

## Information Technology

During 2005 we completed many new projects which have given the bank a considerable advantage in terms of marketing and delivering new products, in terms of speed and efficiency from straight-through-processing (STP) of transactions and in terms of improved risk management.

In the first quarter of the year, we launched a new treasury system incorporating new product capability and improved transaction handling, accounting and risk management features. Two months later in June 2005 a new trade finance system went live with an advanced processing and workflow engine.

Risk management in SME and consumer banking were enhanced with the introduction of a new collections and remedial management system. Implementation of a new loan origination system is nearing completion in the first half of 2006. For the corporate, commercial and SME customer segments, a new central limit management system has gone live in the early part of 2006.

A major disaster recovery project is being implemented for the second half of 2006 that will allow the bank to switch data processing to our back up data centre within 30 minutes without loss of information. Bank Indonesia requirements stipulate a maximum of 24 hours for this routine.

During 2005 we were able to make some valuable enhancements to existing IT architecture and improve the end of day processing times achieving a reduction of several hours in this routine, during the course of the year. Modifications were made to our branch system to allow for future expansion.

We are already benchmarking our IT outlay to best practices in other banking centres and the Bank is significantly below European cost levels for similar functional benefits, in line with our strategic priorities for attaining cost leadership. In terms of delivering world class technology, we are in the process of completing a thorough evaluation of our core processing systems. We are currently making good progress with our road map to ensure Bank Danamon can sustain and improve the ability to scale up, capture growth and gain higher market share in the future.