

Analyst Briefing

First Half and Second Quarter 2011 Results

Jakarta, 21 July 2011

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

Economic Indicators

<i>Rp trillion</i>	2008	2009	2010	2011E
National Accounts				
Real GDP	6.0	4.6	6.1	6.4
GDP (US\$ bn) – nominal	508	542	707	809
GDP per capita (US\$)	2,221	2,343	2,976	3,818
Open unemployment rate	8.6	7.9	7.1	6.7
External Sectors				
Trade balance (US\$ bn)	22.9	30.1	31.1	31.6
Central government debt (% of GDP)	33.0	28.0	26.0	24.0
International Reserves – IRFCL (US\$ bn)	51.6	66.1	96.2	122.0
Currency/US\$ (Year-end)	10,950	9,403	8,991	8,700
Other				
BI policy rate (%)	9.25	6.50	6.50	7.00
Fiscal balance (% of GDP; FY)	-1.0	-1.6	-0.6	-1.5

Source: Danamon estimates, CEIC

Promising 2011 outlook amid softer inflation pressure

Economic Growth

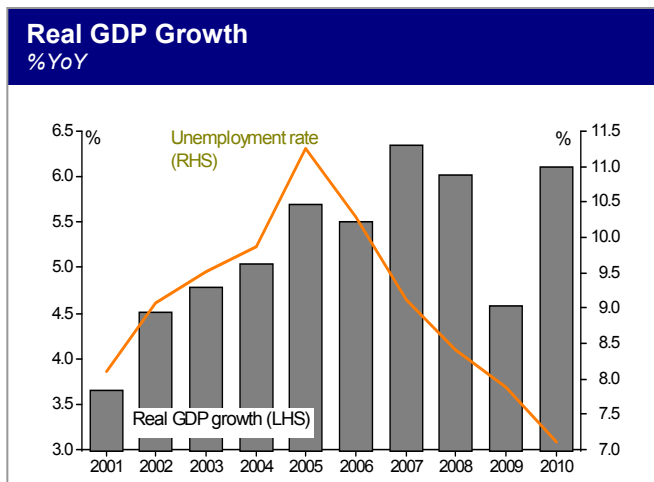
- The economy grew by 6.5% yoy in 1Q11, way better than 5.6%yoy growth in 1Q10, due to better private and government consumption growths.
- We expect higher growth for 2011 (at 6.4%) as domestic demand providing the boost.
- Unemployment rate continue to decline, though underemployment still high.

Inflation rate

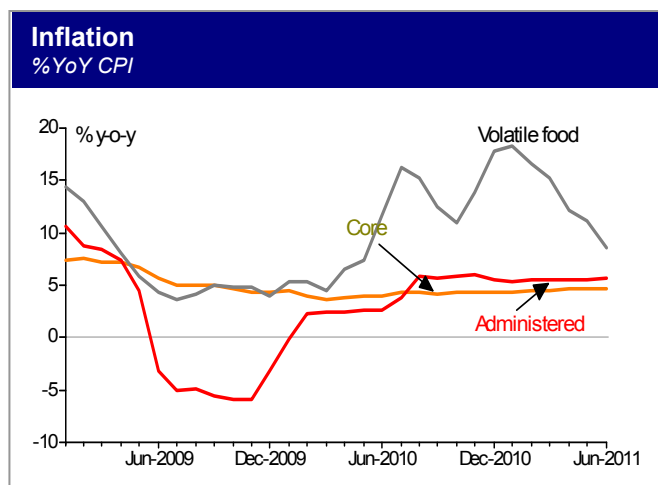
- Headline inflation tend to decline to below 6.0% in 1H11, as food supply recovered. With no fuel hike expected in 2H11, year-end inflation rate to be still hovering below 6%.
- Core inflation, however, continue to gradually rise further towards 5.0% - 5.5%, as money growth is rising

Consumer sentiment

- Despite rising expectation of inflation, consumer confidence hasn't been dramatically affected.



Source: CEIC



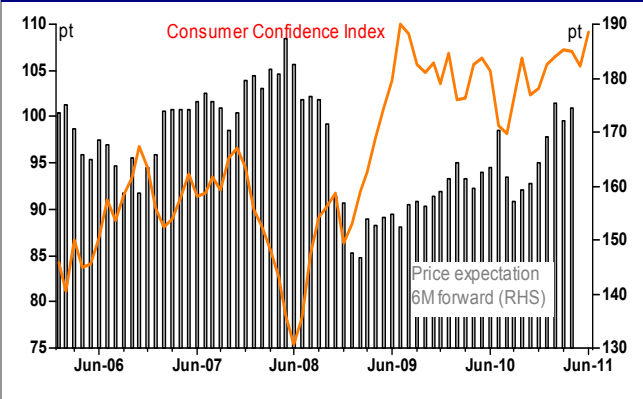
Source: CEIC

Real GDP Breakdown

	1Q10	FY10	1Q11	FY11E
Real GDP	5.6	6.1	6.5	6.4
Consumption	3.9	4.6	4.5	5.4
Government	-7.6	0.3	3.0	15.2
Investments	8.0	8.5	7.3	11.7
Net Exports	12.1	7.5	1.2	0.6

Source: CEIC,

Consumer Confidence Index



Source: CEIC

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BI rate stayed at 6.75% since February 2011

