Indonesia: Bright Prospects Ahead.

Arwin Rasyid,

CEO Bank CIMB Niaga

INSEAD Programme,
Denpasar – Bali, January 17th 2011

CIMB NIAGA

Agenda

1 **Indonesia : The Growth Momentum is Coming!**

2 Indonesia Banking Readiness to Tap Opportunities

3 CIMB Niaga : A Story of Growth

4 Agenda for Future Banking Leaders

CIMB NIAGA

Indonesia is a big country…

Population

237,6 million (2010)

288 million (2050 estimated)

40%

of ASEAN population

(592 million)

Land Area

1.919.440 km2

50%

of ASEAN area

(4.495.557 km2)

From West to East

5,271 km

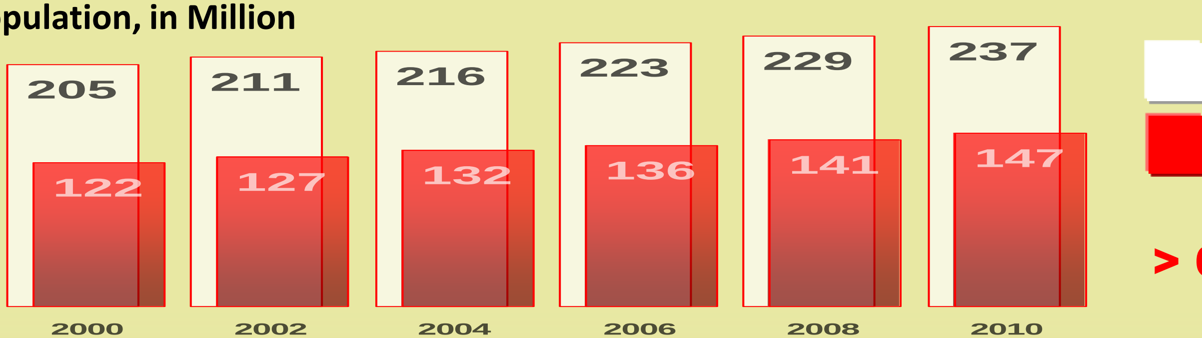
equal to 4 ½ times Jakarta-Kuala Lumpur or 6 times Jakarta - Singapore

From North to South

2,210 km

equal to 2 times Jakarta-Kuala Lumpur or 2 ½ times Jakarta - Singapore

Population, in Million

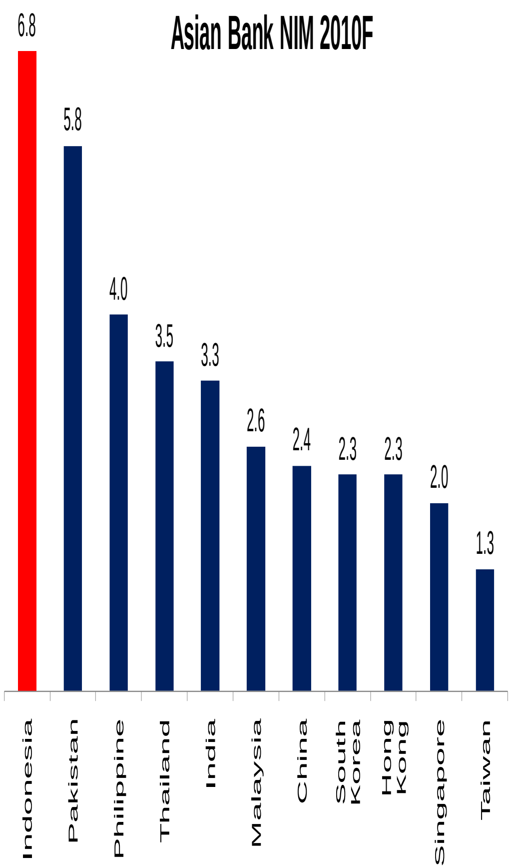


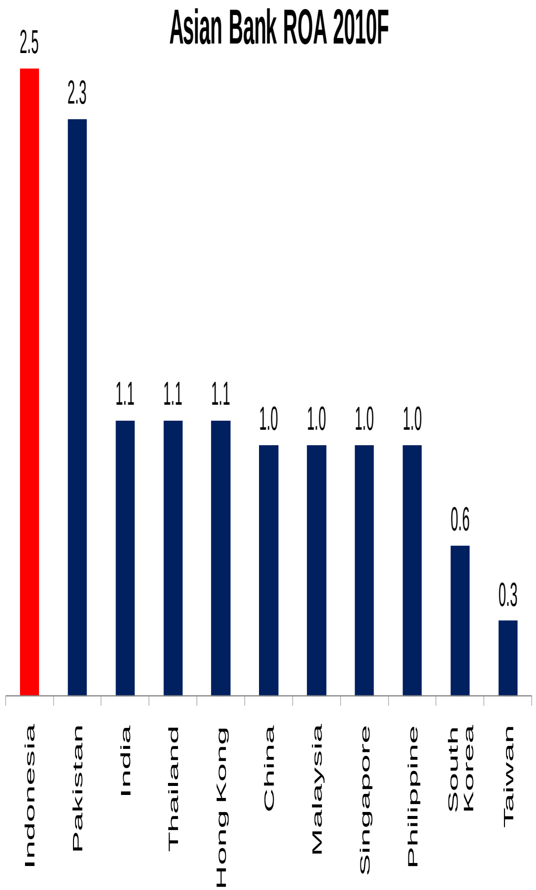
= Total Population

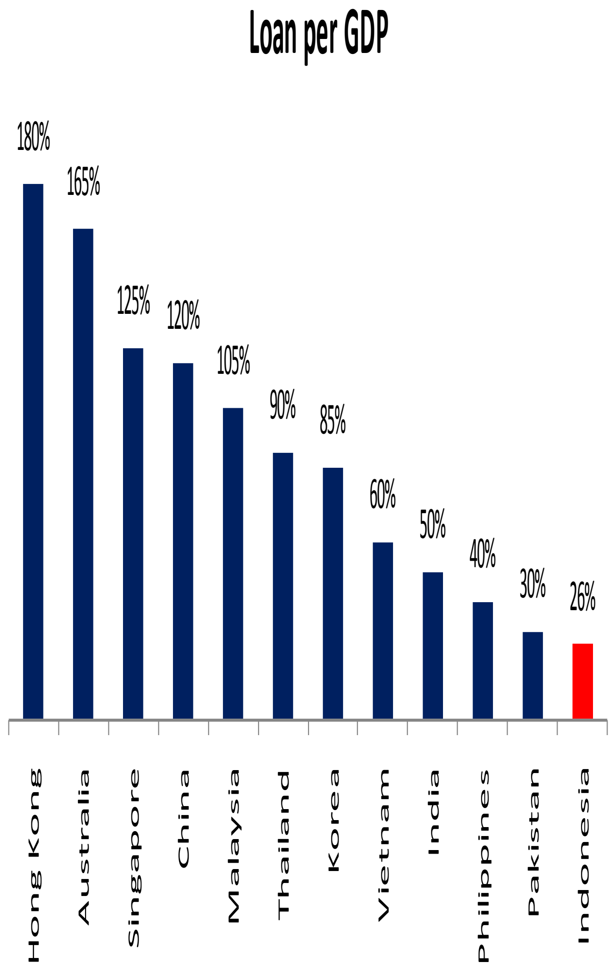
= Age 15-55th Population

> 60% at productive age

Indonesia is the most profitable market in Asia …
…but has the least banking penetration…



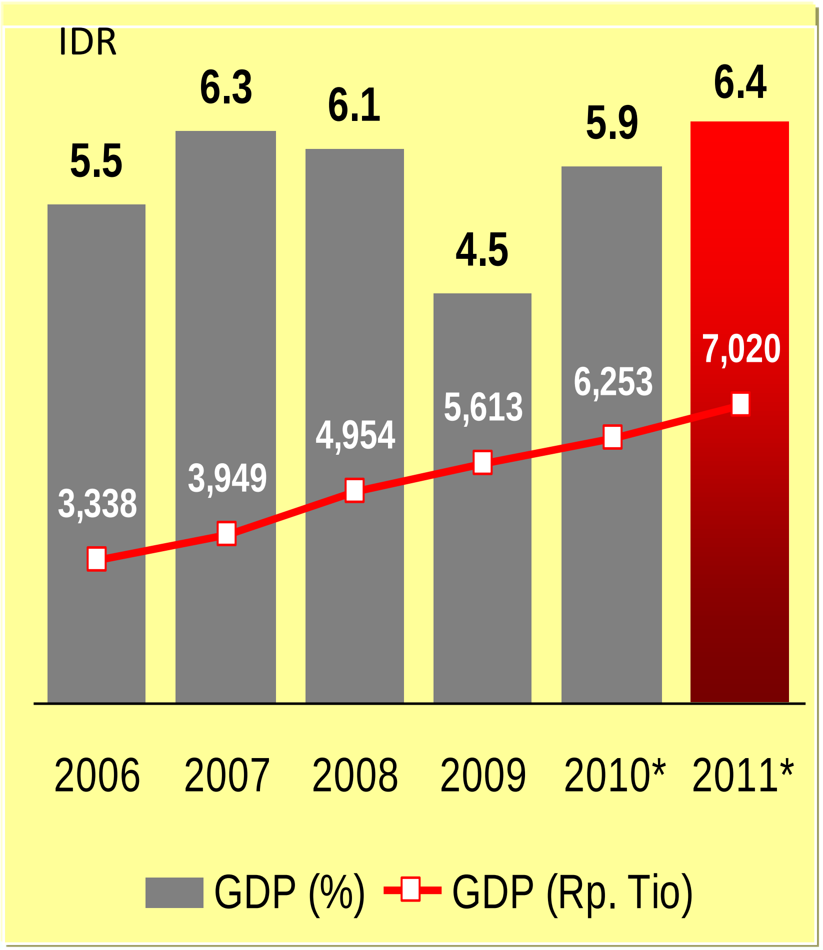


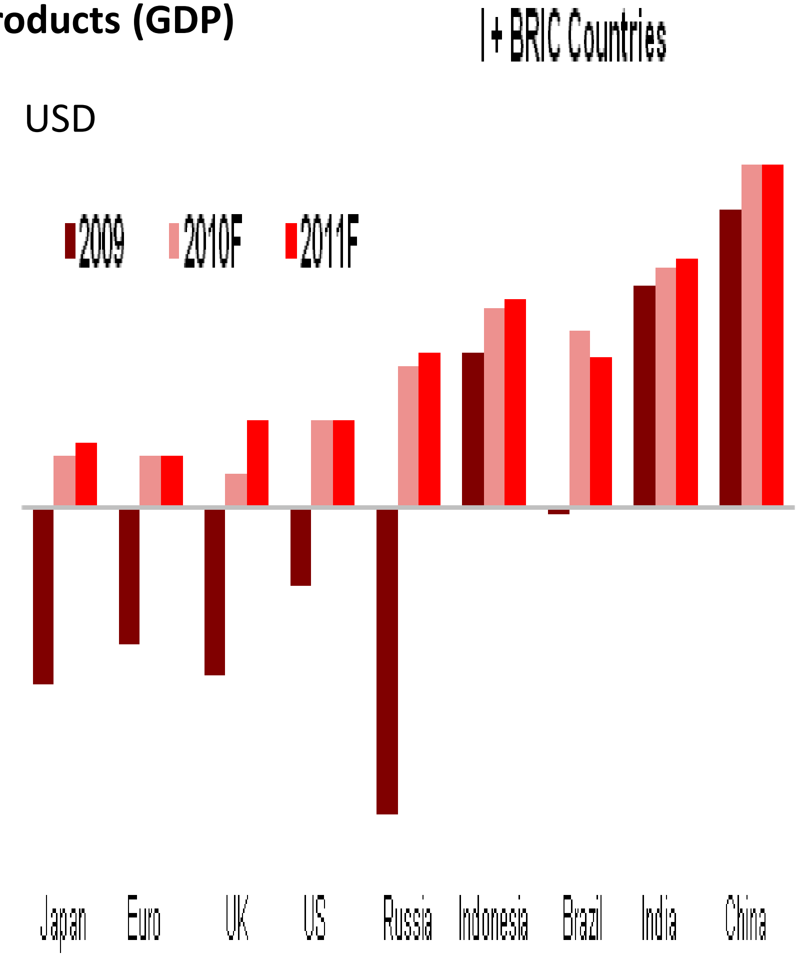


Indonesia also has a stable politics. It's third biggest democratized country in the world after India and the US – there will be 529 elections in 5 years (2009-2014)

Indonesia was the third fastest growing country in the G20, after China & India in 2009

Gross Domestic Products (GDP)

