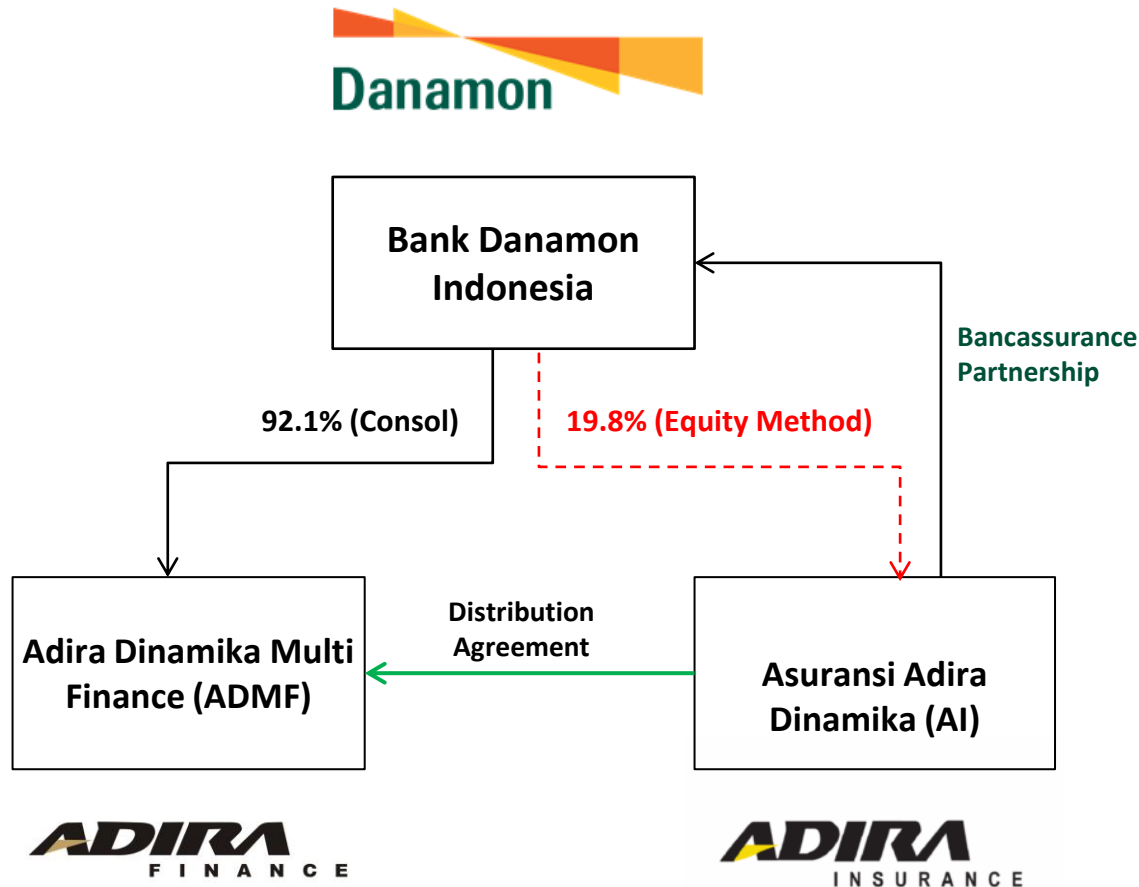
3. MUFG Collaboration



Early wins in developing robust capabilities across ecosystem

Ecosystem	Value Proposition	Early Wins in 2019	
Supplier 	<ul style="list-style-type: none"> Supplier Financing Cash Management 		<p>16th of December, 2019</p> <p>Signing ceremony with <u>PT Mercedes-Benz Distribution Indonesia</u> and <u>PT Daimler Commercial Vehicles Indonesia</u>, subsidiaries of Daimler AG in Indonesia for <u>Dealer Financing agreement</u>.</p>
Anchor  	<ul style="list-style-type: none"> Supplier/Distributor Financing Bilateral/Syndicated Loan Cash Management FX Sharia Financial Solutions 		<p>19th of July, 2019</p> <p>Signing ceremony with PT Istana Bandung Raya Motor, <u>main dealer of HONDA</u>, for collaboration agreement for <u>Distributor Financing</u>.</p>
Distributor 	<ul style="list-style-type: none"> Distributor Financing Cash Management 		<p>19th of September, 2019</p> <p>Signing ceremony with PT BSD Diamond Development, a joint venture of <u>Mitsubishi Corporation</u> and <u>Sinar Mas Land</u> for MOU for <u>Mortgage Loan</u>.</p>
Consumer/Employee 	<ul style="list-style-type: none"> Mortgage Loan Auto Loan Employee Benefit Program (Payroll, Insurance, Card, etc.) 		

New Danamon Group Structure



- In 4Q 2019 BDI sold 70% stake in Adira Insurance to Zurich Insurance, with total share price to Danamon of IDR 3.9 tn.
- Proceed from the transaction will be utilised to strengthen our core business as well as additional return to the shareholders.
- Bank Danamon will continue to work with Adira Insurance, as it remains a minority shareholder and has also entered into a general insurance partnership to distribute Adira Insurance products through the Danamon Group's distribution network



2020 Strategic Priorities and 2019 Achievements

FY19 Financial Highlights

Prudent lending growth supported by focus on granular funding

Growth in key engines

- Excluding Micro, Loan Portfolio and Trade Finance grew 5% YoY.
- Mortgage and Automotive portfolios registered healthy growth of 16% and 7% YoY, respectively.
- Loans in Enterprise Banking increased 6% YoY.

Funding Growth

- CASA grew 7% YoY, lead by Saving Accounts 13% YoY growth.
- Granular funding (CASA and TD Regular) increased by 23% YoY.
- CASA ratio reached 49.7%.

Asset Quality

- NPL ratio improved 20 bps QoQ to reach 3.0%.
- Additional provisioning taken in 4Q19 to strengthen balance sheet.
- Restructured loans ratio improved 30bps YoY to 2.3% of total loans.

Profitability

- NPAT stood at Rp 4.07 tn, the highest ever for Danamon.
- ROA remained steady at 2.1%.
- ROE stood at 10.3%.

