

Analyst Briefing First Quarter 2012 Results

Jakarta, 17 April 2012

Regulations Overview

- **Change of RWA Credit Risk calculation** from Basic Indicator Approach (BIA) to Standardized Approach (SA) **benefits Danamon**
 - ❖ Starting January 2012, Danamon has implemented Basel II in calculating Risk Weighted Assets Credit Risk using Standardized Approach (RWA CR SA). By using SA, the Bank's consolidated CAR as of 31 March 2012 was 1.13% higher than using BIA due to RWA saving of Rp 7.5 trillion (8% lower), as detailed below:

	Basic Indicator Approach (before)	Standardized Approach (after)	Difference
<u>Consolidated</u>			
RWA Credit Risk	103,587,143	96,008,050	7,579,093 *
RWA Market Risk	326,406	326,406	
RWA Op. Risk	24,707,404	24,707,404	
Total RWA	128,620,953	121,041,860	
Capital	23,130,530	23,130,530	
CAR - Consolidated - March'12	17.98%	19.11%	1.13%
<u>Bank Only</u>			
RWA Credit Risk	89,994,821	82,480,954	7,513,867 *
RWA Market Risk	326,406	326,406	
RWA Op. Risk	17,940,744	17,940,744	
Total RWA	108,261,971	100,748,104	
Capital	18,048,780	18,048,780	
CAR - Bank Only - March '12	16.67%	17.91%	1.24%

*) Lower RWA credit risk mostly came from Joint financing — JF loans (Adira & JF Corporate and SME) from 100% to 75% and loans to small and micro enterprises (DSP) from 85% to 75%.

Slide 2

Regulations Overview (continued)

- BI and Bapepam issued new ruling on **the minimum down payment for vehicle financing and LTV for mortgage**
 - ❖ In March 2012, BI (through its circular letter No. 14/10/DPNP dated 15 March 2012) and Bapepam (through press release No. 53/HMS/2012 dated 16 March 2012) each issued a different set of ruling regarding the minimum down payment for auto loans as summarized below:

Type of vehicle	BI	Bapepam	Difference
Two wheels	min. 25%	min. 20%	5%
Four wheels - productive	min. 20%	min. 20%	-
Four wheels - non productive	min. 30%	min. 25%	5%

- ❖ Under the joint financing scheme, the minimum down payment will be set proportionally between the Bank and the financing company. For financing company, if the auto financing is funded by the finance company's funds (i.e. through working capital loans or bonds issuance), the minimum down payment must follow Bapepam ruling.
- ❖ BI also determined the maximum loan to value (LTV) for mortgage of 70%.
- ❖ The above requirement will be effective starting on 15 June 2012.

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

Economics Indicators

Indonesia	2009	2010	2011	2012E
National Account				
Real GDP (% YoY)	4.6	6.2	6.5	6.1
Domestic demand ex. Inventory (% y-o-y)	5.4	5.3	5.7	5.2
Real Consumption: Private (% y-o-y)	4.9	4.7	4.7	4.6
Real Gross Fixed Capital Formation (% y-o-y)	3.3	8.5	8.8	7.3
GDP (US\$ bn) – nominal	543	707	846	945
GDP per Capita (US\$) – nominal	2,347	2,977	3,510	3,867
Open Unemployment Rate (%)	7.9	7.1	6.6	6.3
External Sector				
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
Other				
BI Policy Rate (% year end)	6.50	6.50	6.00	5.75
Consumer prices (% year end)	2.78	6.96	3.79	7.29
Fiscal balance (% of GDP; FY)	-0.9	-1.5	-1.3	-1.8

Source: BPS, Bank Indonesia, Danamon

Slide 5

Untuk Anda, Bisa

Rising uncertainties, slowdown in 2012

Economic Growth

- Growth in 2012 may slightly down to 6.1% yoy.
- Rising uncertainties in domestic economy (i.e. fuel price hike and inflation) amidst global economic slowdown may put pressures on the economic growth

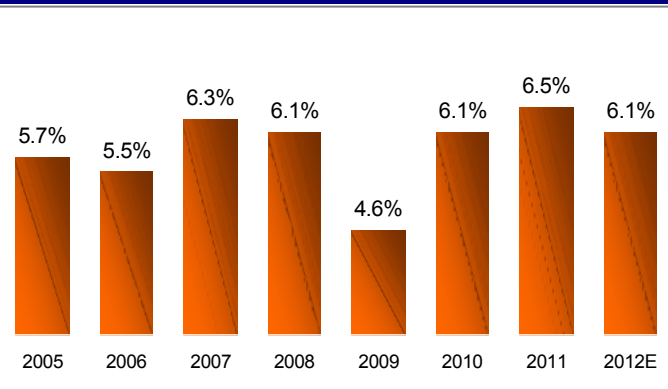
Inflation rate

- March inflation remains low at 0.07% driven by low food price due to the harvesting season. On a yearly basis, inflation rate was up to 3.97%, mainly because of the base effect.
- Core inflation stayed benign at 4.25% yoy, supported by lower gold price.
- Should the government be able to hike the fuel price (possibly in July 2012), forecast is at 7.3% yoy, year end.

Consumer sentiment

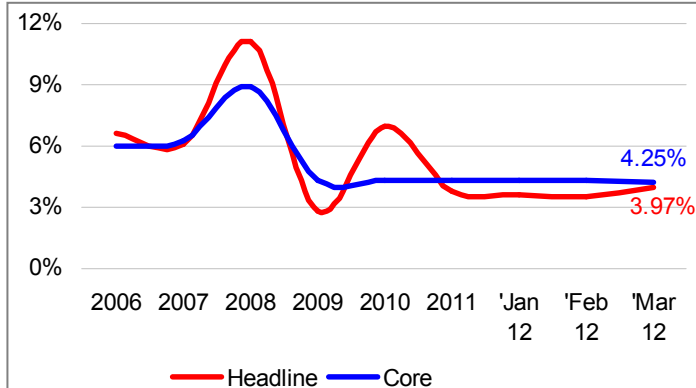
- Consumer confidence was pressured in March, weighed down by rising uncertainties on inflation.