Interest Rate

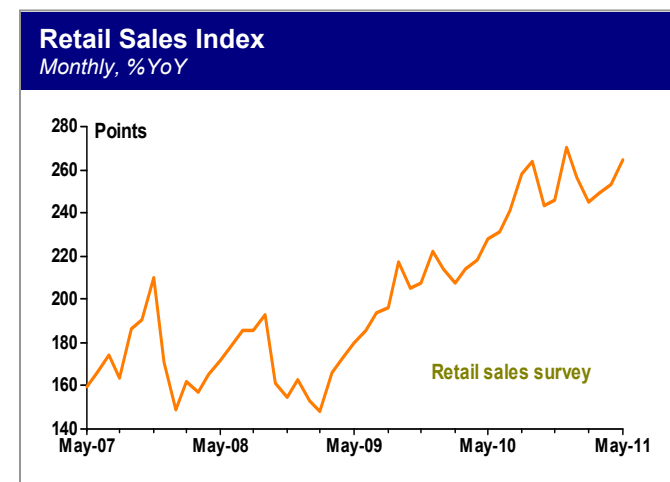
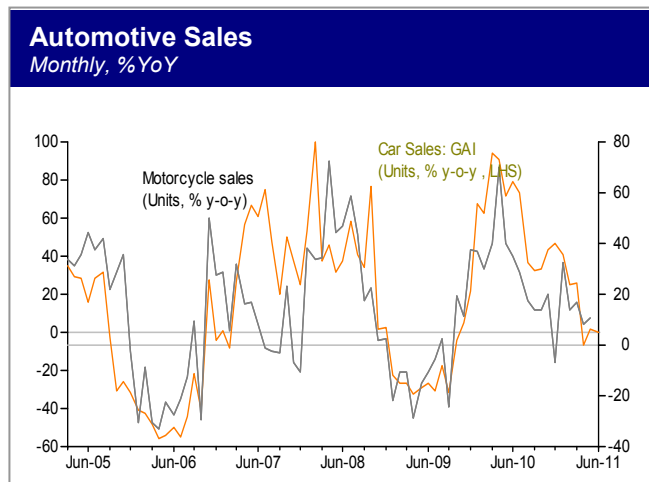
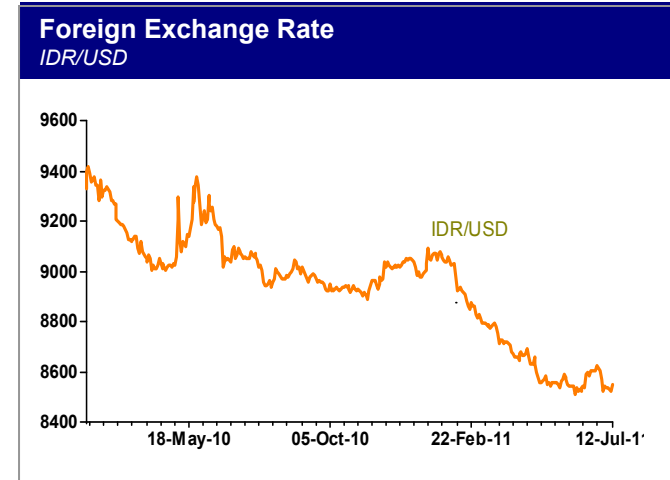
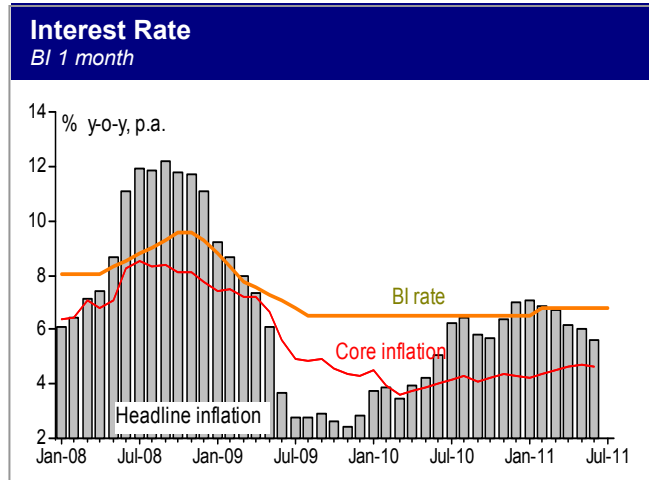
- BI maintained its policy rate at 6.75% for the fifth time in July as food inflation eased. Raising BI rate would be BI's last option, as managing liquidity (via raising reserve requirement ratio) becoming more important.

Exchange Rate

- The IDR appreciated to below Rp 8,600/US\$ in mid July amid still strong inflows to stocks and government bonds. Rising sovereign debt problems in Euro area has increased the risks and pressures on emerging markets' financial asset prices.

Domestic Auto Sales

- New car sales rose 13% to 418 thousand units in 1H11 compared to the same period a year earlier.
- New motorcycle sales up 15% for the first five months of 2011 to 3.4 million units against the same period last year.
- Retail sales index continued its rising trend since Mar-09, supported by better income from high commodity prices.



Industry (Commercial Banks)

<i>Rp trillion</i>	May 10	Sep 10	Dec 10	Mar 11	May 11	△YoY
Total Assets	2,603	2,758	3,009	3,066	3,136	20%
Loans	1,532	1,659	1,766	1,815	1,889	23%
Placements at BI	398	409	582	597	599	51%
Total Deposits	2,013	2,144	2,339	2,351	2,397	19%
NPAT	49.2	43.3	57.3	35	58.9	20%
NIM (%)	5.8	5.8	5.7	5.9	5.8	0.0
NPL (%)	3.2	3	2.6	2.8	2.9	-0.3
ROA (%)	3.0	2.9	2.9	3.1	3	0
LDR (%)	75.7	77.1	75.2	76.8	78.5	2.8
CAR (%)	17.8	16.5	17.2	17.6	17.4	-0.4

Source: Indonesian Banking Statistics

Agenda

- Macroeconomy and Industry Trend

- **Financial Results**

- Corporate Updates

- Appendix

Highlights 1H11 Results

- Total loans increased to Rp 92.8 trillion or 31% higher from a year earlier. Mass market segment remained to be the main engine with 36% growth while wholesale and SMEC segments grew robustly at 33% and 29%, respectively.
- Funding franchise was strengthened with CASA growth of 18%, resulting in total deposits rose 23% to Rp 84 trillion.
- Net Interest Margin stood at 10.0%. CoC improved to 3.2%.
- Fee income up 12% to Rp 1.8 trillion due to higher credit related fees as well as bancassurance and general insurance products.
- NPAT rose 3% to Rp 1.47 trillion
- ROE stood at 17.1% and CAR at 14.0%.

