



**THE ANALYSIS OF  
NON-STATE OWNED COMMERCIAL BANKS'  
FINANCIAL PERFORMANCE  
IN INDONESIA**

**By**

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NIM : 014201400118**

**A Skripsi presented to the  
Faculty of Business President University  
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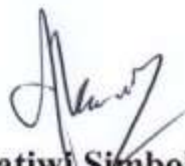
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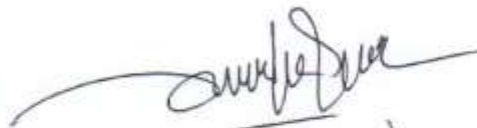
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Best Regards,

Sembel Julio E Reinaldo

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## **ABSTRACT**

This study focused on the Bank Financial Performance and the implementation of CAMEL analysis for investing in banking sector. This study emphasis on the main research question: ‘Is there any influence of bank’s soundness toward share price of the bank in the non-state owned commercial bank in Indonesia?’ In order to answer this research question, these study analyses five hypotheses related to Capital Adequacy Ratio, Non-Performing Loan, Cost-to-Income Ratio, Net Interest Margin, Loan-to-Deposit Ratio, and Share Price of a bank. This study is a quantitative research with secondary data that generated from annual report of 6 (six) non-state owned commercial bank in Indonesia year 2016 to 2017. This study used Panel Data Generalized Least Squares Regression by STATA M-64. The finding shows that four of five variables have positive influence toward share price of the bank but only three will increase the share price.

***Keywords:*** *CAMEL Analysis, Bank Performance, Share Price, Non-State Owned Commercial Bank.*

# CHAPTER I

## INTRODUCTION

### 1.1 Background

The existence of financial institutions, especially the banking sector, occupies a very strategic position in bridging the needs of working capital and investment in real sectors with fund owners. Thus, the main function of the banking sector in macroeconomic policy infrastructure is indeed directed in the context of how to make money effective to increase economic added value. Banks are a major part of the financial sector in the economy, carrying out valuable activities on both sides of the balance sheet. On the asset side, increasing the flow of loan funds to customers who lack funds, on the contrary provides liquidity on the liability side.

Banking is recognized as having a very important role in developing the national economy. Poor banking conditions can also have a negative influence on the economy as a whole. Thus, efforts to strengthen the national banking sector are one of the important factors in strengthening national economy. Even the government has appealed to banks to increase lending to the real sector. Therefore, efforts to improve banking performance are vital for national development.

According to Prasetyo (2008) in assessing the company's financial performance, stakeholders will be greatly helped by the financial statements issued by the company. Things can be obtained from financial statements are: (1) as a means of comparing the performance of a company with other companies in the same industry; (2) as an evaluation tool to show the company's financial position.

Through a bank health assessment we can assess the performance of the bank. The soundness of the bank can be assessed from several indicators. One of the main sources of indicators used as the basis of the assessment is the financial statements of the bank

concerned. Based on the report, a number of financial ratios will be calculated that are commonly used as the basis for evaluating the soundness of the bank (Nasser & Titik, 2000).

The common indicators that used to assess the soundness of the bank are CAMEL analysis that stands for: *Capital, Assets Quality, Management, Earning, and Liquidity*. CAMEL does not only measure the soundness of banks, but also is used as an indicator in ranking and predicting bankruptcy (Payamta & Machfoedz, 1999: 56).

## **1.2 Problem Identification**

Indonesia's financial sector is considered as one of the growing areas in Indonesia. According to Indonesia Bureau of Statistics (Statistik, 2015), Indonesia's financial sector is considered as one of key sectorial growth in Indonesia from 2007 – 2013 with a cumulative annual growth rate of 15%. Under Indonesia's financial sector, there are two sectors that are banking and non-bank financial institutions. Indonesia's banking sector alone accounts 70% of the Indonesia's financial sector GDP. It can be inferred that Indonesia's banking sector drives Indonesia's financial sector. Indonesia's banking sector production or turnover according to Euromonitor research, has grown at cumulative annual growth rate of 13% from 2007 – 2012 and it is expected to continue growing at cumulative annual growth rate of 10% from 2013 – 2018 (Monetary Intermediation In Indonesia: ISIC 651, 2013). This phenomenon tells that Indonesia's banking sector is a growing sector.

Despite the significant growth, banks in Indonesia still face challenges. Those challenges include competition among the players (Indonesian Banking Statistics, 2014), increased regulatory requirement (PricewaterhouseCoopers Indonesia, 2013), and margin pressure (PricewaterhouseCoopers Indonesia, 2014). Further, Banks in Indonesia in the future will focus on capital utilization and increase capital efficiency

for the strategic goals (PricewaterhouseCoopers Indonesia, 2013). These challenges here will require banks in Indonesia to have better performance to overcome them. Bank's performance will be then reflected through their stock prices, that is why it is important to measure what affects bank's stock price

### **1.3 Research Questions**

The main research question of this study is there any influence of bank's soundness towards share price? And in order to answer this research question, this study has raised the following research questions:

- a. Is there any influence of Capital Adequacy Ratio (CAR) toward Share Price?
- b. Is there any influence of Non-Performing Loan (NPL) toward Share Price?
- c. Is there any influence of Cost-to-Income Ratio (CIR) toward Share Price?
- d. Is there any influence of Net Interest Margin (NIM) toward Share Price?
- e. Is there any influence of Loan-to-Deposit Ratio (LDR) toward Share Price?



## 1.4 Research Objective

Based on the problem stated before, the objectives of this study can be stated as followed:

- a. To identify the influence of Capital Adequacy Ratio (CAR) toward Share Price.
- b. To identify the influence of Non-Performing Loan (NPL) toward Share Price.
- c. To identify the influence of Cost-to-Income Ratio (CIR) toward Share Price.
- d. To identify the influence of Net Interest Margin (NIM) toward Share Price.
- e. To identify the influence of Loan-to-Deposit Ratio (LDR) toward Share Price.

## 1.5 Significance of Study

This study is conducted to bring benefit for:

- **Investor:** this study can be used as one of the fundamental indicator to assess the financial performance of bank through its bank's soundness and how it affected the share price of the bank before deciding to invest in the bank.
- **Bank:** this study can give inside for bank management in a way of improving their bank's soundness to attract more investor to invest in their bank and improve their share price.
- **Future researcher:** this study can provide additional knowledge for study research about bank performance and bank's soundness and how it affected the share price. Therefore, this study can be literature that provides additional information and findings to support future research about bank's soundness.

## **1.6 Scope and Limitations**

The data on this study are limited to a well-known national commercial bank and foreign bank in Indonesia that is listed in the stock exchange. This study is limited to 2-years data period from 2016 to 2017 as a recent period and has to be listed in the stock exchange. The data used in this study is collected from bank annual report of bank BCA, Panin Bank, Permata Bank, HSBC bank in Indonesia, Citibank in Indonesia, and Standard Chartered bank in Indonesia.

## **1.7 Organization of the Study**

The content of this study are organize into 5(five) Chapters which can be detail as follows:

- **CHAPTER I INTRODUCTION**

This chapter provides a basis for research including background, research objectives, problem formulation, general research methodology, organizational papers and data collection techniques.

- **CHAPTER II LITERATURE REVIEW**

This chapter provides literature review, which summarizes the views of several scholars and experts who have studied the banking industry in the past, introducing in detail the influence of relevant research results on various variables and expressing opinions.

- **CHAPTER III METHODOLOGY**

This chapter explains the methodology, research design, data collection, samples, data analysis, and data instrument used in research. This chapter also provides a research framework as a basis for the steps in conducting research.

- **CHAPTER IV ANALYSIS OF DATA AND INTERPRETATION OF RESULT**

This chapter details information about the data that has been processed and the interpretation of the results. This chapter primarily answers and provides explanations for research questions and achieves research objectives.

- **CHAPTER V CONCLUSIONS AND RECOMMENDATION**

This chapter summarizes all interpretations and analysis from the previous chapter. Each recommendation related to the results of the study is also provided in this chapter.

## **1.8 Previous Study**

- **Ioana Iuliana Tomuleasa (2017)**

Results show that bank performance and soundness are negatively related, but economic freedom, regulation, corruption, and transparency tend to have mixed effects at the aggregate level depending on the performance and soundness measures used. More noticeable differential effects can be detected when we disaggregate the data: (i) the Euro-area, the non-euro European Union (EU) countries and the EU candidate countries; (ii) the size of banks; (iii) the country income level; (iv) the timing of entrance into the EU; and (v) bank specialization.

The main results suggest that policies promoting greater economic freedom, reducing regulation and corruption and enhancing transparency need to be more targeted to reflect the diversity of the banking sector in Europe

- Wirnkar, Alphonsius & Tanko, Muhammad. (2008)

This research paper was carried out; to find the adequacy of CAMEL in capturing the overall performance of a bank; to find the relative weights of importance in all the factors in CAMEL; and lastly to inform on the best ratios to always adopt by banks regulators in evaluating banks' efficiency. The findings revealed the inability of each factor in CAMEL to capture the wholistic performance of a bank. Also revealed, was the relative weight of importance of the factors in CAMEL which resulted to a call for a change in the acronym of CAMEL to CLEAM. In addition, the best ratios in each of the factors in CAMEL were identified. For example, the best ratio for Capital Adequacy was found to be the ratio of total shareholders' fund to total risk weighted assets. The paper concluded that no one factor in CAMEL suffices to depict the overall performance of a bank. Among other recommendations, banks' regulators are called upon to revert to the best identified ratios in CAMEL when evaluating banks performance.

- Sujarwo, A. A. (2015)

Although banking industry in Indonesia is facing dynamic challenges every year, banking industry in Indonesia is considered as one of most profitable sectors in Indonesia. This occurrence leads to investor preference in banking industry stocks. This research, it is believed, profitability is not the only measurement of bank performance which affect stock price. In this problem, other factor as formulated through CAMEL analysis (Capital Adequacy, Asset Quality, Management Quality, Earnings, and Liquidity) is a bank performance measurement which affect bank stock price. Those data is processed with linear regression analysis which proves

that CAMEL analysis has significant impact towards bank stock price simultaneously. Partially, only Asset Quality, Management Quality, and Earnings have significant impact towards bank stock price.

## CHAPTER II

### LITERATURE REVIEW

#### 2.1 Banks' Soundness: CAMEL Analysis

This study implemented CAMEL analysis as an effective measurement of supervision and monitoring banks' soundness (Dincer et al, 2011); and as an effective tool to get a financial difficulty warning system (Barker & Holdsworth, 1993). CAMEL is stand for Capital, Assets Quality, Management, Earnings, and Liquidity.

