

Analyst Briefing

First Half and Second Quarter 2012 Results

Jakarta, 18 July 2012

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

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	709	847	907
GDP per Capita (US\$) – nominal	2,348	2,983	3,514	3,713
Open Unemployment Rate (%)	7.9	7.1	6.6	6.3
External Sector				
Exports, fob (% YoY, US\$ bn)	-14.3	32.1	26.9	2.0
Imports, fob (% YoY, US\$ bn)	-24.0	43.7	30.8	13.1
Central government debt (% of GDP)	28.4	26.1	24.6	23.1
International Reserves – IRFCL (US\$ bn)	66.1	96.2	110.1	114.7
Reserve cover (Imports and external debt)	6.5	7.1	6.3	6.3
Currency / US\$ (Year-end)	9,400	8,991	9,068	9,201
Other				
BI Policy Rate (% year end)	6.50	6.50	6.00	5.75
Consumer prices (% year end)	2.78	6.96	3.79	4.96
Fiscal balance (% of GDP; FY)	-1.5	-0.9	-1.3	-2.2

Source: BPS, Bank Indonesia, Danamon

Slide 3

Untuk Anda, Bisa

Global economy remain pressured, slowdown in 2012

Economic Growth

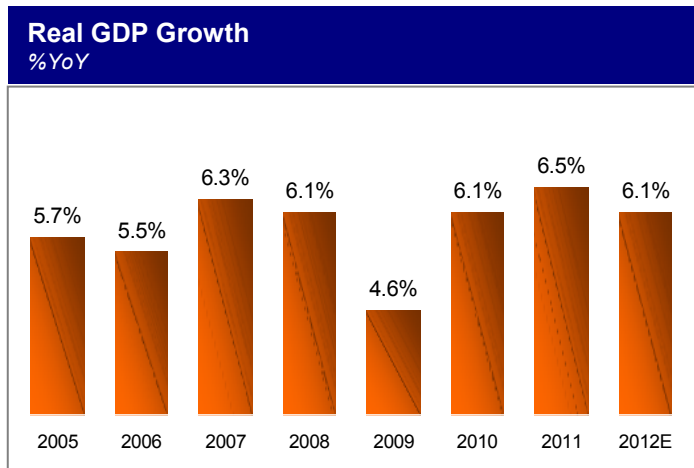
- Growth in 2012 may slightly down to 6.1% yoy. First quarter growth slows to 6.3%yoy
- Pressure lie more on the deteriorating net export due to global economic slowdown and declining global commodity prices

Inflation rate

- June inflation jumped to 0.62%mom driven by higher food price as the fasting month is approaching. On a yearly basis, inflation rate was up to 4.53%, mainly because of the base effect. Core inflation stable at 4.15% yoy.
- 2012 forecast is at 5% (with no fuel price hike), year end.

Consumer sentiment

- Consumer confidence rose in May as uncertainties over inflation gradually diminish.

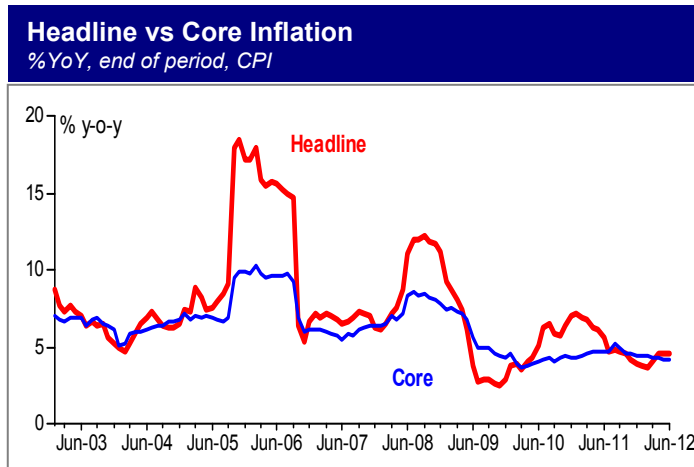


Source: BPS, CEIC, 2011: GDP (1Q-3Q11), Unemployment rate (Aug 11)

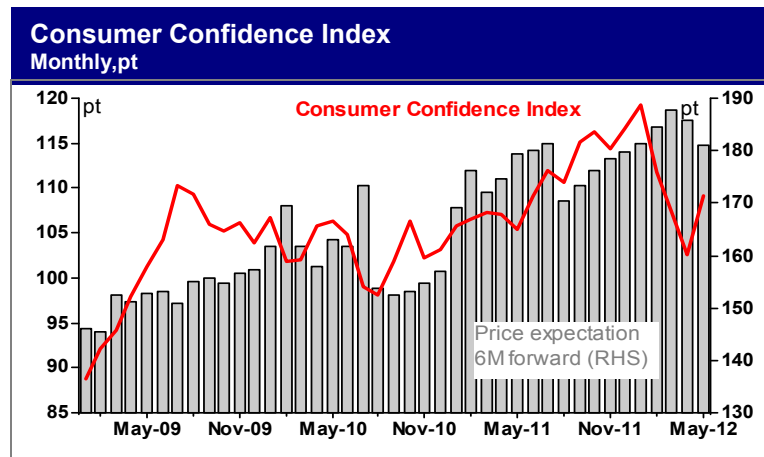
Real GDP Breakdown

% YoY	FY09	FY10	FY11	FY12E
Real GDP	4.6	6.2	6.5	6.1
Consumption	4.9	4.7	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	8.7	14.4	0.6

Source: BPS, CEIC, Danamon Estimates



Source: BPS, CEIC



Source: BI, CEIC

- In July, BI kept the policy rate at 5.75%, maintaining balance between growth risks and financial stability. BI also aimed to strengthen and deepen financial market, i.e. issuing USD term deposits.
- Expect BI to maintain the policy rate

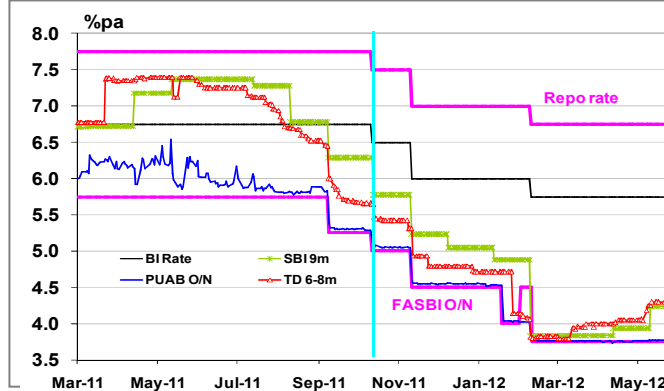
Exchange Rate

- IDR depreciated by 1.7% (average, mom) in June, due to sentiments over EU crisis and global growth slowdown.
- Overall, financial markets likely be volatile due to ongoing crisis in EU. We expect the IDR/USD may move towards 9,201 at year-end (2012)
- In June 2012, car sales are still on the increasing trend, supported by rising middle class and strong economy, though motorcycle sales gradually decline.
- Retail sales rose in May-12, supported by better real income and a relatively mild inflation.

