



# **PT Bank Internasional Indonesia Tbk**

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**1H 2015 Results**

Summary of 1Q 2015

BII in Brief

Financial Performance

Strategy and Target

Awards, Corporate Social Responsibility (CSR) & Event Highlights

Regulation Updates

# Summary of 1H 2015

*(All numbers are consolidated and according to Bank Indonesia classification unless otherwise stated)*

# Summary of 1H 2015

- Profit After Tax & Non-Controlling Interest (NCI) increased 13.9%
- Annual Rating Review of Fitch and PEFINDO, remained strong with AAA and stable outlook

## Loans

- Loans portfolio grew by 2.4% (YoY) with loan mix : Global Banking 20%, Business Banking 40% and Retail Banking 40%
- Business Banking and Retail Banking continued to be growth drivers that increased 13.1% and 14.2% (YoY) respectively. While, Global Banking loans decreased 27.2% due to the impact of re-profiling the business towards Large Local Corporates and State-owned Enterprises and prudent customer acquisition

## Assets

- Assets increased 3.4% (YoY) reached Rp149.8 trillion
- The Shariah First strategy that started since 2014 continue to deliver significant shariah assets growth with increase 71.0% (YoY), to Rp9.7 trillion from Rp5.7 trillion.

## Deposits

- Bank executes CASA initiatives across its business lines which resulted in improved CASA ratio to 39.6%
- Loan to Deposit Ratio (LDR) at 89.7% (bank only) and 98.4% (consolidation) and modified LDR at 79.8% (bank only) and 83.77% (consolidation)
- Starting from August 2015, Loan to Funding Ratio (LFR) will replace LDR following the new regulation.
- LFR at 88.32% (bank only) and 97.8% (consolidation)

## Profit

- Net Interest Income increased 10.9% (YoY) due to the Bank's discipline in loan pricing and active liability management that resulted to improvement in NIM
- Profit after Tax & NCI increased 13.9% (YoY) despite slow down in economy and uptick in provision due to deterioration of asset quality caused by several Global Banking debtors.

## Capital & Rating

- CAR as per 30 June 2015 was stood at 15.7%
- As per April 2015, Bank finished its Annual Rating Review of Fitch and PEFINDO, resulted with AAA company rating for both rating with stable outlook.

# BII in Brief

## Profile

Established	:	15 May 1959
Total Assets	:	Rp149.8 Trillion
Total Equity	:	Rp15.0 Trillion
Market Capitalisation	:	Rp13.2 Trillion
Position in Indonesia (as of June 2015)	:	Rank #10 in terms of Assets Rank #10 in terms of Deposits Rank #10 in terms of Loans
# of Branches	:	681 — 455* (BII) 188 (WOM) 40 (BII Finance)
# of ATM & CDM	:	1,564, including 95 CDMs that connected to more than 20,000 ATM via ALTO, ATM Bersama, PRIMA, MEPS, Cirrus and Plus
# of Employees	:	11,430 — 7,364 (BII) 3,697 (WOM) 369 (BII Finance)
# of Customers	:	5.4 million

\*) Including 27 Micro Functional Offices



BII Head Office, Sentral Senayan 3



## Company Rating



National Long-Term Rating	AAA(idn), Outlook Stable
National Short-Term Rating	F1+(idn)
Long Term Issuer Default Rating	BBB, Outlook Stable
Short Term Issuer Default Rating	F3
Viability Rating	bb
Support Rating	2
Senior Bonds	AAA (idn)
Subordinated Debt	AA (idn)
Sukuk Mudharabah	AAA (idn)



Corporate rating / Outlook	idAAA/Stable
Bonds	idAAA
Subordinated Bonds I/2011 & I/2012	idAA+
Subordinated Bonds II/2014	idAA
Sukuk Mudharabah	idAAA(sy)

## Shareholding



78.98%



18.31%

PUBLIC  
2.71%



68.55%



99.99%



# Board of Commissioners



**Tan Sri Megat Zaharuddin**  
President Commissioner  
and Chairman of Maybank



**Datuk Abdul Farid bin Alias**  
Commissioner and PCEO of  
Maybank



**Spencer Lee Tien Chye**  
Commissioner



**Umar Juoro**  
Independent  
Commissioner



**Budhi Dyah Sitawati**  
Independent  
Commissioner



**Achjar Iljas**  
Independent  
Commissioner



# Board of Directors



**Taswin Zakaria**  
President Director



**Lani Darmawan**  
Director



**Jenny Wiriyanto**  
Director



**Eri Budiono**  
Director



**Ghazali M. Rasad**  
Director



**Thilagavathy Nadason**  
Director



**Dhien Tjahajani**  
Director



**Henky Sulistyo**  
Director

# Present to Serve the Communities across Indonesia

**416 Conventional  
Branches**

**9 Shariah Branches**

**2 Overseas Branches**

**1 Micro Branch &  
86 Micro Banking  
Services**



**26 Platinum Access  
Center and Room**

**1,564 ATM & CDM  
Access >20.000 ATM  
Bersama\*) & MEPS  
Malaysia network**

**16 Mobil Kas Keliling  
(MKK)**

**>5 Million Customer**

# Integrated One Stop Financial Services Provider

## Global Banking

## Business Banking

## Retail Banking

### Objective

Providing banking and payment solution to large local corporates and State-Owned Enterprises (SOEs)

Providing banking and payment solution to mid corporates, communities and micro business

Providing banking and payment solution to the retail customers

### Product & Services

Account Planning

Large Corporates Financing

Transaction Banking

Global Market

Community and micro- middle corporates Financing

Financial Supply Chain Management

Customer Financial Services

E-banking

Personal Loan

Credit Card

Wealth Management

Auto-loan

Mortgage

Shariah First

### Customer Profile

- Large Local Corporates
- State-Owned Enterprises
- Financial Institution

- Commercial segment
- SME business
- Micro business

- High Net-Worth
- Mass Affluent Customer
- Employees

### Highlight



Selalu total untuk transaksi bisnis Anda  
Seperti memfasilitasi layanan transfer yang diberikan oleh Trade Finance dan solusi untuk bii yang membantu memudahkan serta memberikan solusi untuk transaksi bisnis Anda.

Bii Trade Finance  
Memberikan Financial Services Untuk Anda.



USA Remittance Plus  
• Portmali di Asia  
• Transaksi USD lebih ekonomis.

Memberikan Financial Services Untuk Anda.



Kirim Uyg. ke luar negeri  
Flat fee remittance ke seluruh dunia  
Gunakan Bii Super Remittance untuk gratis biaya pengiriman USD ke seluruh dunia.

Memberikan Financial Services Untuk Anda.



Solusi mudah pembiayaan usaha Anda.

Memberikan Financial Services.



Ketekunan Anda menjadi inspirasi dalam pelayanan kami.

Kami hadir sebagai mitra setia yang mendampingi perkembangan dan kesuksesan usaha Anda.  
• Berbagi program pelayanan usaha.  
• Limit pembiayaan hingga Rp 500 juta.  
• Pengurusan mudah.

Pijar, Pilihan Bijak Mitra Usaha.