In Indonesia, CAMEL analysis is regulated by Bank Indonesia as the Central Bank of Indonesia trough *Circulation Letter of Bank Indonesia Regulation No. 6/23/DPNP year 2004* as one of banks' soundness measurement.

**Table 2.1 Banks' Soundness Measurements**

Banks' Soundness Measurement	Proxy	1 <sup>st</sup> Rank	2 <sup>nd</sup> Rank	3 <sup>rd</sup> Rank	4 <sup>th</sup> Rank	5 <sup>th</sup> Rank
Capital	CAR	CAR $\geq$ 12%	9% $\leq$ CAR < 12%	8% $\leq$ CAR < 9%	6% $\leq$ CAR < 8%	CAR $\leq$ 6%
Asset	NPL	NPL $\leq$ 2%	2% < NPL $\leq$ 3%	3% < NPL $\leq$ 6%	6% < NPL $\leq$ 9%	NPL > 9%
Management	CIR	CIR $\leq$ 94%	94% < CIR $\leq$ 95%	95% < CIR $\leq$ 96%	96% < CIR $\leq$ 97%	CIR > 97%
Earnings	NIM	NIM > 3%	2% < NIM $\leq$ 3%	1.5% < NIM $\leq$ 2%	1% < NIM $\leq$ 1.5%	NIM $\leq$ 1%
Liquidity	LDR	LDR $\leq$ 75%	75% < LDR $\leq$ 85%	85% < LDR $\leq$ 100%	100% < LDR $\leq$ 120%	LDR > 120%

Source: Circulation Letter of Bank Indonesia Regulation No. 6/23/DPNP year 2004

Banks' soundness in Indonesia is divided into 5 ranks, and the criteria are explained on table 2.1 above. Detail of banks' soundness indicator will be explained as follows:

- Capital

Capital Adequacy Ratio (CAR) is a capital ratio that is expected to maintain a balance with the risks exposed in financial institutions such as credit risk, operational risk, and market risk to absorb the potential losses (Getahun, 2015). CAR is one of the ratios to ensure that banks can take a reasonable level of loss

arising from operational losses (Misra & Aspal, 2013). Higher CAR means that banks have more capital to bear the risk of accidents and more protection for investors.

- **Assets Quality**

Assets quality measurements are specific in banking industry that different from other industry, which is loan quality. Loan quality is important for the banking industry, to assess the quality of its assets. Poor loan quality means a higher Non-Performing Loan (NPL) ratio, and a higher level of NPL can cause bank failure (Grier, 2007). Assets quality helps banks to measure risk from the debtor's perspective. This ratio will benefit the bank in understanding the amount of reserves in the event of a bad investment. In conclusion, higher NPL levels indicate lower asset performance.

- **Management**

Management quality reflects the soundness of a bank's management (Ahsan, 2016). Management has a significant role as a safety net for banks to operate in the right way. The ratio of operating costs to operating income shows the percentage of the bank's operating costs on operating income and it can provide information about management efficiency that refers to costs on the income generated by the bank (Getahun, 2015). The lower the Cost to Income Ratio (CIR) means the stronger the bank's ability to control operational costs and the higher the efficiency of operations.

- **Earnings**

Earning quality is an important barometer that represents the quality of bank profitability and its ability to maintain quality and earn consistently (Misra & Aspal, 2013). In other words, to perform their activities which are adequate capital levels, involved with new activities, and maintaining competitive position, bank really depends on its earnings. In this study, the quality of income will be represented by Net Interest Margin (NIM) since it is a measure of earning

performance specific to the banking industry and cannot be applied to other industries. Higher NIM indicates better bank soundness performance.

- Liquidity

Liquidity performance is an indicator of the bank's ability to meet its financial obligations (Misra & Aspal, 2013; Getahun, 2015). The main activity of banks is to use funds effectively for loan purposes. The loan to deposit ratio (LDR) measures bank liquidity as well as bank profitability. A high LDR indicates that banks issue more deposits in the form of interest loans, or banks generate more income (Rengasamy, 2014).



## 2.2 Efficient Market Hypothesis

Efficient Market Hypothesis (EMH) stated that stock prices on certain days reflect market conditions on the same day and are not related to market conditions on the previous day (Fama, 1965a). Fama (1965b: 3-4) defines market efficiency as follows:

*“A market where there are large numbers of rational profit maximizers actively competing, with each trying to predict future market values of individual securities, and where important current information is almost freely available to all participants”.*

According to Fama (1965a), in situations where new information is published, the actual price (intrinsic value) will immediately change and move towards a new level of intrinsic value because of the rational behavior of investors. The neutralization process of the difference between actual return and intrinsic value causes actual returns to fluctuate randomly around its intrinsic value (Yalçın 2010). Guerien and Gun (2011) suggest that price uncertainty and independence of changes in stock prices due to investor responses to new information, lead to actual neutralization of returns and intrinsic value. This is a characteristic of efficient stock market work. Therefore the market is said to be efficient, if prices reflect the response to any new information by the rational behavior of investors. This was explained by Fama (1970: 387) as follows:

*“A market in which prices always fully reflect all available information is called efficient. In an efficient market, on the average, competition will cause the full effects of new information on intrinsic values to be reflected “instantaneously” in actual prices”.*

Fama argues that efficient markets are places where investors behave rationally, making maximum profit a goal through estimating future market values and places where important information is now free for all investors. Therefore all information can be reflected through stock price movements. An efficient market closes the

possibility of gaining profits through abnormal returns because the price base is information that is freely available to anyone (Bodie et al. 2008).

## 2.3 Independent Variable

### Capital Adequacy Ratio (CAR)

Capital is the first factor in bank health using the financial ratio of the CAMEL model. This factor is the ability of banks to provide capital in accordance with the minimum capital requirements of a bank. Bank capital is funds invested by the owner in order to establish a business entity that is intended to finance the bank's business activities in addition to fulfilling predetermined conditions (Dahlan Siamat, 2000 : 56). Every bank operating in Indonesia is required to maintain a Minimum Capital Requirement of at least 8%. This 8% Minimum Capital Adequacy Ratio, from time to time will be adjusted to the conditions and developments in the banking sector that occur, while still referring to international standards. The formula for calculating CAR is as follows:

$$\text{CAR} = \frac{\text{Tier 1 capital} + \text{Tier 2 capital}}{\text{Risk weighted assets}}$$

### Non-Performing Loan (NPL)

Non-Performing Loans are defined as the number of loans maturing in the past that cannot be repaid in accordance with the agreed period of time (Festic et al., 2011). Non-Performing Loans are the amount that creditors cannot recover from defaulting. Whereas those who are defaulter are people or companies that cannot afford to pay debts. These classified loans consist of sub-standards, doubtful debt, and bad credit/losses. Non-Performing Loans are used as a proxy for measuring the credit risk of the banking sector in this country. The inherent features are relatively from the financial sector; state-owned institutions and private companies that have a large amount of credit risk (Festic et al. 2011). The formula for calculating NPL is as follows:

$$\text{NPL} = \frac{\text{Total Non Performing Loan}}{\text{Total Loan}}$$

### **Cost-to-Income Ratio (CIR)**

The cost income ratio is the management's ability to run a business, and can reduce the possibility of financial difficulties (Betz, et al., 2014). The cost to income ratio is a ratio that shows how much the bank must spend in gaining income. Every activity carried out by the bank in obtaining income requires sacrifices that must be made including costs incurred. Cost is one of the factors that determine high and low profitability. This ratio can be used to see the quality of management owned by the bank. The lower the cost to income ratio, the better the quality of management. This ratio also shows the efficiency of bank operations. The formula for calculating CIR is as follows:

$$\text{Cost to Income} = \frac{\text{non interest-cost}}{\text{non interest-revenue}}$$

### **Net Interest Margin (NIM)**

Net Interest Margin (NIM) is a ratio used to measure the amount of net interest income obtained by banks in using productive assets (Achmad & Kusumo, 2003). NIMs show the ability of bank management to manage their productive assets to generate net interest income. Net interest income comes from interest income less interest expense. The greater the ratio, the higher the interest income on productive assets managed by the bank, so the possibility of banks in problematic conditions is getting smaller (Almilia & Herdiningtyas, 2005). The formula for calculating NIM is as follows:

$$\text{NIM} = \frac{\text{Net interest income}}{\text{Average Earning Assets}}$$

### **Loan-to-Deposit Ratio (LDR)**

LDR is the ratio between all loans given by banks and funds received by banks. This ratio shows one of the bank liquidity assessments. The LDR states the extent to which banks can pay for withdrawals made by depositing customers by relying on loans provided as a source of liquidity. The higher the ratio, the lower the liquidity ability of the bank concerned. This is because the amount of funds needed to finance credit is getting bigger. This ratio is also an indicator of bank vulnerability and capability. Some banking practitioners agree that the safe limit of bank LDR is around 80%. But tolerance limits range between 85% and 100% (Dendawijaya, 2005). The formula for calculating LDR is as follows:

$$\text{LDR} = \frac{\text{Total Loans}}{\text{Total deposit}}$$

## **2.4 Dependent Variable**

### **Share Price**

The stock price determines the shareholders' wealth. The maximization of shareholder wealth is translated into maximizing the company's stock price. Stock prices at certain times will depend on cash flows that are expected to be received in the future by "average" investors if investors buy shares (Brigham & Houston, 2010: 7). From this understanding, it can be concluded that the stock price is the price formed in accordance

with the demand and supply on the market, buying and selling shares and usually the closing price. The formula for calculating stock prices is as follows:

$$\textit{Share Price} = \textit{Closing Price}$$

## **2.5 Research Gap**

From research background and analysis of existing literature, in the research of bank's soundness toward bank performance, the researcher found that there are only few study have been conducted about relation between bank's soundness toward share price of bank. Therefore, this study implemented CAMEL analysis as an effective indicator for measuring bank's soundness. This study tries to find the relation and the influence of the bank's soundness toward share price of the bank and also to raise the awareness of other researcher for future research regarding this topic.

## **CHAPTER III**

### **METHODOLOGY**

#### **3.1 Research Method**

This study adopts quantitative analysis methods using secondary data, to better understand the object of research, so it is more effective in looking at scientific theory, understanding essence, clarifying relationships, and predicting development trends. Based on data from national commercial banks and foreign banks in Indonesia, this study adopts quantitative analysis methods to analyze independent variables and dependent variables, then establish hypotheses and analysis, and finally create multiple regression models to determine the influence. The results of this study are objective results because the data is processed in the form of numbers.

