

# Analyst Briefing Full Year 2011 Results

*Jakarta, 14 February 2012*

- **Macroeconomy and Industry Trend**
- Financial Results
- Corporate Updates
- Appendix

# Economics Indicators

| Indonesia                                    | 2009  | 2010  | 2011  | 2012E |
|--|-------|-------|-------|-------|
| <b>National Account</b>                      |       |       |       |       |
| Real GDP (% YoY)                             | 4.6   | 6.1   | 6.5   | 6.3   |
| Domestic demand ex. Inventory (% y-o-y)      | 5.4   | 5.2   | 5.7   | 5.5   |
| Real Consumption: Private (% y-o-y)          | 4.9   | 4.6   | 4.7   | 4.6   |
| Real Gross Fixed Capital Formation (% y-o-y) | 3.3   | 8.5   | 8.8   | 7.4   |
| GDP (US\$ bn) – nominal                      | 543   | 707   | 846   | 951   |
| GDP per Capita (US\$) – nominal              | 2,347 | 2,977 | 3,510 | 3,893 |
| Open Unemployment Rate (%)                   | 7.9   | 7.1   | 6.6*  | 6.3   |
| <b>External Sector</b>                       |       |       |       |       |
| Exports, fob (% YoY, US\$ bn)                | -14.3 | 32.1  | 27.5  | 10.0  |
| Imports, fob (% YoY, US\$ bn)                | -24.0 | 43.7  | 30.3  | 17.5  |
| Central government debt (% of GDP)           | 28.4  | 26.1  | 24.6  | 23.1  |
| International Reserves – IRFCL (US\$ bn)     | 66.1  | 96.2  | 110.1 | 118.3 |
| Reserve cover (Imports and external debt)    | 6.5   | 7.1   | 6.3   | 6.7   |
| Currency / US\$ (Year-end)                   | 9,400 | 8,991 | 9,068 | 8,950 |
| <b>Other</b>                                 |       |       |       |       |
| BI Policy Rate (% year end)                  | 6.50  | 6.50  | 6.00  | 5.50  |
| Consumer prices (% year end)                 | 2.78  | 6.96  | 3.79  | 5.68  |
| Fiscal balance (% of GDP; FY)                | -0.9  | -1.5  | -1.3  | -1.2  |

Source: BPS, Bank Indonesia, Danamon  
 \*) Estimated data

# Better 2011 economy, with slight slowdown in 2012

## Economic Growth

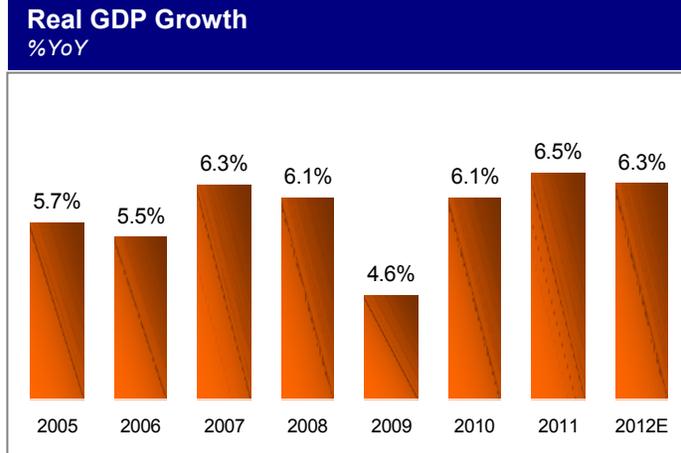
- The economy grew by 6.5%yoy in 2011, way better than 6.1% yoy growth in 2010, due to better investment and net exports, and stable consumption growth.
- 2012 growth may slow slightly to 6.3% yoy due to global slowdown
- Unemployment rate continue to decline, though under-employment and informal labor are still high.

## Inflation rate

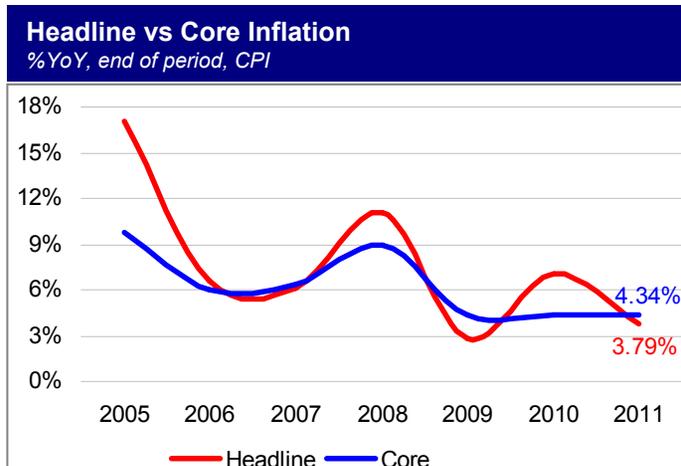
- CPI headline inflation decreased significantly to 3.79% yoy in Dec-11 from 4.15% in Nov-11; better than everybody's expectations, incl. BI's and the government's. Food imports and the absence of administered price changes have kept inflation low.
- Core inflation, at 4.34% yoy looks better also, despite pressures from gold price inflation.
- 2012 forecast is at 5.7% yoy due to fuel rationing policy, electricity rate hike and possible wet weather.

## Consumer sentiment

- Consumer confidence trending up, despite a rebound of inflation expectation.



Source: BPS, CEIC, 2011: GDP (1Q-3Q11), Unemployment rate (Aug 11)

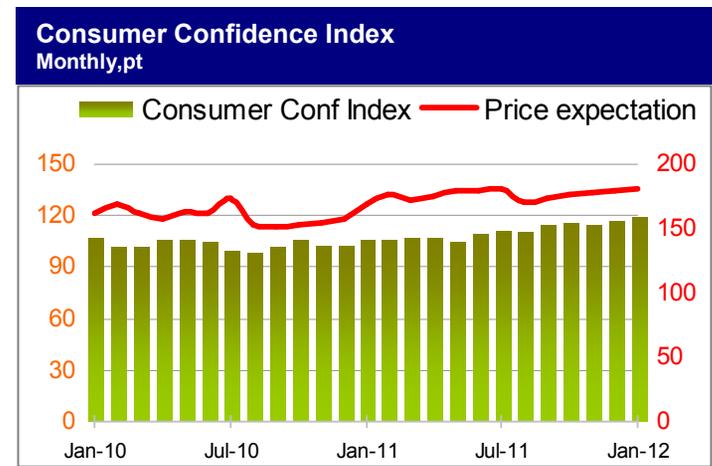


Source: BPS, CEIC

### Real GDP Breakdown % YoY

| % YoY       | FY09 | FY10 | FY11 | FY12E |
|-------------|------|------|------|-------|
| Real GDP    | 4.6  | 6.1  | 6.5  | 6.3   |
| Consumption | 4.9  | 4.6  | 4.7  | 4.6   |
| Government  | 15.7 | 0.3  | 3.2  | 6.5   |
| Investment  | 3.3  | 8.5  | 8.8  | 7.4   |
| Net Export  | 12.5 | 7.5  | 14.4 | 12.1  |

Source: BPS, CEIC, Danamon Estimates



Source: BI, CEIC

# BI may cut rate to 5.5% in 2012 due to moderate inflation expectation and in anticipation of global economic slowdown

## Interest Rate

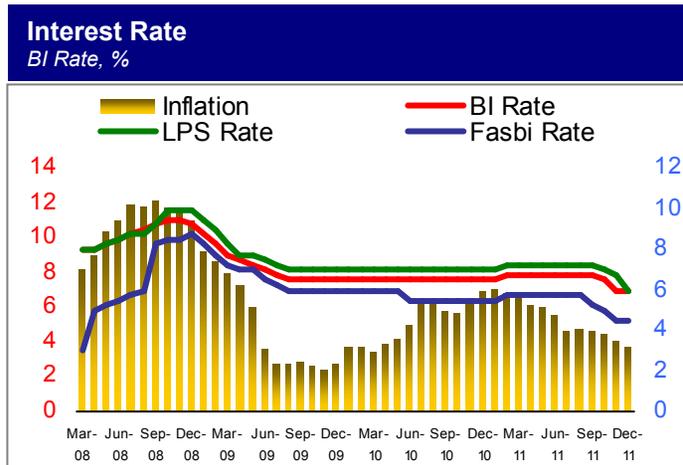
- BI cut its policy rate by 50bps to 6.0% in Nov-11 and kept it stable in Dec-11 and Jan-12. We expect 50bps cut to 5.5% in 2012, as the future headline and core inflation still looks moderate. BI is supporting economic growth to anticipate global economic slowdown. During the last quarter (from Sep – Dec 2011), LPS and FASBI rate both declined by 125 bps and 75 bps, respectively.