# Financial Performance

# Income Statement - Consolidated

Profit After Tax & Non-Controlling Interest increased 13.9% mainly caused by increase in Net Interest income and Non Interest Income (Fee Based Income) by 10.9% and 8.5% respectively

Rp Billion	Jun-14	Jun-15	YoY
	a	b	(b/a)-1
Interest Income	6,424	6,787	5.7%
Interest Expense	(3,638)	(3,699)	1.7%
<b>Net Interest Income</b>	<b>2,785</b>	<b>3,088</b>	<b>10.9%</b>
Non Interest Income	997	1,081	8.5%
<b>Gross Operating Income</b>	<b>3,782</b>	<b>4,170</b>	<b>10.2%</b>
Operating Expenses (excl. Provision)	(2,469)	(2,767)	12.1%
<b>Operating Income before Provision</b>	<b>1,313</b>	<b>1,403</b>	<b>6.8%</b>
Provisions	(703)	(952)	35.4%
<b>Operating Income After Provision</b>	<b>610</b>	<b>451</b>	<b>(26.0%)</b>
Non Operating Income / (Expenses)	(93)	73	178.4%
<b>Profit Before Tax &amp; Non-Controlling Interest</b>	<b>517</b>	<b>524</b>	<b>1.3%</b>
Non-Controlling Interest	(9)	6	168.3%
Tax	(167)	(142)	(15.0%)
<b>Profit After Tax &amp; Non-Controlling Interest</b>	<b>341</b>	<b>388</b>	<b>13.9%</b>

Data source: Published Report

# Balance Sheet - Consolidated

CASA ratio improved 1.2% as reduced reliance on time deposits and improved CASA deposit mix

Rp Billion	Jun-14	Jun-15	YoY
	a	b	(b/a)- 1
Loans	105,967	108,458	2.4%
Other Earning Assets	16,805	18,400	9.5%
Other Non Earning Assets	22,165	22,958	3.6%
<b>Total Assets</b>	<b>144,937</b>	<b>149,816</b>	<b>3.4%</b>
<b>Deposits from Customer</b>	<b>105,909</b>	<b>107,080</b>	<b>1.1%</b>
- Current Account	16,400	18,360	12.0%
- Saving Account	24,273	24,029	(1.0%)
- Time Deposit	65,236	64,691	(0.8%)
Deposits from Other Banks	5,353	4,092	(23.6%)
Borrowing	3,827	3,633	(5.0%)
Securities Issued	7,078	7,711	8.9%
Subordinated Debt	2,990	4,486	50.0%
Other Liabilities	7,138	7,823	9.6%
<b>Total Liabilities</b>	<b>132,295</b>	<b>134,826</b>	<b>1.9%</b>
Equity before Non-Controlling Interest	12,445	14,765	18.6%
Non-Controlling Interest	197	225	14.2%
<b>Total Equity</b>	<b>12,642</b>	<b>14,991</b>	<b>18.6%</b>

Data source: Published Report



Key Operating Ratio	Jun-14	Jun-15	△
Consolidated	A	B	(B-A)
<b>Profitability</b>			
Return On Assets	0.73%	0.70%	-0.03%
Return On Equities (Tier 1)	6.23%	5.73%	-0.50%
Net Interest Margin	4.48%	4.73%	0.25%
<b>Efficiency &amp; Productivity Ratio</b>			
Cost to Income Ratio	65.28%	66.35%	1.08%
BOPO	91.95%	94.33%	2.38%
<b>Earning Asset Quality</b>			
Impaired Loans - Gross	3.61%	4.62%	1.02%
Impaired Loans - Net	2.77%	3.29%	0.52%
NPL - Gross	2.68%	3.48%	0.80%
NPL - Net	1.92%	2.35%	0.43%
<b>Balance Sheets Structure</b>			
LDR	97.81%	98.38%	0.57%
LFR*)	96.34%	97.81%	1.47%
Modified LDR **)	82.77%	83.77%	1.01%
CASA to Total Funding	38.40%	39.59%	1.18%
CAR	12.02%	15.68%	3.66%

Key Operating Ratio	Jun-14	Jun-15	△
Bank Only	A	B	(B-A)
<b>Profitability</b>			
Return On Assets	0.49%	0.52%	0.03%
Return On Equities (Tier 1)	4.12%	4.29%	0.17%
Net Interest Margin	4.10%	4.34%	0.24%
<b>Efficiency &amp; Productivity Ratio</b>			
Cost to Income Ratio	65.90%	67.94%	2.04%
BOPO	93.51%	95.76%	2.25%
<b>Earning Asset Quality</b>			
Impaired Loans - Gross	3.71%	4.81%	1.10%
Impaired Loans - Net	2.88%	3.45%	0.57%
NPL - Gross	2.72%	3.58%	0.86%
NPL - Net	1.97%	2.43%	0.46%
<b>Balance Sheets Structure</b>			
LDR	90.80%	89.71%	-1.09%
LFR*)	89.44%	88.32%	-1.12%
Modified LDR **)	80.61%	79.78%	-0.83%
CASA to Total Funding	38.62%	39.88%	1.27%
CAR	11.98%	15.62%	3.64%

\*) LFR is calculated based on BI regulations No. 17/11/PBI/2015. Please refer to Regulation update slide section.

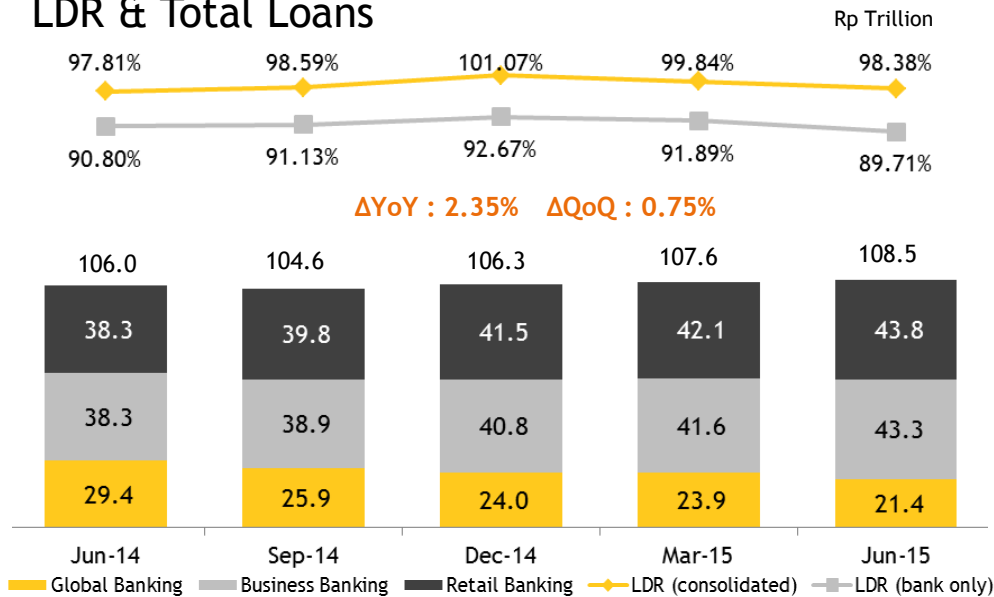
\*\*) Modified LDR based on Bank calculation.

