

Analyst Briefing

Full Year 2008 Results

Jakarta, 12 February 2009

Agenda

- **2008 Performance**

- **Financial Results**

- Asset Quality

- Business Update

- 2009 Strategic Priorities

- Latest Update

- Appendix

Highlights of 2008 Full Year Results

- Loans grew by 25% to Rp 67 trillion largely driven by mass market business
- Third party deposits rose by 27% to Rp 75 trillion; total funding increased by 24% to Rp 88 trillion
- Net Interest Income increased by 17% to Rp 8,354 billion
- Reported NPAT amounted to Rp 1,530 billion
- Net interest margin expanded to 11.1%
- LDR declined to 86.4%
- Consolidated CAR stood at 15.4%

Highlights of Income Statement

<i>Rp. billion</i>	FY07	FY08	ΔYoY	1Q08	2Q08	3Q08	4Q08
Net Interest Income	7,136	8,354	17%	1,977	2,079	2,175	2,123
Fee Income	1,330	2,149	62%	453	593	573	530
Operating Income before Gain (Loss) on Sale of Marketable Securities	8,466	10,503	25%	2,430	2,672	2,748	2,653
Gain (Loss) on Sale of Marketable Securities	411	(152)	(137%)	(12)	(95)	(46)	1
Operating Income	8,877	10,351	17%	2,418	2,577	2,702	2,654
Operating Expenses	(4,255)	(5,604)	32%	(1,213)	(1,345)	(1,493)	(1,553)
Pre-Provision Operating Profit	4,622	4,747	3%	1,205	1,232	1,209	1,101
Cost of Credit	(1,240)	(1,076)	(13%)	(290)	(293)	(280)	(213)
Normalized Net Profit after Tax	2,117	2,334	10%	563	595	605	571
Non recurring expense ¹⁾	-	(804)	NM	-	-	-	(804)
Reported Net Profit after Tax	2,117	1,530	(28%)	563	595	605	(233)

¹⁾ Non-recurring expense primarily comprises of actual cost of unwound foreign exchange forward contracts and provisioning of the outstanding contracts

Highlights of Balance Sheet

<i>Rp. billion</i>	FY07	FY08	ΔYoY	1Q08	2Q08	3Q08	4Q08
Total Assets	89,410	107,268	20%	92,178	96,582	103,462	107,268
Loans (gross) ¹⁾	53,330	66,898	25%	55,917	61,207	66,523	66,898
Government Bonds	15,808	13,083	(17%)	15,010	13,129	12,754	13,083
Total Deposits	59,528	75,373	27%	61,996	65,939	71,709	75,373
Current Account ²⁾	5,920	7,103	20%	5,884	7,192	6,366	7,103
Savings ²⁾	12,203	12,847	5%	12,350	12,620	12,207	12,847
Time Deposit ³⁾	41,405	55,423	34%	43,762	46,127	53,136	55,423
Borrowings ^{3), 4)}	8,632	9,386	9%	8,962	10,039	9,353	9,386
Subordinated Debt	2,817	3,270	16%	2,759	2,765	2,828	3,270
Equity	10,833	10,579	(2%)	11,152	10,296	10,896	10,579

¹⁾ Include consumer financing receivables of Adira Finance

²⁾ Reclassification Prima Dollar from current account into saving in 2007

³⁾ Reclassification FRCD from Time deposit to Borrowings in 2007

⁴⁾ Include securities sold under repo agreements and Adira Finance's bank loans and bonds

Key Ratios

%	FY07	FY08	ΔYoY	1Q08	2Q08	3Q08	4Q08
Net Interest Margin ¹⁾	10.4	11.1	0.7	11.3	11.5	11.4	10.3
Cost / Income	47.9	54.1	6.2	50.2	52.2	55.3	58.5
Normalized Cost of Credit ^{2, 3)}	2.3	1.6	(0.7)	2.0	1.9	1.6	1.2
Normalized ROAA ³⁾	2.4	2.4	(0.0)	2.5	2.5	2.4	2.1
Normalized ROAE ³⁾	22.9	22.3	(0.6)	20.7	23.6	23.3	21.9
Reported Cost of Credit	2.3	2.9	0.6	2.0	1.9	1.6	6.0
Reported ROAA	2.4	1.5	(0.9)	2.5	2.5	2.4	(0.9)
Reported ROAE	22.9	14.6	(8.3)	20.7	23.6	23.3	(9.0)
Loan / Deposits	88.1	86.4	(1.7)	89.4	91.7	90.7	86.4
Loan / Funding ⁴⁾	73.6	73.9	0.3	74.8	76.4	77.4	73.9
Capital Adequacy (Consolidated) ⁵⁾	20.3	15.4	(4.9)	20.8	17.4	16.6	15.4
Capital Adequacy (Stand Alone) ⁵⁾	19.3	13.4	(5.9)	19.7	16.0	14.8	13.4
NPL – Gross	2.2	2.3	0.1	2.3	2.3	2.1	2.3
LLP / NPL ⁶⁾	161.2	136.7	(24.5)	156.4	151.8	161.6	136.7

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

²⁾ Cost of credit over earning assets (exclude government securities)

³⁾ Exclude the impact of non-recurring expenses

⁴⁾ Funding include customer deposits and long-term funding

⁵⁾ After market risk charge and amortization of subordinated debts

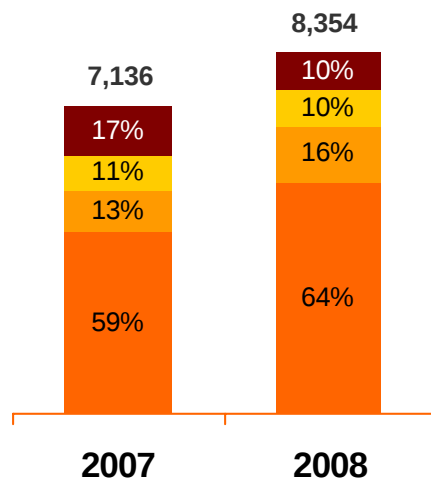
⁶⁾ Consolidated NPL-Gross after taking into account collateral value of the loans

