

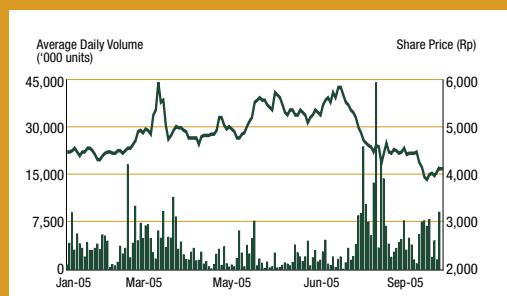
# Investor Newsletter

October 2005

**Bank Danamon**

We believe in You

## Share Price (Ticker: BDMN)



Source: Bloomberg

## Shareholders

	YTD Sept. 2004	YTD Sept. 2005	Change (%)
Asia Financial (Indonesia) Pte Ltd	61.9%	69.6%	7.7%
Asset Mgmt Co. qq. Ministry of Finance Republic Indonesia	20.5%	-	20.5%
Public	17.6%	30.4%	12.8%

## First Nine Months 2005 Financial Results

- **Loan grew 38% to Rp. 35,729 billion, while deposit rose 23% to Rp. 44,662 billion.**
- **Net Interest Margin improved to 9.0%.**
- **Profit before tax rose 12% to Rp. 2,746 billion.**
- **Net profit after tax up 8% to Rp. 1,889 billion.**
- **752 units of DSP have been established as of September 30, 2005.**

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## First Nine Months 2005 Financial Results

**B**ank Danamon recorded first nine months 2005 net profit after tax of Rp. 1,889 billion, up 8% from Rp. 1,753 billion in the same corresponding period last year. This is primarily due to an increase in net interest income on the back of expanding net interest margin and provision write-back resulting from loan recovery. Accordingly, earnings per share (EPS) were Rp. 384.68 in the first nine months of 2005 as compared to Rp. 357.32 in the same period last year.

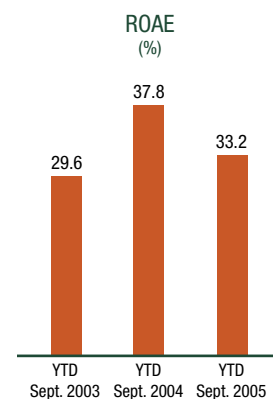
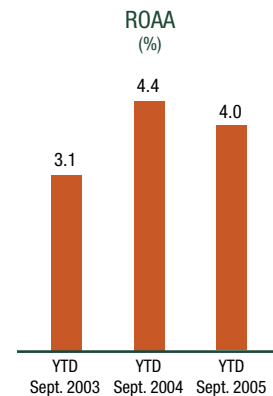
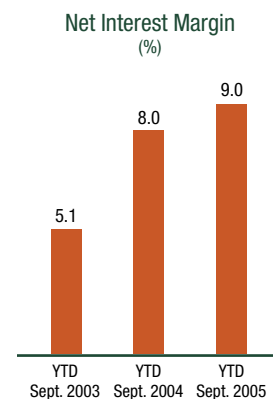
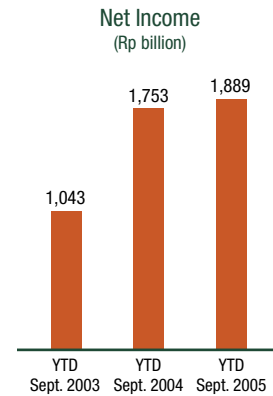
In billion Rupiah	YTD Sept. 2004	YTD Sept. 2005	Change (%)
<b>Income Statement</b>			
Net Interest Income	2,945	3,473	18%
Non-interest Income	1,004	1,046	4%
Total Operating Income	3,949	4,519	14%
Operating Expenses	(1,530)	(2,024)	32%
Pre Provision Operating Profit	2,419	2,495	3%
Provision for Losses	(249)	(431)	73%
Net Income	1,753	1,889	8%
Earnings per Share (Rp)	357.32	384.68	8%
Diluted Earnings per Share (Rp)	-	379.35	N.M
<b>Balance Sheet</b>			
Total Assets	54,352	65,979	21%
Total Loans	25,980	35,729	38%
Total Government Bonds	18,406	14,798	(20%)
Total Liabilities	46,092	57,610	25%
Third Party Funds	36,448	44,662	23%
Total Equity	8,144	8,229	1%
<b>Key Financial Ratios (%)</b>			
Net Interest Margin	8.0	9.0	1.0
Cost to Income	40.0	44.7	4.7
Return on Average Assets	4.4	4.0	(0.4)
Return on Average Equity	37.8	33.2	(4.6)
Loan to Deposits Ratio	71.9	82.4	10.5
Gross NPL / Total Loans	5.8	2.2	(3.6)
Loan Loss Allowances / NPL	139.9	135.7	(4.2)
Net Open Position	1.54	1.37	(0.17)
Capital Adequacy Ratio	30.2	24.4	(5.8)
Equity / Asset	15.0	12.5	(2.5)

Net interest income rose 18% to Rp. 3,473 billion in the first nine months of 2005 on the back of higher asset yield. **Interest income grew 23% to Rp. 5,792 billion primarily due to loan expansion.** On the other hand, interest expense rose 31% to Rp. 2,314 billion due to higher interest expenses for customer deposits as well as deposits from other banks. **Overall, net interest margin expanded to 9.0% in the first nine month of 2005, up from 8.0% in the same period last year.**

**In the first nine months of 2005, non-interest income (other operating income) amounted to Rp. 1,046 billion, up 4% from the same period last year due to higher gain on sale of government bonds of Rp. 453 billion.** Recurring income was down 16% to Rp. 570 billion primarily due to 13% decline in credit related fees and commission as loan growth was derived from high yielding assets.

