

Analyst Briefing First Nine Months 2008 Results

Jakarta, 15 October 2008

Untuk Anda, Bisa

Agenda

- **First Nine Months 2008 Performance**

- **Financial Results**

- Asset Quality
- Business Update

- Appendix

Highlights of First Nine Months 2008 Results

- Loans grew by 33% to Rp 67 trillion largely driven by mass market business
- Third party deposits rose by 22% to Rp 72 trillion; total funding increased by 20% to Rp 84 trillion
- Net Interest Income increased by 18% to Rp 6,231 billion
- Net profit after tax grew by 10% to Rp 1,763 billion
- Net interest margin expanded to 11.4%
- ROAA and ROAE stood at 2.4% and 22.5%, respectively

Highlights of Income Statement

<i>Rp. billion</i>	9M07	9M08	ΔYoY	1Q08	2Q08	3Q08	ΔQoQ
Net Interest Income	5,272	6,231	18%	1,977	2,079	2,175	5%
Fee Income	949	1,619	71%	453	593	573	(3%)
Operating Income before Gain (Loss) on Sale of Marketable Securities	6,221	7,850	26%	2,430	2,672	2,748	3%
Gain (Loss) on Sale of Marketable Securities	463	(153)	(133%)	(12)	(95)	(46)	52%
Operating Income	6,684	7,697	15%	2,418	2,577	2,702	5%
Operating Expenses	(3,124)	(4,051)	30%	(1,213)	(1,345)	(1,493)	11%
Pre-Provision Operating Profit	3,560	3,646	2%	1,205	1,232	1,209	(2%)
Cost of Credit	(1,018)	(863)	(15%)	(290)	(293)	(280)	(4%)
Net Profit before Tax	2,542	2,783	9%	915	939	929	(1%)
Net Profit after Tax	1,600	1,763	10%	563	595	605	2%

Highlights of Balance Sheet

<i>Rp. billion</i>	9M07	9M08	△YoY	1Q08	2Q08	3Q08	△QoQ
Total Assets	87,987	103,462	18%	92,178	96,582	103,462	7%
Loans (gross) ¹⁾	50,153	66,523	33%	55,917	61,207	66,523	9%
Government Bonds	16,749	12,754	(24%)	15,010	13,129	12,754	(3%)
Total Deposits	58,853	71,709	22%	61,996	65,939	71,709	9%
Current Account	5,648	6,366	13%	5,884	7,192	6,366	(12%)
Savings	11,439	12,207	7%	12,350	12,620	12,207	(3%)
Time Deposit	41,766	53,136	27%	43,762	46,127	53,136	15%
Borrowings ²⁾	8,563	9,353	9%	8,962	10,039	9,353	(7%)
Subordinated Debt	2,740	2,828	3%	2,759	2,765	2,828	2%
Equity	10,357	10,896	5%	11,152	10,296	10,896	6%

¹⁾ Include consumer financing receivables of Adira Finance

²⁾ Include securities sold under repo agreements and Adira Finance's bank loans and bonds

Key Ratios

%	9M07	9M08	△YoY	1Q08	2Q08	3Q08	△QoQ
Net Interest Margin ¹⁾	10.4	11.4	1.0	11.3	11.5	11.4	(0.1)
Cost / Income	46.8	52.6	5.8	50.2	52.2	55.3	3.1
Credit Cost/Earning Assets ²⁾	2.6	1.8	(0.8)	2.0	1.9	1.6	(0.3)
ROAA	2.5	2.4	(0.1)	2.5	2.5	2.4	(0.1)
ROAE	23.4	22.5	(0.9)	20.6	23.6	23.3	(0.3)
Loan / Deposits	85.0	90.7	5.7	89.4	91.7	90.7	(1.0)
Loan / Funding ³⁾	70.8	77.4	6.6	74.8	76.4	77.4	1.0
Capital Adequacy (Consolidated) ⁴⁾	19.3	16.6	(2.7)	20.8	17.4	16.6	(0.8)
NPL – Gross	2.8	2.1	(0.7)	2.3	2.3	2.1	(0.2)
LLP / NPL ⁵⁾	155.5	161.6	6.1	156.4	151.8	161.6	9.8

¹⁾ Include credit related fees and commission as per Bank Indonesia regulations

²⁾ Earning assets exclude all government securities

³⁾ Funding includes deposit and long-term funding

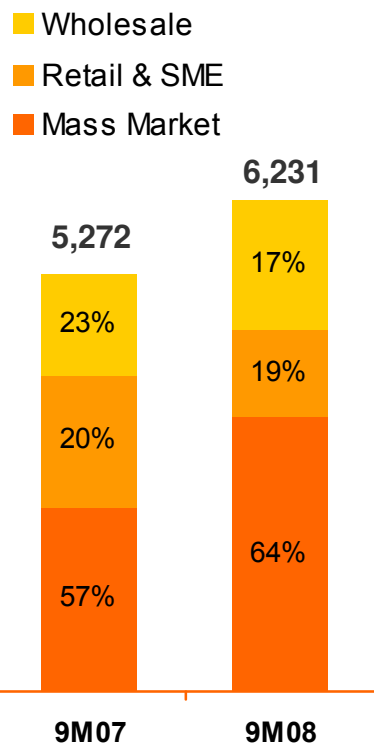
⁴⁾ Consolidated CAR after market risk charge and amortization of subordinated debts

⁵⁾ After taking into account collateral value of Corporate, Commercial, SME and Mortgage loans

NIM stood at 11.4% in the third quarter supported by high asset yield

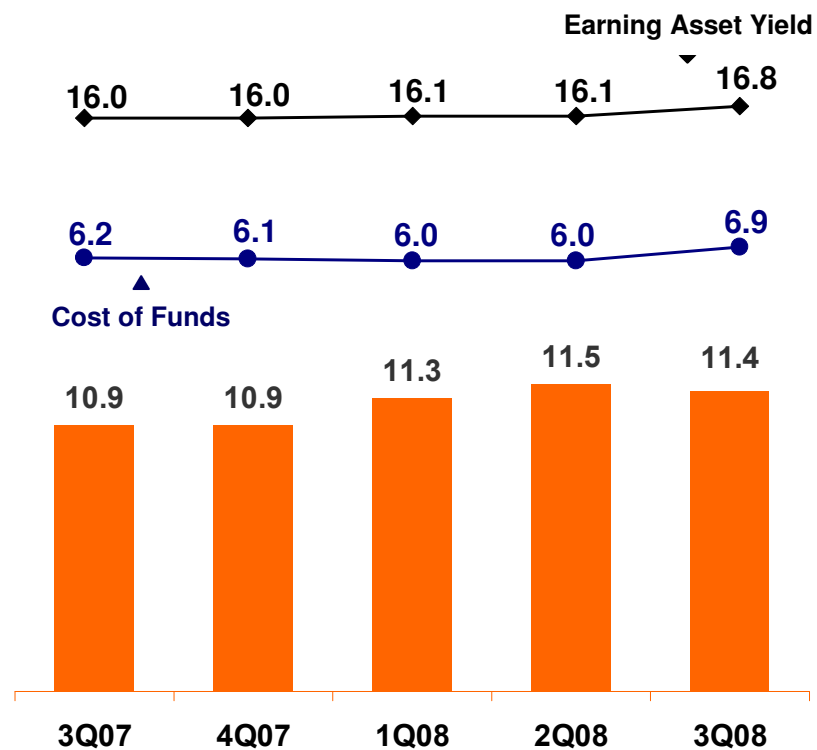
Net Interest Income

Rp. billion



Net Interest Margin

%, annualized

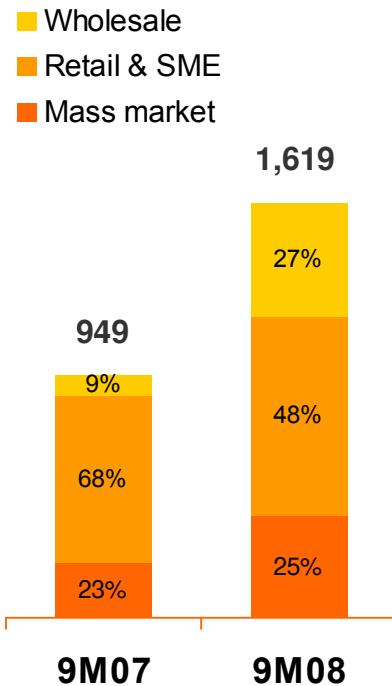


Mass market businesses drove 18% increase in net interest income

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Non-interest income contributed to 19% of operating income