BI kept the policy rate at 5.75%, maintain balance between growth risk and financial stability

Interest Rate

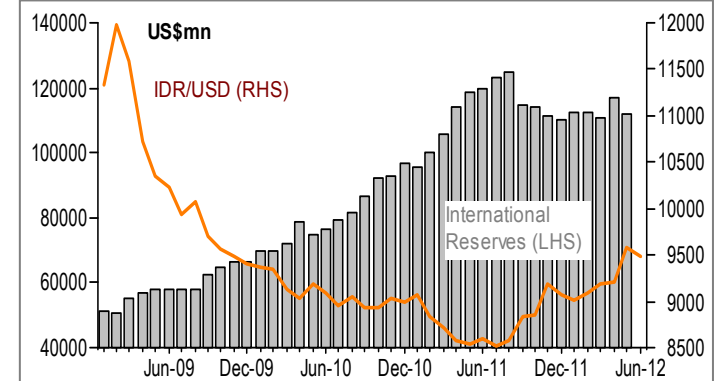
BI Rate, %



Source: BPS, CEIC

Foreign Exchange Rate

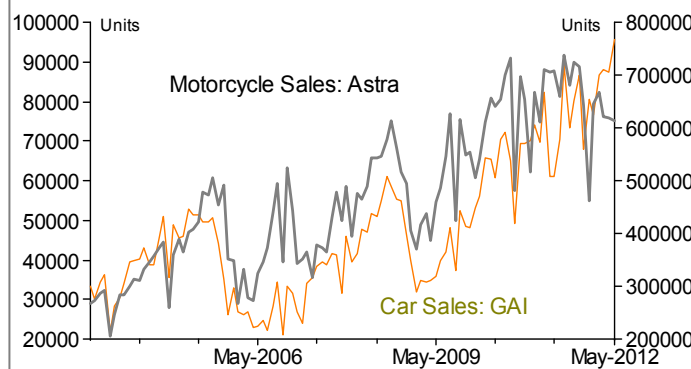
IDR/USD



Source: CEIC

Automotive Sales

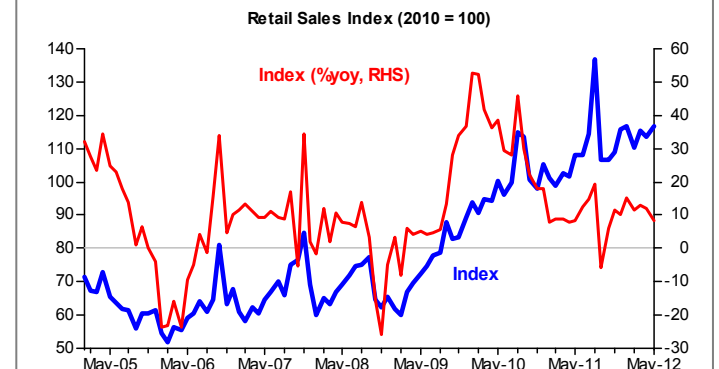
Yearly, Unit



Source: CEIC

Retail Sales Index

Base year : Oct 2000 = 100



Source: BI, CEIC

Industry's (Commercial Banks) and Danamon's growth

Industry (Rp trillion)

	May 11	Dec 11	May 12	ΔYoY	ΔYTD
Total Assets	3,136	3,653	3,827	22%	5%
Loans	1,889	2,200	2,386	26%	8%
Total Deposits	2,397	2,785	2,909	21%	4%
NPAT	29.5	75.1	36.4	23%	N/A
NIM (%)	5.8	5.9	5.3	-0.5	-0.6
NPL (%)	2.9	2.2	2.3	-0.6	0.1
ROA (%)	3.0	3.0	3.1	0.1	0.1
LDR (%)	78.5	78.8	81.6	3.1	2.8
CAR (%)	17.4	16.1	17.9	0.5	1.8

Source: Indonesian Banking Statistics

Danamon (Rp billion)

	Jun 11	Dec 11	June 12	ΔYoY	ΔYTD
Total Assets	125,922	141,934	152,393	21%	7%
Loans	92,793	101,678	110,457	19%	9%
Total Deposits	83,536	88,054	93,326	12%	6%
NPAT	1,473	3,336	2,003	36%	N/A
NIM (%)	10.0	9.8	10.0	10.6	0.0
NPL (%)	2.9	2.5	2.5	2.4	-0.4
ROA (%)	2.4	2.6	2.8	2.7	0.4
LDR (%)	99.0	98.3	97.1	94.3	-1.9
CAR (%)	14.0	17.5	18.8	17.0	4.8

Agenda

- Macroeconomy and Industry Trend

- **Financial Results**

- Corporate Updates

- Appendix

Highlights 1H12 Results

- Total loans rose 19% to Rp 110 trillion year on year, driven by mass market and SMEC segments, both grew 20%.
- Funding franchise was strengthened with CASA growth of 20% to Rp 37.5 trillion, resulting in total deposits increase of 12% to Rp 93 trillion. CASA ratio rose to 40% vs 37%.
- LDR showed decreasing trend to 97.1% from 99% last year. Loan to funding was lowered to 84.4% from 91.3% a year ago.
- Net Interest Margin stood at 10% (10.3% in 2Q12 vs 9.7% in 1Q12).
- CoC recovered at 3%. CIR improved to 49.4%.
- Fee income up 23% to Rp 2.2 trillion due to higher credit related fees as well as bancassurance.
- NPAT rose 36% to Rp 2 trillion. Consolidated ROE stood at 16.4% and CAR at 18.8%.