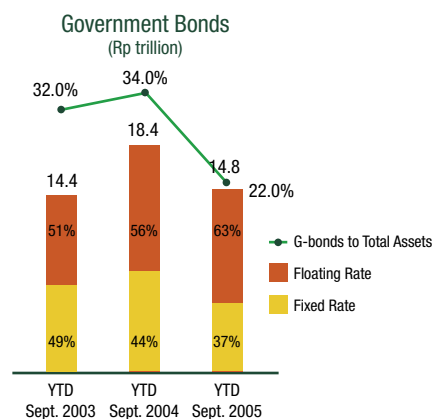
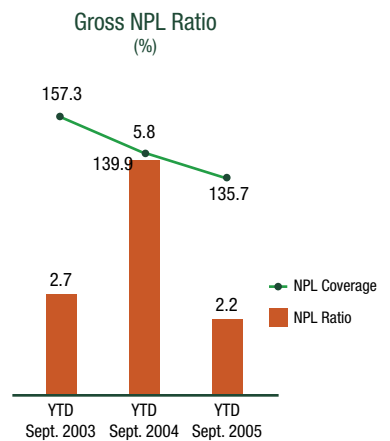
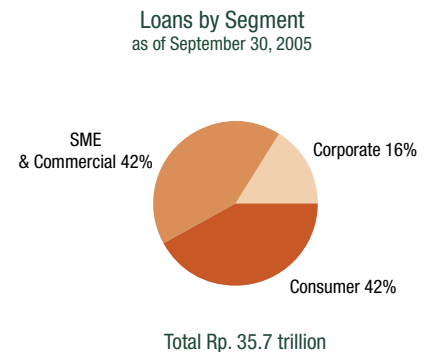
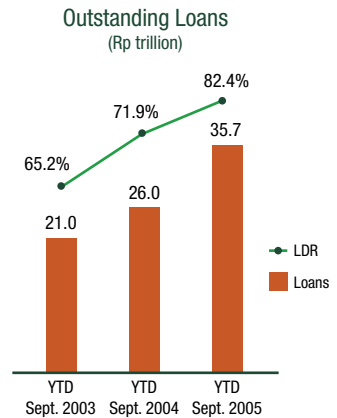
In the first nine months of 2005, operating expenses were up 32% to Rp. 2,024 billion primarily driven by business growth in Adira Finance and mass market. Manpower expenses rose 54% to Rp. 1,151 billion mainly due the recruitment of 6,893 new hires in relation to our mass market business expansion (DSP) and increase in salaries and employee benefits, including Employee Stock Options (E/MSOP). In the same period, general and administrative expenses rose 12% to Rp. 873 billion. **As a result, cost-to-income ratio rose to 44.7% in the first nine months of 2005 from 40.0% in the same period last year.**

There was significant provision write-back in the first nine months of 2005 as a result of strong loan recoveries. In the first nine months of 2005, the Bank managed to collect Rp. 362 billion of bad loans resulting in a negative provision of Rp. 431 billion.



Loans grew 38% to Rp. 35,729 billion as of September 30, 2005 from Rp. 25,980 billion a year ago derived from robust loan growth in mass market, consumer finance and SME/Commercial sectors. Loans to mass market grew over 12 times to Rp. 2,983 billion as of September 30, 2005, representing 8% of total loans. Consumer loans rose 35% to Rp. 15,018 billion largely supported by strong growth in Adira Finance's auto financing. Consumer loans accounted for 42% of total loans. Within consumer loans portfolio, motorcycle loans contributed 51% of consumer loans, car loans 25%, housing loans 19% and credit cards 5%. SME and commercial loans grew 42% to Rp. 11,872 billion. As a result, SME/Commercial loans now accounted for 34% of the loans portfolio, up from 32% a year earlier. Meanwhile, corporate loans declined 7% to Rp. 5,854 billion as of September 30, 2005, representing the remaining 16% of the loan book. This loan growth has led the Bank's **loan-to-deposits ratio (LDR) to rise to 82%** as of September 30, 2005 from 72% in the previous year.

Non-performing loans (NPLs) reduced substantially to Rp. 786 billion as of September 30, 2005 from Rp. 1,507 a year earlier primarily due to strong loan recoveries. Accordingly, gross NPL ratio was down significantly to 2.2% as of September 30, 2005 as compared to 5.8% a year earlier. Net NPL remained zero as loan loss allowances of Rp. 1,051 billion far exceeded the NPL with NPL coverage ratio of 136% as of September 30, 2005.

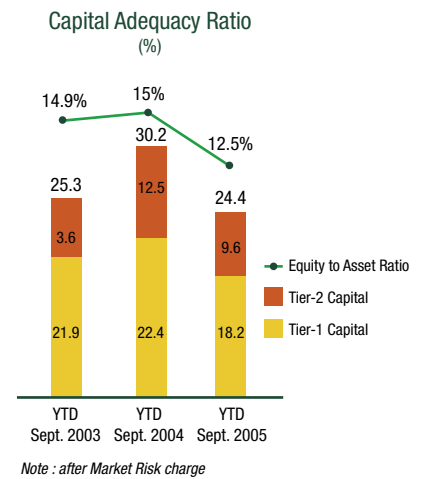
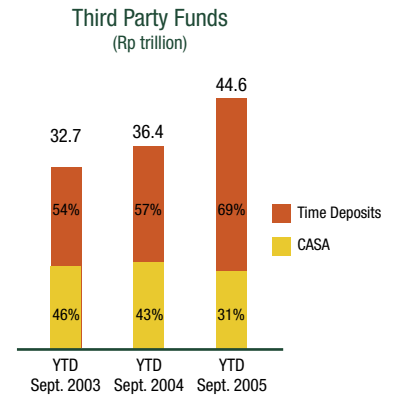


In the first nine month of 2005, loss on disposals of repossessed assets amounted to Rp. 150 billion, up 97% from the same corresponding period last year.