Data source: Published Report

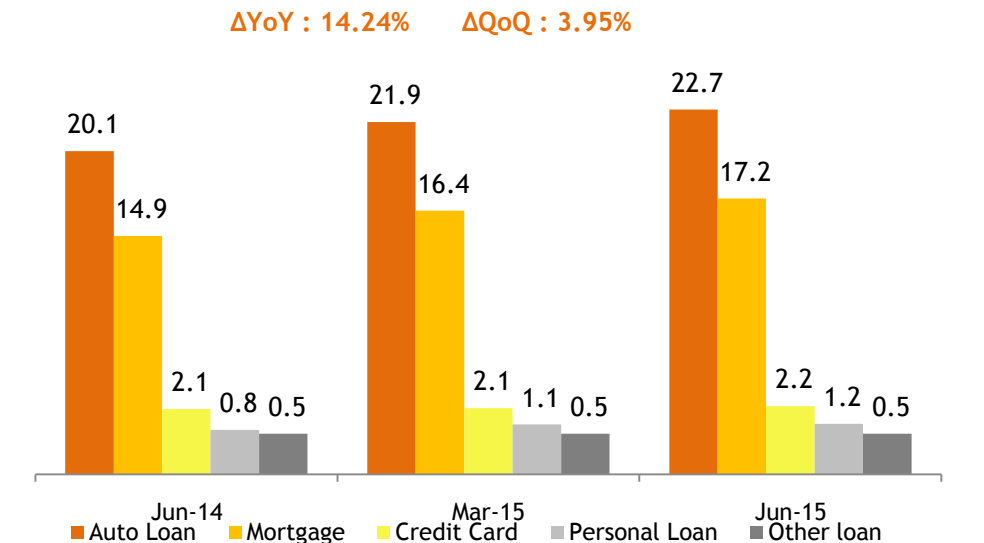
# Loans

Business Banking and Retail Banking continued to be growth drivers that increased 13.1% and 14.2% (YoY) respectively and exceeded industry loan growth of 10.5% (as per April 2015)

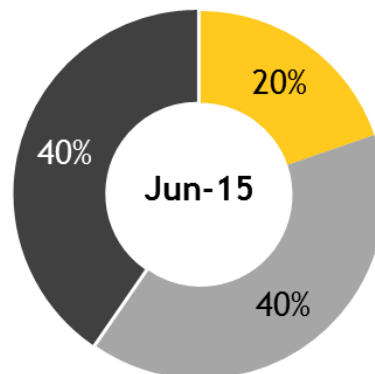
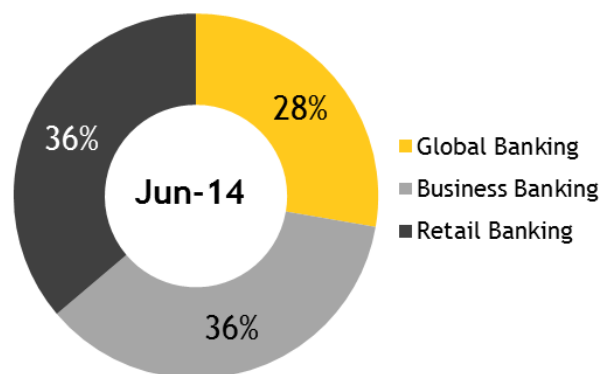
## LDR & Total Loans



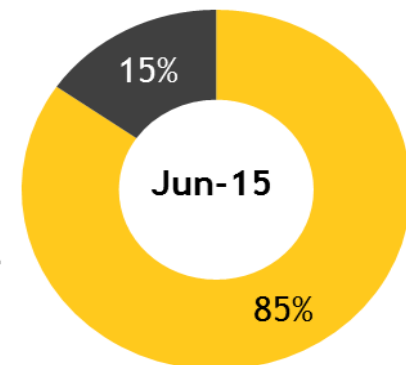
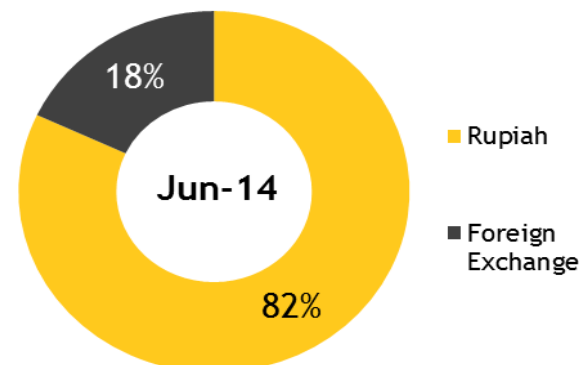
## Loan Portfolio Breakdown in Retail Banking



## Loans Composition by Business Segment



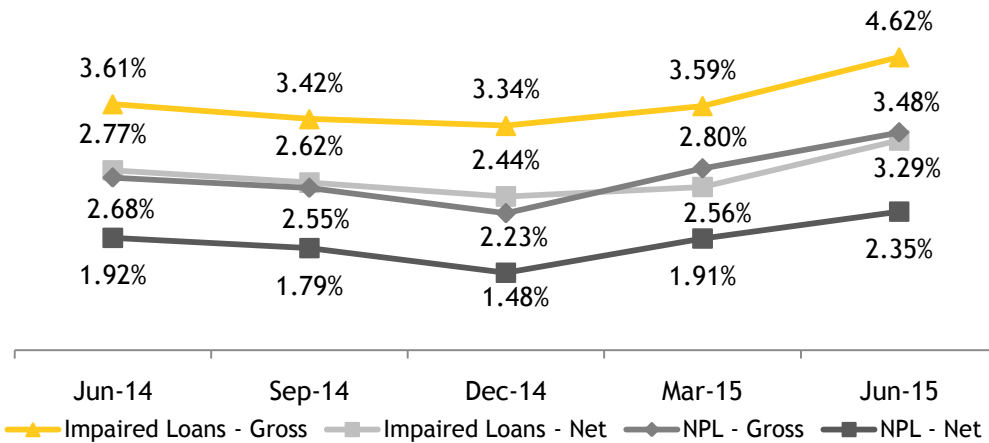
## Credit Composition Based on Currency



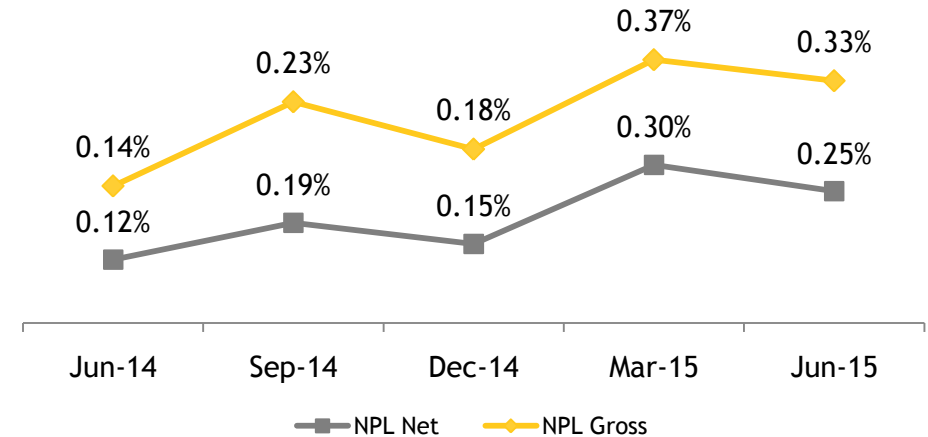
# Asset Quality

Impacted mainly by deterioration in existing corporate portfolio operating amidst challenging business condition