Slide 8

Highlights of Income Statement

<i>Rp billion</i>	1H11	1H12	ΔYoY	1Q12	2Q12	ΔQoQ
Net Interest Income	5,239	6,291	20%	3,019	3,272	8%
Non Interest Income	1,771	2,172	23%	1,029	1,143	11%
Operating Income	7,010	8,463	21%	4,048	4,415	9%
Cost of Credit	(1,326)	(1,530)	15%	(788)	(742)	(6%)
Risk adjusted Ops Income	5,684	6,933	22%	3,260	3,673	13%
Operating Expenses	(3,638)	(4,182)	15%	(2,032)	(2,151)	6%
Net Profit after Taxes	1,473	2,003	36%	900	1,103	23%

Highlights of Balance Sheet

<i>Rp billion</i>	1H11	1H12	ΔYoY	1Q12	2Q12	ΔQoQ
Total Assets	125,922	152,393	21%	145,114	152,393	5%
Loans (gross)	92,793	110,457	19%	105,558	110,457	5%
Government Bonds	4,394	4,716	7%	4,516	4,716	4%
Total Deposits	83,536	93,326	12%	89,422	93,326	4%
Current Account	10,354	13,960	35%	13,021	13,960	7%
Savings	20,817	23,582	13%	23,214	23,582	2%
Time Deposit	52,365	55,784	7%	53,187	55,784	5%
Long Term Fundings	13,610	17,747	30%	15,967	17,747	11%
Equity	18,854	26,595	41%	25,515	26,595	4%

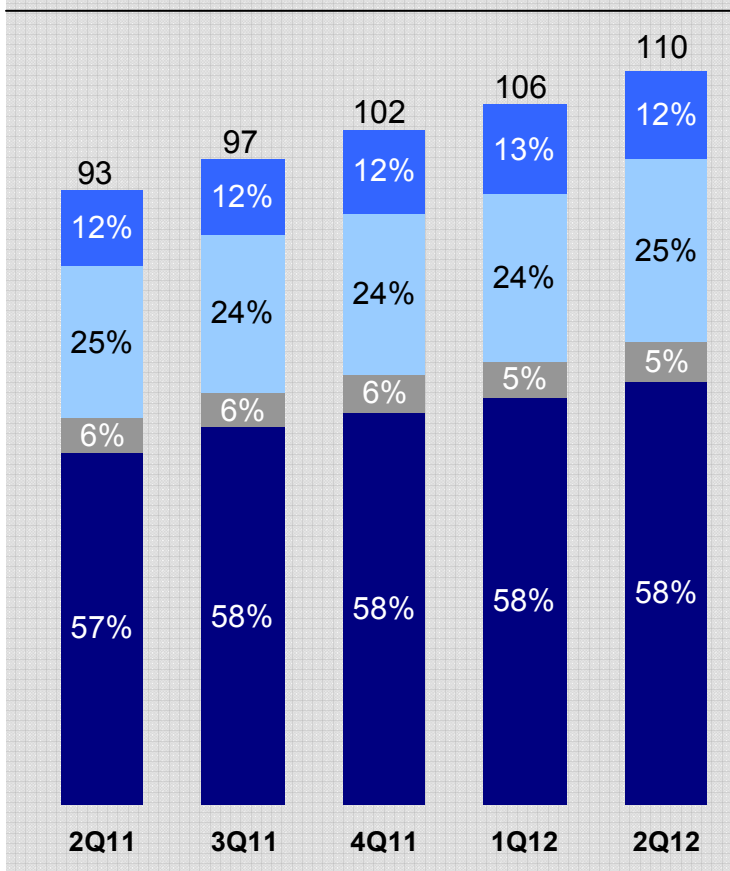
Key Ratios

	1H11	1H12	ΔYoY	1Q12	2Q12	ΔQoQ
Net Interest Margin	10.0	10.0	0.0	9.7	10.3	0.6
Cost of Credit	3.2	3.0	-0.2	3.2	2.8	-0.4
Cost / Income	51.9	49.4	-2.5	50.2	48.7	-1.5
ROAA	2.4	2.8	0.4	2.5	3.0	0.5
ROAE	17.1	16.4	-0.7	14.6	18.1	3.5
Assets to Capital	7.7	6.4	-1.3	6.3	6.4	0.1
Consolidated RWA to Assets	92.5	82.4	-10.1	83.4	82.4	-1.0
Loan to Funding *	91.3	84.4	-6.9	87.2	84.4	-2.8
Regulatory LDR	99.0	97.1	-1.9	98.6	97.1	-1.5
Stand alone CAR	12.1	18.1	6.0	17.9	18.1	0.2
Consolidated CAR	14.0	18.8	4.8	19.1	18.8	-0.3
NPL – Gross	2.9	2.5	-0.4	2.5	2.5	0.0
Impairment (LLP/Total Loans)	3.0	2.6	-0.4	2.6	2.6	0.0
Loan Loss Coverage (LLP/NPL)	101.9	105.7	3.8	106.9	105.7	-1.2

*) 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). The ratio measures BDI's only, including joint financing.

Loans grew 19% yoy driven mostly by all segments

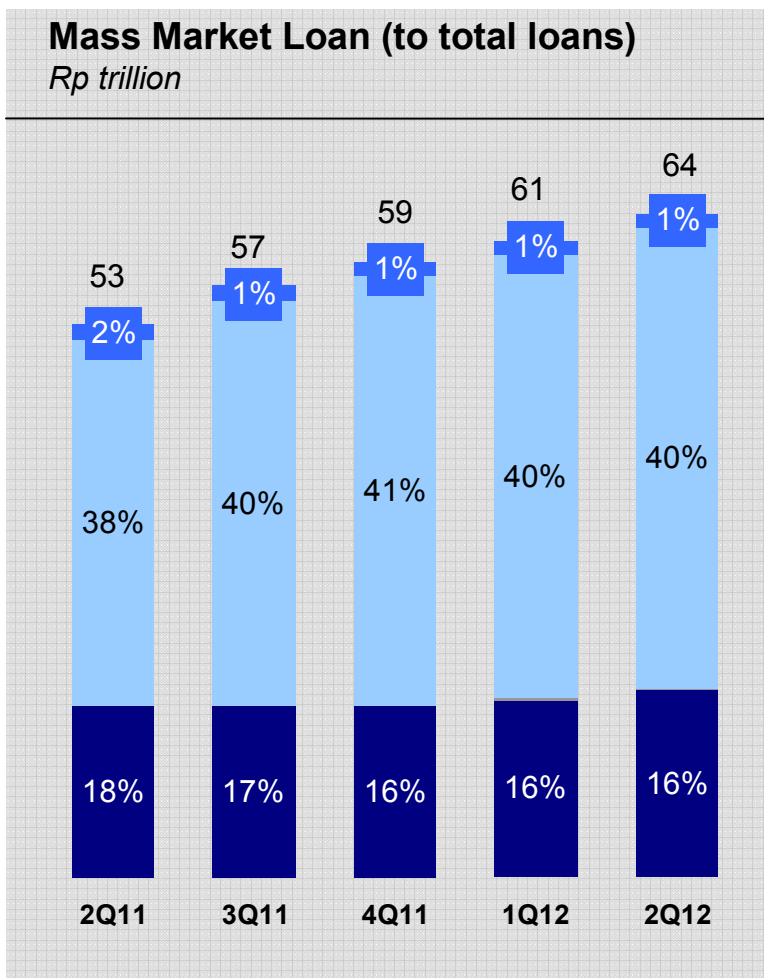
Loan Composition
Rp trillion



Loan Growth

<i>Rp billion</i>	1H11	1H12	△YoY
Wholesale	11,562	13,029	13%
SMEC	22,852	27,505	20%
Retail	5,230	6,067	16%
Mass Market	53,150	63,855	20%
Total	92,793	110,457	19%