Exposure to government bonds continue to decline as government bonds portfolio reduced 20% to Rp. 14,798 billion as of September 30, 2005 from Rp. 18,406 billion a year earlier. Fixed rate bonds are accounted for 37% of total government bonds while the remaining 63% are floating rate bonds. The average duration of government bonds was 1.8 years. Government bonds now accounted for 22% of the Bank's assets, down from 34% a year earlier. Government bonds contributed 20% of interest income in the first nine month of 2005.

Third party funds (deposits), which accounted for 78% of total liabilities, grew 23% to Rp. 44,662 billion as of September 30, 2005 from Rp. 36,448 billion a year earlier. Current accounts and savings (CASA) accounted for 31% of third party funds as of September 30, 2005.

Equity to asset ratio, declined to 12.5% from 15.0% last year as total asset expanded by 21%. Furthermore, the Bank's capital adequacy ratio (CAR) was at 24.4% as of September 30, 2005 against 30.2% last year due to loan expansion. Tier-1 and Tier-2 capital ratio stood at 18.2% and 9.6% as compared to the same corresponding period last year of 22.4% and 12.5%, respectively.





## BALANCE SHEETS

AS OF 30 SEPTEMBER 2005 AND 2004

(In million Rupiah)

No.	ACCOUNTS	BANK DANAMON		CONSOLIDATED	
		2005	2004	2005	2004
<b>ASSETS</b>					
1.	Cash	706,013	670,738	723,070	681,067
2.	Placements with Bank Indonesia				
	a. Current accounts with Bank Indonesia	3,351,010	2,461,635	3,351,010	2,461,635
	b. Certificates of Bank Indonesia	50	1,494,469	50	1,494,469
	c. Wadiah Certificates of Bank Indonesia	-	-	-	-
	d. Others	274,813	-	274,813	-
3.	Current accounts with other banks				
	a. Rupiah	14,486	26,153	84,347	122,902
	b. Foreign currencies	328,055	219,737	329,652	219,737
	Allowance for possible losses on current accounts with other banks -/-	(3,425)	(2,459)	(3,425)	(2,459)
4.	Placements with other banks				
	a. Rupiah	209,000	90,010	211,010	92,020
	Allowance for possible losses on placements with other banks -/-	(2,090)	(901)	(2,090)	(901)
	b. Foreign currencies	3,632,675	479,850	3,632,675	479,850
	Allowance for possible losses on placements with other banks -/-	(36,327)	(4,799)	(36,327)	(4,799)
5.	Placement with other Syariah banks	23,000	1,500	23,000	1,500
	Allowance for possible losses on placement with other Syariah banks -/-	(230)	(15)	(230)	(15)
6.	Marketable securities				
	a. Rupiah				
	i. Trading	8,513	40,169	8,513	40,169
	ii. Available for sale	312,372	281,779	312,372	281,779
	iii. Held to maturity	584,059	175,133	584,059	175,133
	Allowance for marketable securities -/-	(9,050)	(4,989)	(9,050)	(4,989)
	b. Foreign currency				
	i. Trading	50,038	22,450	50,038	22,450
	ii. Available for sale	293,233	405,522	293,233	405,522
	iii. Held to maturity	752,211	542,867	752,211	542,867
	Allowance for marketable securities -/-	(10,046)	(9,708)	(11,046)	(9,708)
7.	Marketable securities - Syariah bonds	132,431	100,046	132,431	100,046
	Allowance for possible losses on marketable securities - Syariah bonds -/-	(1,324)	(1,000)	(1,324)	(1,000)
8.	Government bonds				
	a. Trading	256,510	93,963	256,510	93,963
	b. Available for sale	6,617,701	6,502,797	6,617,701	6,502,797
	c. Held to maturity	7,924,259	11,809,063	7,924,259	11,809,063
9.	Securities purchased under resale agreements (reverse repo)				
	a. Rupiah	45,000	-	45,000	-
	Allowance for possible losses on securities purchased under resale agreements -/-	(450)	-	(450)	-
	b. Foreign currencies	-	-	-	-
	Allowance for possible losses on securities purchased under resale agreements -/-	-	-	-	-
10.	Derivative receivables	153,986	6,151	153,986	6,151
	Allowance for possible losses on derivative receivable -/-	(1,539)	(60)	(1,539)	(60)
11.a.	Loans (excluding loans purchased from IBRA)				
	a. Rupiah				
	i. Related parties	298,924	8,604	298,924	8,604
	ii. Third parties	31,606,260	22,232,810	31,606,260	22,233,380
	Allowance for possible losses on loans (excluding loans purchased from IBRA) -/-	(763,650)	(1,279,899)	(763,650)	(1,279,899)
	b. Foreign currencies				
	i. Related parties	10,290	-	10,290	-
	ii. Third parties	3,584,884	3,032,844	3,584,884	3,032,844
	Allowance for possible losses on loans (excluding loans purchased from IBRA) -/-	(189,418)	(310,857)	(189,418)	(310,857)
	Deferred income -/-	-	(68,058)	-	(68,058)
11.b.	Loans purchased from IBRA				
	a. Rupiah	67,548	109,356	67,548	109,356
	Allowance for possible losses on loans (excluding loans purchased from IBRA) -/-	(62,679)	(108,756)	(62,679)	(108,756)
	Deferred income -/-	(4,869)	(11,396)	(4,869)	(11,396)
	b. Foreign currencies	21,661	413,449	21,661	413,449
	Allowance for possible losses on loans purchased from IBRA -/-	(21,267)	(381,663)	(21,267)	(381,663)
	Deferred income -/-	(394)	(20,990)	(394)	(20,990)
12.	Consumer financing receivables	-	-	786,439	775,617
	Allowance for possible losses on consumer financing receivables -/-	-	-	(21,940)	(50,980)
13.	Syariah financing				
	a. Murabahah receivable	117,714	165,809	117,714	165,809
	b. Istishna receivable	-	-	-	-
	c. Qardh financing	1,425	2,327	1,425	2,327
	d. Mudharabah financing	20,107	1,034	20,107	1,034
	e. Musyarakah financing	268	12,807	268	12,807
	Allowance for possible losses on Syariah financing -/-	(13,578)	(4,384)	(13,578)	(4,384)
14.	Acceptance receivables	656,016	489,938	656,016	489,938
	Allowance for possible losses on acceptance receivables -/-	(6,654)	(5,658)	(6,654)	(5,658)
15.	Investments	975,228	997,926	31,985	76,787
	Allowance for possible losses on investments -/-	(9,753)	(9,829)	(321)	(9,829)
16.	Goodwill - net	-	-	521,841	608,815
17.	Interest receivable	505,236	465,727	505,236	465,727
18.	Prepaid expenses	211,625	169,998	211,625	170,033
19.	Prepaid taxes	8,110	3,051	8,110	34,745
20.	Deferred tax assets	70,099	90,495	70,099	90,648
21.	Fixed assets	1,960,822	1,166,941	2,133,504	1,298,601
	Accumulated depreciation of fixed assets -/-	(656,800)	(433,662)	(699,700)	(465,015)
22.	Unutilized properties	28,122	-	28,122	-
23.	Leased assets	-	-	-	-
	Accumulated depreciation of leased assets -/-	-	-	-	-
24.	Foreclosed assets	211,246	35,236	211,246	35,236
25.	Other assets	649,936	1,151,019	1,175,402	1,534,947
<b>TOTAL ASSETS</b>		<b>64,880,393</b>	<b>53,314,321</b>	<b>65,978,695</b>	<b>54,352,409</b>

