

Investor Newsletter

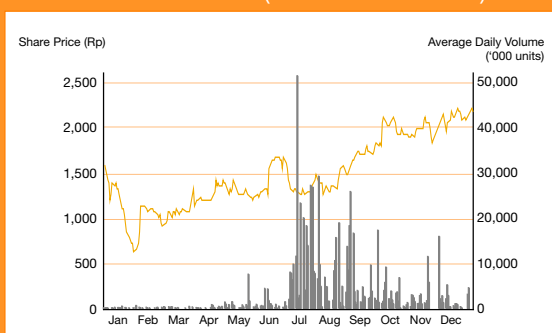
July 2004

Bank Danamon

We believe in You



Share Price (Ticker: BDMN)



Shareholders

	Jun 2003	Jun 2004	Change
Asia Financial (Indonesia) Pte Ltd.	51.0%	61.9%	10.9%
Asset Management Company qq. Ministry of Finance Republic Indonesia	48.1%	20.5%	-27.6%
Public	0.9%	17.6%	16.7%

First Half 2004 Results

- Net Profit after tax increased by 79% to Rp. 1,101 billion from Rp. 615 billion.
- Net Interest Margin improved to 7.9% from 4.4%.
- Adira Finance (75% owned by Bank Danamon) recorded 196% increase in its first half 2004 profit of Rp. 172 billion.
- Danamon has opened 44 units of Danamon Simpan Pinjam, generating a total lending of Rp. 58 billion.

FIRST HALF 2004 FINANCIAL RESULTS

Danamon recorded first half 2004 net profit after tax of Rp. 1,101 billion, up 79.0% over Rp. 615 billion in the same corresponding period last year. This increase was mainly resulted from higher net interest income. Accordingly, earnings per share were Rp. 224.43 in the first half of 2004, up by 79.0% compared with Rp. 125.32 for the year-ago semester. The Bank's increasing profitability improved both its ROAA (after-tax) and ROAE (after-tax) to 4.2% and 35.2% from 2.7% and 24.8%, respectively, in the first half of 2003.

(in Rp. billion except EPS data)	IH 2003	IH 2004	Chg(%)
INCOME STATEMENT			
Net Interest Income	1,019	1,970	93.3
Other Operating Income	856	797	-6.9
Provision for Possible Losses	533	35	-93.4
Other Operating Expenses	692	997	44.1
Net Income	615	1,101	79.0
Earnings per Share (Rp)	125.32	224.43	79.0
BALANCE SHEET			
Total Assets	49,462	53,149	7.5
Total Loans ¹	21,227	23,862	12.4
Total Government Bonds	13,264	18,269	37.7
Total Liabilities	44,309	45,796	3.4
Third Party Funds	35,795	35,933	0.4
Total Equity	5,153	7,353	42.7
KEY FINANCIAL RATIOS RATIO (%)			
Net Interest Margin	4.4	7.9	3.5
Return on Average Assets	2.7	4.2	1.5
Return on Average Equity	24.8	35.2	10.4
Loan to Deposits Ratio ¹	59.2	64.2	5.0
NPL / Total Loans ²	1.5	3.2	1.7
NPL / Total Loans ³	0.0	0.0	0.0
Loan Loss Allowances / NPL	247.2	158.1	-89.1
Net Open Position	1.9	0.3	-1.6
Capital Adequacy Ratio	24.2	33.3	9.1
Tier 1 Capital	20.8	23.6	2.8

¹loans purchased from IBRA is stated at purchase price

²After BI minimum provision

³After the Bank's total provision

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Danamon recorded **first half 2004 net profit after tax of Rp. 1,101 billion, up 79.0%** over Rp. 615 billion in the same corresponding period last year. This increase was mainly resulted from higher net interest income. Accordingly, earnings per share were Rp. 224.43 in the first half of 2004, up by 79.0% compared with Rp. 125.32 for the year-ago semester. The Bank's increasing profitability improved both its ROAA (after-tax) and ROAE (after-tax) to 4.2% and 35.2% from 2.7% and 24.8%, respectively, in the first half of 2003.

Net interest income rose 93.3% to Rp. 1,970 billion in the first half of 2004. This increase was due primarily to lower interest expense resulting from the new management's initiative to cut interest rates on deposits as well as declining interest rates environment. Accordingly, **net interest margin improved over 300 bp to 7.9%** for 2004 first semester compared to the same period last year, reflecting the benefit of lower funding costs.

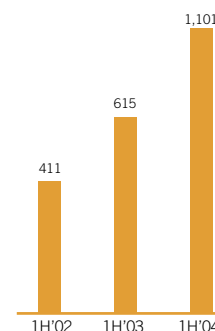
Other operating income consists of Rp. 473 billion of fee income and Rp. 324 billion of non-recurring income which decreased by 6.9% from Rp. 856 billion in the first half of 2003. This decline was mainly due to Rp. 7 billion loss from decline in fair value of marketable securities (as opposed to gain of Rp. 274 billion in the first half of 2003) which was partially offset by increase in other income.

In the first six months of 2004, other operating expenses amounted to Rp. 997 billion, up by 44.1% from Rp 692 billion in the corresponding period last year. General and administrative expenses increased by 42.9% to Rp. 433 billion largely due to higher promotion and operational expenses. Salaries and employee benefits increased by 47.7% to Rp. 479 billion as a result of the Bank's effort to improve the quality of its personnel by offering competitive salaries and benefits. Nevertheless, **the Bank was able to maintain its cost-to-income ratio at 39.1% level.**

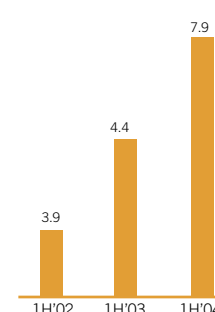
As a result of Adira Finance's acquisition, the Bank incurred Rp. 87 billion in amortization of goodwill for this fiscal year. The goodwill from Adira Finance's acquisition will be amortized in 8 years.