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



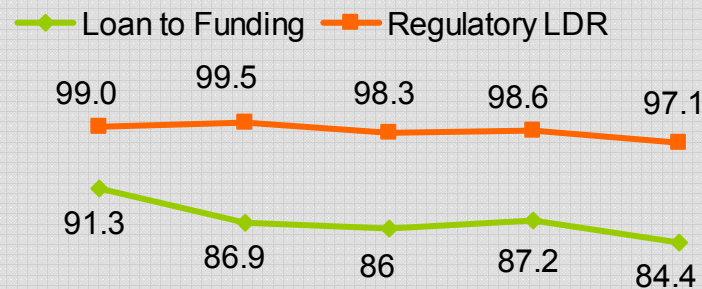
Mass Market Loan Growth

<i>Rp billion</i>	1H11	1H12	△YoY
Adira Quantum	1,396	1,403	1%
Adira Finance	35,303	44,315	26%
Pawn Broking	9	91	NM
SEMM (DSP)	16,442	18,047	10%
Total	53,150	63,855	20%

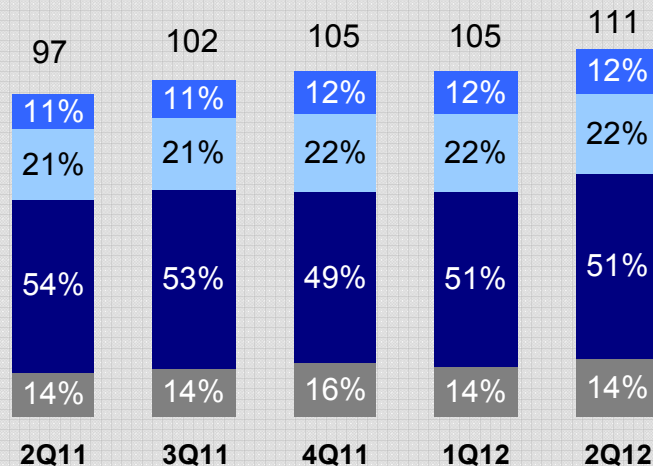
LDR and Loan to Funding showed decreasing trend. CASA ratio improved to 40% vs 37%.

- As of 30 June 2012, the bank has approx. IDR 14.6 trillion and USD 260 million of liquid assets (with additional IDR 4.5 trillion of Government bonds in the AFS portfolio)

Loans to Deposits Ratio (%)



Funding Composition (Rp trillion)



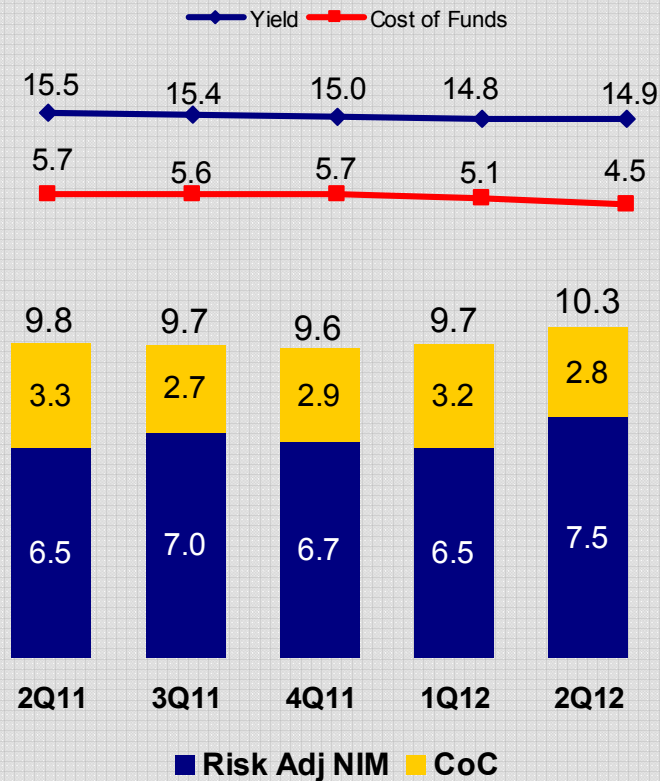
Funding Growth

<i>Rp billion</i>	1H11	1H12	ΔYoY
Current Account	10,354	13,960	35%
Saving Account	20,817	23,582	13%
Time Deposit	52,365	55,784	7%
Total Deposits	83,536	93,326	12%
Long-term Funding	13,610	17,747	30%
Total Funding	97,146	111,073	14%

NIM improved resulted from lower CoF. CoF dropped 90 bps yoy.

