

## **First Half 2003 Results**

- Net Income increased to Rp. 615 billion from Rp. 411 billion in the first half of 2002.
- Loans grew to Rp. 23.7 trillion in June 2003 from Rp. 13.3 trillion a year earlier.
- Government Bonds reduced to Rp. 13.3 trillion from Rp 22.2 trillion a year earlier.
- Asia Financial (Indonesia) Pte. Ltd. won the auction of a 51% stake in Bank Danamon.

### **Investor Relations**

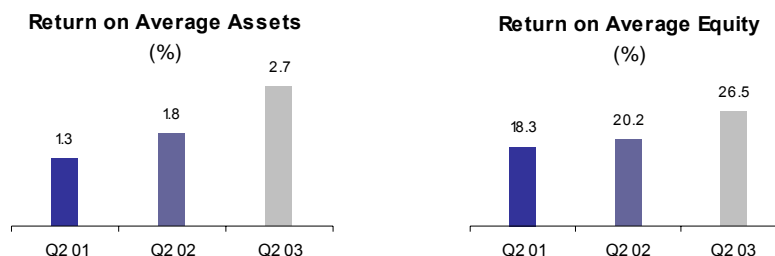
Vera Eve Lim  
vera@danamon.co.id

I Dewa Made Susila  
dewa@danamon.co.id

## FIRST HALF 2003 FINANCIAL RESULTS

Bank Danamon recorded a **net profit of Rp. 615 billion in the first half of 2003**, up 49.6% from the same period last year of Rp. 411 billion. This increase was mainly a result of higher net interest income and increased other operating income derived primarily from gains in the fair value of marketable securities. **Earnings per Share (EPS) for the first semester of 2003 improved significantly to Rp. 125.32** compared to Rp. 16.76 in the same period last year. The Bank's improving profitability for the first six months of 2003 has resulted in an **increase in both ROAA and ROAE to 2.7% and 26.5%**, from 1.8% and 20.2%, respectively, in the prior period last year.

Exhibit I. ROAA and ROAE (annualized)



**Net interest income increased 28.1% to Rp. 1,063 billion** against the previous year's period of Rp. 830 billion primarily driven by significant reduction in interest expense as compared to decline in interest income. In the first half of 2003, interest expense decreased 24.7% to Rp. 1,909 billion from Rp. 2,535 billion in the first half of 2002, due to both better deposit mix and declining interest rates. Accordingly the cost of funds declined to 9.2 % in the first half of 2003 compared to 11.4% in the same period last year. A declining interest rate environment also caused interest income to decrease 11.7% to Rp. 2,972 billion in the first half of 2003 from Rp. 3,365 billion in the previous year. Hence the yield on earning assets declined slightly from 14.6% in the first half of 2002 to 13.6% in the first half of 2003. Taken all together, **net interest margin increased 70 basis points to 4.6% in the first semester of 2003** from 3.9% in the same corresponding period last year.

Other operating income, or non-interest income, increased 156.9% to Rp. 817 billion in the first semester of 2003 compared to Rp. 318 billion in the prior period last year. This was primarily attributable to gains in the fair value of marketable securities. **Fee-based income in the first six months of 2003 amounted to Rp. 292 billion, up 84.8%** from Rp. 158 billion over the same corresponding period last year mainly driven from both recurring fee-based income (credit-related and transactional-related fees) and non-recurring fee-based income from selling Prima Investa. The **ratio of fee-based income to total operating income improved to 33.4%** in the first semester of 2003 compared to 25.5% last year.

In the first semester of 2003, the Bank set aside Rp. 533 billion allowance for possible losses on earning assets, up 422.5% compared to Rp. 102 billion in the same period last year in the view of unstable Indonesian economic condition. As a result, the allowance for possible losses increased to Rp. 1,625 billion as of June 2003 from Rp. 718 billion a year earlier. This excludes allowance for loans purchased from IBRA amounting to Rp. 3,518 billion as of June 2003.

Other operating expenses incurred during the first six months of 2003 amounted to Rp. 1,269 billion, rose 81.3% compared to Rp. 700 billion in the same period last year

mainly due to increase in general and administrative expenses as well as salaries and employee's benefits. General and administrative expenses increased 37.1% to Rp. 303 billion from Rp. 221 billion over the same period in 2002, mainly due to increase in depreciation expenses, resulting from the change in the depreciation method from double-declining to straight-line method in 2002. Salaries and employee's benefits increased 15.3% to Rp. 324 billion from Rp. 281 billion last year as a result of the Bank's effort to improve the quality of its personnel by offering competitive salaries and benefits, training programs and a productive working environment. Despite the increase in operating expenses, Bank Danamon managed to contain its **cost-to-income ratio of 41.8% in the first semester of 2003**, down from 45.8% in the prior year's corresponding period.

