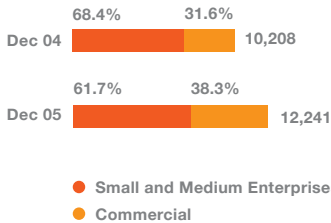


Commercial Banking (Danamon Sahabat) and SME Banking

SME & Commercial Loans (Rp Billion)



2005 was an exciting year for the SME and Commercial banking businesses of Bank Danamon. Following the division of the Bank's enterprise banking franchise into 2 unique business units, both had been able to deliver a more targeted relationship value proposition to their respective customer segments. This resulted in a more than 20% loan growth for the year. In the same period, fee income has also grown by 43% as we intensify our delivery of value-added products in Cash Management, Trade Finance and Treasury to our customers to serve their overall business needs.

"Sole Bank" positioning of SME banking

We aim to be the sole bank of our SME customers by providing excellent service and by always being the pioneer in introducing innovative products specific to SME behavior. Our logic is to completely satisfy the customers along all their evolving needs so they do not have to go anywhere else. In the course of the year, we have focused our energy in enhancing our end-to-end customer delivery process and in developing new products. One such product has been DanaFlexi, a product bundled solution that offers greater convenience to the customer by linking their accounts together. This product has seen a phenomenal growth rate and is helping us penetrate into the large base of SMEs who may have other needs beyond a usual working capital loan. We have also increased our penetration into the Asset-based finance business, helping customers grow through financing their purchase of capital equipment. All these initiatives are helping us to further strengthen our position as the market leader in serving Indonesian SMEs.

To continue to be a long-term market leader in this market, we believe in serving a broad spectrum of SMEs and Commercial companies in Indonesia with long term potential. These can range from companies that will benefit from Indonesia's infrastructure growth such as steel companies, to well-run cow farming companies that will benefit from growing consumption of red meat as the nation develops.



Being a “Sahabat” (Friend) to our Commercial customers

In April 2005, we officially launched the new brand of our Commercial Banking business unit- “Danamon Sahabat”. The brand reflects our vision of becoming the long-term strategic partner of our Commercial customers. We believe greatly that the key success factor in this segment is to pre-select the future “champions” of the business world and then having a strong enough commitment to support their growth aspirations. A lot of effort has been invested in employee training, product development, customer fulfillment and risk systems to ensure that we can deliver our commitment of becoming a real “Sahabat” to our customers. With the growth of our customers in their respective businesses, our Commercial banking franchise will in turn grow with them. Strong growth in our Commercial loan portfolio and a tripling of fee-based income lead us to believe that our value proposition is greatly welcomed by customers and that they believe that we are the right Commercial bank to help them achieve their goals of becoming the next generation of leading Indonesian companies.