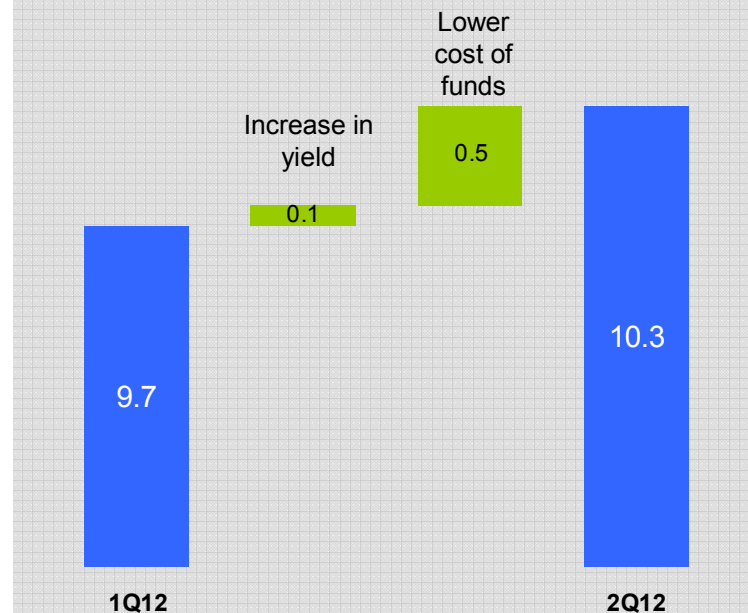
Net Interest Margin

%, annualized



QoQ NIM Movement

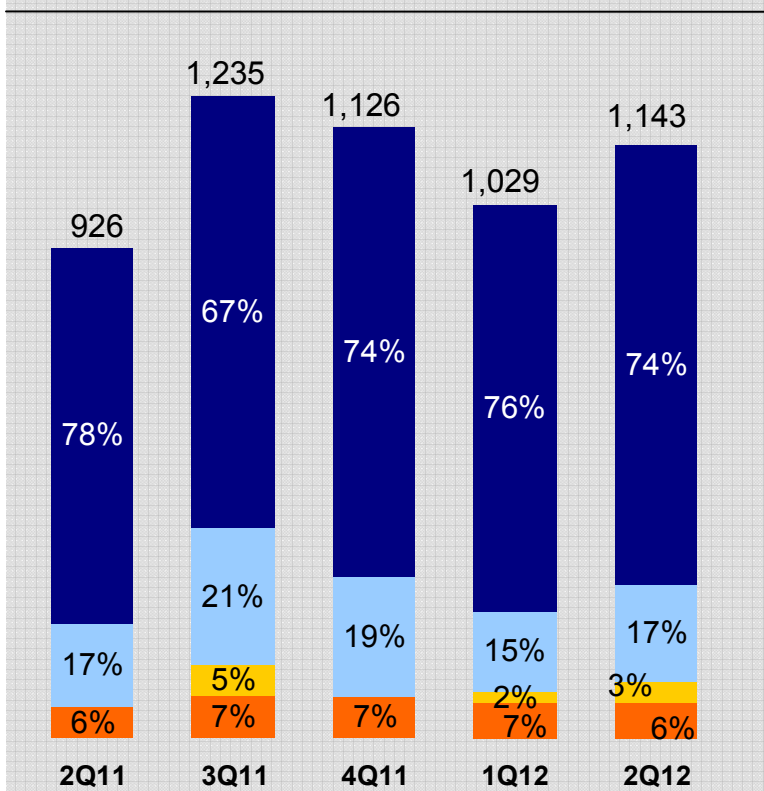
%, annualized



Non interest income rose 23% driven by credit related fees and bancassurance products

Non Interest Income Composition

Rp billion



Non Interest Income Growth

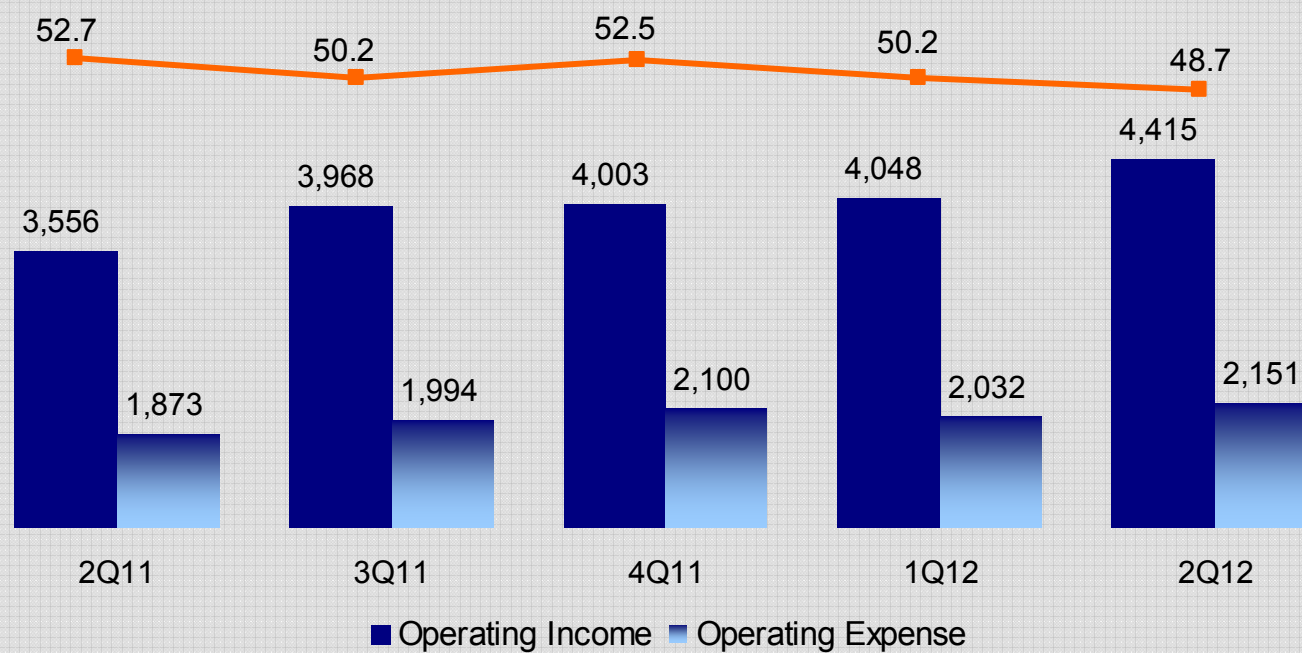
Rp billion	1H11	1H12	ΔYoY
Credit Related	1,347	1,629	21%
Bancassurance	78	148	90%
General Insurance	222	196	-12%
Treasury	3	62	NM
Transaction Banking	121	138	14%
Total	1,771	2,172	23%

Cost to Income improved to 49.4% due to robust operating income growth from lower CoF