Real GDP Growth %YoY



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

Headline vs Core Inflation %YoY, end of period, CPI



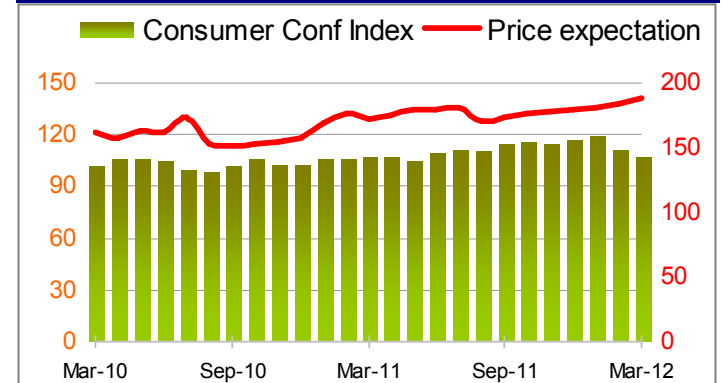
Source: BPS, CEIC

Real GDP Breakdown

% YoY	FY09	FY10	FY11	FY12E
Real GDP	4.6	6.1	6.5	6.1
Consumption	4.9	4.6	4.7	4.6
Government	15.7	0.3	3.2	3.5
Investment	3.3	8.5	8.8	7.3
Net Export	12.5	7.5	14.4	4.5

Source: BPS, CEIC, Danamon Estimates

Consumer Confidence Index Monthly,pt



Source: BI, CEIC

BI may pause rate this year as rising inflation uncertainties

Interest Rate

- In April, BI kept the policy rate at 5.75%, as uncertainties rising on the government's plan on raising the subsidized fuel price. Government can only hike the price if the 6 month average oil price (ICP) deviates by 15% from the assumed price in the budget 2012
- Expect BI to maintain the policy rate due to the lingering uncertainties on the inflation rate.

Exchange Rate

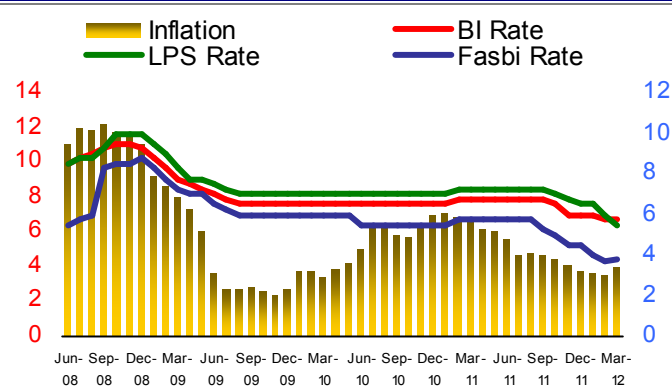
- The IDR/USD ended at 9,180 in Mar 2012.
- Overall, financial markets likely be very volatile and investors may become more risk averse in 2012, due to EU's debt crisis and growth sentiment in China. However, we expect the Rupiah to appreciate slightly towards 8,950 at year-end.

Domestic Sales

- In Feb 2012, motorcycles and car sales are on the increasing trend, supported by rising middle class and strong economy.
- Retail sales decline in Feb-12, though still at a high level, as supported by better real income and a relatively mild inflation in Q112

Interest Rate

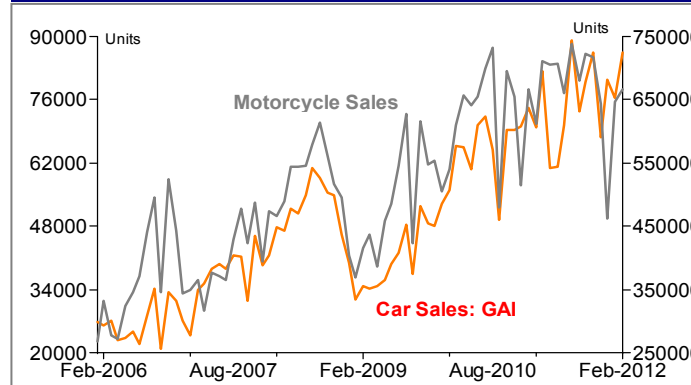
BI Rate, %



Source: BPS, CEIC

Automotive Sales

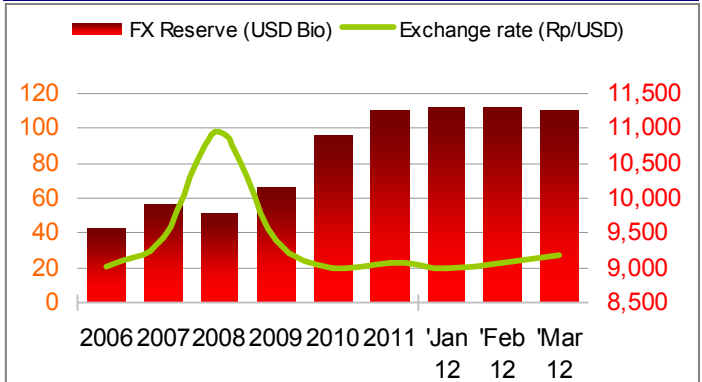
Yearly, Unit



Source: CEIC

Foreign Exchange Rate

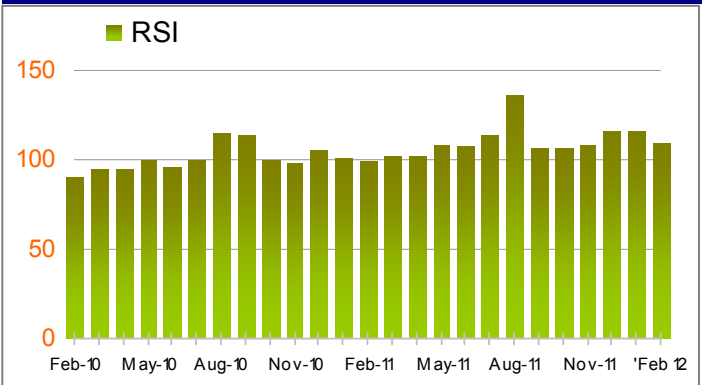
IDR/USD



Source: CEIC

Retail Sales Index

Base year : Oct 2000 = 100



Source: BI, CEIC

Industry (Commercial Banks)

<i>Rp trillion</i>	Feb 11	Mar 11	Jun 11	Sep 11	Dec 11	Feb 12	ΔYoY
Total Assets	2,993	3,066	3,195	3,371	3,653	3,628	21%
Loans	1,774	1,815	1,951	2,079	2,200	2,203	24%
Total Deposits	2,288	2,351	2,438	2,545	2,785	2,764	21%
NPAT	11.0	18.3	37.1	56.7	75.1	15.5	41%
NIM (%)	5.5	5.9	5.8	6.0	5.9	5.4	-0.1
NPL (%)	2.8	2.8	2.7	2.7	2.2	2.3	-0.5
ROA (%)	2.9	3.1	3.1	3.1	3.0	3.6	0.7
LDR (%)	77.1	76.8	79.7	81.2	78.8	79.4	2.3
CAR (%)	18.1	17.6	17.0	16.6	16.1	18.4	0.3

Source: Indonesian Banking Statistics

Agenda

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

Highlights 1Q12 Results

- Total loans increased 23% to Rp 106 trillion. Mass market segment remained to be the main engine with 23% growth while wholesale and SMEC segments grew robustly at 29% and 22%, respectively.
- Current account and saving account grew 33% and 11%, respectively. CASA growth of 18% drove total deposits 8% to Rp 89 trillion. CASA ratio stood at 41% versus 37% a year ago.
- Net Interest Margin improved to 9.7% from 9.6% last quarter on the back of lower cost of fund. CoC was 3.2%. CIR improved to 50.2%. LDR was 98.6% in 1Q12.
- Fee income up 22% to Rp 1 trillion, accounted for 25% of our operating income.
- NPAT rose 18% to Rp 900 billion. ROE stood at 14.6% and CAR at 19.1%.