## Exchange Rate

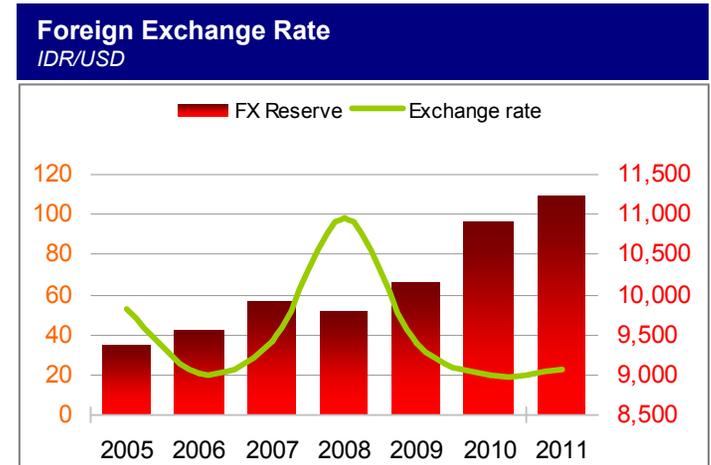
- The IDR/USD ended at 9,068 in 2011. Overall, financial markets likely be very volatile and investors may become more risk averse in 2012, due to EU's debt and banking sector problems. However, we expect the Rupiah to appreciate slightly towards 8,950 at year-end.

## Domestic Sales

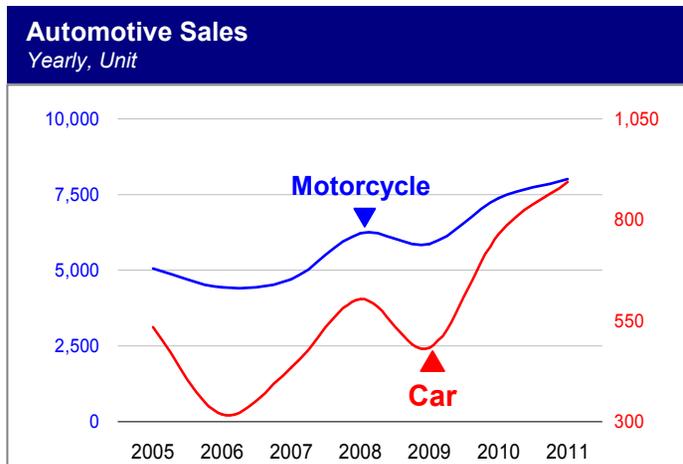
- New car and motorcycle sales are up by 16.9% and 8.7%, respectively, in 2011; supported by rising middle class and strong economy.
- Retail sales index was trending up since Mar-09, supported by better real income amid mild inflation, but slowly decline towards the end of 2011.



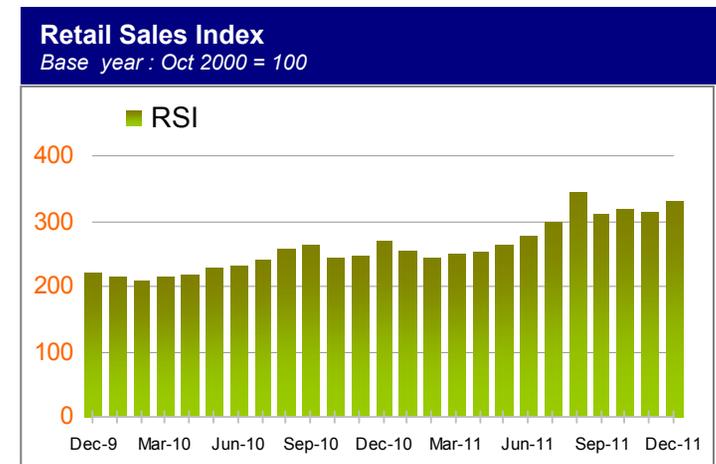
Source: BPS, CEIC



Source: CEIC



Source: CEIC



Source: BI, CEIC

## Industry (Commercial Banks)

| <i>Rp trillion</i> | Nov 10 | Dec 10 | Mar 11 | Jun 11 | Nov 11 | ΔYoY |
|--------------------|--------|--------|--------|--------|--------|------|
| Total Assets       | 2,856  | 3,009  | 3,066  | 3,195  | 3,471  | 22%  |
| Loans              | 1,706  | 1,766  | 1,815  | 1,951  | 2,147  | 26%  |
| Placements at BI   | 479    | 582    | 597    | 617    | 652    | 36%  |
| Total Deposits     | 2,212  | 2,339  | 2,351  | 2,438  | 2,645  | 20%  |
| NPAT               | 54.0   | 57.3   | 18.3   | 37.1   | 69.5   | 29%  |
| NIM (%)            | 5.7    | 5.7    | 5.9    | 5.8    | 5.9    | 0.2  |
| NPL (%)            | 3.1    | 2.6    | 2.8    | 2.7    | 2.6    | -0.5 |
| ROA (%)            | 2.9    | 2.9    | 3.1    | 3.1    | 3.1    | 0.2  |
| LDR (%)            | 76.8   | 75.2   | 76.8   | 79.6   | 81.0   | 4.2  |
| CAR (%)            | 16.9   | 17.2   | 17.6   | 17.0   | 16.1   | -0.8 |

Source: Indonesian Banking Statistics

## Agenda

- Macroeconomy and Industry Trend

- **Financial Results**

- Corporate Updates

- Appendix

## Highlights Full Year 2011 Results

- Total loans increased to Rp 101.7 trillion or 23% higher from a year earlier. Mass market and SMEC segments remained to be the main engine with 26% and 23% growth, respectively.
- Current account and saving account rose 18% and 9%, respectively. Liquidity at a healthy level with Rp 17 trillion excess liquidity.
- Net Interest Margin stood at 9.8%. CoC improved to 3.0%.
- Credit related fees and bancassurance drove fee income up 24%
- NPAT rose 16% to Rp 3.3 trillion bringing ROAE to 17.5%.
- Successful Rights Issue of Rp 5 trillion additional paid up capital with subscription rate of 113% to bring consolidated CAR to 17.5%
- Continuous network expansion. 394 various outlets and 175 ATMs were added in the last 12 months.

## Highlights of Income Statement

| <i>Rp billion</i>               | 2010          | 2011          | ΔYoY       | 1Q11         | 2Q11         | 3Q11         | 4Q11         |
|---------------------------------|---------------|---------------|------------|--------------|--------------|--------------|--------------|
| <b>Net Interest Income</b>      | <b>9,908</b>  | <b>10,849</b> | <b>9%</b>  | <b>2,609</b> | <b>2,630</b> | <b>2,733</b> | <b>2,877</b> |
| Non-Interest Income             | 3,335         | 4,131         | 24%        | 844          | 926          | 1,235        | 1,126        |
| <b>Operating Income</b>         | <b>13,243</b> | <b>14,980</b> | <b>13%</b> | <b>3,453</b> | <b>3,556</b> | <b>3,968</b> | <b>4,003</b> |
| Cost of Credit                  | 2,437         | 2,650         | 9%         | 618          | 708          | 628          | 696          |
| <b>Risk Adjusted Op. Income</b> | <b>10,806</b> | <b>12,330</b> | <b>14%</b> | <b>2,835</b> | <b>2,848</b> | <b>3,340</b> | <b>3,307</b> |
| Operating Expenses              | 6,582         | 7,732         | 17%        | 1,765        | 1,873        | 1,994        | 2,100        |
| <b>Net Profit after Tax</b>     | <b>2,883</b>  | <b>3,336</b>  | <b>16%</b> | <b>763</b>   | <b>711</b>   | <b>975</b>   | <b>887</b>   |