Highlights of Income Statement

<i>Rp billion</i>	1H10	1H11	ΔYoY	1Q11	2Q11	ΔQoQ
Net Interest Income	4,843	5,239	8%	2,609	2,630	0%
Non Interest Income	1,582	1,771	12%	844	927	10%
Operating Income	6,425	7,010	9%	3,453	3,557	3%
Cost of Credit	(1,139)	(1,326)	16%	(618)	(708)	15%
Risk adjusted Ops Income	5,286	5,684	8%	2,836	2,848	0%
Operating Expenses	(3,160)	(3,638)	15%	(1,765)	(1,873)	6%
Net Profit after Taxes	1,433	1,473	3%	763	710	-7%

Highlights of Balance Sheet

<i>Rp billion</i>	1H10	1H11	ΔYoY	1Q11	2Q11	ΔQoQ
Total Assets	100,440	125,922	25%	122,804	125,922	3%
Loans (gross)	71,074	92,793	31%	86,002	92,793	8%
Government Bonds	9,827	4,394	-55%	5,613	4,394	-22%
Total Deposits	67,915	83,536	23%	82,495	83,536	1%
Current Account	8,907	10,354	16%	9,788	10,354	6%
Savings	17,611	20,817	18%	20,988	20,817	-1%
Time Deposit	41,397	52,365	26%	51,720	52,365	1%
Long Term Fundings	8,194	13,610	66%	12,418	13,610	10%
Equity	16,915	18,854	11%	18,135	18,854	4%

Key Ratios

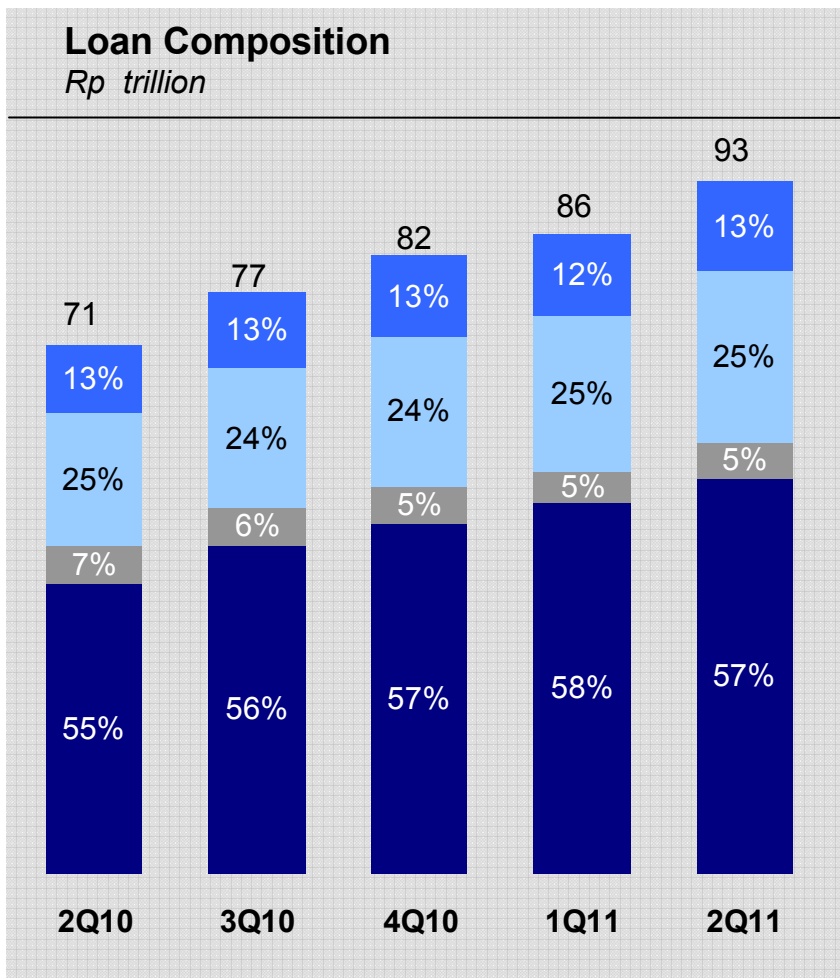
	1H10	1H11	ΔYoY	1Q11	2Q11	ΔQoQ
Net Interest Margin	11.6	10.0	-1.6	10.2	9.8	-0.4
Cost of Credit	3.4	3.2	-0.2	3.0	3.3	0.3
Cost / Income	49.2	51.9	2.7	51.1	52.7	1.6
ROAA	2.9	2.4	-0.5	2.6	2.3	-0.3
ROAE	18.6	17.1	-1.5	17.6	16.7	-0.9
Assets to Capital	6.7	7.7	1.0	7.6	7.7	0.1
Modified LDR ¹	89.6	91.9	2.3	85.2	91.9	6.7
Regulatory LDR	98.8	99.0	0.2	94.8	99.0	4.2
Stand alone CAR	15.1	12.2	-2.9	12.1	12.2	0.1
Consolidated CAR	18.2	14.0	-4.2	14.7	14.0	-0.7
NPL – Gross	3.4	2.9	-0.5	3.1	2.9	-0.2
NPL - Net	0.0	0.0	0.0	0.0	0.0	0.0
Impairment (LLP/Total Loans)	3.6	3.0	-0.6	3.1	3.0	-0.1
Loan Loss Coverage (LLP/NPL)	105.8	101.9	-4.0	100.3	101.9	1.5

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

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Loans grew 31% yoy across all core segments