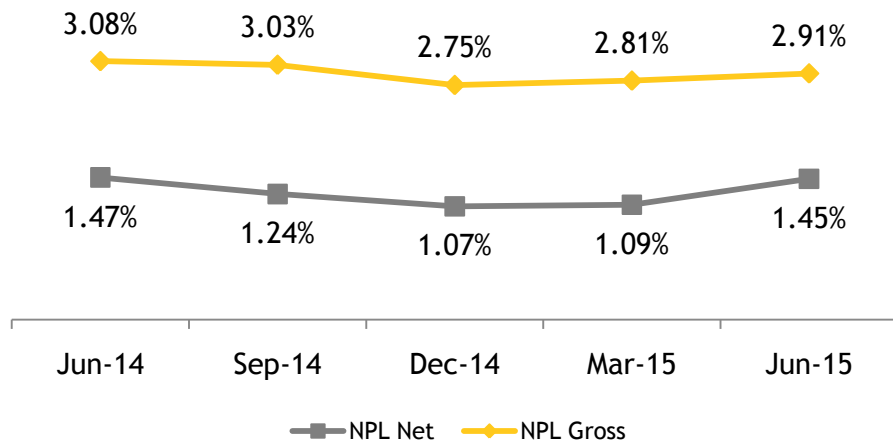
## Asset Quality - BII (consolidated)



## Asset Quality - BII Finance



## Asset Quality - WOM

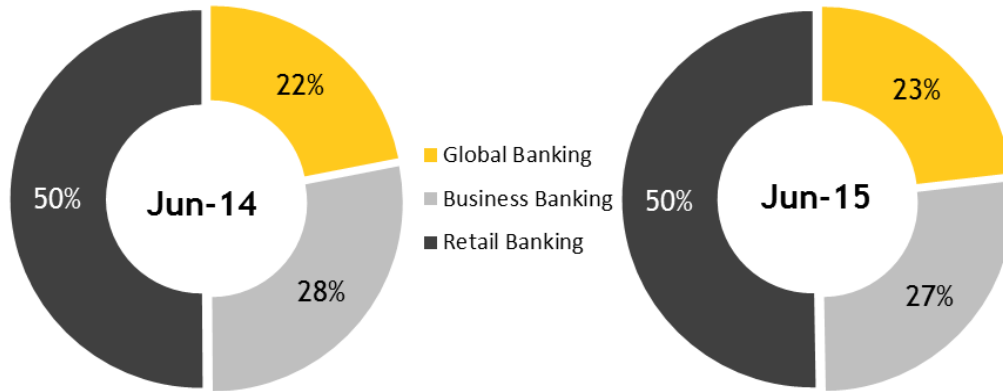


- Asset quality deteriorated to 3.48% (gross NPL) and 2.35% (Net NPL). This decrease is mainly due to the Global Banking segment.
- However, our loan growth driver, Business Banking and Retail Banking asset quality continuously maintained at healthy level.
- BII remains cautious over asset quality due to impact from economic slowdown and volatility. The corporate portfolio in Global Banking are still impacted by the current economic slow-down, continued weak prices in oil, gas, coal and CPO together with the weakening of the Rupiah
- BII Finance asset quality maintained healthy with gross NPL and net NPL at 0.33% and 0.25% respectively.
- WOM gross NPL and net NPL at 2.91% and 1.45% respectively.

# Customer Deposits

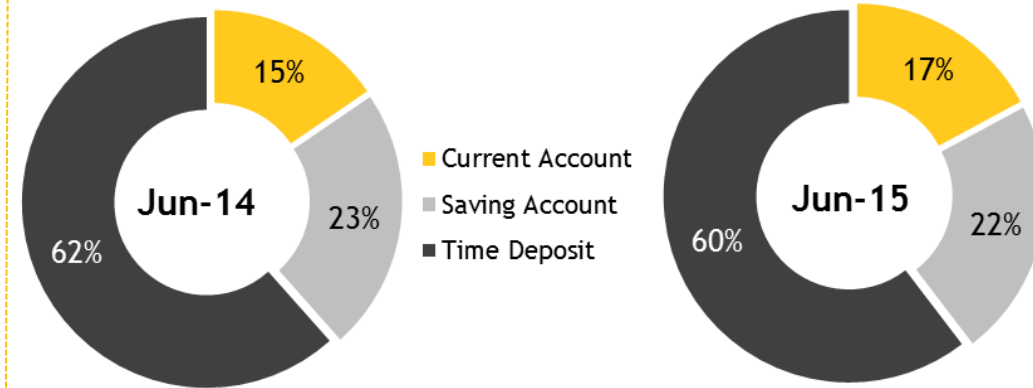
Continue to exercise rigorous control and discipline over growth of liquidity volume & pricing, while intensively executing CASA initiatives. Deposits increased to Rp107.1 trillion and improved CASA Ratio

## Deposits from Customers by Business Segments



Rp Trillion	Jun-14	Mar-15	Jun-15	YoY	QoQ
Global Banking	23.3	25.4	24.9	7.0%	-2.1%
Business Banking	29.8	26.7	28.6	-3.8%	7.3%
Retail Banking	53.2	53.1	54.1	1.6%	1.9%
Elimination	-0.4	-0.2	-0.5		
<b>Total</b>	<b>105.9</b>	<b>105.0</b>	<b>107.1</b>	<b>1.1%</b>	<b>2.0%</b>

## Deposits from Customers by Type



Rp Trillion	Jun-14	Mar-15	Jun-15	YoY	QoQ
Current Account	16.4	17.3	18.4	12.0%	6.0%
Saving Account	24.3	23.7	24.0	-1.0%	1.4%
Time Deposit	65.2	64.0	64.7	-0.8%	1.1%
<b>Total</b>	<b>105.9</b>	<b>105.0</b>	<b>107.1</b>	<b>1.1%</b>	<b>2.0%</b>
CASA Ratio	38.4%	39.1%	39.6%	1.2%	0.5%

# Shariah Banking

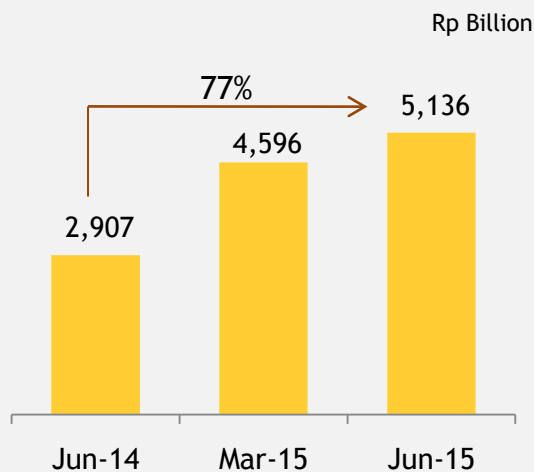
The Shariah First continue to deliver significant shariah assets growth with increase of 71.0% (YoY), to Rp9.7 trillion from Rp5.7 trillion