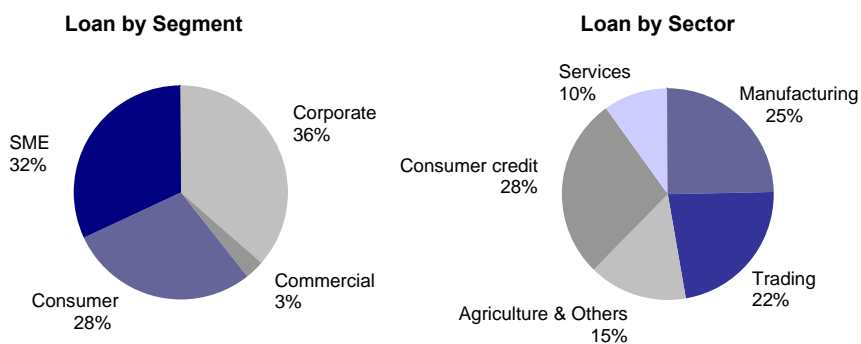
**Exhibit II. Summary of Consolidated Statement of Income**

Rp. billion	1 Half 2003 ended June 30	1 Half 2002 ended June 30	Change (%)
Interest Income	2,972	3,365	-11.7
Interest Expense	1,909	2,535	-24.7
Net Interest Income	1,063	830	28.1
Other Operating Income	817	318	156.9
Allowance for Possible Losses on Earning Assets	533	102	422.5
Other Operating Expense	1,269	700	81.3
Net Income	615	411	49.6

As of June 30, 2003, outstanding loans amounted to Rp. 23.7 trillion up 78.2% compared to Rp. 13.3 trillion a year earlier. Within this increase of Rp 10.4 trillion in loans, Rp 3.5 trillion were loans purchased from IBRA. The remaining increase of Rp 6.5 trillion represented organic loan growth. This loan expansion led the Bank's loan-to-deposits ratio (LDR) to improve to 66.2% in June 2003, more than doubled from last year's corresponding period of 37.7%.

**Exhibit III. Breakdown of Loan Portfolio**

(June 30, 2003)



**Total Loan : Rp 23.7 trillion<sup>1</sup>**

<sup>1</sup>including loans purchased from IBRA amounting to Rp 3.5 trillion

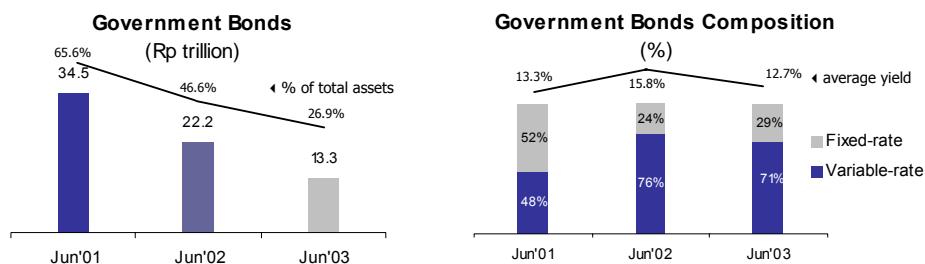
As the Bank remains committed to realize its vision to be the nationwide bank of choice in the consumer and SMEs sectors, the majority of the Bank's loan portfolio is directed

to consumer and SMEs sectors. These retail sectors accounted for 28.2% and 32.3% of the Bank's loan portfolio, respectively, as of June 2003. While the remaining comprised of corporate loans and commercial loans that made up 36.3% and 3.1% of the loan portfolio, respectively. In comparison, as of June 2002, the Bank's loan portfolio to corporate sector accounted for 32.8% of the Bank's loan portfolio, commercial sectors (9.2%), SME sectors (27.8%) and consumer sectors (30.2%).

Non-performing loans (NPL) amounted to Rp. 657 billion as of June 2003, against Rp. 532 billion a year earlier. Of Rp. 657 billion in NPLs as at end of June 2003, 1.2% were in the substandard category, 1.0% in doubtful category and 0.6% in loss category. However, **NPL ratio decreased to 2.8% as of June 30, 2003, compared to 4.0% a year earlier.** On the other hand, loan loss allowances increased considerably from Rp. 718 billion in June 2002 to Rp. 1,627 billion in June 2003. This excludes allowances for loans purchased from IBRA amounting to Rp. 2.5 trillion. In consequence, the ratio of loan loss allowances to total loans ratio improved to 8.0% in June 2003 compared to 5.4% a year earlier. Accordingly **NPL coverage, as measured by loan loss allowances to non-performing loans, improved to 247.2% level in June 2003, up significantly from previous year's level of 134.9%.** The Bank shall continue to prudently monitor its non-performing loans and build up reserves against the uncertain economic conditions.

Government bonds have been steadily reduced from Rp. 15.6 trillion in December 2002 to Rp. 13.3 trillion in June 2003, representing a 14.7% decrease, primarily due to the sales of such bonds to the public in the form of mutual fund products. As a result of the sales of the government bonds, variable rate bonds have now outnumbered fixed rate bonds with the ratio being 71% : 29% as of June 2003 compared with 76% : 24% a year earlier, thus reducing market risk as well as the dependency on government bonds. **Government bonds were now only accounted for 26.8% of the Bank's assets,** compared to 46.5% a year earlier and their contribution to interest income has declined considerably to 30.0% as of June 2003, compared to 58.7% in the corresponding period last year.