In Rp billion	2018	2019	YoY	1Q19	2Q19	3Q19	4Q19	QoQ
Total Assets	186,762	193,534	4%	190,042	198,590	195,826	193,534	-1%
Total Loan Portfolio and Trade Finance ¹⁾	139,497	144,253	3%	138,041	147,510	143,557	144,253	0%
Total Loan Portfolio and Trade Finance ¹⁾ excl. Micro	137,219	143,759	5%	136,423	146,359	142,806	143,759	1%
Government Bonds	10,973	14,227	30%	10,232	9,602	13,636	14,227	4%
Total Funding	132,026	136,140	3%	132,913	142,651	137,700	136,140	-1%
CASA	52,064	55,829	7%	50,945	54,675	54,196	55,829	3%
Time deposits	58,494	56,465	-3%	59,527	63,047	59,420	56,465	-5%
Borrowings and LT. Funding	21,468	23,846	11%	22,441	24,929	24,084	23,846	-1%
Equity	41,311	44,937	9%	40,936	42,628	43,440	44,937	3%

1) Trade Finance includes related marketable securities.

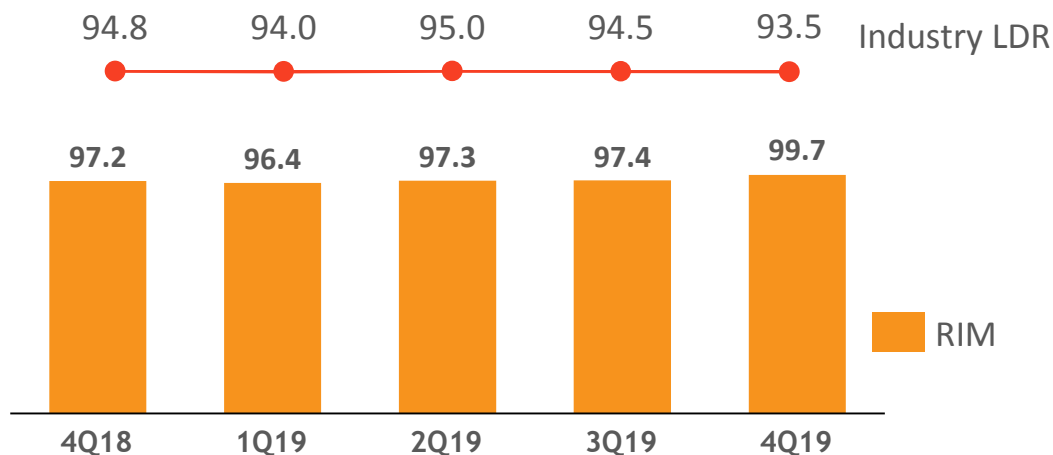
In billion IDR	2018	2019	YoY	1Q19	2Q19	3Q19	4Q19	QoQ
Net Interest Income	14,436	14,440	0%	3,541	3,552	3,621	3,726	3%
<i>Net Interest Income excl. micro</i>	14,017	14,369	3%	3,507	3,533	3,610	3,719	3%
Non Interest Income	3,275	3,679	12%	797	871	894	1,117	25%
Operating Income	17,711	18,119	2%	4,338	4,423	4,515	4,843	7%
Operating Expenses	(8,647)	(9,319)	8%	(2,157)	(2,257)	(2,403)	(2,502)	4%
PPOP	9,064	8,800	-3%	2,181	2,165	2,203	2,251	2%
Cost of Credit	(3,267)	(4,719)	44%	(810)	(906)	(1,102)	(1,901)	73%
Operating Profit¹⁾	5,797	4,081	-30%	1,371	1,259	1,101	350	-68%
Non operating income/(expense)	(255)	1,908 ²⁾	726%	(54)	(2)	9	1,955 ²⁾	21,622%
NPAT	3,922	4,073	4%	933	880	784	1,476	88%

1) 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 grouped in a separate line as net income from disposal group classified as held-for sale.

2) Include gain from divestment of Adira Insurance.

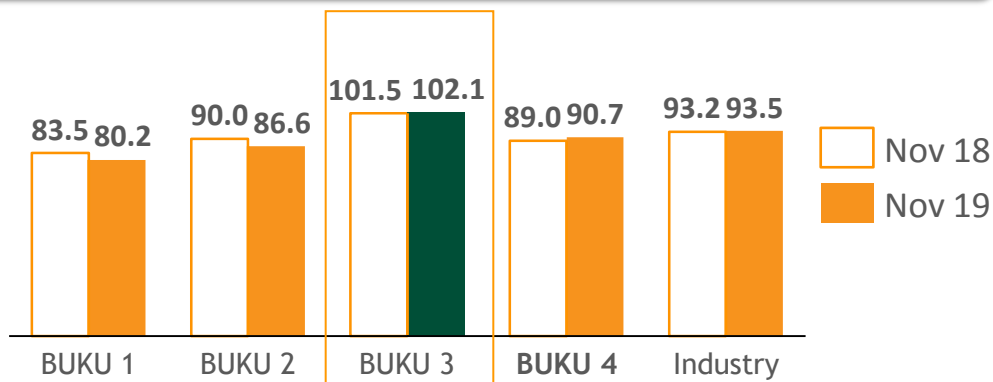
<i>In %</i>	2018	2019	YoY	1Q19	2Q19	3Q19	4Q19	QoQ
NIM	8.9	8.3	(0.6)	8.4	8.0	8.1	8.4	0.3
CoC	2.5	3.4	0.9	2.4	2.6	3.1	5.4	2.3
Risk-adjusted NIM	6.4	4.8	(1.6)	6.0	5.5	5.0	3.0	(2.0)
Cost to Income	48.8	51.4	2.6	49.7	51.0	51.2	51.7	0.5
CASA Ratio	47.1	49.7	2.6	46.1	46.4	47.7	49.7	2.0
RIM	97.2	99.7	2.5	96.4	97.3	97.4	99.7	2.3
NPL Gross	2.7	3.0	0.3	2.8	3.2	3.2	3.0	(0.2)
Loan Loss Coverage (LLC)	120.2	112.6	(7.6)	114.0	93.5	98.0	112.6	14.6
ROAA	2.2	2.1	(0.1)	2.0	1.8	1.6	3.0	1.4
ROAE	10.6	10.3	(0.3)	9.7	9.1	7.9	14.3	6.4
CAR – Consolidated	22.2	24.2	2.0	21.9	21.7	22.5	24.2	1.7