This study analyzes the comparison study and the influence of the bank's soundness on stock prices in three steps:

*Step 1:* compare and analyze one by one the CAMEL indicator and share price of national commercial bank and foreign bank.

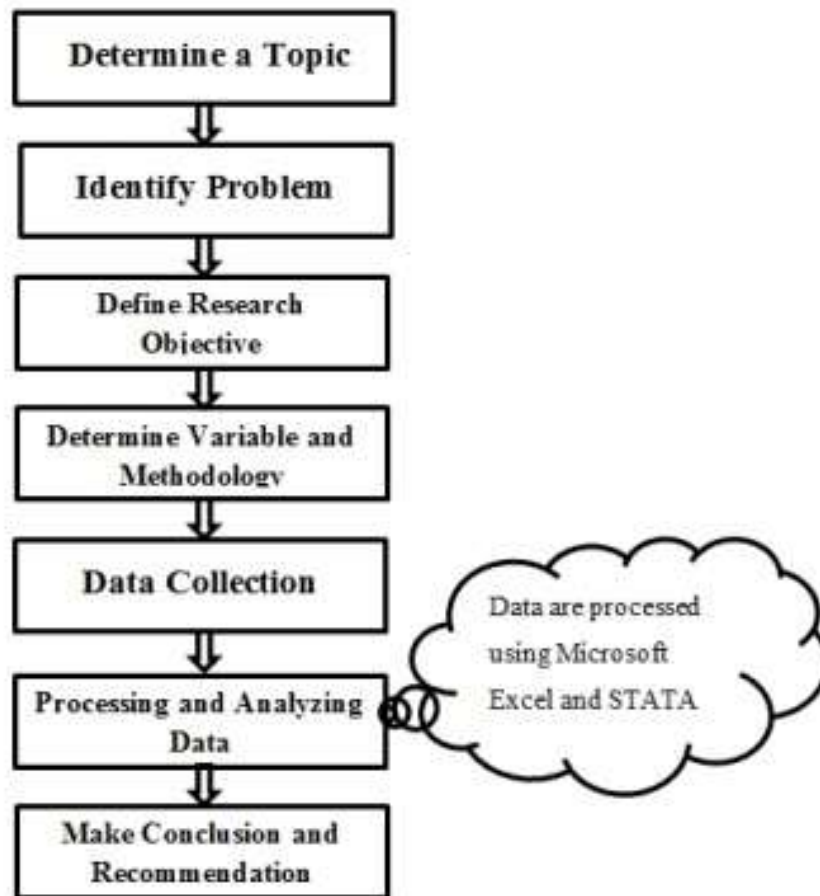
*Step 2:* create a regression model to comprehensively analyze the CAMEL indicator affecting the share price of the bank.

*Step 3:* use Robustness to carry out a certainty analysis

In this study, researchers will specifically analyze the independent variables and dependent variables. This study includes 5 independent variables, namely, CAR, NPL, CIR, NIM, and bank LDR and the dependent variable is the bank share price.

## 3.2 Research framework

**Figure 3.1**  
**Research Framework**



Source: Construct by researcher, 2018

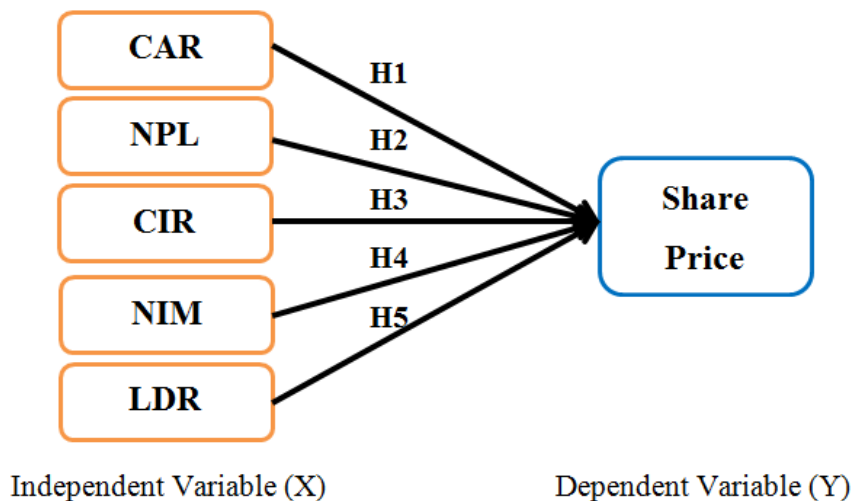
The figure 3.1 has shown the flow of this research process. It is started by determining the topic of the study, then identifying problems based on the phenomena taken by the researcher. Research question and objectives are stated based on the problems. At this point, the literature related to the topic should be collected and reviewed to determine the variable and the methodology of the study and then develop hypothesis. Researcher start to collect data from the annual report of the company then input it to Microsoft



Excel, to be processed further using STATA to get the result. The results are then analyzed and interpreted based on the literature review, to develop research conclusions. The conclusion will summarize the important points of the study and answer the research questions. Also there will be recommendations based on the result.

### 3.3 Theoretical Framework

**Figure 3.2**  
**Theoretical Framework**



Source: Construct by researcher, 2018

The theoretical framework is a conceptual model that represents beliefs about how variables that have been identified are important for the problem, related to each other (Sekaran & Bougie, 2011). The theoretical framework of this study is shown by figure 3.2.

There are two types of variable involved in this study, independent variable and dependent variable. The independent variables are CAR, NPL, CIR, NIM, and LDR, and the dependent variable is Share price of the bank.

### **3.4 Hypotheses**

From the theoretical framework, the hypotheses of this study are written as follows:

Hypothesis 1: There is positive influence of CAR (Capital Adequacy Ratio) toward Share Price

Hypothesis 2: There is positive influence of NPL (Non-Performing Loan) toward Share Price

Hypothesis 3: There is positive influence of CIR (Cos-to-Income Ratio) toward Share Price

Hypothesis 4: There is positive influence of NIM (Net Interest Margin) toward Share Price

Hypothesis 5: There is positive influence of LDR (Loan-to-Deposit Ratio) toward Share Price

### 3.5 Operational Definitions

**Table 3.1**  
**Operational Definition**

Research Variable	Operation Definition	Formula
Dependent Variable		
Share Price	Share price are equal to Closing price	<i>Share Price = Closing Price</i>
Independent Variable		
Capital Adequacy Ratio	Tier 1 Capital plus Tier 2 Capital divided by Risk weighted assets	$CAR = \frac{\text{Tier 1 capital} + \text{Tier 2 capital}}{\text{Risk weighted assets}}$
Non-Performing Loan	Total Non-Performing Loan divided by Total Loan	$NPL = \frac{\text{Total Non Performing Loan}}{\text{Total Loan}}$
Cost-to-Income Ratio	Non-interest Cost divided by Non-interest Revenue	$\text{Cost to Income} = \frac{\text{non interest-cost}}{\text{non interest-revenue}}$
Net Interest Margin	Net Interest Income divided by Average of Earning Assets	$NIM = \frac{\text{Net interest income}}{\text{Average Earning Assets}}$
Loan-to-Deposit Ratio	Total Loan divided by Total Deposit	$LDR = \frac{\text{Total Loans}}{\text{Total deposit}}$

Source: Construct by researcher, 2018

### **3.6 Research instrument**

This study mainly uses 2 research instruments in processing data, namely Microsoft Excel and STATA.

#### **1. Microsoft Excel**

Microsoft Excel is used to collecting and processing the raw data from the bank annual report to be ready to be inputted to STATA for further analytical process.

#### **2. STATA**

STATA is used to analyze the data of independent variables and dependent variables that have been process trough Microsoft Excel. The statistical result from STATA are interpreted and analyzed to draw conclusions for the study.

### **3.7 Sampling**

Sampling is a method used in statistical analysis where the number of preset observation drawn from a large population. The method used to get samples from large populations depends on the type of analysis carried out but can include simple random sampling or systematic sampling. While, population is the entire collection from which statistical samples are taken. A population can be said to be an aggregate observation of subjects grouped together by common features.

Non-probabilistic samples were used in this study, because there was no opportunity known or predetermined for the sample to be chosen as the object of research, and the focus was on the purpose sampling.

In terms of data selection, researchers chose data from 6 commercial banks in Indonesia, namely 3 from national commercial banks and 3 from foreign banks. All data comes from annual financial reports from 2016 to 2017 from selected banks.

### 3.8 Regression Models

Multiple regression analysis is used when research consists of more than one independent variable. Since this study has 5 (five) independent variables, multiple regression analysis was chosen for this study. The linear regression equation that portrays the influence of independent variables on the dependent variable can be written as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \varepsilon$$

Where:

Y: Dependent variable; Share Price

$\beta_0$ : Intercept/constant (value of Y when X1, X2, X3, X4, and X5 equals to zero)

X1: Independent variable; CAR

X2: Independent variable; NPL

X3: Independent variable; CIR

X4: Independent variable; NIM

X5: Independent variable; LDR

$\varepsilon$ : Error

If the value of  $\beta$  is positive, this means that the independent variable is positively correlated with the dependent variable, and vice versa.

# CHAPTER IV

## ANALYSIS OF DATA AND INTERPRETATION OF RESULT

### 4.1 Bank Profile

#### 1. BCA



PT Bank Central Asia Tbk or commonly known as bank BCA or BCA was established in October 10<sup>th</sup>, 1955. By the end of 2017, bank BCA have total assets of Rp.750.3 trillion that grow 10.9% from the previous year Rp.676.7 trillion and remained as third largest bank and the leading bank in private sector in Indonesia by total assets. Bank BCA has operated all over Indonesia with 1,235 branches, 17,658 ATMs, more than 470 thousand EDCs and has 25,439 total employees. Bank BCA has eight subsidiaries company which are: PT BCA Finance (99.58%), BCA Finance Limited (100%), PT Bank BCA Syariah (99.99%), PT BCA Sekuritas (90%), PT Asuransi Umum BCA (75%), PT Central Santosa Finance (75%), PT Asuransi Jiwa BCA (90%), and PT Central Capital Ventura (99.99%). In May 31<sup>st</sup>, 2000, share of PT Bank Central Asia Tbk are listed and traded at the Indonesia Stock Exchange with share code BBCA and now 45.06% are traded and own by public.