Outstanding loans grew 12.4% to Rp. 23,862 billion as at June 30, 2004 from Rp. 21,227 billion a year ago. This loan growth was mainly resulted from Rp. 2,453 billion increase in consumer loans and Rp. 753 billion increase in SME and commercial loans. Corporate loans, however, decreased slightly by Rp. 568 billion. As at of June 30, 2004, consumer loans accounted for 42% of total loan book. The remaining loans consists of SME loans 25%, commercial loans 9% and corporate loans 23%. Furthermore, the Bank's **loan-to-deposits ratio (LDR) stood at 64.2% level** as at June 30, 2004.

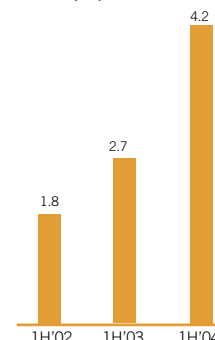
Net Income (Rp bn)



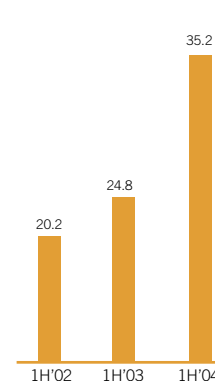
Net Interest Margin (%)



ROAA (%)



ROAE (%)



The remaining loans purchased from IBRA of Rp. 7,829 billion with a purchase price of Rp. 1,337 billion amounted to Rp. 728 billion (purchase price) as at June 30, 2004. Out of this amount, Rp. 513 billion has been restructured and these remaining loans have been fully provided for as at June 30, 2004.

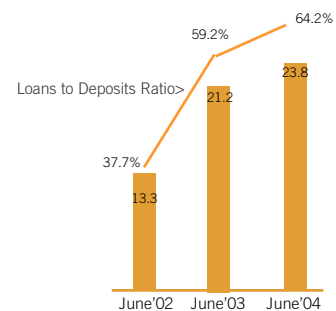
Non-performing loans (NPLs) amounted to Rp. 1,478 billion as at June 30, 2004 as compared to NPLs of Rp. 657 billion a year earlier. This increase was primarily due to the Bank's decision to downgrade the collectibility rating of some loans, including loans purchased from IBRA, in September 2003. This initiative was undertaken as a part of the Bank's new management Self Evaluation Program (180-day plan). Consequently, gross NPL ratio was 6.2% against 2.8% in the prior year semester. **Out of the 6.2% NPL ratio, 75% was derived from loans ex. IBRA and loans ex. merger from legacy banks.** NPL ratio (gross NPL deducted by BI minimum provision) increased to 3.2% from 1.5%. However, **net NPL remained zero** as loan loss allowances amounted to Rp. 2,338 billion and NPL coverage ratio stood at 158.1% level as at June 30, 2004.

Government bonds increased to Rp. 18,269 billion as at June 30, 2004, as compared to Rp. 13,264 billion a year earlier. This increase was primarily due to the termination of the Bank's mutual fund product (Prima Investa) as well as to benefit from the declining SBI rates. As a result, **government bonds accounted for 34.4% of the Bank's assets**, up from 26.8% a year earlier. However, their contribution to interest income declined to 28.9% as at June 30, 2004 against 30.0% in the corresponding period last year.

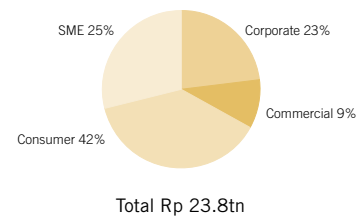
As at June 30, 2004, the Bank's total liabilities increased to Rp. 45,796 billion compared with Rp. 44,309 billion in the previous year. This was mainly due to the issuance of US\$300 million subordinated debt in March 2004. Total third party funds rose slightly to Rp. 35,933 billion from Rp. 35,795 billion a year earlier. There is a slight decline in third party funds from March 2004 position of Rp. 38,709 billion mainly due to IBRA-related funds withdrawal of Rp. 2,648 billion in April 2004, following the dissolution of IBRA's operations in February 2004. Another point worth noting is that, **time deposits customers have shifted their funds to mutual fund products as such funds has grown a significant 140% to Rp. 4,542 billion** during the first six months of 2004. Current account and savings (CASA) accounted for 44.8% of third party funds, up from 43.3 % in the prior year.

Danamon's capitalization, as measured by equity to asset ratio, improved to 13.8% as the Bank continues to record improving earning and retained part of its

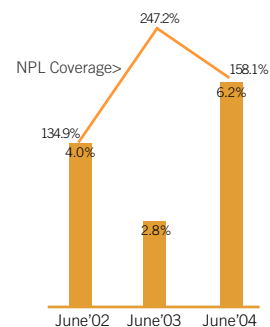
Outstanding Loans (Rp tn)



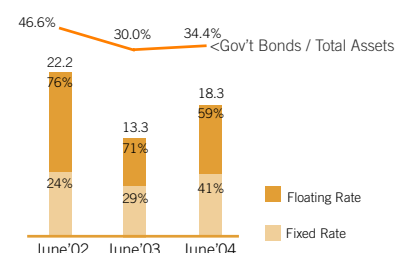
Loans by Segment (as of June 30, 2004)



Gross Non-Performing Loans (%)

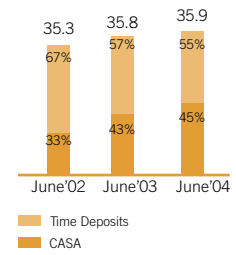


Government Bonds (Rp tn)

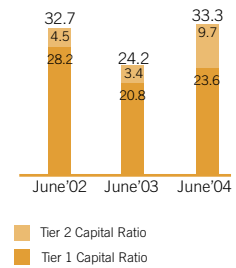


earnings. Furthermore, the Bank's **capital adequacy ratio (CAR) improved significantly to 33.3%** as a result of the Bank's issuance of US\$ 300 million subordinated debt in March 2004 to increase Tier 2 capital in relation to Adira Finance acquisition. Tier 1 and Tier 2 capital ratio increased to 23.6% and 9.7% from 20.8% and 3.4%, respectively as at June 30, 2003.