RIM (%) - RIM is successfully maintained



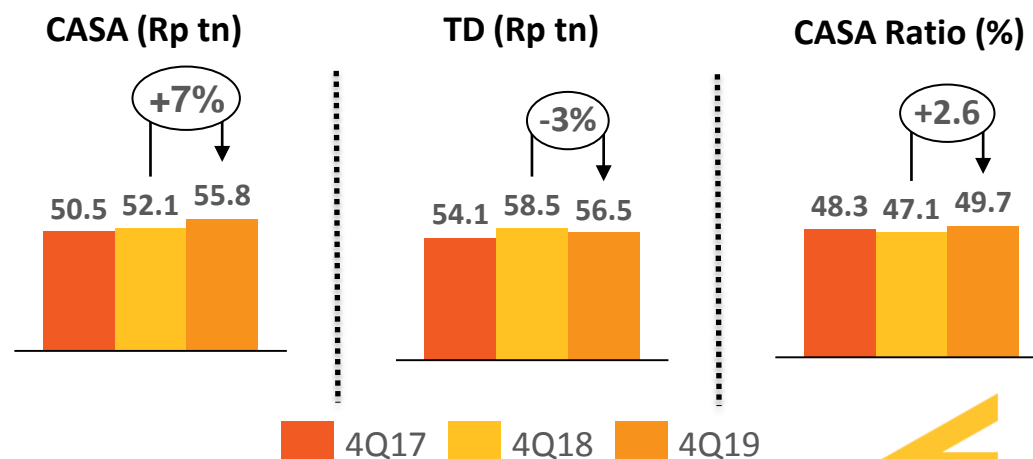
- While RIM reached 99.7 at Dec. 2019 end, overall there is ample liquidity enabled by granular deposits (CASA and regular TD).
- Average RIM at 94.9%.
- Proceed from AI divestment provides additional resources for the Bank to maintain strong liquidity.
- LDR – Bank only is at 98.9%, lower than those of BUKU 3 peers.

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



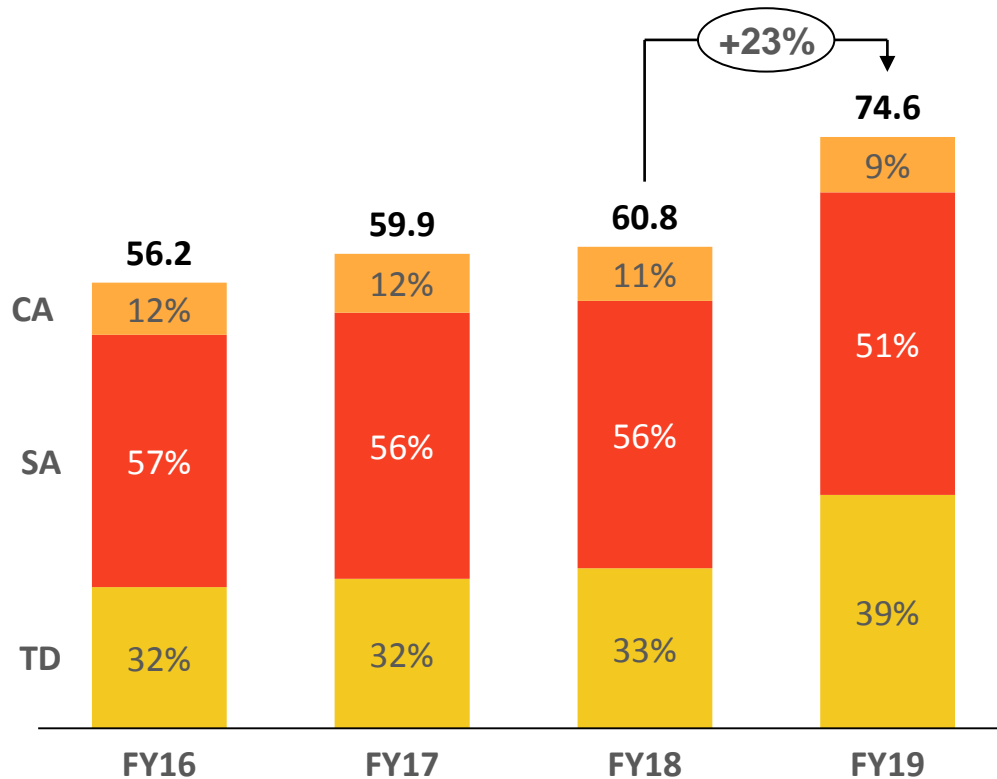
Source: SPI Nov'19

CASA , TD, & CASA Ratio – Stable CASA



Initiatives to improve granular funding continue to gain traction

Strong Focus on Granular Funding* (Rp Tn)



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

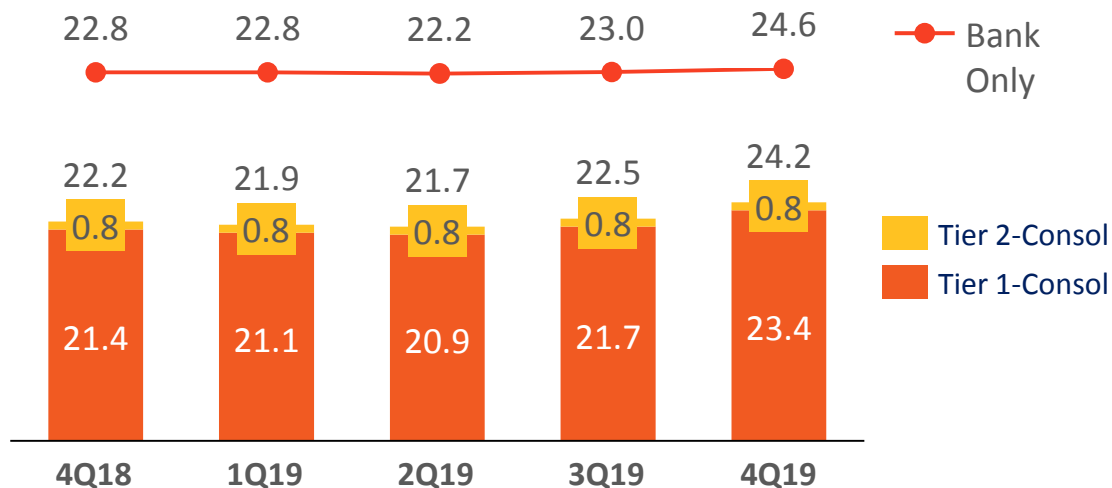
Improved funding franchise

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



- 94%+ of banking transactions are through digital
- D-Bank contributes 13.6% of NTB Acquisition
- New to Bank (NTB) penetration rate increased to 77.1% (Jan19: 74%)
- TD Online portfolio grew 153% YoY. TD acquisition rose 252% YoY.
- Enabling access to e-commerce and e-wallet top up with >1.8Mn transaction recorded