## 2. Permata Bank



PT Bank Permata Indonesia Tbk or known as Permata Bank was established in December 17<sup>th</sup>, 1954, under the name PT Bank Persatuan Dagang Indonesia and change into PT Bank Bali in August 20<sup>th</sup>, 1971. On January 15<sup>th</sup>, 1990, the Bank listed and traded its shares on the Indonesia Stock Exchange with share code BNLI and changed its name to PT Bank Bali Tbk on 21 August 1997. Under the supervision of the Indonesian Bank Restructuring Agency, PT Bank Universal Tbk, PT Bank Prima Ekspres, PT Bank Artamedia, and PT Bank Patriot were merged into PT Bank Bali Tbk and later changed its name to PT Bank Permata Tbk in September 27<sup>th</sup>, 2002. Now Permata Bank has 10.88% of its share traded and own by public. Permata Bank's total assets as of December 2017 amounted to Rp148.33 trillion, or 10.4% lower compared with Rp165.53 trillion in the previous year. Permata Bank supported by 335 branch offices, 1,027 ATM units, and 8424 total employees in 62 cities throughout Indonesia. Permata Bank has six subsidiaries company which are: PT Sahabat Finansial Keluarga, PT Astra Sedaya Finance, PT Sarana Bali Ventura, PT Sarana Bersama Pengembangan Indonesia, PT Aplikanusa Lintasarta, and PT Kustodian Sentral Efek Indonesia.

### 3. Panin Bank



PT Bank Pan Indonesia Tbk or PaninBank is one of the biggest commercial banking in Indonesia. PaninBank was established in August 17<sup>th</sup>, 1971, from the business merger of Bank Kemakmuran, Bank Industri Djaja, and Bank Industri & Dagang Indonesia, and PaninBank acquired a license as foreign exchange bank in 1972. In October 28<sup>th</sup>, 1982, PaninBank present an initial public offering and became the first bank in Indonesia to list its share on the stock exchange by share code PNBK and have 17% of its share traded and own by public. By the end of 2017 PaninBank have more than 562 branches throughout Indonesia and also supported with more than 967 automatic teller machines (ATM) throughout Indonesia. PaninBank have total assets reached Rp.213.54 trillion. PaninBank have four subsidiaries company which are: PT Clipan Finance Indonesia Tbk, PT Bank Panin Syariah, PT Bank ANZ Indonesia Tbk, and PT Verena Multi Finance Tbk.



#### 4. HSBC Indonesia



HSBC Holdings plc is a British multinational banking and financial services holding company and the 7th largest bank in the world, and the largest in Europe, with total assets of US\$2.521 trillion. "The Hongkong and Shanghai Bank" was founded by Scotsman Sir Thomas Sutherland in the then-British colony of Hong Kong on March 3<sup>rd</sup>, 1865. HSBC has around 3,900 offices in 67 countries and territories across Africa, Asia, Oceania, Europe, North America, and South America, and around 38 million customers. The Hongkong and Shanghai Banking Corporation opened its first Indonesian office in Jakarta in 1884 under the name of The Hongkong and Shanghai Banking Corporation Limited, Indonesia Branch. In 2009, HSBC Group bought Bank Ekonomi Raharja (Bank Ekonomi) and rebranded it as PT Bank HSBC Indonesia in October 2016. On April 17<sup>th</sup>, 2017, HSBC Group integrated the operations of HSBC Foreign Bank Branch in Indonesia with PT Bank HSBC Indonesia to form PT Bank HSBC Indonesia. In December 31<sup>st</sup>, 2017, PT Bank HSBC Indonesia has total assets of Rp.101 trillion. The number of employees of the Bank as of December 31<sup>st</sup>, 2017 is 4,629 people. This is increased more than twice the size as compared to previous year which was recorded at 1,922, due to the inclusion of employees from both entities. As

of December 31<sup>st</sup>, 2017, the Bank has 39 main branches (including the head office) and 57 sub-branches in Indonesia.

## **5. Citibank Indonesia**



Citibank is the consumer division of financial services multinational Citigroup. Citibank was founded on June 16<sup>th</sup>, 1812, as the City Bank of New York, and later became First National City Bank of New York. Citibank has 2,649 branches in 19 countries. Citibank has been present in Indonesia since 1968 and is one of the largest foreign banks in Indonesia by assets size. By the end of 2017, Citibank Indonesia has total assets of Rp.76 trillion. With around 3.500 employees, Citibank Indonesia serves by providing daily banking services, as well as corporate and investment products. Citibank Indonesia operates 10 branches in six major cities in Indonesia namely Jakarta, Bandung, Surabaya, Semarang, Medan, and Denpasar. Citibank Indonesia is a fully owned subsidiary of Citibank NA.

## 6. Standard Chartered Bank Indonesia



Standard Chartered PLC is a British multinational banking and financial services company headquartered in London, England. Standard Chartered was established in 1969 from a merger between Standard Bank and Chartered Bank. Standard Chartered has extensive global network of over 1,700 branches and outlets in more than 70 countries in the region of Asia Pacific, South Asia, Middle East, Africa, Europe and Americas and employs around 87,000 people. Standard Chartered have a total asset of US\$ 663 trillion. In October 1968, the Chartered Bank received an approval from Indonesia Financial Regulators to open a branch office in Indonesia and to conduct foreign exchange and commercial banking activities, which presently known as the Branch Office of Standard Chartered Bank in Indonesia. By the end of 2017, Standard Chartered Bank Indonesia have a total asset of Rp.63 trillion in 2017 is decreased compared to last year assets of Rp.64 trillion. Standard Chartered Bank Indonesia has one main branch office in Jakarta, 6 Auxiliary branches in Surabaya, Medan, Bandung, Semarang, Denpasar and Makassar. By the end of 2017 there are 2,023 employees at Standard Chartered Bank Indonesia Branch. Branch Office of Standard Chartered Bank Indonesia is fully owned by Standard Chartered Holdings Limited, U.K.

## 4.2 Descriptive Analysis

### Comparison Study: Bank Soundness Performance

Overall, both national bank and foreign bank in Indonesia have great bank soundness performance in CAR and NIM. However, national banks in Indonesia have better bank soundness performance in NPL and CIR compare to foreign bank in Indonesia. Meanwhile, foreign bank in Indonesia have better bank soundness performance in LDR compare to national bank in Indonesia.

#### 4.2.1 Capital Performance

Table 4.1 shows that all 3 foreign banks in Indonesia have a higher CAR compared with all 3 national banks for the period of 2016 – 2017, except bank BCA, has slightly better CAR performance then bank HSBC Indonesia in 2017. This table also shows all the national and foreign banks are fulfilling the minimum requirement of CAR according to the Basel Accord, which is 8%.

**Table 4.1**  
**CAR of National & Foreign Bank in Indonesia (Annual %)**

	2016				2016		
	Bank	CAR	Rank		Bank	CAR	Rank
National Bank	BCA	21,90%	1	Foreign Bank	HSBC Indonesia	23,69%	1
	Panin Bank	20,49%	1		Citibank Indonesia	30,00%	1
	Permata Bank	15,60%	1		Standard Chartered Indonesia	16,59%	1
	<b>Average</b>	<b>19,33%</b>	<b>1,00</b>		<b>Average</b>	<b>23,43%</b>	<b>1,00</b>
	2017				2017		
	Bank	CAR	Rank		Bank	CAR	Rank
	BCA	23,10%	1		HSBC Indonesia	22,49%	1
	Panin Bank	21,99%	1		Citibank Indonesia	27,50%	1
	Permata Bank	18,10%	1		Standard Chartered Indonesia	19,51%	1
	<b>Average</b>	<b>21,06%</b>	<b>1,00</b>		<b>Average</b>	<b>23,17%</b>	<b>1,00</b>

Source: Construct by researcher, 2018

#### 4.2.2 Asset Quality Performance

Based on Circulation Letter of Bank Indonesia Regulation No: 6/23/DPNP year 2004, the NPL have to be less than equal 2% to reach the first rank in asset quality performance of bank soundness performance. As shown in table 4.2, in 2016 only bank BCA have fulfil the requirement of  $\leq 2\%$  of NPL, while in 2017 bank BCA and Citibank Indonesia fulfils this requirement. Therefore, only bank BCA has a better and constant asset quality performance compared to other banks in the period of 2016 – 2017.

**Table 4.2**  
**NPL of National & Foreign Bank in Indonesia (Annual %)**

	2016				2016		
	Bank	NPL	Rank		Bank	NPL	Rank
National Bank	BCA	1,30%	1	Foreign Bank	HSBC Indonesia	6,06%	4
	Panin Bank	2,81%	2		Citibank Indonesia	2,80%	2
	Permata Bank	8,80%	4		Standard Chartered Indonesia	5,41%	3
	<b>Average</b>	4,30%	2,33		<b>Average</b>	4,76%	3,00
	2017				2017		
	Bank	NPL	Rank		Bank	NPL	Rank
	BCA	1,50%	1		HSBC Indonesia	4,26%	3
	Panin Bank	2,84%	2		Citibank Indonesia	1,90%	1
	Permata Bank	4,60%	3		Standard Chartered Indonesia	3,90%	3
	<b>Average</b>	2,98%	2,00		<b>Average</b>	3,35%	2,33

Source: Construct by researcher, 2018

#### 4.2.3 Management Performance

Table 4.3 shows the national bank has two banks, which are bank BCA and Panin bank, that have better management performance compare to a foreign bank that only Citibank Indonesia that have a good performance for period 2016. In period 2017, both national and foreign bank has two banks each that have good management performance, which

is bank BCA and Panin bank for a national bank and HSBC Indonesia and Citibank Indonesia for the foreign bank. Overall, in term of management performance, the management in the national bank could manage the operational cost more efficiently and there are possibilities of generating more profit compared to the foreign bank in Indonesia.

**Table 4.3**  
**CIR of National & Foreign Bank in Indonesia (Annual %)**

	2016				2016		
	Bank	CIR	Rank		Bank	CIR	Rank
National Bank	BCA	60,40%	1	Foreign Bank	HSBC Indonesia	95,66%	3
	Panin Bank	83,02%	1		Citibank Indonesia	81,60%	1
	Permata Bank	150,80%	5		Standard Chartered Indonesia	98,70%	5
	<b>Average</b>	<b>98,07%</b>	<b>2,33</b>		<b>Average</b>	<b>91,99%</b>	<b>3,00</b>
	2017				2017		
	Bank	CIR	Rank		Bank	CIR	Rank
	BCA	58,60%	1		HSBC Indonesia	82,79%	1
	Panin Bank	85,04%	1		Citibank Indonesia	85,80%	1
	Permata Bank	94,80%	2		Standard Chartered Indonesia	99,53%	5
	<b>Average</b>	<b>79,48%</b>	<b>1,33</b>		<b>Average</b>	<b>89,37%</b>	<b>2,33</b>

Source: Construct by researcher, 2018

#### 4.2.4 Earning Performance

Table 4.4 shows the NIM of foreign bank is slightly higher compared to national bank for period 2016 – 2017.