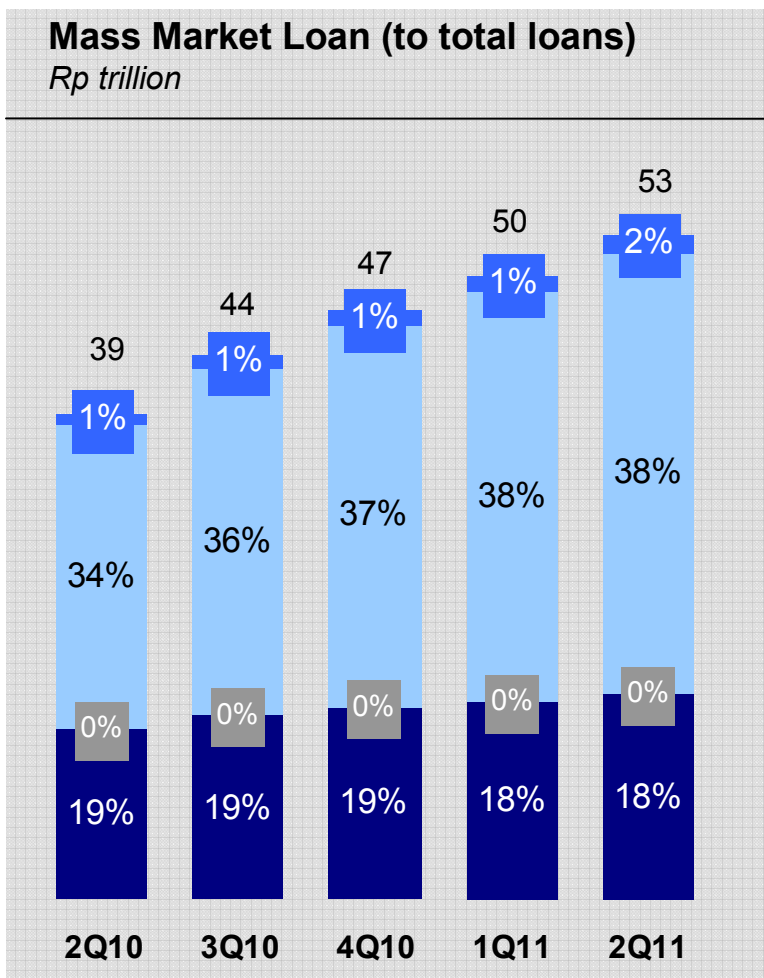
Loan Growth

<i>Rp billion</i>	1H10	1Q11	1H11	ΔYoY
Wholesale	9,019	10,569	12,012	33%
SMEC	17,881	21,088	23,036	29%
Retail*	5,234	4,440	4,594	-12%
Mass Market*	38,941	49,905	53,150	36%
Total	71,074	86,002	92,793	31%

* In 2011: CMM is reclassified from mass market to retail

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Auto financing and micro lending led growth on the back of higher propensity to spend

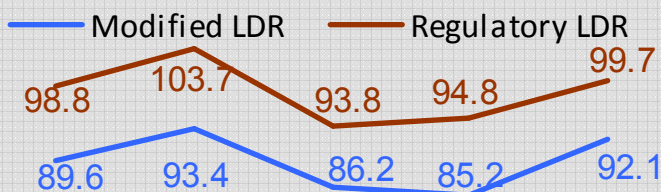


Mass Market Loan Growth

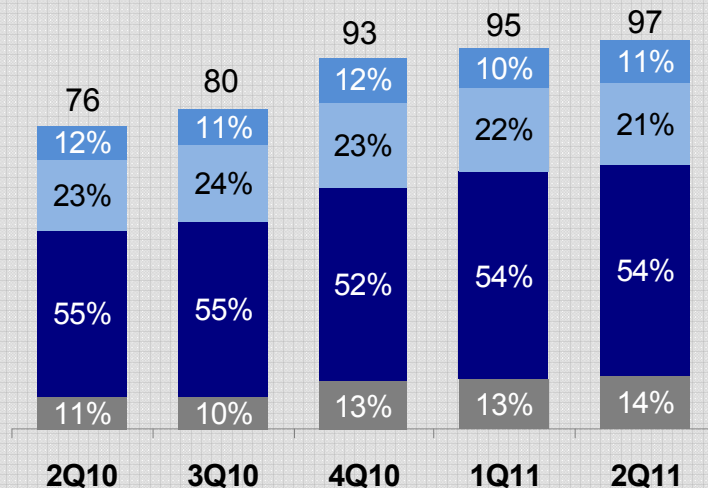
<i>Rp billion</i>	1H10	1Q11	1H11	ΔYoY
Adira Quantum	1,012	1,284	1,396	38%
Adira Finance	24,184	32,744	35,303	46%
Pawn Broking	0	7	9	n/a
SEMM (DSP)	13,745	15,871	16,442	20%
Total	38,941	49,905	53,150	36%

Diversified funding continued to grow providing sound liquidity

Loans to Deposits Ratio (%)



Funding Composition (Rp trillion)



Funding Growth

<i>Rp billion</i>	1H10	1Q11	1H11	ΔYoY
Current Account	8,907	9,788	10,354	16%
Saving Account	17,611	20,988	20,817	18%
Time Deposit	41,397	51,720	52,365	26%
Total Deposits	67,915	82,495	83,536	23%
Long-term Funding	8,194	12,418	13,610	66%
Total Funding	76,109	94,913	97,146	28%

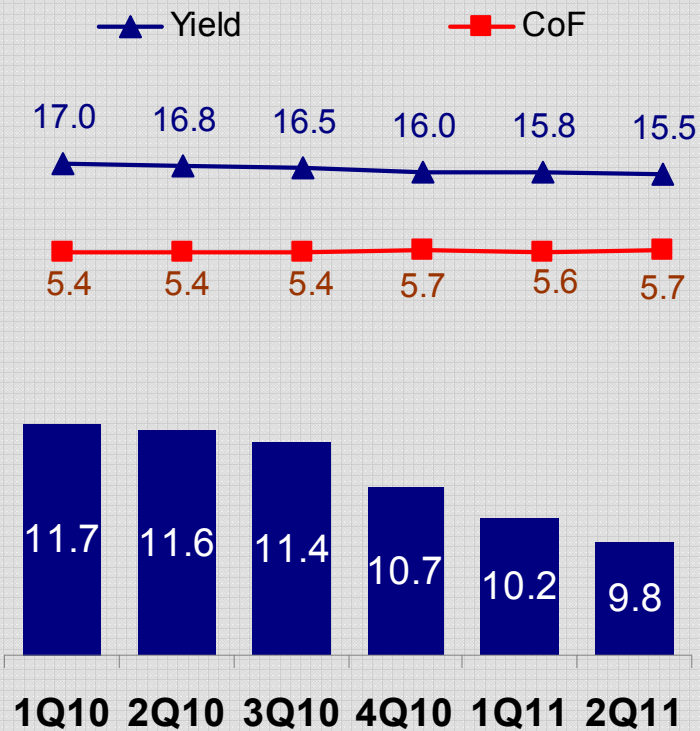
Liquidity Management

- As at June 30, 2011 the bank had liquid assets in excess of Rp 13 trillion (including AFS government bonds).
- Regulatory LDR as the straight formula comparing third party lending against third party deposits stood at 99.0%. Modified LDR, which includes other stable funding sources as cash capital and long term professional funding and therefore gives a more accurate picture of liquidity of a Bank, stood at 91.9%.
- The bank has also established as a policy to maintain enough liquidity at all times in order to face a liquidity stress situations for a minimum time horizon of one month.
- The bank also diversifies its funding sources including the usage of professional funding to better manage liquidity gap and interest rate risks. Professional funding includes bonds, repos, MTNs, bilateral loans and trade finance structures.

