

Analyst Briefing

First Nine Months 2011 Results

Jakarta, 25 October 2011

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

Economics Indicators

| <i>Rp trillion</i> | 2008 | 2009 | 2010 | 2011E |
|--|--------|-------|-------|-------|
| National Accounts | | | | |
| Real GDP | 6.0 | 4.6 | 6.1 | 6.5 |
| GDP (US\$ bn) – nominal | 508 | 542 | 707 | 834 |
| GDP per capita (US\$) | 2,221 | 2,343 | 2,976 | 3,463 |
| Open unemployment rate | 8.6 | 7.9 | 7.1 | 6.7 |
| External Sectors | | | | |
| Trade balance (US\$ bn) | 22.9 | 30.1 | 31.1 | 31.6 |
| Central government debt (% of GDP) | 33.0 | 28.0 | 26.0 | 24.0 |
| International Reserves – IRFCL (US\$ bn) | 51.6 | 66.1 | 96.2 | 125.0 |
| Currency/US\$ (Year-end) | 10,950 | 9,403 | 8,991 | 8,700 |
| Other | | | | |
| BI policy rate | 9.25 | 6.50 | 6.50 | 6.25 |
| Fiscal balance (% of GDP; FY) | -1.0 | -1.6 | -0.6 | -1.5 |

Source: BPS, CEIC, E = Danamon Estimates

Slide 3

Untuk Anda, Bisa

Promising 2011 outlook amid softer inflation pressure

Economic Growth

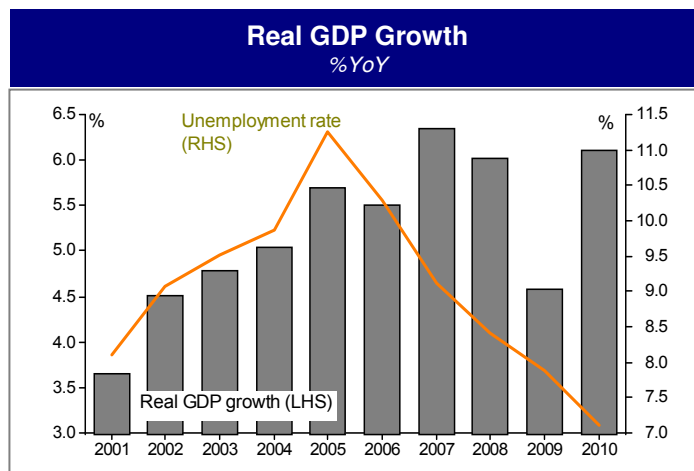
- The economy grew by 6.5%yoy in 1H11, way better than 6.1%yoy growth in 2010, due to better investment and net exports growths, amid stable consumption growth.
- We expect economic growth reaches 6.5% FY2011 as domestic demand continue to provide the boost.
- Unemployment rate continue to decline, though under-employment still high.

Inflation rate

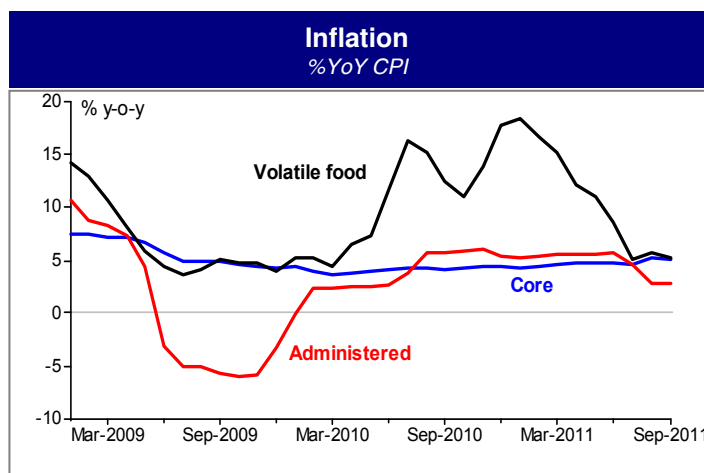
- CPI inflation decreased to 4.6% yoy in Sep-11, after the long religious festivities of Ramadan and Eidul Fitri. Inflation looks benign, and year-end inflation rate expected at 4.7%.
- Core inflation also declined to 4.9%yoy in September, despite continuing pressures from gold prices. We expect core to remain below 5.0% through out the year.

Consumer sentiment

- Consumer confidence trending up, despite a slight rebound of inflation expectation.



Source: BPS, CEIC

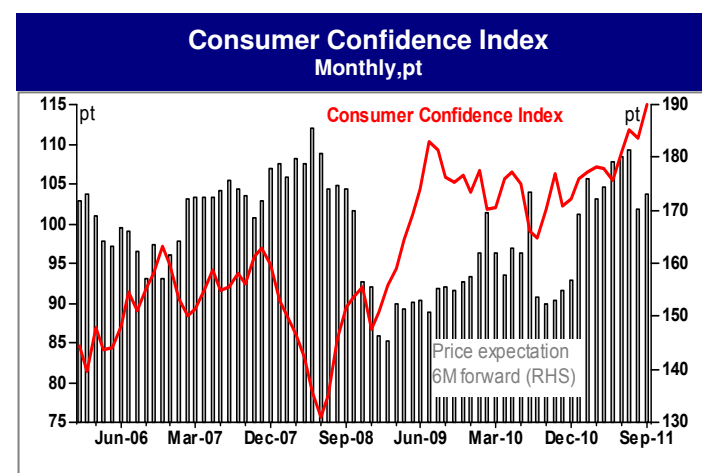


Source: BPS, CEIC

Real GDP Breakdown
%YoY

| | 2Q10 | FY10 | 2Q11 | FY11E |
|-------------|------|------|------|-------|
| Real GDP | 6.1 | 6.1 | 6.5 | 6.5 |
| Consumption | 4.9 | 4.6 | 4.6 | 4.8 |
| Government | 15.7 | 0.3 | 4.5 | 6.7 |
| Investments | 3.3 | 8.5 | 9.2 | 9.1 |
| Net Exports | 12.5 | 7.5 | 22.9 | 15.4 |

Source: BPS, CEIC, Danamon Estimates



Source: BI, CEIC

BI rate is cut to 6.50% due to benign inflation expectation and in anticipation of global economic slowdown

Interest Rate

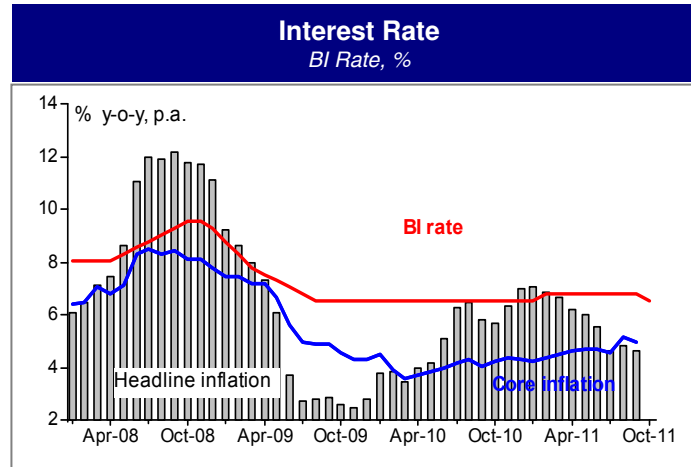
- BI cut its policy rate by 25bps to 6.50% in Oct, amid a seemingly more stable financial markets lately. Year-end BI rate forecast at 6.25% as 2012 inflation expectation looks benign and in anticipation of global econ slowdown.