**Table 4.4**  
**NIM of National & Foreign Bank in Indonesia (Annual %)**

	2016				2016		
	Bank	NIM	Rank		Bank	NIM	Rank
National Bank	BCA	6,80%	1	Foreign Bank	HSBC Indonesia	5,43%	1
	Panin Bank	5,03%	1		Citibank Indonesia	6,20%	1
	Permata Bank	3,90%	1		Standard Chartered Indonesia	4,87%	1
	<b>Average</b>	5,24%	1,00		<b>Average</b>	5,50%	1,00
	2017				2017		
	Bank	NIM	Rank		Bank	NIM	Rank
	BCA	6,20%	1		HSBC Indonesia	5,25%	1
	Panin Bank	4,68%	1		Citibank Indonesia	6,40%	1
	Permata Bank	4,00%	1		Standard Chartered Indonesia	4,26%	1
	<b>Average</b>	4,96%	1,00		<b>Average</b>	5,30%	1,00

Source: Construct by researcher, 2018

#### 4.2.5 Liquidity Performance

Table 4.5 shows only Citibank Indonesia has a better liquidity performance compare to other banks in the period 2016 – 2017.

**Table 4.5****LDR of National & Foreign Bank in Indonesia (Annual %)**

	2016				2016		
	Bank	LDR	Rank		Bank	LDR	Rank
National Bank	BCA	77,10%	2	Foreign Bank	HSBC Indonesia	97,30%	3
	Panin Bank	94,37%	3		Citibank Indonesia	74,60%	1
	Permata Bank	80,50%	2		Standard Chartered Indonesia	76,37%	2
	<b>Average</b>	<b>83,99%</b>	<b>2,33</b>		<b>Average</b>	<b>82,76%</b>	<b>2,00</b>
	2017				2017		
	Bank	LDR	Rank		Bank	LDR	Rank
BCA	78,20%	2	HSBC Indonesia	106,55%	4		
Panin Bank	96,39%	3	Citibank Indonesia	71,40%	1		
Permata Bank	87,50%	3	Standard Chartered Indonesia	81,91%	2		
<b>Average</b>	<b>87,36%</b>	<b>2,67</b>	<b>Average</b>	<b>86,62%</b>	<b>2,33</b>		

Source: Construct by researcher, 2018

## Share Price

Table 4.6 shows the share price of the national bank that listed in Indonesia Stock Exchange (IDX) and the share price of the foreign bank in Indonesia that listed in New York Stock Exchange (NYSE) after converted to Rupiah. Bank BCA has the highest share price for national bank listed in IDX, meanwhile Standard Chartered has the highest share price for foreign bank that listed in NYSE.



**Table 4.6**

**Share Price of National & Foreign Bank in Indonesia (2016-2017)**

	Bank	Share Price (end of 2016/share)	Share Price (end of 2017/share)
National Bank	BCA	Rp15.500,00	Rp21.900,00
	Panin Bank	Rp750,00	Rp1.140,00
	Permata Bank	Rp550,00	Rp625,00
	Bank	Share Price (end of 2016/share)*	Share Price (end of 2017/share)**
Foreign Bank	HSBC Indonesia	Rp542.550,54	Rp703.116,63
	Citibank Indonesia	Rp802.483,29	Rp1.013.166,56
	Standard Chartered Indonesia	Rp8.960.455,77	Rp10.621.705,44

\*BI rate end of 2016, Rp.13.503/USD  
 \*\*BI rate end of 2017, Rp.13.616/USD

Source: Construct by researcher, 2018

**4.3 The Influence of Bank Soundness toward Share Price**

By using STATA – fixed effects, here the equation for the following hypothesis:

$$Y = -7092132 + 2.15e+07X_1 - 6.30e+07X_2 + 5772778X_3 + 1.83e+07X_4 + 695504.1X_5 + \varepsilon$$

R<sup>2</sup>overall = 7.27%

Where:

Y: Share Price

X1: CAR

X2: NPL

X3: CIR

X4: NIM

X5: LDR

$\varepsilon$ : Error

*H1: There is positive influence of CAR (Capital Adequacy Ratio) toward Share Price*

The result shows that CAR has positive influence toward Share Price. The positive sign on the Constanta indicate a positive influence between Capital Adequacy Ratio and Share Price. This means, assume other variable are constant, increase 1 point in CAR will result the increase in Share Price for 2.15e+07 point, and vice versa.

*H2: There is positive influence of NPL (Non-Performing Loan) toward Share Price*

The result shows that NPL has negative influence toward Share Price. The negative sign on the Constanta indicate a negative influence between Non-Performing Loan and Share Price. This means, assume other variable are constant, increase 1 point in NPL will result the decrease in Share Price for 6.30e+07 point, and vice versa.

*H3: There is positive influence of CIR (Cost-to-Income Ratio) toward Share Price*

The result shows that CIR has positive influence toward Share Price. The positive sign on the Constanta indicate a positive influence between Cost-to-Income Ratio and Share Price. This means, assume other variable are constant, increase 1 point in CIR will result the increase in Share Price for 5772778 point, and vice versa.

*H4: There is positive influence of NIM (Net Interest Margin) toward Share Price*

The result shows that NIM has positive influence toward Share Price. The positive sign on the Constanta indicate a positive influence between Net Interest Margin and Share Price. This means, assume other variable are constant, increase 1 point in NIM will result the increase in Share Price for 1.83e+07 point, and vice versa.

*H5: There is positive influence of LDR (Loan-to-Deposit Ratio) toward Share Price*

The result shows that LDR has positive influence toward Share Price. The positive sign on the Constanta indicate a positive influence between Loan-to-Deposit Ratios and Share Price. This means, assume other variable are constant, increase 1 point in LDR will result the increase in Share Price for 695504.1 point, and vice versa.

#### **4.4 Robustness of Bank Soundness toward Share Price**

To make sure this result is confirmed; this study also makes Robustness check.

**R1: Capital Adequacy Ratio toward Share Price**

$$Y = -1551633 + 1.58e+07X1 + \epsilon$$

R<sup>2</sup>overall: 10.68%

Where:

Y: Share Price

X1: CAR

ε: Error

The result shows that Share Price has a positive influence toward Capital Adequacy Ratio. The increase 1 point in CAR will increase 1.58e+07 point in Share Price. Since the result of R1 is the same with H1, it is confirmed that CAR has positive influence toward Share Price in this study.

### **R2: Non-Performing Loan toward Share Price**

$$Y = 2368929 - 1.24e+07X2 + \varepsilon$$

R<sup>2</sup>overall: 2.19%

Where:

Y: Share Price

X2: NPL

ε: Error

The result shows that Share Price has a negative influence toward Non-Performing Loan. The increase 1 point in NPL will decrease 1.24e+07 point in Share Price. Since the result of R2 is the same with H2, it is confirmed that NPL has negative influence toward Share Price in this study.

### **R3: Cost-to-Income Ratio toward Share Price**

$$Y = 1885413 + 5478.614X3 + \varepsilon$$

R<sup>2</sup>overall: 3.2%

Where:

Y: Share Price

X3: CIR

$\varepsilon$ : Error

The result shows that Share Price has a positive influence toward Cost-to-Income Ratio. The increase 1 point in CIR will increase 5478.614 point in Share Price. Since the result of R3 is the same with H3, it is confirmed that CIR has positive influence toward Share Price in this study.

#### **R4: Net Interest Margin toward Share Price**

$$Y = 7518056 - 1.07e+08X4 + \varepsilon$$

R<sup>2</sup>overall: 8.87%

Where:

Y: Share Price

X4: NIM

$\varepsilon$ : Error

The result shows that Share Price has a negative influence toward Net Interest Margin. The increase 1 point in NIM will decrease 1.07e+08 point in Share Price. Since the result of R4 is not the same with H4, it is can't be confirmed that NIM has positive influence toward Share Price in this study.

**R5: Loan-to-Deposit Ratio toward Share Price**

$$Y = -2832205 + 5544018X5 + \varepsilon$$

R<sup>2</sup>overall: 6.42%

Where:

Y: Share Price

X5: LDR

ε: Error

The result shows that Share Price has a positive influence toward Loan-to-Deposit Ratio. The increase 1 point in LDR will increase 5544018 point in Share Price. Since the result of R5 is the same with H5, it is confirmed that LDR has positive influence toward Share Price in this study.

## CHAPTER V

### CONCLUSIONS AND RECOMMENDATION

#### 5.1 Conclusions

This study is conducted to find out the influence of Bank's Soundness toward Share Price of the bank using CAMEL analysis indicator, which are Capital Adequacy Ratio, Non-Performing Loan, Cost-to-Income Ratio, Net Interest Margin, and Loan-to-Deposit Ratio of commercial bank in Indonesia in period 2016 to 2017. Using purposive sampling method, 6 (six) commercial banks, which 3 national bank and 3 foreign banks, are selected as sample. Data of this study is processed with multiple regression models and adopting fixed-effect model. The finding of this study can be concluding as follow:

1. Capital Adequacy Ratio has positively correlated with Share Price. Higher Capital Adequacy Ratio indicate the bank have more capital to bear the risk of accidents and more protection for investor. This positive sentiment will increase the willingness of investor to invest more in the bank and thus increase the Share Price of that bank.
2. Non-Performing Loan has negatively correlated with Share Price. Higher Non-Performing Loan indicate the bank have bad assets performance. The more loan can't be collect, the less return the investor will get from the bank. And this will be considered as bad investment for the investor. Bank with high Non-Performing Loan will less attractive for investor and thus decrease the Share Price of that bank.
3. Cost-to-Income Ratio has positively correlated with Share Price. Higher Cost-to-Income Ratio indicates bad management quality and low efficient on operation. This means bank spend more money than making money. The finding suggests that increase in Cost-to-Income Ratio will increase in Share Price of that bank. On the

contrary, bad management and inefficient cost on operation create bad bank performance. And this will arise as negative sentiment toward the bank and decrease the willingness for investor to make investment. Thus, it will decrease the Share Price not increase it.