Net Interest Margin expanded to 11.1% in 2008 sustained by high asset yield

Net Interest Income

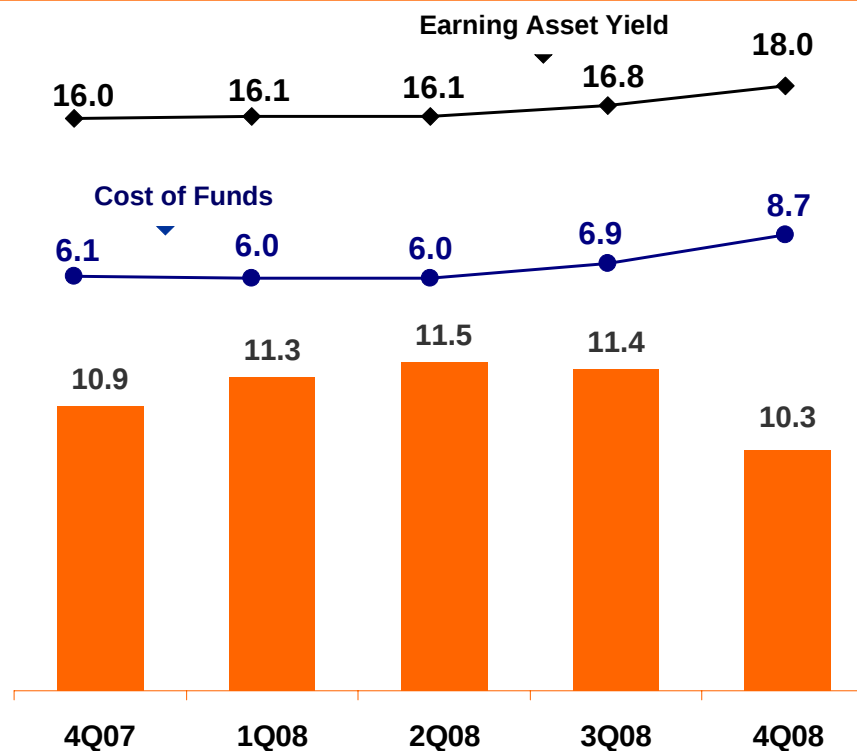
Rp. billion

- Wholesale
- SME & Commercial
- Retail
- Mass Market



Net Interest Margin

%, annualized

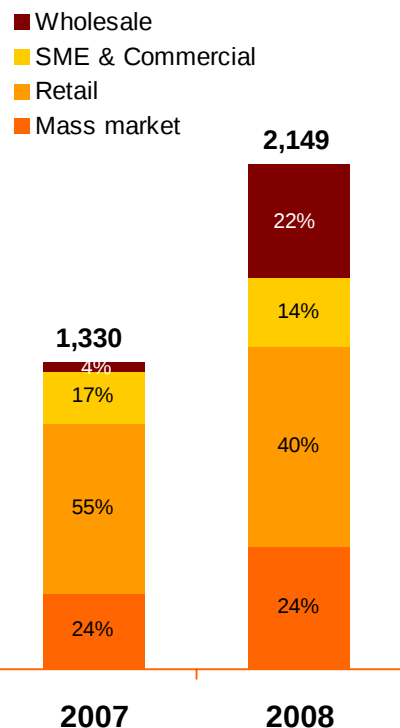


Mass market businesses drove 17% increase in net interest income

Non-interest income contributed to 19% of operating income in 2008

Fee Income

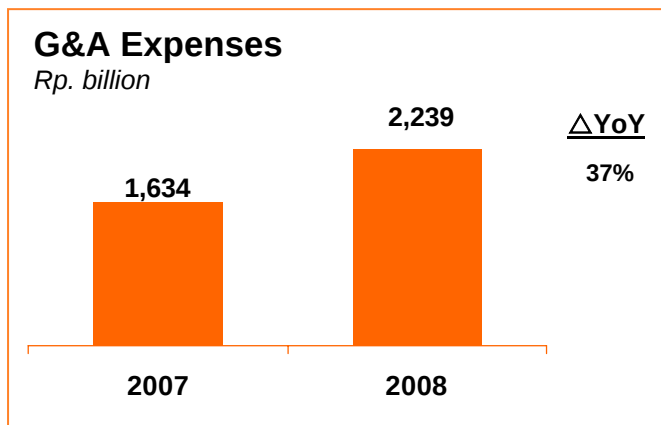
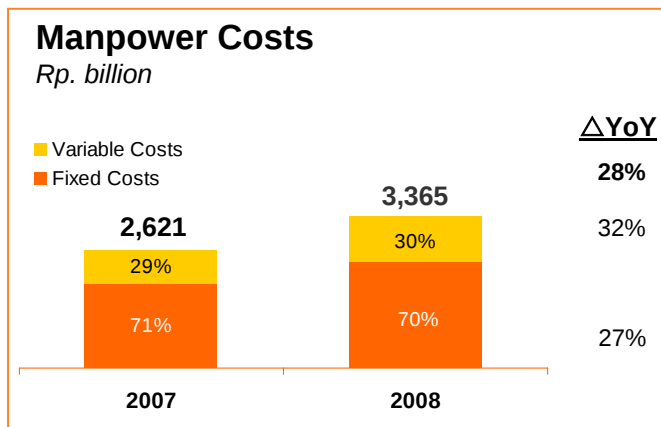
Rp. billion



Rp. billion	2007	2008	ΔYoY
Fee Income	1,330	2,149	62%
Credit related fees	797	1,025	29%
Cash management	288	302	5%
Treasury products	(49)	392	NM
Adira Finance	72	188	161%
Adira Insurance	202	242	20%
Others	20	0	(100%)
Gain (loss) on sale of marketable securities	411	(152)	(137%)
Non-Interest Income	1,741	1,997	15%
Non Interest Income / Operating Income	20%	19%	(1%)

Fee income increased 62% primarily driven by credit related fees and Adira

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

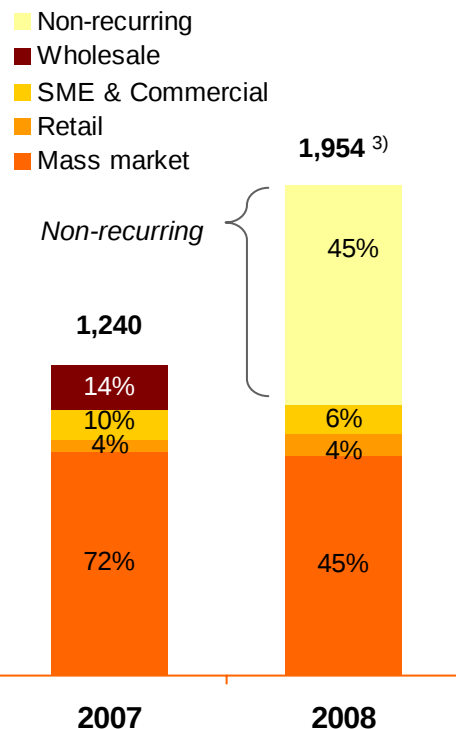


Rp billion	2007	2008	ΔYoY
Wholesale	444	529	19%
Retail	1,503	1,812	21%
SME & Commercial	547	647	18%
Mass Market	1,761	2,616	49%
Adira Finance	833	1,033	24%
SEMM	709	1,192	68%
CMM & Quantum	219	391	79%
Total	4,255	5,604	32%
Cost / Income	47.9%	54.1%	6.2%

Normalized cost of credit declined to Rp 1,076 billion in 2008, representing 1.6% of average earning assets

Cost of Credit ¹⁾

Rp. billion



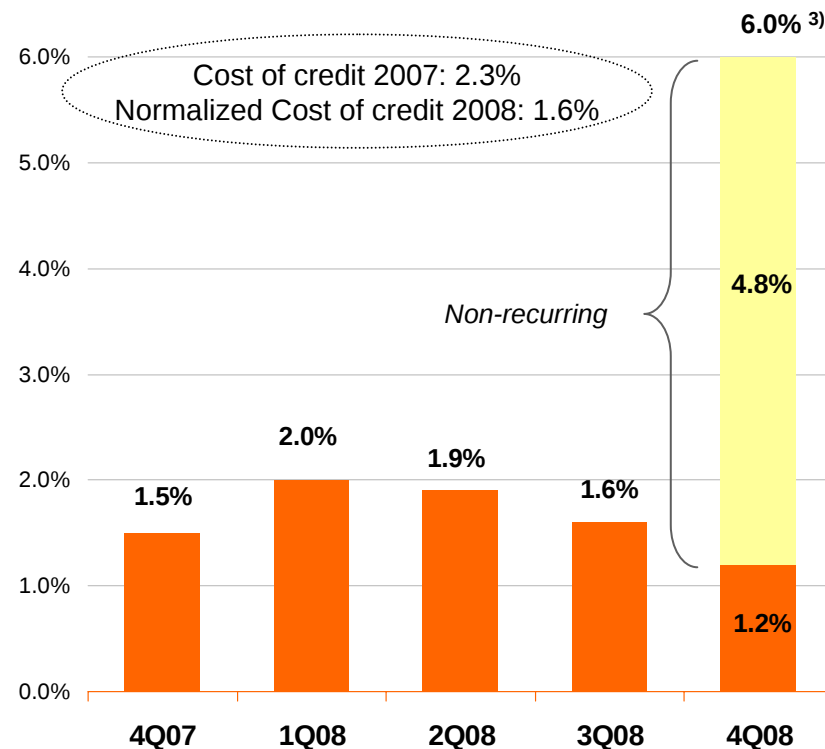
¹⁾ Cost of credit comprise of provision for losses, loss on repossessed assets of Adira Finance and net write-off

²⁾ Earning assets exclude all government securities

³⁾ Reported cost of credit

Cost of Credit / Avg. Earning Assets ²⁾

%, Annualized

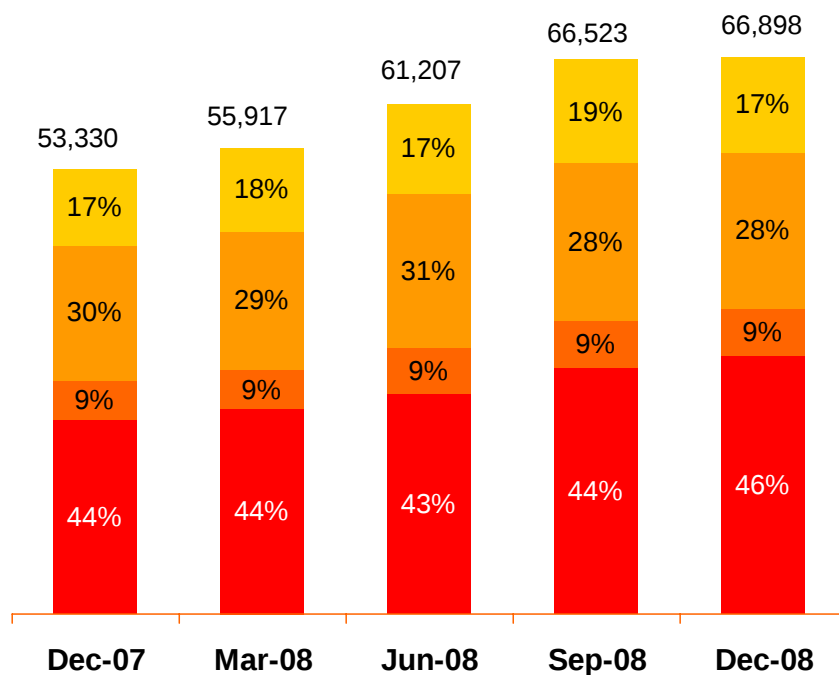


Including non-recurring items, reported cost of credit rose to 2.9% in 2008

Loans expanded by 25% driven mainly by mass market businesses

Outstanding Loans Composition

Rp. billion



Loan Growth

Year-on-Year

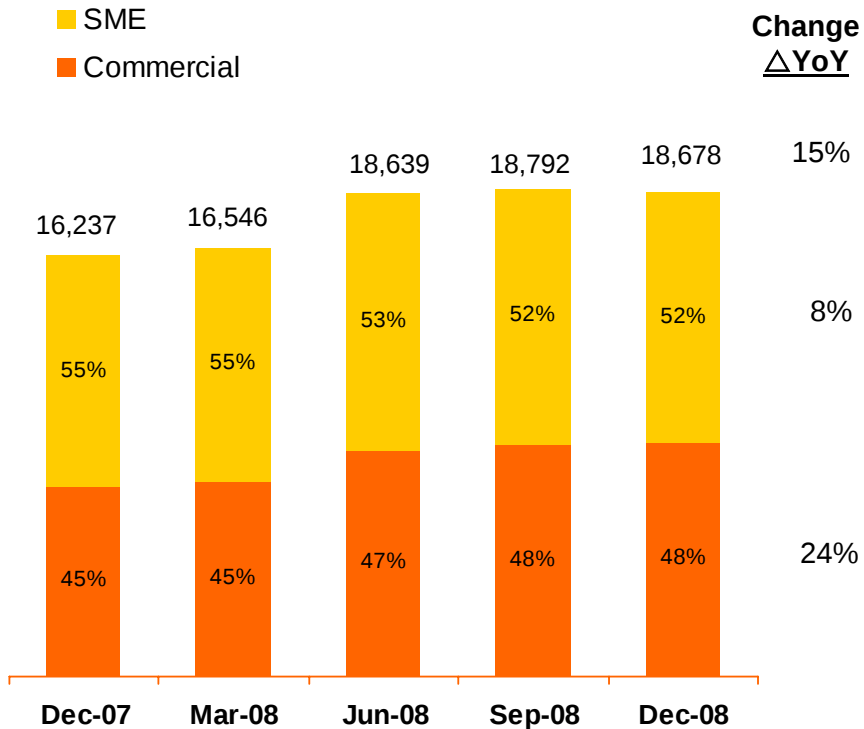
Rp. billion	Dec-07	Dec-08	ΔYoY	
			Rp.bn	%
Wholesale	9,000	11,518	2,518	28%
SME & Commercial	16,237	18,678	2,441	15%
Retail	4,710	5,659	949	20%
Mass Market	23,383	31,043	7,660	33%
Total	53,330	66,898	13,567	25%