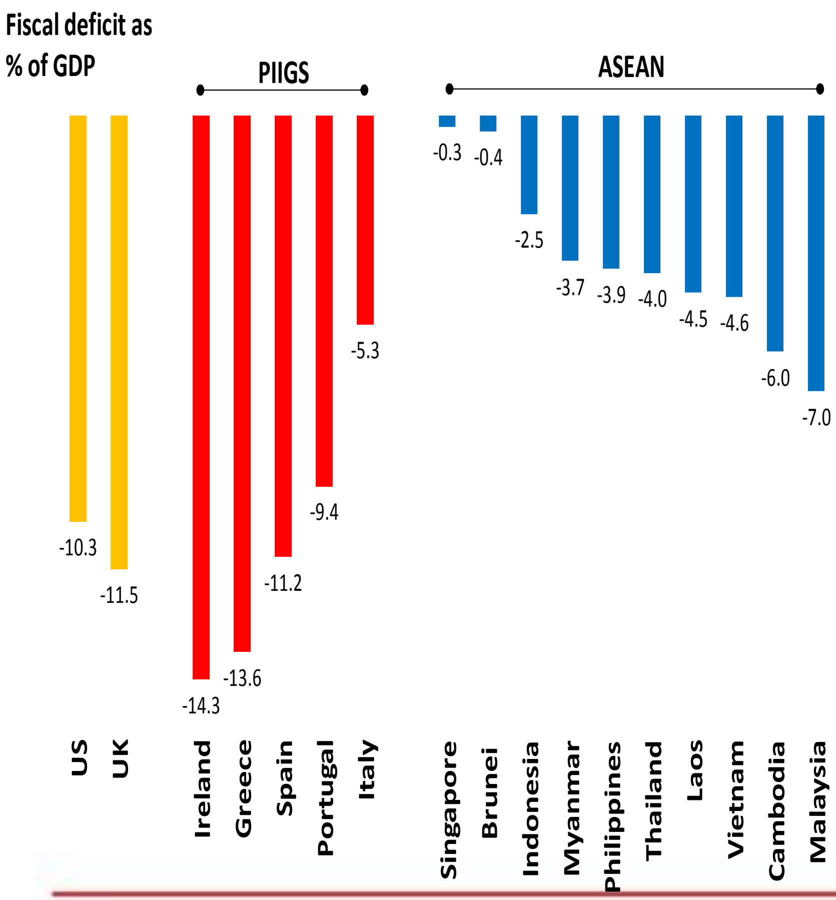




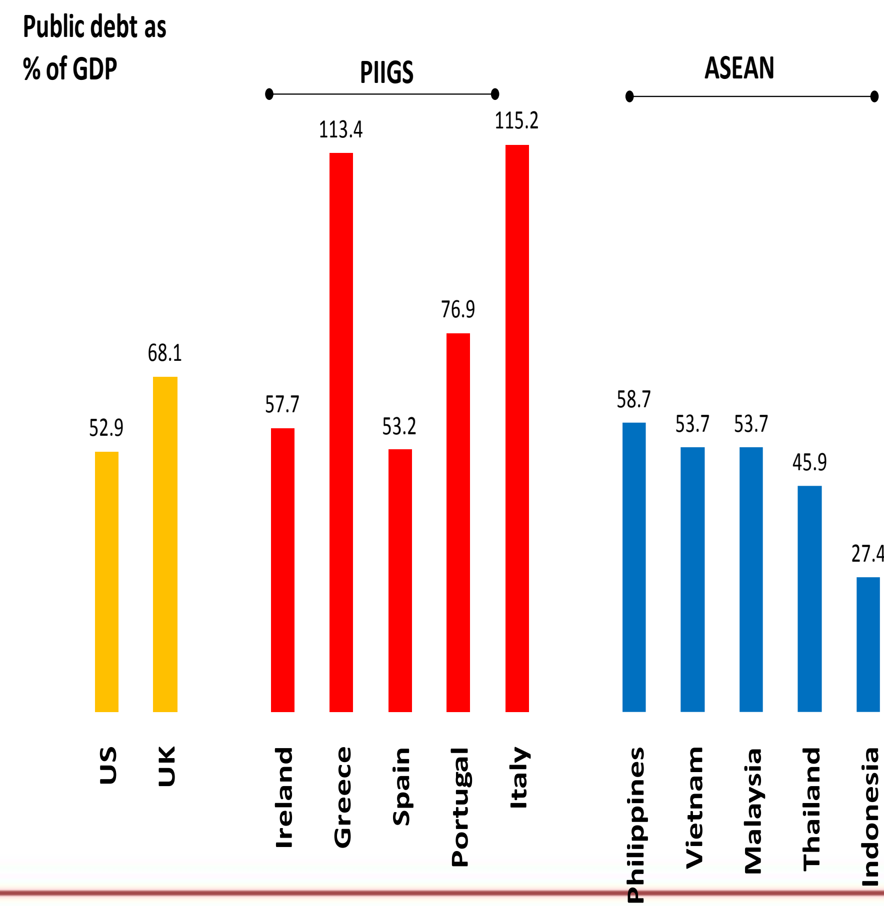
Source: CIMB Niaga Economist, 2010

Indonesia also has a sound fiscal discipline, it has enabled Indonesia to weather the Global Financial Crisis…

Manageable fiscal deficit

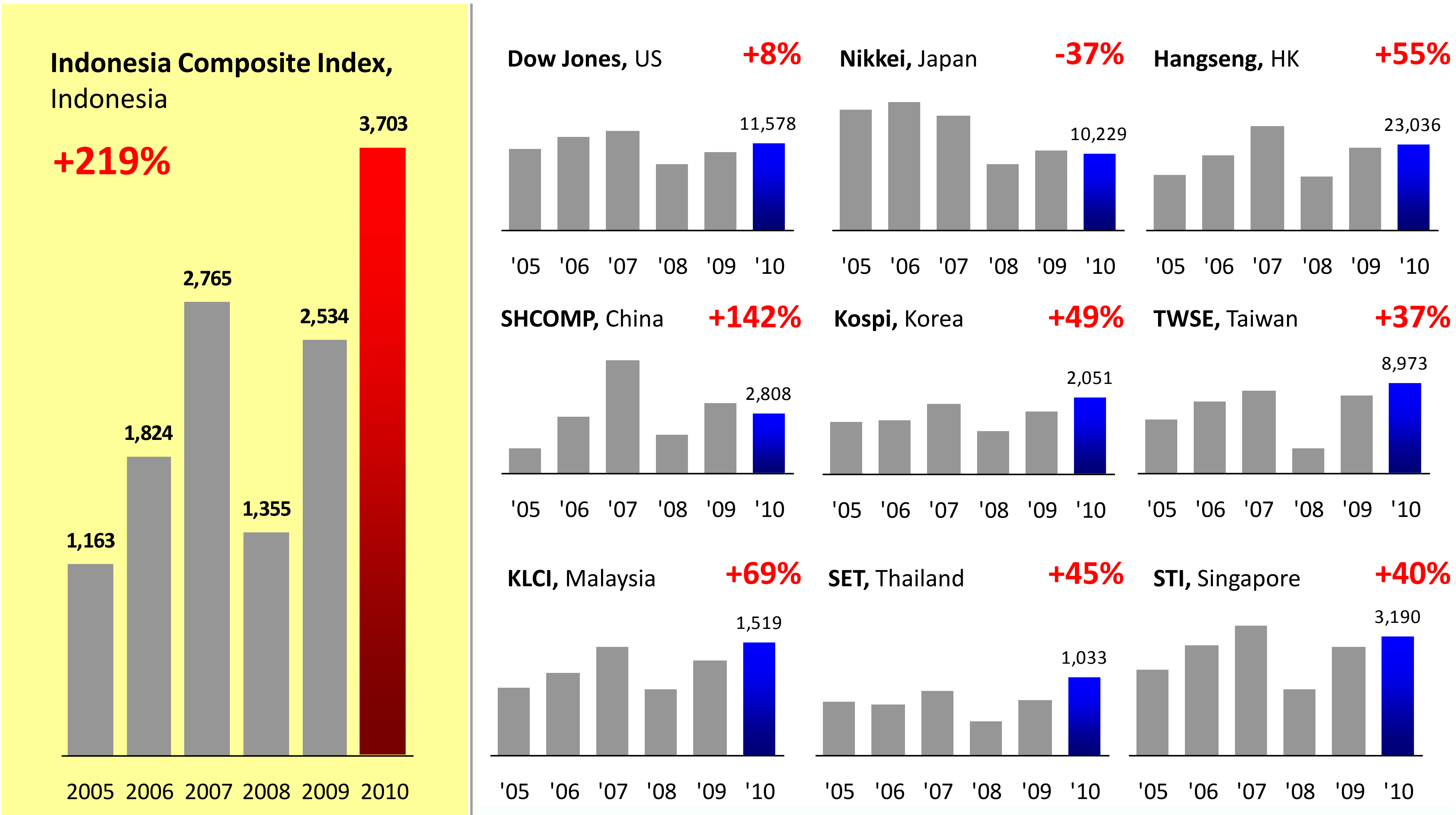


Lowest public debt per GDP in the region



Source: CIMB Niaga Economist, Analyst, 2010

Indonesia Stock Exchange provides the highest return during last 5 years (219%). Probably the highest return in the world…



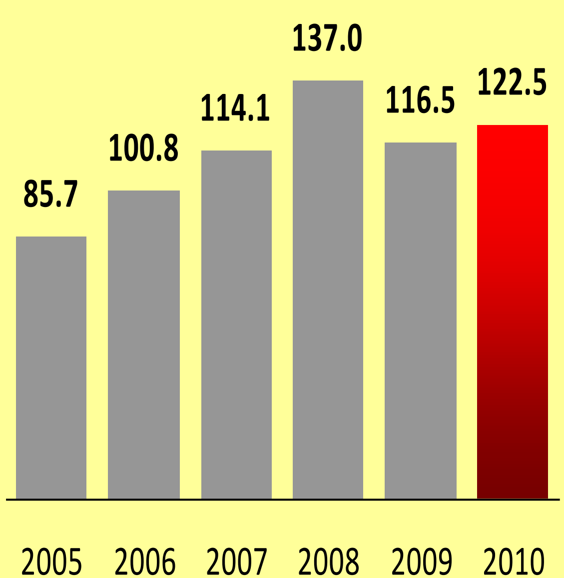
Source: Bloomberg, 2010

CIMB NIAGA

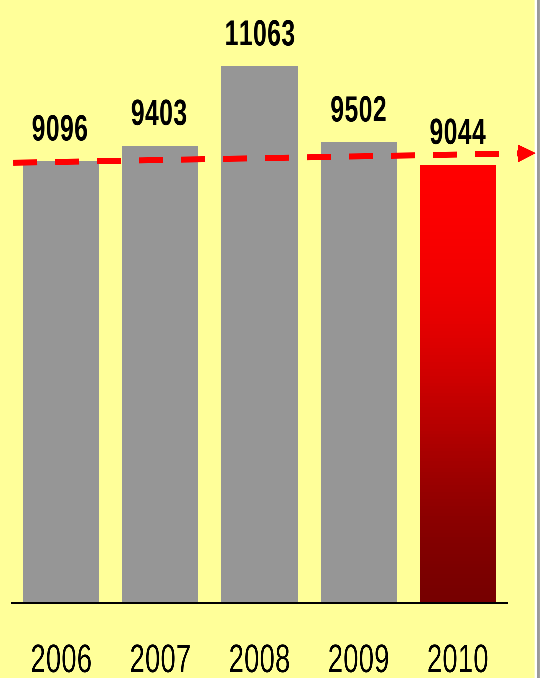
Other Economic Indicators show positive. Exports activity is growing, supported by stable currency exchange (IDR/USD), and then maintained Foreign Reserves to increase…

Indonesia's export continues to grow after the global crisis in 2008…

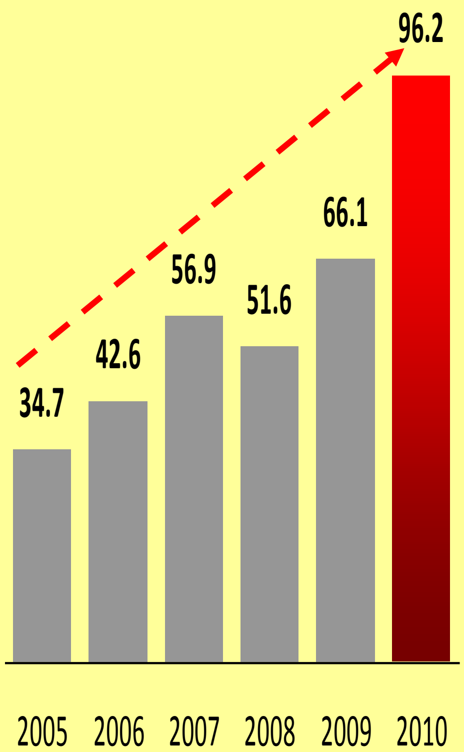
Total Export (USD, Mio)



Currency Exchange, IDR/USD, relatively stable, except in 2008 due to global crisis..