Highlights of Income Statement

<i>Rp billion</i>	1Q11	1Q12	ΔYoY	4Q11	1Q12	ΔQoQ
Net Interest Income	2,609	3,019	16%	2,877	3,019	5%
Non Interest Income	844	1,029	22%	1,126	1,029	-9%
Operating Income	3,453	4,048	17%	4,003	4,048	1%
Cost of Credit	618	788	28%	696	788	13%
Risk Adjusted Op. Income	2,835	3,260	15%	3,307	3,260	-1%
Operating Expenses	1,765	2,032	15%	2,100	2,032	-3%
Net Profit after taxes	763	900	18%	887	900	1%

Highlights of Balance Sheet

<i>Rp billion</i>	1Q11	1Q12	ΔYoY	4Q11	1Q12	ΔQoQ
Total Assets	122,804	145,114	18%	141,934	145,114	2%
Loans (gross)	86,003	105,558	23%	101,678	105,558	4%
Government Bonds	5,613	4,516	-20%	3,947	4,516	14%
Total Deposits	82,495	89,422	8%	88,054	89,422	2%
Current Account	9,788	13,021	33%	12,994	13,021	0%
Savings	20,988	23,214	11%	23,439	23,214	-1%
Time Deposit	51,720	53,187	3%	51,621	53,187	3%
Long Term Fundings	12,418	15,110	22%	16,583	15,110	-9%
Equity	18,135	25,515	41%	25,630	25,515	0%

Key Ratios

%	1Q11	1Q12	ΔYoY	4Q11	1Q12	ΔQoQ
Net Interest Margin	10.2	9.7	-0.5	9.6	9.7	0.1
Cost of Credit	3.0	3.2	0.2	2.9	3.2	0.3
Cost / Income	51.1	50.2	-0.9	52.5	50.2	-2.3
ROAA	2.6	2.5	-0.1	2.6	2.5	-0.1
ROAE	17.6	14.6	-3.0	15.5	14.6	-0.9
Assets to Capital	7.6	6.3	-1.3	6.4	6.3	-0.1
Consolidated RWA to Assets	89.5	83.4	-6.1	89.0	83.4	-5.6
Loan to Funding *	85.2	90.9	5.7	91.5	90.9	-0.6
Regulatory LDR	94.8	98.6	3.8	98.3	98.6	0.3
Stand Alone CAR	12.3	17.9	5.6	16.6	17.9	1.3
Consolidated CAR	14.7	19.1	4.4	17.5	19.1	1.6
NPL – Gross	3.1	2.5	-0.6	2.5	2.5	0.0
Impairment (LLP/Total Loans)	3.1	2.6	-0.5	2.6	2.6	0.0
Loan Loss Coverage (LLP/NPL)	100.3	106.9	6.6	107.2	106.9	-0.3

*) *Loan to funding* is defined as (Loans + Reserves with BI + Cash in Vault + HTM bonds) / (Third Party Deposits + Long Term Funding + Capital - Net Other Assets)