**Exhibit IV. Government Bonds**



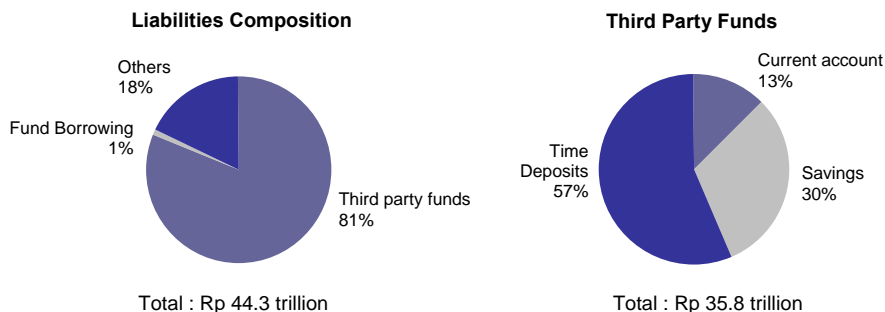
Total liabilities as of June 2003 amounted to Rp. 44.3 trillion, representing a 3.0% increase over the same period last year of Rp. 43.0 trillion. The increase was mainly due to increases in deposits from other banks as well as securities sold under repurchase agreements. Bank Danamon reduced its fund borrowings to Rp. 604 billion as at June 2003, down by 24.2% from Rp. 797 billion a year earlier.

Third party funds represent the main source of funding. As of June 2003, the Bank's total third party funds were Rp. 35.8 trillion, an increase of 1.5% as compared to Rp. 35.3 trillion as of June 2002. The increase in third party funds was primarily driven by a

change in the deposit mix as the Bank replaced high-cost time deposits with Prima Investa, mutual fund product.

**Exhibit V. Liabilities Composition and Third Party Funds**

(June 30, 2003)



As a part of its effort to reduce cost of funds, **Bank Danamon improves its deposit mix by increasing the portion of lower cost current accounts and saving deposits (CASA). CASA accounted for 43.3% of third party funds in June 2003**, up sharply compared to 33.1% a year earlier. Saving deposits amounted to Rp. 10,965 billion in June 2003, up 43.3% against Rp. 7,651 billion in June 2002, representing the Bank's successful efforts in marketing saving products by improving both product features and services. The current accounts also increased 12.6% from Rp. 4,014 billion as at June 2002 to Rp. 4,520 billion as at June 2003, mainly as a result of the shifting of funds to the Bank's new current account product (Primagi Super 9). On the other hand, time deposits decreased 13.9% from Rp. 23,601 billion as at June 2002 to Rp. 20,310 billion as at June 2003, mainly resulting from the shifting of high-cost time deposits to mutual funds products.

The Bank's capitalization, as measured by equity to asset ratio, improved to 10.4% in June 2003 from 9.6% a year earlier as the Bank continues to record an improving earning results and retained part of its earning as retained profits. Total equity rose 12.5% from Rp. 4,582 billion as of June 2002 to Rp. 5,153 billion as of June 2003. **Bank Danamon's capital adequacy ratio (CAR) as of June 2003 remained strong at 24.2%**, more than three times the BIS minimum requirements of 8.0%. As of June 2003, Tier 1 and Tier 2 capital ratio stood at 20.8% and 3.4%, respectively. There was a reduction in the Bank's CAR from June 2002 position of 32.7% mainly due to loan expansion. Furthermore, calculated based on Bassel II Simulation Model which also accounted for market and operating risk, the Bank's CAR is estimated to stay at 16.1% level.

**Exhibit VI. Summary of Consolidated Balance Sheet**

Rp. billion	June 30, 2003	June 30, 2002	Change (%)
Total Assets	49,462	47,600	3.9
Total Loans <sup>1</sup>	23,725	13,287	78.6
Total Government Bonds	13,264	22,157	-40.1
Total Liabilities	44,309	43,018	3.0
Third Party Funds	35,795	35,266	1.5
Total Equity	5,153	4,582	12.5

<sup>1</sup> loan for 2003 includes loans purchased from IBRA (Rp. 3,518 billion)

The Bank's net open position declined to 1.9% in June 2003 from 2.7% in June 2002. This ratio has been managed consistently below 5%, well below the Central Bank's regulation of 20%. ~~20~~

---

**Exhibit VII. Key Financial Ratios**

%	1 Half 2003 June 30	1 Half 2002 June 30
Net Interest Margin	4.6	3.9
Return on Average Assets	2.7	1.8
Return on Average Equity	26.5	20.2
Loan to Deposits Ratio <sup>1</sup>	66.2	37.7
Non-Performing Loans / Total Loans <sup>1</sup>	2.8	4.0
Non-Performing Loans / Total Loans (IBRA net) <sup>2</sup>	2.9	4.0
Loan Loss Allowance / Non-Performing Loans <sup>3</sup>	247.2	134.9
Net Open Position	1.9	2.7
Capital Adequacy Ratio	24.2	32.7

<sup>1</sup>loan for 2003 includes loans purchased from IBRA (Rp. 3,518 billion)

<sup>2</sup>loan for 2003 includes net loans purchased from IBRA (Rp. 1,015 billion)

<sup>3</sup>allowances for 2003 excludes loans purchased from IBRA (Rp. 2,504 billion)

---

## AWARDS AND ACCOLADES

The improvements and changes in all aspects of the Bank has proven to generate rewarding results as the Bank has received acknowledgements from several institutions:

- First Rank according to Rating of 135 Banks in Indonesia for Category Bank with Asset Above Rp. 20 trillion from InfoBank Magazine
- The Best National Bank from Bisnis Indonesia Daily in June 2003.
- Receive ISO Certificate, 2000 version for Standard Quality Management System from PT SGS International Certification Service Indonesia in June 2003
- Second Rank in Banking Service Excellence Award from Marketing Research Indonesia in March 2003.
- One of the Best Bank in Customer Satisfaction from Trisakti Institute of Service Management in March 2003.
- Platinum Award – The Best MasterCard Electronic Program Asia Pacific 2002 from MasterCard International in January 2003.
- The Most Innovative Product and Highest Usage for MasterCard Electronic in Indonesia from MasterCard International in January 2003. ~~to~~

## DIVESTMENT PROCESS BY IBRA

■ **Bank Danamon's Divestment.** After obtaining the approval from House of Representatives ("DPR") to divest 71% of the Government's shares in Bank Danamon, IBRA conducted the divestment through, a 51% strategic sale and market placement for the remaining 20%.

### The Strategic Sale of 51% shares of Bank Danamon

On June 16, 2003, IBRA and Asia Financial (Indonesia) Pte. Ltd. (AFI), a consortium formed by Asia Financial Holdings Pte. Ltd. and Deutsche Bank AG signed the Sales Purchase Agreement (SPA) to conclude the purchased by AFI of a 51% stake in Bank Danamon. In relation to the sale, Bank Danamon held an Extra Ordinary General Shareholders Meeting (EGSM) to appoint a new management team on June 16, 2003.

#### Board of Commissioners

- |                                |  |
|--------------------------------|--|
| 1. President Commissioner      | : Sim Kee Boon <sup>*)</sup>                 |
| 2. Vice President Commissioner | : I Nyoman Sender                            |
| 3. Commissioner                | : Sumarno Surono                             |
| 4. Commissioner                | : Milan Rober Shuster                        |
| 5. Commissioner                | : Sri Adiningsih                             |
| 6. Commissioner                | : Harry Arief Soepardi Sukadis <sup>*)</sup> |
| 7. Commissioner                | : Jimmy Phoon Siew Heng <sup>*)</sup>        |
| 8. Commissioner                | : Edwin Gerungan <sup>*)</sup>               |
| 9. Commissioner                | : Rajan Raju Kankipati <sup>*)</sup>         |
| 10. Commissioner               | : Gan Chee Yen <sup>*)</sup>                 |

### Board of Directors

- |                            |                             |
|----------------------------|-----------------------------|
| 1. President Director      | : Francis Andrew Rozario *) |
| 2. Vice President Director | : Emirsyah Satar *)         |
| 3. Director                | : Muliadi Rahardja          |
| 4. Director                | : Gatot Mudiantoro Suwondo  |
| 5. Director                | : Prasetio                  |
| 6. Director                | : Anika Faisal              |
| 7. Director                | : Jerry Ng *)               |

\*) subject to approval under Bank Indonesia's "fit and proper" test

### The Market Placement 20% of shares of Bank Danamon

IBRA has also sold 20% of Bank Danamon's shares, through a drip sale in the market based on the optimal market condition and a private placement program. Drip sale started on May 12, 2003 to July 21, 2003 and IBRA managed to sell 120,105,000 shares, representing a 2.45% shareholding in Bank Danamon.

At the same time, IBRA also conducted the private placement program by offering 861,279,000 shares (approximately 17.55% of the Bank's shares). On July 24, 2003, the initial document (Red Herring) was sent to more than 250 potential investors both local and foreign. From 250 potential investors that were invited, approximately 57 investors submit their offers to participate in the sales of the Bank's 4,408,840,289 shares, representing an oversubscription of over 5.12 times of the shares offered. IBRA set a price of Rp. 1,325 per share for the private placement. This price was 1.4 times Bank Danamon's book value as at December 31, 2002 and higher than the strategic sales price of Rp. 1,202 per share. This reflected a positive impact of the strategic sale, showing an increase in both local and international market's trust towards the Bank's financial performance and strategies as well as the new management and stakeholders. In total, the Government received Rp. 4,317 billion from the divestment of approximately 71% of Bank Danamon's shares, which consists of Rp. 1,299 billion from market placement and Rp. 3,008 billion from strategic sale.

### NEW INITIATIVES HIGHLIGHTS

Along with the Bank's vision to be the bank of choice in the consumer and SMEs sectors and to realize its mission to delight its customers, Bank Danamon continues to introduce innovative products and services as well as enhancing the features of the existing products and services. Bank Danamon also forms alliances with other financial institutions to increase the type and quality of its products and services.

#### New Products and Services

■ **Rekening Investa**, an alternative investment-linked banking product to Prima Investa where customers are given the opportunity to maximize the value of their funds on a daily basis instead of certain periods. This particular fund is managed by an investment manager and allocated to money market instruments. Rekening Investa generates an attractive rate of return, which is within the range given by time deposits and Prima Investa. The product has been favorably received by the market as evidenced



by Rp. 1,577 billion funds raised from public as of June 2003 with about 5,000 customers (NOA).