4. Finding on Net Interest Margin have been suggest that has positive influence with Share Price of the bank. But, this can't be confirmed through robustness check where the result suggests that Net Interest Margin has negative influence with Share Price. Therefore this variable can't be explain further whether Net Interest Margin has positive influence or negative influence or didn't have any influence with Share Price.
5. Loan-to-Deposit Ratio has positively correlated with Share Price. Higher Loan-to-Deposit Ratio indicate that bank use the funds effectively and issue more deposit in the form of interest loans and generate more income. Thus, this will attract more investor to invest in that bank and increase the Share Price.

## **5.2 Recommendations**

- **Investors**

It is recommended for the investors to see and find out the fundamental performance of the bank before decided put the invested money. CAMEL analysis is used in assessing bank performance because the indicators are specific for banking industry. And CAMEL analysis can provide enough information about the soundness of a bank and how their performance. Bank with a good bank's soundness have a good financial performance.



- **Banks**

Bank Indonesia has set a regulation and standard for the other entire bank to follow. Improving the soundness of the bank to meet the standard regulation is important. Better bank's soundness not only attracts more investor but also will prevent bankruptcy if accident happens in the future and prevent economic crisis to happen again.

- **Future Researchers**

The main focus of this study is the influence of bank's soundness toward share price of a bank. From the finding, this study found that Cost-to-Income Ratio have a positive influence with Share Price where it should have the opposite influence. Thus, further study need to be conduct to get better understanding about this finding. A further study also needed to explain the relationship for Net Interest Margin and Share Price. Human capital and behavior are to be suspected to have a major role in generating better CAMEL performance and thus a recommended topic for future study.

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# APPENDICES

```
. xtreg Y1 X1 X2 X3 X4 X5, re
```

```
Random-effects GLS regression      Number of obs   =       12
Group variable: Bank              Number of groups =        6

R-sq:                               Obs per group:
    within = 0.0611                    min =          2
    between = 0.3675                    avg =         2.0
    overall = 0.3107                    max =          2

Wald chi2(5) =          2.71
corr(u_i, X) = 0 (assumed)           Prob > chi2     =       0.7453
```

Y1	Coef.	Std. Err.	z	P> z	[95% Conf. Interval]	
X1	-233875.9	5.10e+07	-0.00	0.996	-1.00e+08	9.98e+07
X2	7.69e+07	1.79e+08	0.43	0.668	-2.74e+08	4.28e+08
X3	-1.27e+07	1.87e+07	-0.68	0.495	-4.93e+07	2.39e+07
X4	-2.97e+08	3.04e+08	-0.98	0.327	-8.92e+08	2.98e+08
X5	-2.06e+07	1.64e+07	-1.26	0.209	-5.28e+07	1.16e+07
_cons	4.36e+07	3.11e+07	1.40	0.161	-1.74e+07	1.05e+08
sigma_u	0					
sigma_e	283551.3					
rho	0	(fraction of variance due to u_i)				

```
. xtreg Y1 X1 X2 X3 X4 X5, fe
```

```
Fixed-effects (within) regression      Number of obs   =       12
Group variable: Bank                  Number of groups =        6

R-sq:                               Obs per group:
    within = 0.9432                    min =          2
    between = 0.0967                    avg =         2.0
    overall = 0.0727                    max =          2

F(5,1) =          3.32
corr(u_i, Xb) = -0.5255               Prob > F        =       0.3933
```

Y1	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
X1	2.15e+07	1.38e+07	1.56	0.362	-1.53e+08	1.96e+08
X2	-6.30e+07	2.24e+07	-2.81	0.217	-3.48e+08	2.22e+08
X3	5772778	2051205	2.81	0.217	-2.03e+07	3.18e+07
X4	1.83e+07	8.49e+07	0.22	0.865	-1.06e+09	1.10e+09
X5	695504.1	6501067	0.11	0.932	-8.19e+07	8.33e+07
_cons	-7092132	1.20e+07	-0.59	0.660	-1.59e+08	1.45e+08
sigma_u	4421706.2					
sigma_e	283551.3					
rho	.99590455	(fraction of variance due to u_i)				

```
F test that all u_i=0: F(5, 1) = 261.59          Prob > F = 0.0469
```

```

. xtreg Y1 X1, fe
Fixed-effects (within) regression      Number of obs   =      12
Group variable: Bank                  Number of groups =       6

R-sq:                                Obs per group:
    within = 0.2315                    min =          2
    between = 0.1244                    avg  =         2.0
    overall = 0.1068                    max  =          2

corr(u_i, Xb) = -0.4721                F(1,5)         =      1.51
                                        Prob > F        =      0.2743

-----+-----
|      Y1      |      Coef.   Std. Err.   t    P>|t|    [95% Conf. Interval]
-----+-----
|      X1      |  1.58e+07   1.29e+07   1.23  0.274   -1.73e+07   4.90e+07
|      _cons   | -1551633    2807499   -0.55  0.604   -8768540    5665273
-----+-----
|      sigma_u | 4172869.5
|      sigma_e | 466338.29
|      rho     | .98766316   (fraction of variance due to u_i)
-----+-----
F test that all u_i=0: F(5, 5) = 124.43      Prob > F = 0.0000

. xtreg Y1 X2, fe
Fixed-effects (within) regression      Number of obs   =      12
Group variable: Bank                  Number of groups =       6

R-sq:                                Obs per group:
    within = 0.1312                    min =          2
    between = 0.0357                    avg  =         2.0
    overall = 0.0219                    max  =          2

corr(u_i, Xb) = -0.2182                F(1,5)         =      0.76
                                        Prob > F        =      0.4246

-----+-----
|      Y1      |      Coef.   Std. Err.   t    P>|t|    [95% Conf. Interval]
-----+-----
|      X2      | -1.24e+07   1.43e+07   -0.87  0.425   -4.92e+07   2.43e+07
|      _cons   | 2368929     569010.6   4.16  0.009   906241     3831617
-----+-----
|      sigma_u | 3943650.2
|      sigma_e | 495841.37
|      rho     | .98443759   (fraction of variance due to u_i)
-----+-----
F test that all u_i=0: F(5, 5) = 120.49      Prob > F = 0.0000

. xtreg Y1 X3, fe
Fixed-effects (within) regression      Number of obs   =      12
Group variable: Bank                  Number of groups =       6

R-sq:                                Obs per group:
    within = 0.0000                    min =          2
    between = 0.0447                    avg  =         2.0
    overall = 0.0320                    max  =          2

corr(u_i, Xb) = 0.1795                 F(1,5)         =      0.00
                                        Prob > F        =      0.9968

-----+-----
|      Y1      |      Coef.   Std. Err.   t    P>|t|    [95% Conf. Interval]
-----+-----
|      X3      |  5478.614   1304245    0.00  0.997   -3347191    3358148
|      _cons   | 1885413    1180311    1.60  0.171   -1148672    4919497
-----+-----
|      sigma_u | 3889171
|      sigma_e | 531972.79
|      rho     | .98163401   (fraction of variance due to u_i)
-----+-----
F test that all u_i=0: F(5, 5) = 103.45      Prob > F = 0.0000

. xtreg Y1 X4, fe
Fixed-effects (within) regression      Number of obs   =      12
Group variable: Bank                  Number of groups =       6

R-sq:                                Obs per group:
    within = 0.3802                    min =          2
    between = 0.0859                    avg  =         2.0
    overall = 0.0887                    max  =          2

corr(u_i, Xb) = 0.0183                 F(1,5)         =      3.07
                                        Prob > F        =      0.1403

-----+-----
|      Y1      |      Coef.   Std. Err.   t    P>|t|    [95% Conf. Interval]
-----+-----
|      X4      | -1.07e+08   6.12e+07   -1.75  0.140   -2.64e+08   5.01e+07
|      _cons   | 7518056     3215583    2.34  0.067   -747863.3   1.58e+07
-----+-----
|      sigma_u | 3719189.8
|      sigma_e | 418803.39
|      rho     | .98747864   (fraction of variance due to u_i)
-----+-----
F test that all u_i=0: F(5, 5) = 157.67      Prob > F = 0.0000

. xtreg Y1 X5, fe
Fixed-effects (within) regression      Number of obs   =      12
Group variable: Bank                  Number of groups =       6

R-sq:                                Obs per group:
    within = 0.1963                    min =          2
    between = 0.0757                    avg  =         2.0
    overall = 0.0642                    max  =          2

corr(u_i, Xb) = -0.3980                 F(1,5)         =      1.22
                                        Prob > F        =      0.3194

-----+-----
|      Y1      |      Coef.   Std. Err.   t    P>|t|    [95% Conf. Interval]
-----+-----
|      X5      |  5544018    5016007    1.11  0.319   -7350039    1.84e+07
|      _cons   | -2832205    4274978   -0.66  0.537   -1.38e+07    8156975
-----+-----
|      sigma_u | 4103913.9
|      sigma_e | 476896.08
|      rho     | .98667627   (fraction of variance due to u_i)
-----+-----
F test that all u_i=0: F(5, 5) = 124.65      Prob > F = 0.0000

```

DATA

Years	Bank	CAR	NPL	CIR	NIM	LDR	Share Price (IDR/31 Dec)	Total Employee	Total Branches
2017	BCA	23.10%	1.50%	58.60%	6.20%	78.20%	Rp21,900.00	25,439	1,235
	PANIN	21.99%	2.84%	85.04%	4.68%	96.39%	Rp1,140.00	11,844	562
	PERMATA	18.10%	4.60%	94.80%	4.00%	87.50%	Rp625.00	8,424	335
	HSBC	22.49%	4.26%	82.79%	5.25%	106.55%	Rp703,116.63	4,629	96
	CITIBANK	27.50%	1.90%	85.80%	6.40%	71.40%	Rp1,013,166.56	3,024	10
2016	STANDARD CHARTERED	19.51%	3.90%	99.53%	4.26%	81.91%	Rp10,621,705.44	2,023	7
	BCA	21.90%	1.30%	60.40%	6.80%	77.10%	Rp15,500.00	25,073	1,211
	PANIN	20.49%	2.81%	83.02%	5.03%	94.37%	Rp750.00	13,379	565
	PERMATA	15.60%	8.80%	150.80%	3.90%	80.50%	Rp550.00	8,547	331
	HSBC	23.69%	6.06%	95.66%	5.43%	97.30%	Rp542,550.54	1,940	81
	CITIBANK	30.00%	2.80%	81.60%	6.20%	74.60%	Rp802,483.29	3,626	9
	STANDARD CHARTERED	16.59%	5.41%	98.70%	4.87%	76.37%	Rp8,960,455.77	2,157	7