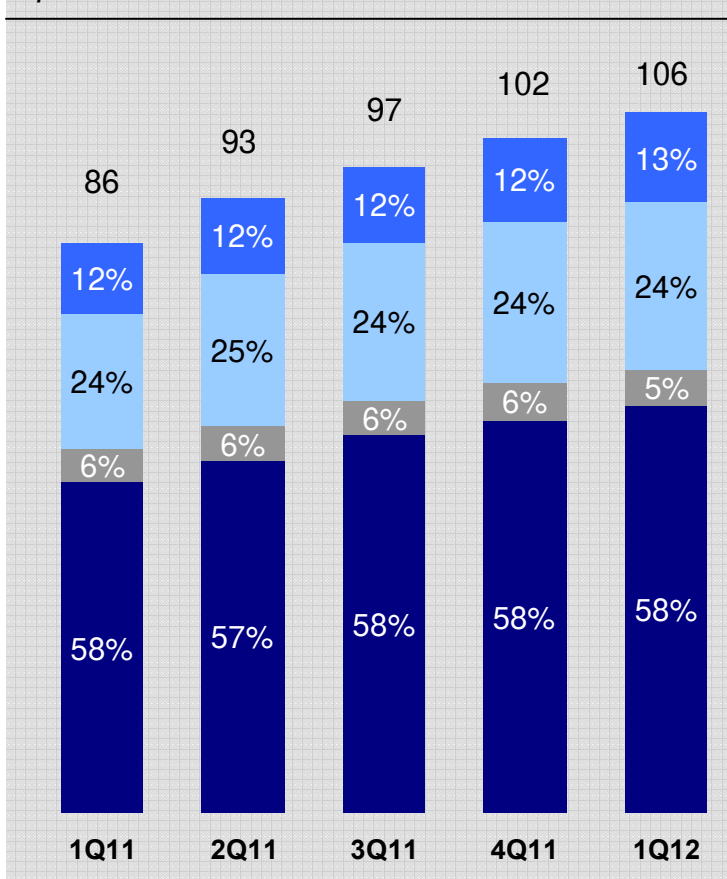
Slide 13

Untuk Anda, Bisa

Loans grew 23% mostly driven by all segments

Loan Composition

Rp trillion



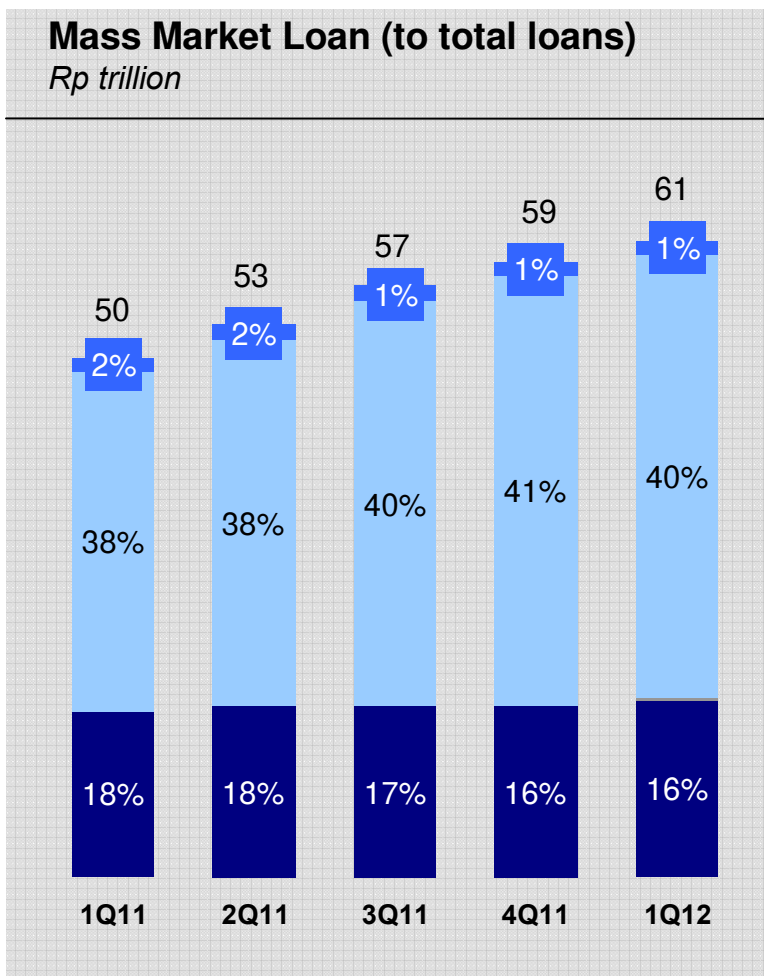
Loan Growth

Rp billion	1Q11	1Q12	ΔYoY
Wholesale	10,415	13,424	29%
SMEC*	20,642	25,180	22%
Retail	5,040	5,725	14%
Mass Market	49,905	61,228	23%
Total	86,003	105,558	23%

* SME and Commercial segments

Slide 14

High margin business of mass market accounted for 58% of total loan book



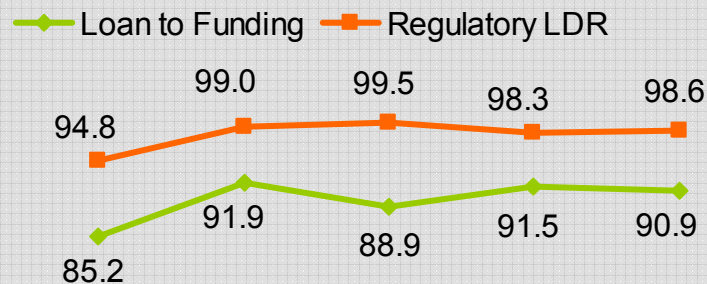
Mass Market Loan Growth

<i>Rp billion</i>	1Q11	1Q12	ΔYoY
Adira Quantum	1,284	1,383	8%
Adira Finance	32,744	42,684	30%
Pawn Broking	7	61	N/M
SEMM (DSP)	15,871	17,100	8%
Total	49,905	61,228	23%

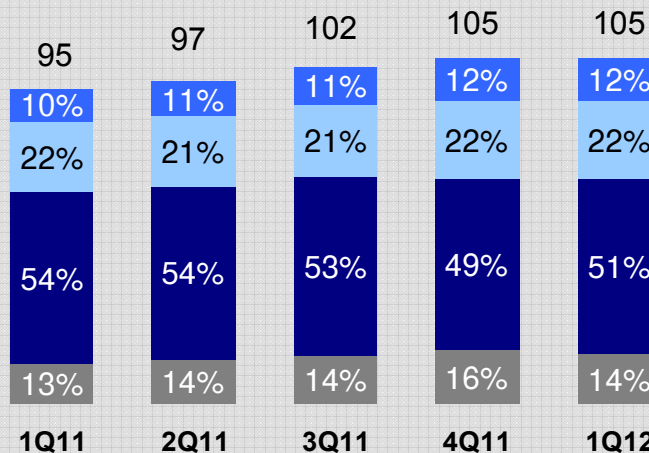
Diversified funding continued to grow providing sound liquidity. CASA ratio improved to 41% vs 37% last year.

- As of 31 Mar 2012, the bank has approx. IDR 14.9 trillion and USD 101.7 million of liquid assets (including IDR 4.2 trillion of Government bonds in the AFS portfolio)

Loans to Deposits Ratio (%)



Funding Composition (Rp trillion)



Funding Growth

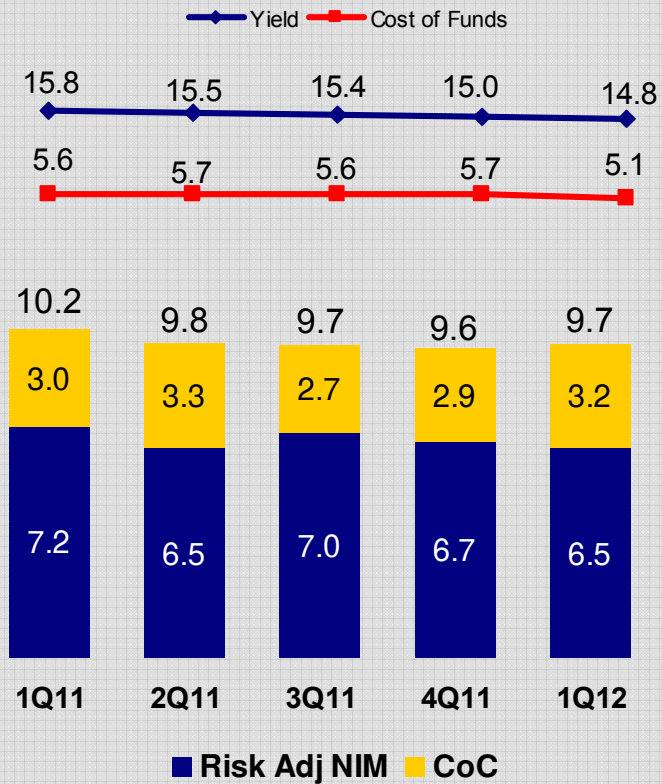
<i>Rp billion</i>	1Q11	1Q12	ΔYoY
CA*	9,788	13,021	33%
SA*	20,988	23,214	11%
TD*	51,720	53,187	3%
LT Fund**	12,418	15,110	22%
Total	94,913	104,532	10%