■ **Tabungan Pendidikan Danamon (TPD)**, an educational savings product aimed at accumulating a specified target fund level for a child's education. TPD offers higher interest rates than regular savings account with the benefit of life protection up to 200 times the monthly payment through the insurance coverage in the product. Since its introduction at the end of May 2002, the Bank has been able to generate total funds of Rp. 106 billion with approximately 33,000 customers (NOA) as of June 2003.

■ **SME Center**. As part of the Bank's effort to capture business potential in SME sectors, Bank Danamon established 40 branches for SME lending and 9 SME Centers. Staffed by 244 senior line staff and supported by an information center, the centers will be able to serve the SME customers better. As of June 2003, Bank Danamon has 9 SME Centers operating in several large cities in Indonesia: Jakarta, Bandung, Semarang, Surabaya, Denpasar, Makassar, Balikpapan, Medan, Padang and Banjarmasin.

■ **Investment Gallery**. Launched in March 2003, this service is a management service for investment portfolios which was managed by professional fund managers. This service is catered towards PrimaGold Banking's customers. As the initial step, this service is currently only available in 5 of the Bank's PGB Centers: Menara Bank Danamon, Kelapa Gading Jakarta, Surabaya, Bandung and Medan.

■ **Consumer Lending Center (CLC)**. This center is established to simplify and speed up the loan application process, hence improving service to customers and enhancing the Bank's competitive position in the market. CLC is also aimed to achieve better risk management control by centralizing control of acquisition, maintenance and collection process. CLC has been established in Jakarta, Medan and Surabaya.


■ **Danamon Access Center (DAC)**. Leveraging on the Bank's new IT platform, the Bank established DAC, a phone banking service which provides the Bank's customers with 24-hour access to the banking services such as funds transfer, account openings, balance inquiry, etc. This new service is expected to broaden the user base of DAC and hence reducing the high cost associated with in-branch services. DAC now operates in eight major cities in Indonesia, namely, Jakarta, Bandung, Surabaya, Semarang, Medan, Makassar, Denpasar and Balikpapan.

■ **PrimaGold Banking (PGB)**. Launched in August 2002, PrimaGold priority banking offers customized wealth management services to high net worth individuals. PGB offers not only priority banking product that are geared towards optimizing the customer's assets but also an exclusive membership facilities that suits the member's lifestyle with privilege services such as financial advisory, convenient and private dealing room, multi function meeting room, internet & facsimile and first class services for other banking transactions. As of June 2003, PGB has managed to contribute third party funds totaling to Rp. 6.0 trillion whilst extending loans amounted to Rp. 202.9 billion. Bank Danamon has currently opened one new PGB Center in Pondok Indah, Jakarta Selatan, in addition to seven other PrimaGold Centers in Jakarta: Menara Bank Danamon and Kelapa Gading), Bandung, Surabaya, Makassar, Balikpapan and Medan. PGB employs 60 well-trained officers including Center Heads, Personal Relationship Officers, Customer Assistants and Tellers.

■ **Syariah Banking**. Aiming to capitalize on growing opportunities in Islamic banking, Bank Danamon offers various innovative deposits and financing products to this hugely potential market segment. The business strategy employed is to focus on middle-to-upper class individual customers for its funding products while providing SME and consumer financing products to the middle-to-lower income customers. As of June 2003, Syariah banking has been able to generate approximately Rp. 42.0 billion in

third-party funds, while financing out a total of Rp. 89.6 billion. Bank Danamon currently maintains five Syariah branch offices in Jakarta, Sidoarjo, Martapura, Banda Aceh and Bukit Tinggi.

■ **Card Center.** Bank Danamon has developed several specialized programs and services, including a 24-hour customer care center, a phone banking travel service, free travel insurance, free airport lounge facility, SMS notification on due amount and payment received, lost card replacement and supplementary accounts. As of June 2003, the Bank's total outstanding receivables were Rp. 589 billion with approximately 194,000 cardholders. One of our primary products is fixnfast electronic card which enables the cardholders to determine their respective monthly installment payments. This successful product has been able to generate a balance of Rp. 398 billion, or 67.5% of total credit card portfolio, with more than 89,000 cardholders. Besides fixnfast, the Bank also offers Visa and MasterCard Classic and Gold credit cards as well as debit cards and pre-paid cards. In addition, the Bank offers co-brand/affinity cards such as "Kartu Kredit HA-IPB" to several large institutions such as banks, university alumni associations and golf clubs. Approximately 10% of the Bank's credit cards are affinity cards. The Bank's Card Center is supported by five regional card centers in Bandung, Surabaya, Yogya, Medan and Makassar. As of June 2003, one new regional card center was added in Denpasar.

■ **ATM.** In order to enhance quality services such as convenience access and ease of transactions to customers, The Bank continues to add and improve features and services to its ATM. Among facilities provided by Bank Danamon's ATM are cash withdrawal, account balance information, PIN change, inter-account transfer, payment of credit cards issued by Bank Danamon, Citibank, HSBC, ANZ, GE Ekstra MasterCard, credit installment payment of GE Sumber Kredit, vehicle credit payment of Astra Credit Company, payment of monthly postpaid cellular services for Excelcomindo, Komselindo, Halo Telkomsel, Matrix Satelindo, purchase of prepaid cellular credits of Pro-XL and cash withdrawal from Bank Danamon's credit card and other credit cards bearing the logo of MasterCard. In addition, the Bank's customers are provided with easy access to the Bank's ATMs in 2,400 locations through the networking of "Jaringan ATM Bersama" and 2,800 ATM bearing the ALTO logo. 