Third Party Funds (Rp tn)



Capital Adequacy Ratio (%)



UPDATES

Corporate Actions & Initiatives

- **Adira Finance**

In the first half of 2004, Adira Finance's net profit rose 196% to Rp. 172 bn, mainly as a result of strong loan growth. Total new financing during the first six months of 2004 amounted to Rp. 2,464 billion, up by 86% as compared to the same corresponding period last year. Used motorcycle borrowing increased by 434% to approximately 18,500 units. However, new motorcycle borrowing is still the biggest contributor as total number of units reached over 191,000 units as of June 30, 2004, representing a 54% growth from the same period last year.

- **Danamon Micro Lending - Danamon Simpan Pinjam (DSP).**

In line with Danamon's strategy to penetrate the self-employed mass market, the Bank began to roll out six rural banks, called Danamon Simpan Pinjam in March 2004. As at July 2004, the Bank has opened 44 units with total lending of Rp. 58 billion and Rp. 10 billion in funding. Out of the 6 units that were initially opened in March 2004, 4 units have reached break-even point within 3 months period. The remaining 2 units is expected to break-even within 6 months. Danamon plans to open up to 200 units by the end of this year and 600 units by mid-year 2005.

- **Risk Management**

Danamon continues to upgrade its risk management policies, procedures and systems to strengthen the quality of risk management standard.

- New policies, procedures and programs were put in place to improve the underwriting and management of credit risk with customers
- The Bank is in the process of putting in place new treasury systems to manage Front Office, Middle and Back Office in handling complex products
- Strengthening Control Environment by: 1) completing Risk Control Matrix for all operational processes, 2) introducing new policy of Quarterly Self Assessment, 3) re-reviewing all of the policies and procedures for adequacy of control
- The Bank has also strengthened its Loan Write-Off policy: 1) Unsecured loans with delinquency period of over 180 days will be classified as Category 5 (Loss) and will be automatically written-off, 2) Secured loans will be written-off after 270 days past due

- **Awards & Accolades**

- Best MasterCard Electronic Card from MasterCard International in May 2004.
- Best Bank 2004 with assets more than Rp. 50 trillion from Investor Award 2004 in May 2004.
- Third rank in Customer Satisfaction from Trisakti Institute Award 2004 in May 2004.
- Second winner in SGS Quality Award 2004 in June 2004.
- Fourth place for Indonesian banks with assets more than Rp. 20 trillion from InfoBank Award 2004 in June 2004.

BALANCE SHEETS
AS AT 30 JUNE 2004 AND 2003
(In million Rupiah)

No.	ACCOUNTS	BANK DANAMON		CONSOLIDATED	
		2004	2003	2004	2003
ASSETS					
1.	Cash	630,789	781,082	639,833	781,085
2.	Placements with Bank Indonesia				
a.	Current accounts with Bank Indonesia	1,820,184	1,766,458	1,820,184	1,766,458
b.	Bank Indonesia of Certificates	2,325,740	6,699,416	2,325,740	6,699,416
c.	Bank Indonesia of Wadiah Certificates	-	-	-	-
d.	Others	-	-	-	-
3.	Current accounts with other banks				
a.	Rupiah	36,333	43,325	101,960	46,293
b.	Foreign currencies	573,708	281,168	573,708	281,168
	Allowance for possible losses on current accounts with others banks -/-	(6,100)	(3,245)	(6,100)	(3,245)
4.	Placements with other banks				
a.	Rupiah	172,000	486,403	174,010	486,403
b.	Foreign currencies	2,768,575	1,461,328	2,768,575	1,461,328
	Allowance for possible losses on placements with other banks -/-	(29,406)	(19,450)	(29,406)	(19,450)
5.	Placement with other Syariah banks	5,000	1,588	5,000	1,588
	Allowance for possible losses on placement with other Syariah banks -/-	(50)	(16)	(50)	(16)
6.	Marketable securities				
a.	Rupiah				
i.	Trading	40,285	60,827	40,285	60,827
ii.	Available for sale	256,196	-	256,196	-
iii.	Held to maturity	175,000	213,226	175,000	213,226
b.	Foreign currency				
i.	Trading	119,846	81,235	119,846	81,235
ii.	Available for sale	390,402	-	390,402	-
iii.	Held to maturity	181,644	1,720,122	181,644	1,720,122
	Allowance for marketable securities -/-	(12,049)	(18,117)	(12,049)	(18,117)
7.	Marketable securities - Syariah bonds	90,046	20,000	90,046	20,000
	Allowance for possible losses on marketable securities - Syariah bonds -/-	(901)	(200)	(901)	(200)
8.	Government bonds				
i.	Trading	219,630	4,442,566	219,630	4,442,566
ii.	Available for sale	6,516,619	-	6,516,619	-
iii.	Held to maturity	11,532,385	8,821,913	11,532,385	8,821,913
9.	Securities purchased under resale agreements				
a.	Rupiah	10,177	299,777	10,177	299,777
b.	Foreign currencies	-	-	-	-
	Allowance for possible losses on securities purchased under resale agreements -/-	(102)	(2,998)	(102)	(2,998)
10.	Derivative receivables	10,207	20	10,207	20
	Allowance for possible losses on derivative receivable -/-	(102)	-	(102)	-
11a.	Loans (excluding loans purchased from IBRA)				
a.	Rupiah				
-	Related parties	8,137	7,159	8,137	7,159
-	Third parties	19,509,872	18,177,490	20,619,549	18,177,937
b.	Foreign currencies				
-	Related Parties	-	-	-	-
-	Third parties	2,334,273	1,933,714	2,334,273	1,933,714
	Allowance for possible losses on loans (excluding loans purchased from IBRA) -/-	(1,651,027)	(1,623,793)	(1,691,907)	(1,623,793)
	Deferred income -/-	(69,882)	-	(69,882)	-
11b.	Loans purchased from IBRA				
a.	Rupiah	150,967	1,275,228	150,967	1,275,228
b.	Foreign currencies	577,528	2,242,426	577,528	2,242,426
	Allowance for possible losses on loans purchased from IBRA -/-	(684,881)	(2,503,802)	(684,881)	(2,503,802)
	Deferred income -/-	(43,614)	(48,589)	(43,614)	(48,589)
12.	Syariah financing				
a.	Murabahah financing	160,233	79,331	160,233	79,331
b.	Istishna financing	-	9,277	-	9,277
c.	Qardh financing	2,845	-	2,845	-
d.	Mudharabah financing	479	500	479	500
e.	Musyarakah financing	8,387	-	8,387	-
	Allowance for possible losses on Syariah financing -/-	(3,052)	(972)	(3,052)	(972)
13.	Acceptance receivables	502,695	403,008	502,695	403,008
	Allowance for possible losses on acceptance receivables -/-	(5,715)	(4,031)	(5,715)	(4,031)
14.	Investments	934,312	50,947	75,074	41,374
	Allowance for possible losses on investments -/-	(8,054)	(3,392)	(8,054)	(3,392)
15.	Goodwill	-	-	608,815	-
16.	Interest receivable	483,673	422,021	483,673	422,021
17.	Prepaid expenses	125,012	105,410	125,012	105,410
18.	Prepaid taxes	3,226	2,816	19,884	3,486
19.	Deferred tax asset	96,370	300,723	76,046	300,723
20.	Fixed assets	906,028	908,282	1,021,464	915,668
	Accumulated depreciation of fixed assets -/-	(415,923)	(392,312)	(443,874)	(396,389)
21.	Leased assets	-	-	-	-
	Accumulated depreciation of leased assets -/-	-	-	-	-
22.	Foreclosed assets	7,088	1,490	7,088	1,490
23.	Other assets	1,181,230	980,210	1,414,916	984,459
TOTAL ASSETS		51,936,263	49,459,569	53,148,823	49,461,642