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

NIM improved from the previous quarter

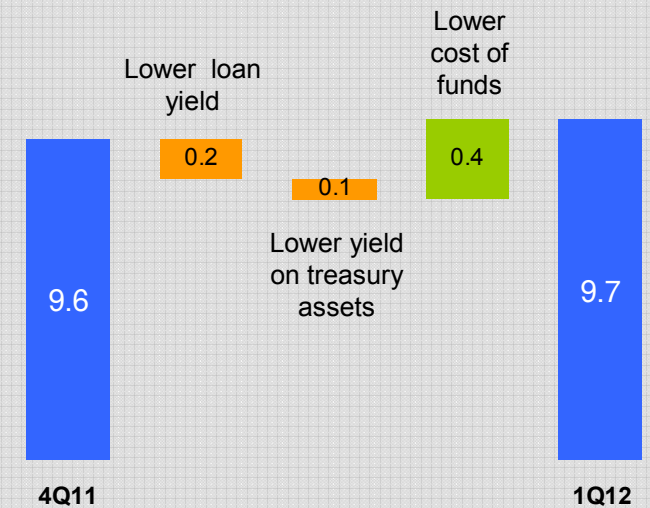
Net Interest Margin

%, annualized



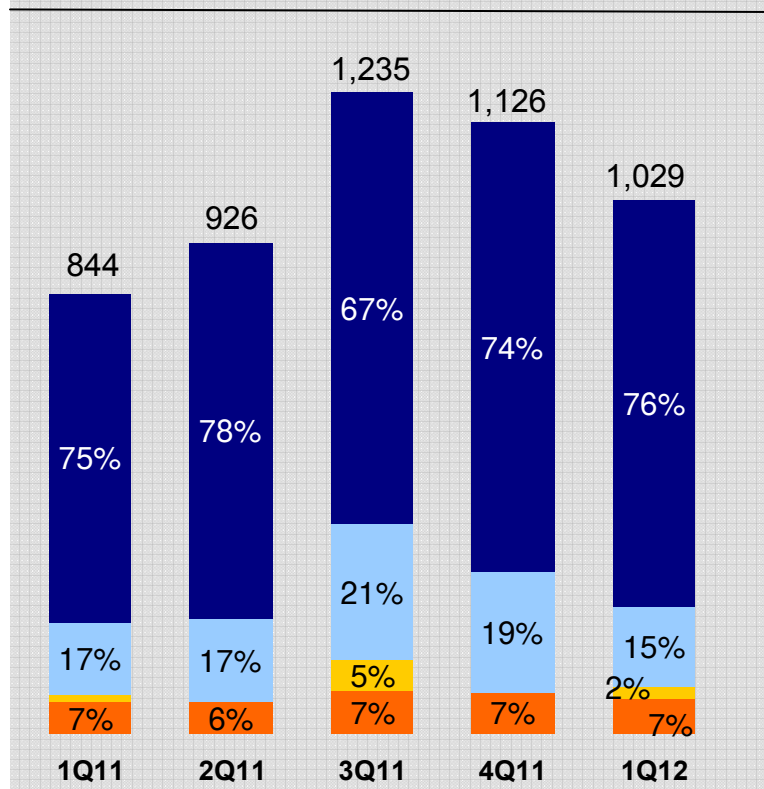
QoQ NIM Movement

%, annualized



Non interest income rose 22% driven by bancassurance and credit related fees

Non Interest Income Composition
Rp billion



Non Interest Income Growth

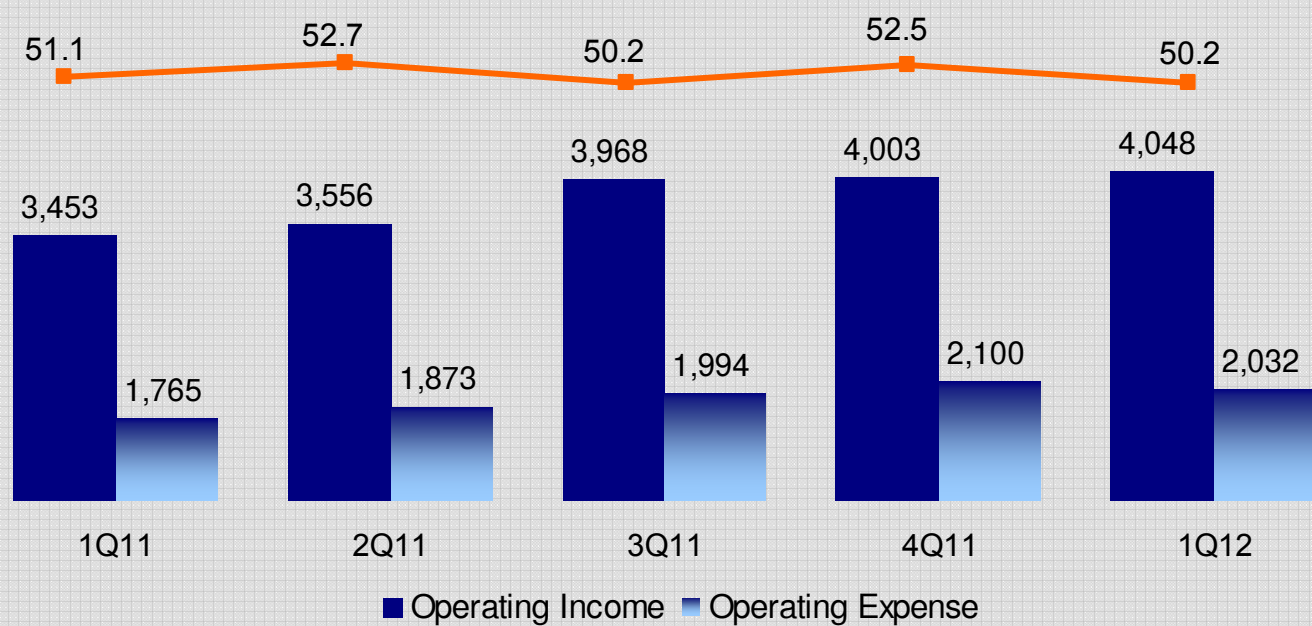
<i>Rp billion</i>	1Q11	1Q12	ΔYoY
Credit Related	631	783	24%
Bancassurance	45	71	58%
General Insurance	95	85	-11%
Treasury	14	22	57%
Transaction Banking	60	68	13%
Total	844	1,029	22%