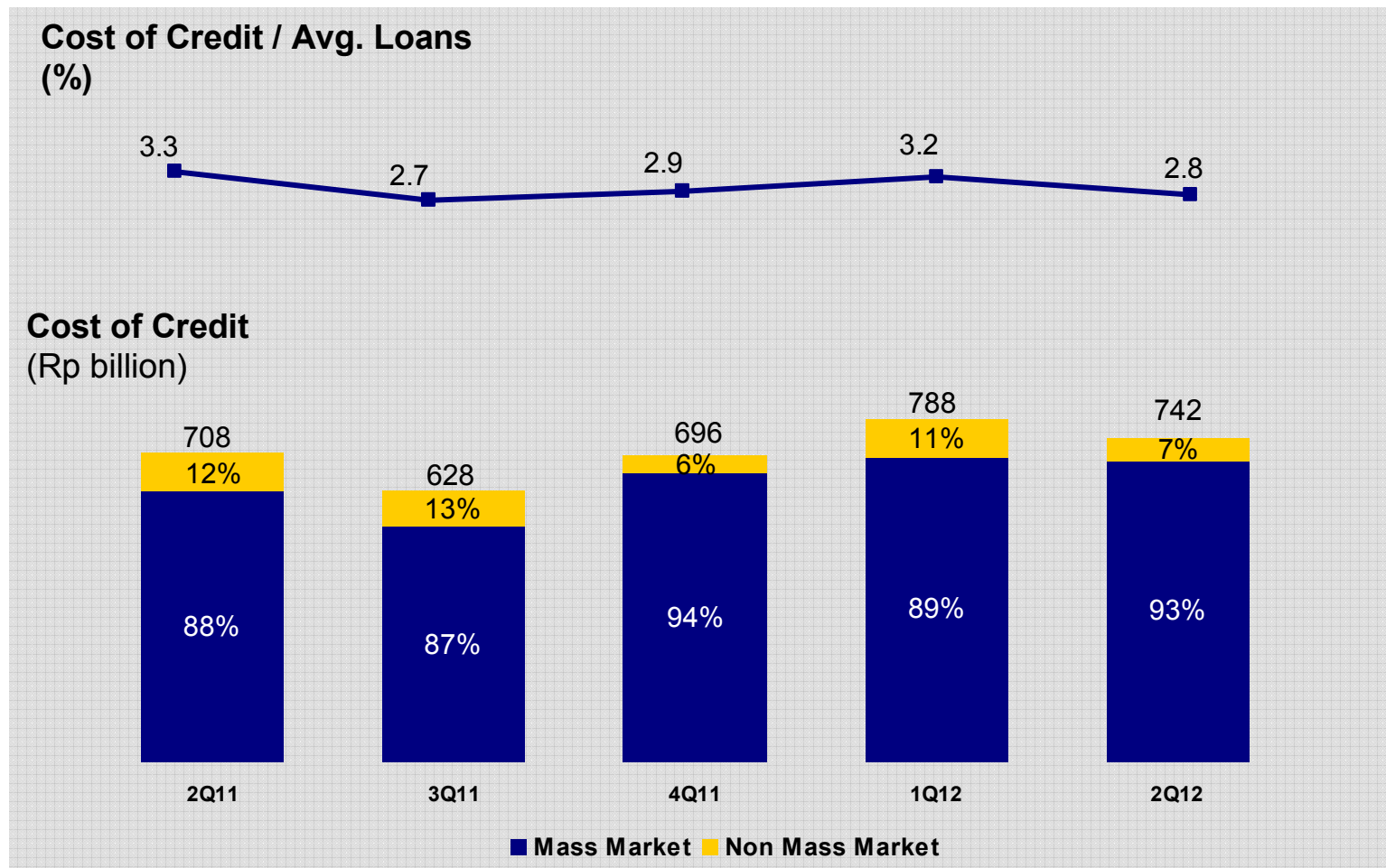
Operating Income and Expense

Rp billion

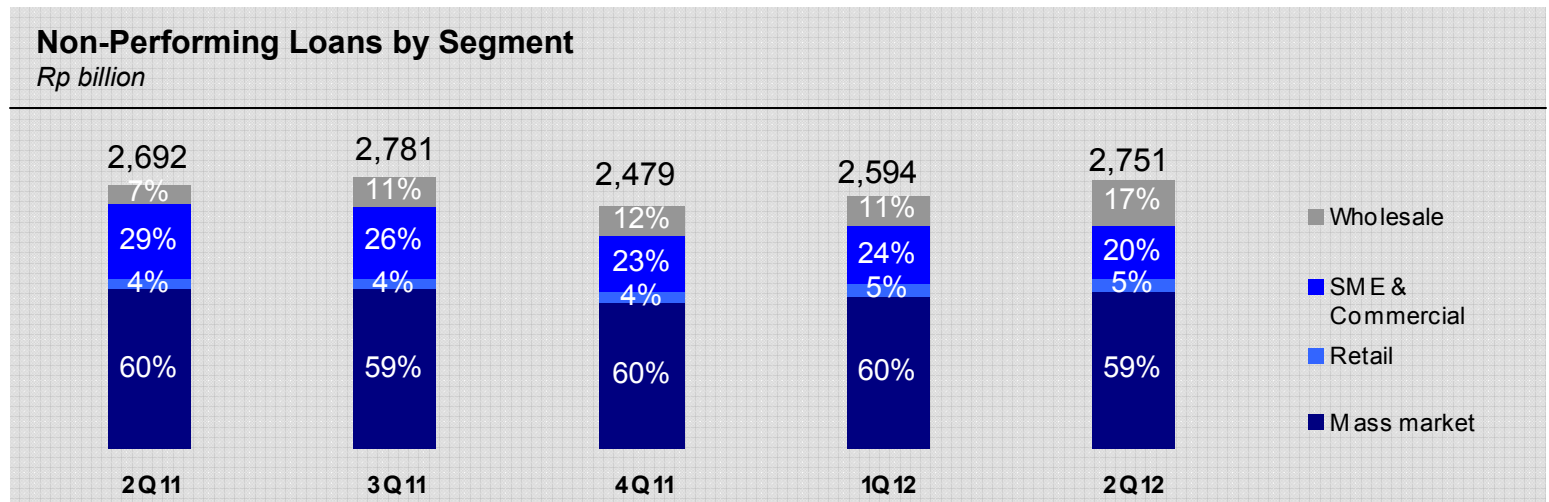
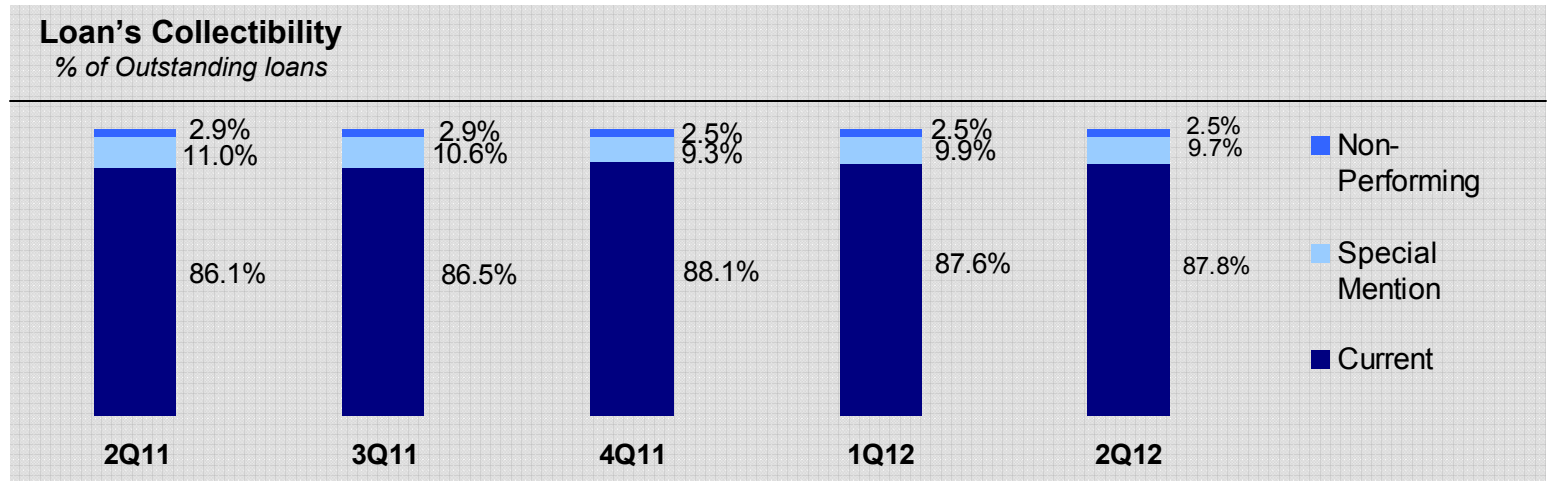
▼ Cost to Income Ratio (%)