**BALANCE SHEETS**  
**AS OF 30 SEPTEMBER 2005 AND 2004**  
(In million Rupiah)

No.	ACCOUNTS	BANK DANAMON		CONSOLIDATED	
		2005	2004	2005	2004
<b>LIABILITIES</b>					
1.	Current accounts				
	a. Rupiah	2,818,535	2,763,740	2,776,393	2,700,168
	b. Foreign currencies	1,926,066	2,003,041	1,926,066	2,003,041
2.	Wadiah current accounts	9,377	6,925	9,377	6,925
3.	Other current liabilities	171,392	147,807	171,392	147,807
4.	Savings	9,148,399	10,896,496	9,148,399	10,896,496
5.	Syariah savings				
	a. Wadiah savings	864	1,213	864	1,213
	b. Mudharabah savings	33,783	35,096	33,783	35,096
6.	Time deposits				
	a. Rupiah				
	i. Related parties	222,395	1,178	222,395	1,178
	ii. Third parties	24,801,030	17,998,474	24,801,030	17,998,474
	b. Foreign currencies				
	i. Related parties	412,338	126	412,338	126
	ii. Third parties	4,004,953	2,040,457	4,004,953	2,040,457
7.	Mudharabah time deposits	51,263	47,285	51,263	47,285
8.	Certificates of deposits				
	a. Rupiah	-	-	-	-
	b. Foreign currencies	-	-	-	-
9.	Mudharabah time deposits from other banks	86,011	11,285	86,011	11,285
10.	Wadiah current accounts from other banks	1,165	116	1,165	116
11.	Deposits from other banks	3,143,356	1,163,955	3,143,356	1,163,955
12.	Securities sold under repurchase agreement (Repo)	2,875,000	1,000,000	2,875,000	1,000,000
13.	Derivative payables	105,871	16,694	105,871	16,694
14.	Acceptance payables	655,604	489,938	655,604	489,938
15.	Marketable securities issued				
	a. Rupiah	201,505	256,418	696,434	256,418
	b. Foreign currencies	530	36,583	530	36,583
16.	Borrowings				
	a. Short term funding facilities from Bank Indonesia	-	-	-	-
	b. Others				
	i. Rupiah				
	- Related parties	-	-	-	-
	- Third parties	518,313	573,099	593,313	1,326,343
	ii. Foreign currencies				
	- Related parties	-	-	-	-
	- Third parties	298,389	109,397	298,389	109,397
17.	Estimated allowance for possible losses on off balance sheet transactions	76,208	11,244	76,208	11,244
18.	Lease payables	-	-	-	-
19.	Accruals	237,907	202,756	404,667	202,756
20.	Estimated tax payable	-	-	-	-
21.	Deferred tax liabilities	-	-	107,281	22,449
22.	Other liabilities	927,975	1,771,217	1,083,982	1,983,369
23.	Subordinated loans				
	a. Related parties	-	-	-	-
	b. Third parties	3,768,660	3,428,595	3,768,660	3,428,595
24.	Loan capital				
	a. Related parties	-	-	-	-
	b. Third parties	155,000	155,000	155,000	155,000
25.	Minority interests	-	-	140,467	116,366
26.	Equity				
	a. Paid up capital	3,568,450	3,562,261	3,568,450	3,562,261
	b. General reserve	24,873	24,873	24,873	24,873
	c. Additional paid up capital	157,488	25,412	157,488	25,412
	d. Capital donation	-	-	-	-
	e. Paid up capital fund	-	-	-	-
	f. Difference in foreign currency translation	3,065	2,747	3,065	2,747
	g. Differences arising from the revaluation of the assets and liabilities due to quasi reorganization	-	-	-	-
	h. Unrealized gain (loss) from marketable securities and Government Bonds	(387,126)	934,025	(387,126)	934,025
	i. Other comprehensive income	-	-	-	-
	j. Retained earnings*)	4,861,754	3,596,868	4,861,754	3,594,317
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>64,880,393</b>	<b>53,314,321</b>	<b>65,978,695</b>	<b>54,352,409</b>