Lower NIM partly driven by lower loan yield in non-mass market segment

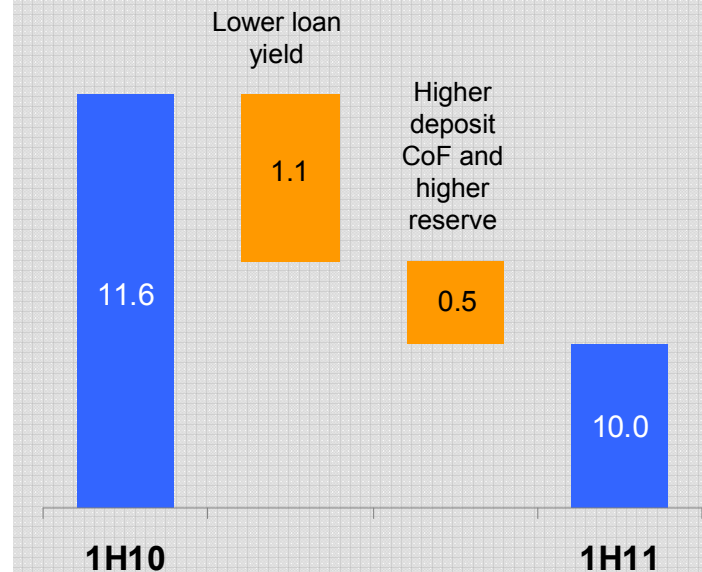
Net Interest Margin

%, annualized



YoY NIM Movement

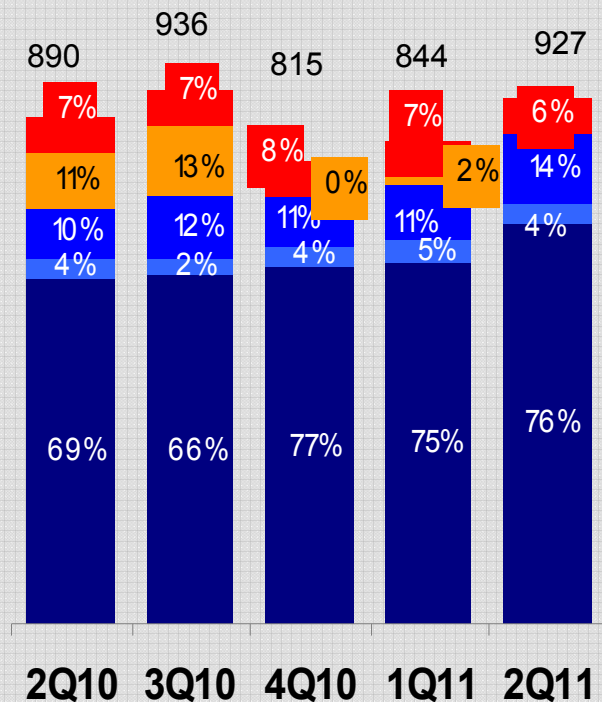
%, annualized



Non interest income rose 12% driven by bancassurance and credit related fees

Non Interest Income Composition

Rp billion



Non Interest Income Growth

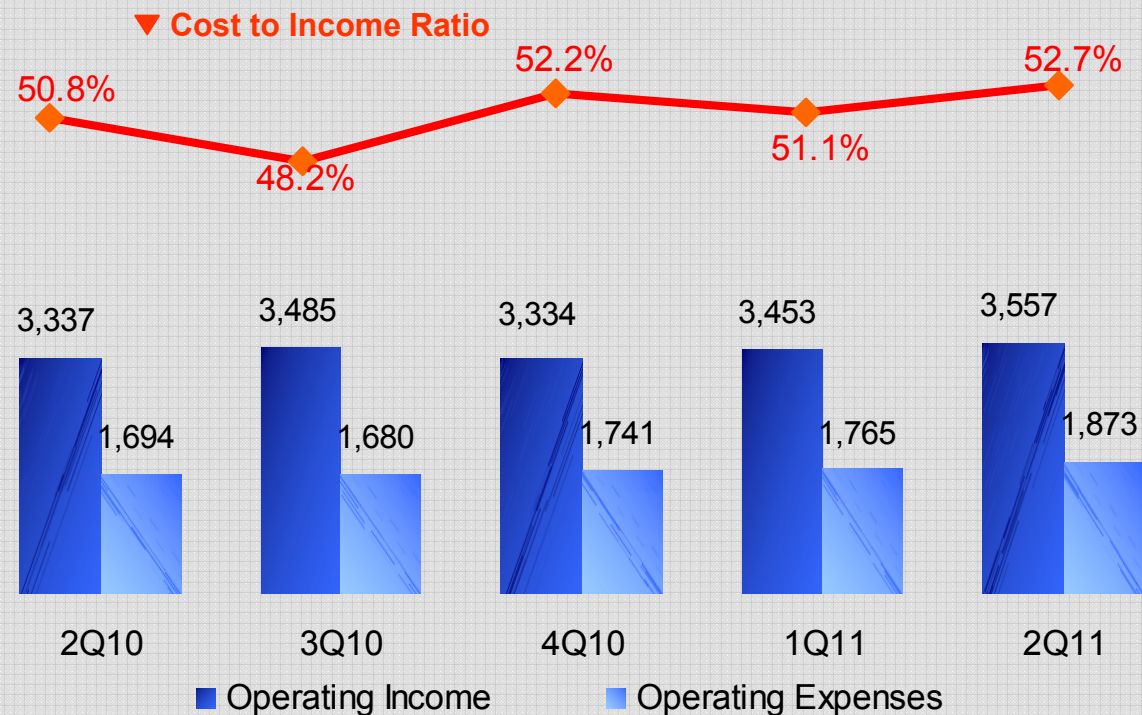
Rp billion	1H10	1H11	ΔYoY
Credit Related	1,100	1,349	23%
Bancassurance	56	78	37%
General Insurance	169	221	31%
Treasury	128	3	-98%
Transaction Banking	129	120	-6%
Total	1,582	1,771	12%