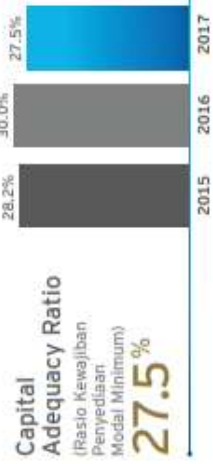
## 02 | FINANCIAL HIGHLIGHTS

### Kinerja Keuangan



\*before allowance for impairment losses; \*belum dikurangi cadangan kerugian penurunan nilai

## FINANCIAL HIGHLIGHTS





▶ **Total paid up capital**



**Rp10.5** Trillion ↑

Total paid up capital increased from Rp2.5 trillion to Rp10.5 trillion

▶ **Core Equity Tier 1**



**Rp14.3** Trillion ↑

Core Equity Tier 1 increased from Rp5.2 trillion to Rp14.3 trillion

▶ **CAR**



**22.49%**

CAR was sound at 22.49%

▶ **Total assets**



**Rp101** Trillion

Total assets as at 31 December 2017 was Rp101 trillion

Key Financial Data Highlights	Year	
	2017	2016
<b>Statements of Financial Position</b>		
	in billion Rupiah	
Total Assets	101,017	26,532.1
Loans Receivable - gross	60,535	18,613.8
Investment securities	13,704	3,723.4
Deposits from Customers	56,933	79,111.1
- Demand deposits	25,575	3,034.4
- Saving accounts	13,130	5,105.6
- Time deposits and deposits on call	18,227	10,971.1
Total Liabilities	86,149	21,067.3
Total Equity	14,867	5,464.8
<b>COMPREHENSIVE CONSOLIDATION STATEMENT OF INCOME</b>		
	in billion Rupiah	
Interest income	5,050	2,555.1
Interest Expenses	(1,397)	(1,191.7)
Interest Income - net	3,653	1,363.4
Non-Interest Income	1,763	113.1
Operating Income	4,583	1,262.6
Operating Expenses	(3,064)	(1,127.6)
Profits Before Tax	1,518	135.1
Net Profit for the Current Year	1,370	100.5
Comprehensive income	1,331	115.7
<b>FINANCIAL RATIOS</b>		
<b>Capital</b>		
Capital Adequacy Ratio (CAR)	22.49%	23.69%
<b>Earning Assets Quality</b>		
Productive and Non-Productive Assets to Total Productive Assets and Non-Productive Assets	1.54%	3.42%
Non-Performing Productive Assets to Total Productive Assets	2.80%	4.50%
NPL to Loans Receivable - gross	4.26%	6.06%

Key Financial Data Highlights	Year	
	2017	2016
NPL to Loans Receivable - net	1.70%	3.90%
<b>OTHER RATIOS</b>		
<b>Rentability</b>		
Ratio on Assets (RoA)	1.78%	0.47%
Ratio on Equity (ROE)	11.85%	2.27%
Liability to Equity Ratio	5.79	3.85
Liability to Asset Ratio	85.28%	79.40%
Net Interest Margin (NIM)	5.25%	5.43%
Operating Expenses to Income	82.79%	95.66%
<b>Equity</b>		
Loan to Funding Ratio (LFR)	106.55%	97.30%
Low-cost Funding Ratio	67.98%	42.50%
Current Ratio	123.09%	93.09%
<b>Compliance</b>		
<b>Percentage of excess over Legal Lending Limit (LLL)</b>		
a. Related Party	Nil	Nil
b. Non-Related Party	Nil	Nil
<b>Percentage of Legal Lending Limit (LLL) Exceedance</b>		
a. Related Party	Nil	Nil
b. Non-Related Party	Nil	Nil
Minimum Statutory Reserves in Rupiah	7.85%	7.97%
Net Open Position (NOP)	4.38%	0.77%

<b>JPMorgan Chase Bank N.A., Cabang Jakarta</b>		<b>Financial highlights in Billions IDR</b>		
<b>Ikhtisar Keuangan Penting Dalam Rp Miliar</b>				
<b>Laporan laba rugi</b>		<b>2015</b>	<b>2016</b>	<b>2017</b>
Pendapatan bunga bersih		552	614	471
Pendapatan selain bunga		(234)	(35)	(173)
Laba sebelum pajak		320	489	170
Laba Bersih		211	314	104
<b>Neraca</b>		<b>2015</b>	<b>2016</b>	<b>2017</b>
Total aktiva		22,049	18,200	21,235
Total kredit		8,815	8,966	8,139
Efek-efek		5,104	1,989	2,014
Total simpanan		4,642	4,487	5,023
Modal inti (tier 1)		3,923	3,921	3,964
Jumlah modal bank		4,004	4,006	4,048
<b>Rasio-rasio keuangan</b>		<b>2015</b>	<b>2016</b>	<b>2017</b>
Marjin Pendapatan Bunga Bersih (NIM)		3.18%	3.89%	2.95%
Imbal Hasil Aktiva (ROA)		1.41%	2.50%	0.87%
Imbal Hasil Ekuitas (ROE)		5.48%	8.24%	2.70%
Rasio Kredit yang diberikan terhadap Deposito (LDR)		67.03%	69.78%	46.86%
BOPO		95.92%	94.79%	97.58%
Rasio Penyediaan Modal Minimum (KPMM)*		43.28%	43.31%	43.38%
<b>Summary of bank's capital</b>				
<b>Financial ratios</b>				
Net Interest Margin (NIM)				
Return On Assets (ROA)				
Return On Equity (ROE)				
Loans to Debt Ratio (LDR)				
BOPO				
Capital Adequacy Ratio (CAR)*				

\*) Dengan memasukkan komponen resiko kredit, pasar, dan operasional

\*) Including credit, market and operational risk

## Financial Highlights Kinerja Keuangan

dalam jutaan Rupiah

in Million IDR

Laporan Laba Rugi	2017	2016	Account Interest
Pendapatan Bunga Bersih	2,243,200	2,480,000	Net Interest Income
Labu Operasional	199,977	281,733	Net Operating Income
Labu Sebelum Pajak	199,677	281,424	Income Before Tax
Labu Bersih	113,797	170,023	Net Income

Laporan Posisi Keuangan	2017	2016	Statement of Financial Position
Total Aset	80,195,888	84,898,001	Total Assets
Jumlah Kredit*	37,086,091	35,898,044	Total Loans*
Jumlah Deposito Nasabah	26,778,464	26,981,541	Total customer deposits
Salah satu Bank Pusat	4,000,043	2,643,940	Head office accounts
Jumlah Modal Bersih	6,107,267	7,320,980	Total Bank Regulatory Capital

\* Sebelum Cadangan Kecukupan Penurunan Modal

\* before allowance of impaired loans

Rasio-rasio Keuangan	2017	2016	Financial Ratio
<b>Perimbangan</b>			
Rasio Kewajiban Penyediaan Modal Minimum (PPMM)	193.1%	16.3%	Capital Adequacy Ratio
<b>Aset Produktif</b>			
Aset produktif bermasalah terhadap	1.81%	2.20%	Non-Performing Productive Assets
terhadap total aset produktif			to Total Productive Assets
Cadangan kecukupan penurunan nilai	2.18%	2.18%	Impairment Provision of Financial Assets
aset keuangan terhadap aset produktif			to Productive Assets
Kredit bermasalah terhadap jumlah kredit - bruto	2.80%	3.81%	Non-Performing Loans - Gross
Kredit bermasalah terhadap jumlah kredit - Neto	1.11%	1.64%	Non-Performing Loans - Net
<b>Perolehan</b>			
Retur Hasil Aset	3.32%	3.33%	Return on Asset (ROA)
Retur Hasil Ekuitas	1.32%	2.80%	Return on Equity (ROE)
Marginal Pendapatan Bunga Bersih	4.26%	4.87%	Net Interest Margin (NIM)
Biaya Operasional terhadap Pendapatan Operasional (BOPO)	96.93%	98.70%	Operational Expenses to Operational Income
<b>Liabilitas</b>			
Rasio Kredit yang diberikan terhadap Dana Pihak Ketiga	81.81%	78.37%	Loan to Deposit Ratio (LDR)
<b>Kelembutan</b>			
Peringatan / Dampakkan DMPL	10	10	Direct Examination on capital adequacy ratio
Garis Merah Minimum - Rupan	0.71%	0.05%	Reverse Requirement - Rupan
Garis Merah Minimum - Mata Asing	0.88%	0.84%	Reverse Requirement - Foreign Currency
Rasio Denda Pajak	4.76%	1.80%	Net Tax Payable

\* Rasio keuangan di atas berdasarkan laporan keuangan publikasi Standard Chartered Bank Indonesia di tahun buku Indonesia tanggal 31 Maret 2018

\* The above financial ratio is based on the accounting of Standard Chartered Bank Indonesia published in Media Indonesia newspaper dated 01 of March 2018.



# 2017 Financial Highlights

## 37% NPAT Growth in Its Full Year 2017 Results

Danamon booked a 37% growth in net income to Rp3.82 trillion. The profit growth is a result of better funding cost, discipline in operating expenses, and improvement in asset quality.



## Growing Composition Of Low-Cost Funds

Current and Savings Accounts (CASA) increased to 48.3% compared to 46.0% in 2016.



## Improvement in Loan Growth

The total loan portfolio excluding micro financing, grew by 5.0% y-o-y.

SME and Consumer Mortgage loans recorded double-digit growth of 10.1% and 35.8% y-o-y, respectively.



## Improvement in Asset Quality

Improvement in gross NPL ratio to 2.8%, from 3.1% in 2016. Credit cost ratio also decreased to 2.8% from 2016's 3.5%.



## Healthy Capital

Capital Adequacy Ratio was at 22.1%, compare to 20.9% in 2016.