## Shariah First strategy deliver promising results until 1H2015

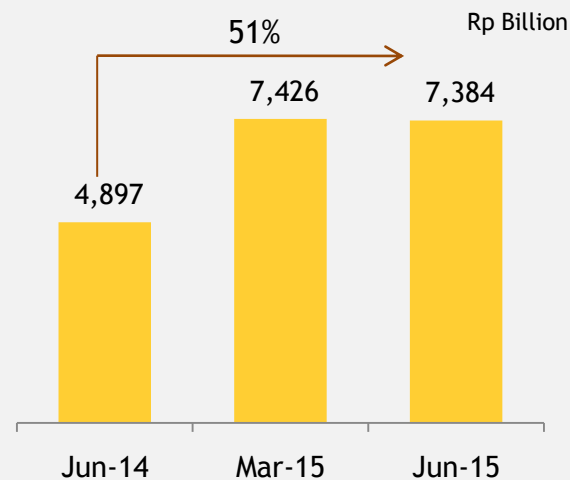
- Customer Deposits increased by 77% (YoY) to Rp5.1 trillion
- Financing increased by 51% (YoY) to Rp7.3 trilion
- Assets increased by 71% (YoY) to Rp9.6 trillion



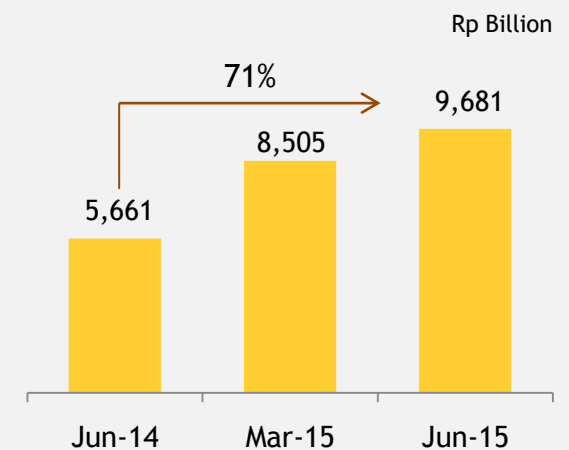
### Customer Deposits



### Financing

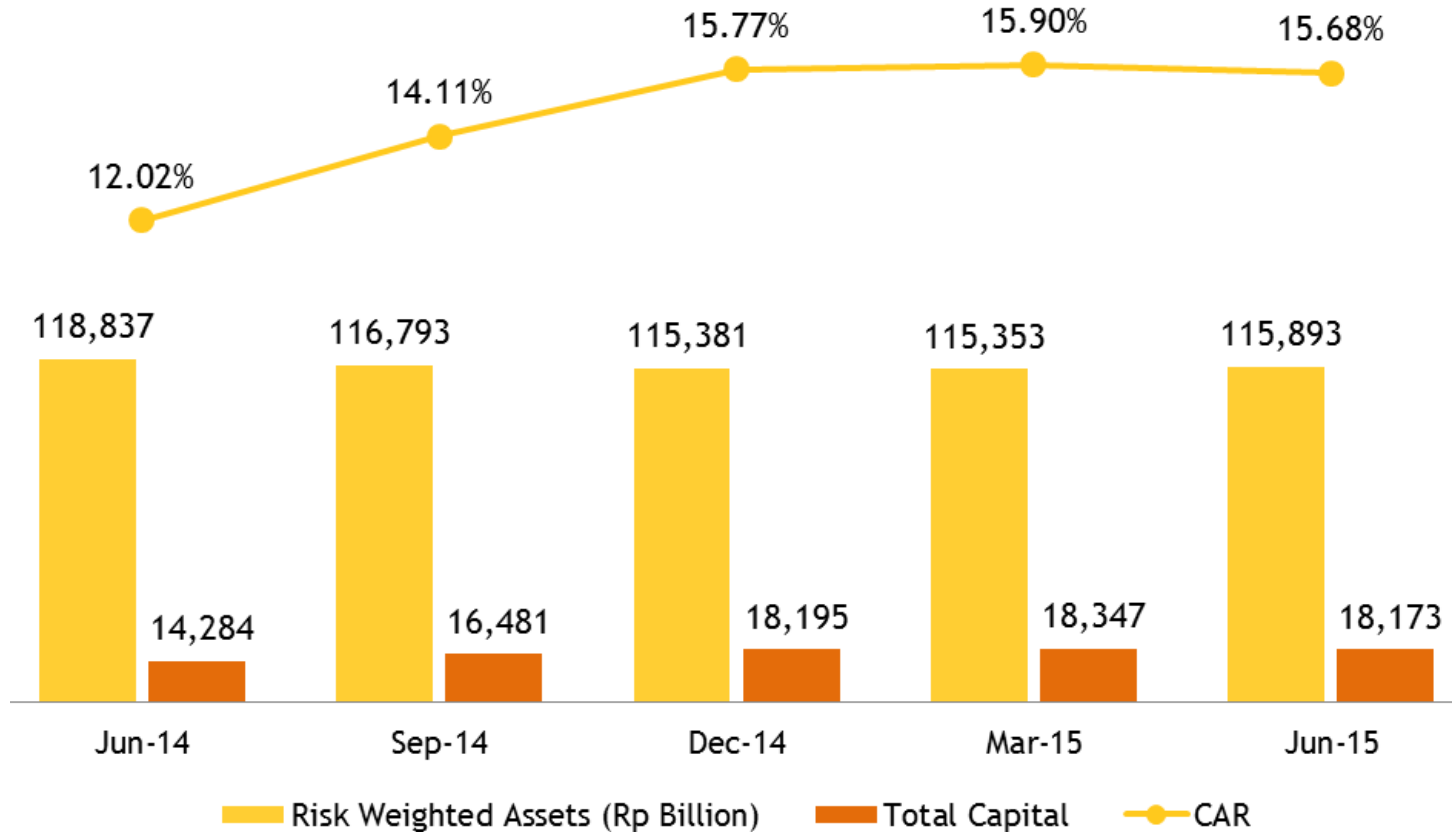


### Assets



# Capital

Strong capital to support the business expansion

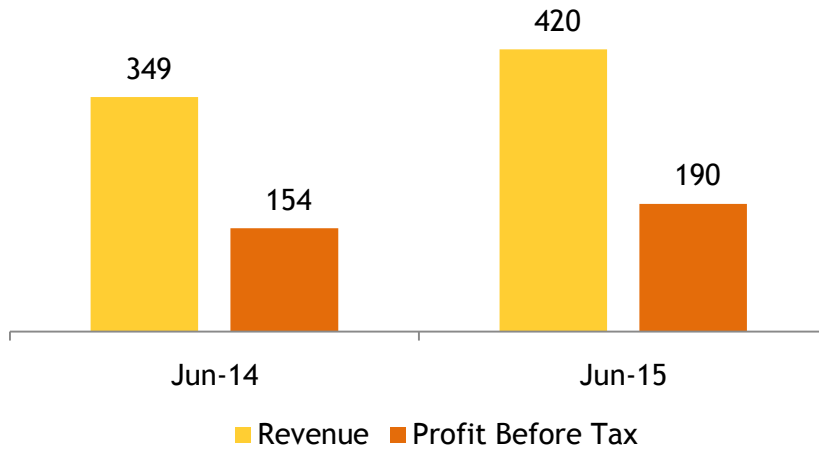


- Capital Adequacy Ratio (CAR) - consolidated as per 30 June 2015 was 15.68% with total capital of Rp18.2 trillion from Rp14.3 trillion in the previous year