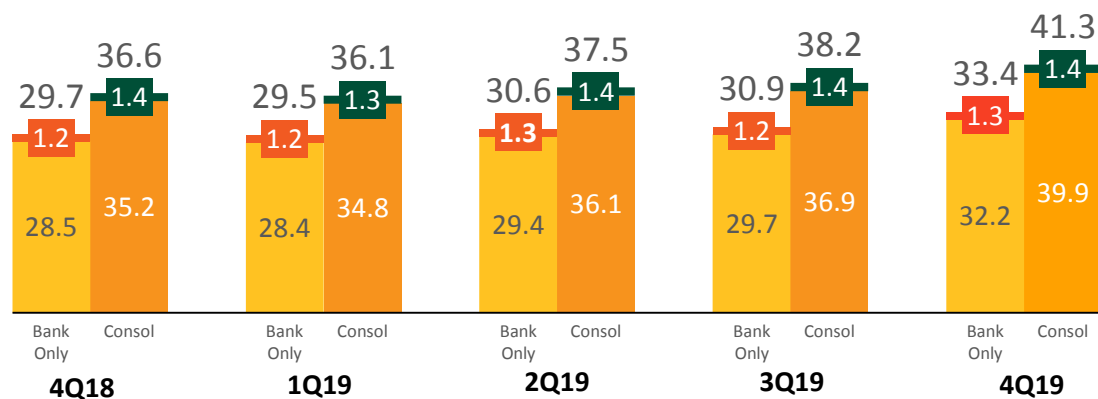
Capital Adequacy Ratio (%)



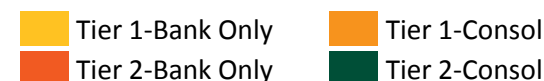
Market and Operational Risk Charges (%)

%	4Q18	1Q19	2Q19	3Q19	4Q19
CAR w/ Credit Risk	28.1	27.8	27.2	28.4	30.5
Market Risk Charge	-0.1	-0.1	-0.2	-0.2	-0.2
Operational Risk Charge	-5.8	-5.8	-5.3	-5.7	-6.0
CAR Consolidated	22.2	21.9	21.7	22.5	24.2

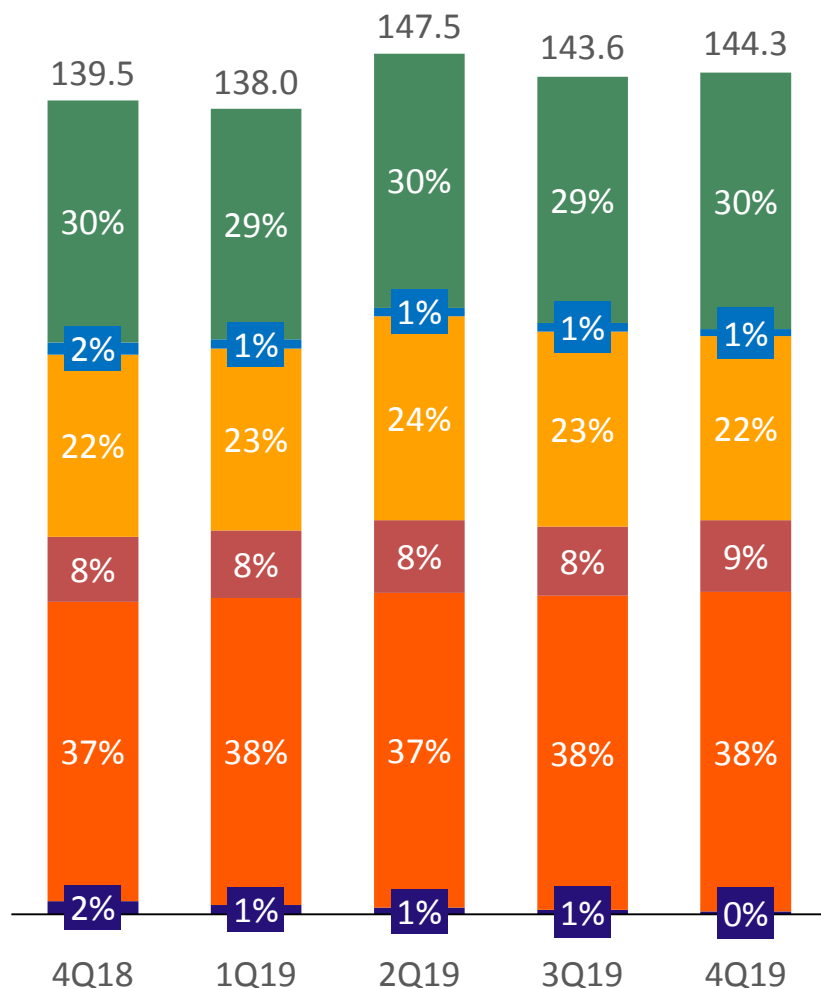
Tier 1 and Tier 2 Consolidated Capital Ratio



In Q4 2019, BDI managed to increase total capital to reach BUKU 4 level (total bank core equity >30tn IDR)



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



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

Rp bn	FY18	FY19	YoY	QoQ
Enterprise ²⁾ & FI	41,484	43,976	6.0%	4%
ABF	2,105	1,188	-43.6%	-17%
SME	31,215	31,552	1.1%	-6%
Consumer	11,118	12,283	10.5%	4%
Mortgage	7,813	9,084	16.3%	1%
Others ³⁾	3,305	3,200	-3.2%	11%
Adira Finance	51,296	54,756	6.7%	2%
Total excl Micro	137,219	143,756	4.8%	1%
SEMM (Micro)	2,278	497	-78.2%	-34%
Total	139,497	144,253	3.4%	0%

1) Includes portfolio from recent merger with BNP.