Cost to Income improved to 50.2%

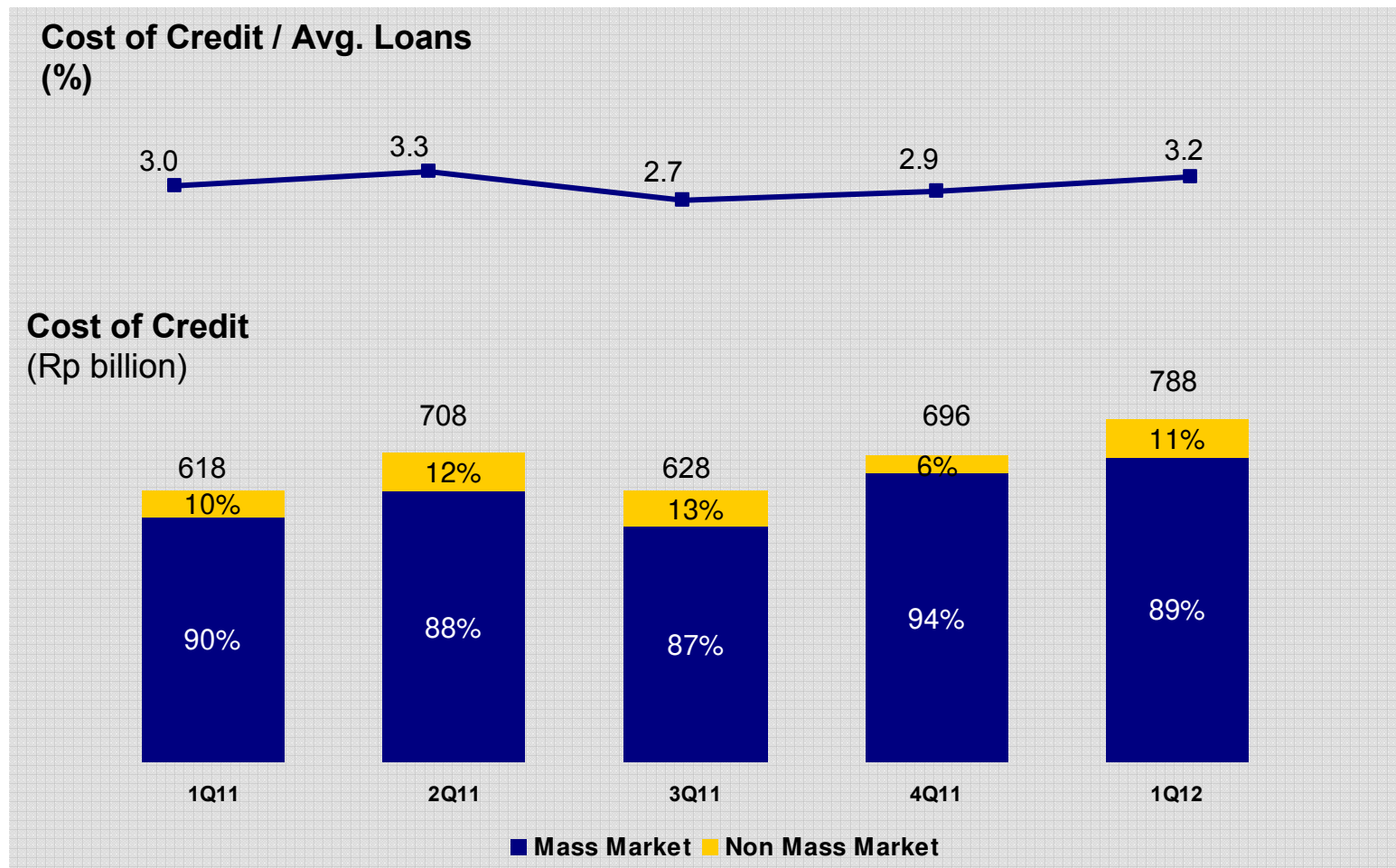
Operating Income and Expense

Rp billion

▼ Cost to Income Ratio (%)