Mass market loans grew 33%, contributing 46% of the bank's loan book

SME & Commercial loans growth partly driven by asset based financing

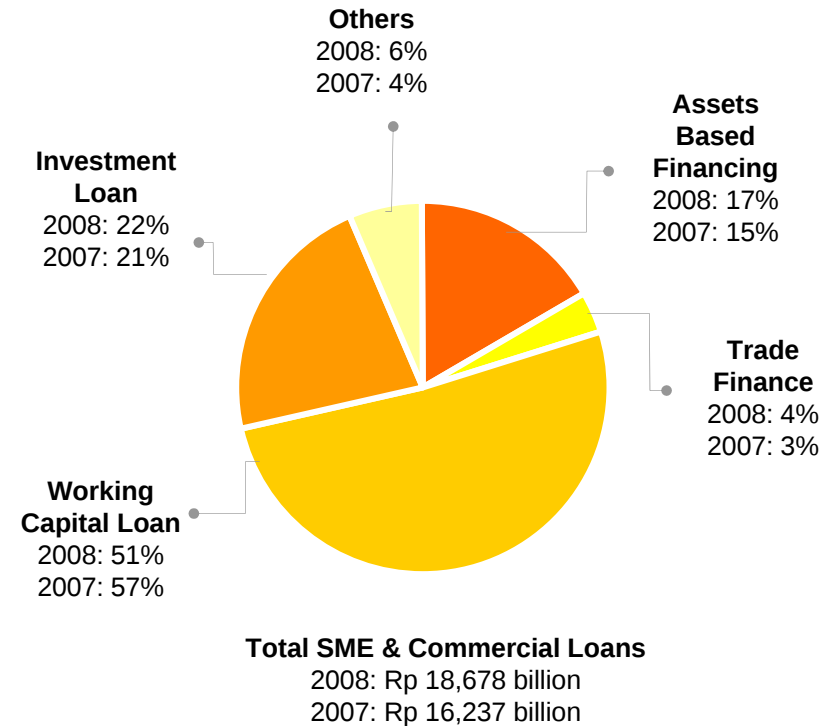
SME & Commercial Loans Composition

Rp. billion



Breakdown of SME & Commercial Loans

As of December 31

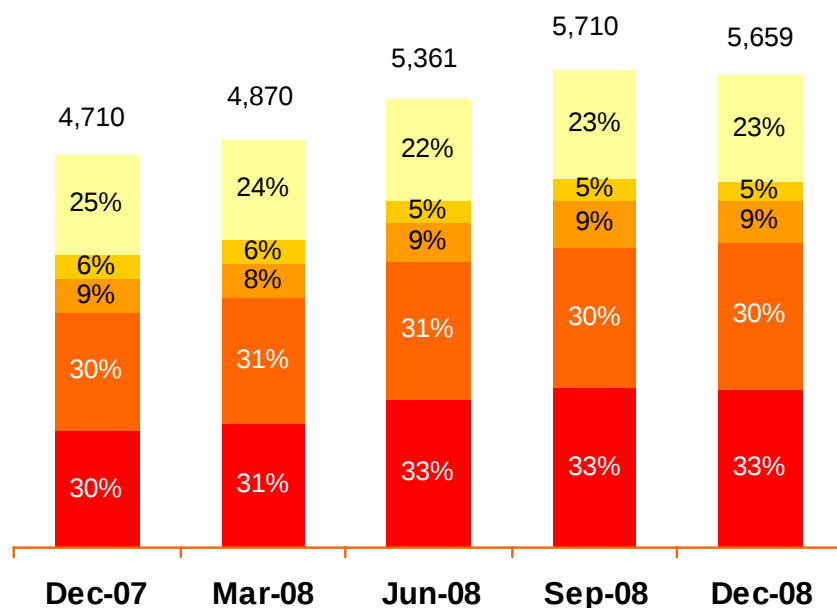


Over 68% of SME & commercial loans are comprised of working capital and asset based financing

Retail loans rose by 20% on the back of strong growth in mortgage and credit card receivables

Retail Loans Composition

Rp. billion



Loan Growth

Year-on-Year

Rp. billion	Dec-07	Dec-08	ΔYoY	
			Rp.bn	%
Multipurpose & others ¹⁾	1,192	1,259	68	6%
Personal loan	295	241	(54)	(18%)
Syariah	408	509	101	25%
Credit card	1,409	1,762	353	25%
Mortgage	1,406	1,888	482	34%
Total	4,710	5,659	949	20%

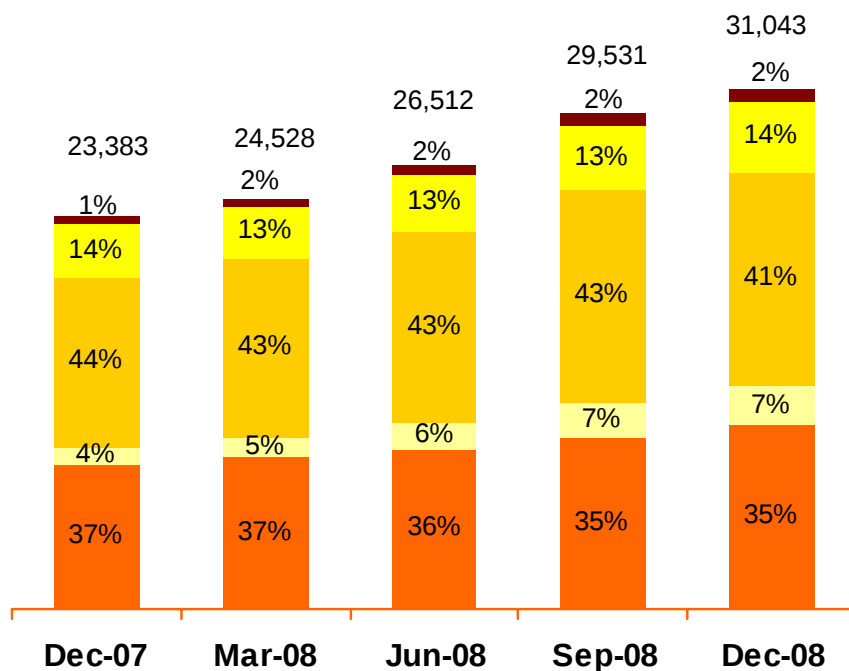
¹⁾ Include loan to employees

Credit card receivables increased by 25% to Rp 1,762 billion at the end of 2008

Mass market loans grew by 33% driven by motorcycle financing and micro lending

Mass Market Loan Composition

Rp. billion



Loan Growth

Year-on-Year

Rp. billion	Dec-07	Dec-08	ΔYoY	
			Rp.bn	%
Hire Purchase ¹⁾	402	767	365	91%
Cars ²⁾	3,164	4,201	1,037	33%
Motorcycles ²⁾	10,221	12,806	2,585	25%
CMM	996	2,304	1,308	131%
SEMM	8,600	10,965	2,366	28%
Total	23,383	31,043	7,660	33%

¹⁾ Hire purchase financing from Adira Quantum

²⁾ Motorcycles and cars financing from Adira Finance

Micro loans extended by SEMM grew 28% to Rp 11 trillion, representing 16% of the bank's total loans

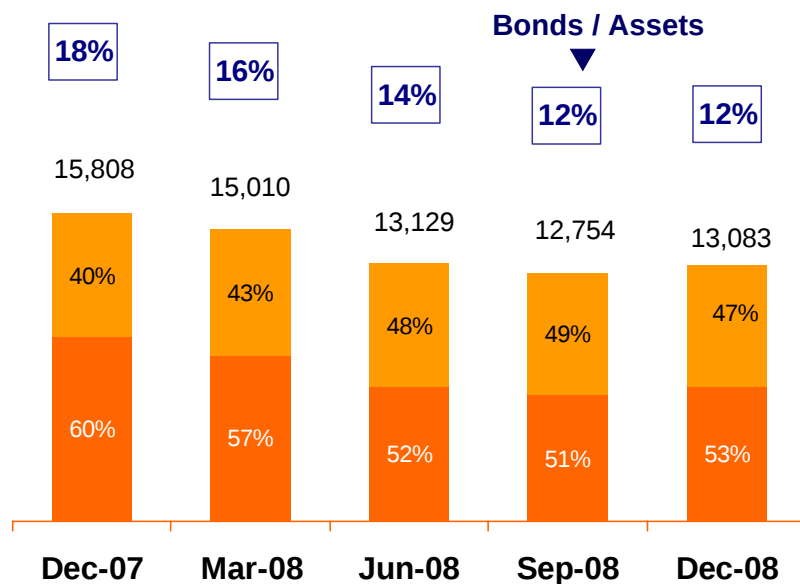
Government bonds have steadily reduced and only represented 12% of the bank's assets at the end of 2008