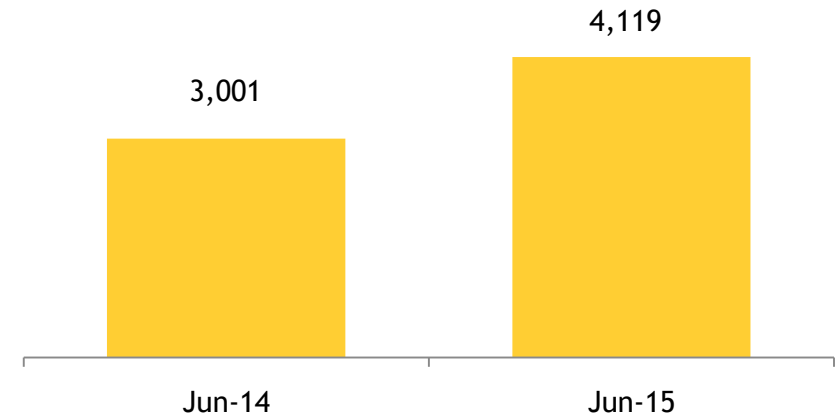
## Revenue and Profit Before Tax

IDR billion

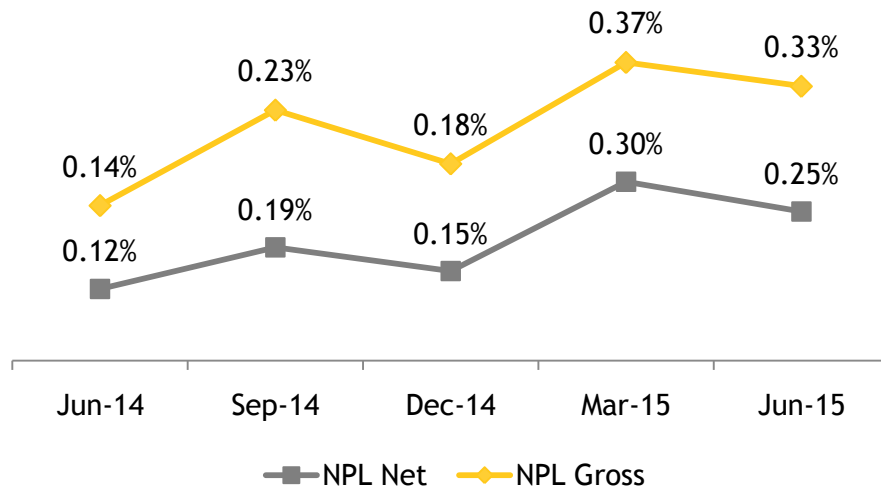


## Consumer Financing

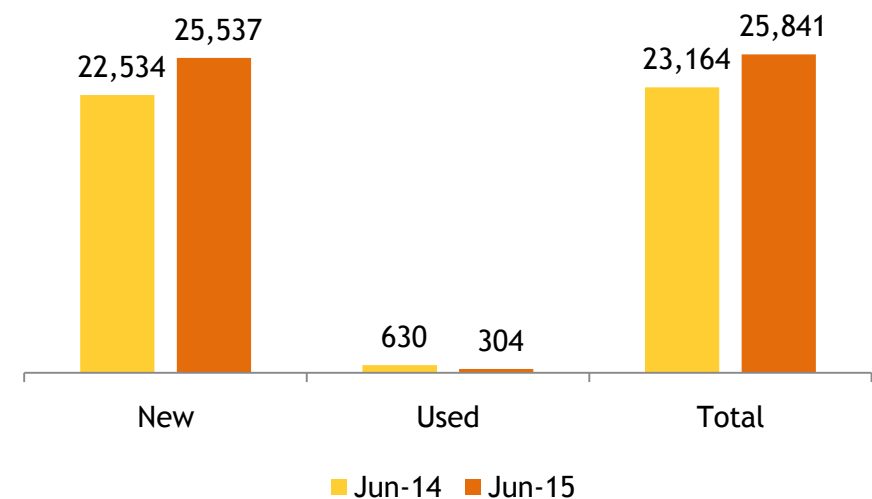
IDR billion



## Asset Quality

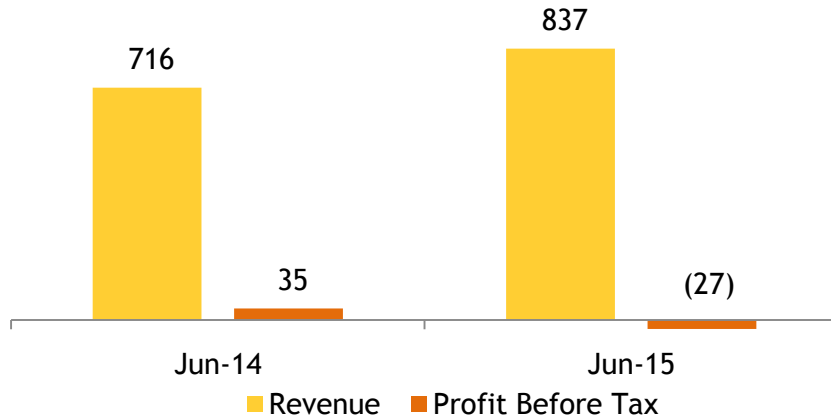


## Unit Financing (unit)



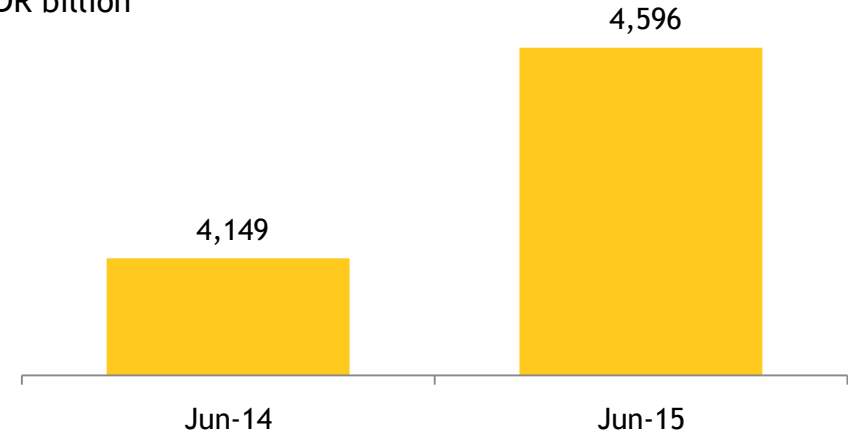
## Revenue and Profit Before Tax

IDR billion

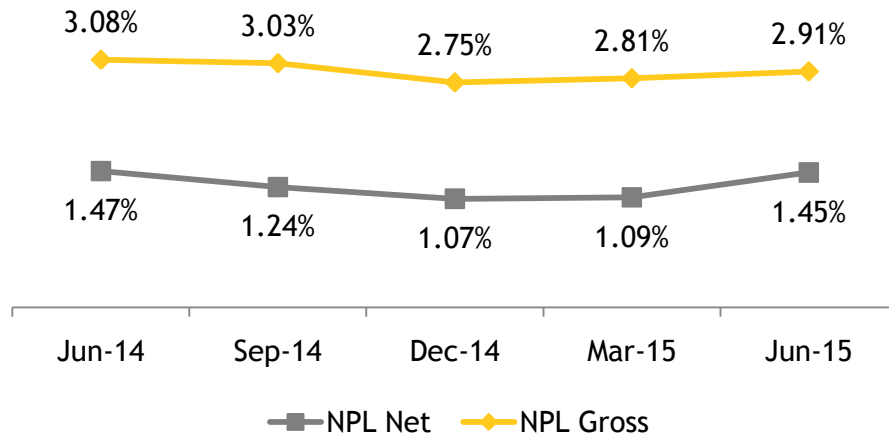


## Consumer Financing

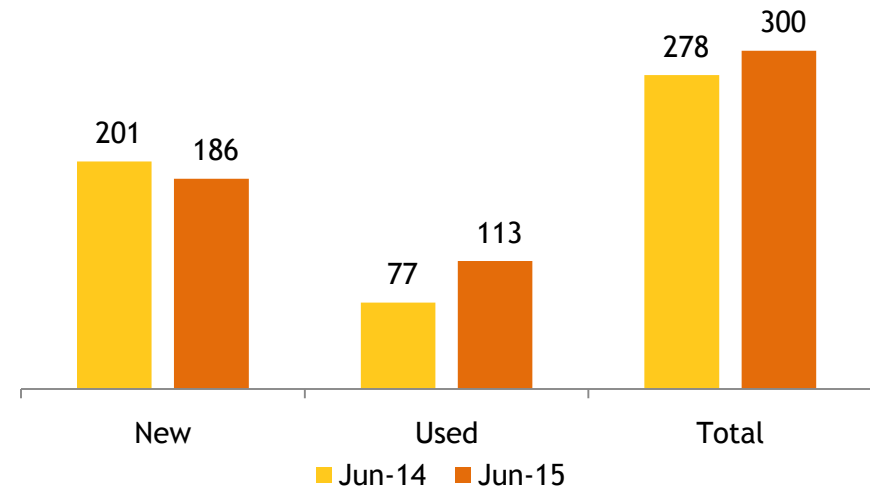
IDR billion



## Asset Quality



## Unit Financing ('000 unit)



# Strategy and Target

# Building Competitive Advantage

Through four pillars of BII



## **IRT (Indonesia Regional Transformation)**

to boost regional business penetration

Focus on **CASA growth**

**Loan growth with** Capital light strategy

Leverage **value chain** and maximizing **cross sell**

Sustainable **asset quality**

**Transaction Banking & Cash Management**  
to boost Liquidity & Fee Income

**Strategic Cost Management Program (SCMP)**

**Productivity** through **Human Capital Investment**

Achieve  
**2015**  
Aspiration

Loan Growth

10-13%

Deposit Growth

10-13%