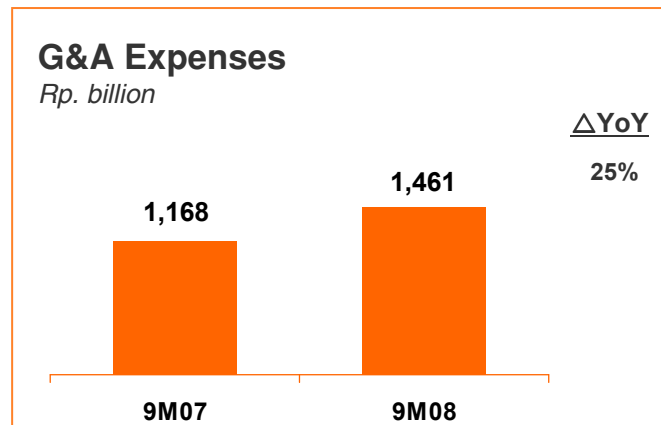
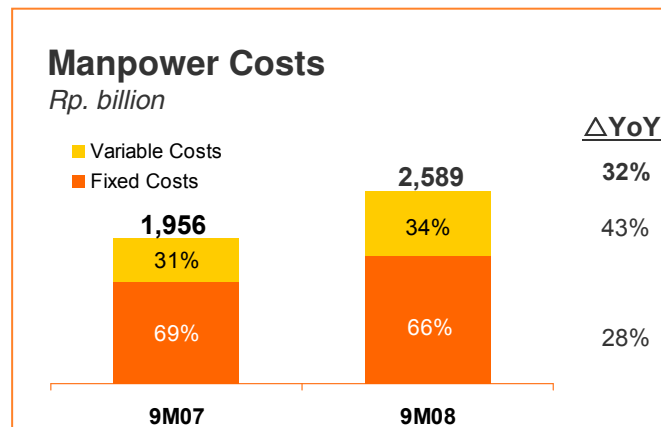
Fee Income *Rp. billion*



Rp. billion	9M07	9M08	ΔYoY
Fee Income	949	1,619	71%
Credit related fees	592	769	30%
Cash management	226	237	5%
Treasury products	(51)	236	NM
Adira Finance	39	155	297%
Adira Insurance	141	207	47%
Others	2	15	NM
Gain (loss) on sale of marketable securities	463	(153)	(133%)
Non-Interest Income	1,412	1,466	4%
Non Interest Income / Operating Income	21%	19%	(2%)

Fee income increased 71% driven by credit related fees and treasury products

Increase in operating expenses was largely attributable to mass market businesses expansion



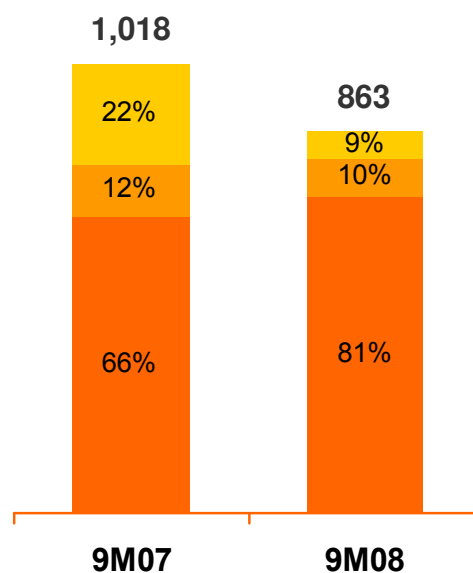
Rp billion	9M07	9M08	ΔYoY
Wholesale	525	489	(7%)
Retail & SME	1,356	1,666	23%
Mass Market	1,243	1,896	53%
Adira Finance	587	780	33%
SEMM	506	840	66%
CMM & Quantum	150	276	84%
Total	3,124	4,051	30%
Cost / Income	46.8	52.6	5.8%

Cost of credit declined by 15% despite 33% loan expansion

Cost of Credit ¹⁾

Rp. billion

- Wholesale
- Retail & SME
- Mass market

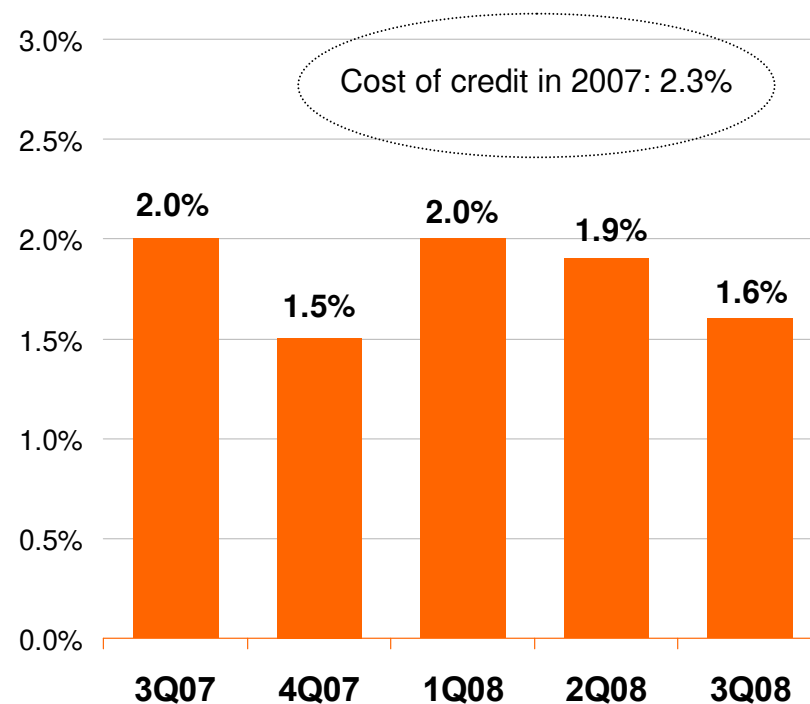


¹⁾ Cost of credit comprise of provision for losses, loss on repossessed assets of Adira Finance and net write-off

²⁾ Earning assets exclude all government securities

Cost of Credit / Avg. Earning Assets ²⁾

%, Annualized

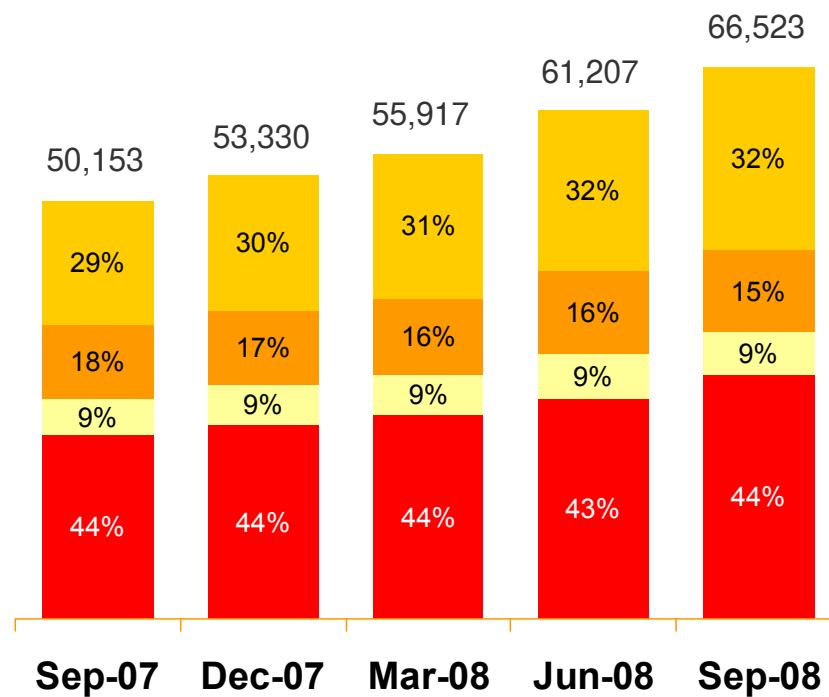


Cost of credit stood at 1.8% of earning assets in the first nine months of 2008

Loans expanded by 33% largely driven by mass market businesses

Outstanding Loans Composition

Rp. billion



Loan Growth

Year-on-Year

Rp. billion	Sep-07	Sep-08	△YoY	
			Rp.bn	%
Wholesale	14,734	21,421	6,687	45%*
SME	8,972	9,861	889	10%
Retail	4,411	5,710	1,299	29%
Mass Market	22,036	29,531	7,495	34%
Total	50,153	66,523	16,370	33%