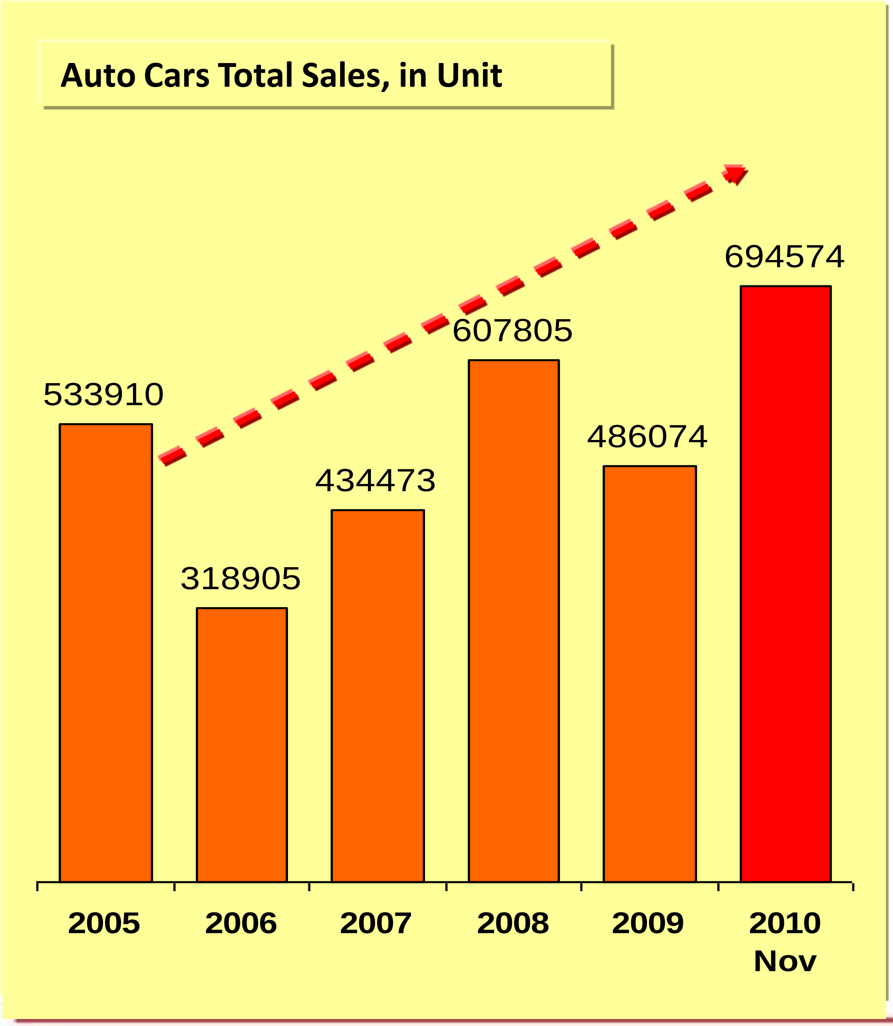
Foreign Reserves, USD Bio

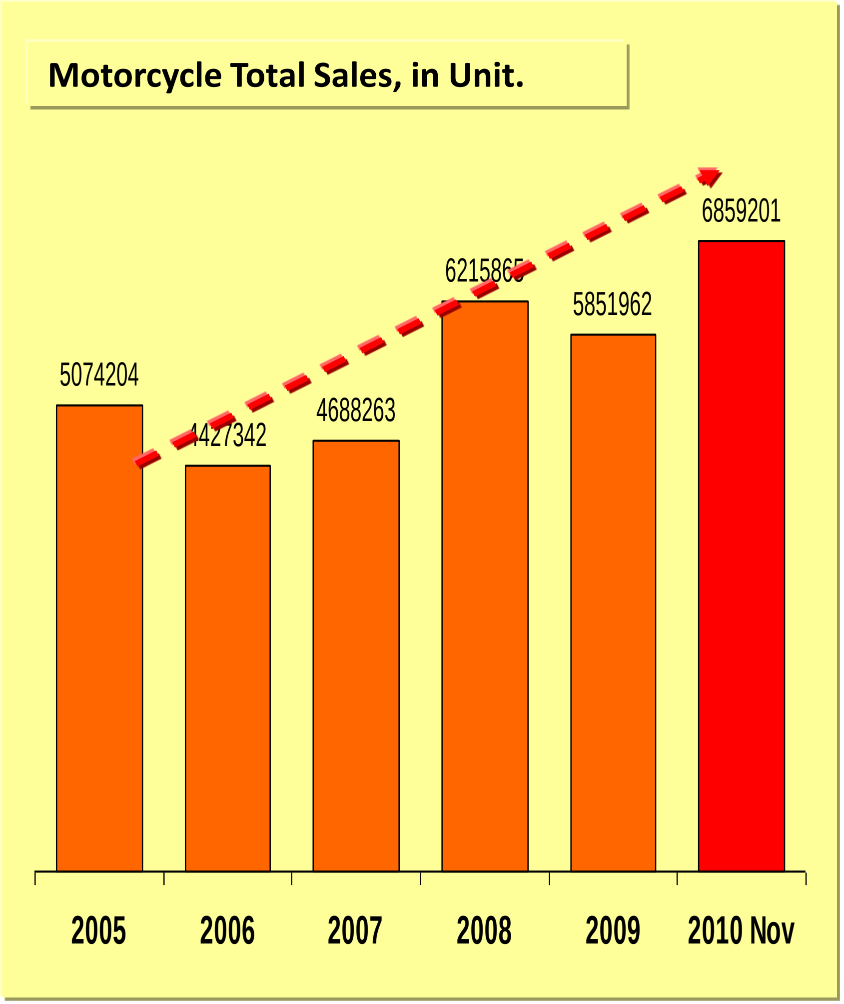


CIMB NIAGA

Source: Government Official Publication, 2010

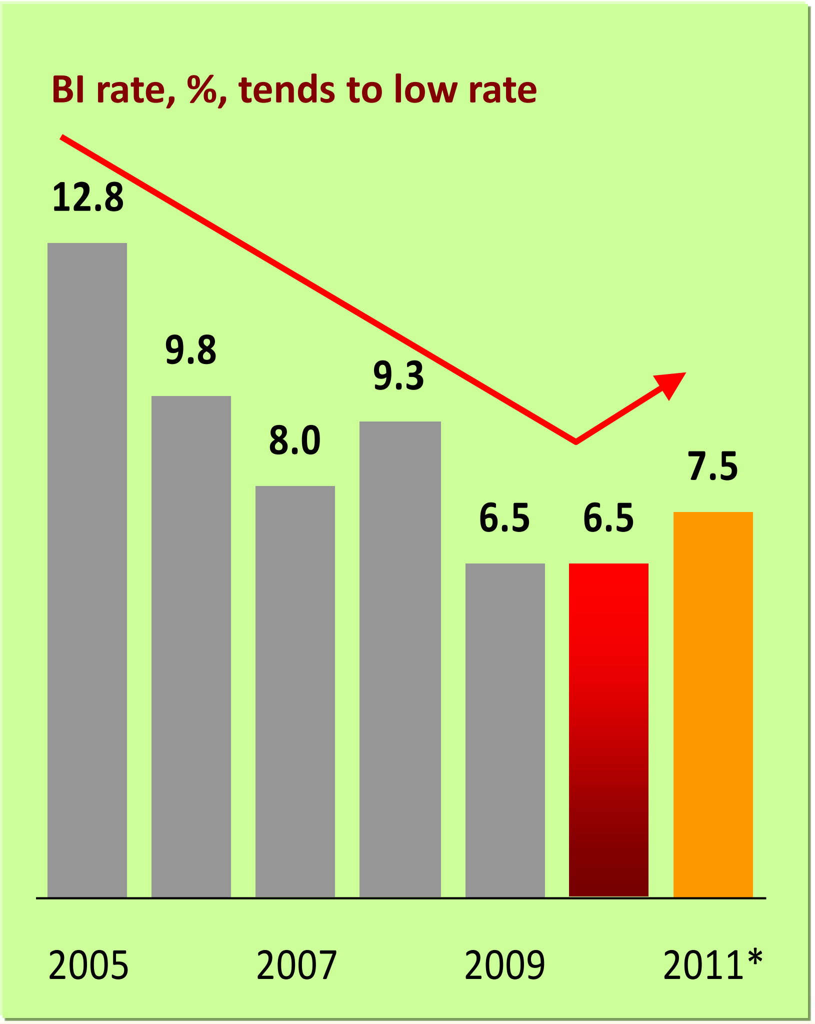
Domestic consumptions continue to expand…

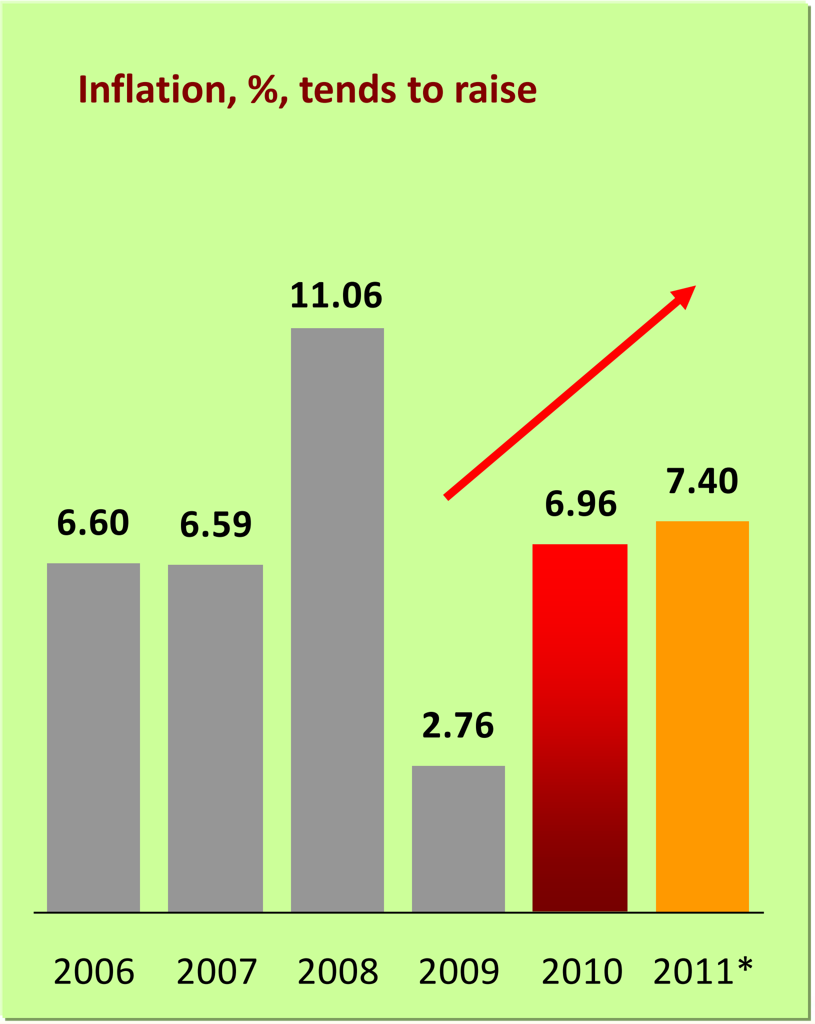




Source: Gaikindo, Staff Internal, 2011

Bank of Indonesia is successful in maintaining low rate and controlling inflation.....



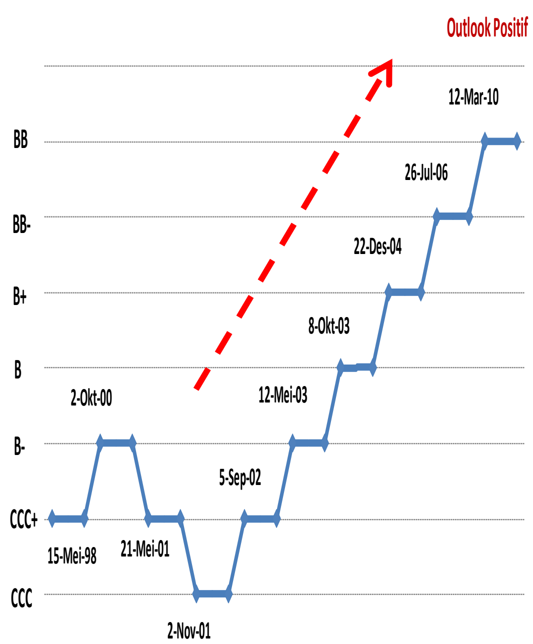


CIMB NIAGA

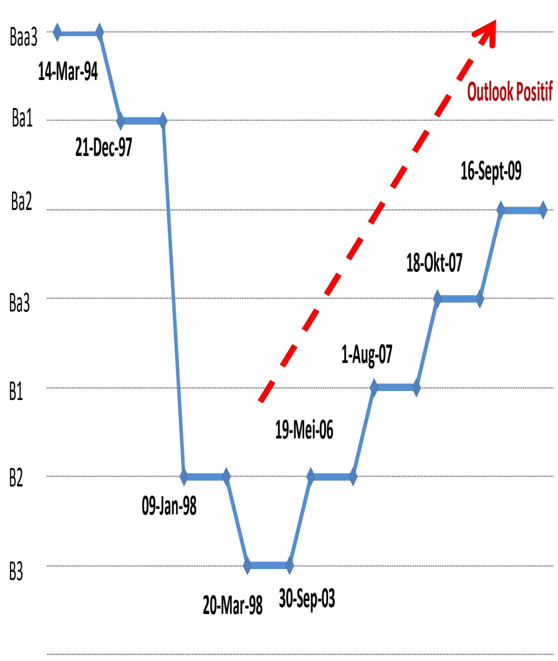
All and all, the strory of Indonesia has positive impact to investors on perception...