Exchange Rate

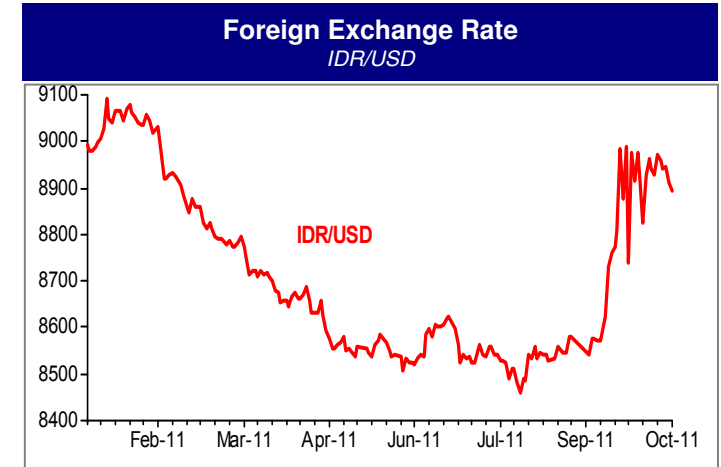
- The IDR was very volatile since mid-Sep amid massive foreign selling of stocks and govt bonds, due to rising fears over Greek default. Our forecast still at 8,700/US\$ by year-end, with slight weakening risk

Domestic Sales

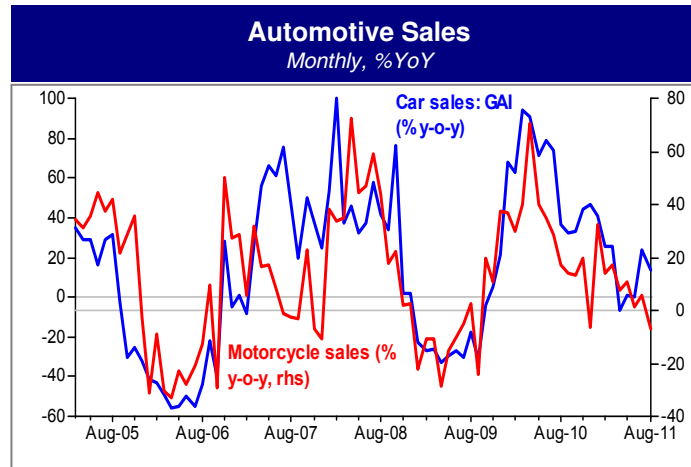
- New car sales in Aug-11 was 13.1%yoy, which was lower than 23.5%yoy in the previous month.
- Motorcycle sales down by 7.3%yoy in Aug-11, after increasing by 5.5%yoy in Jul-11.
- Retail sales index continued its rising trend since Mar-09, supported by better real income due to milder inflation



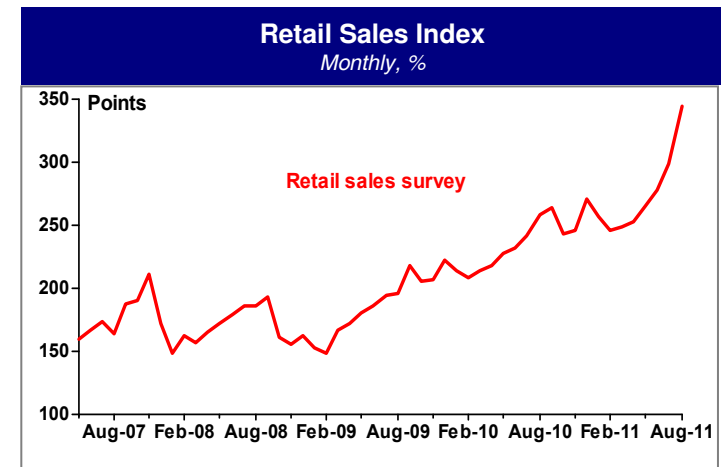
Source: BPS, CEIC



Source: CEIC



Source: CEIC



Source: BI, CEIC

Industry (Commercial Banks)

| <i>Rp trillion</i> | Aug 10 | Dec 10 | Mar 11 | Jun 11 | Aug 11 | △YoY |
|--------------------|--------|--------|--------|--------|--------|------|
| Total Assets | 2,700 | 3,009 | 3,066 | 3,195 | 3,253 | 20% |
| Loans | 1,640 | 1,766 | 1,815 | 1,951 | 2,032 | 24% |
| Placements at BI | 374 | 582 | 597 | 617 | 586 | 57% |
| Total Deposits | 2,093 | 2,339 | 2,351 | 2,438 | 2,460 | 18% |
| NPAT | 38.9 | 57.3 | 18.3 | 37.1 | 48.2 | 24% |
| NIM (%) | 5.8 | 5.7 | 5.9 | 5.8 | 5.9 | 0.0 |
| NPL (%) | 3.0 | 2.6 | 2.8 | 2.7 | 2.8 | -0.2 |
| ROA (%) | 2.9 | 2.9 | 3.1 | 3.1 | 3.0 | 0.1 |
| LDR (%) | 78.0 | 75.2 | 76.8 | 79.6 | 82.2 | 4.2 |
| CAR (%) | 16.4 | 17.2 | 17.6 | 17.0 | 17.3 | 0.9 |

Source: Indonesian Banking Statistics

Agenda

- Macroeconomy and Industry Trend

- **Financial Results**

- Corporate Updates

- Appendix

Highlights 9M11 Results

- Total loans increased to Rp 97 trillion or 26% higher from a year earlier. Mass market and SMEC segments remained to be the main engine with 30% and 29% growth, respectively
- Customer deposits rose 21% to Rp 87 trillion. Liquidity at a healthy level with Rp 17 trillion excess liquidity.
- Net Interest Margin stood at 9.9%. CoC improved to 3.0%.
- Credit related fees and bancassurance drove fee income up 19%
- NPAT rose 11% to Rp 2.5 trillion bringing ROAE to 18.3%
- Continuous network expansion. 494 various outlets and 288 ATMs were added in the last 12 months and will add approximately more than 250 outlets and around 200 ATMs.
- Timely rights issue of Rp 5tn has further strengthen CAR to 17.8%

Highlights of Income Statement

| <i>Rp billion</i> | 9M10 | 9M11 | ΔYoY | 1Q11 | 2Q11 | 3Q11 | ΔQoQ |
|---------------------------------|--------------|---------------|------------|--------------|--------------|--------------|------------|
| Net Interest Income | 7,389 | 7,972 | 8% | 2,609 | 2,630 | 2,733 | 4% |
| Non Interest Income | 2,520 | 3,006 | 19% | 844 | 927 | 1,235 | 33% |
| Operating Income | 9,909 | 10,978 | 11% | 3,453 | 3,556 | 3,968 | 12% |
| Cost of Credit | (1,824) | (1,954) | 7% | (618) | (708) | (628) | 11% |
| Risk adjusted Ops Income | 8,086 | 9,023 | 12% | 2,836 | 2,848 | 3,340 | 17% |
| Operating Expenses | (4,841) | (5,632) | 16% | (1,765) | (1,873) | (1,994) | 6% |
| Net Profit after Taxes | 2,203 | 2,449 | 11% | 763 | 711 | 975 | 37% |