Margin compression led to higher Cost to Income Ratio

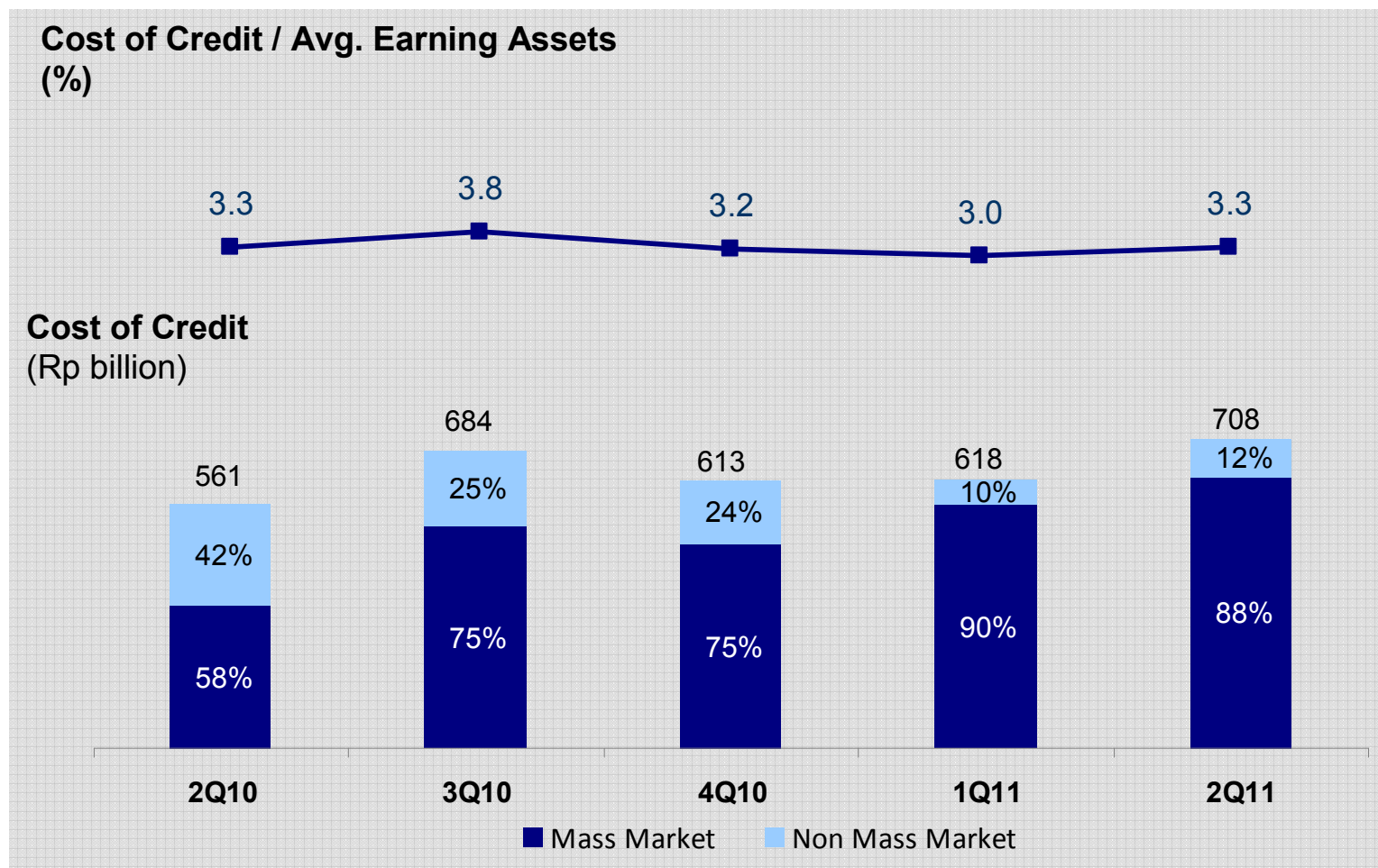
- Cost to income ratio rose mostly due to margin compression in addition to business growth.