## BACKGROUND

The Bank was established in July 1956 under the name of PT. Bank Kopra Indonesia. In 1976, the Bank's name was changed into its current name PT. Bank Danamon Indonesia. The Bank continued to expand and at November 5<sup>th</sup>, 2002, became the first Indonesian private foreign exchange bank after obtaining its foreign exchange license from the Central Bank (Bank Indonesia). To sustained growth by increasing its capital, the Bank's 12,000,000 shares with Rp. 1,000 par value per share was offered to the public through Initial Public Offering (IPO) on December 1989. Since then, the Bank had offered three Limited Offerings (Rights Issue) in 1994, 1996 and 1999.

Bank Danamon was taken over by the Government of Indonesia in April 1998 as it ran into liquidity insolvency as a result of the Asian financial crisis in 1997. The Bank was placed under the care of the Indonesian Bank Restructuring Agency (IBRA) to be included in the bank recapitalization and merger program. The Government first recapitalization was done through an injection amounting to Rp. 32 trillion into the Bank's capital and merger with Bank PDFCI (after being recapitalized), which reached completion in December 30, 1999.

In June 2000, Bank Danamon completed yet another merger with 8 Bank Take Over (BTOs), namely Bank Jaya, Bank Tiara Asia, Bank Pos Nusantara, Bank Rama, Bank Tamara, Bank Nusa Nasional, Bank Duta, and Bank Risjad Salim Internasional. Prior to the merger, the Bank received second recapitalization from the Government through capital injection of Rp. 28 trillion in order to fulfill the requirements of BI regarding the minimum Capital Adequacy Ratio after the transfer into the Bank of all the assets and liabilities of the BTOs banks which have capital deficiency. As a result, Bank Danamon re-emerged as one of Indonesia's biggest Banks along with Bank Central Asia in the private sector, and with Bank Mandiri, Bank BNI and Bank BRI in the public sector.

After the recapitalization and merger, the Bank continues to strengthen its position in the Indonesian banking sector by focusing on consumer and SMEs sectors which is in line with the Bank's vision and mission. In order to achieve this, the Bank focuses its attention on three critical areas, which are financial strategy, network & distribution strategy and human resources & managerial strategy.

Going forward, the focus of the Bank remains on the development of its retail banking, fulfilling the financial needs of its consumer and individual customers. With a new and dynamic corporate logo and signature, the Bank embarks on a new chapter that revitalizes the Bank's visual identity therefore enables the Bank to look forward to the future with greater confidence and focus. 

# Consolidated Financial Statements<sup>\*)</sup>

## PT Bank Danamon Indonesia Tbk and Subsidiary

<b>ASSETS</b>	<b>2003</b>	<b>2002</b>	<b>LIABILITIES &amp; EQUITY</b>	<b>2003</b>	<b>2002</b>
<i>Rp. million (as of June, 30)</i>	<b>Unaudited</b>	<b>Unaudited</b>	<i>Rp. million (as of June, 30)</i>	<b>Unaudited</b>	<b>Unaudited</b>
Cash	781,085	529,744	Current Accounts		
Current Accounts with Bank Ind.	1,766,458	1,857,751	Rupiah	2,496,274	2,296,174
Current Accounts with Other Banks			Foreign currencies	2,023,850	1,718,067
Rupiah	46,293	57,913	Obligations due immediately	369,960	303,967
Foreign currencies	281,168	302,500	Saving Deposits	10,964,775	7,651,200
Placements with Other Banks			Time Deposits		
Rupiah	487,991	361,012	Rupiah	17,165,547	20,365,380
Foreign currencies	1,461,328	1,407,140	Foreign currencies	3,144,198	3,235,364
Allowance for possible losses	(22,711)	(28,703)	Certificates of Deposits	-	-
Marketable Securities			Deposits from Other Banks	1,644,850	397,913
Rupiah	6,993,469	2,507,788	Marketable Securities Sold under		
Foreign currencies	1,801,357	2,968,728	Repurchase Agreement	1,500,000	500,000
Allowance for possible losses	(21,315)	(30,389)	Derivative Payables	74	388
Government Bonds	13,264,479	22,157,259	Acceptance Liabilities	403,007	172,388
Securities under resale	299,777	-	Marketable Securities Issued		
agreements			Rupiah	51,236	51,495
Allowance for possible losses	-	-	Foreign currencies	390,982	1,127,163
Derivative receivables	20	191	Borrowings		
Allowance for possible losses	-	(2)	Rupiah	573,268	620,550
Loans**			Foreign currencies	30,934	176,531
Rupiah	19,549,432	11,590,993	Accrued Expenses	215,462	228,957
Foreign currencies	4,176,140	1,695,872	Tax Payables	-	-
Allowance for possible losses	(4,128,567)	(717,587)	Allowance for Possible Losses on		
Deferred Income	(48,589)	-	Off Balance Sheet Transactions	367,345	338,542
Acceptance Receivables	403,008	172,388	Other Liabilities	2,107,527	2,941,416
Allowance for possible losses	(4,031)	(3,128)	Subordinated Loans	703,469	735,961
Investments in Share of Stock	41,374	52,635	Loan Capital	155,000	155,000
Allowance for possible losses	(3,392)	(13,584)	Minority Interest	1,130	1,987
Accrued Interests Receivables	422,021	759,532	Equity		
Prepaid Expenses	105,410	61,670	Paid up capital	3,562,261	3,562,261
Prepaid Taxes	3,486	7,509	Additional paid up capital	25,412	25,412
Deferred Tax Assets	300,723	339,295	Other paid up capital	9,673	189
Fixed Asset	915,668	987,680	Diff. in foreign currency translation	2,914	2,932
Accumulated depreciation	(396,389)	(308,925)	Retained earnings	1,552,764	991,008
Real and Chattel Properties	1,490	4,735	<b>TOTAL</b>	<b>49,461,642</b>	<b>47,600,245</b>
Other Assets	984,459	880,228			
<b>TOTAL</b>	<b>49,461,642</b>	<b>47,600,245</b>			