Mass market loans grew 34%, representing 44% of the bank's loan book

**) Wholesale loan growth was mainly in USD short-term trade financing*

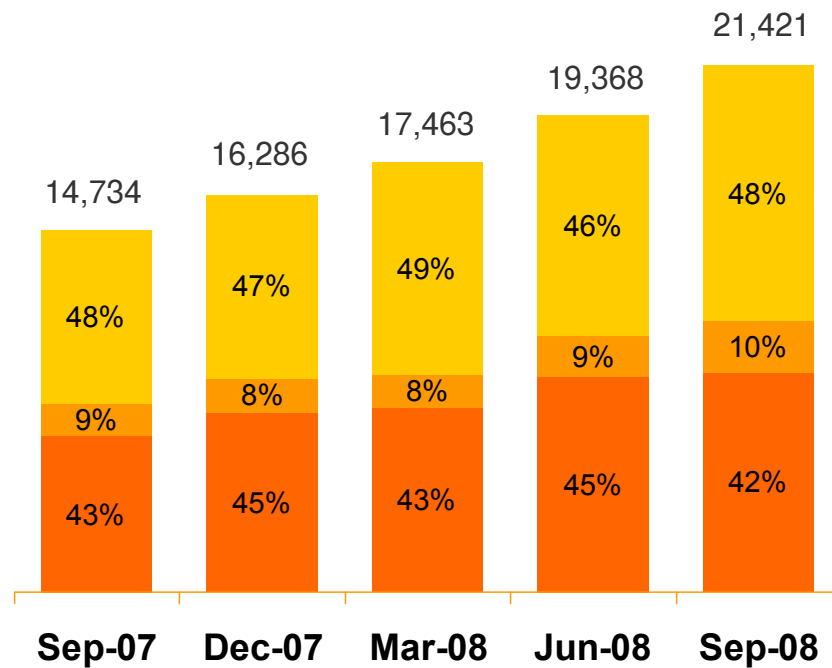
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Wholesale loan growth driven by trade financing business

Wholesale Loan Composition

Rp. billion



Loan Growth

Year-on-Year

Rp. billion	Sep-07	Sep-08	Δ YoY	
			Rp.bn	%
Corporate	7,061	10,446	3,385	48%
JFAB ¹⁾	1,361	2,044	683	50%
Commercial	6,312	8,931	2,619	41%
Total	14,734	21,421	6,687	45%

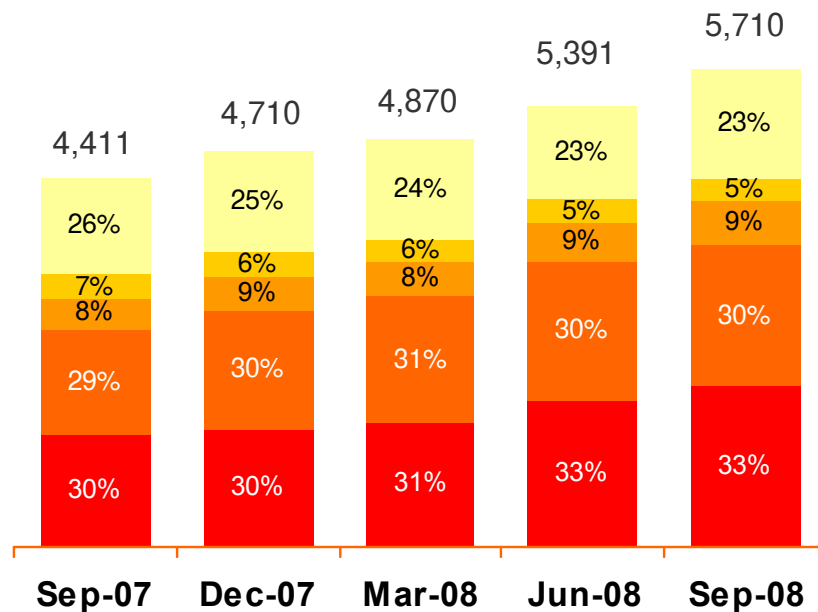
¹⁾Joint financing and asset buy of auto financing receivables with finance companies.

Trade financing accounted for over a half of corporate loans as of September 2008

Retail loans rose by 29% on the back of strong growth in mortgage and credit card receivables

Retail Loans Composition

Rp. billion



Loan Growth

Year-on-Year

Rp. billion	Sep-07	Sep-08	ΔYoY	
			Rp.bn	%
Multipurpose & others ¹⁾	1,143	1,302	159	14%
Personal Loan	302	264	(38)	(13%)
Syariah	356	528	172	48%
Credit card	1,267	1,702	435	34%
Mortgage	1,343	1,914	571	43%
Total	4,411	5,710	1,299	29%

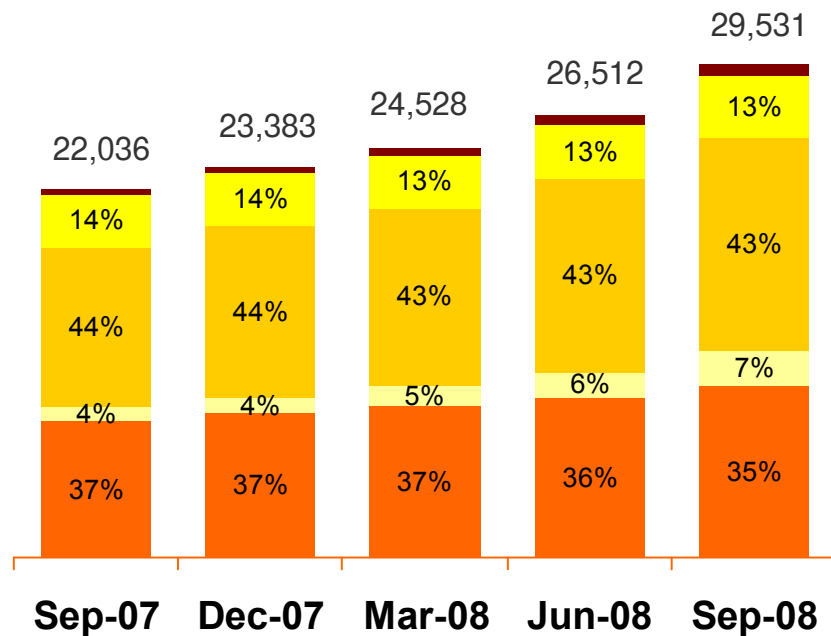
¹⁾ Include loan to employees

Credit card receivables increased by 34% to Rp 1,702 billion

Mass market loans grew by 34% largely driven by motorcycle financing and micro lending

Mass Market Loan Composition

Rp. billion



Loan Growth

Year-on-Year

Rp. billion	Sep-07	Sep-08	ΔYoY	
			Rp.bn	%
Hire Purchase	364	736	372	102%
Cars	3,098	3,741	643	21%
Motorcycles	9,640	12,727	3,087	32%
CMM	776	2,049	1,273	164%
SEMM	8,158	10,278	2,120	26%
Total	22,036	29,531	7,495	34%

Note: Hire purchase financing from Adira Quantum
Motorcycles and cars financing from Adira Finance

