



# Investor Update on Covid19 Impact and Mitigation Strategies

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March 20<sup>th</sup>, 2020

# ■ Introduction

- We provide an update with regards to the impact of Covid19 outbreak
- Covid19 pandemic is assumed to last until December 2020, conservatively
- We already performed sensitivity analysis using different methodologies with the following assumptions:

Segment	Methodology	Actual 2019	12-month Covid19 Impact	
Wholesale	<ul style="list-style-type: none"> <li>• <u>Identification</u> of main macroeconomic factors and commodity prices</li> <li>• <u>Individual analysis</u> to identify debtors affected by sectoral weakening and China's economy</li> <li>• <u>Final projection</u> on debtor's ability to fulfill its obligations, such as funding availability and cash flows</li> </ul>	Indonesia GDP Growth	5.0%	3.4%
		China GDP Growth	6.2%	4.5%
Retail	<ul style="list-style-type: none"> <li>• <u>Customized analysis</u> according to sub-segment of borrower's profile as most of our retail borrowers are fixed income earners (low risk)</li> <li>• <u>Statistical approach</u> using relevant parameters for each sub-segment</li> <li>• <u>Sectoral approach</u> inline with Debtor's Watchlist set by risk and economist team</li> </ul>	Coal Price (USD / Ton)	78.2	58.4
		CPO Price (USD / Ton)	523.6	443.0
		USD / IDR	13,866	18,223
		Sector Loan Growth (% YoY)	5.7%	3.7%
		Sector Deposit Growth (% YoY)	5.1%	3.5%
		BI7DRR	4.75%	9.00%
		JIBOR 3-month	7.44%	9.40%

# ■ Wholesale Portfolio Assessment

- Assuming 12-month Covid19 outbreak, potential impacted portfolio is as follows:

Sectors	Impacted Portfolio			Provision Coverage
	# of Borrowers	Rp Tn	% <sup>*)</sup>	% to Impacted Portfolio
Palm Oil & CPO	27	8.1	13.1%	15.6%
Coal	3	3.8	21.1%	57.0%
Hotel & Restaurant	14	2.6	50.9%	2.8%
Airline	1	2.5	95.3%	25.2%
Machinery & Equipment Wholesaler	5	2.4	65.1%	78.7%
<b>Subtotal</b>	<b>50</b>	<b>19.4</b>	<b>21.2%</b>	<b>31.1%</b>
Other Sectors	40	7.8	1.8%	28.4%
<b>Total Impacted Portfolio</b>	<b>90</b>	<b>27.3</b>	<b>5.3%</b>	<b>30.4%</b>

Note: <sup>\*)</sup> Percentage to total portfolio in the sector

## ■ Retail Portfolio Assessment

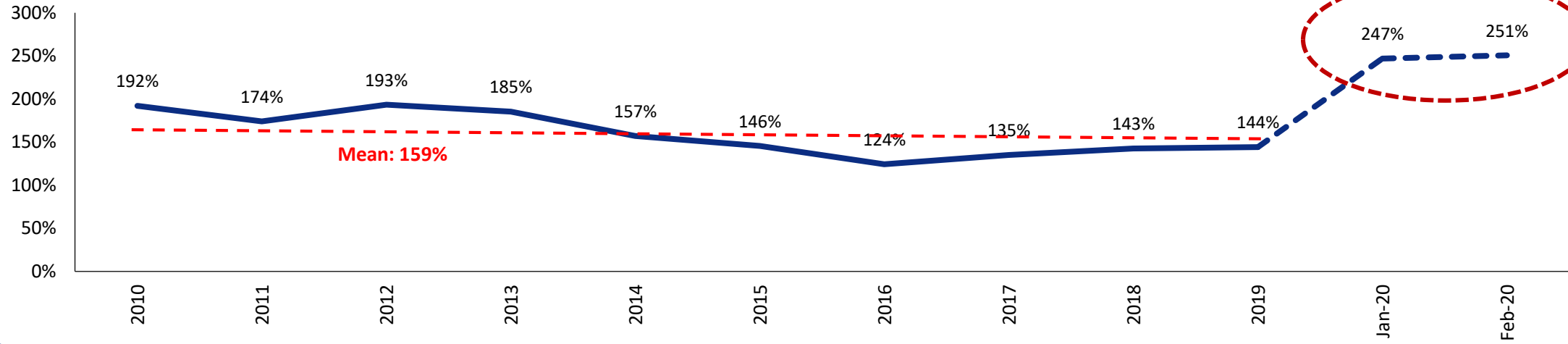
- Assuming 12-month Covid19 outbreak, we expect a moderate increase in Retail Segment NPL
- However, it should remain at low single digit level, due to our quality-first strategy which started since 2016
- SME segment should be the most impacted segment; while micro, consumer loan and credit card should be more resilient since most of the borrowers' profile are fixed income earner