BALANCE SHEETS
AS AT 30 JUNE 2004 AND 2003
(In million Rupiah)

No.	ACCOUNTS	BANK DANAMON		CONSOLIDATED	
		2004	2003	2004	2003
LIABILITIES					
1.	Current accounts				
a.	Rupiah	2,540,296	2,488,919	2,522,511	2,488,919
b.	Foreign currencies	2,282,200	2,023,850	2,282,200	2,023,850
2.	Wadiah demand deposits	9,447	7,355	9,447	7,355
3.	Other current liabilities	140,078	369,960	140,078	369,960
4.	Savings	11,246,039	10,950,219	11,246,039	10,950,219
5.	Syariah savings				
a.	Wadiah savings	2,338	766	2,338	766
b.	Mudharabah savings	34,049	13,790	34,049	13,790
6.	Time deposits				
a.	Rupiah				
i.	Related parties	1,161	665,680	1,161	665,680
ii.	Third parties	17,536,205	16,480,267	17,536,205	16,480,267
b.	Foreign currencies				
i.	Related parties	129	275,092	129	275,092
ii.	Third parties	2,237,804	2,869,106	2,237,804	2,869,106
7.	Mudharabah time deposits	60,801	19,600	60,801	19,600
8.	Certificates of deposits				
a.	Rupiah	-	-	-	-
b.	Foreign currencies	-	-	-	-
9.	Mudharabah time deposits from other banks	21,300	68,638	21,300	68,638
10.	Wadiah demand deposits from other banks	31	-	31	-
11.	Deposits from other banks	670,319	1,575,942	670,319	1,575,942
12.	Securities sold under repurchase agreement (Repo)	1,000,000	1,500,000	1,000,000	1,500,000
13.	Derivative payables	11,607	74	11,607	74
14.	Acceptance payables	502,696	403,007	502,696	403,007
15.	Marketable securities issued				
a.	Rupiah	2,145	51,236	2,145	51,236
b.	Foreign currencies	38,212	390,982	38,212	390,982
16.	Borrowings				
a.	Short term funding facilities from Bank Indonesia	-	-	-	-
b.	Others				
i.	Rupiah				
-	Related parties	-	-	-	-
-	Third parties	578,275	573,268	1,540,906	573,268
ii.	Foreign currencies				
-	Related parties	-	-	-	-
-	Third parties	180,710	30,934	180,710	30,934
17.	Estimated allowance for possible losses on off balance sheet transactions	10,142	9,770	10,142	9,770
18.	Lease payables	-	-	-	-
19.	Accruals	258,330	215,462	258,330	215,462
20.	Estimated tax payable	-	-	-	-
21.	Deferred tax liabilities	-	-	-	-
22.	Other liabilities	1,551,272	2,464,159	1,724,555	2,465,102
23.	Subordinated loans				
a.	Related parties	-	-	-	-
b.	Third parties	3,511,977	703,469	3,511,977	703,469
24.	Loan capital				
a.	Related parties	-	-	-	-
b.	Third parties	155,000	155,000	155,000	155,000
25.	Minority interests	-	-	95,344	1,130
26.	Equity				
a.	Paid up capital	3,562,261	3,562,261	3,562,261	3,562,261
b.	General reserve	24,873	9,673	24,873	9,673
c.	Additional paid up capital	25,412	25,412	25,412	25,412
d.	Capital donation	-	-	-	-
e.	Difference in foreign currency translation	2,830	2,914	2,830	2,914
f.	Unrealized gain(loss) from Marketable Securities	795,155	-	795,155	-
g.	Other Comprehensive Income	-	-	-	-
h.	Retained Earnings*)	2,943,169	1,552,764	2,942,256	1,552,764
TOTAL LIABILITIES AND EQUITY		51,936,263	49,459,569	53,148,823	49,461,642