## Highlights of Balance Sheet

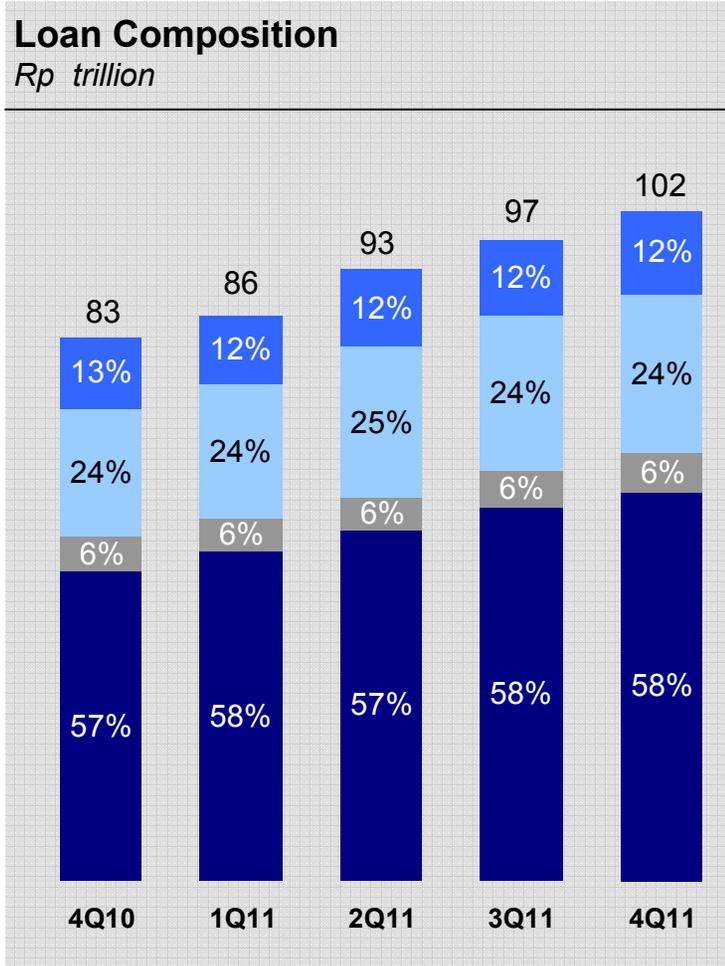
| <i>Rp billion</i>  | 2010    | 2011    | ΔYoY | 1Q11    | 2Q11    | 3Q11    | 4Q11    |
|--------------------|---------|---------|------|---------|---------|---------|---------|
| Total Assets       | 118,207 | 141,934 | 20%  | 122,804 | 125,922 | 136,073 | 141,934 |
| Loans (gross)      | 82,658  | 101,678 | 23%  | 86,003  | 92,793  | 97,434  | 101,678 |
| Government Bonds   | 6,138   | 3,947   | -36% | 5,613   | 4,394   | 3,846   | 3,947   |
| Total Deposits     | 80,921  | 88,054  | 9%   | 82,495  | 83,536  | 86,990  | 88,054  |
| Current Account    | 10,972  | 12,994  | 18%  | 9,788   | 10,354  | 11,454  | 12,994  |
| Savings            | 21,433  | 23,439  | 9%   | 20,988  | 20,817  | 21,420  | 23,439  |
| Time Deposit       | 48,516  | 51,621  | 6%   | 51,720  | 52,365  | 54,116  | 51,621  |
| Long Term Fundings | 11,925  | 16,583  | 39%  | 12,418  | 13,610  | 14,578  | 16,583  |
| Equity             | 18,450  | 25,630  | 39%  | 18,135  | 18,854  | 24,744  | 25,630  |

## Key Ratios

|                              | 2010  | 2011  | ΔYoY  | 1Q11  | 2Q11  | 3Q11 | 4Q11  |
|------------------------------|-------|-------|-------|-------|-------|------|-------|
| Net Interest Margin          | 11.3  | 9.8   | (1.5) | 10.2  | 9.8   | 9.7  | 9.6   |
| Cost of Credit               | 3.4   | 3.0   | (0.4) | 3.0   | 3.3   | 2.7  | 2.9   |
| Cost / Income                | 49.7  | 51.6  | 1.9   | 51.1  | 52.7  | 50.2 | 52.5  |
| ROAA                         | 2.8   | 2.6   | (0.2) | 2.6   | 2.3   | 3.0  | 2.6   |
| ROAE                         | 18.5  | 17.5  | (1.0) | 17.6  | 16.7  | 20.4 | 15.5  |
| Assets to Capital            | 7.6   | 6.4   | (1.2) | 7.6   | 7.7   | 6.3  | 6.4   |
| Consolidated RWA to Assets   | 82.0  | 89.0  | 6.9   | 89.5  | 92.6  | 89.7 | 89.0  |
| Modified LDR <sup>1</sup>    | 86.2  | 91.5  | 5.3   | 85.2  | 91.9  | 88.9 | 91.5  |
| Regulatory LDR               | 93.8  | 98.3  | 4.6   | 94.8  | 99.0  | 99.5 | 98.3  |
| Stand alone CAR              | 13.9  | 16.6  | 2.7   | 12.1  | 12.2  | 16.3 | 16.6  |
| Consolidated CAR             | 16.0  | 17.5  | 1.5   | 14.7  | 14.0  | 17.8 | 17.5  |
| NPL – Gross                  | 3.0   | 2.5   | (0.5) | 3.1   | 2.9   | 2.9  | 2.5   |
| Impairment (LLP/Total Loans) | 3.3   | 2.6   | (0.7) | 3.1   | 3.0   | 2.7  | 2.6   |
| Loan Loss Coverage (LLP/NPL) | 108.9 | 107.2 | (1.7) | 100.3 | 101.9 | 93.4 | 107.2 |

<sup>1)</sup> Modified LDR is defined as (Loans + Reserves with BI + Cash in Vault + HTM bonds) / (Third Party Deposits + Long Term Funding + Capital - Net Other Assets)

# Loans grew 23% yoy across all core segments

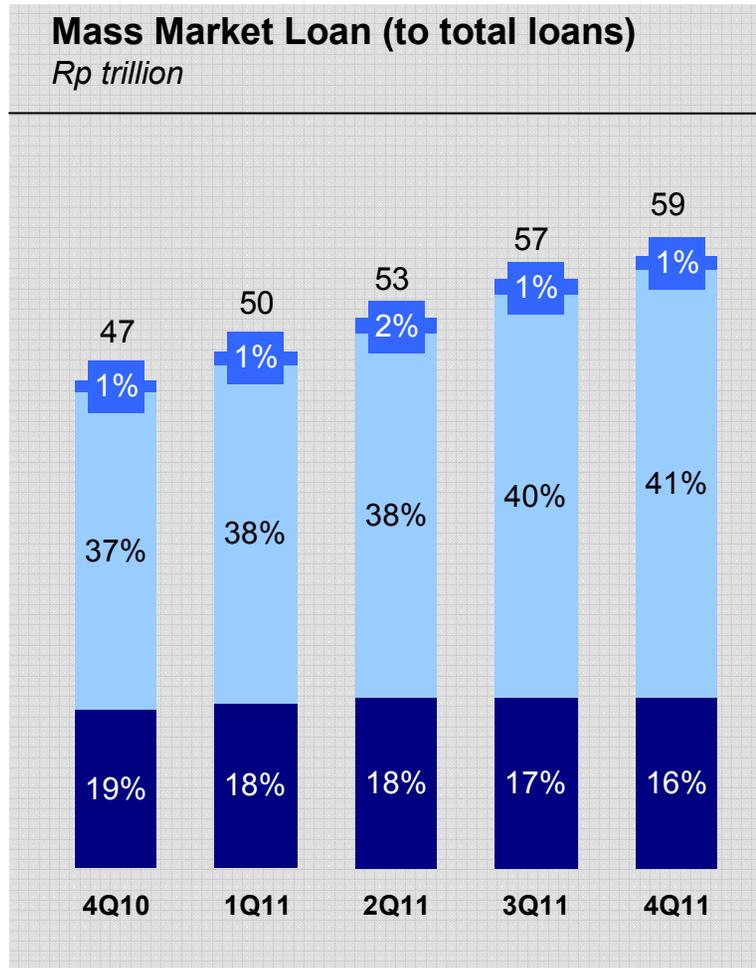


### Loan Growth

| Rp billion   | FY10          | FY11           | ΔYoY       |
|--------------|---------------|----------------|------------|
| Wholesale    | 10,689        | 12,532         | 17%        |
| SMEC*        | 19,639        | 24,241         | 23%        |
| Retail       | 5,145         | 5,653          | 10%        |
| Mass Market  | 47,185        | 59,252         | 26%        |
| <b>Total</b> | <b>82,658</b> | <b>101,678</b> | <b>23%</b> |