Operating Income and Expense

Rp billion



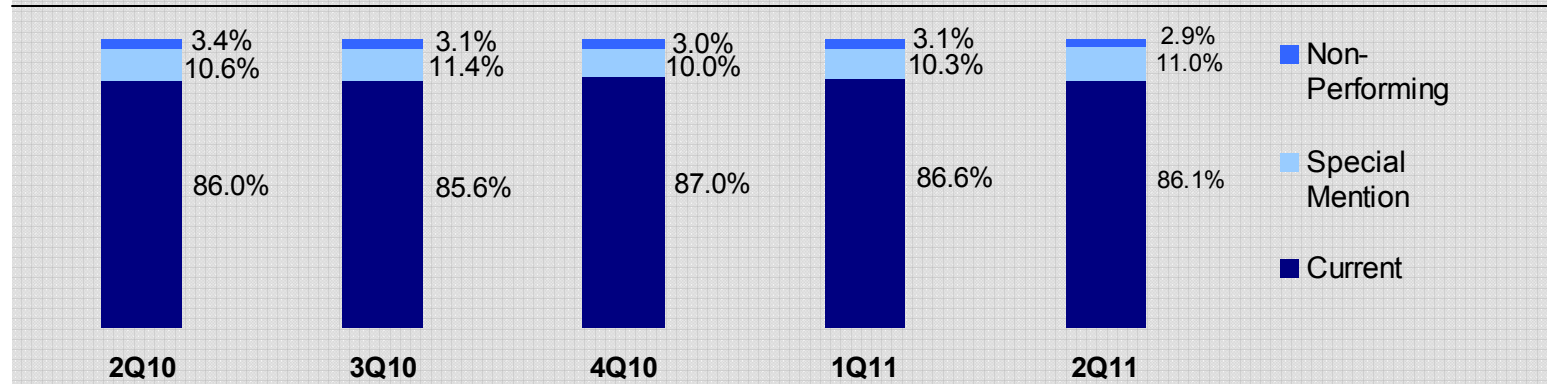
Cost of Credit stood at 3.2%



NPL remained low

Loan's Collectibility

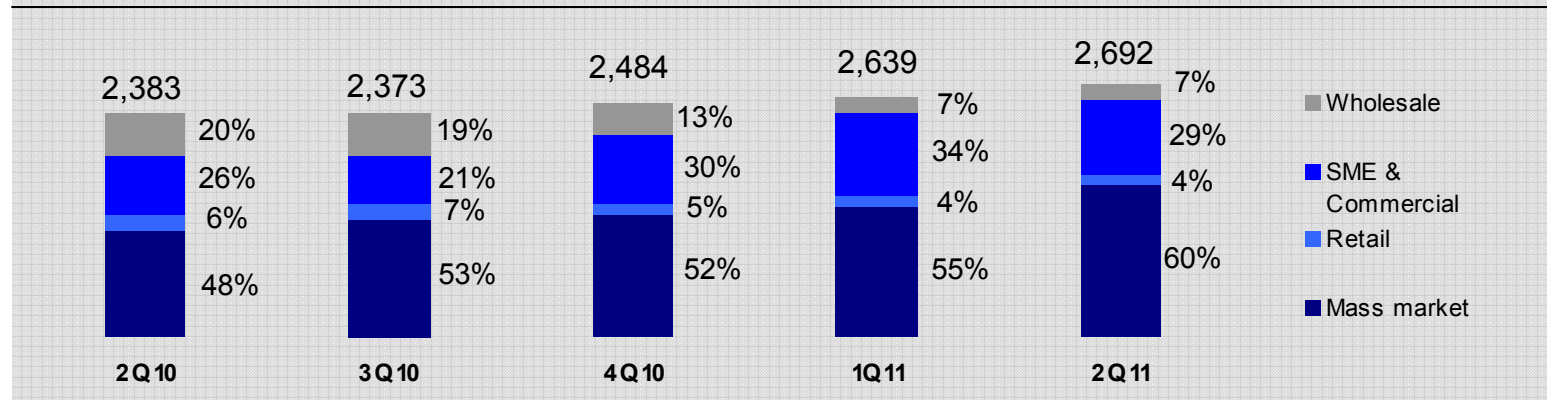
% of Outstanding loans



- Portion of mass market NPL up from 48% in 2Q10 to 60% in 2Q11 as share of mass market to total outstanding loan up from 55% to 57%.

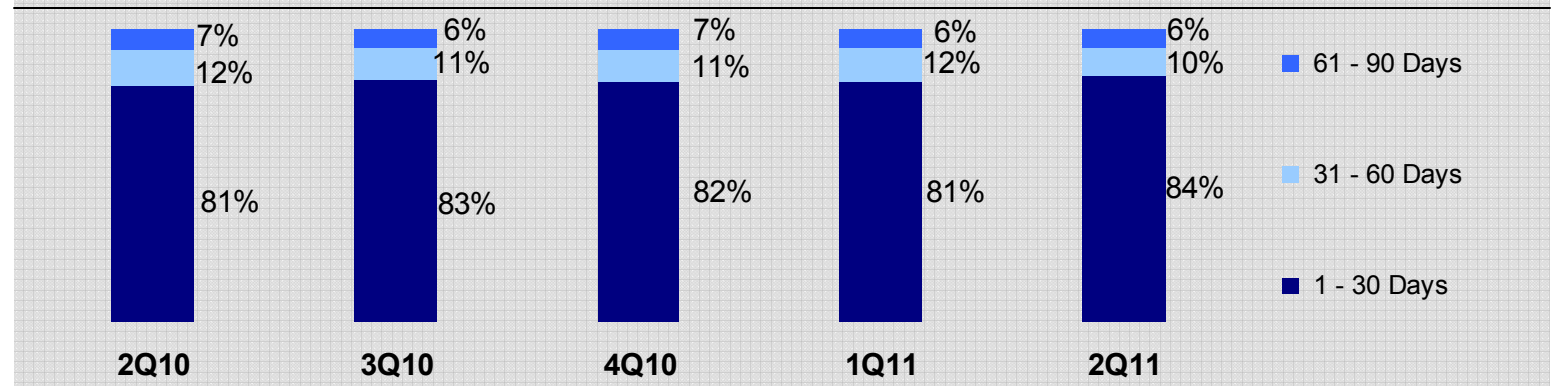
Non-Performing Loans by Segment

Rp billion

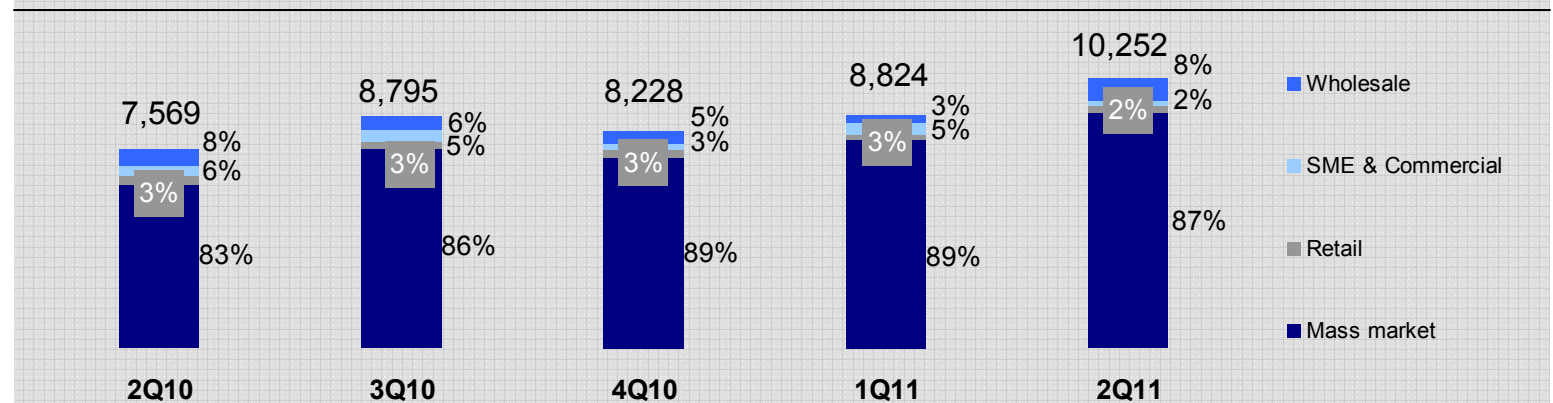


Majority of special mention loans were within 30 days

Special mention loans by Aging
% of Special Mention Loans



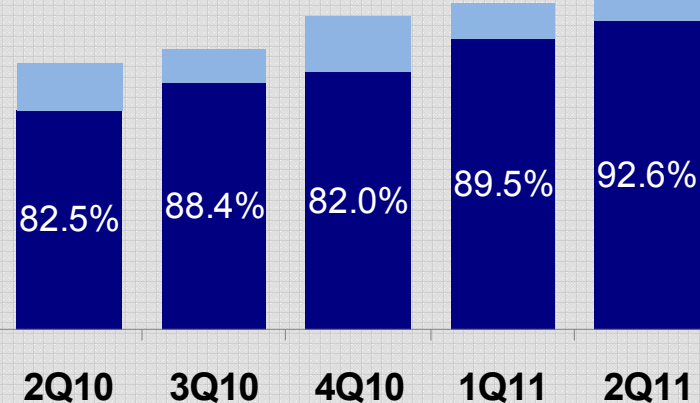
Special Mention Loans by Segment
Rp billion



- Mass market loans categorized as special mention accounted for 10% of the total loans.