*) After eliminated with deficit of Rp. 32,968,831 through quasi-reorganisation on 1 January 2001

**CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS
FOR PERIOD OF 30 JUNE 2004 AND 2003
(In million Rupiah, except earning per share)**

No.	ACCOUNTS	BANK DANAMON 2004	BANK DANAMON 2003	CONSOLIDATED 2004	CONSOLIDATED 2003
Income and expenses from operations					
1.	Interest income, fees and commissions				
1.1.	Interest income				
	a. Rupiah	2,592,531	2,790,321	3,008,742	2,790,321
	b. Foreign currencies	122,369	177,414	122,369	177,414
1.2.	Fees and commissions income				
	a. Rupiah	67,550	59,251	67,550	59,251
	b. Foreign currencies	15,049	23,175	15,049	23,175
	Total interest income, fees and commissions	2,797,499	3,050,161	3,213,710	3,050,161
2.	Interest expense, fees and commissions				
2.1.	Interest expense				
	a. Rupiah	963,149	1,831,428	1,036,065	1,831,428
	b. Foreign currencies	82,075	74,942	82,075	74,942
2.2.	Fees and commissions expense	144	252	10,151	252
	Total interest expense, fees and commissions	1,045,368	1,906,622	1,128,291	1,906,622
	Net interest income	1,752,131	1,143,539	2,085,419	1,143,539
3.	Syariah income				
3.1.	Murabahah margin	9,639	3,233	9,639	3,233
3.2.	Mudharabah profit sharing	5,949	1,030	5,949	1,030
3.3.	Wadiah bonus income	479	313	479	313
	Total Syariah income	16,067	4,576	16,067	4,576
4.	Syariah expense				
4.1.	Mudharabah loss sharing	-	2,312	-	2,312
4.2.	Wadiah bonus expense	6,398	-	6,398	-
	Total Syariah expense	6,398	2,312	6,398	2,312
	Net interest income - Syariah	9,669	2,264	9,669	2,264
5.	Other operating income				
5.1.	Fees and commissions	124,610	291,593	124,610	291,593
5.2.	Gain on foreign exchange transactions	88,008	4,983	88,008	4,983
5.3.	Gain from increase in fair value of marketable securities	-	274,277	-	274,277
5.4.	Other income	430,127	162,383	496,977	163,301
	Total other operating income	642,745	733,236	709,595	734,154
6.	Income from subsidiary investment	129,088	-	-	-
7.	Allowance for possible losses on earning assets	21,979	528,787	34,604	528,787
8.	Allowance for possible losses on commitments and contingencies	762	3,923	762	3,923
9.	Other operating expenses				
9.1.	General and administrative expenses	378,826	302,892	432,947	302,892
9.2.	Salaries and employee benefits	412,723	324,191	478,958	324,191
9.3.	Losses from decline in fair value of marketable securities	6,525	-	6,525	-
9.4.	Losses on foreign exchange transactions	-	-	-	-
9.5.	Third party premium expenses	52,228	44,657	52,228	44,657
9.6.	Others expenses	79,238	63,242	79,457	64,510
	Total other operating expenses	929,540	734,982	1,050,115	736,250
10.	Amortization of goodwill from subsidiary investment expenses	86,974	-	86,974	-
	NET OPERATING INCOME	1,494,378	611,347	1,632,228	610,997
NON-OPERATING INCOME AND EXPENSES					
11.	Non - operating income	131,486	76,451	139,197	76,639
12.	Non - operating expenses	148,547	44,732	193,513	44,746
	NON OPERATING INCOME/(EXPENSES) - NET	(17,061)	31,719	(54,316)	31,893
13.	Extraordinary Income	-	-	-	-
	INCOME BEFORE TAX	1,477,317	643,066	1,577,912	642,890
14.	Income tax/-				
	- Deferred tax	189,129	28,107	196,567	28,107
	- Current year	186,000	-	237,141	-
	CURRENT YEAR INCOME AFTER TAX	1,102,188	614,959	1,144,204	614,783
15.	Minority interest -/-	-	-	(42,929)	176
16.	Retained earnings at the beginning of period	2,467,381	1,062,027	2,467,381	1,062,027
17.	Dividend -/-	(611,200)	(102,883)	(611,200)	(102,883)
18.	Others	(15,200)	(21,339)	(15,200)	(21,339)
	Retained earnings at the end of period	2,943,169	1,552,764	2,942,256	1,552,764
19.	Basic earning per share	-	-	224.43	125.32

**COMMITMENTS AND CONTINGENCIES
AS AT 30 JUNE 2004 AND 2003
(In million Rupiah)**

No.	ACCOUNTS	BANK DANAMON 2004	BANK DANAMON 2003	CONSOLIDATED 2004	CONSOLIDATED 2003
COMMITMENTS					
Commitment receivables					
1.	Unused borrowing facilities				
	a. Rupiah	-	4,062	-	4,062
	b. Foreign currencies	-	-	-	-
2.	Others	-	-	-	-
	Total commitment receivables	-	4,062	-	4,062
Commitment payables					
1.	Unused loans facilities				
	a. Rupiah	4,232,170	3,665,027	4,232,170	3,665,027
	b. Foreign Currency	852,491	188,402	852,491	188,402
2.	Outstanding Irrevocable Letters of Credit	495,278	515,608	495,278	515,608
3.	Others	480	29,217	480	29,217
	Total commitment payables	5,580,419	4,398,254	5,580,419	4,398,254
	COMMITMENTS PAYABLES, NET	(5,580,419)	(4,394,192)	(5,580,419)	(4,394,192)
CONTINGENCIES					
Contingent receivables					
1.	Guaranteed received				
	a. Rupiah	-	-	-	-
	b. Foreign Currency	282	-	282	-
2.	Interest receivable on non performing assets				
	a. Rupiah	63,142	47,006	63,142	47,006
	b. Foreign Currency	12,706	2,083	12,706	2,083
3.	Others	-	-	-	-
	Total contingent Receivables	76,130	49,089	76,130	49,089
Contingent Payables					
1.	Guarantees issued in the form of:				
	a. Bank guarantees				
	- Rupiah	419,424	311,356	419,424	311,356
	- Foreign Currency	58,583	34,512	58,583	34,512
	b. Others	-	119,480	-	119,480
	Revocable L/C	-	-	-	-
2.	Standby letters of credit	-	-	-	-
3.	Others	-	-	-	-
	Total contingent Payables	478,007	465,348	478,007	465,348
	CONTINGENT PAYABLES, NET	(401,877)	(416,259)	(401,877)	(416,259)