In Millions of United States Dollars	2017	2016 <sup>(1)</sup>
<b>CONSOLIDATED BALANCE SHEET</b>		
Assets	796,297	776,837
Earning Assets-gross <sup>(2)</sup>	663,349	660,651
Loans-Gross <sup>(2)</sup>	124,766	122,588
Non-Performing Loans	3,402	3,733
Marketable Securities-Gross	16,110	11,408
Government Bonds	6,008	9,562
Deposits	496,645	106,612
Total Funding <sup>(3)</sup>	124,802	113,880
Total Liabilities	109,045	138,128
Equity and Minority Interest	38,173	35,378
Investments-Net	55	162
Number of Shares Issued and Fully Paid (in units)	1,094,641,305	9,569,641,302
<b>CONSOLIDATED INCOME STATEMENTS</b>		
Interest Income	61,052	30,655
Interest Expense	3,903	6,676
Net Interest and Underwriting Income	57,149	23,979
Other Operating Income	3,753	4,071
General and Administrative Expenses	3,966	3,020
Salaries and Employee Benefits	3,023	4,379
Allowance for Impaired Loans	3,004	4,441
Net Operating Income	50,023	4,034
Non-Operating Expenses-Net	38	541
Income Before Tax and Minority Interest	5,007	4,308
Income Tax Expense	1,420	1,000
Net Income	3,587	3,792
Net Income attributable to parent entity	3,003	2,608
Other Comprehensive Income/(Expense)	188	41
Total Comprehensive Income	3,775	2,834
Basic Earnings Per Share	3.24	2.78
Total Comprehensive Income-attributable to equity holders of the parent entity	3,003	2,615
Total Comprehensive Income-attributable to non-controlling interest	188	118

In billions of dollars, except share data	2017	2016 <sup>(1)</sup>
<b>KEY FINANCIAL RATIOS (%)</b>		
<b>I. Capital</b>		
1. Capital Adequacy Ratio (CAR) Consolidated	20.7	20.0
Tier 1	20.3	20.1
Tier 2	0.4	0.0
2. Assets to Equity	4.8	4.8
<b>II. Earning Assets</b>		
1. Non-Performing Earning Assets and Non-Productive Assets to Total Earning and Non-Productive Assets	1.8	1.8
2. Non-Performing Earning Assets to Total Productive Assets	2.1	2.4
3. Non-Performing Loans (NPL) to Total Loans-Gross	2.8	3.7
4. Non-Performing Loans (NPL) to Total Loans-Net	1.5	1.8
5. Allowance for Impairment Losses for Financial Assets to Productive Assets (e)	2.8	3.0
6. Loan Loss Coverage	114.1	117.7
<b>III. Rentability</b>		
1. Return on Average Assets (ROAA)	1.1	1.0
2. Return on Average Equity (ROAE)	10.5	9.0
3. Debt to Assets	87.9	87.9
4. Debt to Equity	3.56	3.80
5. Net Interest Margin (NIM)	3.1	3.0
6. Cost to Income	46.0	46.8
7. Fee Income	23.1	22.1
8. Operating Expenses to Operating Income	37.1	37.3
9. Cost of Funds	4.4	5.1

IV. Liquidity		2017	2016 <sup>(*)</sup>
1.	LFR <sup>(1)</sup>	81.3	80.6
2.	CASA Ratio	48.3	46.0
<b>V. Compliance</b>			
1a. Percentage of Violations of Legal Lending Limit			
a.1.	Related Parties	0.0	0.0
a.2.	Third Parties	0.0	0.0
1b. Percentage of Excess of Legal Lending Limit			
b.1.	Related Parties	0.0	0.0
b.2.	Third Parties	0.0	0.0
2.	GWN Ratio <sup>(2)</sup>	8.8	8.8
	Primary	4.3	4.8
	Secondary	4.5	4.0
3. Minimum Reserve Requirement in Foreign Exchange			
		100	100
4.	Net Open Position	0.0	0.7
<b>VI. Others</b>			
1.	Total Employees <sup>(3)</sup>	16,310	14,018
2.	Total Branches	105	133
3.	Total ATMs	3,115	1,431

(In billion Rupiah except in other statement)

2016	2017	CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
<b>ASSETS</b>		
1,434	1,169	Cash
10,249	10,496	Demand Deposits with Bank Indonesia
1,336	920	Demand Deposits with Other Banks – Net
12,528	5,706	Placements with Bank Indonesia and Other Banks – Net
21,372	32,166	Securities – Third Parties
13	8	Derivative Receivables – Third Parties
125,049	129,652	Loans
1,287	1,140	Factoring Receivables – Third Parties
4,187	7,934	Securities Purchased with Agreements to Resell – Third Parties
1,660	2,829	Finance Lease Receivables – Net
5,055	7,120	Consumer Financing Receivables – Net
1,797	2,272	Acceptance Receivables
562	585	Investments in Shares of Stock – Net
104	124	Prepaid Expense
9,852	9,688	Premises and Equipment – Net
0	168	Non-Current Assets Held for Sale
335	343	Deferred Tax Assets – Net
130	138	Intangible Assets
2,224	2,083	Other Assets – Net
<b>199,175</b>	<b>213,542</b>	<b>Total Assets – Net</b>

(In billion Rupiah except in other statements)

2016	2017	CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
<b>LIABILITIES AND EQUITY</b>		
.256	.499	Liabilities Payable Immediately
142.654	145.671	Deposits
1.718	3.632	Deposits from Other Banks
1.607	8.138	Securities Sold with Agreements to Repurchase – Third Parties
24	9	Derivative Payables – Third Parties
1.802	2.277	Acceptances Payable
5.961	4.849	Securities Issued – Net
3.269	4.480	Borrowings – Third Parties
252	163	Taxes Payable
859	1.062	Post Employment Benefits Obligation
0	0	Deferred Tax Liabilities
2.077	1.991	Accruals and Other Liabilities
4.495	4.482	Subordinated Bonds – Net
0	0	Debt Capital
<b>164.974</b>	<b>177.253</b>	<b>Total Liabilities</b>
2.409	2.409	– Capital Stock
3.444	3.444	– Additional Paid-in Capital
(51)	(29)	– Difference in Value of Equity Transaction With Non-Controlling Interest
6.784	6.710	– Other Comprehensive Income
0	0	– Other Components of Equity
19.029	21.448	– Retained Earnings
2.586	2.307	Non-Controlling Interest
<b>34,201</b>	<b>36,289</b>	<b>Total Equity</b>
<b>199.175</b>	<b>213.542</b>	<b>Total Liabilities and Equity</b>

(In billion Rupiah except in other statement)

2016	2017	CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
17,447	17,483	Interest Revenues
(9,004)	(8,832)	Interest Expenses
8,443	8,651	Interest Revenues - Net
1,295	1,546	Other Operating Revenues
(2,007)	(2,562)	Reversal of Provision (Provision) for Impairment Losses
(4,524)	(4,738)	Other Operating Expenses
(5,236)	(5,752)	Other Operating Expenses - Net
<b>3,207</b>	<b>2,899</b>	<b>Income From Operations</b>
.99	.65	Non-Operating Revenues - Net
3,306	2,963	Income before Tax Expense
(788)	(953)	Tax Benefit (Expense)
<b>2,518</b>	<b>2,008</b>	<b>Net Income For The Year</b>
		Net Income Attributable to:
2,405	2,412	Equity holders of the parent entity
113	(404)	Attributable to Non-Controlling interest
2,518	2,008	Net Income
870	(38)	Other Comprehensive Income (Losses)
<b>3,388</b>	<b>1,950</b>	<b>Total Comprehensive Income</b>
		Total Comprehensive income Attributable to:
3,264	2,344	Equity Holders of the Parent Entity
124	(394)	Non-Controlling interest
3,388	1,950	Total Comprehensive Income
<b>99,86</b>	<b>100,15</b>	<b>Earnings per Share (in full Rupiah amount)</b>

Angka-angka pada seluruh tabel dan grafik menggunakan rubrik bahasa Indonesia  
(Dalam jutaan Rupiah kecuali Data Saham)

Numerical notation in all tables and graphs is in Indonesian format  
(in Million Rupiah, except for Share Data)

Laporan Posisi Keuangan Konsolidasian	2017	2016	2015	Consolidated Statements of Financial Position
Jumlah aset	148.328.370	105.527.512	102.609.351	Total assets
Aset produktif - bersih	126.023.655	141.100.211	157.776.519	Earning assets - net
Kredit yang diberikan - bersih	90.020.885	94.782.664	125.867.973	Loans - net
Aset keuangan untuk diperdagangkan	1.104.840	1.079.548	2.989.551	Financial assets held for trading
Efektif untuk tujuan investasi - bersih	22.820.906	27.401.825	14.509.096	Investment securities - net
Simpanan dari nasabah	11.288.007	130.302.680	145.460.639	Deposits from customers
Pinjaman diterima	36.017	-	-	Borrowings
Jumlah liabilitas	126.817.628	146.237.906	163.876.507	Total liabilities
Ekuitas - bersih	21.510.742	39.289.606	38.732.844	Equity - net
Jumlah lembar saham yang ditempatkan dan diastor penuh (dalam satuan)	28.042.739.205	22.139.930.055	11.003.834.973	Number of shares issued and fully paid (in unit)
<b>Laporan Laba Rugi dan Penghasilan Komprehensif Lain Konsolidasian</b>				<b>Consolidated Statements of Profit or Loss and Other Comprehensive Income</b>
Pendapatan bunga dan pendapatan syariah - bersih	9.224.226	5.883.441	6.196.899	Net interest income and sharia income
Pendapatan provisi dan komisi dan pendapatan operasional lainnya - bersih	3.355.959	2.268.778	2.952.570	Fees and commission income and other operating income - net
Kerugian penurunan nilai aset keuangan	(3.127.098)	(12.207.656)	(3.678.035)	Impairment losses on financial assets
Beban operasional lainnya	(4.301.955)	(4.578.598)	(4.377.899)	Other operating expenses
Labas (Rugi) sebelum pajak penghasilan	95.132	(8.634.034)	293.535	Income (Loss) before tax
(Beban) Manfaat pajak penghasilan	(202.899)	2.150.950	(46.423)	Income tax (expense) benefit
Labas (Rugi) bersih yang dapat diatribusikan kepada:				Net income (loss) attributable to:
a. Pemilik entitas induk	748.433	(6.483.084)	247.112	a. Equity holders of the parent entity
b. Kepentingan non-pengendali	-	-	-	b. Non-controlling interests
Labas (Rugi) komprehensif yang dapat diatribusikan kepada:				Comprehensive income (loss) attributable to:
a. Pemilik entitas induk	725.686	(6.588.768)	1.896.109	a. Equity holders of the parent entity
b. Kepentingan non-pengendali	-	-	-	b. Non-controlling interests
Labas (Rugi) bersih per saham dasar dan dilusian yang dapat diatribusikan kepada pemilik entitas induk (Rupiah penuh)	29	(368)	21	Basic and diluted earnings (loss) per share attributable to equity holders of the parent entity (whole Rupiah)