Highlights of Balance Sheet

| <i>Rp billion</i> | 9M10 | 9M11 | ΔYoY | 1Q11 | 2Q11 | 3Q11 | ΔQoQ |
|--------------------|---------|---------|------|---------|---------|---------|------|
| Total Assets | 105,221 | 136,073 | 29% | 122,804 | 125,922 | 136,073 | 8% |
| Loans (gross) | 77,373 | 97,434 | 26% | 86,002 | 92,793 | 97,434 | 5% |
| Government Bonds | 8,496 | 3,846 | -55% | 5,613 | 4,394 | 3,846 | -12% |
| Total Deposits | 71,792 | 86,990 | 21% | 82,495 | 83,536 | 86,990 | 4% |
| Current Account | 8,697 | 11,454 | 32% | 9,788 | 10,354 | 11,454 | 11% |
| Savings | 19,129 | 21,420 | 12% | 20,988 | 20,817 | 21,420 | 3% |
| Time Deposit | 43,965 | 54,116 | 23% | 51,720 | 52,365 | 54,116 | 3% |
| Long Term Fundings | 7,988 | 14,578 | 82% | 12,418 | 13,610 | 14,578 | 7% |
| Equity | 17,719 | 24,744 | 40% | 18,135 | 18,854 | 24,744 | 31% |

Key Ratios

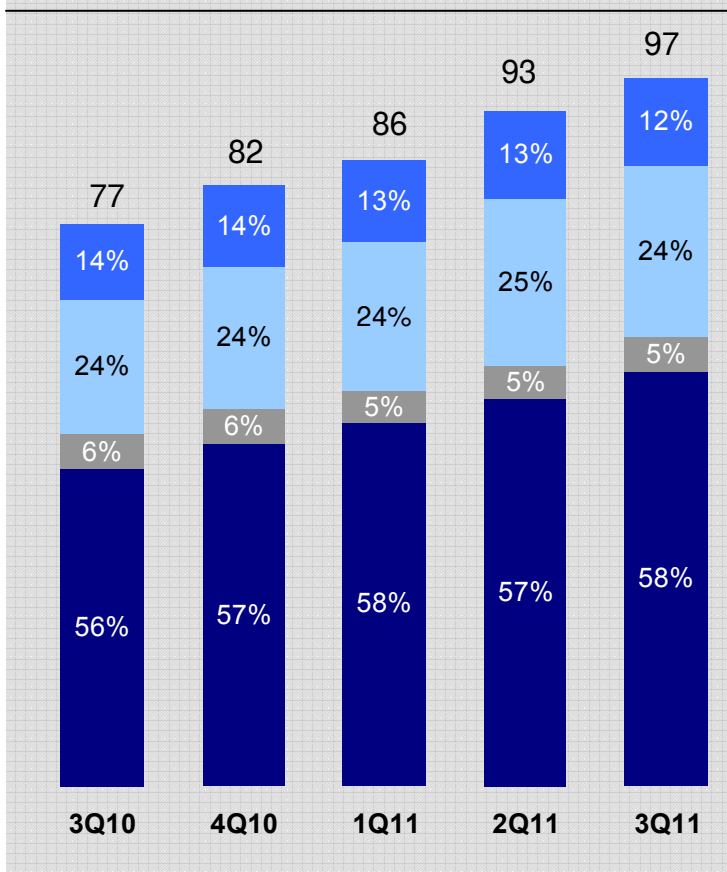
| | 9M10 | 9M11 | ΔYoY | 1Q11 | 2Q11 | 3Q11 | ΔQoQ |
|------------------------------|-------|------|-------|-------|-------|------|------|
| Net Interest Margin | 11.5 | 9.9 | -1.6 | 10.2 | 9.8 | 9.7 | -0.1 |
| Cost of Credit | 3.5 | 3.0 | -0.5 | 3.0 | 3.3 | 2.7 | -0.6 |
| Cost / Income | 48.8 | 51.3 | 2.5 | 51.1 | 52.7 | 50.2 | -2.5 |
| ROAA | 2.9 | 2.6 | -0.3 | 2.6 | 2.3 | 3.0 | 0.7 |
| ROAE | 19.0 | 18.3 | -0.7 | 17.6 | 16.7 | 20.4 | 3.7 |
| Assets to Capital | 6.9 | 6.3 | -0.6 | 7.6 | 7.7 | 6.3 | -1.4 |
| Modified LDR ¹ | 93.4 | 88.9 | -4.4 | 85.2 | 91.9 | 88.9 | -3.0 |
| Regulatory LDR | 103.7 | 99.5 | -4.2 | 94.8 | 99.0 | 99.5 | 0.5 |
| Stand alone CAR | 13.6 | 16.3 | 2.7 | 12.1 | 12.2 | 16.3 | 4.1 |
| Consolidated CAR | 16.4 | 17.8 | 1.4 | 14.7 | 14.0 | 17.8 | 3.8 |
| NPL – Gross | 3.1 | 2.9 | -0.2 | 3.1 | 2.9 | 2.9 | 0.0 |
| NPL - Net | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Impairment (LLP/Total Loans) | 3.5 | 2.7 | -0.8 | 3.1 | 3.0 | 2.7 | -0.3 |
| Loan Loss Coverage (LLP/NPL) | 114.2 | 93.4 | -20.8 | 100.3 | 101.9 | 93.4 | -8.5 |

1) Modified LDR is defined as (Loans + Reserves with BI + Cash in Vault + HTM bonds) / (Third Party Deposits + Long Term Funding + Capital - Net Other Assets)