**QUALITY OF EARNING ASSET AND OTHER INFORMATION
AS AT 30 JUNE 2004 AND 2003
(In million Rupiah)**

No.	ACCOUNTS	BANK DANAMON 30 JUNE 2004					Total
		Current	Special Mention	Substandard	Doubtful	Loss	
A.	Related Parties						
1.	Placement with Other Banks	-	-	-	-	-	-
2.	Marketable Securities	-	-	-	-	-	-
3.	Loans						
a.	Small Business Credit (KUK)	500	-	-	-	-	500
b.	Property Loans						
i.	Restructured	-	-	-	-	-	-
ii.	Unrestructured	-	-	-	-	-	-
c.	Other Restructured Loan	-	-	-	-	-	-
d.	Others	7,637	-	-	-	-	7,637
4.	Investment						
a.	Non-bank Financial Institution	892,114	-	-	-	-	892,114
b.	For Loans Restructuring Purposes	-	-	-	-	-	-
c.	Others	-	-	-	-	-	-
5.	Other Receivables	-	-	-	-	-	-
6.	Commitments and Contingencies	-	-	-	-	-	-
B.	Third Parties						
1.	Placement with Other Banks	4,213,216	-	-	-	-	4,213,216
2.	Marketable Securities	21,302,513	-	-	-	393	21,302,906
3a.	Loans (gross)						
a.	Small Business Credit (KUK)	1,847,933	116,875	37,369	24,667	24,015	2,050,859
b.	Property Loans						
i.	Restructured	87,066	1,377	26,035	-	33	114,511
ii.	Unrestructured	1,117,519	80,767	2,126	3,035	2,690	1,206,137
c.	Other Restructured Loan	108,656	84,502	64,845	325,668	49,733	633,404
d.	Others	16,745,519	764,246	170,465	129,760	153,429	17,963,419
3b.	Loans Purchased from IBRA	34,492	-	10,339	-	170,433	215,714
	Loans Purchased from IBRA (restructured)	134,630	-	367,632	6,000	4,519	512,781
4.	Investment						
a.	Non-bank Financial Institution	-	-	-	-	-	-
b.	For Loans Restructuring Purposes	-	-	-	-	-	-
c.	Others	19,123	25	-	-	-	19,148
5.	Other Receivables	500,728	17,945	201	120	801	519,795
6.	Commitments and Contingencies	965,970	6,735	580	-	-	973,285
	TOTAL	47,978,066	1,072,472	679,592	489,250	406,046	50,625,426
7.	Required allowance for possible losses on Productive Assets Losses	273,837	53,624	101,939	244,625	406,046	1,080,071
8.	Allowance for possible losses on Productive Assets (excluding Loans Purchased from IBRA)	-	-	-	-	-	1,729,834
	Allowance for possible losses on Loans Purchased from IBRA	-	-	-	-	-	684,881
9.	Collateralized Assets						
a.	To Bank Indonesia	-	-	-	-	-	28,797
b.	To Other Banks	-	-	-	-	-	-
10.	Percentage of Small Business Credit to Total Loan	-	-	-	-	-	9.94%
11.	Percentage of Small Business Credit Debtor to Total Debtors	-	-	-	-	-	3.51%

**/Including Government Bonds and Bank Indonesia Certificate (SBI)

**QUALITY OF EARNING ASSET AND OTHER INFORMATION
AS AT 30 JUNE 2004 AND 2003
(In million Rupiah)**

No.	ACCOUNTS	BANK DANAMON 30 JUNE 2003					Total
		Current	Special Mention	Substandard	Doubtful	Loss	
A.	Related Parties						
1.	Placement with Other Banks	-	-	-	-	-	-
2.	Marketable Securities	-	-	-	-	-	-
3.	Loans						
a.	Small Business Credit (KUK)	615	-	-	-	-	615
b.	Property Loans						
i.	Restructured	-	-	-	-	-	-
ii.	Unrestructured	-	-	-	-	-	-
c.	Other Restructured Loan	-	-	-	-	-	-
d.	Others	6,544	-	-	-	-	6,544
4.	Investment						
a.	Non-bank Financial Institution	-	-	-	-	-	-
b.	For Loans Restructuring Purposes	-	-	-	-	-	-
c.	Others	-	-	-	-	-	-
5.	Other Receivables	-	-	-	-	-	-
6.	Commitments and Contingencies	-	-	-	-	-	-
B.	Third Parties						
1.	Placement with Other Banks	4,518,105	-	-	-	-	4,518,105
2.	Marketable Securities	20,191,235	-	191	-	340	20,191,766
3a.	Loans (gross)						
a.	Small Business Credit (KUK)	2,144,434	117,881	21,472	15,679	9,810	2,309,276
b.	Property Loans						
i.	Restructured	1,896	-	1,775	-	-	3,671
ii.	Unrestructured	1,849,333	43,565	1,045	1,035	938	1,895,916
c.	Other Restructured Loan	207,877	220,757	48,367	10,488	2,450	489,939
d.	Others	14,176,408	745,603	219,766	202,393	122,164	15,466,334
3b.	Loans Purchased from IBRA	3,517,654	-	-	-	-	3,517,654
	Loans Purchased from IBRA (restructured)	-	-	-	-	-	-
4.	Investment						
a.	Non-bank Financial Institution	-	-	-	-	-	-
b.	For Loans Restructuring Purposes	-	-	-	-	-	-
c.	Others	16,232	25	10,167	-	1,473	27,897
5.	Other Receivables	490,870	364	140	81	12,855	504,310
6.	Commitments and Contingencies	980,656	300	-	-	-	980,956
	TOTAL	48,101,859	1,128,495	302,923	229,676	150,030	49,912,983
7.	Required allowance for possible losses on Productive Assets Losses	281,380	56,425	45,438	114,838	150,030	648,111
8.	Allowance for possible losses on Productive Assets (excluding Loans Purchased from IBRA)	-	-	-	-	-	2,059,302
	Allowance for possible losses on Loans Purchased from IBRA	-	-	-	-	-	2,503,802
9.	Collateralized Assets						
a.	To Bank Indonesia	-	-	-	-	-	17,482
b.	To Other Banks	-	-	-	-	-	-
10.	Percentage of Small Business Credit to Total Loan	-	-	-	-	-	11.15%
11.	Percentage of Small Business Credit Debtor to Total Debtors	-	-	-	-	-	5.15%