Indonesia credit rating continues to improve better and it endorses positive perception to economic performance....

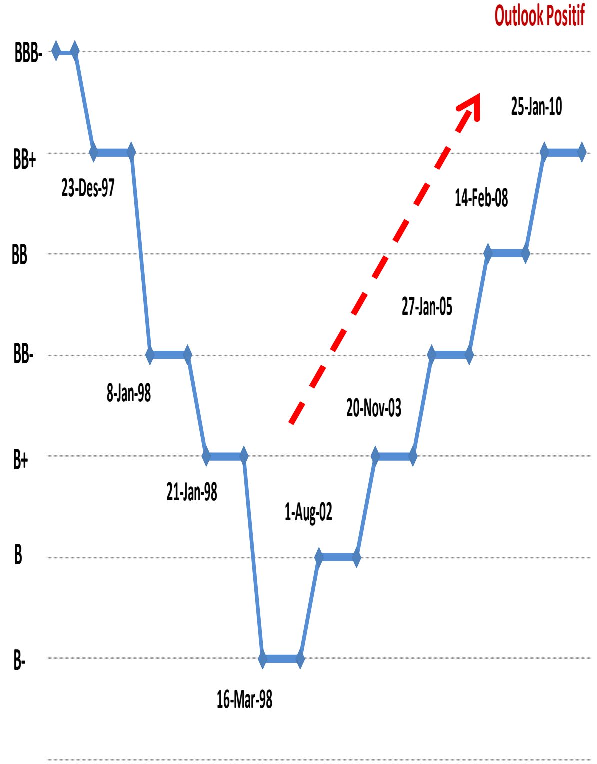
Rating S&P



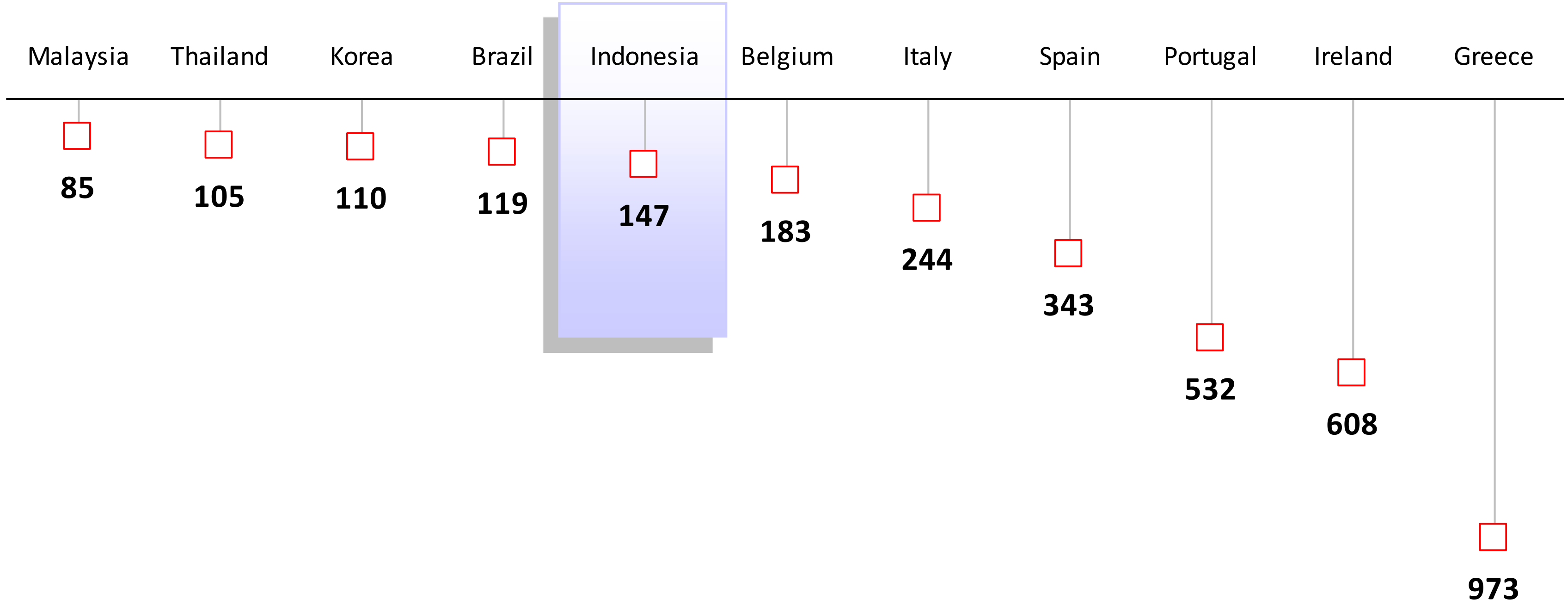
Rating Moody's



Rating Fitch



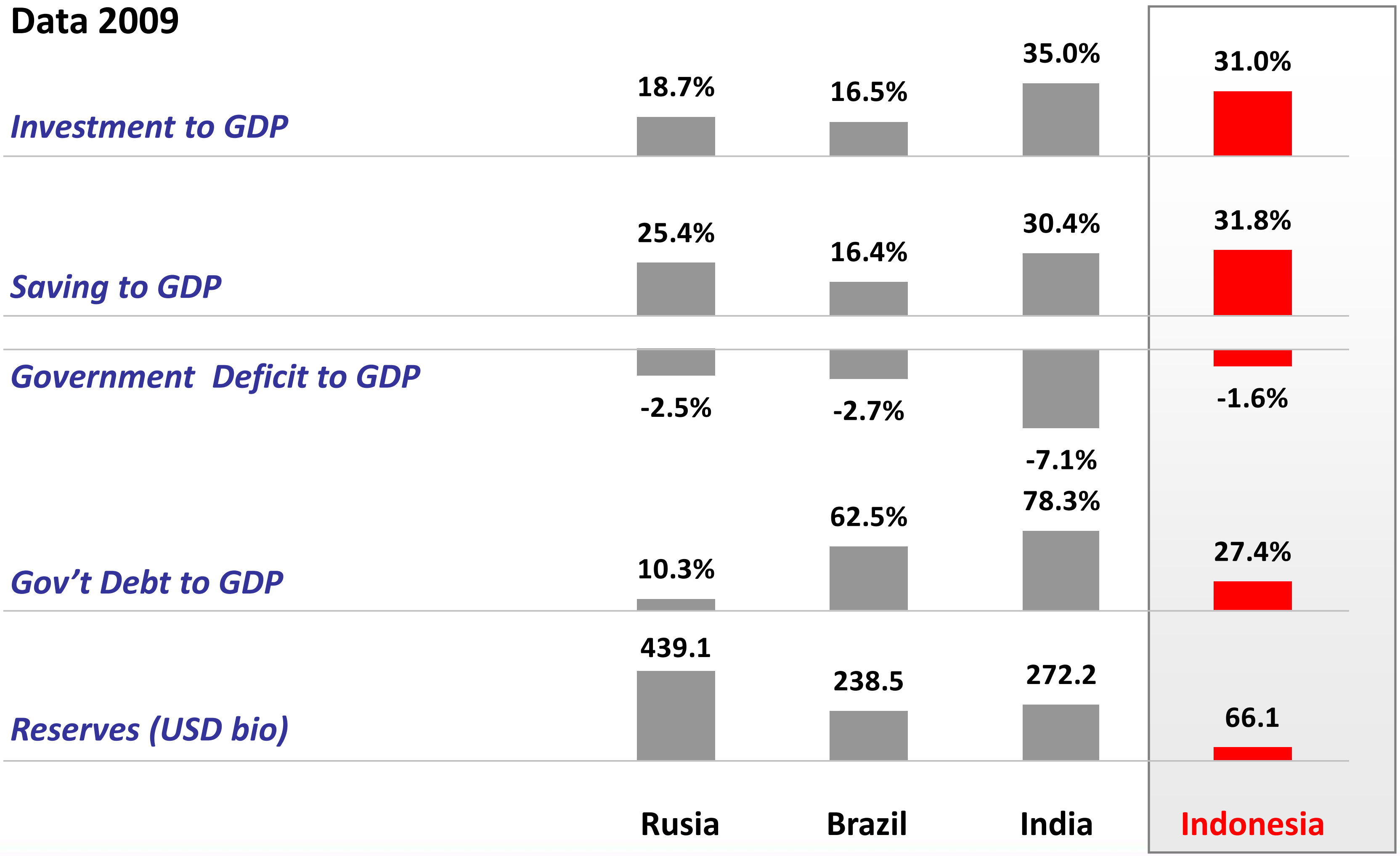
The story also gave confidence to Investors as seen by the Indonesia Credit Default Swap*. This spread has brought Indonesia - comparable to 'investment grade countries'….



CDS Spread
Nov 30, 2010

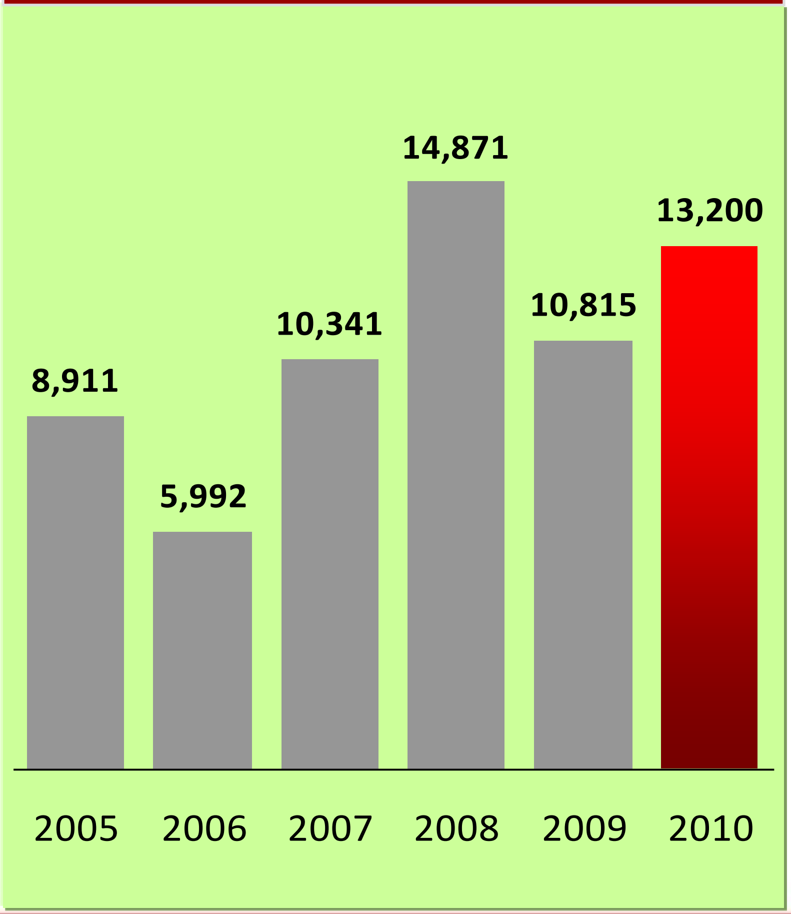
Source: World Bank
*CDS reflects the risk to invest in one country's short-term securities

Indonesia is comparable among the BRIC countries: In some indicators Indonesia is in at the same league…….