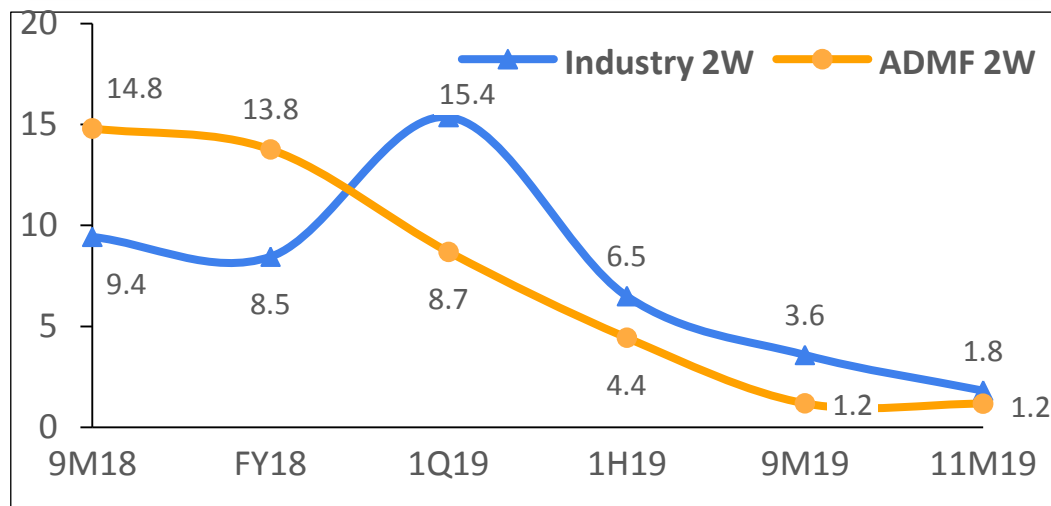
Trade finance includes related marketable securities.

2) Enterprise Banking: Commercial and Corporate.

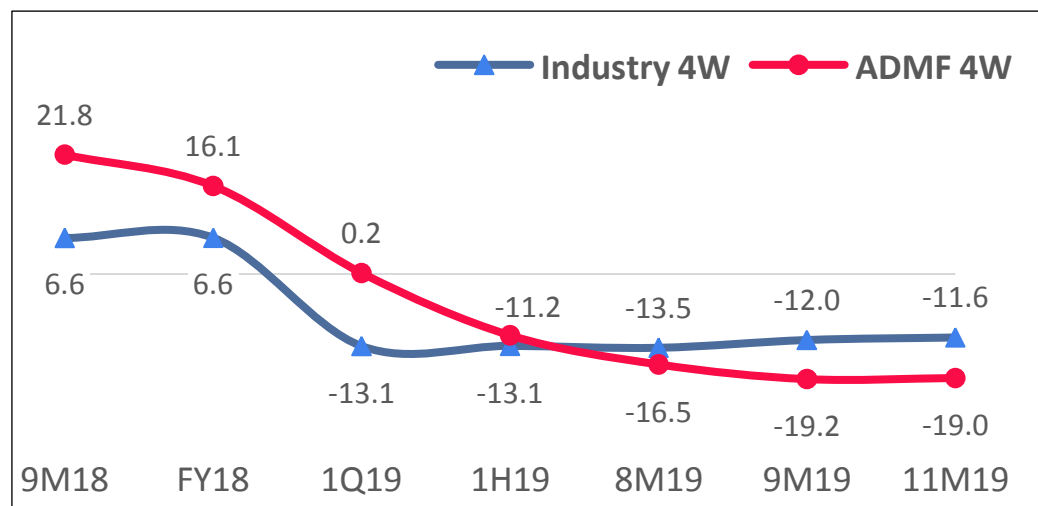
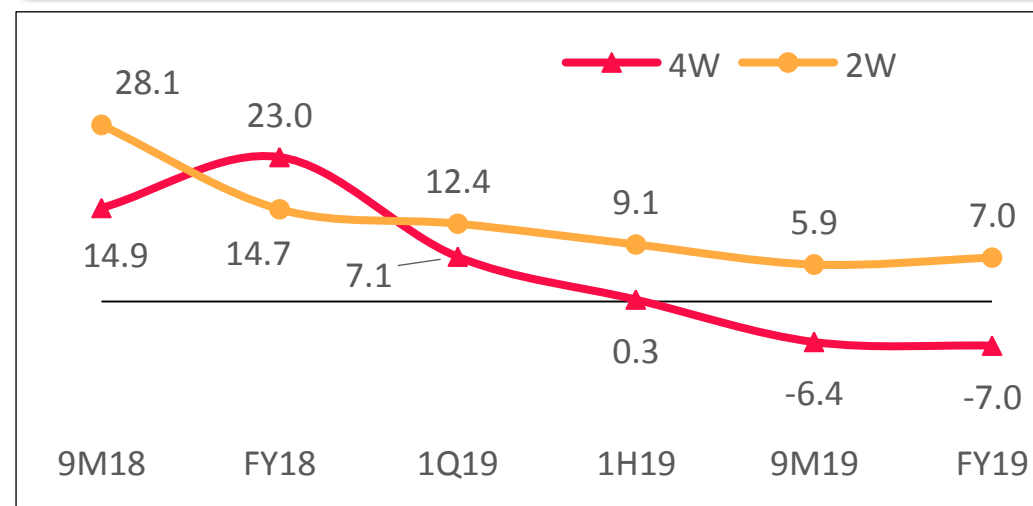
3) Unsecured Personal Loan, Credit Card, and Other.

7% YoY growth for ADMF despite industry slow down

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



ADMF New Financing amount
(% YoY growth)



Note: Industry data from AISI and Gaikindo.