<sup>\*)</sup> Exchange Rate Rp. 8,265 to US\$ (as of June 30, 2003) and Rp. 8,740 to US\$ (as of June 30, 2002).

<sup>\*\*)</sup> Loan for 2003 includes loans purchased from IBRA (Rp. 3,517,653 million).

# Consolidated Financial Statements<sup>\*)</sup>

## PT Bank Danamon Indonesia Tbk and Subsidiary

INCOME STATEMENTS	2003	2002	COMMITMENTS & CONTINGENCIES	2003	2002
<i>Rp. million (as of June, 30)</i>	Unaudited	Unaudited	<i>Rp. million (as of June, 30)</i>	Unaudited	Unaudited
<b>OPERATING INCOME AND EXPENSES</b>			<b>COMMITMENTS</b>		
Interest Income			Commitment Receivables		
Interest	2,972,311	3,364,592	Unused borrowing facilities	4,062	18,522
Fees and commissions	82,426	31,286	Others	-	-
Total interest income	3,054,737	3,395,878	<b>Total Commitment Receivables</b>	<b>4,062</b>	<b>18,522</b>
Interest Expenses			Commitment Payables		
Interest	1,908,682	2,535,319	Unused loan facilities	3,853,429	2,168,220
Fees and commissions	252	104	Outstanding irrevocable L/C	515,608	175,948
Total interest expenses	1,908,934	2,535,423	Obligations to repurchase assets sold under repurchase agreements	-	-
<b>Net Interest Income</b>	<b>1,145,803</b>	<b>860,455</b>	Others	29,217	4,422
<b>Other Operating Income</b>			<b>Total Commitment Payables</b>	<b>4,398,254</b>	<b>2,348,590</b>
Foreign exchange gain	4,983	-	Commitment Payables - Net	(4,394,192)	(2,330,068)
Other fees and commissions	291,593	158,361	<b>CONTINGENCIES</b>		
Gain from incline in fair value of marketable securities	274,277	-	Contingent Receivables		
Others	163,301	128,154	Interest receivable on non- performing assets	49,089	108,840
<b>Total other operating income</b>	<b>734,154</b>	<b>286,515</b>	Others	-	-
<b>Other Operating Expenses</b>			<b>Total Contingent Receivables</b>	<b>49,089</b>	<b>108,840</b>
General & Adm. Expenses	302,892	221,186	Contingent Payables		
Salaries and employee benefits	324,191	281,027	Guarantees issued	345,868	262,943
Loss in foreign exchange	-	9,451	Channeling loans	-	-
Loss from decline in fair value of marketable securities	-	101,587	Others	119,480	6,927,714
Allowance for possible losses on earning assets & off bs trans.	532,710	-	<b>Total Contingent Payables</b>	<b>465,348</b>	<b>7,190,657</b>
Others	109,167	87,134	<b>Contingent Payables - Net</b>	<b>(416,259)</b>	<b>(7,081,817)</b>
<b>Total other operating     expenses</b>	<b>1,268,960</b>	<b>700,385</b>	<b>CAPITAL RATIO</b>	<b>2003</b>	<b>2002</b>
<b>Net Operating Income</b>	<b>610,997</b>	<b>446,585</b>	<i>(as of June, 30)</i>		
NON OPERATING INCOME (EXPENSES) – NET	31,893	(4,779)	<b>Bank Indonesia</b>		
<b>INCOME BEFORE TAX</b>	<b>642,890</b>	<b>441,806</b>	Tier 1	20.78%	28.17%
INCOME TAX	28,107	30,784	Tier 2	3.39%	4.55%
INCOME AFTER TAX	614,783	411,022	<b>Total</b>	<b>24.17%</b>	<b>32.72%</b>
MINORITY INTEREST IN NET LOSS OF SUBSIDIARY	176	204	<b>Bassel II *</b>	<b>16.09%</b>	<b>n.a.</b>
<b>NET INCOME</b>	<b>614,959</b>	<b>411,226</b>	Note: *Simulation Standard Model Bassel II		
DIVIDEND	-	-	<b>SHAREHOLDERS</b>	<b>2003</b>	<b>2002</b>
NUMBER OF SHARES	4,907	24,535	<i>(as of June 30)</i>		
<b>BASIC EARNINGS PER SHARE</b>	<b>125.32</b>	<b>16.76</b>	The Government of Indonesia (IBRA)	48.13%	99.35%
			Asia Finance Indonesia Consortium	51.00%	0.00%
			Public	0.87%	0.65%

<sup>\*)</sup> Exchange Rate Rp. 8,265 to US\$ (as of June 30, 2003) and Rp. 8,740 to US\$ (as of June 30, 2002).