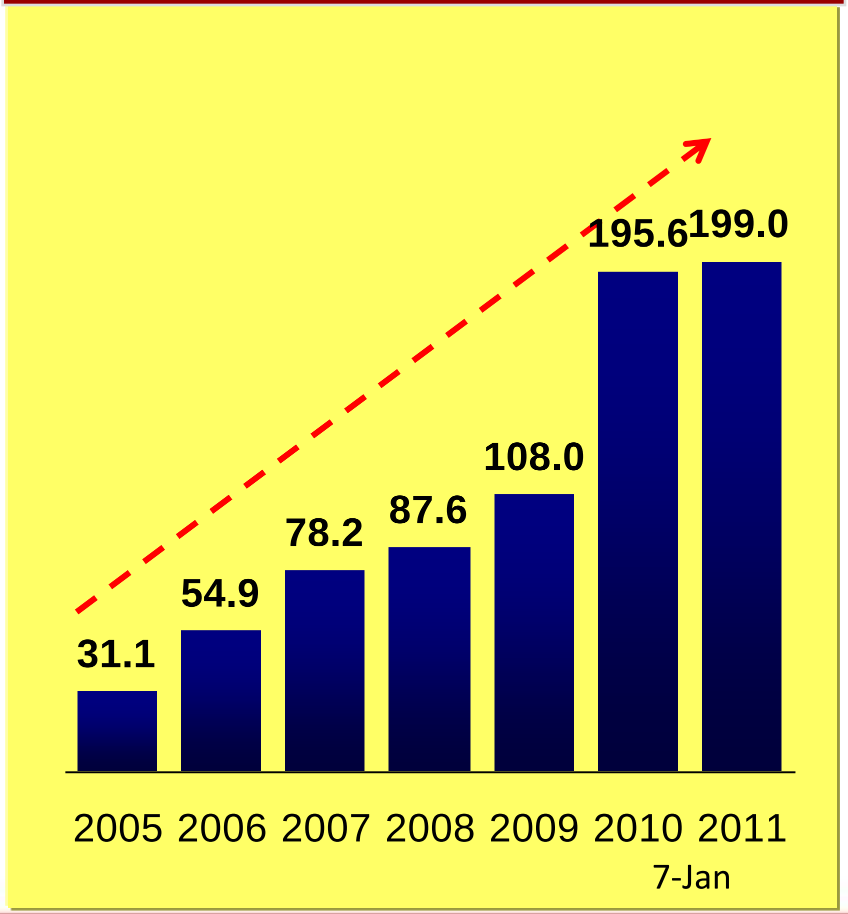


No wonder, if Indonesia now become a destination of Investment…

Foreign Direct Investment, Realization,
USD Mio



Foreign Investor Fund in Gov't Bonds (SUN),
IDR Tio

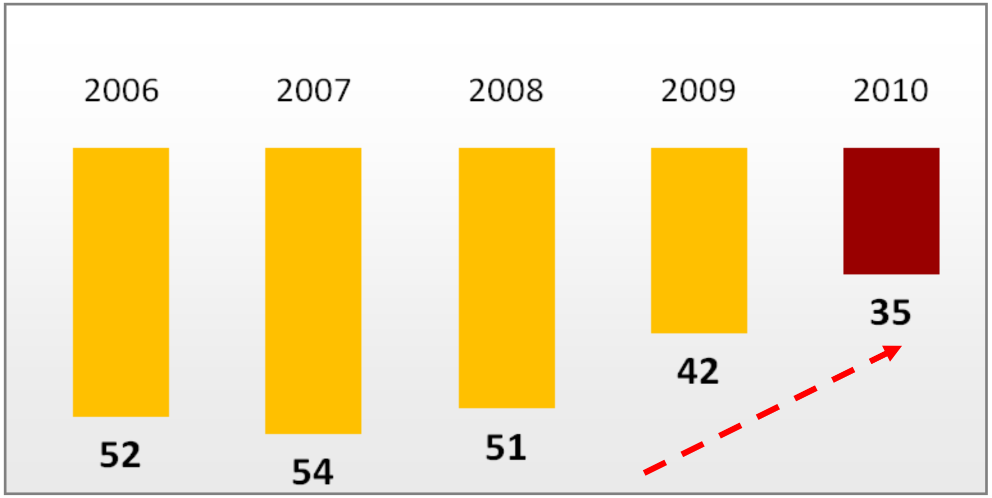


CIMB NIAGA

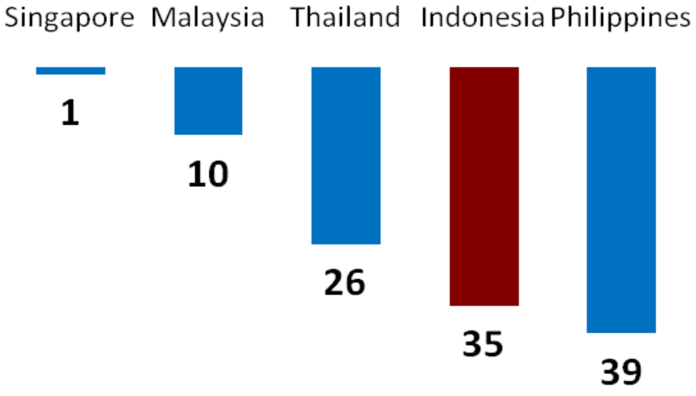
Source: Bank Indonesia, Oct 2010; BKPM

This also can bee seen through the INDONESIA COMPETITIVENESS 2010

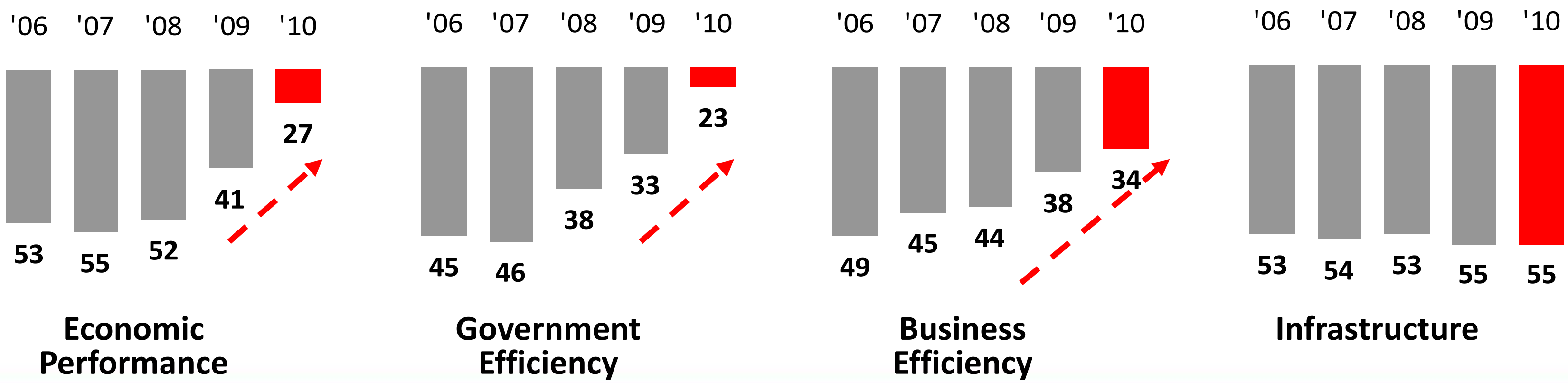
The Rank of Indonesia in the World Competitiveness continues to rise.....



....compare to some ASEAN Contries The rank in 2010 as follows...



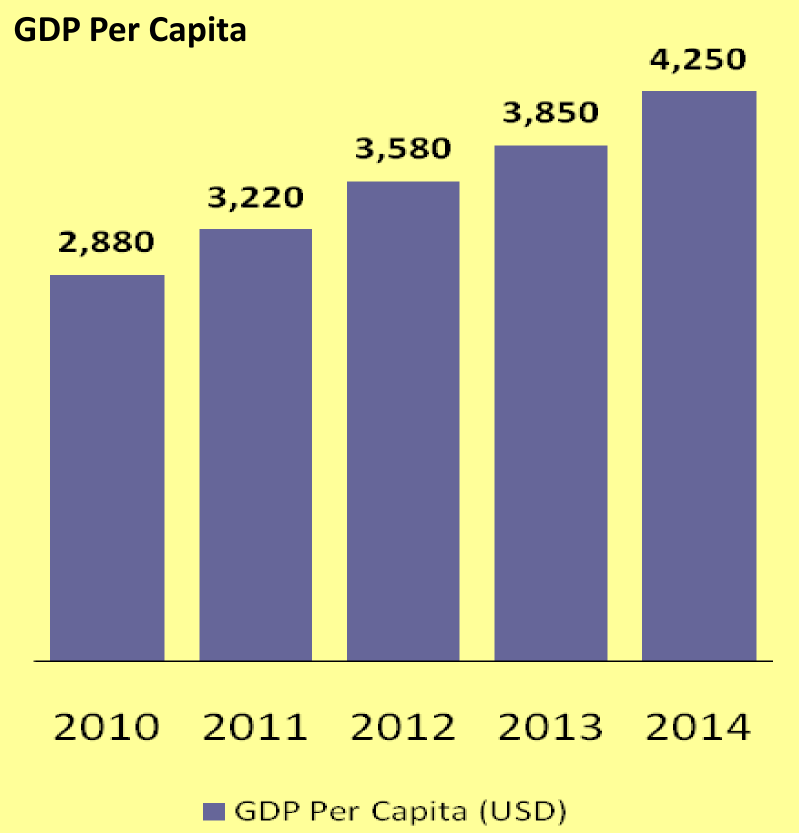
The ranks also raised in the three of four pillars of competitiveness, except in Infrastructure pillar........



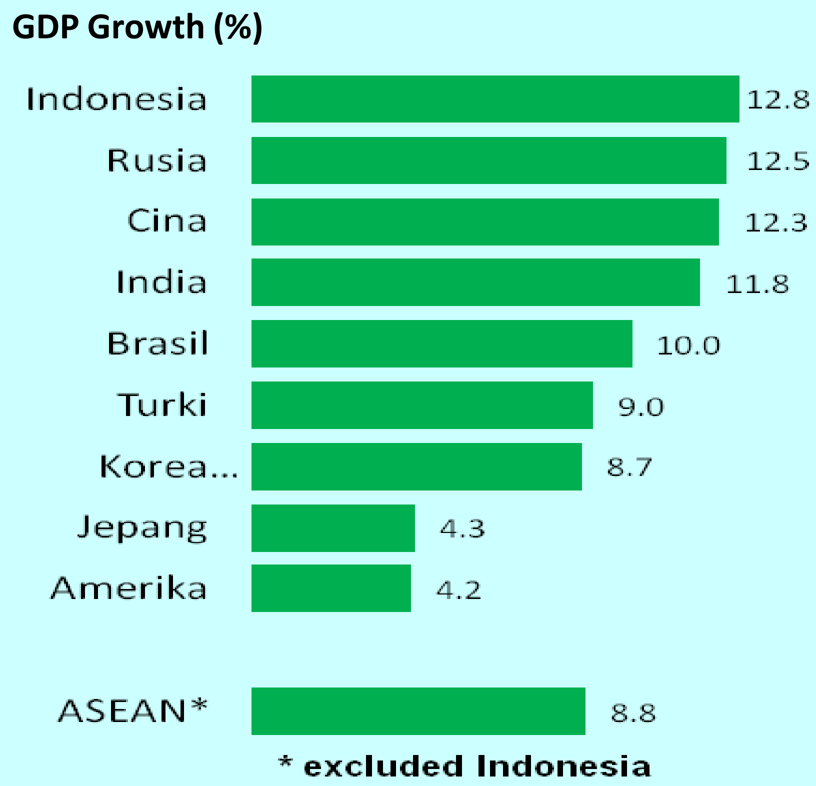
Source : IMD, The World Competitiveness Report, Lausanne – Switzerland, 2011

Conclusion: The bright prospect ahead is near, here in Indonesia….

GDP per capita will exceed USD 4000 in 2014



The fastest GDP nominal growth between 2009-2015



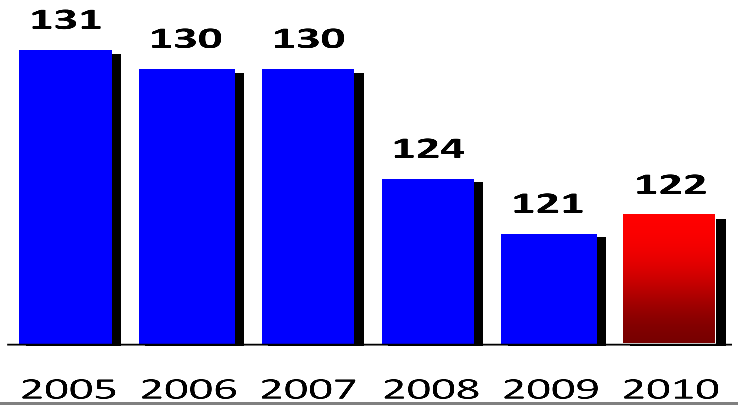
Source: IMF Prediction, 2010

Agenda

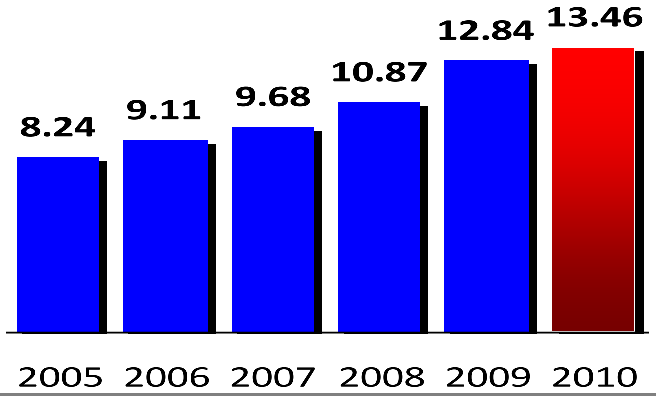
1. Indonesia : The Growth Momentum is Coming!
2. **Indonesia Banking Readiness to Tap Opportunities**
3. CIMB Niaga : Another Story of Growth
4. Agenda for Future Banking Leaders

Although the number of Banks in Indonesia declined since 2005, but number of Bank's Offices continue to increase, meanwhile Syariah Banking shows its shine..