\* SME and Commercial segments

# Consumption loans in the mass market remain robust



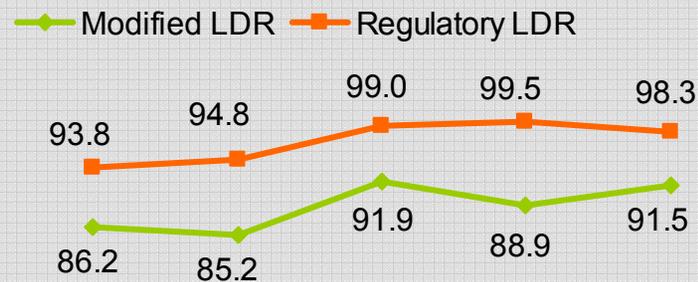
**Mass Market Loan Growth**  
*Rp billion*

|               | FY10          | FY11          | ΔYoY       |
|---------------|---------------|---------------|------------|
| Adira Quantum | 1,198         | 1,416         | 18%        |
| Adira Finance | 30,675        | 41,363        | 35%        |
| Pawn Broking  | 5             | 40            | N/M        |
| SEMM (DSP)    | 15,306        | 16,433        | 7%         |
| <b>Total</b>  | <b>47,185</b> | <b>59,252</b> | <b>26%</b> |

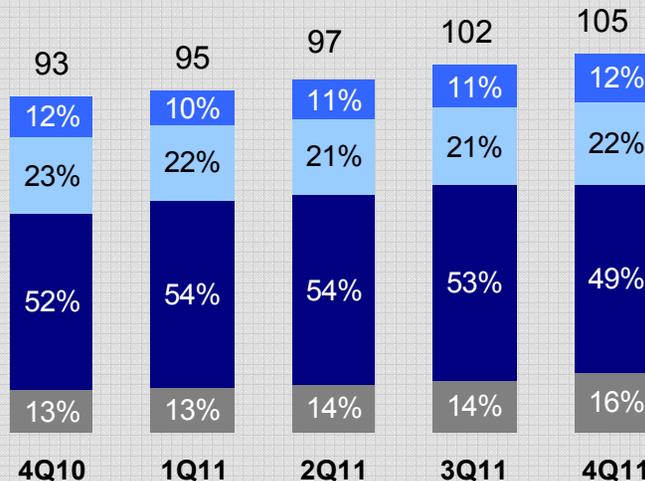
## Diversified funding continued to grow providing sound liquidity

- As of 31 Dec 2011, the bank has an excess of liquid assets of approx. IDR 14.2 trillion and USD 266 mio (including IDR 3.6 T of Government bonds in the AFS portfolio)

**Loans to Deposits Ratio (%)**



**Funding Composition (Rp trillion)**

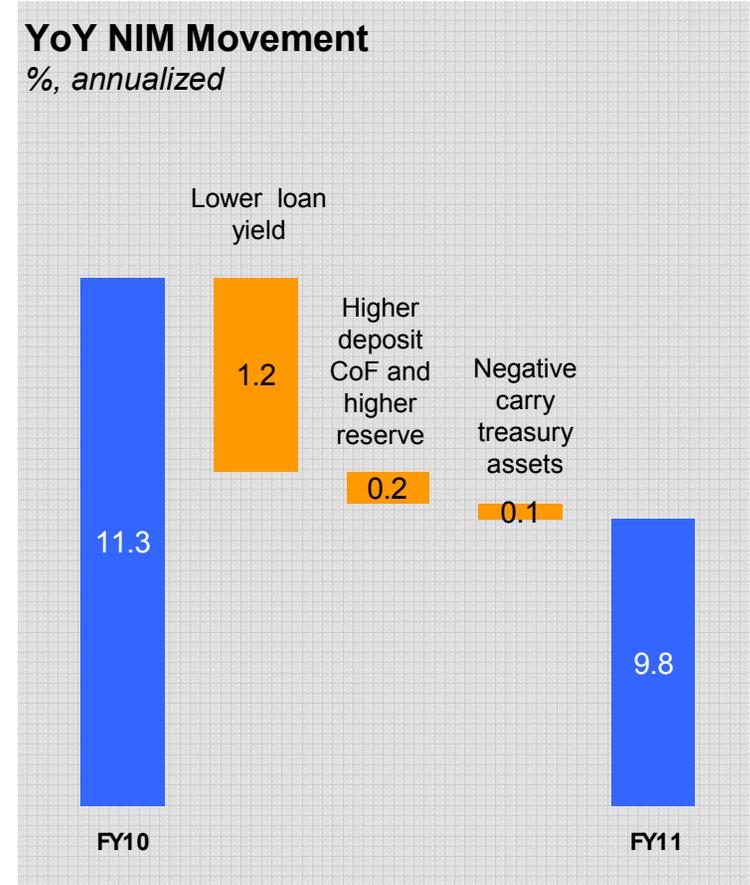
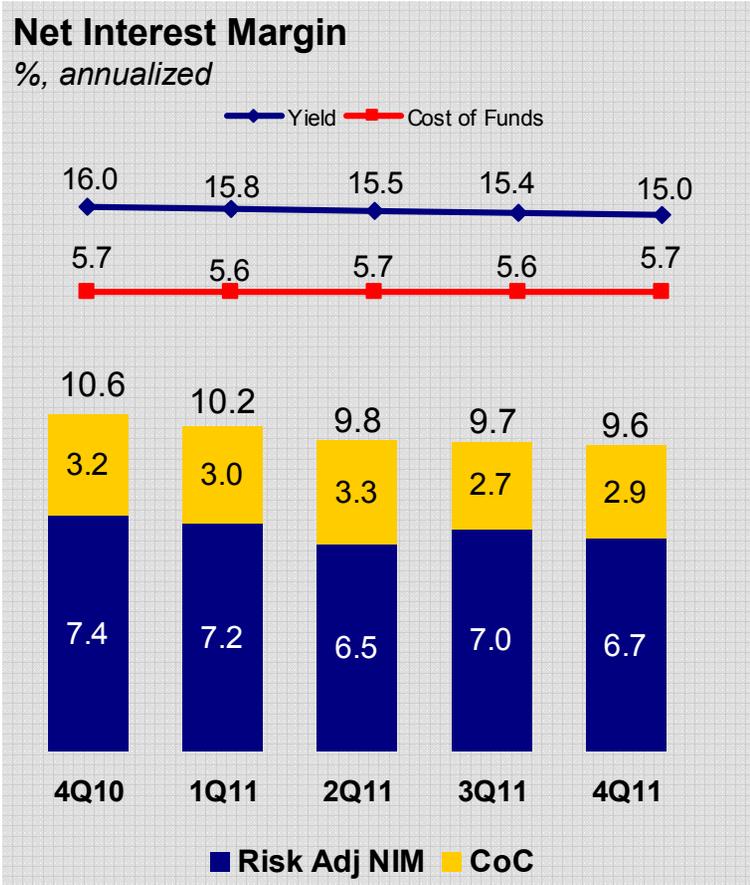