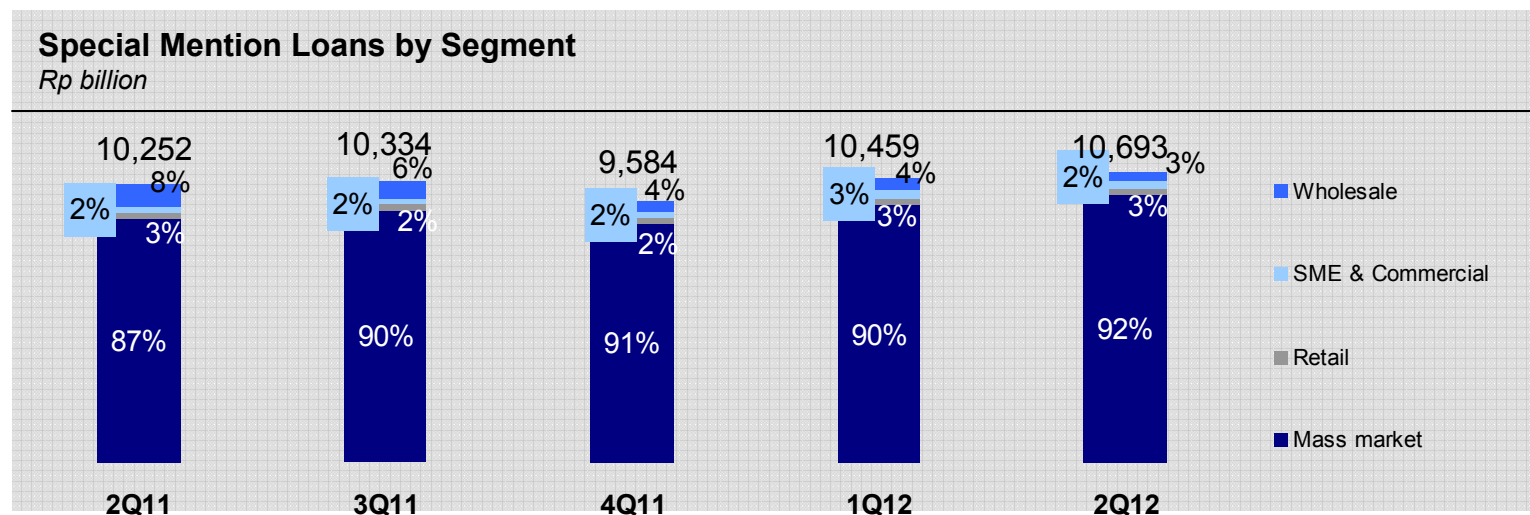
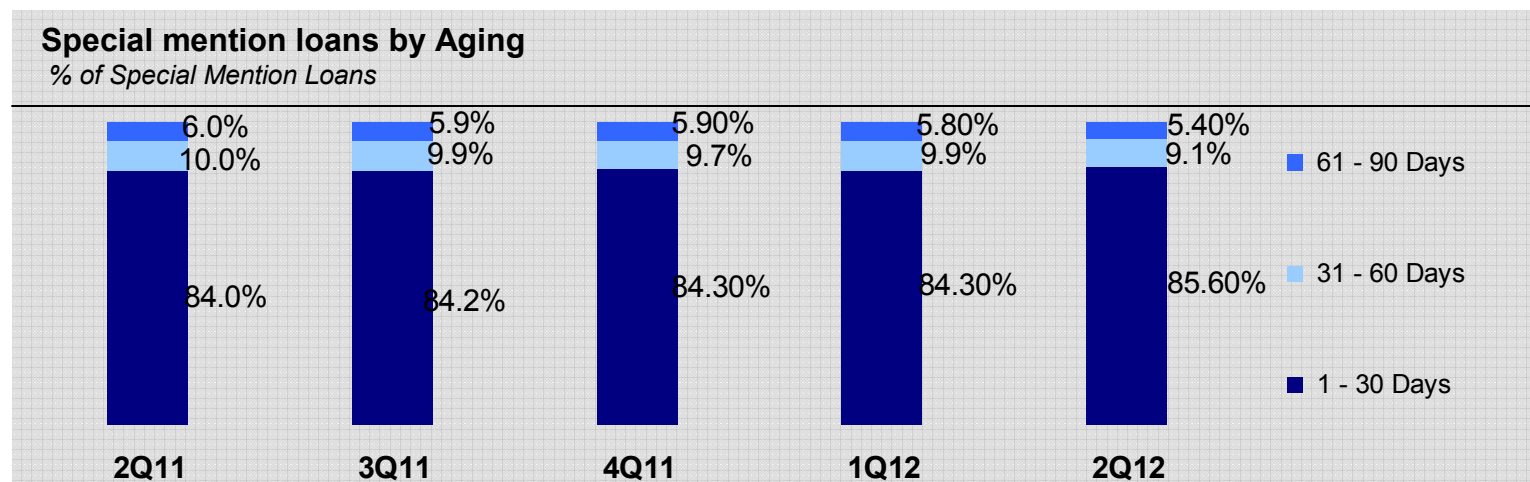
Cost of Credit stood at 3%