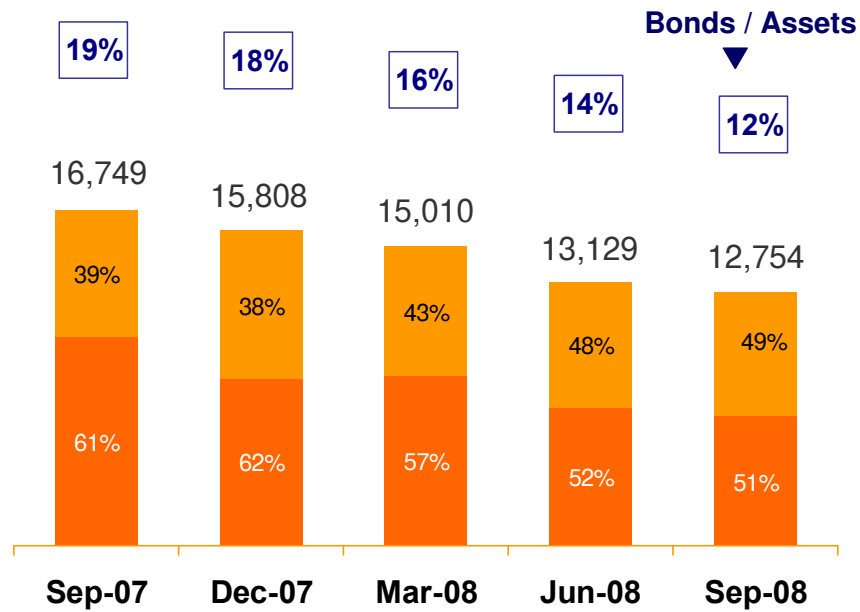
Micro loans extended by SEMM grew 26% to Rp 10.3 trillion, representing 15% of the loan book

Government bonds represented 12% of the bank's assets

Government Bonds Composition

Rp. billion

- Variable Rate
- Fixed Rate



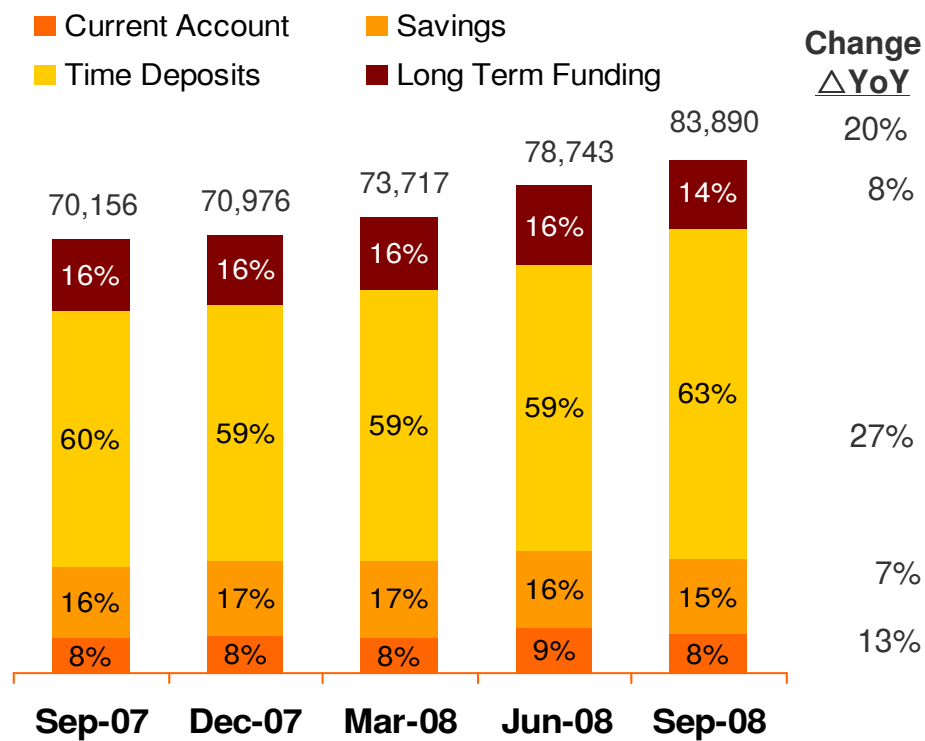
	Rp. billion	Sep-07	Sep-08	△YoY		Duration (years)
				Rp.bn	%	
Held to maturity		4,201	2,335	1,866	(44%)	5.2
Available for sale		11,328	10,217	1,111	(10%)	2.0
Trading		1,220	202	1,018	(83%)	2.6
Total		16,749	12,754	3,995	(24%)	2.6

The average duration of government bonds shortened to 2.6 years as of September 2008 as compared to 4.7 years a year earlier

Total deposit rose by 22% to Rp 71.7 trillion,
representing 86% of the bank's funding

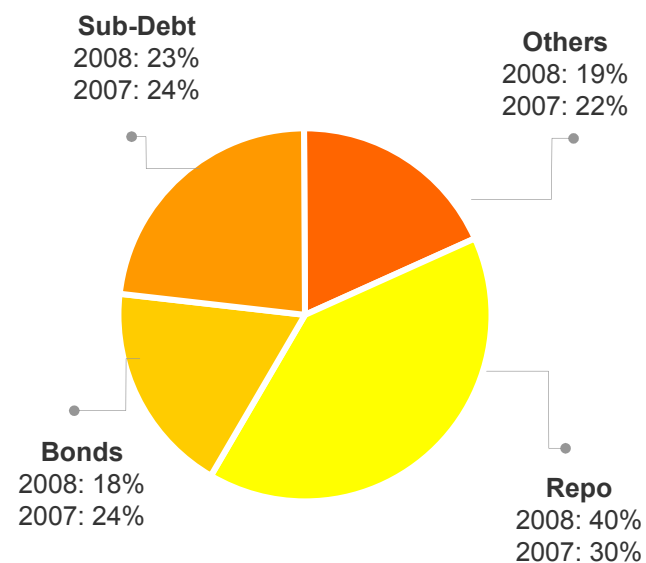
Breakdown of Interest Bearing Funds

Rp. billion



Long-Term Funding

As of September 30



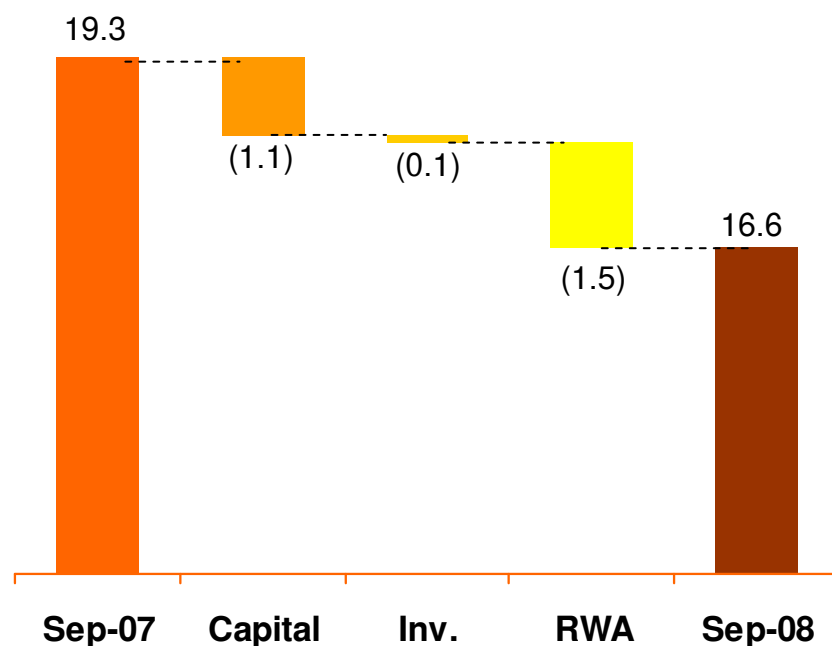
Total Long Term Funding

2008: Rp 12,181 billion
2007: Rp 11,303 billion

Long-term funding increased by 8% to Rp 12.2 trillion, making up 14% of the bank's total funding

Consolidated Capital Adequacy Ratio stood at 16.6%

Movement of Capital Adequacy Ratio
%



Rp. billion	Sep-07	Sep-08	△YoY
Tier 1 Capital	9,051	10,710	18%
Tier 2 Capital	4,021	1,634	(59%)
Investments	(268)	(352)	31%
Total Capital after Investment	12,804	11,992	(6%)
Risk Weighted Assets (RWA)	66,267	72,310	9%
Consolidated Capital Adequacy Ratio (CAR)*	19.3%	16.6%	(2.7%)

**After market risk charge*

Tier 2 Capital declined to 59% due to amortization of USD 300 mn sub-debts starting June 2008