Government Bonds Composition

Rp. billion

Variable Rate

Fixed Rate



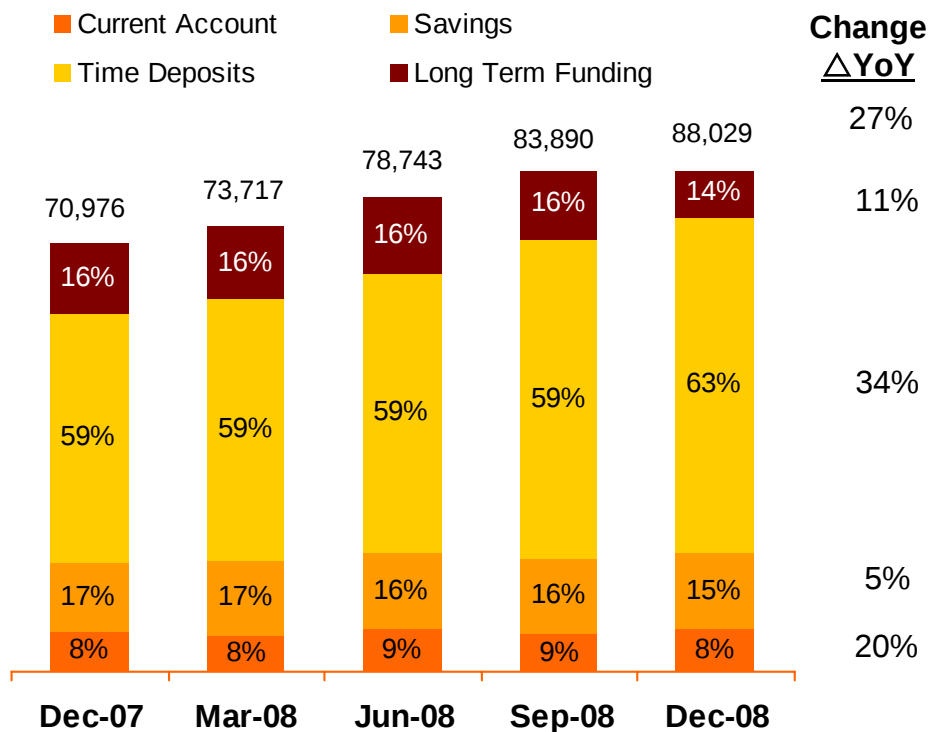
	Rp. billion	Dec-07	Dec-08	ΔYoY		Duration (years)
				Rp.bn	%	
Held to maturity		4,225	2,478	(1,747)	(41%)	5.0
Available for sale		10,369	10,168	(201)	(2%)	2.0
Trading		1,214	438	(776)	(64%)	2.0
Total		15,808	13,083	(2,724)	(17%)	3.2

The duration of government bonds was 3.2 years as of December 2008

Total deposit rose by 27% to Rp 75.4 trillion, representing 86% of the bank's funding

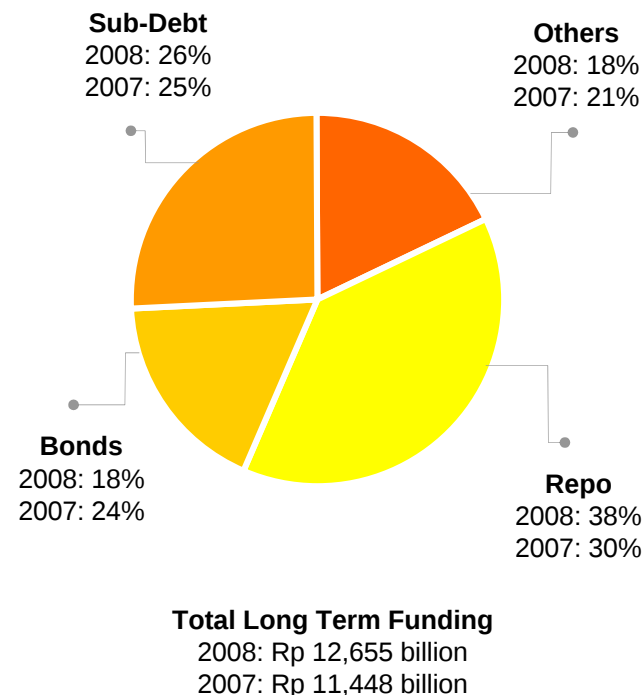
Breakdown of Interest Bearing Funds

Rp. billion



Long-Term Funding

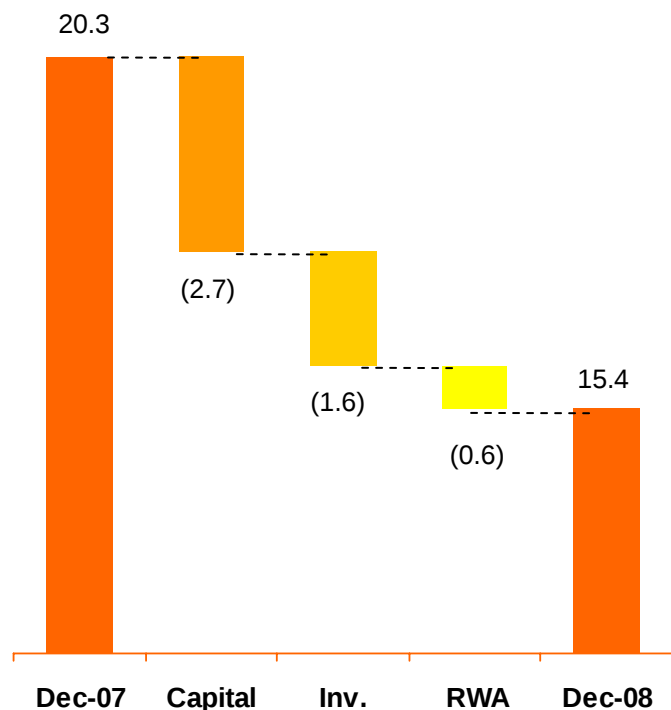
As of December 31



Long-term funding increased by 11% to Rp 13 trillion, contributing 14% of the bank's total funding

Consolidated Capital Adequacy Ratio stood at 15.4% at the end of 2008

Movement of Capital Adequacy Ratio %



Rp. billion	Dec-07	Dec-08	△YoY
Tier 1 Capital	9,769	10,438	7%
Tier 2 Capital	4,116	1,405	(66%)
Investments	(300)	(389)	30%
Total Capital after Investment	13,585	11,454	(16%)
Risk Weighted Assets (RWA)	66,882	74,234	11%
Capital Adequacy Ratio (Stand Alone) ¹⁾	19.3%	13.4%	(5.9%)
Capital Adequacy Ratio (Consolidated) ¹⁾	20.3%	15.4%	(4.9%)

¹⁾ After credit and market risk charge

Tier 2 Capital declined by 66% due to the amortization of USD 300 million sub-debt

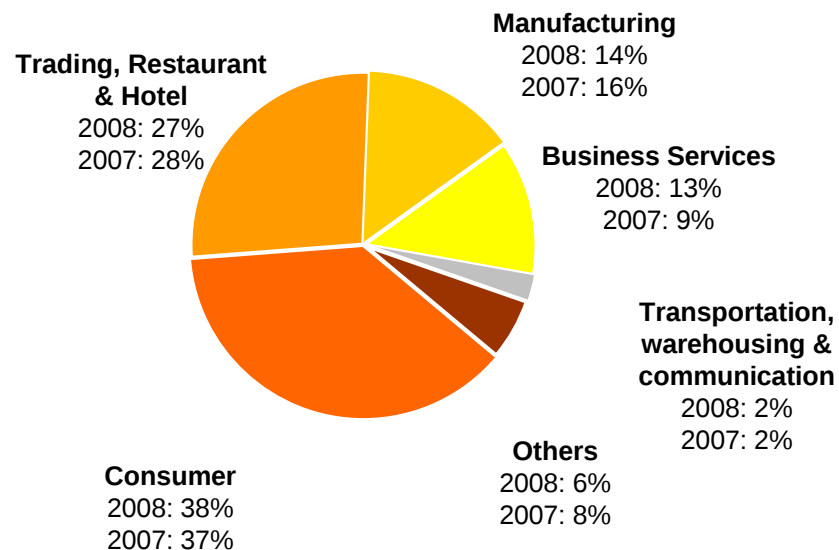
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- 2008 Performance
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 - **Asset Quality**
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Loan portfolio is well diversified across economic sectors