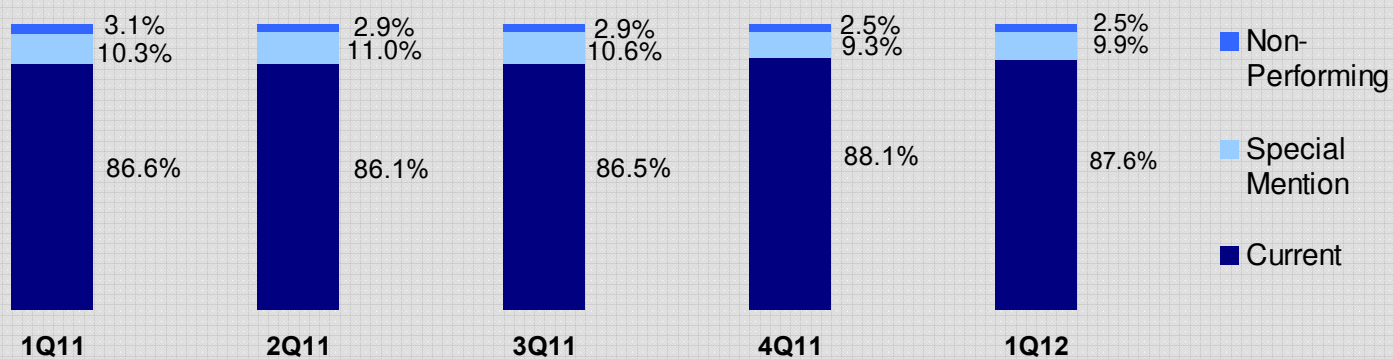


Cost of Credit stood at 3.2%

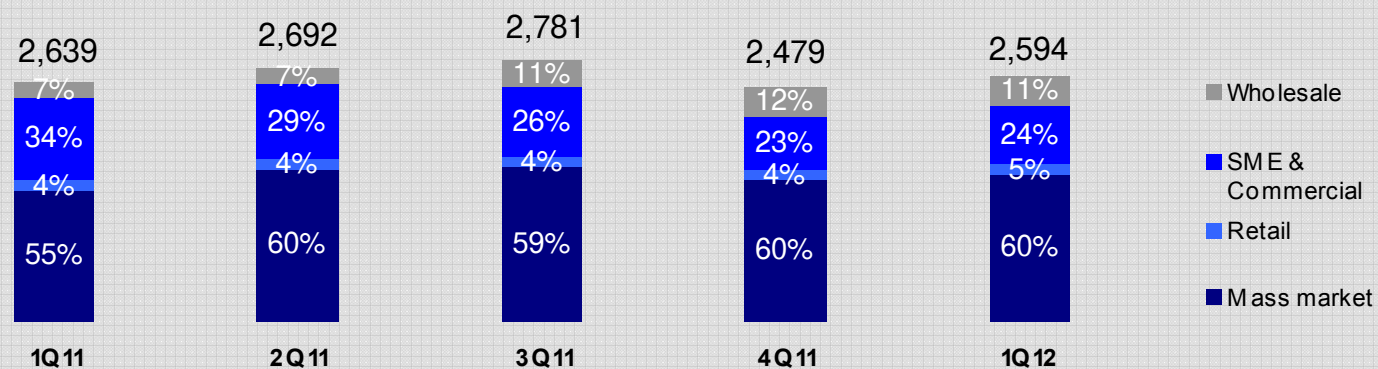


NPL remained low

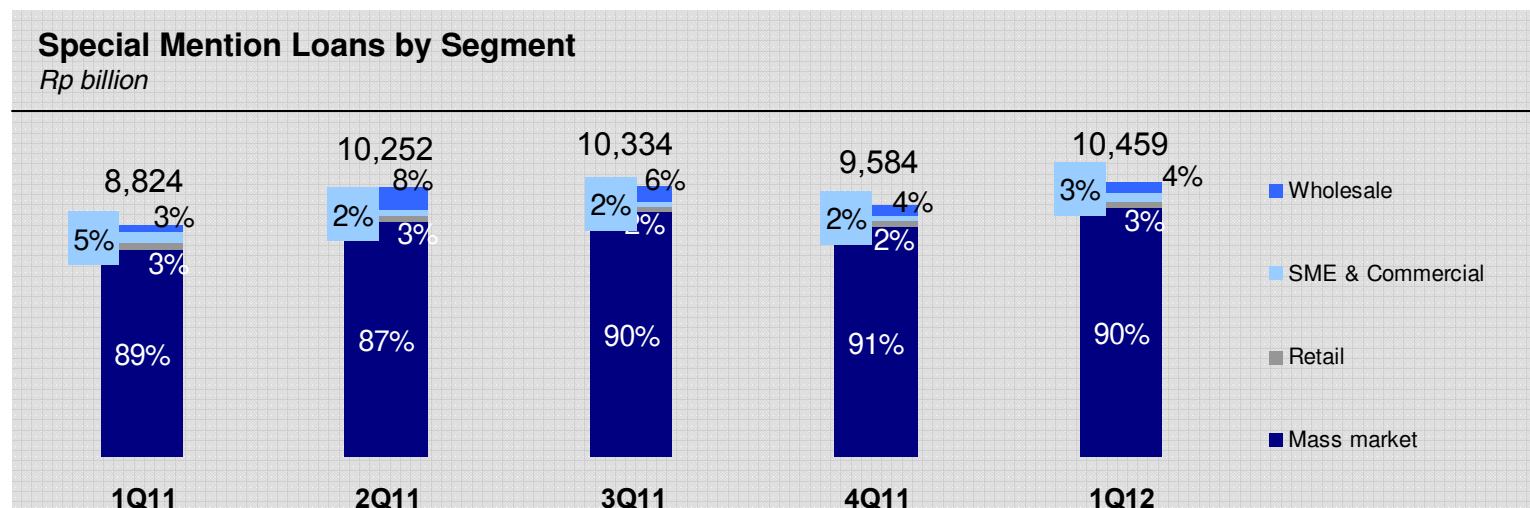
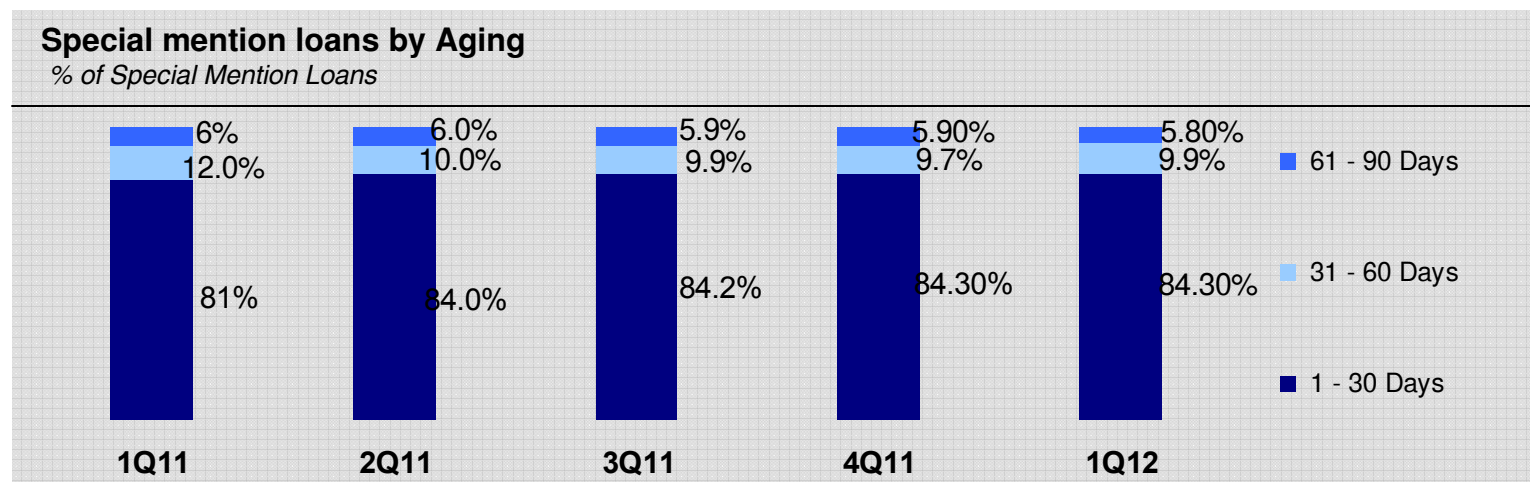
Loan's Collectibility
% of Outstanding loans



Non-Performing Loans by Segment
Rp billion



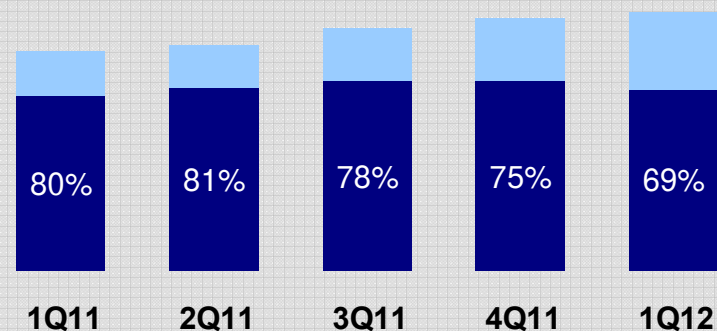
Majority of special mention loans were within 30 days



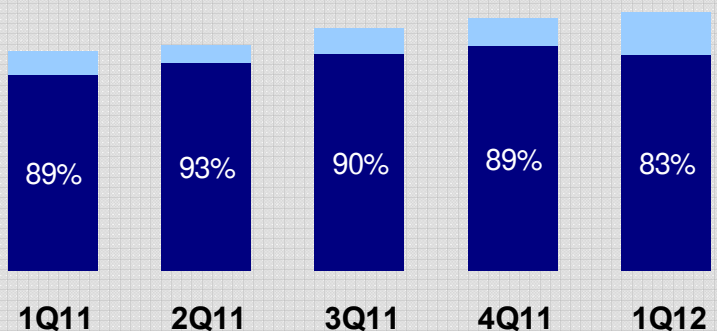
CAR stood at 19.1%. RWA CR was reduced due to implementation of standardized approach.