Slide 11

Loans grew 26% yoy across all core segments

Loan Composition
Rp trillion

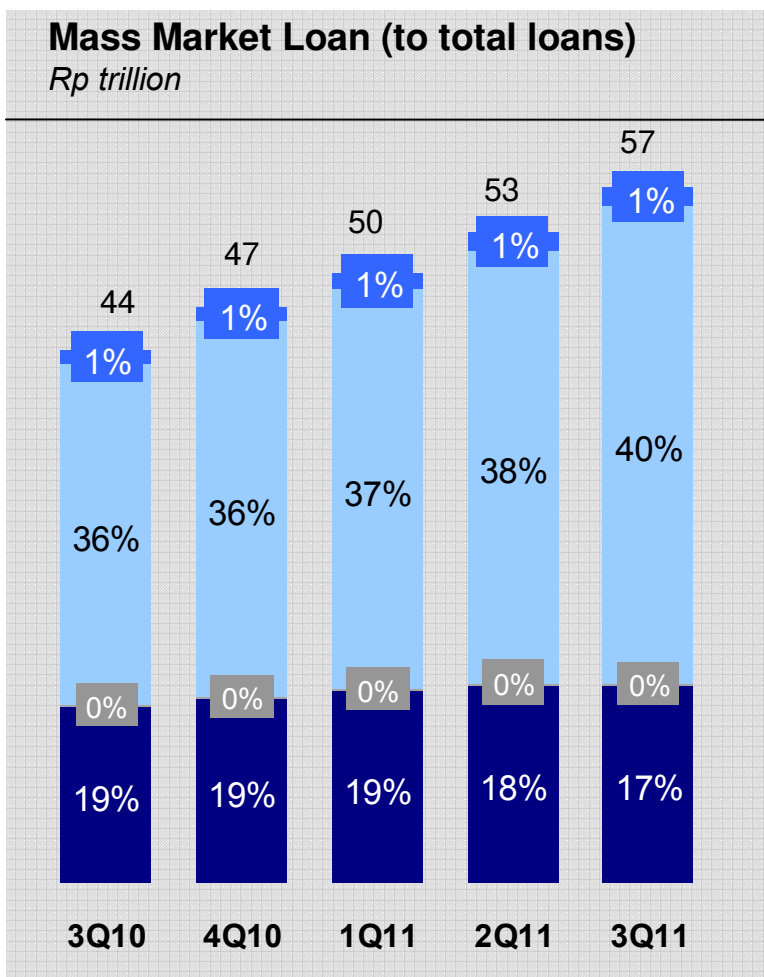


Loan Growth

| Rp billion | 9M10 | 6M11 | 9M11 | △ YoY |
|--------------|---------------|---------------|---------------|------------|
| Wholesale | 10,587 | 12,169 | 12,044 | 14% |
| SMEC* | 18,350 | 22,851 | 23,742 | 29% |
| Retail | 4,844 | 4,623 | 4,773 | -1% |
| Mass Market | 43,592 | 53,150 | 56,875 | 30% |
| Total | 77,373 | 92,793 | 97,434 | 26% |

* SME and Commercial segments

Consumption loans in the mass market remain robust



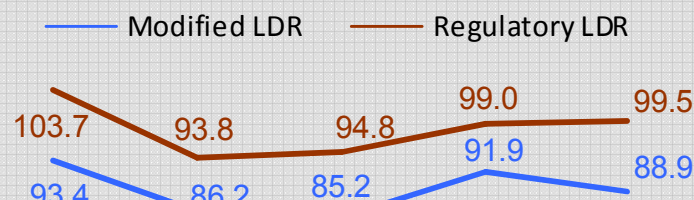
Mass Market Loan Growth

| <i>Rp billion</i> | 9M10 | 6M11 | 9M11 | ΔYoY |
|-------------------|---------------|---------------|---------------|------------|
| Adira Quantum | 1,113 | 1,396 | 1,453 | 31% |
| Adira Finance | 27,835 | 35,303 | 39,023 | 40% |
| Pawn Broking | 0 | 9 | 16 | n/a |
| SEMM (DSP) | 14,644 | 16,442 | 16,383 | 12% |
| Total | 43,952 | 53,150 | 56,875 | 30% |

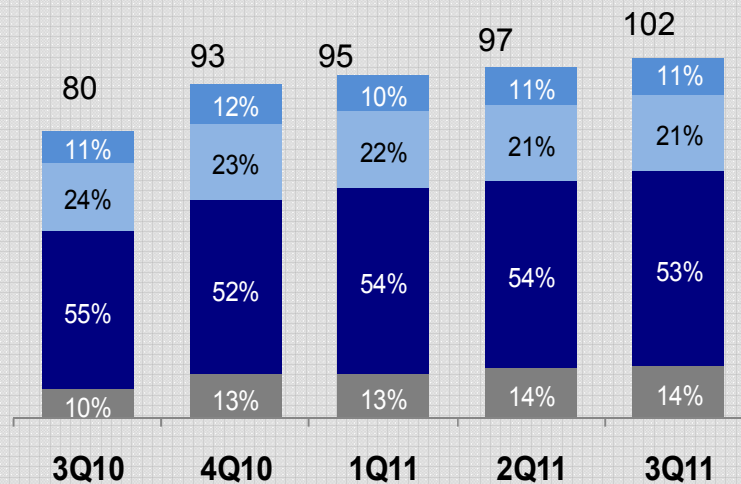
Slide 13

Diversified funding continued to grow providing sound liquidity

Loans to Deposits Ratio (%)



Funding Composition (Rp trillion)



Funding Growth

| <i>Rp billion</i> | 9M10 | 6M11 | 9M11 | ΔYoY |
|-------------------|---------------|---------------|----------------|------------|
| CA* | 8,697 | 10,354 | 11,454 | 32% |
| SA* | 19,129 | 20,817 | 21,420 | 12% |
| TD* | 43,965 | 52,365 | 54,116 | 23% |
| LT Fund** | 7,988 | 13,610 | 14,578 | 82% |
| Total | 79,780 | 97,146 | 101,568 | 27% |

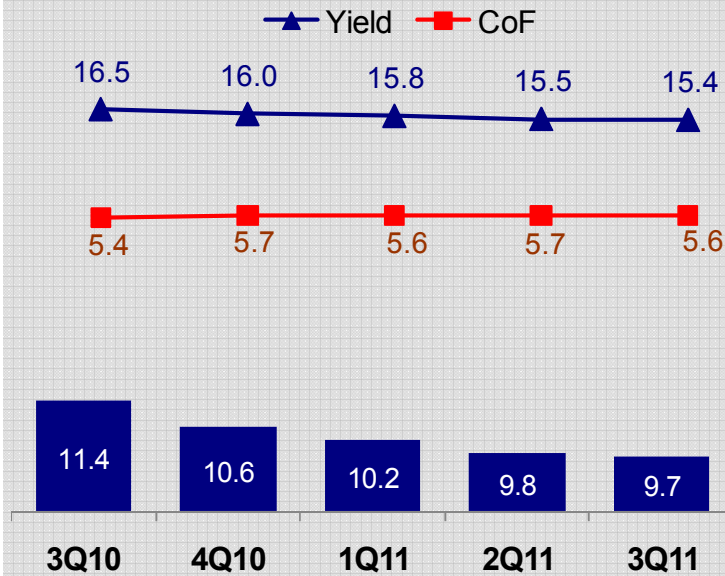
*CA=Current Account; SA=Saving Account, TD=Time Deposit
 **LT Fund = Long Term Fund from Professional Market

- As of 30 Sep 2011, the bank has an excess of liquid assets of approx. IDR 17.4 T (including IDR 2 T of Government bonds in the AFS portfolio)
- Regulatory LDR as the straight formula comparing third party lending against the third party deposits stood at 99.5%. Modified LDR, which includes other stable funding sources as cash capital and long-term professional funding and therefore gives a more accurate picture of the bank's liquidity, stood at 88.9%. This MLDR figure was improved following the Right Issue proceed (IDR 5 T)
- The Right Issue has also further strengthened CAR well above the regulatory requirement of 8%, and passing the minimum ratio of 14% that would allow the bank to maintain regulatory LDR at above 100%.
- The bank has established a liquidity management process which ensures the bank maintains an adequate liquidity position at all time, even on a potential stress scenario. Contingency Funding Plan (CFP) functions as a comprehensive strategy for the Senior Management and key stakeholders in Danamon on the actions to be taken for handling a liquidity stress event.
- A stable funding for the bank is achieved through obtaining diversified funding sources in order to manage the liquidity and interest rate risk in the balance sheet. This includes building a stable base of customer deposits and accessing long-term professional market through bonds issuance, repos, bilateral loans and trade finance structures.