ADMF Outstanding Loans

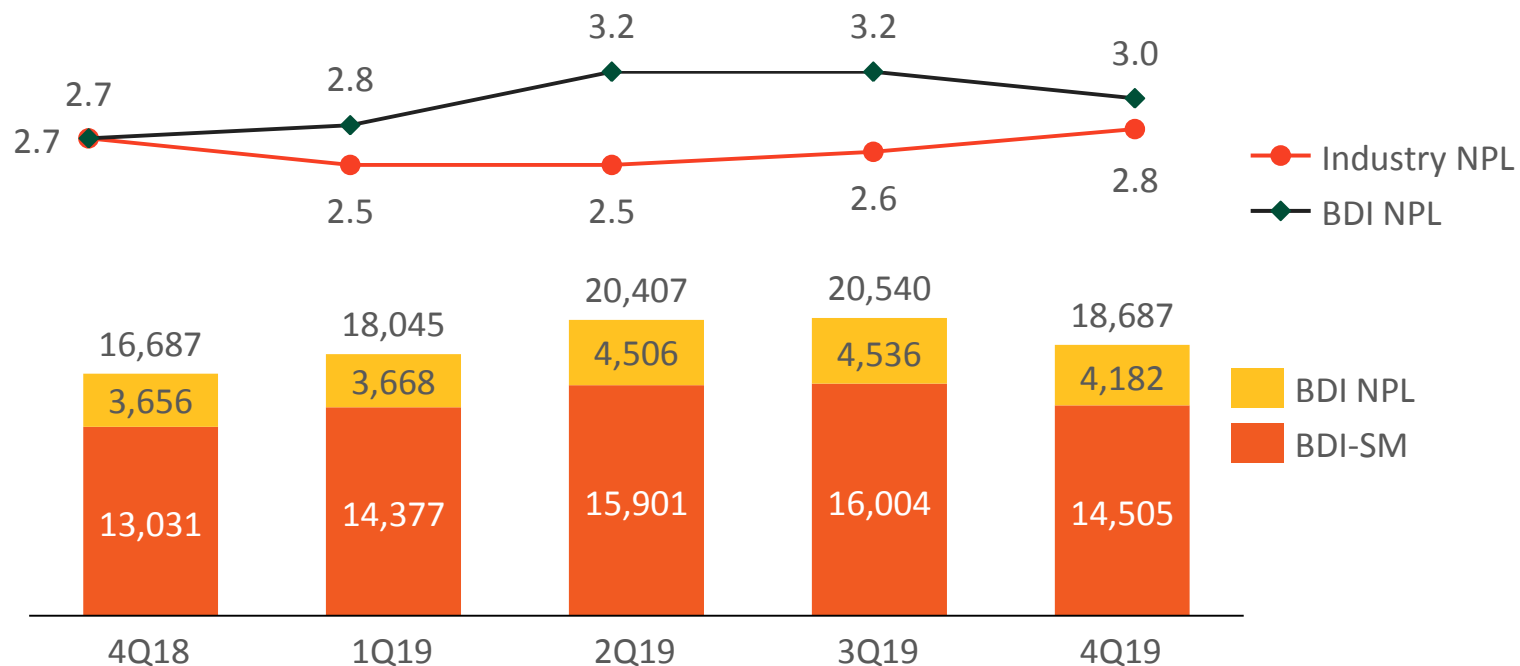
Rp bn	FY18	FY19	YoY	3Q19	QoQ
2W auto loans*	22,776	25,735	13%	24,405	5%
4W auto loans*	26,638	27,378	3%	27,735	-1%
White goods and others*	1,882	1,643	-13%	1,725	-5%
Adira Finance	51,296	54,756	7%	53,865	2%

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

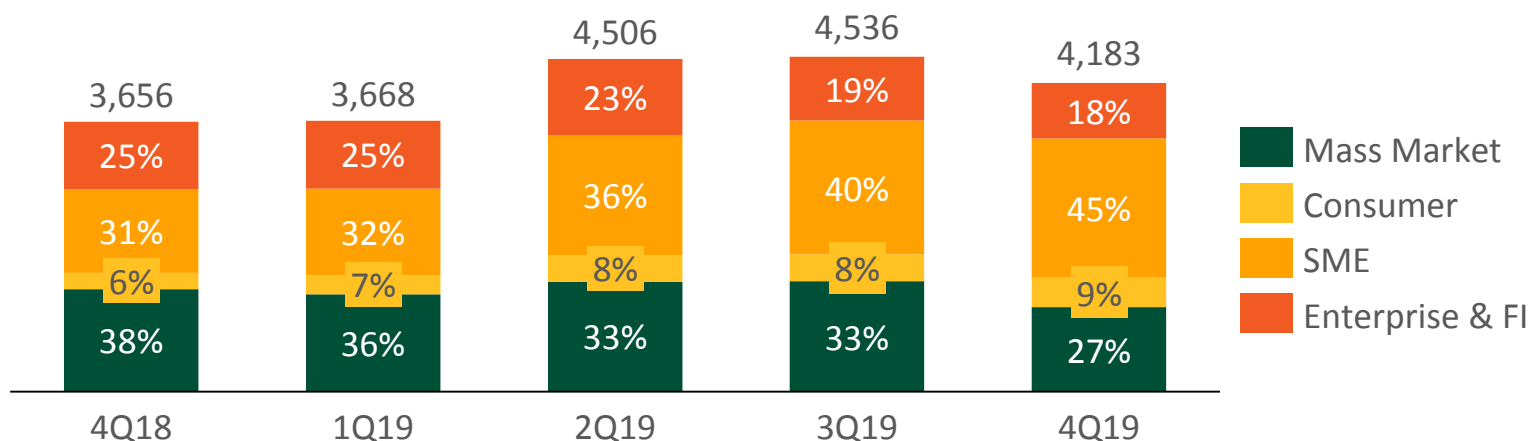
Improved NPL and NPL ratio QoQ

NPL % of Total Loans-
Comparison
with Industry

NPL and SM
amount
(Rp bn)

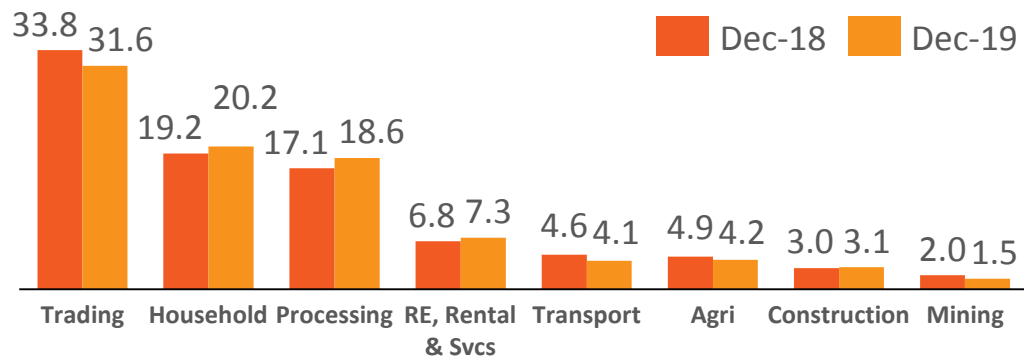


NPL amount
(Rp bn)
and
Composition
(% of Total
NPL)