\*) After eliminated with deficit of 32,968.831 through quasi - reorganisation on 1 January 2001

**STATEMENTS OF INCOME AND RETAINED EARNINGS  
 FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2005 AND 2004**

(In million Rupiah, except earnings per share)

No.	ACCOUNTS	BANK DANAMON		CONSOLIDATED	
		2005	2004	2005	2004
<b>INCOME AND EXPENSES FROM OPERATIONS</b>					
1.	Interest income, fees and commissions				
1.1.	Interest income				
a.	Rupiah	4,295,402	3,858,737	5,256,629	4,487,121
b.	Foreign currencies	506,392	208,533	506,392	208,533
1.2.	Fees and commissions income				
a.	Rupiah	145,947	98,802	174,582	98,802
b.	Foreign currencies	17,995	20,678	17,995	20,678
	<b>Total interest income, fees and commissions</b>	<b>4,965,736</b>	<b>4,186,750</b>	<b>5,955,598</b>	<b>4,815,134</b>
2.	Interest expenses, fees and commissions				
2.1.	Interest expense				
a.	Rupiah	1,919,835	1,445,596	1,981,882	1,548,878
b.	Foreign currencies	247,085	143,324	247,085	143,324
2.2.	Fees and commissions expense	441	262	10,610	15,070
	<b>Total interest expenses, fees and commissions</b>	<b>2,167,361</b>	<b>1,589,182</b>	<b>2,239,577</b>	<b>1,707,272</b>
	<b>Net interest income</b>	<b>2,798,375</b>	<b>2,597,568</b>	<b>3,716,044</b>	<b>3,107,862</b>
3.	Syariah income				
3.1.	Murabahah margin	14,566	14,873	14,566	14,873
3.2.	Mudharabah profit sharing	14,692	10,408	14,692	10,408
3.3.	Wadiah bonus income	16	479	16	479
	<b>Total Syariah income</b>	<b>29,274</b>	<b>25,760</b>	<b>29,274</b>	<b>25,760</b>
4.	Syariah expenses				
4.1.	Mudharabah loss sharing	9,537	7,929	9,537	7,929
4.2.	Wadiah bonus expense	-	-	-	-
	<b>Total Syariah expenses</b>	<b>9,537</b>	<b>7,929</b>	<b>9,537</b>	<b>7,929</b>
	<b>Net interest income - Syariah</b>	<b>19,737</b>	<b>17,831</b>	<b>19,737</b>	<b>17,831</b>
5.	Other operating income				
5.1.	Fees and commissions	192,629	199,617	188,744	318,352
5.2.	Gain on foreign exchange transactions	22,873	43,695	22,873	43,695
5.3.	Gain from increase in fair value of marketable securities and Government Bonds	1,914	2,621	1,914	2,621
5.4.	Other income	646,404	533,426	646,404	534,563
	<b>Total other operating income</b>	<b>863,820</b>	<b>779,359</b>	<b>859,935</b>	<b>899,231</b>
6.	Income from Investment in subsidiary	264,682	192,701	-	-
7.	Allowance for possible losses on earning assets	(481,792)	(273,440)	(445,018)	(250,715)
8.	Allowance for possible losses on commitments and contingencies	14,061	1,925	14,061	1,925
9.	Other operating expenses				
9.1.	General and administrative expenses	666,196	545,096	797,075	637,128
9.2.	Salaries and employee benefits	951,713	638,966	1,151,073	748,909
9.3.	Losses from decline in fair value of marketable securities and Government Bonds	-	-	-	-
9.4.	Losses on foreign exchange transactions	-	-	-	-
9.5.	Third party premium expenses	80,457	76,196	80,457	76,196
9.6.	Promotion expenses	43,025	54,737	43,025	42,040
9.7.	Other expenses	32,371	101,522	32,371	101,742
	<b>Total other operating expenses</b>	<b>1,773,762</b>	<b>1,329,543</b>	<b>2,104,001</b>	<b>1,606,015</b>
10.	Amortization of goodwill	86,974	86,974	86,974	86,974
	<b>NET OPERATING INCOME</b>	<b>2,553,609</b>	<b>2,369,340</b>	<b>2,835,675</b>	<b>2,580,725</b>
<b>NON-OPERATING INCOME AND EXPENSES</b>					
11.	Non - operating income	133,511	46,248	150,589	56,221
12.	Non - operating expenses	190,888	115,485	244,314	190,708
	<b>Non - Operating (expenses) / income - net</b>	<b>(57,377)</b>	<b>(69,237)</b>	<b>(93,725)</b>	<b>(134,487)</b>
13.	Extraordinary (expense) / income	-	-	-	-
	<b>INCOME BEFORE TAX</b>	<b>2,496,232</b>	<b>2,373,220</b>	<b>2,741,950</b>	<b>2,446,238</b>
14.	Income tax -/-				
-	Deferred tax	108,392	195,004	625,786	204,414
-	Current year	498,730	349,212	138,827	424,537
	<b>INCOME AFTER TAX</b>	<b>1,889,110</b>	<b>1,755,887</b>	<b>1,977,337</b>	<b>1,817,287</b>
16.	Minority interest -/-	-	-	(88,227)	(63,951)
17.	Retained earnings balance at the beginning of year	3,352,425	2,467,381	3,352,425	2,467,381
18.	Dividend -/-	(327,060)	(611,200)	(327,060)	(611,200)
19.	Others	(52,721)	(15,200)	(52,721)	(15,200)
20.	Retained earnings at the end of year	4,861,754	3,596,868	4,861,754	3,594,317
21.	<b>Basic earning per share</b>	<b>-</b>	<b>-</b>	<b>384.68</b>	<b>357.32</b>
22.	<b>Diluted earning per share *)</b>	<b>-</b>	<b>-</b>	<b>379.35 *)</b>	<b>-**)</b>