NIM started to stabilize

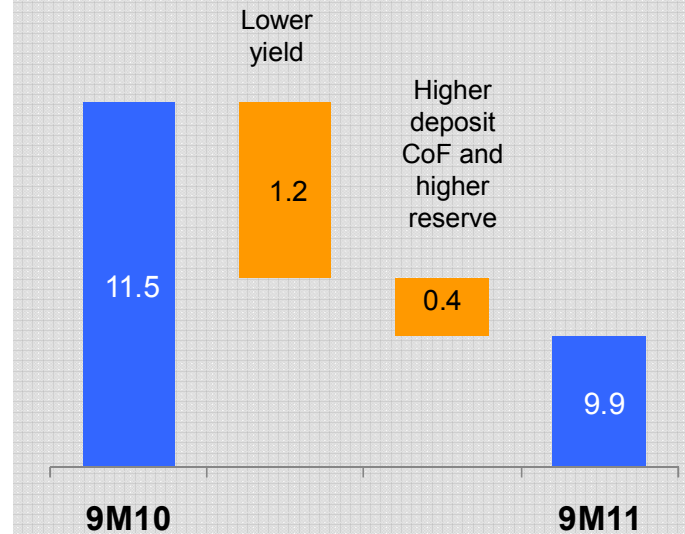
Net Interest Margin

%, annualized



YoY NIM Movement

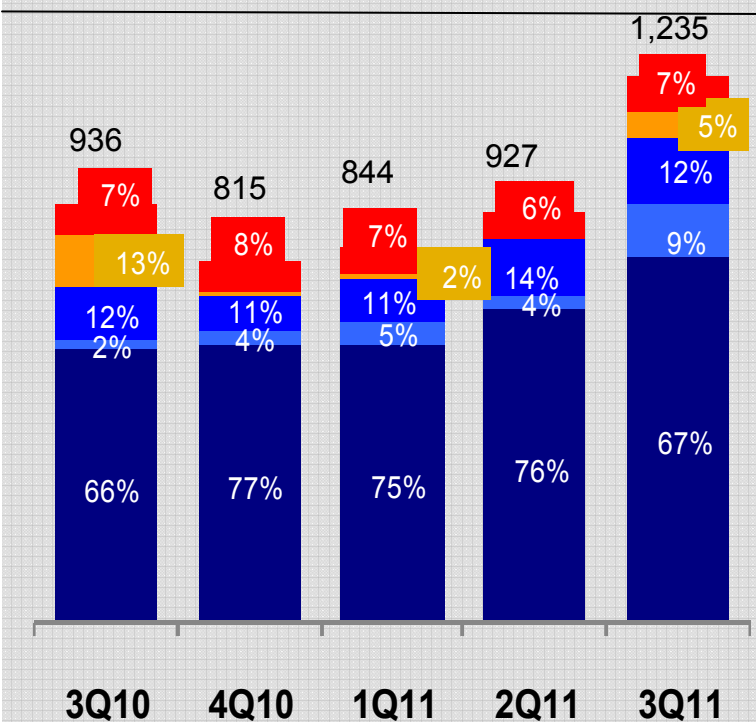
%, annualized



Non interest income rose 19% driven by bancassurance and credit related fees

Non Interest Income Composition

Rp billion



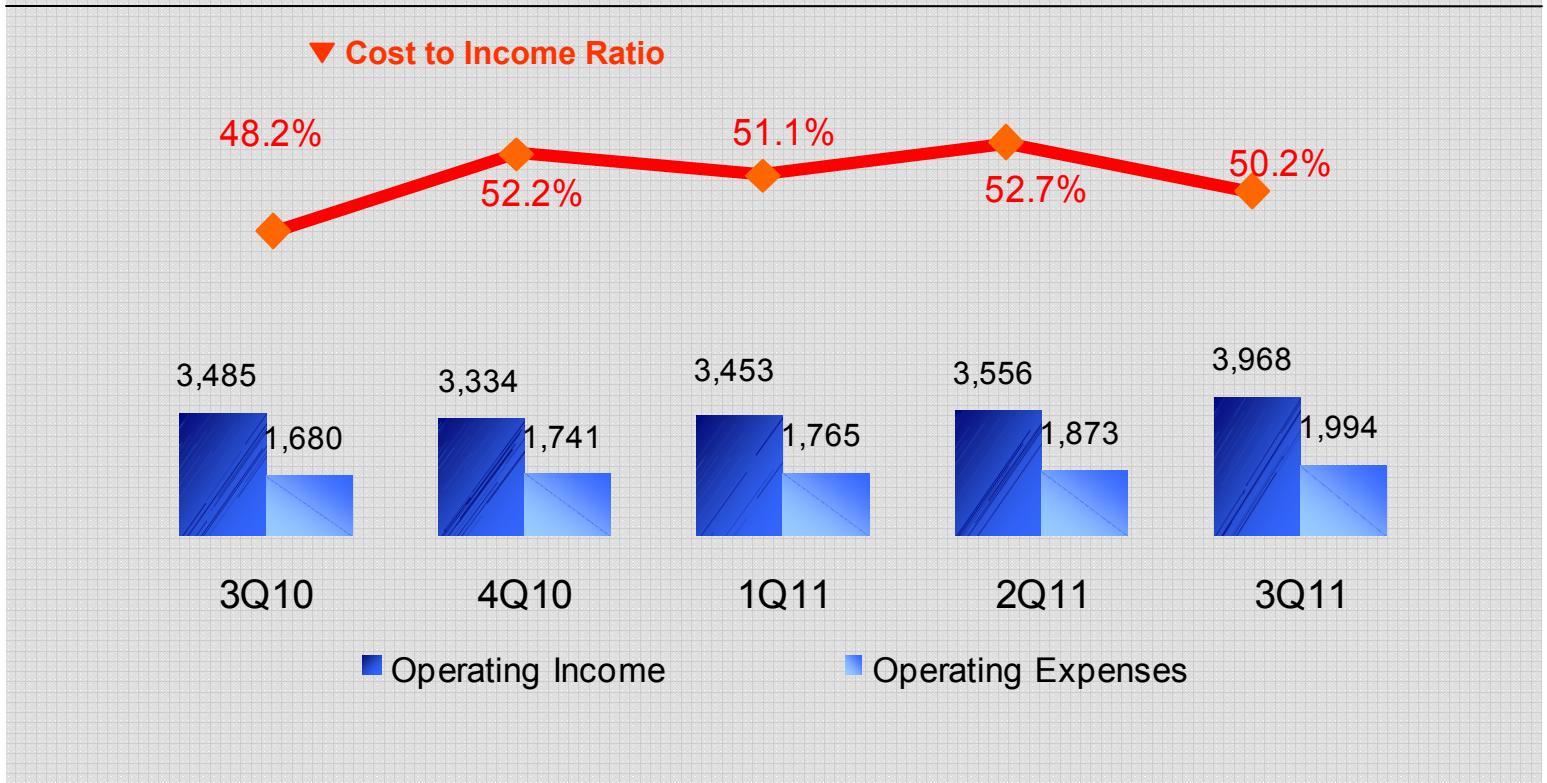
Non Interest Income Growth

| Rp billion | 9M10 | 9M11 | △YoY |
|---------------------|--------------|--------------|------------|
| Credit Related | 1,724 | 2,187 | 27% |
| Bancassurance | 78 | 194 | 149% |
| General Insurance | 286 | 368 | 29% |
| Treasury | 244 | 55 | -77% |
| Transaction Banking | 188 | 202 | 7% |
| Total | 2,520 | 3,006 | 19% |