Loans by Economic Sector

As of December 31



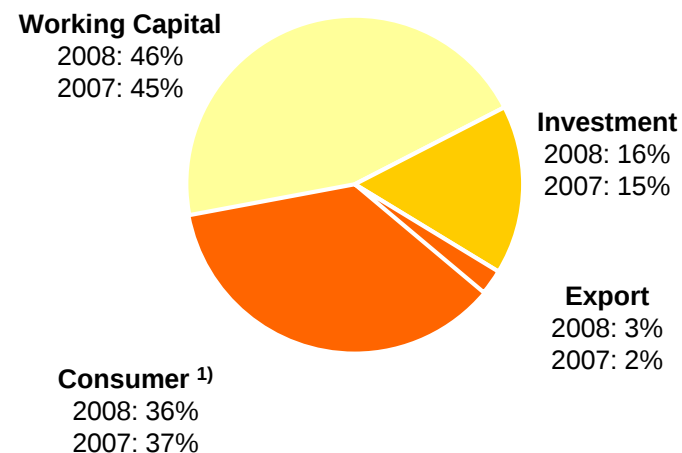
Total Loans

2008: Rp 66,898 billion

2007: Rp 53,330 billion

Loans by Type

As of December 31



Total Loans

2008: Rp 66,898 billion

2007: Rp 53,330 billion

46% of loan portfolio is comprised of short-term working capital facilities

¹⁾ Including loans to employee and management

Over 87% of the loan portfolio is denominated in local currency

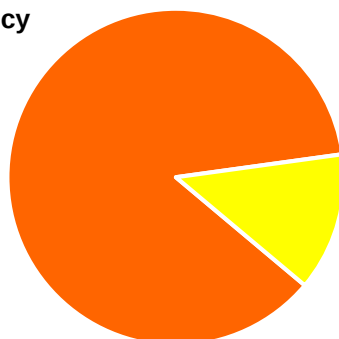
Loans by Currency

As of December 31

Local Currency

2008: 87%

2007: 87%



Foreign Currency

2008: 13%

2007: 13%

Total Loans

2008: Rp 66,898 billion

2007: Rp 53,330 billion

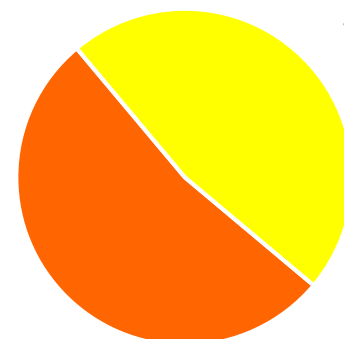
Loans by Interest Rate

As of December 31

Variable Rate

2008: 53%

2007: 49%



Fixed Rate

2008: 47%

2007: 51%

Total Loans

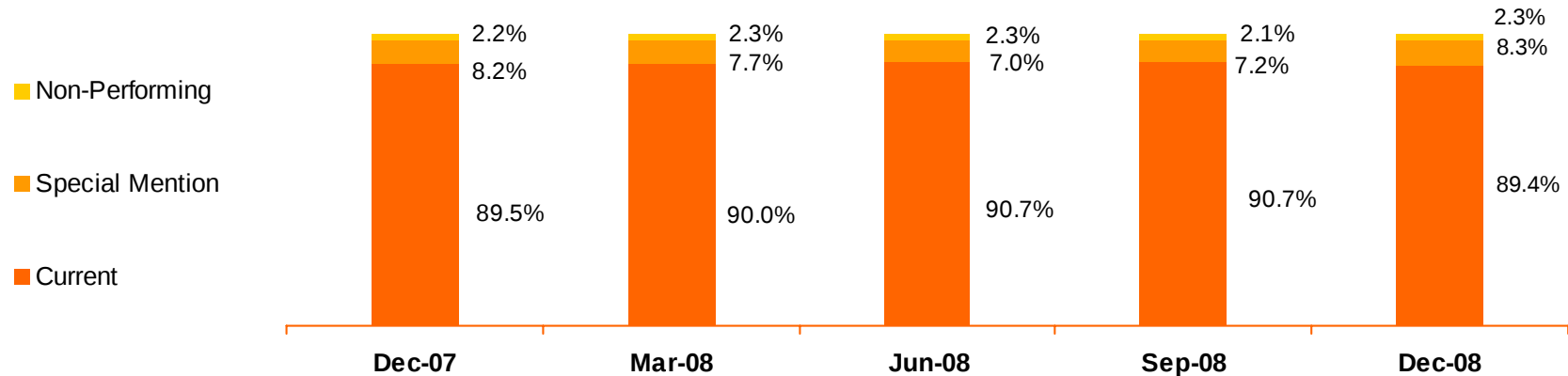
2008: Rp 66,898 billion

2007: Rp 53,330 billion

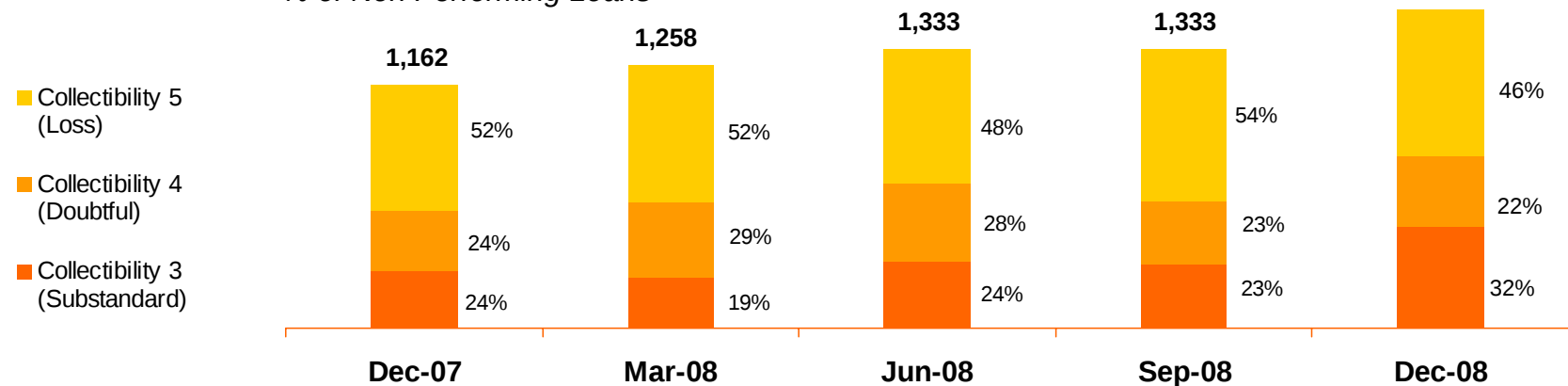
Fixed rate loans are primarily comprised of automotive financing and micro lending

Non-performing loans ratio remain stable at 2.3% at the end of 2008

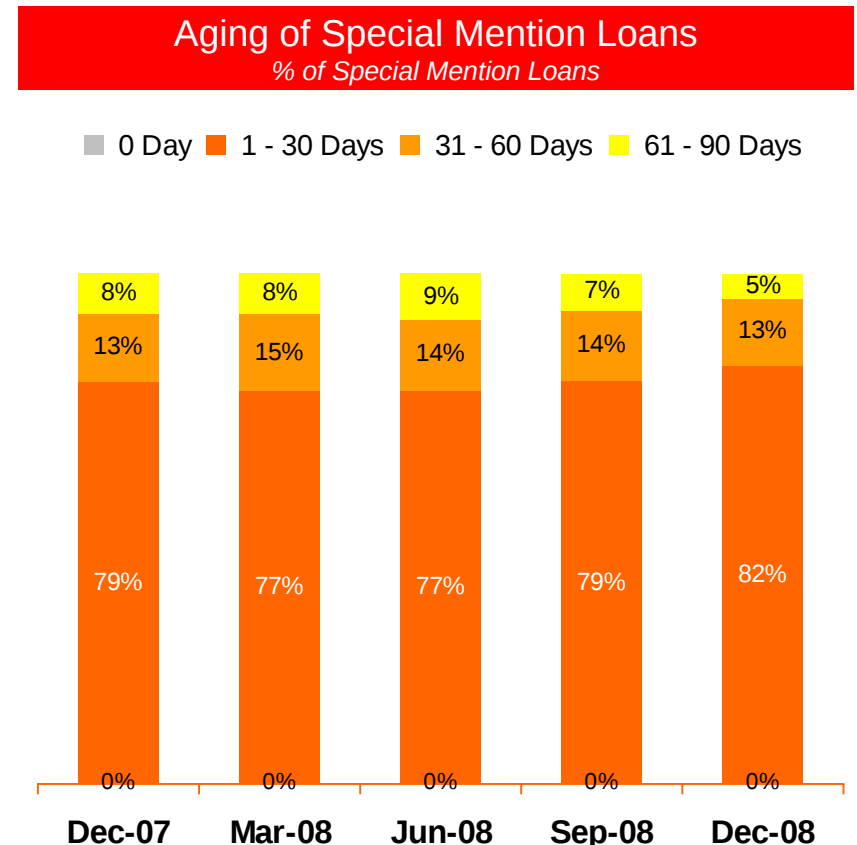
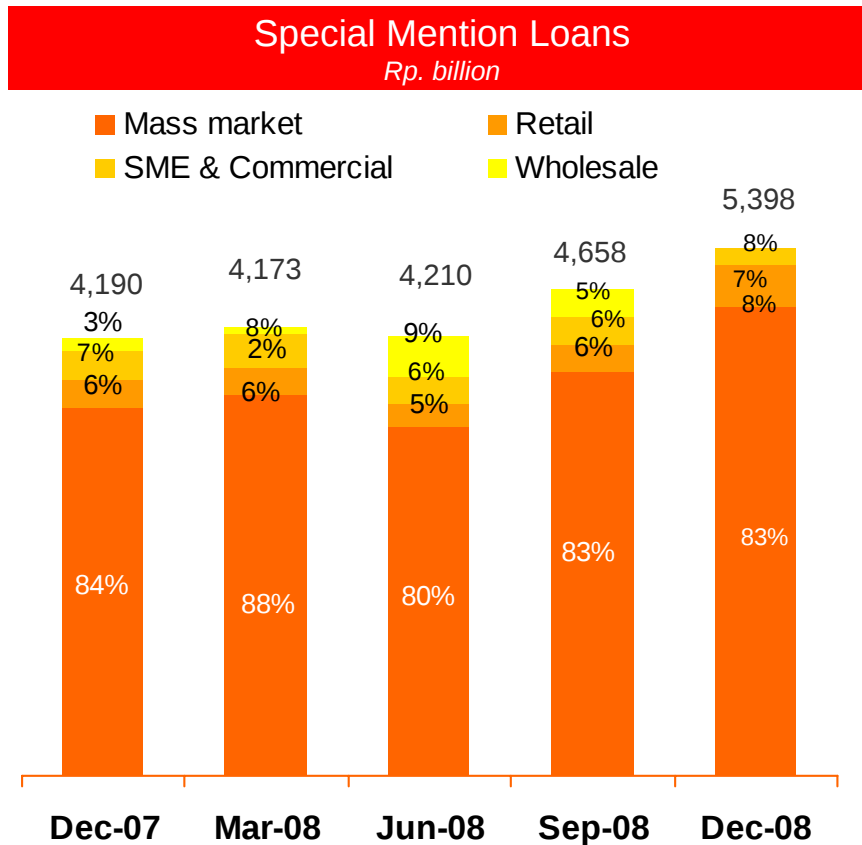
Loan's Collectibility % of Outstanding Loans