**Funding Growth**

| Rp billion   | FY10          | FY11           | ΔYoY       |
|--------------|---------------|----------------|------------|
| CA*          | 10,972        | 12,994         | 18%        |
| SA*          | 21,433        | 23,439         | 9%         |
| TD*          | 48,516        | 51,621         | 6%         |
| LT Fund**    | 11,925        | 16,583         | 39%        |
| <b>Total</b> | <b>92,846</b> | <b>104,638</b> | <b>13%</b> |

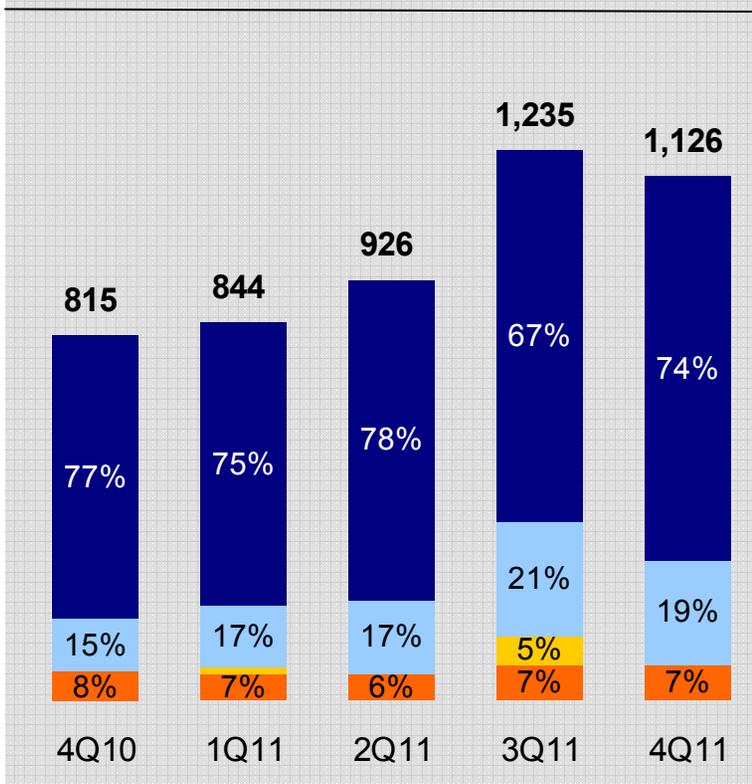
\*CA=Current Account; SA=Saving Account, TD=Time Deposit  
 \*\*LT Fund = Long Term Fund from Professional Market

Lower yield in 4Q11 was triggered by lower benchmark rate, affecting treasury assets yield.



## Non interest income rose 24% driven by bancassurance and credit related fees

**Non Interest Income Composition**  
Rp billion



**Non Interest Income Growth**  
Rp billion

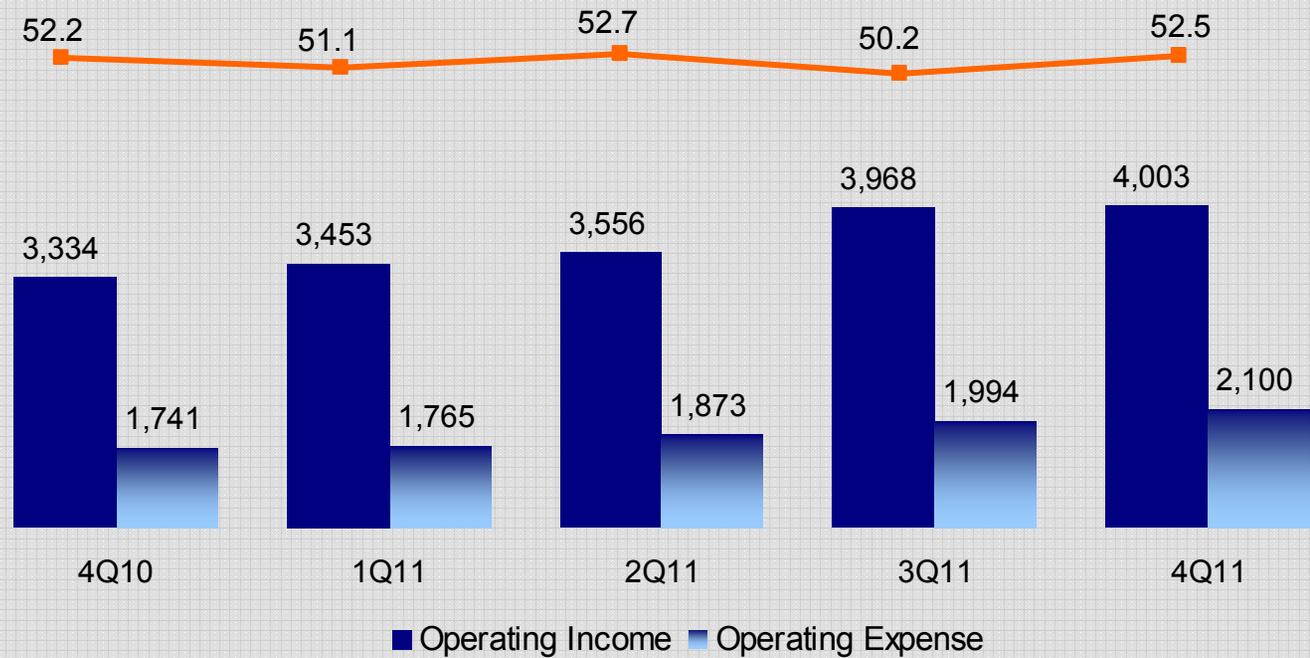
| Rp billion          | FY10         | FY11         | ΔYoY       |
|---------------------|--------------|--------------|------------|
| Credit Related      | 2,359        | 3,049        | 29%        |
| Bancassurance       | 112          | 330          | 196%       |
| General Insurance   | 374          | 457          | 22%        |
| Treasury            | 237          | 15           | -94%       |
| Transaction Banking | 253          | 280          | 11%        |
| <b>Total</b>        | <b>3,335</b> | <b>4,131</b> | <b>24%</b> |