RWA / Total Assets

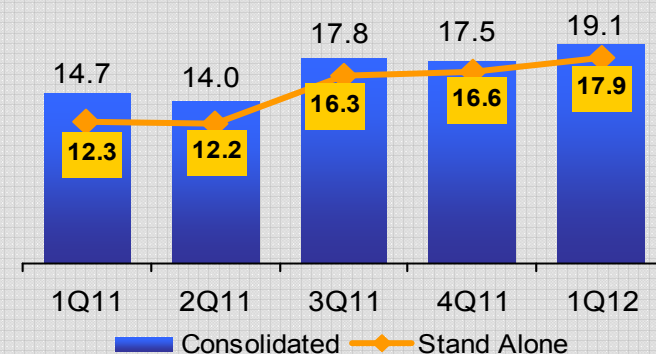
RWA BDI Only



RWA Consolidated



Capital Adequacy Ratio (%)



%	1Q11	2Q11	3Q11	4Q11	1Q12
CAR w/ Credit Risk	18.5	17.3	21.8	21.2	24.1
Market Risk Charge	0.2	0.1	0.1	0.0	0.1
Operational Risk Charge	3.6	3.2	3.9	3.7	4.9
Consolidated CAR	14.7	14.0	17.8	17.5	19.1

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Dividend

- Dividend pay-out for fiscal year 2011 is lowered to 30% from 35% as approved during the March'12 AGMS

Ownership structure

- As at 2 April 2012, the Bank has been informed by Fullerton Financial Holding Pte. Ltd. (FFH), that it has entered into a share purchase agreement with DBS Group Holdings (DBS) to sell its interest in the whole of the issued share capital of Asia Financial (Indonesia) Pte. Ltd. to DBS. Currently, AFI holds approximately 67.37% of the total issued shares of the Bank. This transaction is subject to the approvals, among others, of DBS shareholders and regulators, including Bank Indonesia.

Agenda

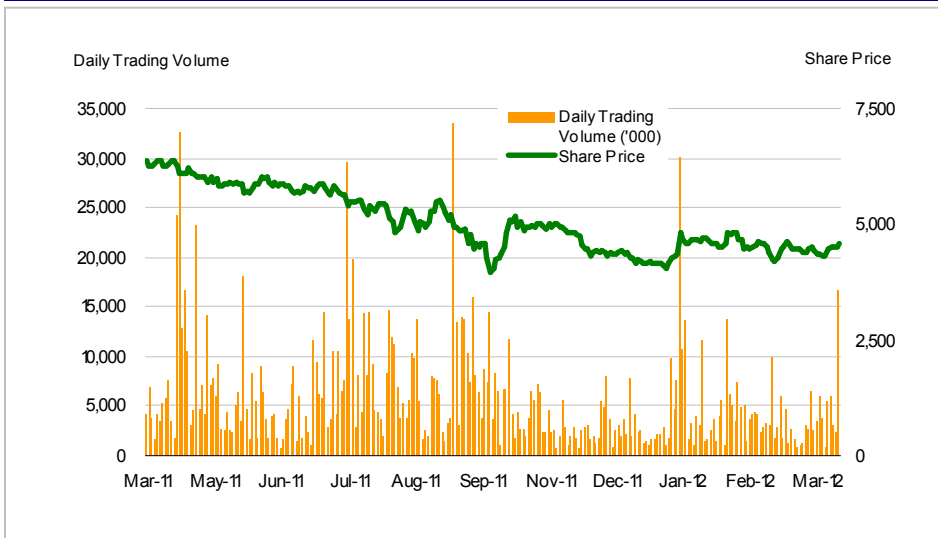
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- **Appendix**

S&P upgrade BDI's outlook to positive in April 2012 following DBS acquisition

Daily share price and trading volume

BDMN IJ



Ownership Structure <i>As of 31 March 2012</i>	Number of Shares	Ownership (%)
Asia Financial (Indonesia) Pte, Ltd.	6,457,558,472	67.37%
JPMCB - Franklin Templeton Inv. Funds	607,021,388	6.33%
Public < 5%	2,520,063,505	26.3%
Total	9,584,643,365	100.00%

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

Danamon

PEFINDO <i>August 2011</i>	Corporate Rating	id AA+ / Stable
	Bond Rating	id AA+ / Stable
Standard & Poor's <i>April 2012</i>	Long-term / Short-term Local Currency	BB / B / Positive
	Long-term / Short-term Foreign Currency	BB / B / Positive
Fitch's <i>April 2012</i>	Long-term / Short-term Foreign Currency	BB+ / B / RWP
	National Long-term	AA+ (idn) / RWP
	Individual / Support Rating	C/D / 3 / RWP
Moody's <i>April 12</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 27

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
3,045	81	19	1,255	(3,015)	-	(154)	1,232	(307)	(25)	900

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
3,064	1,337	4,401	(3,015)	1,385	-	(154)	(307)	(25)	900	
(45)		(45)	45	-						- LPS Deposit Insurance
		-		-	(166)	166				- Loss on reposess assets
	(4)	(4)		(4)	4					- Provision for ADMF acquisition cost
	(42)	(42)		(42)	42					- Write off on amortization cost
	(37)	(37)	37	-						- ADMF indirect acquisition cost
	(134)	(134)	134	-						- Decrease in fair value of financial assets (MTM)
	(2)	(2)	2	-						- Losses from sale of financial assets (marketable securities)
	(31)	(31)	31	-						- Losses from spot and derivative transaction (realised)
		-	669	669	(669)					- Impairment losses on financial assets
	(63)	(63)	63	-						- Fees/commissions and administrative expenses
	7	7	1	8		(8)				- Others
3,019	1,029	4,048	(2,032)	2,016	(788)	4	(307)	(25)	900	

Analyst Briefing Presentation

Analyst Briefing Presentation

Thank You

Investor Relations
Bank Danamon Indonesia
Menara Bank Danamon, 6th Floor
Jl. Prof. Dr. Satrio Kav. E4 No.6
Mega Kuningan, Jakarta 12950
Phone: +62 21 5799 1001-03
Fax: +62 21 5799 1445
Email: investor.relation@danamon.co.id