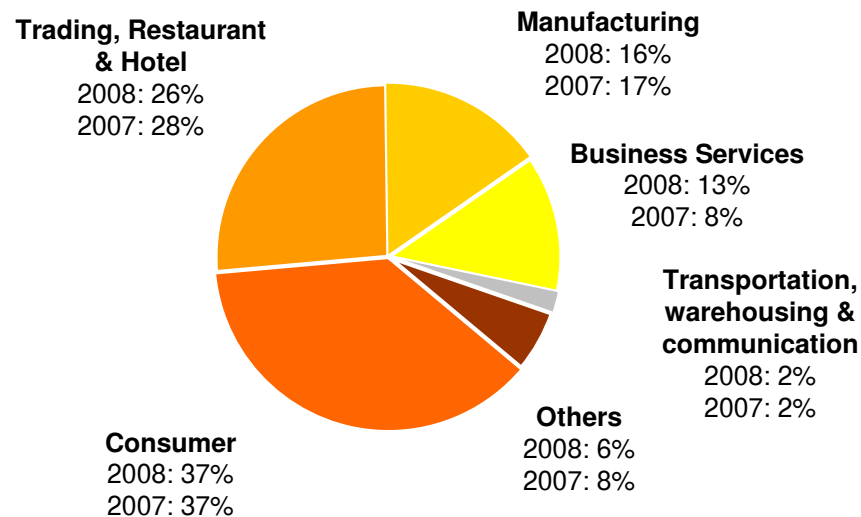
Agenda

- **First Nine Months 2008 Performance**
 - Financial Results
 - **Asset Quality**
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Loan portfolio is well diversified across economic sectors

Loans by Economic Sector

As of September 30

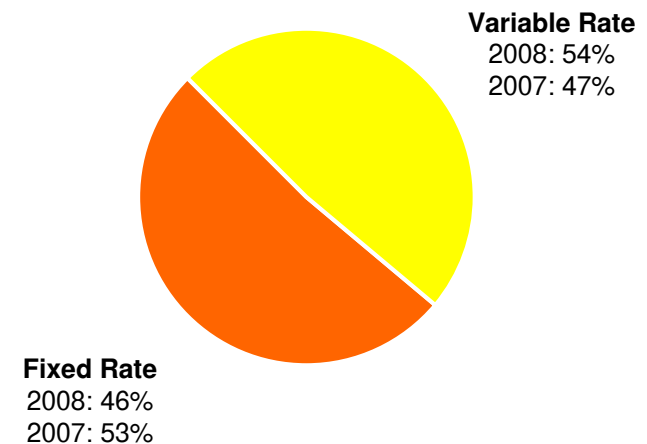


Total Loans

2008: Rp 66,523 billion
2007: Rp 50,153 billion

Loans by Interest Rate

As of September 30

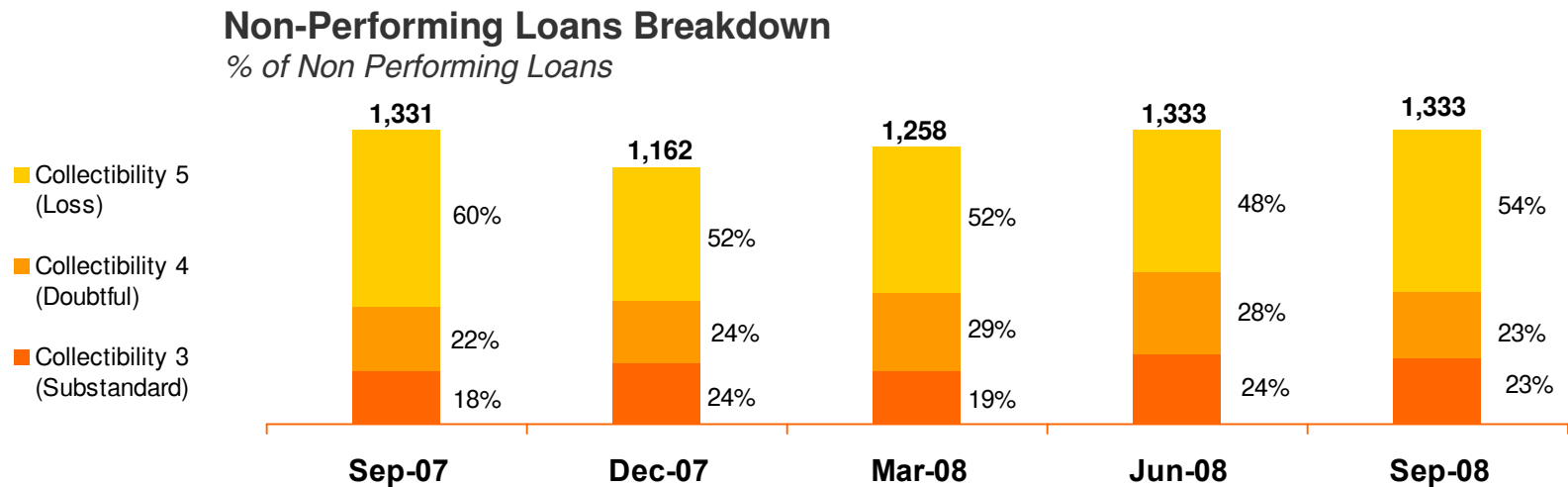
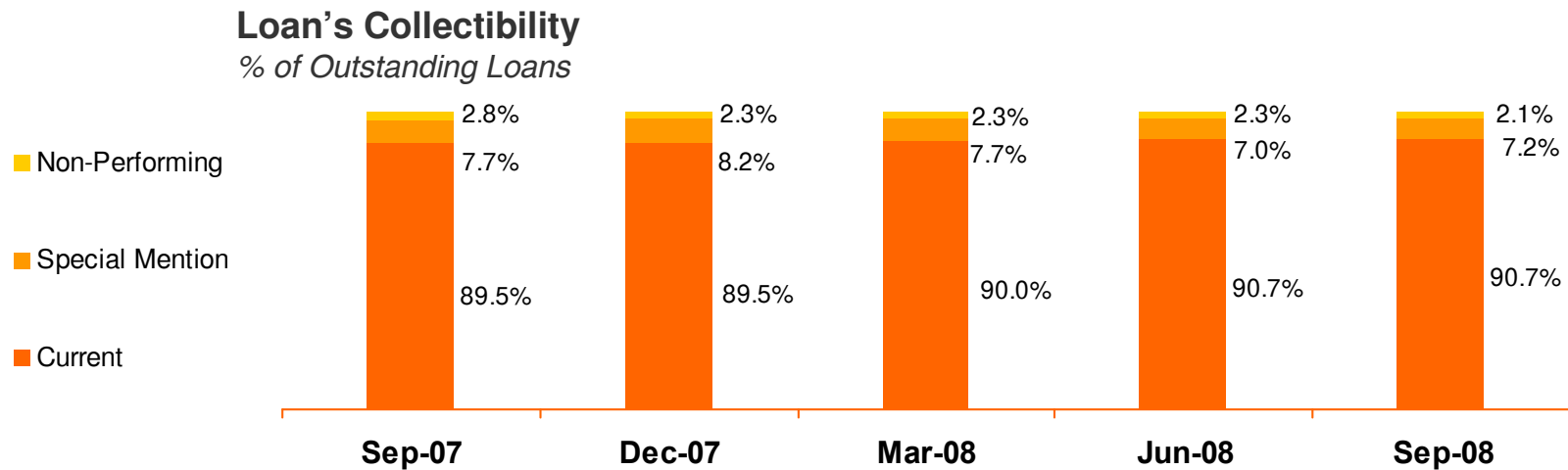


Total Loans

2008: Rp 66,523 billion
2007: Rp 50,153 billion

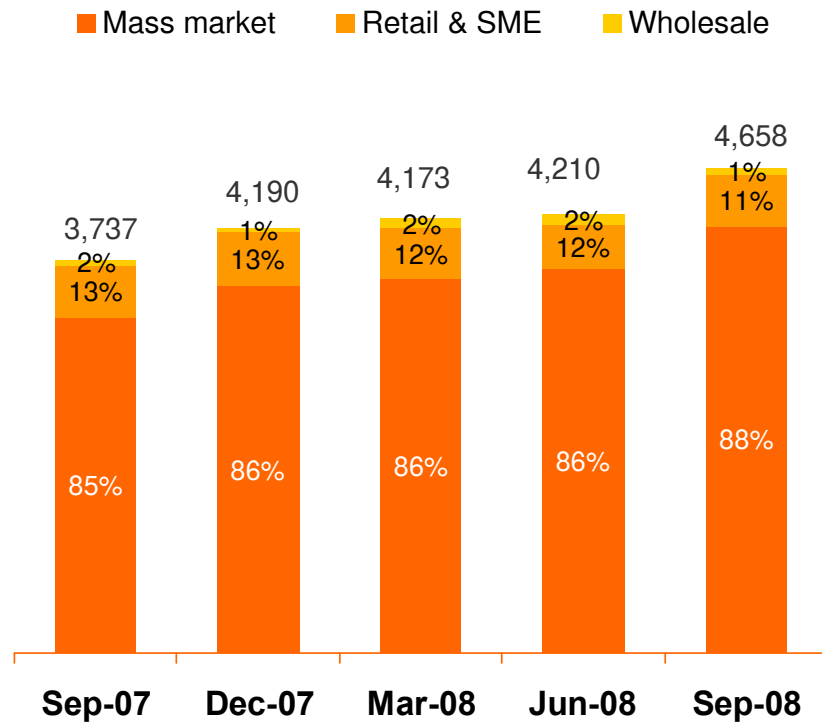
Fixed rate loans are primarily comprised of automotive financing and micro lending