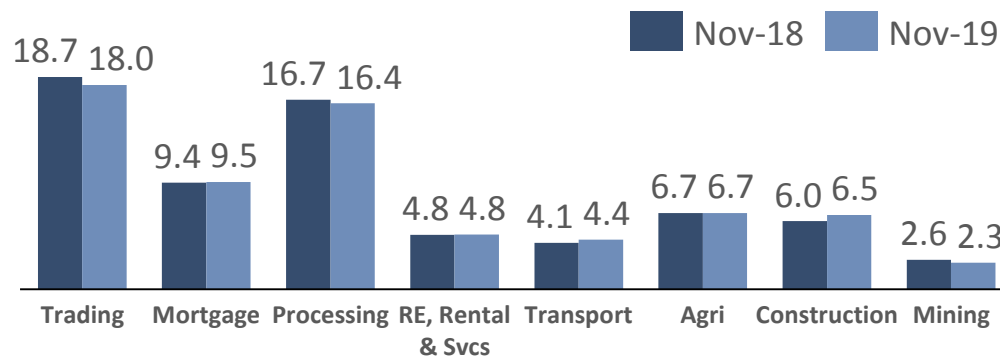


Continuous monitoring of asset quality in key sectors

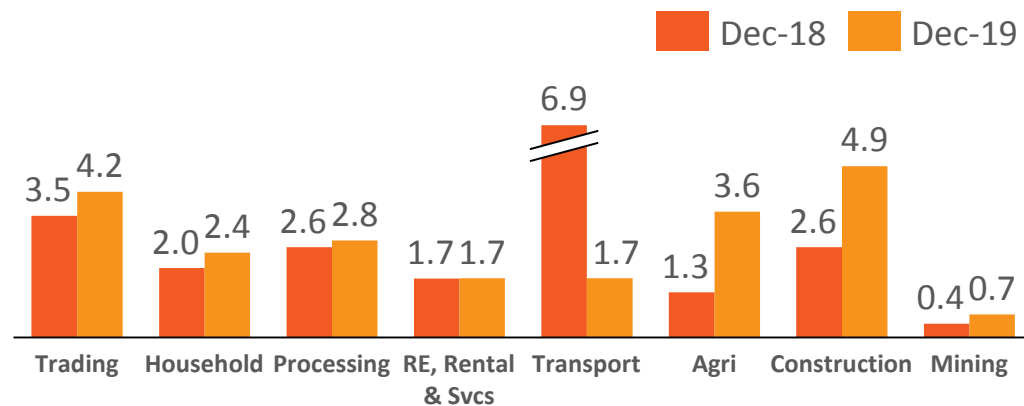
BDI Loans by Sector (% of total loans)



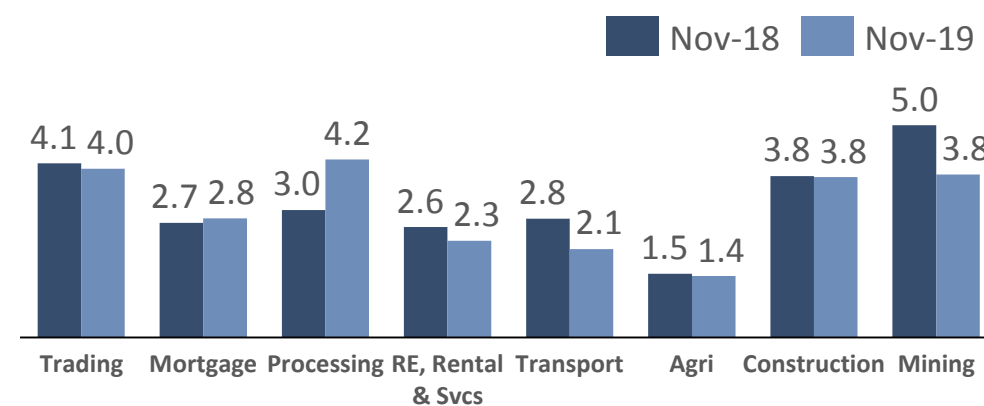
Industry Loans by Sector (% of total loans)



BDI NPL by Sector (%)



Industry NPL by Sector (%)

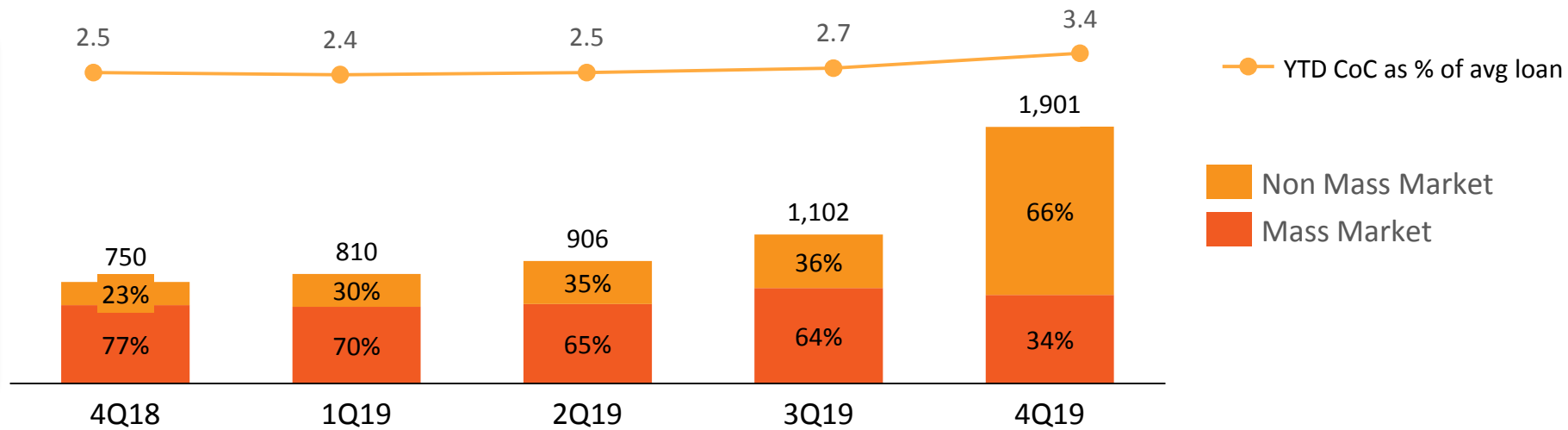


*NPL ratio increment in Agri and Construction sector mainly came from SME. However loan in those industries only represent small portion of total loan portfolio.