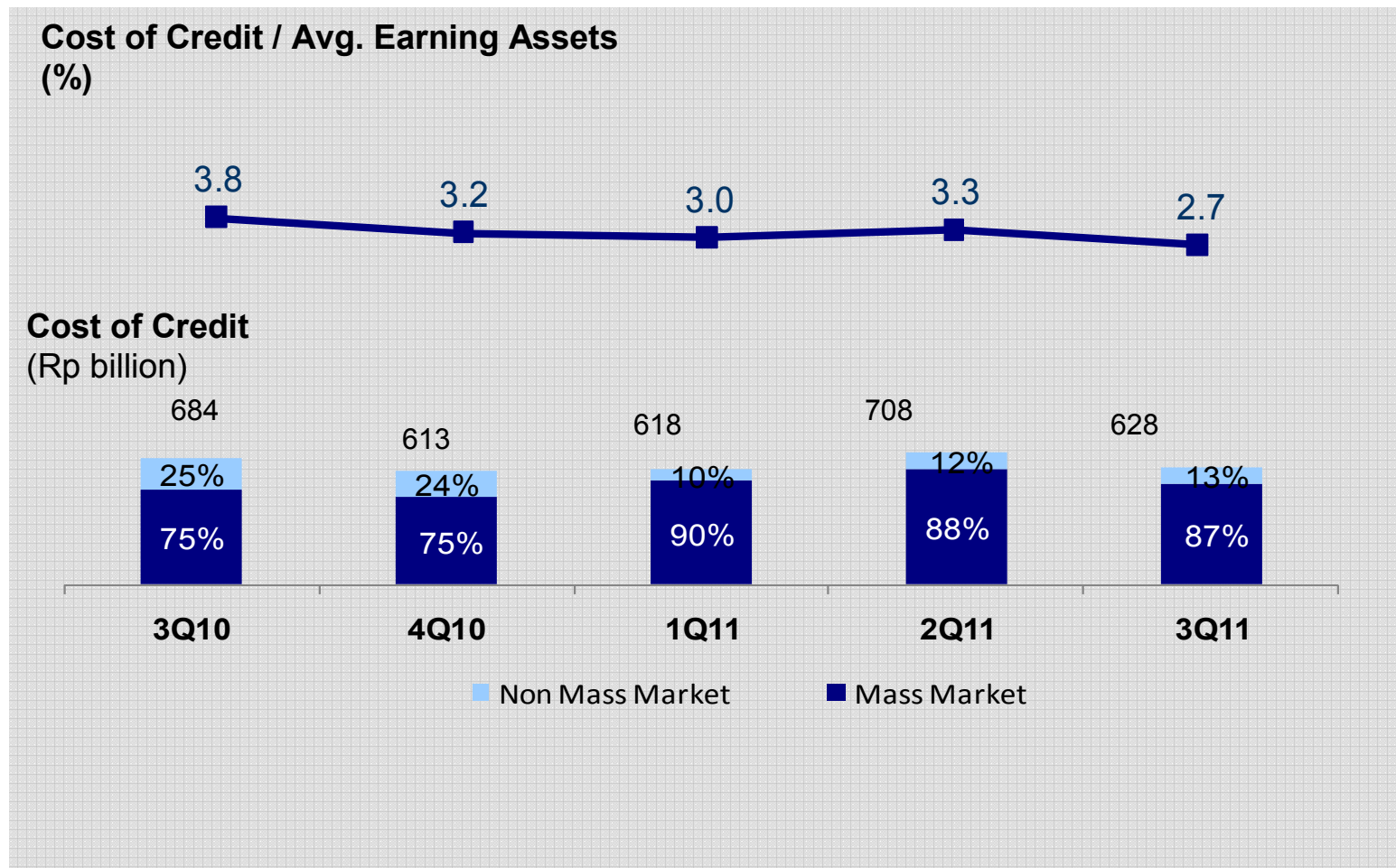
Higher income turned to better Cost to Income Ratio