Non-performing loans ratio steadily declined to 2.1% from 2.8% a year earlier

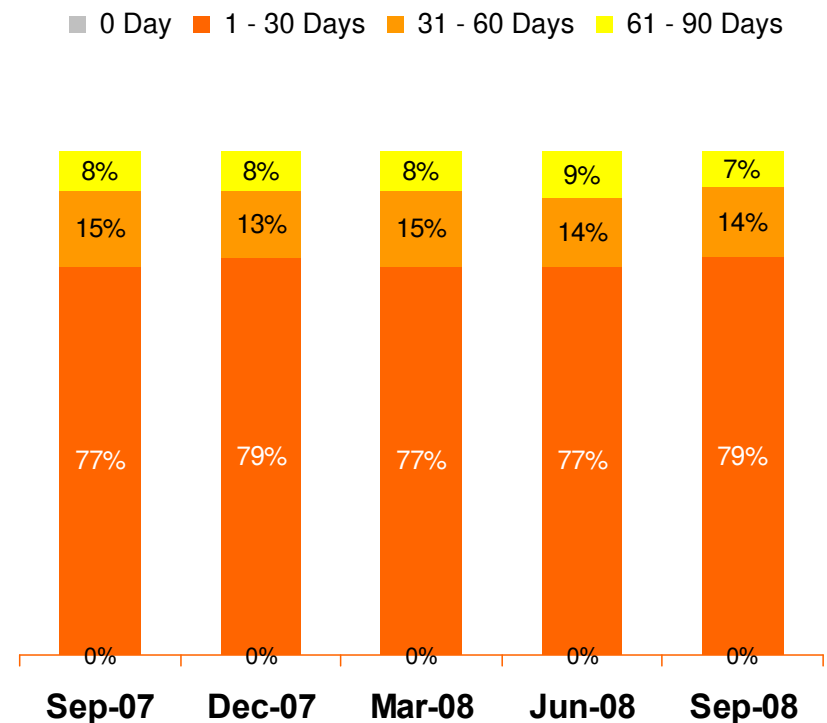


Special mention loans are mostly in DPD 1-30 days category

Special Mention Loans
Rp. billion



Aging of Special Mention Loans
% of Special Mention Loans

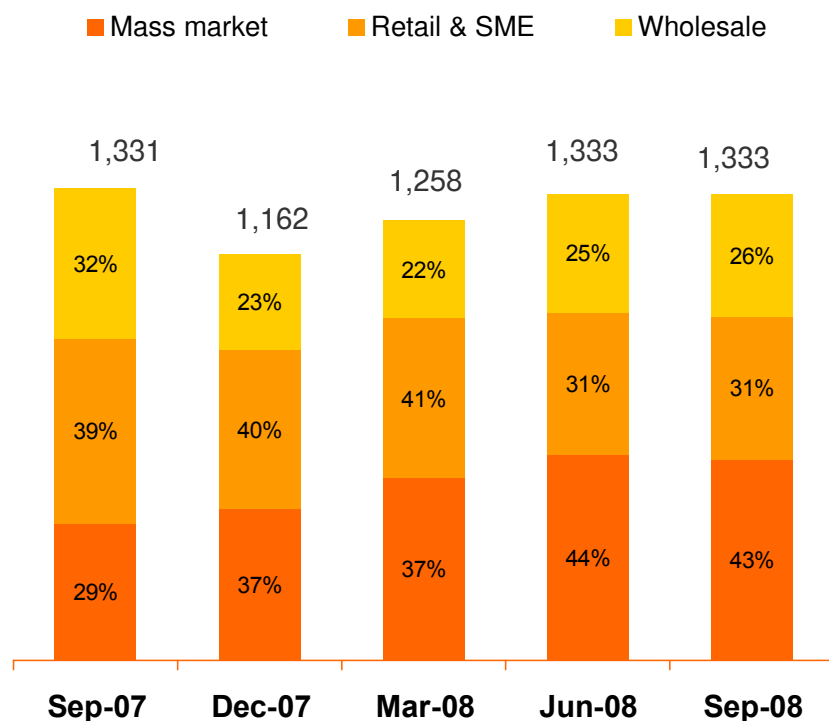


Special mention loans are mainly comprised of mass market loans

Adequate loan loss provision to cover non-performing loans

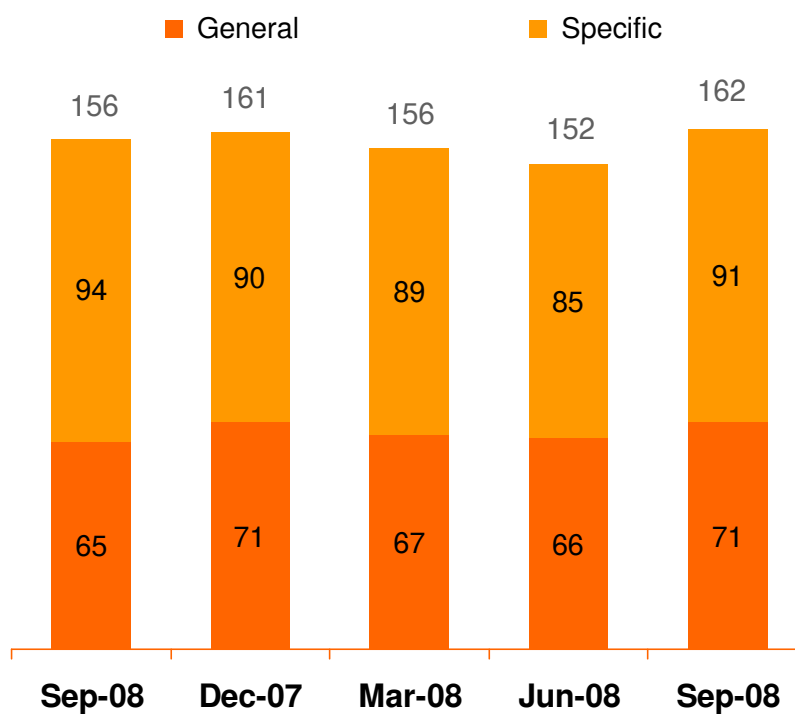
Non Performing Loans by Segments

Rp. billion



Loan Loss Provision / NPL ¹⁾

%



Non-performing loans unchanged despite of 33% increase in outstanding loans

¹⁾ After considering collateral value of Corporate, Commercial, SME and Mortgage loans

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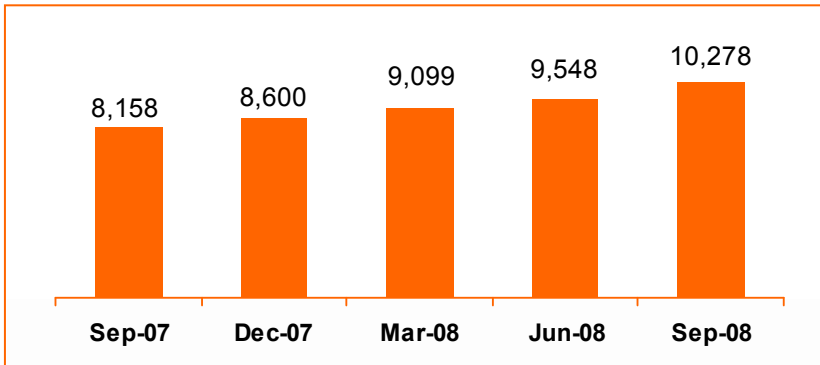
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Outstanding Loans

