

Corporate Banking & Financial Institutions

The corporate banking group had a very productive year in 2005. Growth of 23% in income came from effective cross selling and bundling of products including cash management, trade finance, corporate finance and treasury products using knowledge and experience in targeted sectors.



The performance demonstrated the extent to which the corporate team was aligned to market developments, in particular by capitalizing on Indonesia's encouraging export performance. While in the year 2005 total export earnings grew almost 20% over the equivalent period in 2004, Bank Danamon corporate banking earnings from trade finance were up 121%. We were also the recipient of the Global Finance Award 2005 for Best Trade Finance Bank, two times in a row clearly reflecting our consistency to remain as a leader and our drive to be the best. Further our capability to deliver more sophisticated products made a difference; Bank Danamon was the only local bank to offer five year cross currency swap facilities in 2005, an area that had been associated exclusively with international banks.

Corporate Banking remains focused on sectors where Indonesia is globally competitive and critical to the domestic economy including coal, oil, telecommunications, steel and palm oil. Corporate Banking group has dedicated professionals to develop business relationships in these sectors. A case in point during 2005 has been palm oil where Bank Danamon successfully arranged and co-led a syndicate to finance a large edible oils refiner and trader.

Client Sector	Bank Danamon Financing
Oil & Gas	US\$50 million Trade Finance Facility and US\$ 5 million Fx line for the import of crude oil.
	\$56 million omnibus Trade Facility for one of the largest public oil & gas company in Indonesia for oil field development & power projects.
Edible Oil Refining & Trading	Co-lead arranger for a US\$ 69 million term and working capital loan syndication to finance the client's new plant and all working capital needs.
Glass Manufacturing	Co-lead arranger for Rp 447 billion club deal for factory expansion for a term of 5½ years with bundled product offerings of US\$ Trade facility, Fx lines and operating accounts for the client's nation wide needs.
Coal Mining	US\$ 10 million structured Term Loan for purchase of barges & tug boats & working capital loan with Fx lines of US\$ 4 million for a green field, high quality coal mining project in Kalimantan.
Trading House	Providing one stop solution to the ever demanding collection and payments management needs including a Fx line, of a Global commodity trading house for their widely dispersed collection accounts from Jakarta, Surabaya, Makassar, Padang, Medan, Palopo, Palu and Lampung.
Automotive Financing	Rp 2 trillion revolving Joint Finance and Asset Buy Line and Rp 200 billion working capital loan for a large non affiliated motorcycle and car finance company.

It was also a year for establishing linkages, to cross-sell and bundle products using our knowledge and experience in specific sectors. In the case of a leading listed heavy equipment manufacturer, the Bank not only financed SME & large end-user customers' equipment needs but leveraged transactional and cash flow management services to support the vendor. A strong cash management capability also served to help increase deposits volume, in line with the Bank's overall drive for liabilities growth, while the cash management services customer base doubled and total corporate transactions increased more than eight times. Asia Finance awarded Bank Danamon for the "Best Internet Banking Services" in 2005 along with the award for being the best Bank for "Understanding our business strategies, objectives & requirements".

The Bank's growing international reputation generates multiple sources of opportunity: from advising or issuing letters of credit for equipment and raw material needs to assisting foreign direct investment. Our on-the-ground knowledge of the local auto industry was key in assisting a leading overseas vehicle manufacturer new to Indonesia to develop marketing and end-user financing strategies for the domestic market. Recent announcements of further deregulation of import licensing and tariff reduction will provide additional opportunities in the year ahead.

Financial Institutions

The focus for this group remained unchanged in 2005 namely to build and maintain strong relationships with a broad set of institutions through correspondent banking, money market and foreign exchange operations, international remittances and the establishment of credit lines. Value is achieved through cross selling of services and close relationships with trade finance and treasury teams.

Joint Finance/Asset buy

This group continued its work in providing credit to consumer finance companies and dealers in motorcycles and cars in order to further their business growth even during the period of tight liquidity towards the end of 2005.

Anticipating future market needs

In the coming year the strategic focus among CFOs in corporate Indonesia is on increasing productivity and lowering the cost base. Innovative products and services that add value for the customer will remain the priority for 2006. Corporate banking will leverage the nationwide reach of Bank Danamon and established relationships with leading private, state-owned businesses and multinational corporations operating in Indonesia, in key sectors of the economy. Corporate banking will concentrate on the business linkages with suppliers and customers that are crucial to any value chain. Our ability to connect detailed local knowledge and macro trends is a crucial point of difference, together with knowledgeable and professionally qualified employees, credit appetite and fast turn around time.



Corporate banking - delivering innovative solutions combined with on-the-ground knowledge in support of sectors where Indonesia is globally competitive.