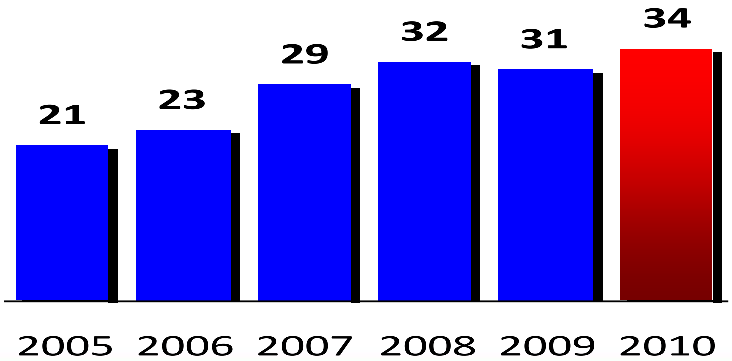
Number of Banks



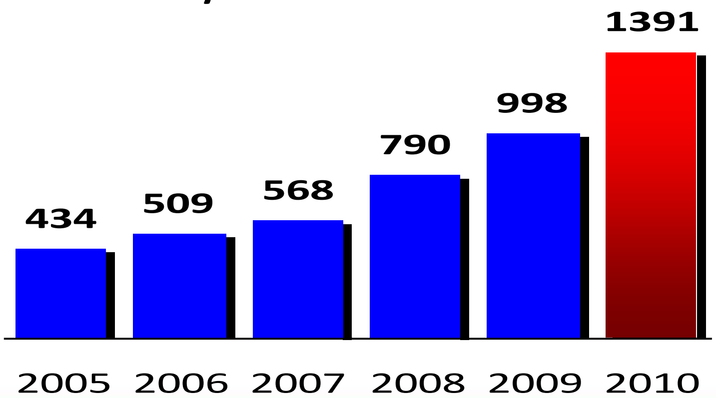
Number of Bank Offices ('000)



Number of Syariah Banks



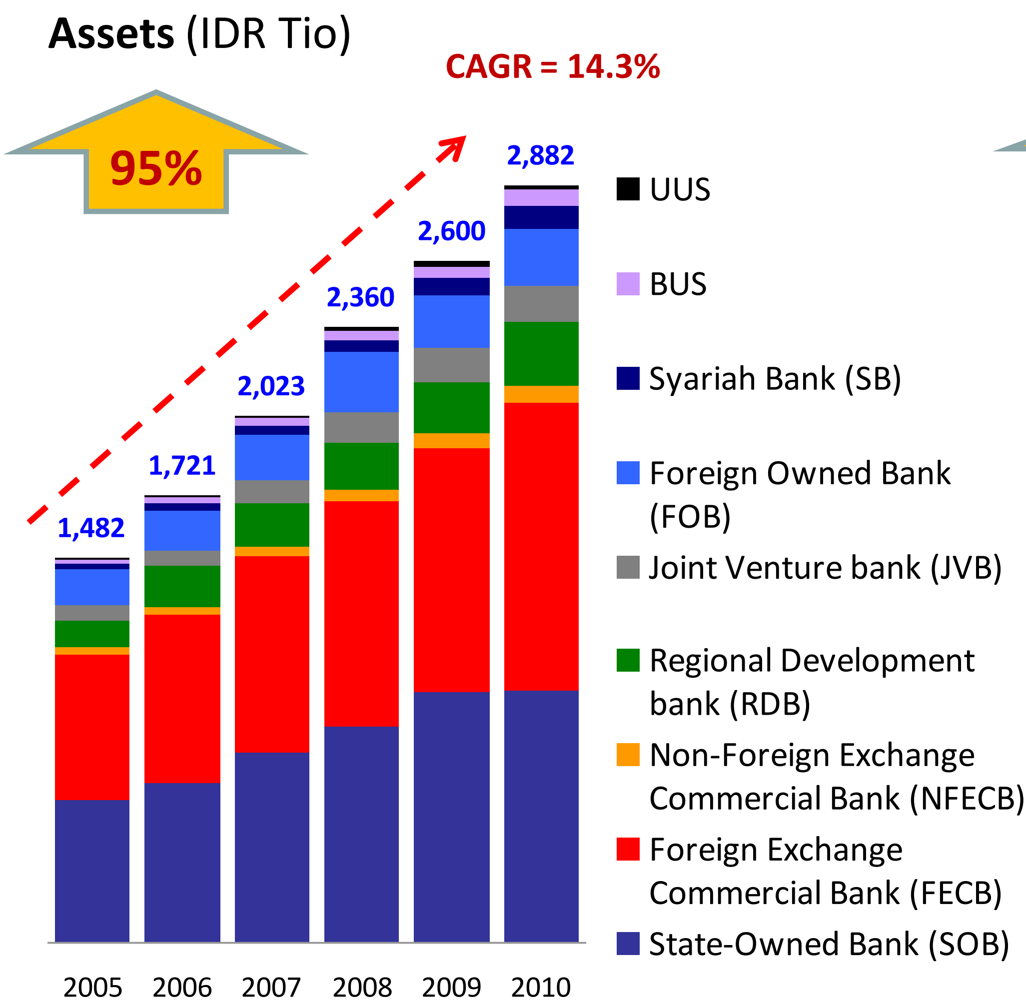
Number of Syariah Bank Offices

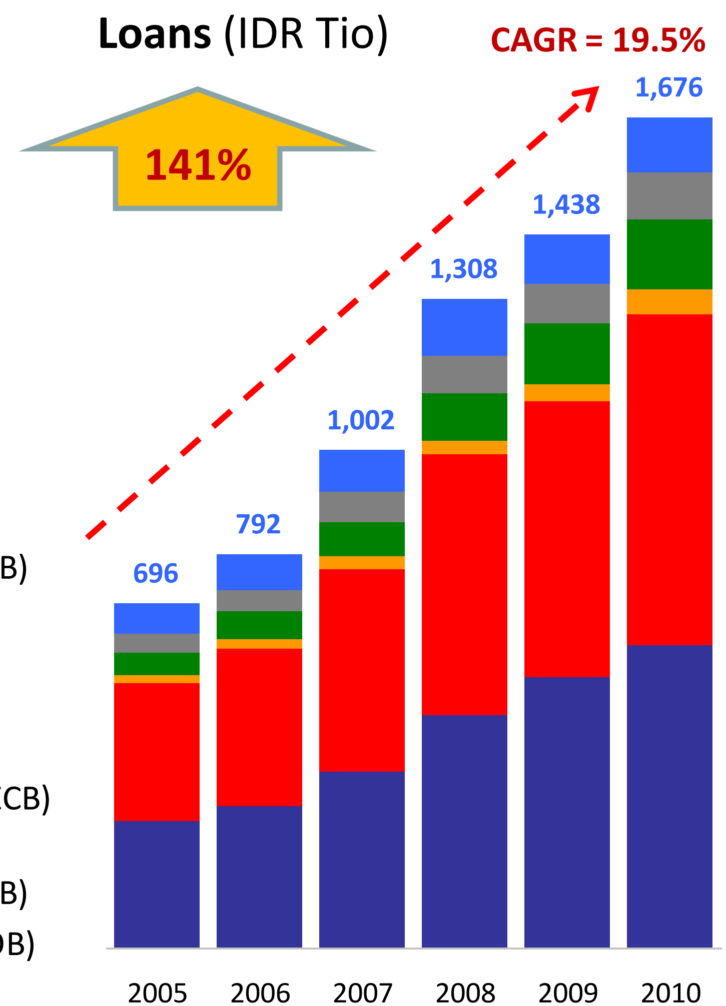


CIMB NIAGA

Source: Bank Indonesia, Dec 2010

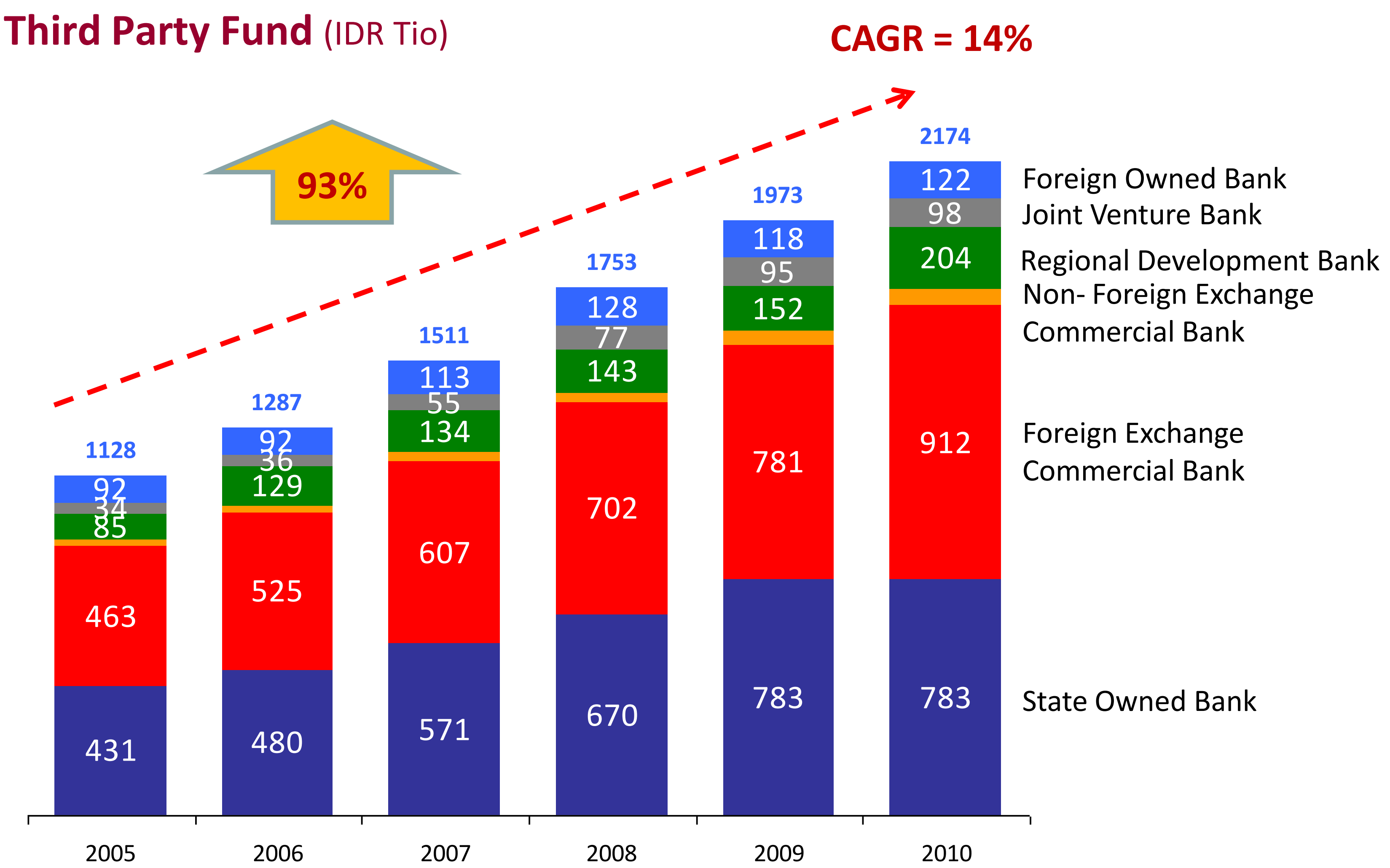
Assets of Indonesia's Banking is growing almost doubled compare to its assets 5 years ago. Loan is also increasing 141% in five years…





Source: Bank Indonesia, Dec 2010

Third party fund also continue to rise….