## Cost to Income Ratio stood at 51.6%

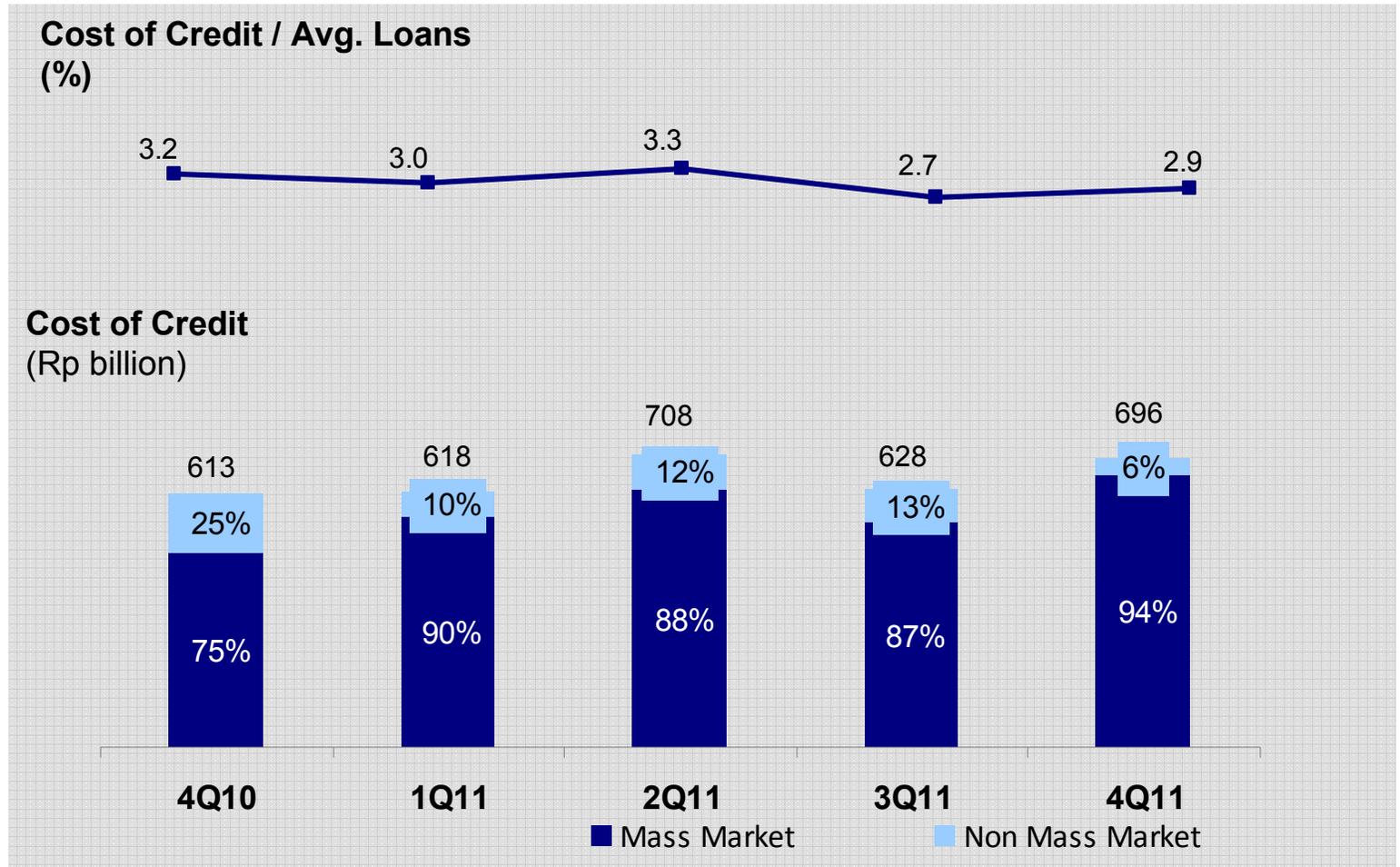
### Operating Income and Expense

Rp billion

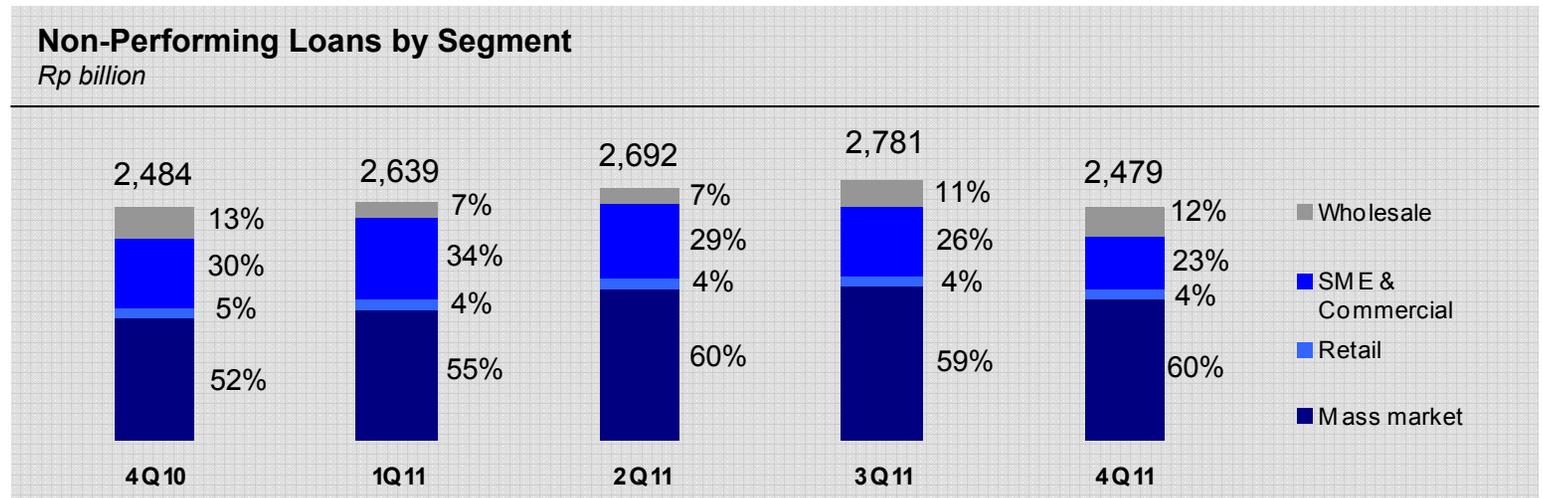
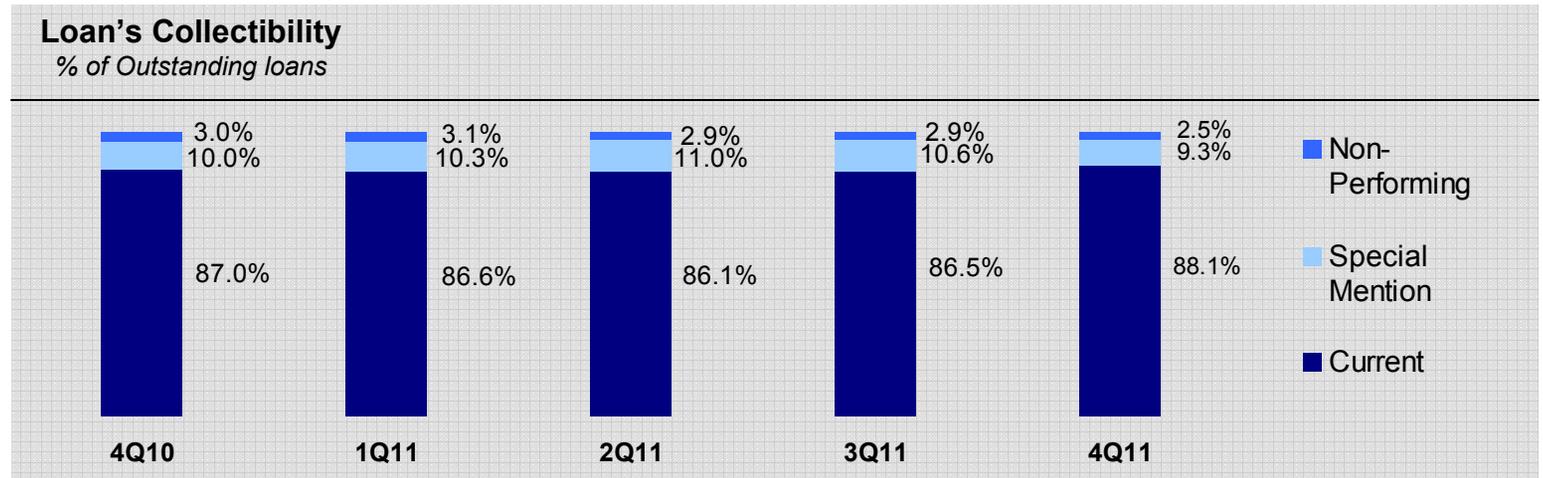
#### ▼ Cost to Income Ratio (%)