Operating Income and Expense

Rp billion



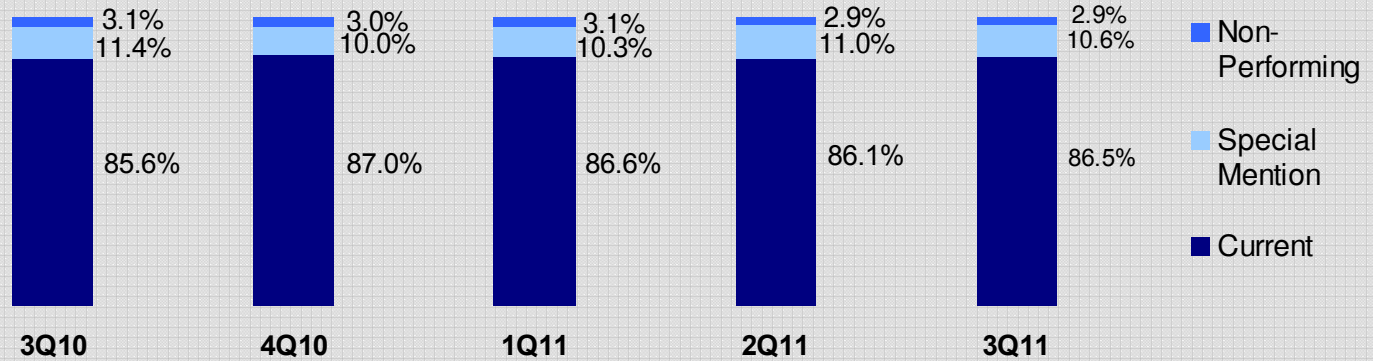
Cost of Credit improved to 2.7%



NPL remained low

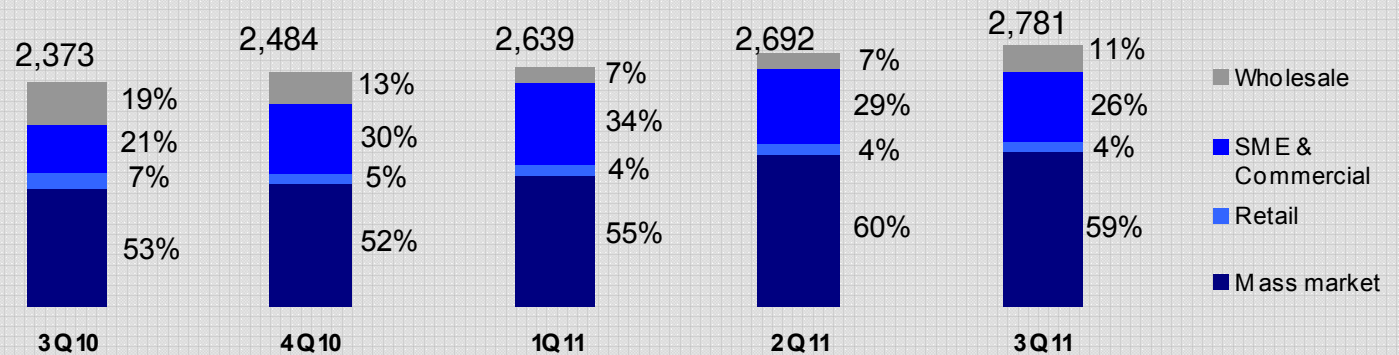
Loan's Collectibility

% of Outstanding loans

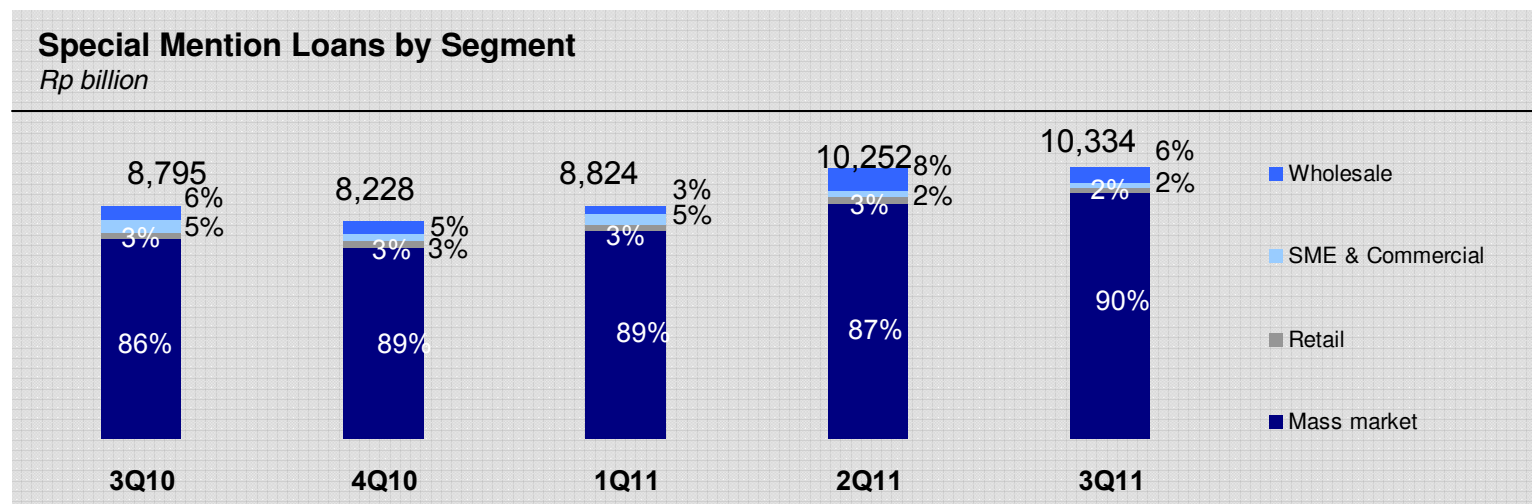
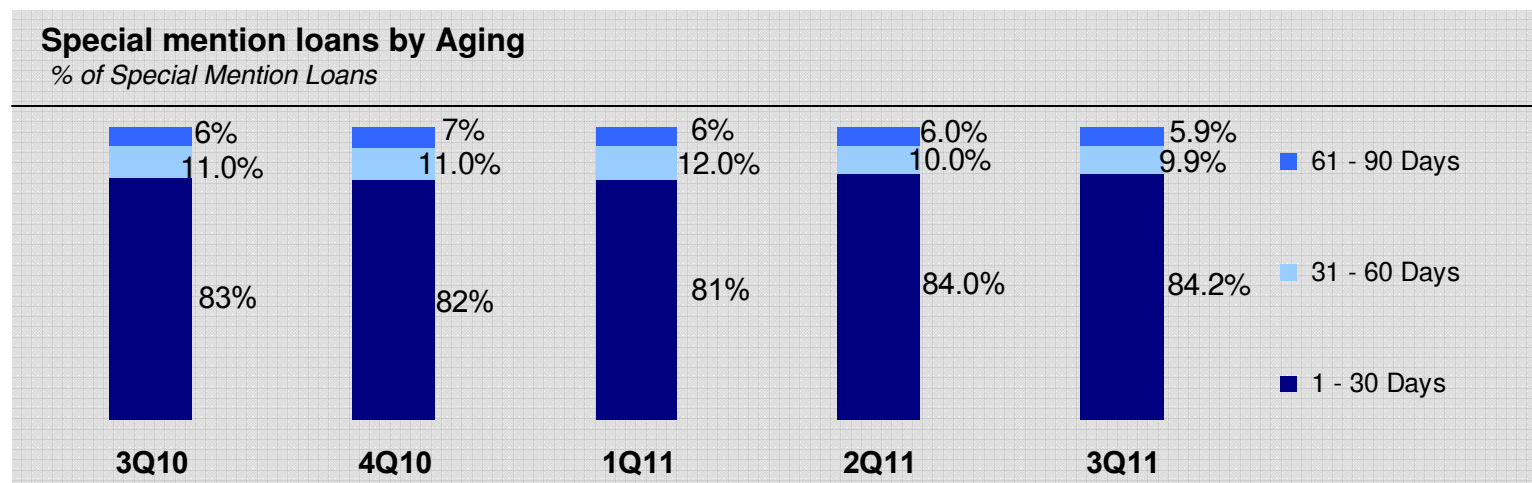