# Financial Highlights

## PT Bank Danamon Indonesia Tbk and Subsidiary

Loan Collectibility (as of June, 30)	2003		2002	
	Rp. bn	%	Rp. bn	%
Current	21,941	92.5	11,774	86.6
Special Mention	1,128	4.8	981	7.4
Substandard	292	1.2	275	2.1
Doubtful	230	1.0	123	0.9
Bad Debts	135	0.6	134	1.0
<b>Total*</b>	<b>23,726</b>	<b>100.0</b>	<b>13,287</b>	<b>100.0</b>

Loan by Sector (as of June, 30)	2003		2002	
	Rp. bn	%	Rp. bn	%
Manufacturing	5,869	24.7	2,789	21.0
Trade, restaurant & hotel	5,318	22.4	2,577	19.4
Agriculture	590	2.5	1,056	7.9
Construction	321	1.4	294	2.2
Transportation	691	2.9	288	2.2
Mining	501	2.1	56	0.4
Electricity, gas & water	296	1.2	234	1.8
Business services	2,061	8.7	1,087	8.2
Social services	280	1.2	793	6.0
Others	7,799	32.9	4,113	31.0
<b>Total*</b>	<b>23,726</b>	<b>100.0</b>	<b>13,287</b>	<b>100.0</b>

Loan by segment (as of June, 30)	2003		2002	
	Rp. bn	%	Rp. bn	%
Corporate*	8,616	36.3	4,364	32.8
Commercial	746	3.1	1,227	9.2
Small & medium enterprise	6,690	28.2	3,681	27.8
Consumer	7,585	32.0	4,015	30.2
Syariah	89	0.4	-	-
<b>Total*</b>	<b>23,726</b>	<b>100.0</b>	<b>13,287</b>	<b>100.0</b>

### Share Price (Quote: BDMN)



Source: Bloomberg

\*) loan for 2003 includes loans purchased from IBRA (Rp. 3.5 trillion)

Key Financial Ratios % (as of June, 30)	2003	2002
	Loan to Deposits Ratio (LDR)*	66.2
Return on Average Assets (ROAA)	2.7	1.8
Return on Average Equity (ROAE)	26.5	20.2
Net Interest Margin (NIM)	4.6	3.9
Yield of Earning Assets	13.6	14.6
Cost of Fund	9.2	11.4
Income Gov Bonds/Interest Income	30.0	58.7
Fee Income to Total Operating Income	33.4	25.5
Cost to Income	41.8	45.8
Non Performing Assets/Total Earning Assets	1.4	1.3
Allowance for Possible Losses/Total Earning Assets**	4.4	2.6
Allowance for Possible Losses/NPA**	301.7	288.7
Non Performing Loans/Total Loans (NPL)*	2.8	4.0
Loan Loss Allowance to Total Loans**	8.0	5.4
NPL Coverage**	247.2	134.9
Net Open Position (NOP)	1.9	2.7
Capital Adequacy Ratio (CAR)	24.2	32.7
Earnings per Share (EPS)	Rp. 125.32	Rp. 16.76

\*) loan for 2003 includes loans purchased from IBRA (Rp. 3.5 trillion)  
 \*\*) allowances for 2003 excludes loans purchased from IBRA (Rp. 2.5 trillion)

Network & Employees (as of June, 30)	2003	2002
	Branch offices	462
ATM	702	780
Number of employees	13,060	13,315

### Credit Ratings

<b>Fitch IBCA</b> (November 2002)	Short Term Credit Ratings Long Term Credit Ratings	B B
<b>Standard &amp; Poor's</b> (May 2003)	Short Term Credit Ratings Long Term Credit Ratings Outlook	B B Stable
<b>PEFINDO</b> (May 2002)	Company Rating Outlook	idBBB+ Stable
<b>Moody's*</b> (January 2002)	Long Term Bank Deposits Financial Strength	Caa1 E+
<b>Capital Intelligence*</b> (January 2003)	Foreign Currency Financial Strength Support	C BB 3

Note: \* Public Information Rating

**Disclaimer:**

This report has been prepared by PT Bank Danamon Indonesia Tbk independently and is circulated for the purpose of general information only. It is not intended to the specific person who may receive this report. The information in this report has been obtained from sources which we deem reliable. No warranty (expressed or implied) is made to the accuracy or completeness of the information. All opinions and estimates included in this report constitute our judgment as of this date and are subject to change without prior notice.

We disclaim any responsibility or liability (expressed or implied) of PT Bank Danamon Indonesia Tbk and/or its affiliated companies and/or their respective employees and/or agents whatsoever and howsoever arising which may be brought against or suffered by any person as a result of acting in reliance upon the whole or any part of the contents of this report and neither PT Bank Danamon Indonesia Tbk and/or its affiliated companies and/or their respective employees and/or agents accepts liability for any errors, omissions or mis-statements, negligent or otherwise, in this report and any inaccuracy herein or omission herefrom which might otherwise arise.