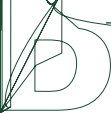
\*) After considering the effect of stock option granted to qualified employees in 2004

\*\*) Diluted earnings per share is not applicable for year 2004



**COMMITMENTS AND CONTINGENCIES  
 AS OF 30 SEPTEMBER 2005 AND 2004**  
 (In million Rupiah)

No.	ACCOUNTS	BANK DANAMON		CONSOLIDATED	
		2005	2004	2005	2004
<b>COMMITMENTS</b>					
<b>Commitment Receivables</b>					
1.	Unused Borrowing Facilities				
	a. Rupiah	-	-	-	-
	b. Foreign Currency	-	-	-	-
2.	Others	-	-	-	-
	<b>Total Commitment Receivables</b>	-	-	-	-
<b>Commitment Payables</b>					
1.	Unused Loans Facilities				
	a. Rupiah	6,419,347	4,383,236	6,419,347	4,383,236
	b. Foreign Currency	2,991,137	811,006	2,991,137	811,006
2.	Outstanding Irrevocable letters of credit	1,537,592	606,922	1,537,592	606,922
3.	Others	-	-	-	-
	<b>Total Commitment Payables</b>	<b>10,948,076</b>	<b>5,801,164</b>	<b>10,948,076</b>	<b>5,801,164</b>
	<b>COMMITMENT PAYABLES, NET</b>	<b>(10,948,076)</b>	<b>(5,801,164)</b>	<b>(10,948,076)</b>	<b>(5,801,164)</b>
<b>CONTINGENCIES</b>					
<b>Contingent Receivables</b>					
1.	Guarantees Received				
	a. Rupiah	-	-	-	-
	b. Foreign Currency	-	-	-	-
2.	Interest receivables on non performing assets				
	a. Rupiah	86,918	74,690	86,918	74,690
	b. Foreign Currency	2,787	11,384	2,787	11,384
3.	Others	117,306	4,472	117,306	4,472
	<b>Total Contingent Receivables</b>	<b>207,011</b>	<b>90,546</b>	<b>207,011</b>	<b>90,546</b>
<b>Contingent Payables</b>					
1.	Guarantees Issued in the form of :				
	a. Bank guarantees				
	- Rupiah	633,643	412,534	633,643	412,534
	- Foreign currency	224,934	61,486	224,934	61,486
	b. Others	-	-	-	-
2.	Outstanding revocable letters of credit	-	-	-	-
3.	Others	117,306	-	117,306	-
	<b>Total Contingent Payables</b>	<b>975,883</b>	<b>474,020</b>	<b>975,883</b>	<b>474,020</b>
	<b>CONTINGENT PAYABLES, NET</b>	<b>(768,872)</b>	<b>(383,474)</b>	<b>(768,872)</b>	<b>(383,474)</b>



**EARNING ASSET QUALITY AND OTHER INFORMATION**

**AS OF 30 SEPTEMBER 2004**

(In million Rupiah)

No.	ACCOUNTS	(30 SEPTEMBER 2004)					Total
		Current	Special Mention	Substandard	Doubtful	Loss	
<b>I. RELATED PARTIES</b>							
<b>A. PRODUCTIVE ASSET</b>							
1.	Placement with Other Banks	-	-	-	-	-	-
2.	Marketable Securities issued by third parties or Bank Indonesia	-	-	-	-	-	-
3.	Loans to third parties						
	a. Small Business Credit (KUK)	-	-	-	-	-	-
	b. Property Loans						
	i. Restructured	-	-	-	-	-	-
	ii. Unrestructured	-	-	-	-	-	-
	c. Other Restructured Loan	-	-	-	-	-	-
	d. Others	8,604	-	-	-	-	8,604
4.	Investment in third parties						
	a. Non-bank Financial Institution	955,728	-	-	-	-	955,728
	b. For Loans Restructuring Purposes	-	-	-	-	-	-
	c. Others	-	-	-	-	-	-
5.	Other Receivables from third parties	-	-	-	-	-	-
6.	Commitments and Contingencies to third parties	-	-	-	-	-	-
<b>B. NON PRODUCTIVE ASSET</b>							
1.	Unutilized properties	-	-	-	-	-	-
2.	Foreclosed Asset	-	-	-	-	-	-
3.	Interbranch and Suspense Account	-	-	-	-	-	-
<b>II. NON RELATED PARTIES</b>							
<b>A. PRODUCTIVE ASSET</b>							
1.	Placement with Other Banks	1,850,919	324	-	-	-	1,851,243
2.	Marketable Securities and Government Bonds issued by third parties or Bank Indonesia	20,707,954	-	-	-	-	20,707,954
3a.	Loans (gross) to third parties excluding Loans Purchased from IBRA						
	a. Small Business Credit (KUK)	1,924,879	129,691	43,631	18,198	38,247	2,154,646
	b. Property Loans						
	i. Restructured	79,739	6,469	23,452	2,599	-	112,259
	ii. Unrestructured	1,979,195	36,749	4,967	973	4,408	2,026,292
	c. Other Restructured Loan	275,810	50,629	71,764	315,725	10,769	724,697
	d. Others	18,310,292	1,327,072	200,800	178,987	181,108	20,198,259
3b.	Loans Purchased from IBRA	112,294	-	250,925	-	159,586	522,805
4.	Investment						
	a. Non-bank Financial Institution	-	-	-	-	-	-
	b. For loans Restructuring Purposes	-	-	-	-	-	-
	c. Others	19,123	25	-	-	-	19,148
5.	Other receivables from third parties	488,813	19,141	66	142	690	508,852
6.	Commitments and Contingencies to third parties	1,072,863	8,079	-	-	-	1,080,942
<b>B. NON PRODUCTIVE ASSET</b>							
1.	Unutilized Properties	-	-	-	-	-	-
2.	Foreclosed Asset	-	-	-	-	-	-
3.	Interbranch and Suspense Account	-	-	-	-	-	-
	<b>TOTAL</b>	<b>47,786,213</b>	<b>1,578,179</b>	<b>595,605</b>	<b>516,624</b>	<b>394,808</b>	<b>50,871,429</b>
4.	Required allowance for possible losses on earning assets	278,859	78,909	89,341	258,312	394,808	1,100,230
5.	Allowance for possible losses on earning assets (excluding Loans Purchased from IBRA)	-	-	-	-	-	1,647,095
	Allowance for possible losses on Loans Purchased from IBRA	-	-	-	-	-	490,419
6.	Collateralized assets						
	a. To Bank Indonesia	-	-	-	-	-	28,797
	b. To Other Banks	-	-	-	-	-	0
7.	Percentage of Small Business Credit to Total Loan	-	-	-	-	-	9.94%
8.	Percentage of Small Business Credit Debtor to Total Debtors	-	-	-	-	-	3.14%