Source: Bank Indonesia, Dec 2010

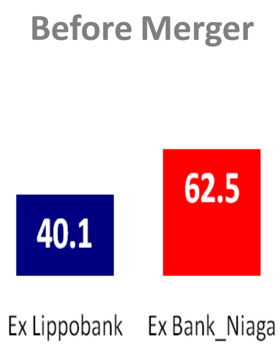
CIMB NIAGA

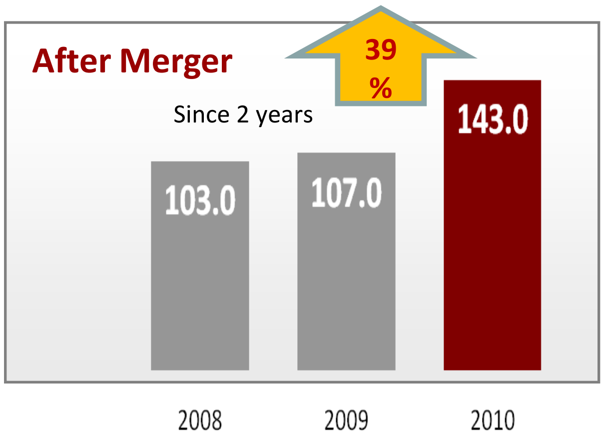
Agenda

1. Indonesia : The Growth Momentum is Coming!
2. Indonesia Banking Readiness to Tap Opportunities
3. **CIMB Niaga : A Growth Story**
4. Agenda for Future Banking Leaders

The Story of Growth starts after Merger to CIMB Niaga. It's a Merger for Growth…

ASSETS (IDR Tio)

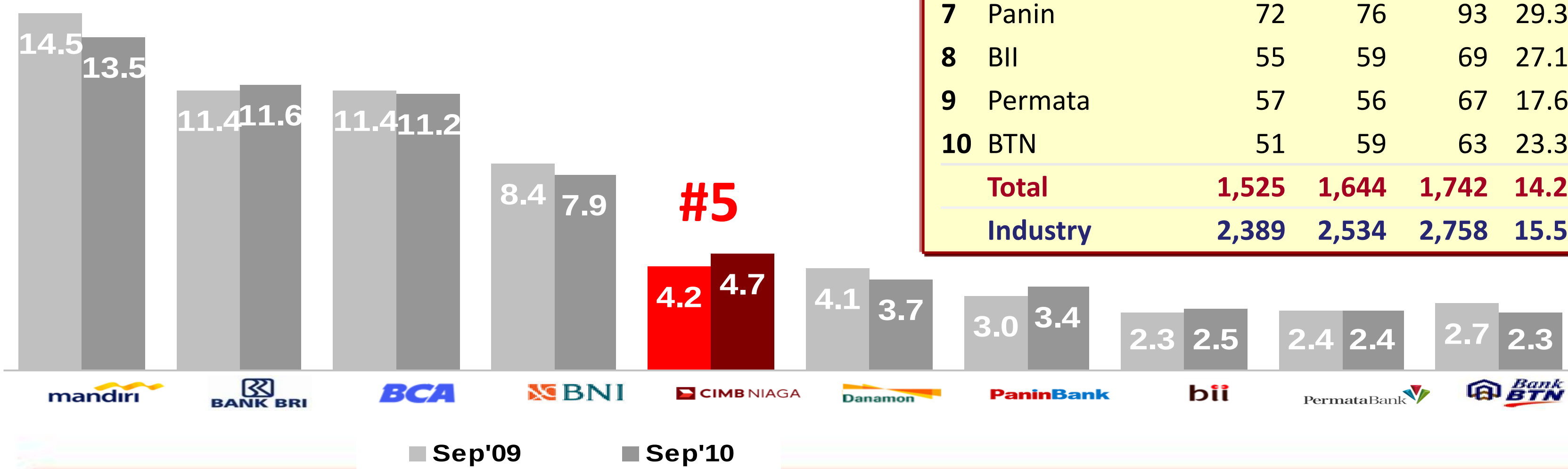




CIMB NIAGA **20.3%** YTD → Top10 **5.9%** YTD

	Total Top 10 Assets (IDR Tio)				Variance (%)	
	Bank Name	**Sep'09**	**Dec'09**	**Sep'10**	**YoY**	**YTD**
1	Mandiri	344	370	372	8.0%	0.4%
2	BRI	274	315	321	16.9%	1.9%
3	BCA	272	281	308	13.3%	9.6%
4	BNI	201	226	217	7.9%	(3.9%)
5	CIMB Niaga	101	107	128	27.5%	20.3%
6	Danamon	98	97	103	4.9%	6.4%
7	Panin	72	76	93	29.3%	22.8%
8	BII	55	59	69	27.1%	18.0%
9	Permata	57	56	67	17.6%	19.8%
10	BTN	51	59	63	23.3%	8.5%
	Total	**1,525**	**1,644**	**1,742**	**14.2%**	**5.9%**
	Industry	**2,389**	**2,534**	**2,758**	**15.5%**	**8.8%**

Assets Market Share of Total Industry (%)

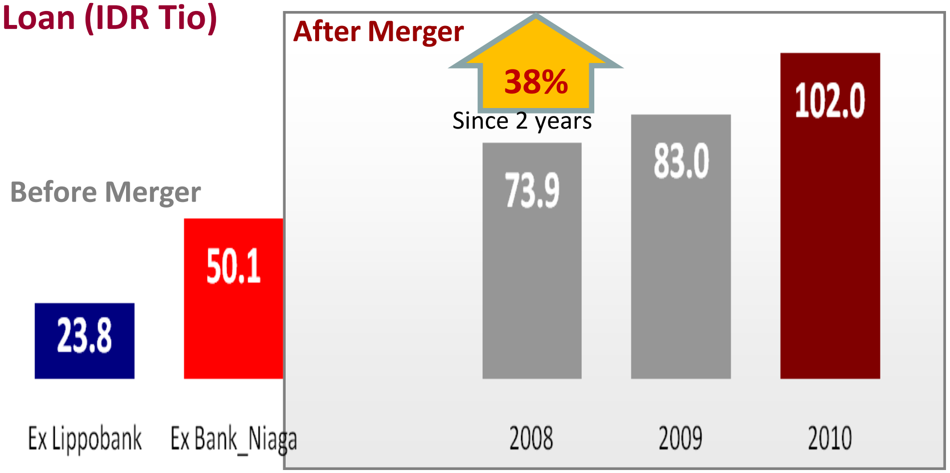


CIMB NIAGA

The Story of Growth starts after Merger to CIMB Niaga. It's a Merger for Growth…

YoY CIMB Niaga's Loan grew the fastest among the Top 5 banks

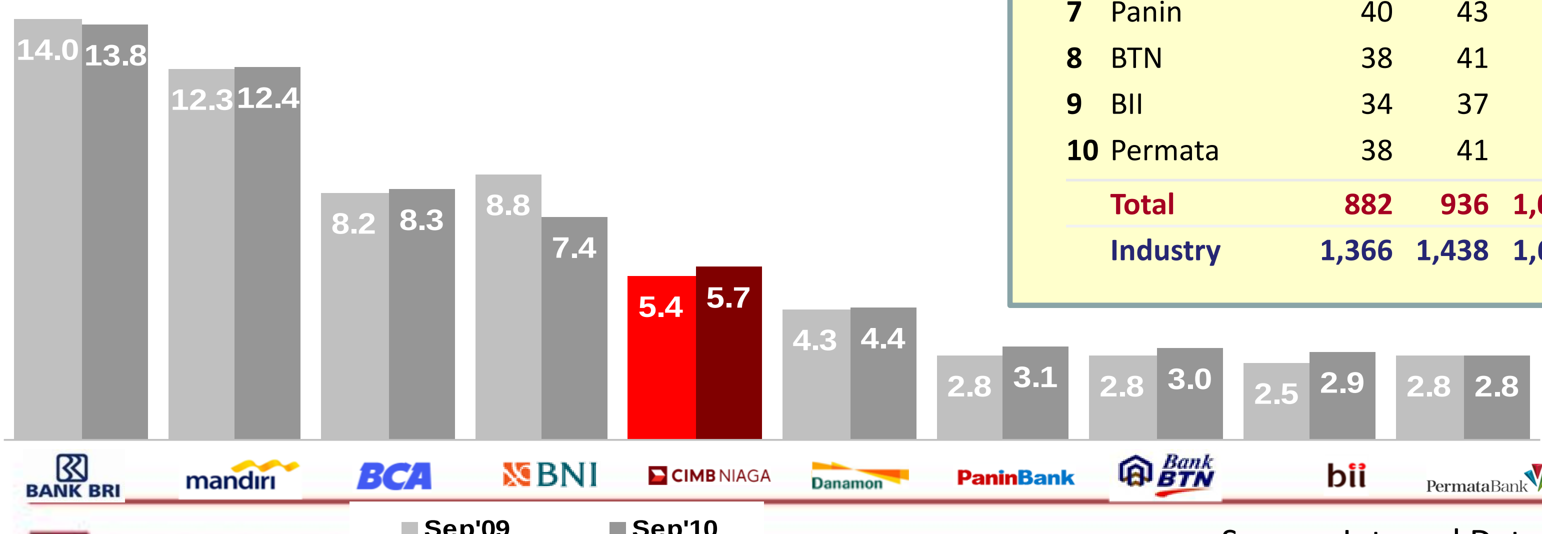
Loan (IDR Tio)



CIMB NIAGA **15.1%** YTD > Top10 **13.5%** YTD

		Total Top 10 Loan (IDR Tio)			Variance (%)	
	Bank Name	Sep'09	Dec'09	Sep'10	YoY	YTD
1	BRI	192	206	229	19.0%	11.3%
2	Mandiri	171	180	207	21.4%	15.4%
3	BCA	112	124	139	23.5%	12.4%
4	BNI	122	121	123	0.6%	1.6%
5	CIMB Niaga	74	83	96	28.7%	15.1%
6	Danamon	50	61	73	22.4%	20.3%
7	Panin	40	43	53	31.2%	21.9%
8	BTN	38	41	49	29.0%	20.7%
9	BII	34	37	48	39.6%	27.9%
10	Permata	38	41	46	22.5%	12.6%
	Total	**882**	**936**	**1,062**	**20.5%**	**13.5%**
	Industry	**1,366**	**1,438**	**1,659**	**21.5%**	**15.4%**

Loan Market Share of Total Industry (%)



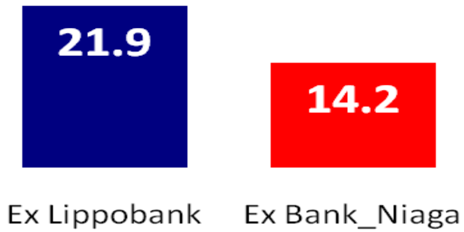
Source: Internal Data, Dec 2010

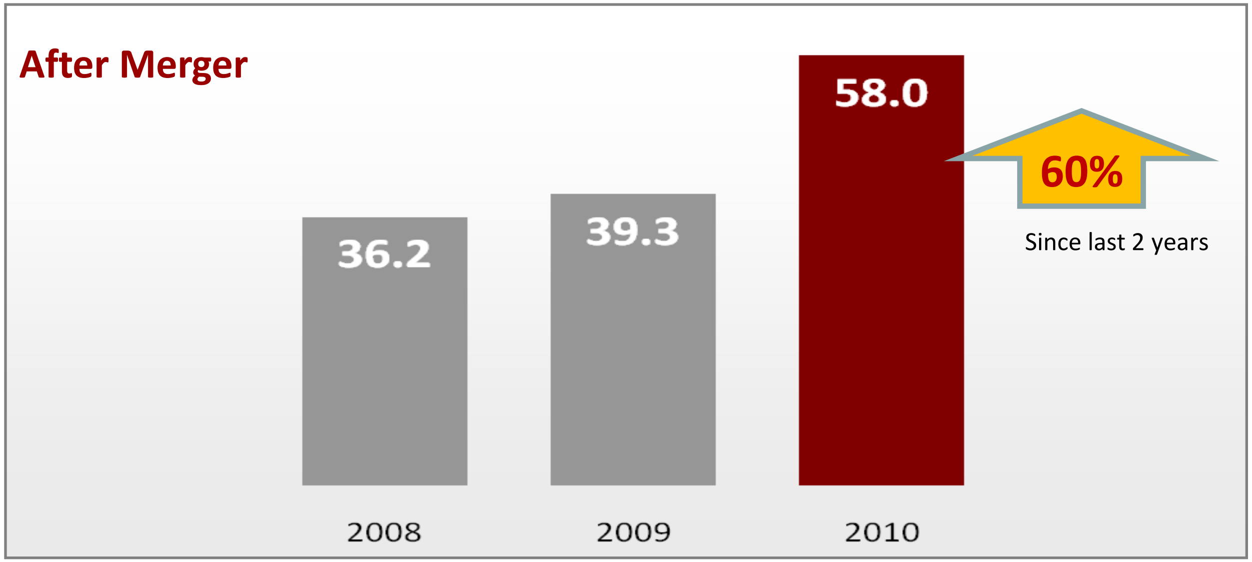
CIMB NIAGA

The Story of Growth starts after Merger to CIMB Niaga. It's a Merger for Growth...