Non-Performing Loans by Segment

Rp billion

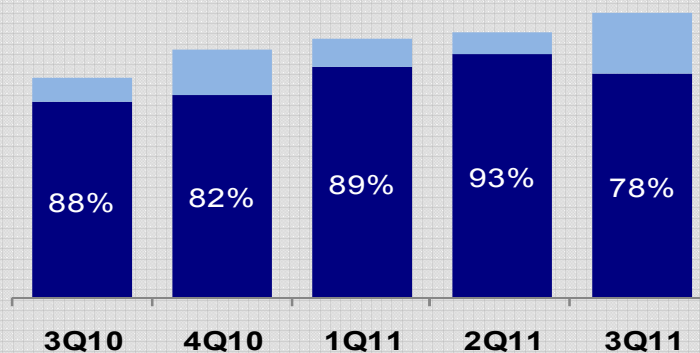


Majority of special mention loans were within 30 days

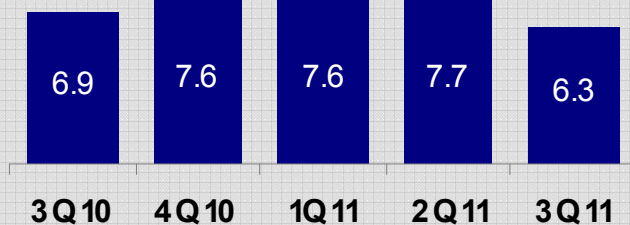


Successful Rp 5tn Capital Raising Boosted Capital

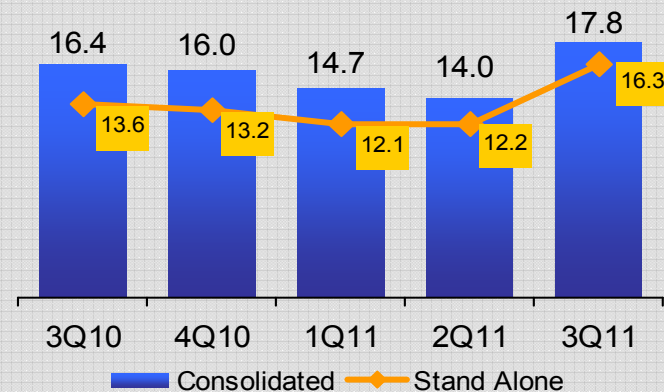
**RWA / Total Assets
(%)**



**Total Assets / Total Capital
(x)**



**Capital Adequacy Ratio
(%)**



| % | 3Q10 | 4Q10 | 1Q11 | 2Q11 | 3Q11 |
|-------------------------|------|------|------|------|------|
| CAR w/ Credit Risk | 19.1 | 18.5 | 18.5 | 17.3 | 21.8 |
| Market Risk Charge | 0.1 | 0.1 | 0.2 | 0.1 | 0.1 |
| Operational Risk Charge | 2.5 | 2.4 | 3.6 | 3.2 | 3.9 |
| Consolidated CAR | 16.4 | 16.0 | 14.7 | 14.0 | 17.8 |

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Agenda

- Macroeconomy and Industry Trend
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- Appendix

Rights Issuance

- Danamon issued 1,162,285,388 shares and generated Rp. 5.0 trillion in a Limited Public Offering in 3Q11

Bonds issuance

- Adira issued Rp. 2.5 trillion fixed rate bonds in May 2011
- Adira may issue up to Rp. 2 trillion bonds in 4Q11

Dividend

- Dividend pay-out for fiscal year 2010 is 35% as decided in the March'11 AGMS

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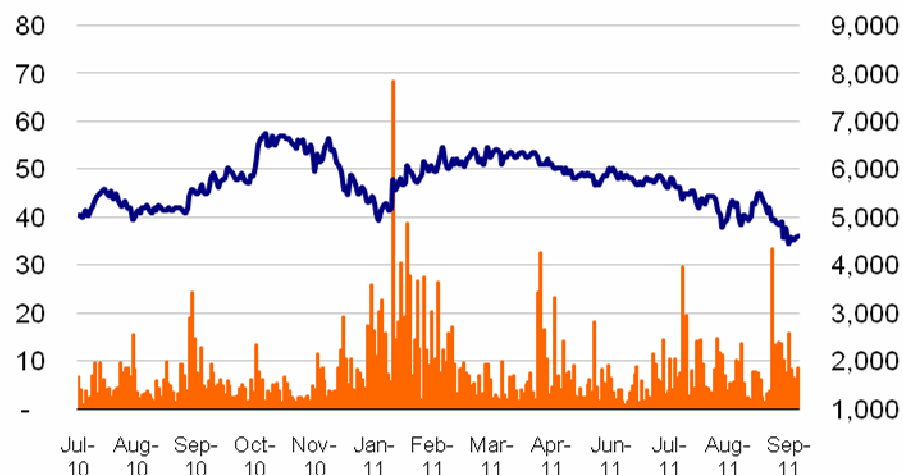
S&P upgraded Danamon's credit rating in April 2011

Daily share price and trading volume

BDMN IJ

Daily trading volume (Million)

Share price (Rupiah)



Danamon

| | | |
|--|---|---------------------|
| PEFINDO August 2011 | Corporate Rating | idAA+ / Stable |
| | Bond Rating | idAA+ / Stable |
| Standard & Poor's April 2011 | Long-term / Short-term Local Currency | BB / B / Stable |
| | Long-term / Short-term Foreign Currency | BB / B / Stable |
| Fitch's December 2010 | Long-term / Short-term Foreign Currency | BB+ / B / Stable |
| | National Long-term | AA+ (idn) / Stable |
| | Individual / Support Rating | C/D / 3 / Stable |
| Moody's April 2011 | Global Local Currency Deposit | Baa3 / P-3 / Stable |
| | Foreign Currency Long-term / Short-term Deposit | Ba2 / NP / Stable |
| | Bank Financial Strength Rating (BFSR) | D / Stable |

Indonesia Sovereign (Foreign Currency)

| Standard & Poor's | Fitch's | Moody's |
|-------------------|----------------|--------------|
| BB+ / Positive | BB+ / Positive | Ba1 / Stable |

Ownership Structure

As of 30 September 2011

Number of
Shares

Ownership (%)

| | | |
|---------------------------------------|----------------------|----------------|
| Asia Financial (Indonesia) Pte, Ltd. | 6,457,558,472 | 67.37% |
| JPMCB - Franklin Templeton Inv. Funds | 557,266,888 | 5.81% |
| Public < 5% | 3,127,084,893 | 26.88% |
| Total | 9,584,643,365 | 100.00% |

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

Slide 26

Untuk Anda, Bisa

Reconciliation with Newsletter

| Newsletter | | | | | | | | | | |
|---------------------|-------------------------|----------------------------|------------------------|--------------------------|----------------------|--------------------|-------------------|-------|-------------------|--------------------------------|
| a | b | c | d | e | f | g | h | i | | |
| Net Interest Income | Net Underwriting 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 |
| 8,048 | 364 | 53 | 3,723 | (8,336) | - | (460) | 3,392 | (854) | (89) | 2,449 |

| 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 |
| 8,100 | 4,087 | 12,187 | (8,336) | 3,852 | - | (460) | (854) | (89) | 2,449 | |
| (128) | | (128) | 128 | - | | | | | | - LPS Deposit Insurance |
| | | - | | - | (476) | 476 | | | | - Loss on reposess assets |
| | | - | 346 | 346 | (346) | | | | | - Loss on loans sold to third party |
| | | - | | - | 9 | (9) | | | | - Provision for idle property |
| | (8) | (8) | | (8) | 8 | | | | | - Provision for ADMF acquisition cost |
| | (110) | (110) | | (110) | 110 | | | | | - Write off on amortization cost |
| | (111) | (111) | 111 | - | | | | | | - ADMF indirect acquisition cost |
| | (169) | (169) | 169 | - | | | | | | - Decrease in fair value of financial assets (MTM) |
| | (4) | (4) | 4 | - | | | | | | - Losses from sale of financial assets (marketable securities) |
| | (490) | (490) | 490 | - | | | | | | - Losses from spot and derivative transaction (realised) |
| | | - | 1,246 | 1,246 | (1,246) | | | | | - Impairment losses on financial assets |
| | (183) | (183) | 183 | - | | | | | | - Fees/commissions and administrative expenses |
| | | - | 13 | 13 | (13) | | | | | - Allowance for possible losses on non earning assets |
| | (6) | (6) | 13 | 7 | | (7) | | | | - Others |
| 7,972 | 3,006 | 10,978 | (5,632) | 5,346 | (1,954) | 1 | (854) | (89) | 2,449 | |

Analyst Briefing Presentation

Thank You

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