## CAPITAL ADEQUACY RATIO AS OF 30 SEPTEMBER 2005 AND 2004 (In million Rupiah)

No.	DESCRIPTION	30 September 2005	30 September 2004
<b>I.</b>	<b>COMPONENTS</b>		
<b>A.</b>	<b>CORE CAPITAL</b>	<b>7,875,610</b>	<b>6,518,538</b>
1.	Paid up capital	3,568,450	3,562,261
2.	Disclosed reserves		
a.	Additional paid up capital	157,488	25,412
b.	Discount on nominal value of shares (-/-)	-	-
c.	Capital donation	-	-
d.	General and specific reserves	24,873	24,873
e.	Prior years' profit after tax	3,122,983	1,884,312
f.	Prior years' losses	-	-
g.	Current year profit net of taxes (50%)	998,751	1,018,933
h.	Current year loss -/-	-	-
i.	Difference in foreign currency translation of overseas branch		
1)	Positive adjustment	3,065	2,747
2)	Negative adjustment -/-	-	-
j.	Paid up capital fund	-	-
k.	Decline in fair value of available for sale securities	-	-
3.	Goodwill (-/-)	-	-
4.	Differences arising from the revaluation of the assets and liabilities due to the quasi reorganization	-	-
<b>B.</b>	<b>SUPPLEMENTARY CAPITAL</b>	<b>4,159,331</b>	<b>3,622,511</b>
1.	Reserve from revaluation of fixed assets		
2.	Differences arising from the revaluation of the assets and liabilities due to the quasi reorganization		
3.	General allowance for possible losses on earning assets (max 1.25% of weighted risk-based assets)	516,866	363,243
4.	Loan capital		
5.	Subordinated loan (max 50% of core capital)	3,642,465	3,259,268
6.	Increase in fair value of available for sale securities	-	-
<b>C.</b>	<b>TOTAL SUPPLEMENTARY CAPITAL WHICH FULFILL THE REQUIREMENTS</b>	<b>-</b>	<b>-</b>
<b>D.</b>	<b>ADDITIONAL SUPPLEMENTARY CAPITAL ALLOCATED TO ANTICIPATE MARKET RISK</b>	<b>-</b>	<b>-</b>
<b>II.</b>	<b>TOTAL CORE AND SUPPLEMENTARY CAPITAL (A+B)</b>	<b>12,034,941</b>	<b>10,141,049</b>
<b>III.</b>	<b>TOTAL CORE, SUPPLEMENTARY CAPITAL AND ADDITIONAL SUPPLEMENTARY CAPITAL ALLOCATED TO ANTICIPATE MARKET RISK</b>	<b>12,034,941</b>	<b>10,141,049</b>
<b>IV.</b>	<b>INVESTMENT (-/-)</b>	<b>1,164,007</b>	<b>879,180</b>
<b>V.</b>	<b>TOTAL CAPITAL FOR CREDIT RISK (II-IV)</b>	<b>10,870,934</b>	<b>9,261,869</b>
<b>VI.</b>	<b>TOTAL CAPITAL FOR CREDIT RISK AND MARKET RISK (III-IV)</b>	<b>10,870,934</b>	<b>9,261,869</b>
<b>VII.</b>	<b>RISK WEIGHTED ASSETS - CREDIT RISK</b>	<b>43,180,243</b>	<b>29,059,417</b>
<b>VIII.</b>	<b>RISK WEIGHTED ASSETS - MARKET RISK</b>	<b>1,462,811</b>	<b>-</b>
<b>IX.</b>	<b>CAPITAL ADEQUACY RATIO WITH CREDIT RISK CHARGE (V : VII)</b>	<b>25.18%</b>	<b>31.87%</b>
<b>X.</b>	<b>CAPITAL ADEQUACY RATIO WITH CREDIT RISK AND MARKET RISK CHARGE (VI : (VII+VIII))</b>	<b>24.35%</b>	<b>-</b>
<b>XI.</b>	<b>EXCESS OF ADDITIONAL SUPPLEMENTARY CAPITAL RATIO (C-D) : (VII+VIII)</b>	<b>-</b>	<b>-</b>
<b>XII.</b>	<b>MINIMUM REQUIRED CAPITAL ADEQUACY RATIO</b>	<b>8%</b>	<b>8%</b>

\*) Capital Adequacy Ratio (CAR) with market risk charge is presented as an additional information and calculated base on Bank Indonesia Regulation No. 5/12/PBI/2003 dated 17 July 2003 regarding "Capital Adequacy Ratio for Commercial Bank by Considering Market Risk".