CAR stood at 14.0%

**RWA / Total Assets
(%)**

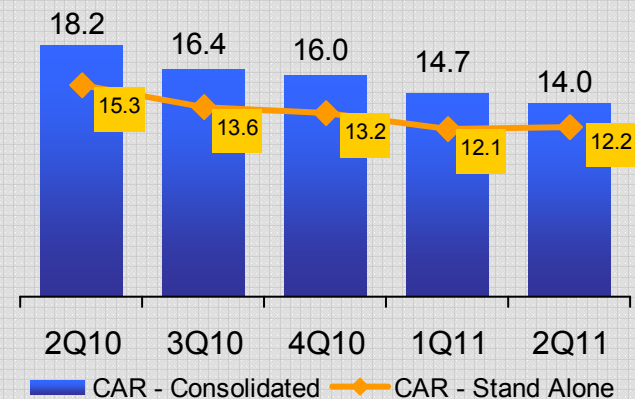


■ % RWA to total assets

Note:

- Capital charge for operational risk was gradually adopted since Jan 10 (5%), July 10 (10%), until full implementation in Jan 11 (15%).

**Consolidated CAR
(%)**



%	2Q10	3Q10	4Q10	1Q11	2Q11
CAR w/ Credit Risk	19.6	19.1	18.5	18.5	17.3
- Market Risk Charge	0.1	0.1	0.1	0.2	0.1
- Operational Risk Charge	1.3	2.5	2.4	3.6	3.2
CAR	18.2	16.4	16.0	14.7	14.0

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Bonds issuance

- Adira issued Rp. 2.5 trillion fixed rate bonds in May 2011

Dividend

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

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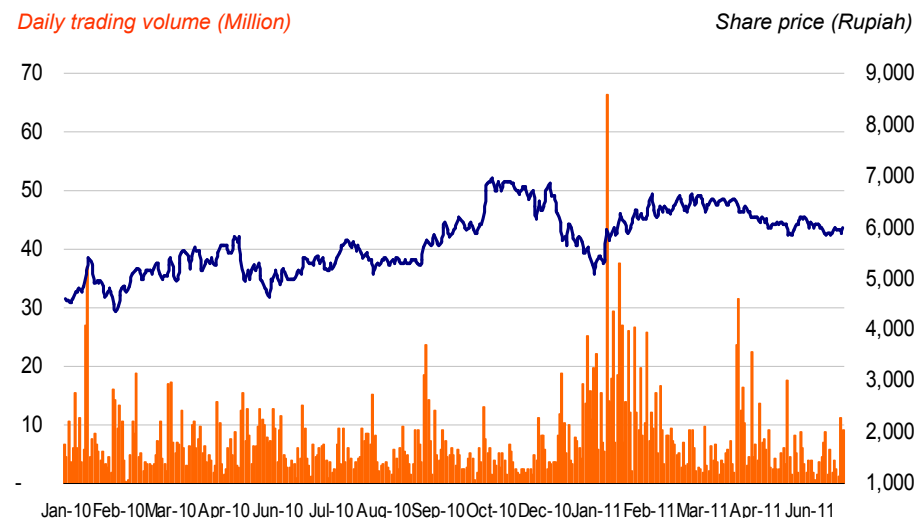
- **Appendix**



S&P upgraded Danamon's credit rating in April 2011

Daily share price and trading volume

BDMN IJ



Ownership Structure

As of 30 Jun 2011

Ownership Structure	Number of Shares	Ownership (%)
Asia Financial (Indonesia) Pte, Ltd.	5,674,493,482	67.37%
JPMCB - Franklin Templeton Inv. Funds	484,402,970	5.75%
Public < 5%	2,263,408,514	26.88%
Total	8,422,304,966	100.00%

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

Danamon

PEFINDO	Corporate Rating	idAA+ / Stable
<i>October 2010</i>	Bond Rating	idAA+ / Stable
Standard & Poor's	Long-term / Short-term Local Currency	BB / B / Stable
<i>April 2011</i>	Long-term / Short-term Foreign Currency	BB / B / Stable
Fitch's	Long-term / Short-term Foreign Currency	BB+ / B / Stable
<i>December 2010</i>	National Long-term	AA+ (idn) / Stable
	Individual / Support Rating	C/D / 3 / Stable
Moody's	Global Local Currency Deposit	Baa3 / P-3 / Stable
<i>April 2011</i>	Foreign Currency Long-term / Short-term Deposit	Ba2 / NP / Stable
	Bank Financial Strength Rating (BFSR)	D / Stable

Indonesia Sovereign (Foreign Currency)

Standard & Poor's	Fitch's	Moody's
BB+ / Positive	BB+ / Positive	Ba1 / Stable

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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
5,287	219	36	2,256	(5,465)	-	(297)	2,036	(509)	(53)	1,473
a+c	b+d	e			f+g		h	i		
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	Remark
5,322	2,475	7,797	(5,465)	2,332	-	(297)	(509)	(53)	1,473	
(84)		(84)	84	-					-	LPS Deposit Insurance
		-		-	(306)	306			-	Loss on reposess assets
		-	231	231	(231)				-	Loss on loans sold to third party
		-		-	9	(9)			-	Provision for idle property
(1)	(1)			(1)	1				-	Provision for ADMF acquisition cost
(73)	(73)			(73)	73				-	Write off on amortization cost
(84)	(84)	84		-					-	ADMF indirect acquisition cost
(359)	(359)	359		-					-	Decrease in fair value of financial assets (MTM)
(2)	(2)	2		-					-	Loss on sale of financial assets (marketable securities)
(78)	(78)	78		-					-	Losses from spot and derivative transaction (realised)
		-	853	853	(853)				-	Impairment losses on financial assets
(116)	(116)	116		-					-	Fees/commissions and administrative expenses
		-	21	21	(21)				-	Allowance for possible losses on non earning assets
10	10			10		(10)			-	Others
5,239	1,771	7,010	(3,638)	3,372	(1,326)	(10)	(509)	(53)	1,473	
Analyst Briefing Presentation										

Analyst Briefing Presentation

Thank You

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