# Awards, Corporate Social Responsibility (CSR) & Event Highlights



# Service Quality Award

“Legend Achievement” for **Six Consecutive Years** Top Performers in Service



Survey held by ISMS Trisakti & Infobank Magazine

One of proof in our high quality services to maintain customer satisfaction

# Our Awards in 1H 2015



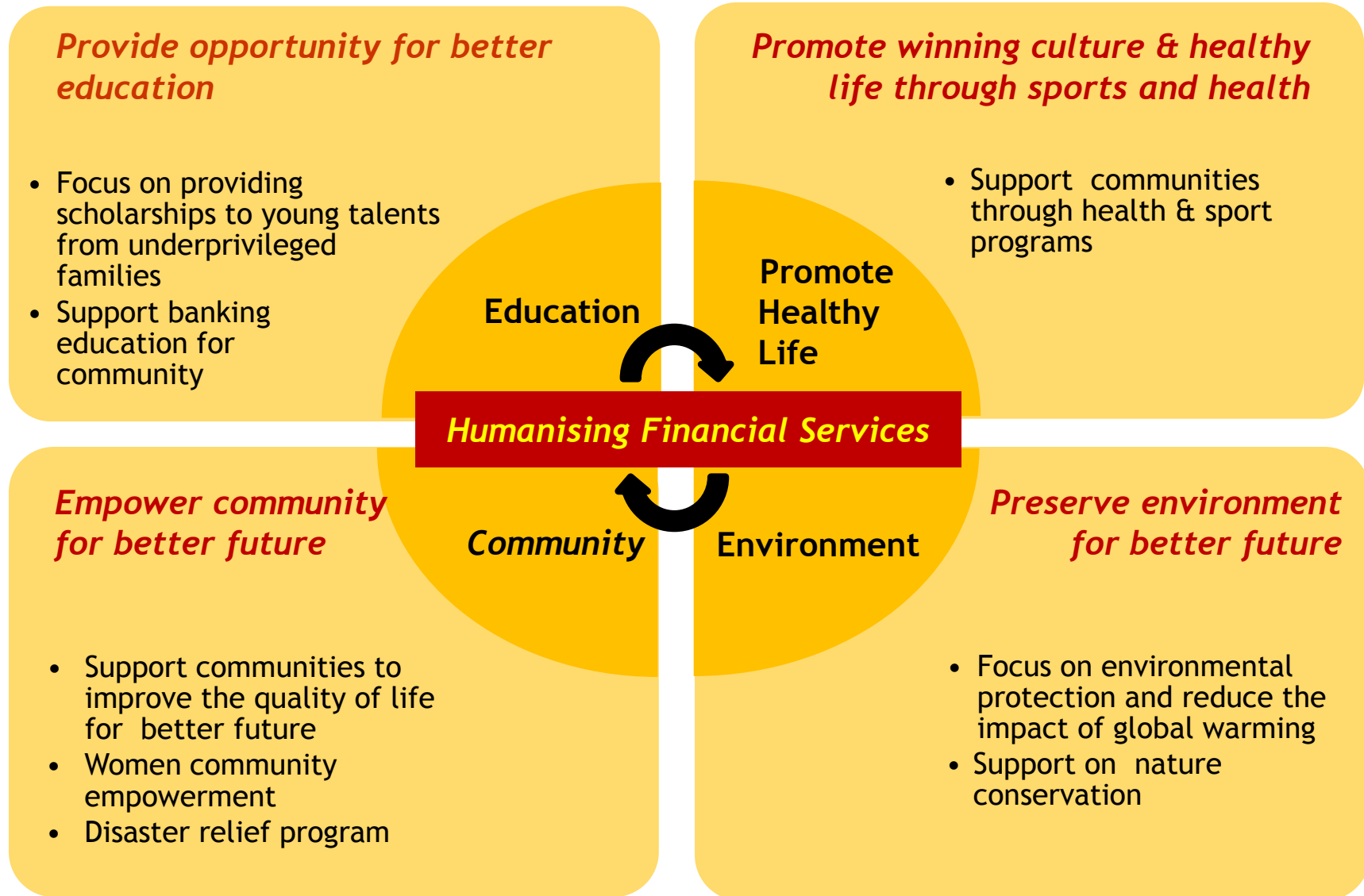
## Service Awards

- **Excellent Service Experience (ESE) Award 2015** - 3<sup>rd</sup> rank Excellent Service Experience Award 2015 for regular Domestic Bank by Carre Center for Customer Satisfaction Loyalty (Carre-CCSL) and Bisnis Indonesia Newspaper, 10 February 2015
- **Contact Center Service Excellent Award (CCSEA) 2015** - "Exceptional" remark in "Customer Service Email Center" and "Regular Banking" categories, "Excellence" remark in "Platinum Credit Card" and "Regular Credit Card" categories and "Good" remark in "ATM Contact point" by Carre Center for Customer Satisfaction Loyalty (Carre-CCSL), 9 April 2015
- **Service Quality Award 2015** - Service Quality Award for "Regular Banking" and "Regular Credit Card" categories by Carre Center for Customer Satisfaction & Loyalty (Carre-CCSL) and Service Excellence Magazine, 22 May 2015