Segment	Exposure as of Dec 2019			Provision Coverage
	Rp Tn	SML(%) <sup>*)</sup>	NPL (%)	% to Segmented Loan
SME	58.7	1.17%	1.60%	3.8%
Micro	123.3	1.28%	1.01%	2.3%
Consumer	78.2	1.57%	2.39%	3.5%
Credit Card	13.8	1.94%	1.75%	3.1%
<b>Total Retail Loan</b>	<b>272.0</b>	<b>1.39%</b>	<b>1.57%</b>	<b>3.0%</b>

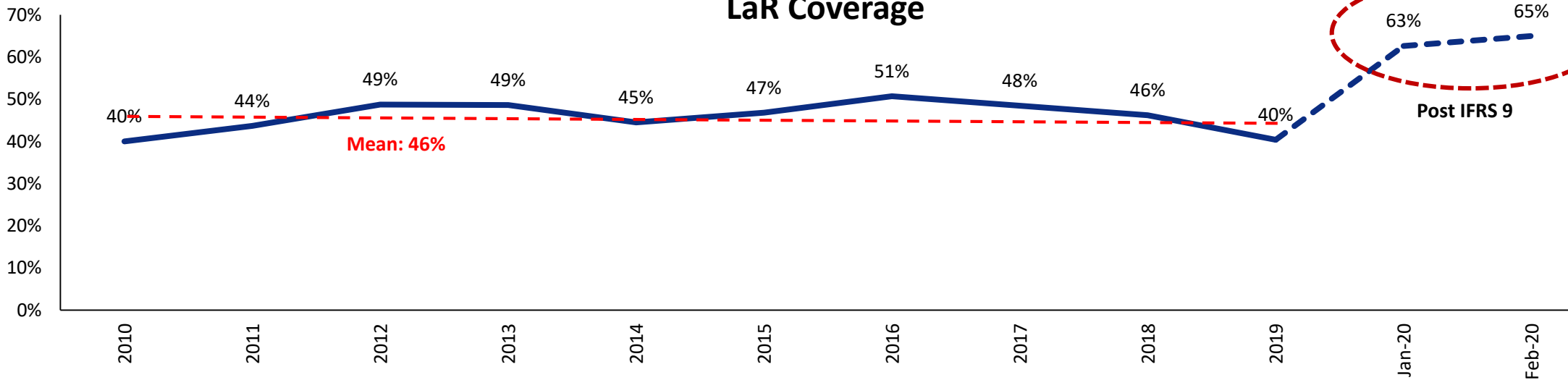
Note: \*) only >30 days past due

# Ample Buffers post IFRS 9

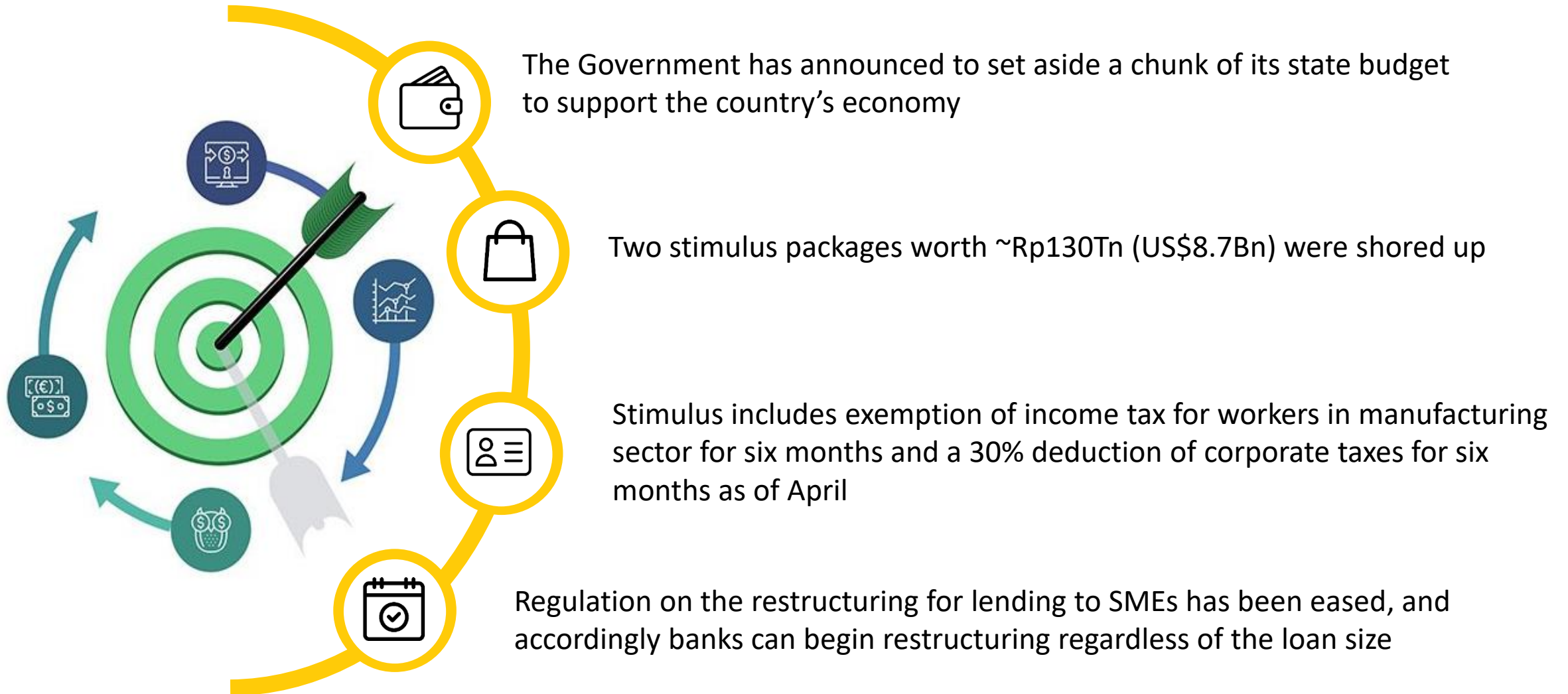
## NPL Coverage



## LaR Coverage



# ■ Government Helps Propping Up The Economy Amid Covid19 Outbreak



## ■ Conclusion



Active monitoring by performing sensitivity analysis on our portfolio and will take precautionary action accordingly, such as exposure management, proactive restructuring and dissecting borrower's non core assets



After a thorough analysis with the assumption of 12-month Covid19 outbreak:

- **Wholesale:** Around 80% of the impacted borrowers (5.3% of wholesale loan) could be restructured
- **Retail:** Expect a moderate increase in NPL, but it should remain at low single digit level



Continue to monitor conditions through liquidity stress test for both local and foreign currency



Comfortable with overall liquidity positions with LCR at 170% and NSFR above 110% level



We remain focus on asset quality and liquidity over growth to minimize impact from Covid19 outbreak





**Thank You**

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