**/ Including Government Bonds and Bank Indonesia Certificate (SBI)

**CALCULATION OF CAPITAL ADEQUACY RATIO
AS AT 30 JUNE 2004 AND 2003
(In million Rupiah)**

No.	DESCRIPTION	30 JUNE 2004	30 JUNE 2003
I.	COMPONENTS		
A.	TIER I CAPITAL	6,188,834	4,900,847
1.	Paid Up Capital	3,562,261	3,562,261
2.	Disclosed Reserves		
a.	Additional Paid Up Capital	25,412	25,412
b.	Disagio (-/-)	-	-
c.	Capital Donation	-	-
d.	General Reserves	24,873	9,673
e.	Prior Years Profit After Tax	1,884,312	979,054
f.	Prior Years Losses	-	-
g.	Profit during the year net of taxes (50%)	689,146	321,533
h.	Losses during the year -/-	-	-
i.	Difference in Foreign Currency Translation of Overseas Branch		
1)	Positive Adjustment	2,830	2,914
2)	Negative Adjustment -/-	-	-
j.	Paid up Capital Fund	-	-
k.	Decline in Fair Value of Investments Available for Sale	-	-
3.	Goodwill (-/-)	-	-
B.	TIER 2 CAPITAL	3,422,454	849,042
1.	Reserve from Revaluation of Fixed Assets	-	-
2.	General Allowance for Productive Assets (max 1.25% of Weighted Risk-Based Assets)	328,038	270,674
3.	Loan Capital	-	-
4.	Subordinated Loan (max 50% of Tier I Capital)	3,094,416	578,368
5.	Increase in Fair Value of Investments Available for Sale	-	-
II.	TIER I + 2	9,611,288	5,749,889
III.	INVESTMENT (-/-)	879,179	47,950
IV.	TOTAL CAPITAL (II - III)	8,732,109	5,701,939
V.	WEIGHTED RISK - BASED ASSETS	26,243,010	23,589,271
VI.	CAPITAL ADEQUACY RATIO (IV-V)	33.27%	24.17%
VII.	REQUIRED CAPITAL ADEQUACY RATIO	8%	8%

**STATEMENT OF LOANS PURCHASED FROM IBRA
(In accordance with Bank Indonesia Regulation No. 4/7/PBI/2002 regarding "Prudential principles"
for credits purchased by banks from IBRA)
AS AT 30 JUNE 2004
(In million Rupiah)**

No.	DESCRIPTION	BALANCE
A.	Summary of loans purchased from IBRA	
	Loan principal (sustainable loan)	7,829,245
	Purchase price	1,337,135
	Allowance for possible losses/deferred income	6,492,110
B.	Summary of loans principal	
	Beginning, 1 January 2004	2,705,243
	Foreign exchange translation adjustment	69,673
	Loan purchased from IBRA during the year	248,521
	Loan repayments during the year	(366,239)
	Write-offs during the year	(1,928,703)
	Balance, 30 June 2004	728,495
C.	Summary of allowance for possible losses (including differences between loans principal and purchase price)	
	Beginning, 1 January 2004	2,578,770
	Foreign exchange translation adjustment	24,325
	Loan purchased from IBRA during the year	213,606
	Loan repayments during the year	(249,026)
	Write-offs during the year	(1,956,591)
	Increase in allowance for possible losses during the year	73,797
	Balance, 30 June 2004	684,881
D.	Summary of deferred income	
	Beginning, 1 January 2004	54,467
	Foreign exchange translation adjustment	3,247
	Loan purchased from IBRA during the year	-
	Write-offs during the year	(14,100)
	Adjusted deferred income	-
	Balance, 30 June 2004	43,614
E.	Restructured loans	39,975
F.	Additional loan facilities for the loans purchased from IBRA debtors	512,782
G.	No intermediaries entity was used	219,035

**FOREIGN EXCHANGE AND DERIVATIVE TRANSACTIONS
STATEMENTS OF FOREIGN EXCHANGE AND DERIVATIVE TRANSACTIONS
AS AT 30 JUNE 2004**

No.	TRANSACTION	Market Value		Derivative Receivable and Payable		Net Market Value
		Hedging	Others	Receivables	Payables	
A.	Related to Exchange rate					
1.	Spot	-	-	-	-	-
2.	Forward	-	(5,647)	-	(51)	-
3.	Option					
a.	Purchased	-	39	50	(89)	-
b.	Written	-	-	-	-	-
4.	Future	-	-	-	-	-
5.	Swap	-	(837,146)	10,157	(11,467)	-
6.	Other	-	-	-	-	-
B.	Related to Interest rate					
1.	Forward	-	-	-	-	-
2.	Option					
a.	Purchased	-	-	-	-	-
b.	Written	-	-	-	-	-
3.	Future	-	-	-	-	-
4.	Swap	-	-	-	-	-
5.	Other	-	-	-	-	-
C.	Others	-	-	-	-	-
	TOTAL			10,207	(11,607)	