Rp. billion



Trader at wet market

SEMM also known as Danamon Simpan Pinjam (DSP) was established in 2004 to serve and help micro and small scale enterprises gain better access to banking services. It currently operates two business models:

① Wet Market Model

- Operates 745 DSP Units to serve big wet markets and 134 Mobile Units to serve smaller markets and employs around 9,300 personnel
- Extended Rp 9.6 trillion loans as of September 2008, an increase of 18% from a year earlier

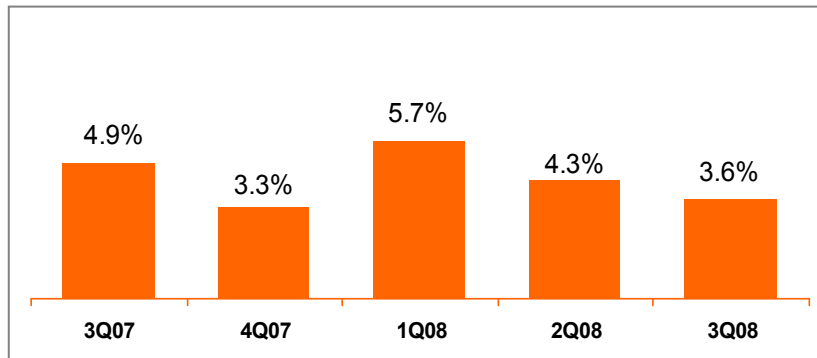
② Supply Chain Model

- Introduced in July 2007 to serve traders in the low-end of the supply chain
- Currently operates 202 Sales Offices with more than 2,400 staff
- Extended Rp 651 billion in loans as of September 2008

SEMM continues to grow steadily, extending Rp 10.3 trillion loans to micro and small businesses

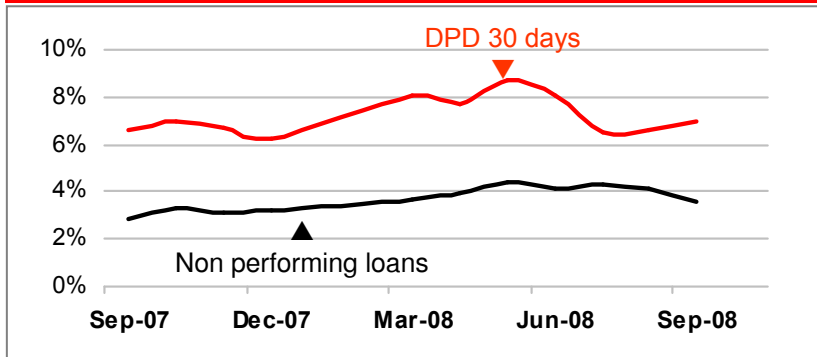
Cost of credit

% of Average Loans, annualized



DPD 30+ Days and NPL Ratio

% of Outstanding loans



Asset quality

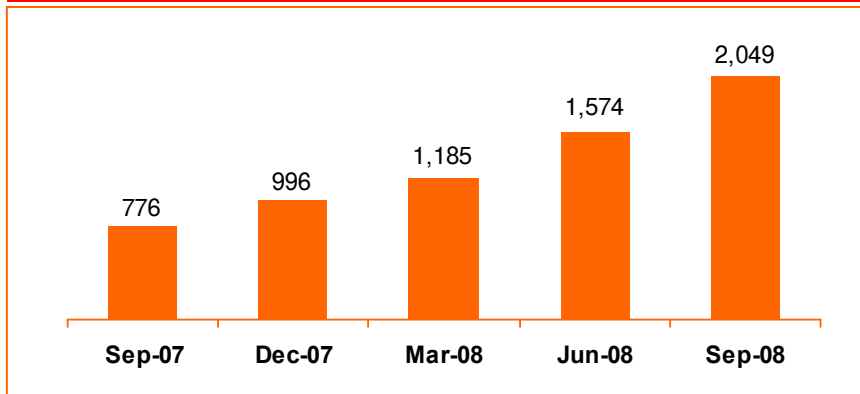
- Cost of credit stood at 3.6% of average loans in the third quarter of 2008 as compared to 4.3% in the previous quarter
- 30+ Days Past Due (DPD 30+) loans as % of total loans was 7.0% as of September 2008 compared to 6.6% a year earlier



A small mom-and-pop shop served by DSP supply chain model

Outstanding Loans

Rp. billion



CMM cross sells personal loans to selective customers of Adira Finance

Consumer Mass Market Business (CMM) offers personal loans to salaried individuals.

CMM currently operates two business models:

① Worksite Model

CMM continue expanding its network (Points of Sales) to sell personal loans to employees of selected companies in cities

② Adira Cross Sell Model

CMM has 131 sales contacts to cross sell personal loans to selected Adira's customers

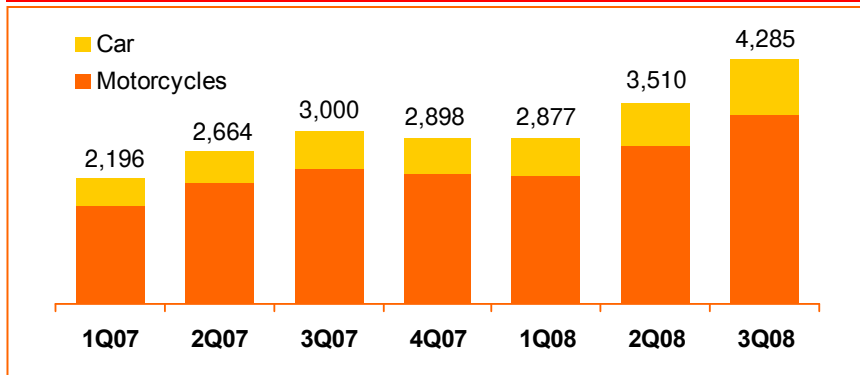
Business Performance

- Outstanding loans rose by 164% to Rp 2.0 trillion at the end of September 2008
- Cost of credit remains low at 4.4% in the first nine months 2008 on the back of high loan growth

CMM loans grew by 164% to Rp 2.0 trillion in September 2008

New Financing

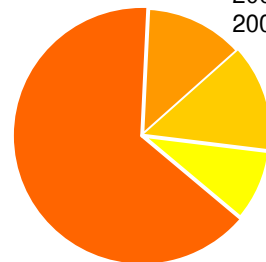
Rp. billion



Receivables Composition

As of September 30

New motorcycles
2008: 65%
2007: 64%



Total Receivables
2008: Rp 16,468 billion
2007: Rp 12,738 billion

- New financing grew by 36% to Rp 10.7 trillion in the first nine months of 2008
- Outstanding receivables rose by 29% to Rp 16.5 trillion in September 2008
- Market share in new motorcycle financing stood at 13.8 % in the first nine months of 2008 compared to 14.7% last year due to selective customer acquisition
- Cost of credit improved to 3.0% from 4.8% in the previous year due to lower provision and loss on repossessed assets



New financing rose by 36% to Rp 10.7 trillion

Rp. billion	9M07	9M08	△YoY	1Q08	2Q08	3Q08	△QoQ
New Financing Units	691,336	892,675	29%	247,023	294,631	351,021	19%
New Financing Volume	7,860	10,673	36%	2,877	3,510	4,285	22%
O/S Receivables	12,738	16,468	29%	13,789	14,811	16,468	11%
Net Interest Income ¹⁾	1,686	2,011	19%	652	664	695	5%
Fee Income	39	155	297%	18	55	82	49%
Total Operating Income	1,725	2,166	26%	671	719	777	8%
Operating Expenses & Others	(589)	(787)	34%	(236)	(258)	(294)	14%
Cost of Credit	(420)	(325)	(23%)	(103)	(109)	(112)	3%
Net Profit before Tax	716	1,055	47%	331	353	371	5%
Net Profit after Tax	495	737	49%	231	246	260	6%