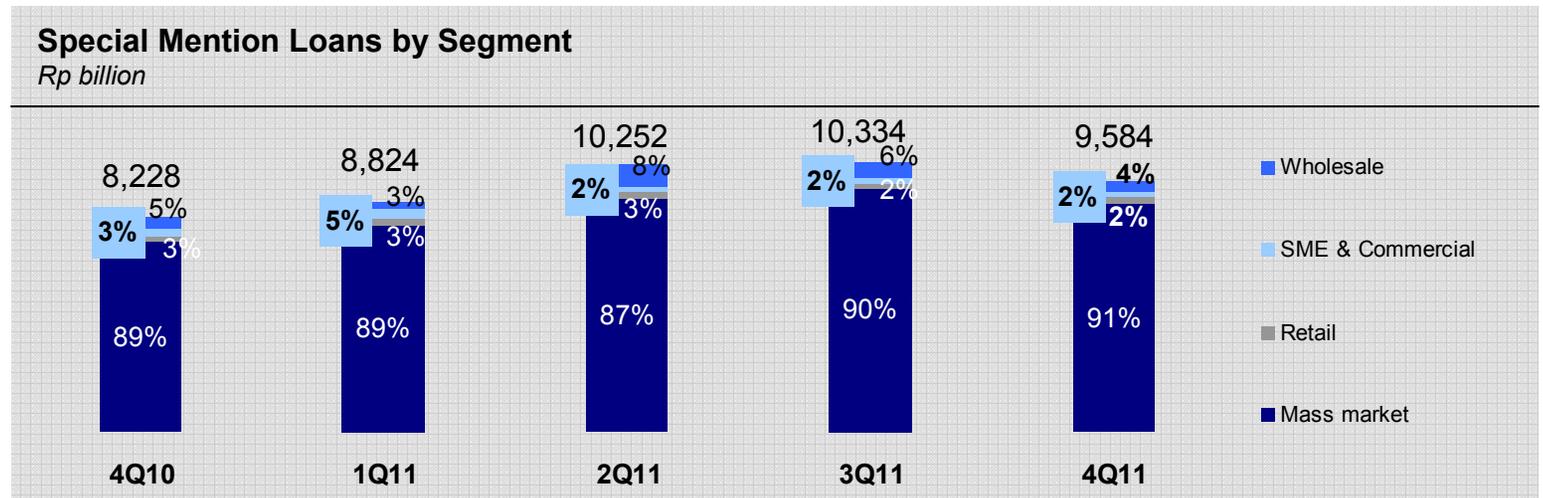
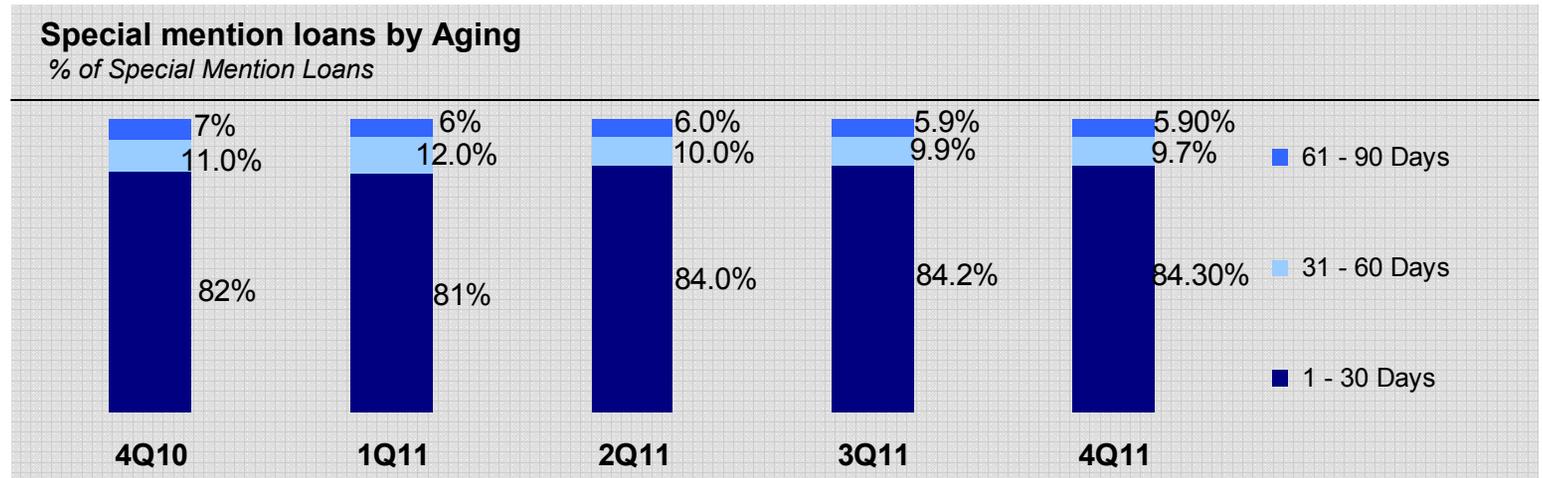
## Cost of Credit improved to 3.0%



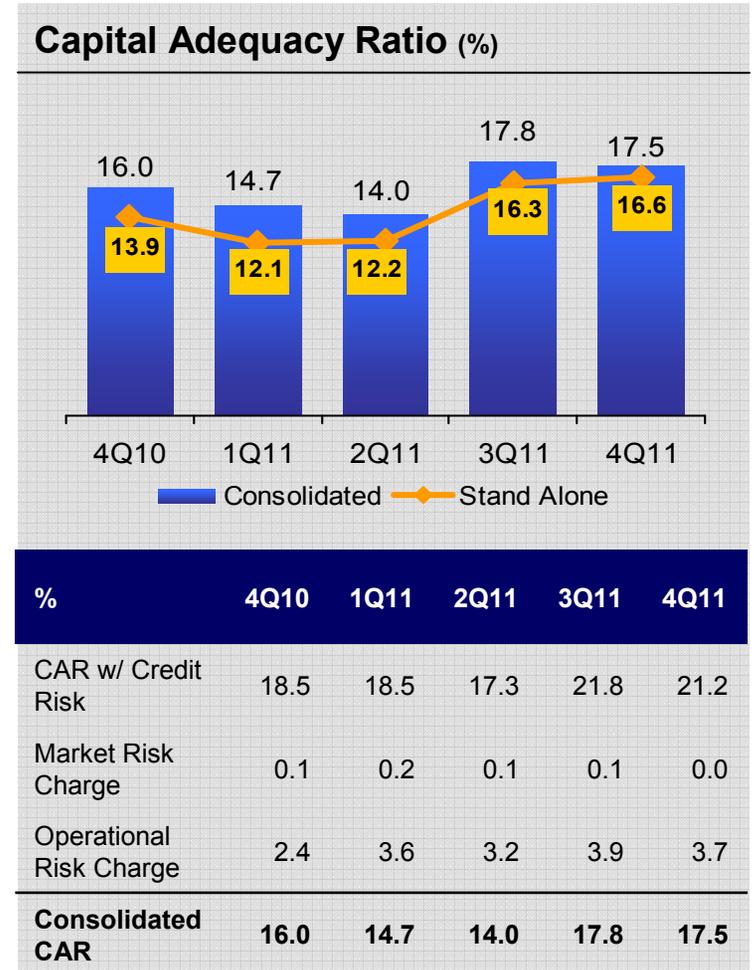
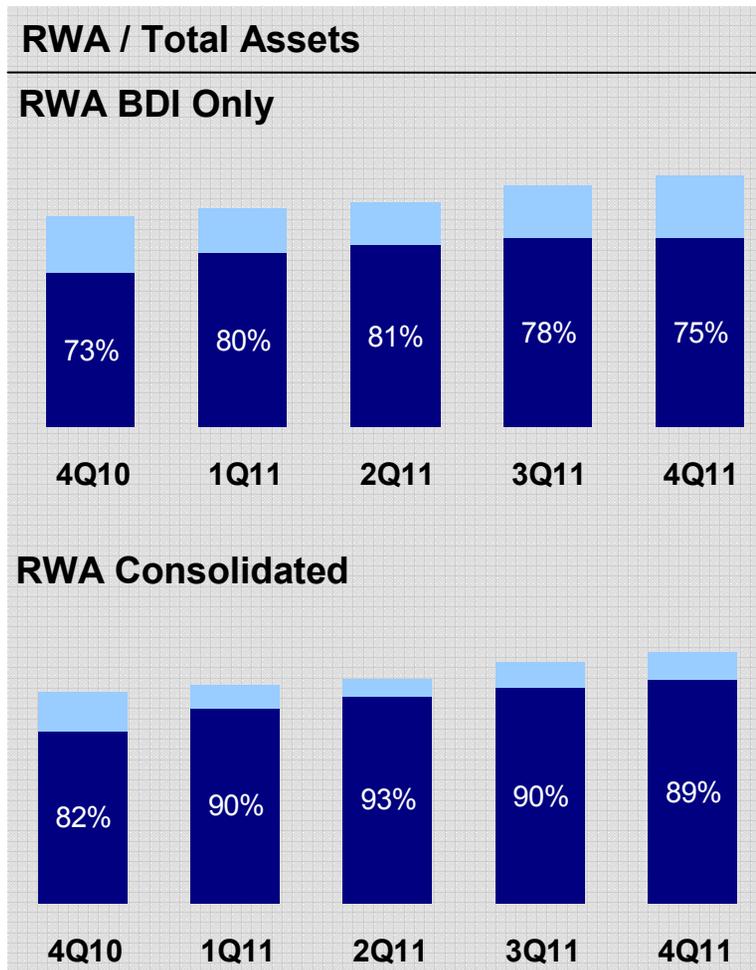
# NPL remained low