Non-Performing Loans Breakdown % of Non Performing Loans



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



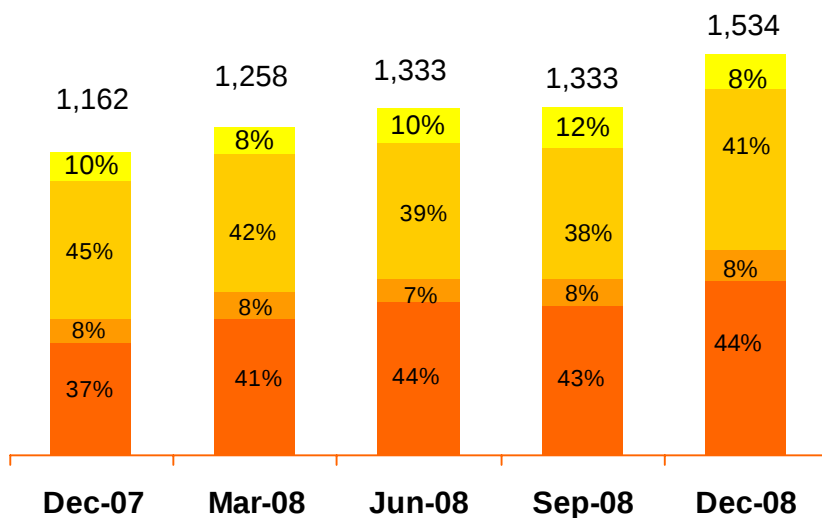
Special mention loans are mainly comprised of mass market loans

Adequate loan loss provision to cover non-performing loans

Non Performing Loans by Segments

Rp. billion

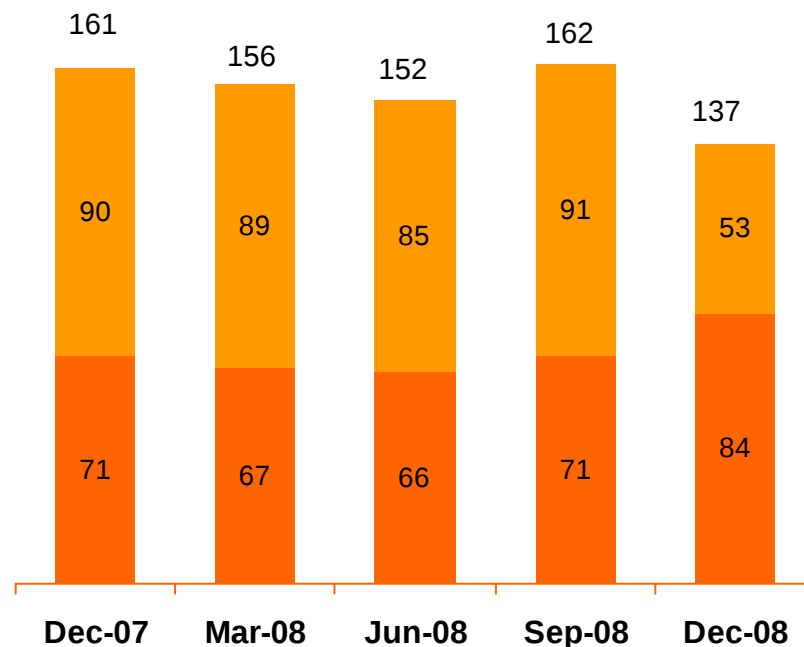
- Mass market
- Retail
- SME & Commercial
- Wholesale



Loan Loss Provision / NPL ¹⁾

%

- General
- Specific



Loan loss provision coverage stood at 137% at the end of 2008

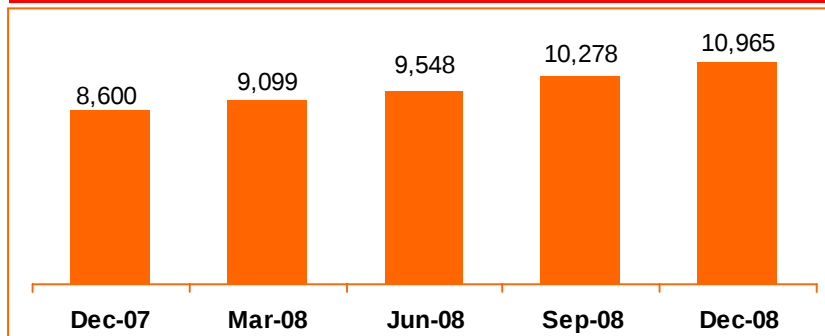
¹⁾ After considering collateral value of Corporate, Commercial, SME and Mortgage loans

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Outstanding Loans

Rp. billion



Trader at wet market

SEMM, also known as DSP (Danamon Simpan Pinjam), was established in 2004 to serve micro and small scale enterprises to gain better access to banking services.

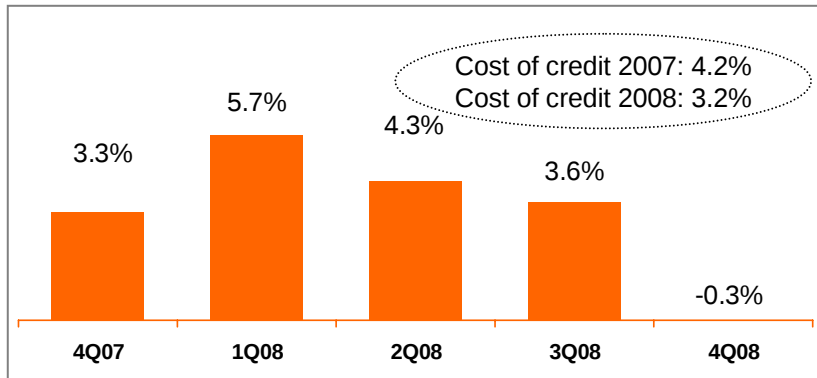
Business Performance

- DSP currently operates 801 DSP Units to serve big wet markets and 200 Mobile Units to serve smaller markets
- DSP has started to serve traders in the low-end of the supply chain in July 2007 through 246 Sales Offices
- DSP employees 12,115 personnel at the end of 2008
- Loans extended by DSP grew by 28% to reach Rp 10,965 billion at the end of 2008, representing over 16% of the bank's loan book

SEMM business continues to grow steadily, extending Rp 11 trillion loans at the end of 2008

Cost of credit

% of Average Loans, annualized

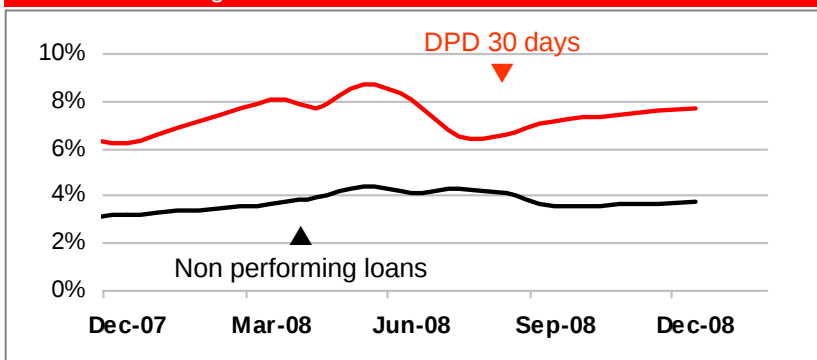


Asset quality

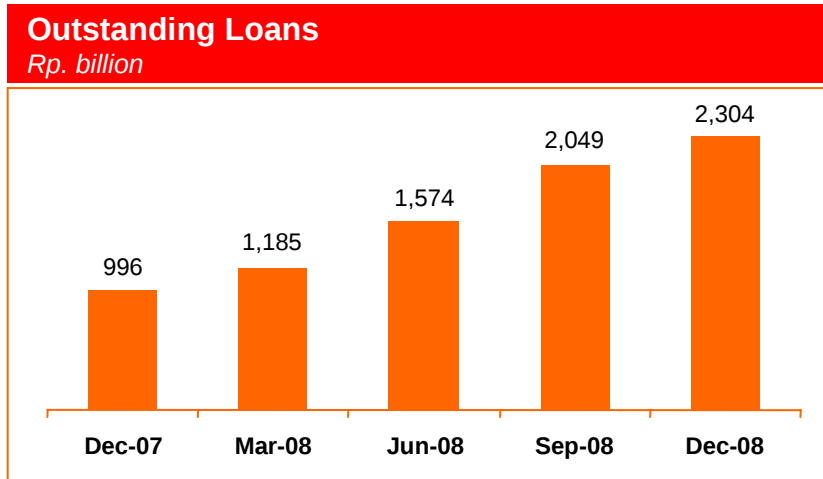
- Cost of credit declined to 3.2% in 2008 as compared to 4.2% in the previous year.
- In the fourth quarter of 2008, cost of credit was a minus 0.3% due to reversal of provisions for secured loans DP200.
- 30+ Days Past Due (DPD 30+) loans as % of total loans was 7.7% as of December 2008 compared to 6.2% a year earlier

DPD 30+ Days and NPL Ratio

% of Outstanding loans



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



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 148 sales contacts to cross sell personal loans to selected Adira's customers