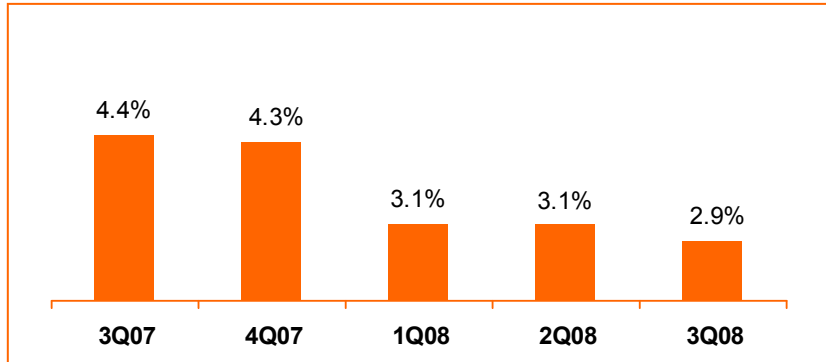
Net profit grew by 49% to Rp 737 billion

1) Applying internal transfer pricing charge

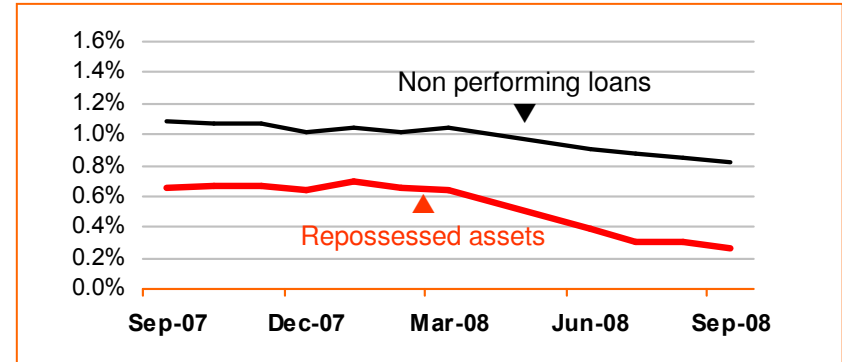
Slide 28

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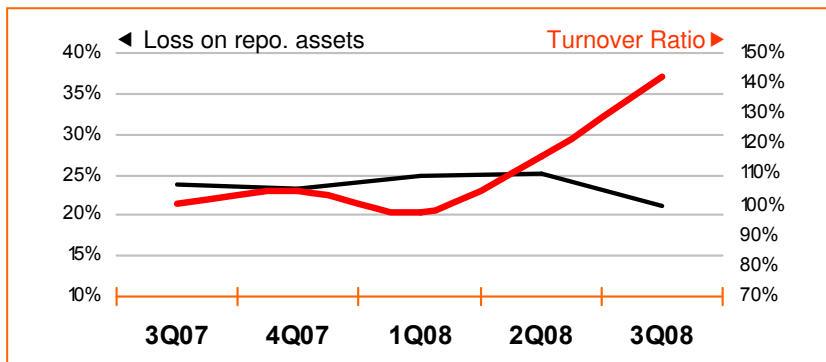
Cost of credit % of Average Receivables



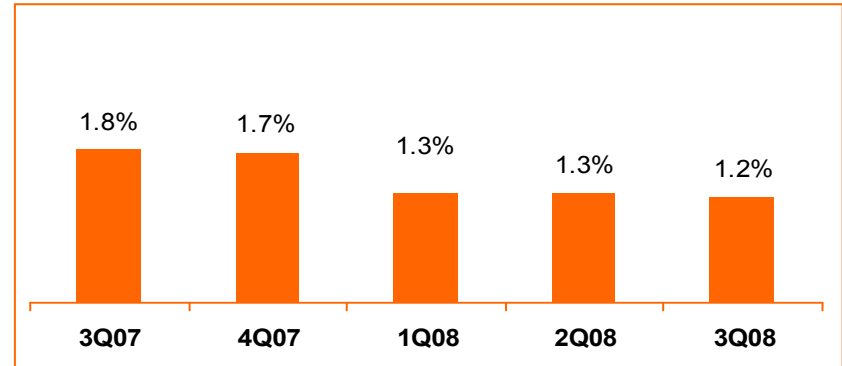
NPL and Repo Assets % of Receivables



Loss on Repo. Assets and Turnover Ratio ¹⁾ %



Net write off % of Average Receivables

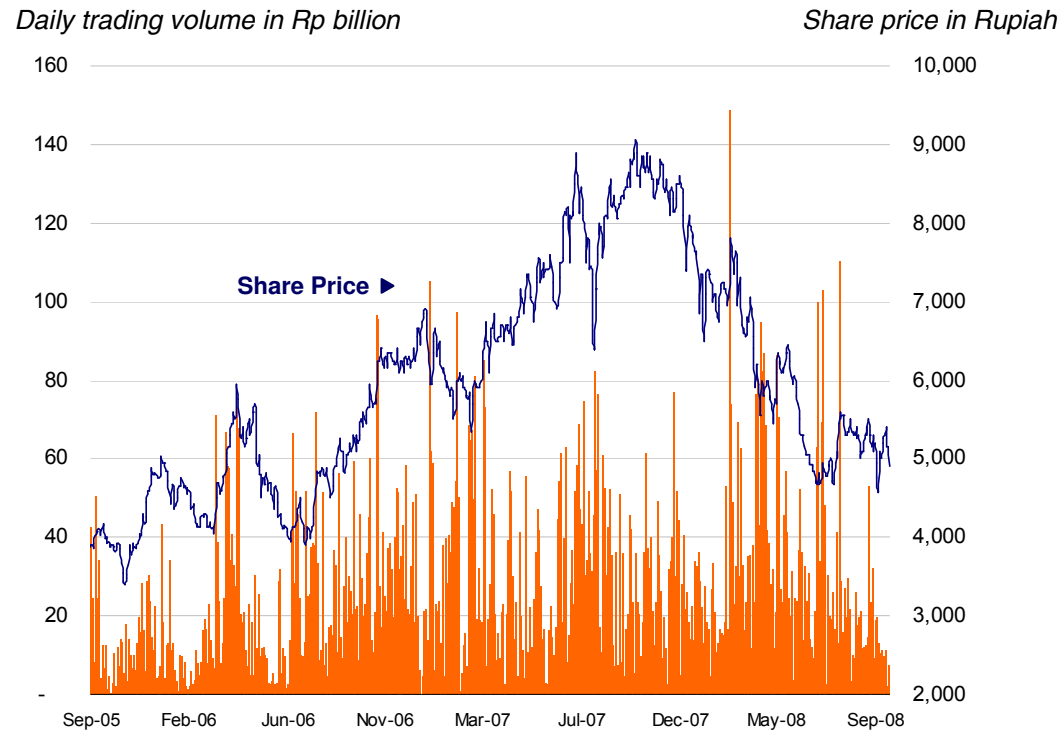


1) Turnover ratio was measured by number of repossessed asset units sold as % of repossessed asset inventory.
LOR was measured by losses of repossessed assets as % of outstanding loan principal

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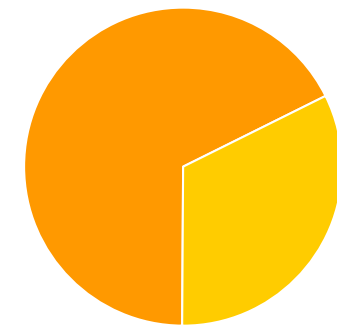
Daily share price and trading volume BDMN IJ



Source: Bloomberg

Shareholding Structure As of September 30, 2008

Asia Financial (Indonesia)
67.87%



Public
32.13%

Asia Financial (Indonesia) (AFI)

- AFI is a consortium of Fullerton Financial Holdings Pte. Ltd. (FFH) (85%) and Deutsche Bank (15%).
- FFH is wholly owned by Temasek Holdings

Danamon

PEFINDO	Corporate Rating	^{id} AA+ / Stable
	Bond Rating	^{id} AA+ / Stable
Standard & Poor's	Long-term / Short-term Local Currency	BB- / Stable / B
	Long-term / Short-term Foreign Currency	BB- / Stable / B
	Subordinated Debt	B / Stable
Fitch Ratings	Long-term / Short-term Foreign Currency	BB / Stable / B
	National Long-term	AA (idn) / Stable
Moody's	Global Local Currency Deposit	Baa3 / Stable
	Foreign Currency Long-term / Short-term Deposit	B1 / Stable / Not Prime
	Subordinated Debt	Ba2 / Stable
	National Scale Rating	Aaa.id

Thank You

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Untuk Anda, Bisa