## Other Awards

- **Financial Insight Innovation Award 2015** - For Enterprise Transformation category by IDC Financial Insight, 9 March 2015
- **Annual Global CSR Award** - Platinum Award for Women Empowerment category by Pinacple Group International, 19 March 2015

# Focus Area of BII CSR Program







## BII Empowers Fisherman Community in Indramayu

BII conducted CSR program targeting to empower the fishermen community and their families in Indramayu, West Java. BII provides assistance in the form of boat, boat engine, fishing net, and boat maintenance and renovation. For the fishermen's wife, BII also provided cold storages to increase the fisheries production capacity. And for the fishermen's children, BII provides assistance in the form support for their education. BII also donated books, reading corner, laptop, projector, screen and supported the renovation of school building. Furthermore, BII employee also together cleaned the Karangsang beach, 6 June 2015.



## Free Treatment for Sukorejo's residents

BII Semarang branch in collaboration with Dompot Peduli Umat-Daa'urut Tauhiid (DPU-DT) held a free treatment and give donation to the needy residents in Sukorejo, Gunung Pati, Semarang, 19 April 2015.



## BII blood drive

In this blood drive event supported by Palang Merah Indonesia (PMI), BII gather almost 300 blood bags from 300 donors which will be distributed to people in need through Unit Transfusi Darah (UTD) PMI Jakarta, 18 May 2015.



## Run with Media

BII invites media partners to explore the more challenging-running-track in Pondok Pemburu, Sentul area. This activity routinely held as a BII support of healthy life, and also maintain good relationship with the media as an important stakeholder of the company, 30 May 2015.

# Event Highlights



## 1. AGMS 2015

One of the AGMS 2015 agenda is acceptance of replacement Independent Director and appointment of Mr. Eri Budiono as the new Global Banking Director, 2 April 2015.

## 2. BII-ICRA Credit Rating Seminar

BII cooperates with Indonesia Credit Rating Agency (ICRA) to provide information and education to BII's customer, associated to government policy to establish credit rating certification for foreign company that invest in Indonesia, 8 April 2015.

## 3. BII expand the partnership with Garuda Indonesia

BII expand the partnership with Garuda Indonesia in hedging activity. This partnership implemented 'Cross Currency Swap' second stage transaction mechanism as a support from banking industry to the corporation, especially SOE. BII also trusted by Garuda Indonesia to manage company's cash in real time, online, and integrated, 28 April 2015.

## 4. BII handed over the grand prizes of "Bingkisan Beruntun" program

BII handed over the grand prize to the selected Platinum Access customer who won one tour package for one family to five continents covering French (Europe), Los Angeles (United States), South Africa (Africa), Tokyo (Asia) and Sydney (Australia), 27 May 2015.

## 5. BII Sukma Awards 2015 Announcement

BII again held "BII Sukma Awards" as our commitment towards sustainable women entrepreneurship development and to seek for businesswomen with "BII" characteristic covering B (Brave), I (Independent) and I (Inspiring). The winner will be provided working capital support by BII for their business development, mentoring program from the expert, 3 June 2015.

## 6. BII Launched Bingkisan Beruntun Program for Customers

Bingkisan Beruntun 2015 features gifts that include lucky draw opportunities, instant prizes and vouchers. Grand prizes are three Mini Cooper Countryman cars to be given away every three months, 11 June 2015.

## 7. BII-JICA Establish Strategic Partnership

BII and Japan International Cooperation Agency (JICA) established strategic partnership in providing two-step loan facility for PT Japan Indonesia Economic Center (JIAEC). This 10-year loan facility will be used by JIAEC to finance trainee building development which is located in Depok, West Java, 12 June 2015.



# Regulation Updates



## 1 Loosening LTV & FTV in Mortgage and down payment in Auto Loan

Based on BI regulations No. 17/10/PBI/2015 as published on 18 June 2015, with the main objective to uphold loan growth, especially Mortgage and Auto Loan. Implementation of this regulation also required :

- NPL ratio <5%
- Mortgage NPL ratio <5%
- Auto loan NPL ratio <5%

**At 1H 2015, BII NPL ratio, Mortgage NPL ratio and Auto Loan NPL ratio <5%**

## 2 LDR will be replaced with Loan to Funding ratio (LFR)

Based on BI regulations No. 17/11/PBI/2015 as published on 25 June 2015, with the main objective to uphold loan growth. LFR calculation is:

$$LFR = \frac{\text{Loan}}{\text{Third Party Fund} + \text{Marketable Securities}^*}$$

LDR will be replaced with LFR started from August 2015 with minimum level on 74% and maximum level on 92%. The maximum level can be increased if the Bank fulfilled certain condition which are:

- 1) Meet the MSME ratio that regulated in BI Regulation No. 14/22/PBI/2012 (5% at 2015);
- 2) NPL ratio and MSME NPL ratio <5%

**At 1H 2015, BII has met all the pre requisites for maximum level of LFR into 94%**

\*) marketable securities that allowed to be used in LFR calculation must follow certain criteria that regulated in Bi regulations No. 17/11/PBI//2015

## 3 Use of Rupiah Domestically

To maintain Rupiah stability, Bank Indonesia issued Regulation No. 17/3/PBI/2015 to **require all parties to use Rupiah for cash and non-cash transactions conducted in Indonesia** (unless certain limited exemptions apply). This significant requirement applies to both cash and non-cash transactions. Business entities must also state the price for goods and/or services only in Rupiah.

Violation on cash transaction will be imposed with criminal sanctions, maximum 1 year of imprisonment and maximum IDR200 millions of financial penalty. For non-cash, the BI sanctions i.e. warning letter, financial penalty (1% of transaction amount, and maximum is IDR1 billion for each transaction); and/or prohibition to participate in the payment system.

# Thank You

*Disclaimer: Please note that some of the statements in this document may constitute “forward-looking statements” that do not directly or exclusively relate to historical facts. Some of the statements in this document (including but not limited to the forward-looking statements) are derived from or are based upon information from public or external sources and/or reflect BII’s own internal projections, current intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks and uncertainties that may cause actual events and BII’s future results to be materially different than expected or indicated by such statements. To the extent that such statements in this document (including but not limited to the forward-looking statements) are derived from or are based on public or external sources of information, BII’s has not undertaken any independent verification of such information. No assurance can be given that the results anticipated by BII, or indicated by any such statements in this document (including but not limited to the forward-looking statements), will be achieved. You are urged to view the statements contained in this document (including but not limited to the forward-looking statements) with caution.*