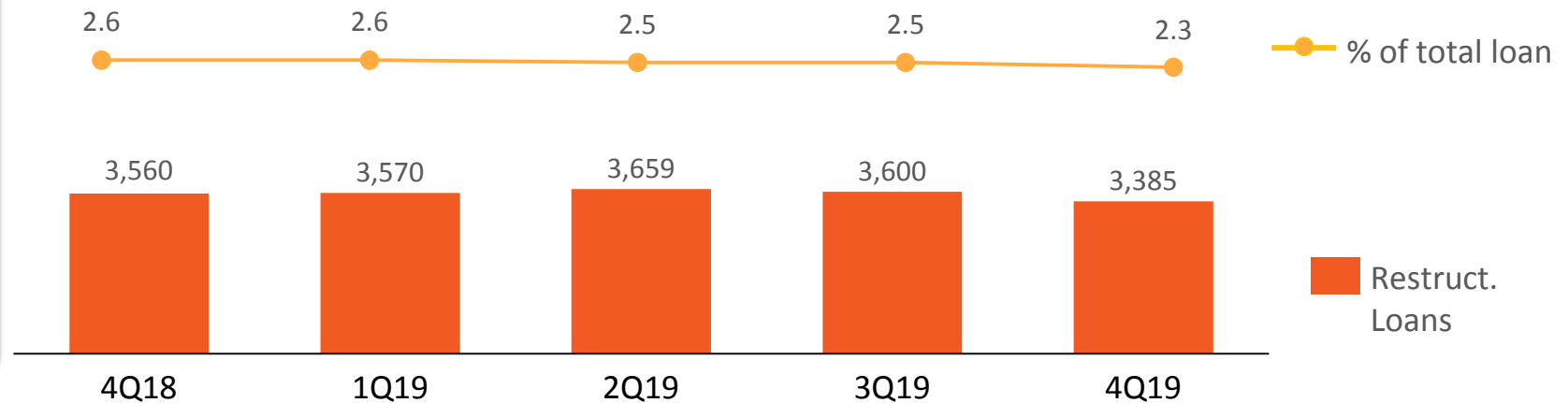
Source: SPI Nov 19

Additional QoQ provisioning to boost coverage, combined with lower restructured loans

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



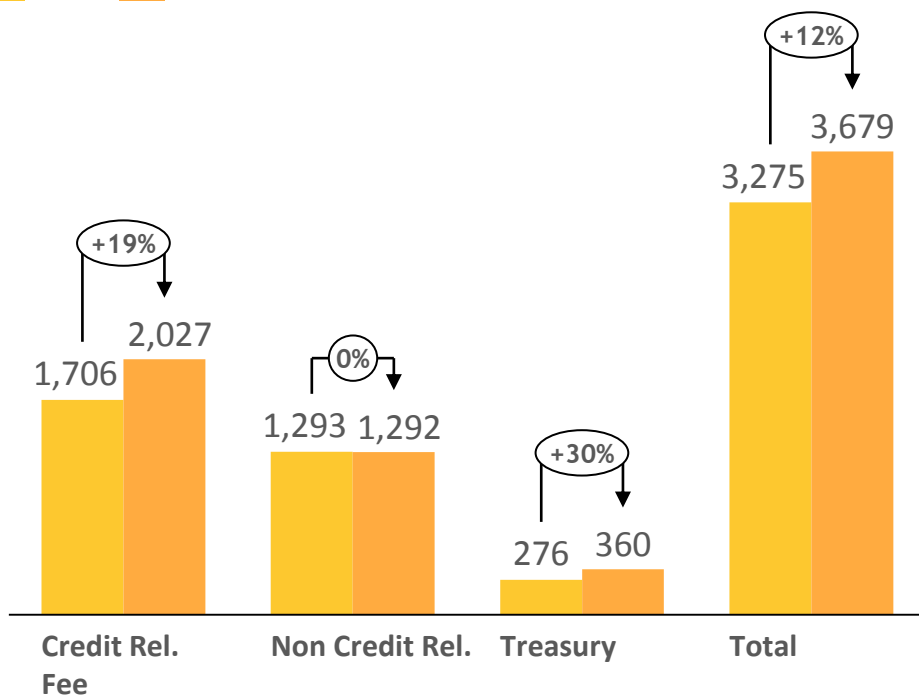
Restructured
Loans
(% of Total
Loans and Rp
bn)



YoY Fee Income increase from General Insurance and Treasury

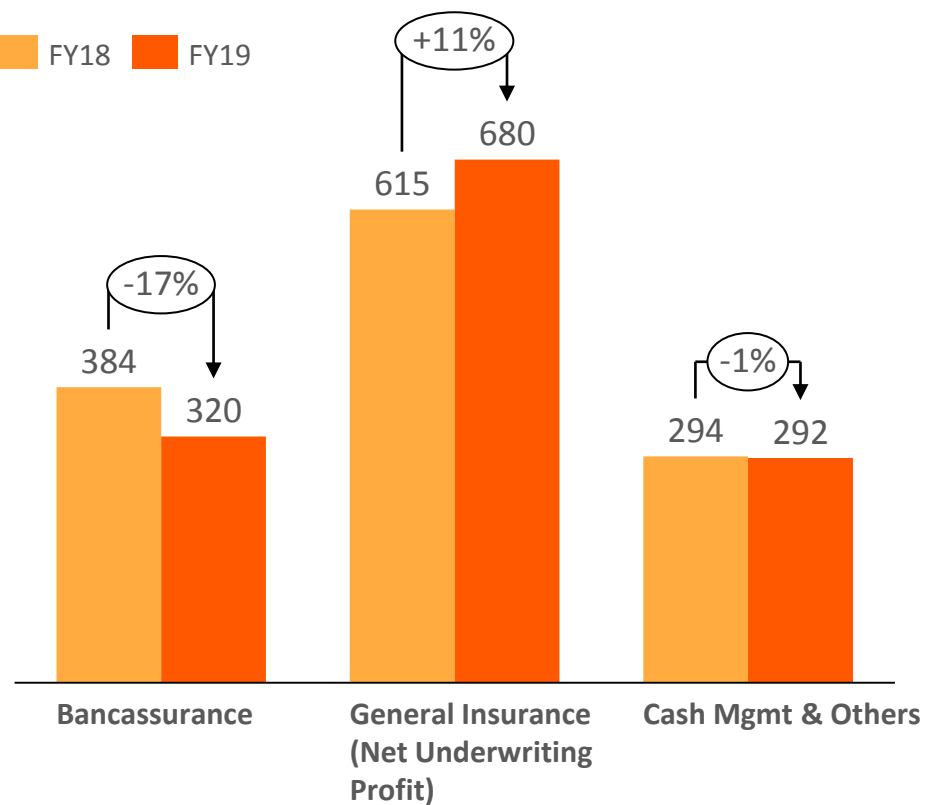
Fee Income (Rp bn)

FY18 FY19



Non-Credit Related Fee Income (Rp bn)

FY18 FY19



THANK YOU

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