NPL remained low



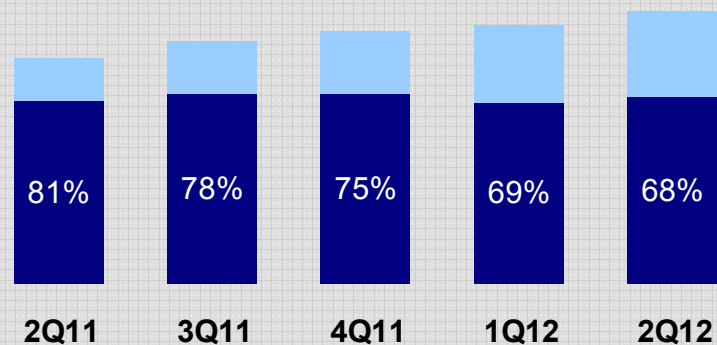
Majority of special mention loans were within 30 days



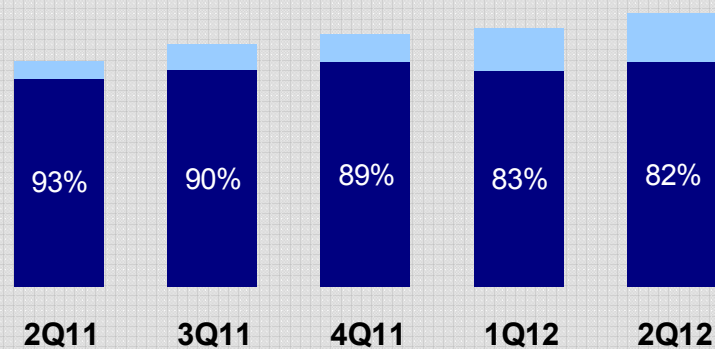
CAR stood at 18.8%

RWA / Total Assets

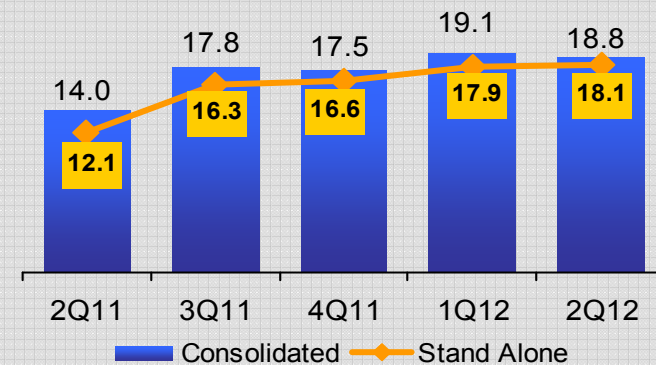
RWA BDI Only



RWA Consolidated



Capital Adequacy Ratio (%)



%	2Q11	3Q11	4Q11	1Q12	2Q12
CAR w/ Credit Risk	17.3	21.8	21.2	24.1	23.5
Market Risk Charge	0.1	0.1	0.0	0.1	0.1
Operational Risk Charge	3.2	3.9	3.7	4.9	4.6
Consolidated CAR	14.0	17.8	17.5	19.1	18.8

Slide 21

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- Macroeconomy and Industry Trend
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- Appendix

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.

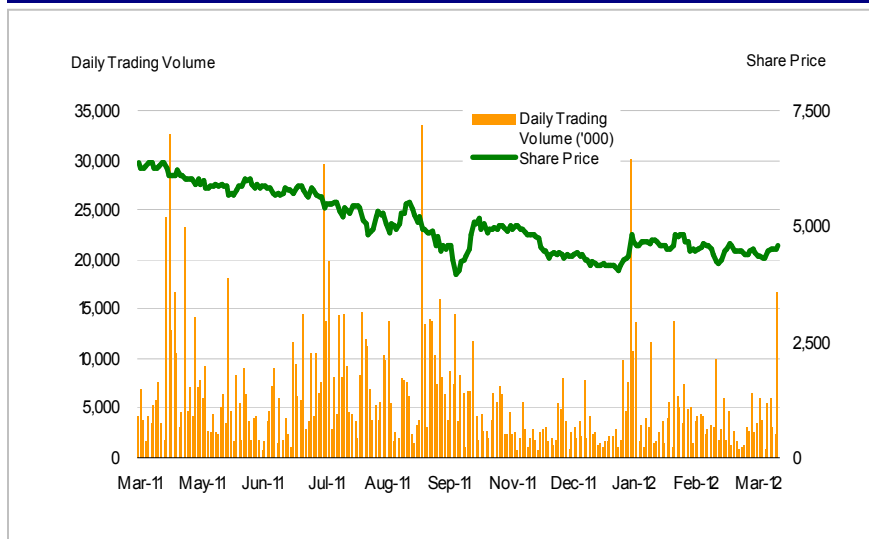
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- **Appendix**

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 30 June 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	idAA+ / Stable
	Bond Rating	idAA+ / 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	Baa3 / P-3 / 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

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
6,341	203	38	2,708	(6,207)	-	(346)	2,739	(681)	(55)	2,003

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
6,380	2,911	9,291	(6,207)	3,085	-	(346)	(681)	(55)	2,003	
(89)		(89)	89	-						- LPS Deposit Insurance
		-		-	(334)	334				- Loss on reposess assets
	(11)	(11)		(11)	11					- Provision for ADMF acquisition cost
	(83)	(83)		(83)	83					- Write off on amortization cost
	(91)	(91)	91	-						- ADMF indirect acquisition cost
	(363)	(363)	363	-						- Decrease in fair value of financial assets (MTM)
	(13)	(13)	13	-						- Losses from sale of financial assets (marketable securities)
	(43)	(43)	43	-						- Losses from spot and derivative transaction (realised)
		-	1,290	1,290	(1,290)					- Impairment losses on financial assets
	(132)	(132)	132	-						- Fees/commissions and administrative expenses
	(4)	(4)	4	-		-				- Others
6,291	2,172	8,463	(4,182)	4,281	(1,530)	(12)	(681)	(55)	2,003	

Analyst Briefing Presentation

Regulations Overview

- 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 has been effective since 15 June 2012.

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