# Majority of special mention loans were within 30 days



# Successful Rp 5 trillion capital raising boosted capital



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### Rights Issuance

- Danamon issued 1,162,285,388 shares and generated Rp. 5.0 trillion in a Limited Public Offering in 3Q11

### Bonds issuance

- Adira issued a total of Rp 5 trillion fixed rate bonds in 2011

### Dividend

- Dividend pay-out for fiscal year 2010 is 35% as decided in the March'11 AGMS

## Agenda

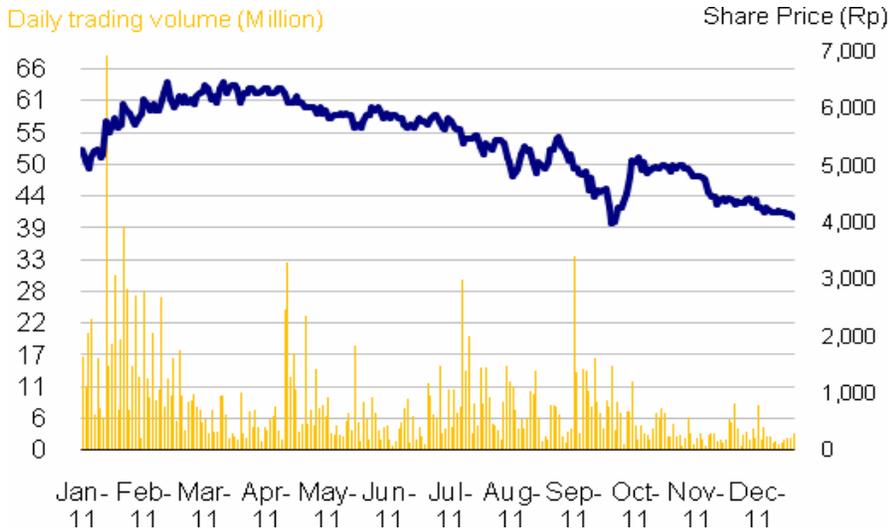
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## S&P upgraded Danamon's credit rating in April 2011, Moody's upgraded BFSR outlook in December 2011

### Daily share price and trading volume

BDMN IJ



### Ownership Structure

As of 31 December 2011

| Ownership Structure                   | Number of Shares     | Ownership (%)  |
|---------------------------------------|----------------------|----------------|
| Asia Financial (Indonesia) Pte, Ltd.  | 6,457,558,472        | 67.37%         |
| JPMCB - Franklin Templeton Inv. Funds | 594,295,388          | 6.20%          |
| Public < 5%                           | 2,532,789,505        | 26.43%         |
| <b>Total</b>                          | <b>9,584,643,365</b> | <b>100.00%</b> |

The ultimate shareholder of AFI is Temasek Holding Pte. Ltd, an investment holding company based in Singapore.

### Danamon

|   |   |                              |
|---|---|------------------------------|
| <b>PEFINDO</b><br><i>August 2011</i>              | Corporate Rating                                | id <sup>d</sup> AA+ / Stable |
|   | Bond Rating                                     | id <sup>d</sup> AA+ / Stable |
| <b>Standard &amp; Poor's</b><br><i>April 2011</i> | Long-term / Short-term Local Currency           | BB / B / Stable              |
|   | Long-term / Short-term Foreign Currency         | BB / B / Stable              |
| <b>Fitch's</b><br><i>November 2011</i>            | Long-term / Short-term Foreign Currency         | BB+ / B / Stable             |
|   | National Long-term                              | AA+ (idn) / Stable           |
|   | Individual / Support Rating                     | C/D / 3 / Stable             |
| <b>Moody's</b><br><i>December 2011</i>            | Global Local Currency Deposit                   | Baa3 / P-3 / Stable          |
|   | Foreign Currency Long-term / Short-term Deposit | Ba2 / NP / Stable            |
|   | Bank Financial Strength Rating (BFSR)           | D / Positive                 |

### Indonesia Sovereign (Foreign Currency)

| Standard & Poor's | Fitch's       | Moody's       |
|-------------------|---------------|---------------|
| BB+ / Positive    | BBB- / Stable | Baa3 / Stable |

Slide 25

Untuk Anda, Bisa



## Reconciliation with Newsletter

| Newsletter          |                          |                            |                        |                          |                      |                    |                   |         |                   |                                |
|---------------------|--------------------------|----------------------------|------------------------|--------------------------|----------------------|--------------------|-------------------|---------|-------------------|--------------------------------|
| a                   | b                        | c                          | d                      | e                        | f                    | g                  | h                 | i       |                   |                                |
| Net Interest Income | Net Under-writing Income | Net Sharia Interest Income | Other Operating Income | Other Operating Expenses | Non Operating Income | Non Operating Loss | Income before Tax | Taxes   | Minority Interest | Income after Minority Interest |
| 10,938              | 452                      | 83                         | 5,001                  | (11,253)                 | -                    | (610)              | 4,612             | (1,163) | (113)             | 3,336                          |

| a+c                 | b+d                 | e                |                    | f+g                            | h              | i                           | Net Profit after Tax and Minority Interest |                   | Remark                                     |  |
|---------------------|---------------------|------------------|--------------------|--------------------------------|----------------|-----------------------------|--|-------------------|--|--|
| Net Interest Income | Non-Interest Income | Operating Income | Operating Expenses | Pre-Provision Operating Profit | Cost of Credit | Non Operating Income/(Loss) | Taxes                                      | Minority Interest | Net Profit after Tax and Minority Interest |  |
| 11,021              | 5,453               | 16,474           | (11,253)           | 5,221                          | -              | (610)                       | (1,163)                                    | (113)             | 3,336                                      |  |
| (172)               |                     | (172)            | 172                | -                              |                |                             |  |                   |  | LPS Deposit Insurance  |
|                     |                     | -                |                    | -                              | (633)          | 633                         |  |                   |  | Loss on reposess assets                                      |
|                     |                     | -                | 346                | 346                            | (346)          |                             |  |                   |  | Loss on loans sold to third party                            |
|                     |                     | -                |                    | -                              | 10             | (10)                        |  |                   |  | Provision for idle property                                  |
|                     | (22)                | (22)             |                    | (22)                           | 22             |                             |  |                   |  | Provision for ADMF acquisition cost                          |
|                     | (154)               | (154)            |                    | (154)                          | 154            |                             |  |                   |  | Write off on amortization cost                               |
|                     | (111)               | (111)            | 111                | -                              |                |                             |  |                   |  | ADMF indirect acquisition cost                               |
|                     | (284)               | (284)            | 284                | -                              |                |                             |  |                   |  | Decrease in fair value of financial assets (MTM)             |
|                     | (7)                 | (7)              | 7                  | -                              |                |                             |  |                   |  | Losses from sale of financial assets (marketable securities) |
|                     | (507)               | (507)            | 507                | -                              |                |                             |  |                   |  | Losses from spot and derivative transaction (realised)       |
|                     |                     | -                | 1,835              | 1,835                          | (1,835)        |                             |  |                   |  | Impairment losses on financial assets                        |
|                     | (241)               | (241)            | 241                | -                              |                |                             |  |                   |  | Fees/commissions and administrative expenses                 |
|                     |                     | -                | 1                  | 1                              | (1)            |                             |  |                   |  | Allowance for possible losses on non earning assets          |
|                     | 4                   | 4                | 16                 | 20                             | (20)           | 0                           |  |                   |  | Others   |
| 10,849              | 4,132               | 14,980           | (7,732)            | 7,248                          | (2,651)        | 14                          | (1,163)                                    | (113)             | 3,336                                      |  |

Analyst Briefing Presentation



# Thank You

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