**KEY FINANCIAL RATIOS
AS AT 30 JUNE 2004 AND 2003**

No.	Ratios (%)	2004	2003
	CONSOLIDATED RATIOS :		
I.	Earning assets		
1.	Non-Performing Productive Assets	3.04%	1.37%
2.	NPL gross	6.21%	2.77%
3.	NPL netto after minimum BI provision	3.22%	1.53%
4.	NPL after the banks total provision	0.00%	0.00%
5.	Allowance for possible losses on productive assets	4.74%	9.14%
II.	Rentability		
1.	ROA after tax	4.20%	2.71%
2.	Return on Average (tier one capital) after tax	36.13%	25.33%
3.	Return on Average equity after tax	35.20%	24.76%
4.	NIM including third party premium expenses	7.92%	4.39%
5.	Operating expenses to operating revenues *)	39.12%	41.80%
III.	Liquidity		
	Loan to Deposit	64.19%	59.21%
	BANK RATIOS		
I.	CAPITAL		
1.	CAR	33.27%	24.17%
2.	Fixed assets to total capital	5.61%	9.05%
II.	Earning assets		
1.	Non-Performing Productive Assets	3.11%	1.37%
2.	NPL gross	6.51%	2.77%
3.	NPL netto after minimum BI provision	3.38%	1.53%
4.	NPL after the banks total provision	0.00%	0.00%
5.	Allowance for possible losses on productive assets	4.77%	9.14%
6.	Fulfillment of allowance for possible losses	223.57%	319.28%
III.	Rentability		
1.	ROA after tax	4.22%	2.71%
2.	Return On Average (tier one capital) after tax	36.13%	25.33%
3.	Return On Average Equity after tax	35.20%	24.76%
4.	NIM excluding third party premium expenses	6.91%	4.59%
5.	NIM including third party premium expenses	6.69%	4.39%
6.	Operating expenses to operating revenues	58.33%	83.86%
7.	Operating expenses to operating revenues*)	41.30%	41.80%
IV.	Liquidity		
	Loan to Deposit	63.16%	59.21%
V.	Compliance		
1.	a. Violation Percentage on Legal Lending Limit		
	a.1. Related Parties	0.00%	0.00%
	a.2. Third Parties	0.00%	0.00%
	b. Lending Percentage in Excess of the Legal Lending Limit		
	b.1. Related Parties	0.00%	0.00%
	b.2. Third Parties	0.00%	0.00%
2.	Statutory reserve requirements (Rupiah)	5.15%	5.07%
3.	Net open position	0.28%	1.89%

*) Excluding allowance and gain from increase in fair value of marketable securities

Management of the Bank (As at 30 June 2004)		Shareholders (As at 30 June 2004)	
BOARD OF COMMISSIONERS		BOARD OF DIRECTORS	
1. President Commissioner	: Sim Kee Boon	1. President Director	: Francis Andrew Rozario
2. Vice Pres. Commissioner	: I Nyoman Sender	2. Vice Pres. Director	: Emirsyah Satar
3. Commissioner	: Soemarno Surono	3. Director	: Muliadi Rahardja
4. Commissioner	: Milan Robert Shuster	4. Director	: Gatot Mudiantoro Suwondo
5. Commissioner	: Sri Adiningsih	5. Director	: Anika Faisal
6. Commissioner	: Gan Chee Yen	6. Director	: Jerry Ng
7. Commissioner	: Edwin Gerungan	7. Director	: Tejpal Singh Hora
8. Commissioner	: Harry Arief Soepardi Sukadis		
9. Commissioner	: Ng Kee Choe *)		
10. Commissioner	: Liew Cheng San Victor *)		
			1. State-owned Asset Management Company 20.50%
			2. Asia Financial (Indonesia) Pte. Ltd. 61.88%
			3. Public 17.62%
			TOTAL 100%

*) Subject to approval by Bank Indonesia

Note:

- The Consolidated financial statements in order to comply with Regulation of Bank Indonesia No.3/22/PBI dated 13 December 2001 regarding the "Transparency of Bank's Financial Condition" and circular letter of Bank Indonesia No. 3/30/DPNP dated 14 December 2001 regarding "Quarterly and monthly published financial statements of Commercial Banks" and certain report submitted to Bank Indonesia and Rule of Capital Market Supervisory Agency (Bapepam) No. VIII.G.7 Decision of Chairman of Bapepam No. Kep-06/PM/2000 dated 13 March 2000 regarding Guidelines For The Preparation of Financial Statement and Rule No.X.K.2 Decision of Chairman of Bapepam No. Kep-36/PM/2003 dated 30 September 2003 regarding Obligation To Submit Periodic Financial Statements.
- For comparative purposes, certain accounts in the consolidated financial statement as at 30 June 2003 have been reclassified to conform with consolidated financial statement in year 2004.
- Temasek Holding Pte. Ltd, an investment holding company domicile based in Singapore which is wholly owned by Minister of Finance of Singapore, indirectly owned 85% ownership in Asia Financial (Indonesia) Pte. Ltd.
- Referring to the circular letters of Bank Indonesia No. 3/30/DPNP dated 14 December 2001 regarding "Quarterly and monthly published financial statement of Commercial Banks", we are unable to publish the consolidated financial statement of parent company.
- Exchange Rate as at 30 June 2004 : USD 1 = Rp 9,385 Jakarta, 28 July 2004
Exchange rate as at 30 June 2003 : USD 1 = Rp. 8,265.50 Board of Directors



Francis Andrew Rozario
President Director



Emirsyah Satar
Vice President Director