CASA (IDR Tio)

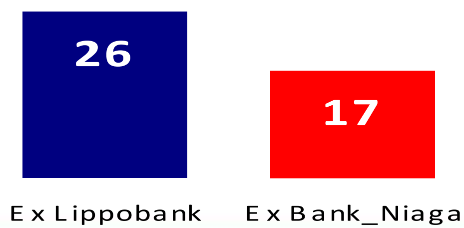
Before Merger

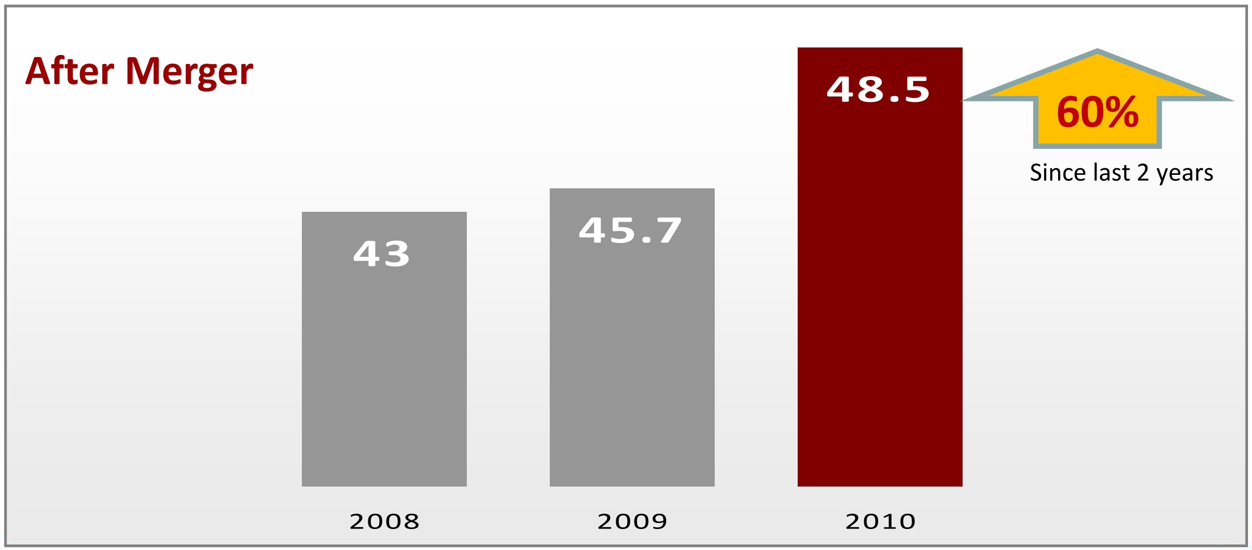




CASA to Total Fund (%)

Before Merger





CIMB NIAGA

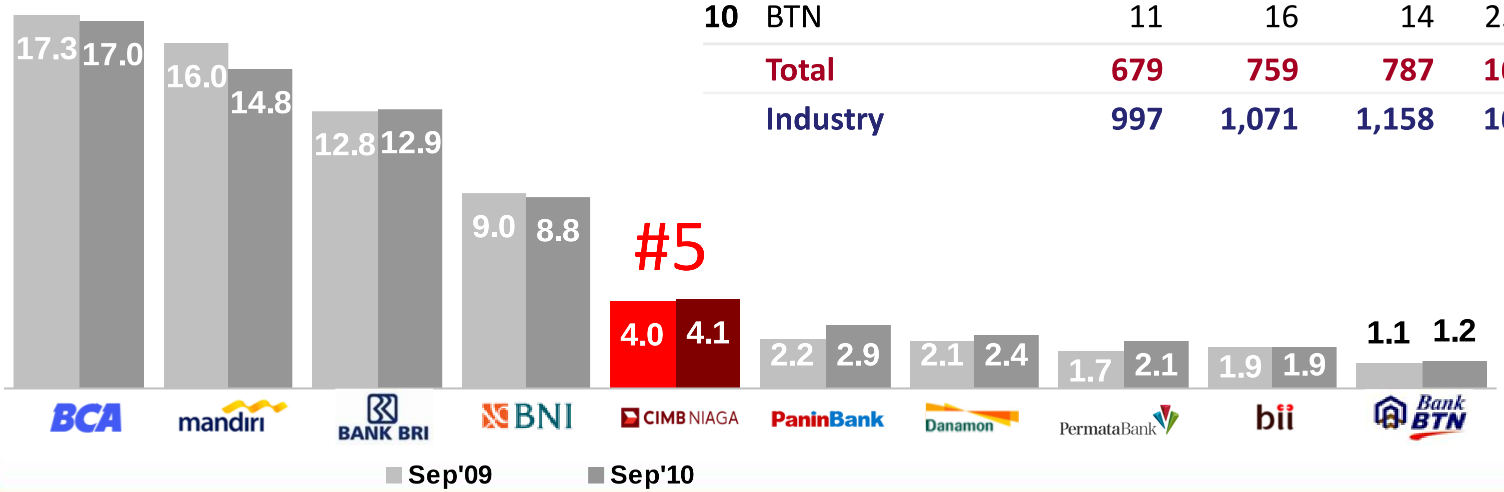
Source: Internal Data, Dec 2010

Which makes CIMB Niaga managed to grow CASA highest among the Top 5 banks

CIMB NIAGA **21.2%** YTD > **Top10** **3.7%** YTD

		Total Top 10 CASA (IDR Tio)			Variance (%)	
	Bank Name	**Sep'09**	**Dec'09**	**Sep'10**	**YoY**	**YTD**
1	BCA	172	180	197	14.4%	9.7%
2	Mandiri	160	176	171	6.9%	(3.0%)
3	BRI	128	154	149	16.7%	(3.2%)
4	BNI	89	104	101	13.6%	(2.5%)
5	**CIMB Niaga**	**39**	**39**	**48**	**21.0%**	**21.2%**
6	Panin	22	26	34	57.0%	32.2%
7	Danamon	21	23	27	29.7%	21.3%
8	Permata	17	21	24	39.7%	16.4%
9	BII	19	21	22	13.0%	5.9%
10	BTN	11	16	14	25.5%	(13.6%)
	Total	**679**	**759**	**787**	**16.0%**	**3.7%**
	Industry	**997**	**1,071**	**1,158**	**16.2%**	**8.1%**

CASA Market Share of Total Industry (%)

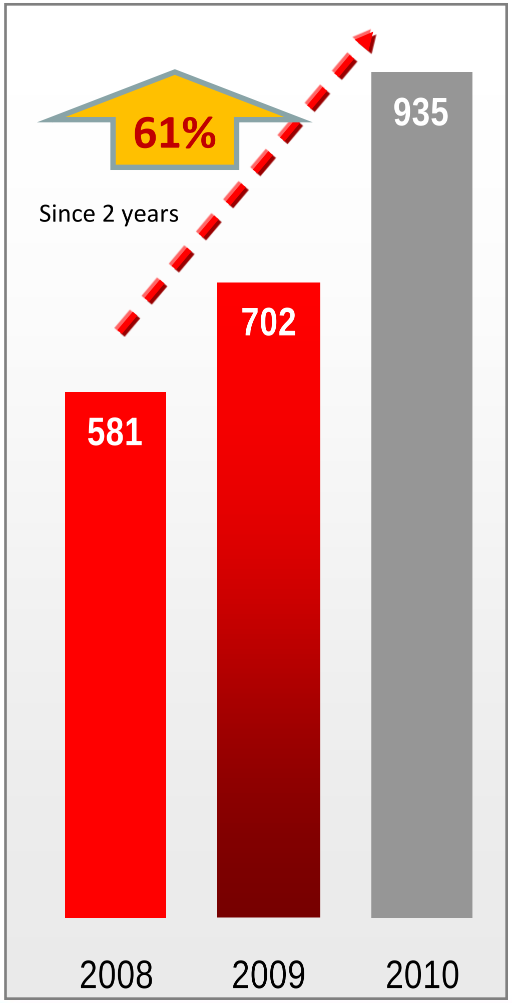


Source : Publication Report, Sep'10

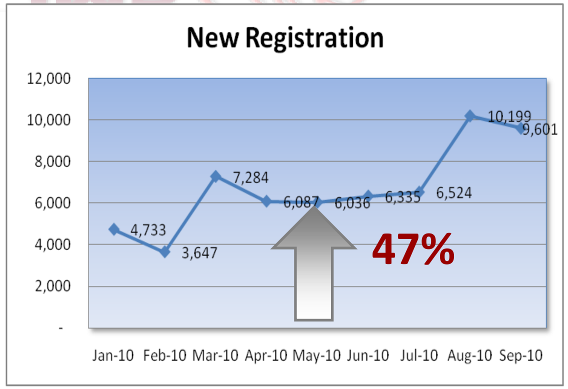
CIMB NIAGA

The Story of Growth starts after Merger to CIMB Niaga. It's a Merger for Growth…!

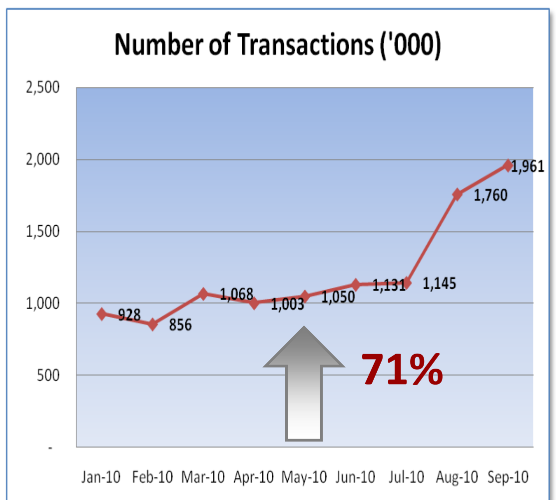
Credit Cards ('000)



CIMB Clicks

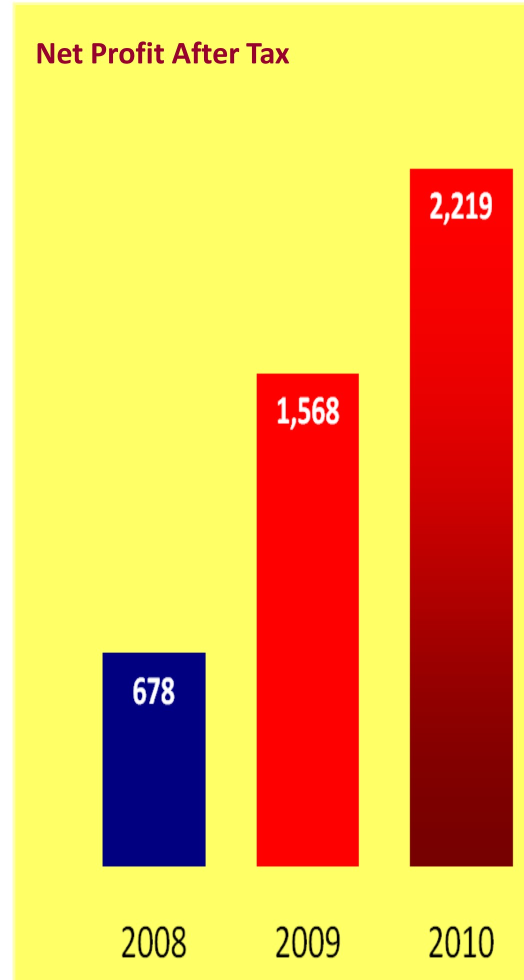


from 6,524 @ M7 to 9,601 @ M9



from 1,144,587 @M7 to 1,960,688 @M9

NPAT (IDR Tio)



Source: Internal Data, Dec 2010

Agenda

1. Indonesia : The Growth Momentum is Coming!
2. Indonesia Banking Readiness to Tap Opportunities
3. CIMB Niaga : A Story of Growth
4. **Agenda for Future Banking Leaders**

The banking industry is faced with huge challenges: with changes to regulations, resulting from the backlash of the economic crisis, to the ever increasing demand of customers to have the latest banking technologies at their fingertips, in the most remote regions….

External Challenges

- governments and regulation,
- talents,
- financial markets,
- customer expectations and technology;

Internal Challenges

- products,
- channels,
- workforce,
- organizational models and
- infrastructure.

a need for banks and their leaders:

- to be acutely aware of the changing marketplace
- to understand the impact of decisions and their outcomes .

Bank leaders need to think through these business challenges, not in silos but on a cross business scale

Seven Leadership Principles for Banking Leaders:

1 articulate a **vision** and secure enrollment

2 build **trust** with clear communications

3 cultivate **authentic** leadership and **value creation**

4 address the **swampiness inherent** in business issues

5 uncover and work with **paradox and tension**

6 tune into the **shadow** system

7 recognize, prioritize and mobilize (**RPM**) for a potential crisis

Source: Eshak Harunani, Partner and Country Leader of Deloitte

To ensure a healthy and create a winning organization, the leaders should avoid “Five Dysfunction of the Team or Organization”….

“Winning takes talent, to repeat takes character”. (John Wooden)

(Source: “Five Dysfunction of the Team or Organization by *Patrick Lencioni)*

Thank You