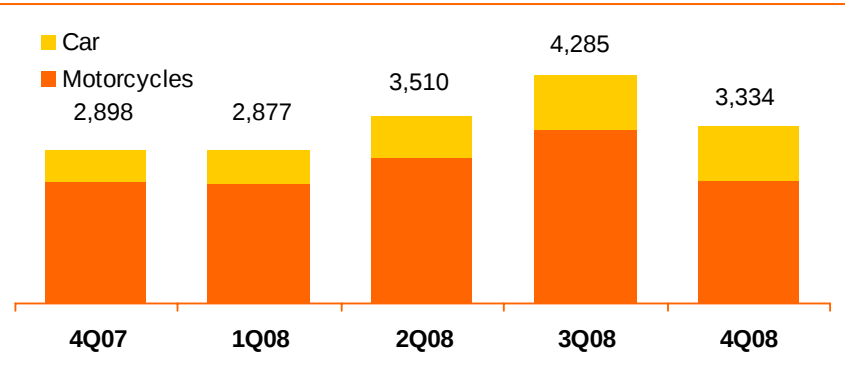
Loan Growth and Asset Quality

- CMM's loans rose by 131% to Rp 2.3 trillion at the end of 2008
- Cost of credit remains low at 4.5% in 2008 on the back of high loan growth

CMM loans grew by 131% to Rp 2.3 trillion as of December 2008

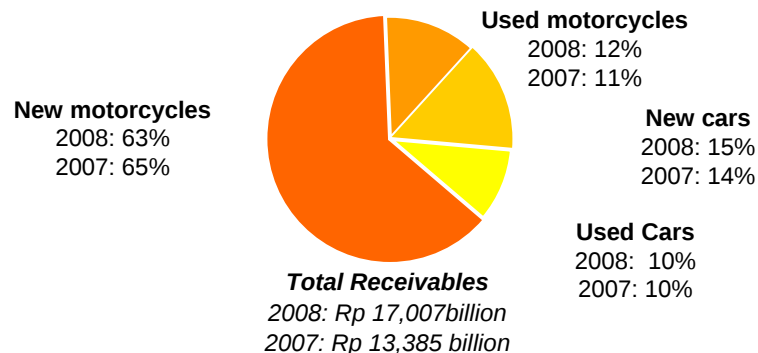
New Financing

Rp. billion



Receivables Composition

As of December 31



Lending growth

- New financing volume increased by 30% to Rp 14.0 trillion in 2008.
- Receivables grew by 27% to Rp 16.9 trillion in December 2008.
- Market share in new motorcycle stood at 13.6% in 2008 compared to 14.7% in the previous year due to tightened credit underwriting.
- Cost of credit improved to 3.0% from 4.6% in 2007 due to lower loss on sale of repossessed assets and net write-off receivables.



New financing rose by 30% to Rp 14.0 trillion in 2008

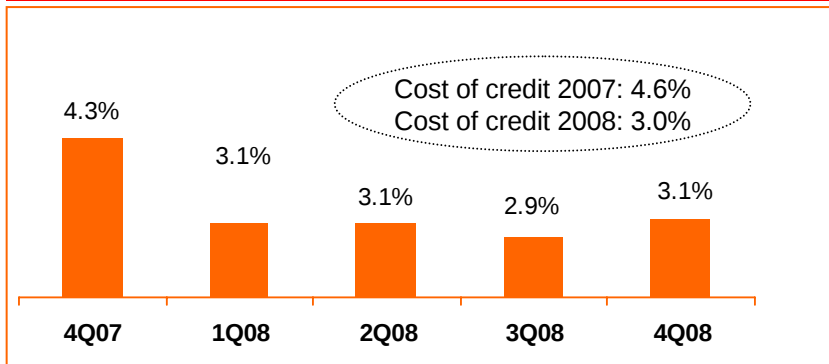
Rp. billion	2007	2008	△YoY	1Q08	2Q08	3Q08	4Q08
New Financing Units	942,968	1,143,861	21%	247,023	294,631	351,021	251,186
New Financing Volume	10,758	14,007	30%	2,877	3,510	4,285	3,334
O/S Receivables	13,273	16,862	27%	13,712	14,699	16,345	16,862
Net Interest Income ¹	2,324	2,708	17%	652	664	687	704
Fee Income	85	188	122%	18	55	82	33
Total Operating Income	2,409	2,895	20%	671	719	768	737
Operating Expenses	(844)	(1,042)	23%	(236)	(257)	(294)	(255)
Cost of Credit	(563)	(458)	(19%)	(103)	(109)	(112)	(133)
Net Profit before Tax	1,001	1,396	39%	331	353	363	349
Net Profit after Tax	694	999	44%	231	246	254	268

Net profit grew by 44% to Rp 999 billion

¹ Applying internal transfer pricing charge

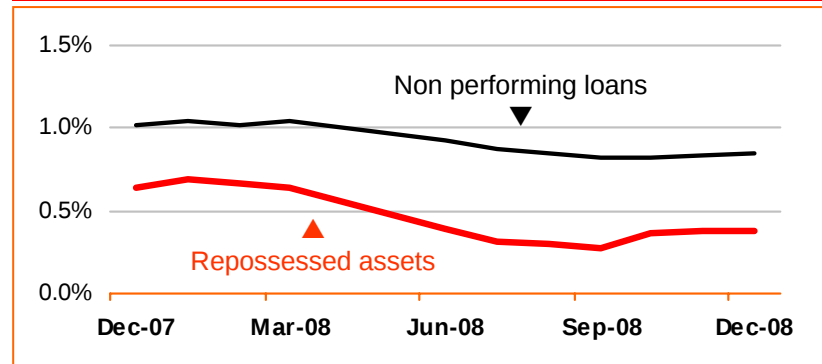
Cost of credit

% of Average Receivables



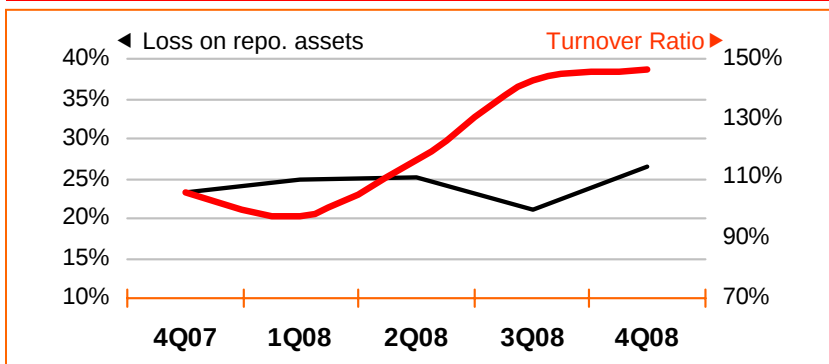
NPL and Repossessed Assets

% of Receivables



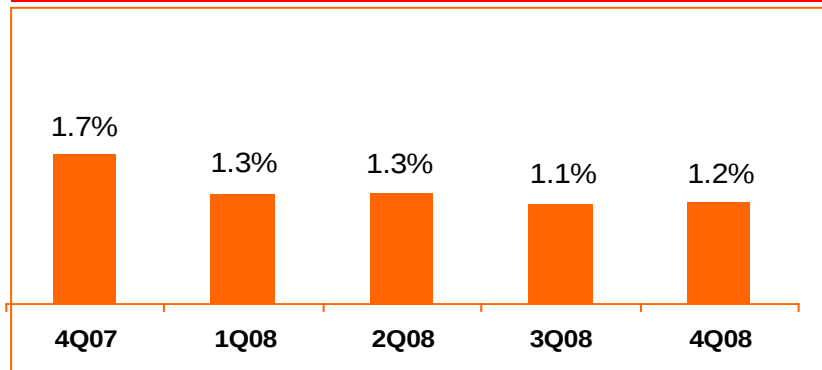
Loss on Repossessed Assets and Turnover Ratio ¹⁾

%



Net write off

% of Average Receivables



Cost of credit improved to 3.0% of receivables as compared to 4.6% a year earlier

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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Strategic Priorities during the global financial crisis

Liquidity management

- Maintain a strong liquidity position
 - Loan to Deposits (LDR) below 85%
 - Loan to Total Funding below 75%
- Maintain excess liquidity in liquid asset classes

Manpower management

- Focus on improving our productivity as we have grown our manpower by 39% during the past five years
 - Reduce headcount by 10% through natural attrition

Expense management

- Make efforts to operate our business more efficiently by being expense cautious across all lines of business
 - Aim for cost to income ratio below 50%
- Leverage synergy among line of businesses, headquarters and all regions by avoiding duplication of processes

Cross sell across LOB

- Focus on looking after our existing customer and optimizing our customer base by cross-selling since acquiring new customers during tough times is becoming costly

Credit cost management

- Enhance the quality of our portfolio by tightening credit underwriting parameters
 - Reduce exposure in high risk industries
 - Reduce exposure on corporate names
 - Exit complex derivatives business

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Sub-debt and Call Option of Adira Finance

USD 300 million sub-debt



We are calling our USD 300 million subordinated debt due in March 2009 with the following considerations:

- The value of the sub-debt as Tier 2 Capital reduces rapidly since it must be amortized over 5 years period, thus becoming a very expensive form of debt
- We have already accumulated USD 406 million of cash and committed lines

Call Option of Adira Finance



We intend to exercise the option to buy the remaining 20% stake of Adira Finance with the following considerations:

- Support the bank's strategic direction in expanding high margin businesses
- The purchase of 20% stake is accreted to earning in 2010 (after taking into account the amortization of goodwill)
- ADMF's business is highly profitable with ROE ranging from 31% to 46% over the past 4 years

We entered into foreign currency forward contracts (TARN) with our customers and offsetting contracts with counterparty banks

Transaction

- The bank entered into some foreign currency forward contracts with customers, which involve a series of foreign currency exchange contracts on agreed pre-determined delivery dates, i.e. weekly or bi-weekly.
- For each contract entered with the customer, the bank also entered into offsetting contracts with counterparty banks with identical terms and conditions to offset the market risk.
- These contracts have been executed on account of underlying foreign currency flows from our customers and do not represent proprietary trading activities of the bank

Impacts of a depreciation of IDR and the collapse of commodity prices

- In the wake of the recent global credit contraction, commodities markets have experienced a severe erosion of liquidity, thus setting off a process of price correction. In addition, the global financial crisis has impacted emerging markets, including Indonesia, which resulted in a sudden depreciation of the Rupiah (IDR)
- As a result, several of our commodity export customers who entered into foreign currency forward contracts have been unable to fulfill their entire obligations to deliver USD
- The bank has proactively negotiated with customers to find solutions on their problems with the contracts, including unwinding the contracts and revised payment and collateral terms.
- For contracts with customers which were unwound, the bank has also unwound the corresponding contract with the counterparty banks

Significantly reduced TARN exposure

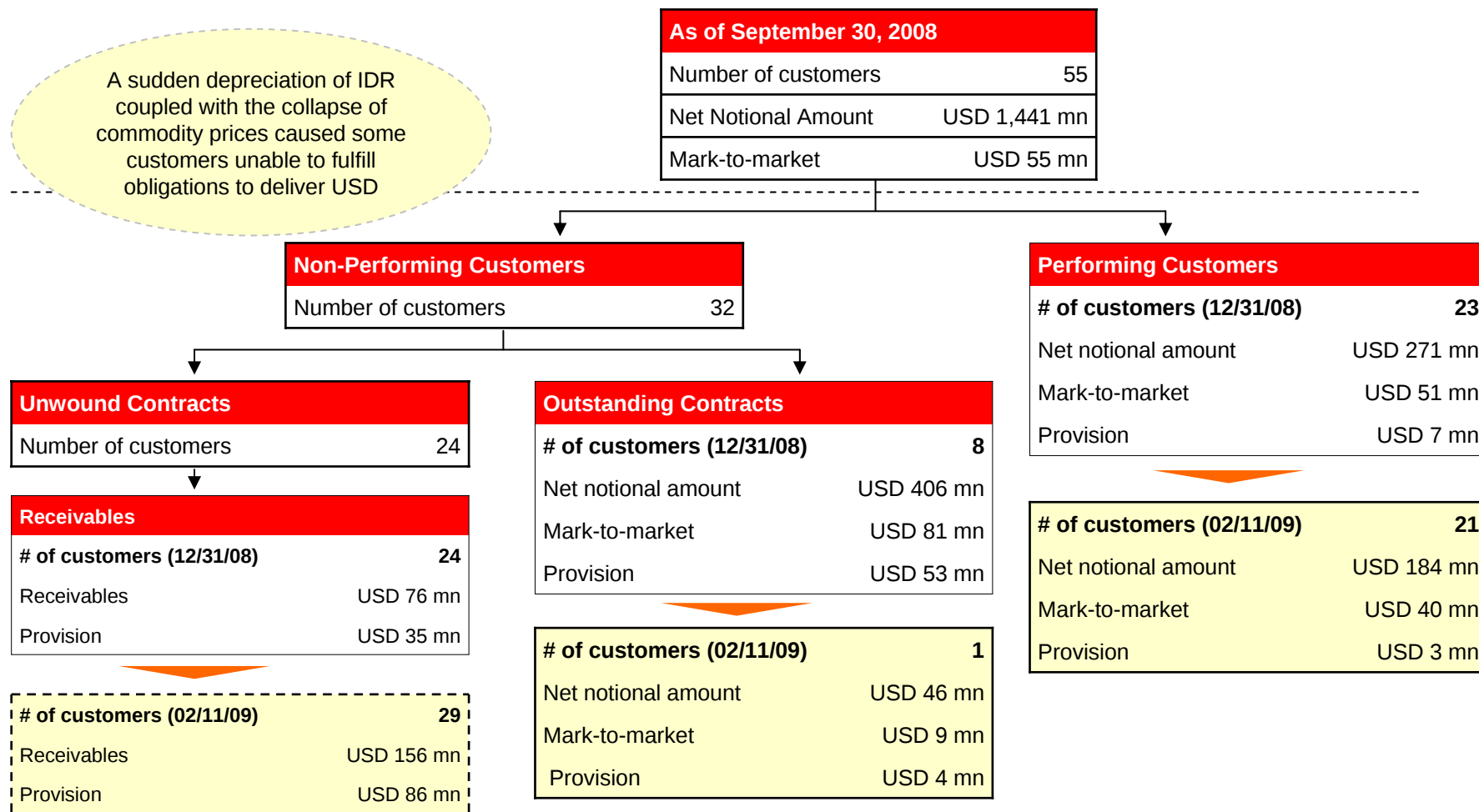
As of September 30, 2008	Gross notional amount (USD million)		Net notional amount to customers (USD million)	Fair value of derivative receivables to customers (USD million)
	Customers	Counterparty bank		
Instruments				
Foreign currency forward (TARN)	2	-	2	0
Foreign currency options (TARN)	2,166	2,140	1,439	55
Total	2,168	2,140	1,441	55

As of December 31, 2008	Gross notional amount (USD million)		Net notional amount to customers (USD million)	Fair value of derivative receivables to customers (USD million)
	Customers	Counterparty bank		
Instruments				
Foreign currency forward (TARN)	25	-	25	6
Foreign currency options (TARN)	993	1,008	652	126
Total	1,018	1,008	677	132

As of February 11, 2009	Gross notional amount (USD million)		Net notional amount to customers (USD million)	Fair value of derivative receivables to customers (USD million)
	Customers	Counterparty bank		
Instruments				
Foreign currency forward (TARN)	-	-	-	-
Foreign currency options (TARN)	356	348	230	49
Total	356	348	230	49

- Notional amount is a number of currency units specified in the contract
- Gross notional amount is presented at gross basis (total buy and sell position)
- Derivative receivables / payables represent the settlement value of a derivative instrument on the date
- Mark-to-market is performed daily using the end of days closing market data on 16.00 Western Indonesia Time. For option, the mark-to-market uses a Black-Scholes model

We have set aside a total cost of Rp 804 billion in 2008 for TARN, including provisions for outstanding contracts



- Adequate provisioning for these receivables already part of 2009 credit budget

Agenda

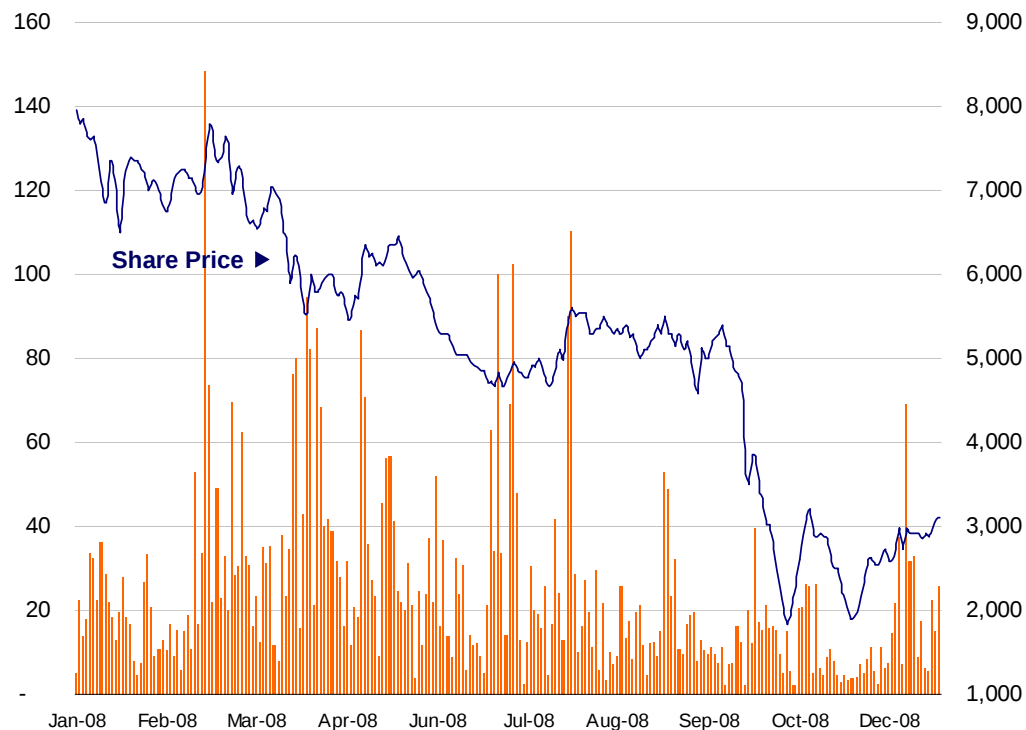
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Daily share price and trading volume

BDMN IJ

Daily trading volume in Rp billion

Share price in Rupiah

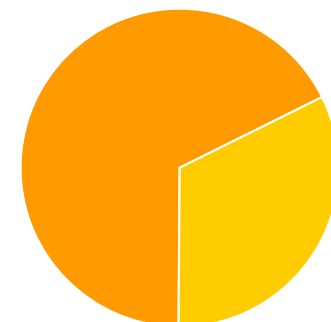


Source: Bloomberg

Shareholding Structure

As of December 31, 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 <i>February 2008</i>	Corporate Rating	id AA+ / Stable
	Bond Rating	id AA+ / Stable
Standard & Poor's <i>December 2008</i>	Long-term / Short-term Local Currency	BB- / Stable / B
	Long-term / Short-term Foreign Currency	BB- / Stable / B
	Subordinated Debt	B / Stable
Fitch Ratings <i>July 2008</i>	Long-term / Short-term Foreign Currency	BB / Stable / B
	National Long-term	AA (idn) / Stable
Moody's <i>November 2008</i>	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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