## STATEMENT OF LOANS PURCHASED FROM IBRA AS OF 30 SEPTEMBER 2005 (In million Rupiah)

No.	DESCRIPTION	BALANCE
<b>A.</b>	<b>Summary of loans purchased from IBRA</b>	
	Loan principal (sustainable loan)	7,829,245
	Purchase price	1,337,135
	Allowance for possible losses/ deferred income	6,492,110
<b>B.</b>	<b>Summary of loans principal</b>	
	Beginning, 1 January 2005	290,690
	Foreign exchange translation adjustment	24,290
	Loan purchased from IBRA during the year	-
	Loan repayments during the year	(120,929)
	Write-offs during the year	(104,842)
	Ending Balance, 30 September 2005	89,209
<b>C.</b>	<b>Summary of allowance for possible losses (including differences between loans principal and purchase price)</b>	
	Beginning, 1 January 2005	(283,407)
	Foreign exchange translation adjustment	6,576
	Loan purchased from IBRA during the year	-
	Write-offs during the year	104,842
	Correction of allowance for possible losses due to loan repayment during the year	88,043
	Ending Balance, 30 September 2005	(83,946)
<b>D.</b>	<b>Summary of deferred income</b>	
	Beginning, 1 January 2005	(7,283)
	Foreign exchange translation adjustment	(89)
	Difference between loans purchase prices and restructured loans value during the year	-
	Write-offs during the year	-
	Loan repayments during the year	2,109
	Adjusted deferred income	-
	Ending Balance, 30 September 2005	(5,263)
<b>E.</b>	<b>Interest income and other income recognised on loans purchased from IBRA</b>	-
<b>F.</b>	<b>Restructured loans</b>	-
<b>G.</b>	<b>Additional loan facilities for debtors of loans purchased from IBRA</b>	-
<b>H.</b>	<b>No intermediaries entity was used in purchasing loans from IBRA</b>	-

**FOREIGN EXCHANGE AND DERIVATIVE TRANSACTIONS  
AS OF 30 SEPTEMBER 2005**

No.	TRANSACTION	Market Value		Derivative Receivable and Payable		Net Market Value
		Hedging	Others	Receivables	Payables	
<b>A. Related to Exchange rate</b>						
1.	Spot	-	(861,657)	2,177	(1,931)	-
2.	Forwards	-	69,033	7,164	(2,799)	-
3.	Options					
a.	Purchased	-	52,434	825	(4,09)	-
b.	Written	-	-	-	-	-
4.	Futures	-	535,655	575	-	-
5.	Swaps	-	327,530	143,090	(98,446)	-
6.	Others	-	-	-	-	-
<b>B. Related to Interest rate</b>						
1.	Forwards	-	-	-	-	-
2.	Options					
a.	Purchased	-	(259,381)	155	(2,287)	-
b.	Written	-	-	-	-	-
3.	Futures	-	-	-	-	-
4.	Swaps	-	-	-	-	-
5.	Others	-	-	-	-	-
<b>C. Others</b>						
<b>TOTAL</b>						
				<b>153,986</b>	<b>(105,871)</b>	

**KEY FINANCIAL RATIOS  
AS OF 30 SEPTEMBER 2005**

No.	RATIO (%)	2005	2004
<b>CONSOLIDATED RATIOS :</b>			
<b>I. Earning assets</b>			
1.	Non-Performing Productive Assets	1.29%	3.10%
2.	NPL gross	2.20%	5.75%
3.	NPL net after minimum BI provision on possible losses	0.40%	2.41%
4.	NPL net after the Bank's total provision on possible losses	0.00%	0.00%
5.	Allowance for possible losses on productive assets	1.97%	4.21%
<b>II. Rentability</b>			
1.	ROA after tax	4.00%	4.41%
2.	ROA before tax	5.28%	0.00%
3.	Return on average core capital	33.22%	37.77%
4.	Return on average equity	30.78%	36.00%
5.	NIM including third party premium expenses	8.98%	8.02%
6.	Cost to income	44.70%	40.04%
<b>BANK RATIOS :</b>			
<b>I. CAPITAL</b>			
1.	Capital Adequacy Ratio (CAR) without market risk charge	25.18%	31.87%
2.	Capital Adequacy Ratio (CAR) with market risk charge	24.35%	-
3.	Fixed Assets to Capital	18.04%	6.77%
<b>II. Earning assets</b>			
1.	Non-Performing Productive Assets	1.29%	2.96%
2.	NPL gross	2.20%	5.53%
3.	NPL net after minimum BI provision of possible losses	0.40%	2.79%
4.	NPL after the Bank's total provision on possible losses	0.00%	0.00%
5.	Allowance for possible losses on productive assets	1.97%	4.20%
6.	Fulfillment of allowance for possible losses	117.17%	194.28%
<b>III. Rentability</b>			
1.	ROA after tax	4.08%	4.47%
2.	ROA before tax	5.39%	0.00%
3.	Return on average core capital	33.22%	37.77%
4.	Return on average equity	30.78%	36.00%
5.	NIM excluding third party premium expenses	7.04%	6.95%
6.	NIM including third party premium expenses	6.84%	6.74%
7.	Operating expenses to operating revenues	66.17%	59.80%
8.	Cost to income	46.90%	41.82%
<b>IV. Liquidity</b>			
	Loan to deposit ratio (LDR)	82.35%	71.93%
<b>V. Compliance</b>			
1.a.	Percentage violation on legal lending limit		
a.1.	Related parties *)	0.00%	0.00%
a.2.	Third parties	0.00%	0.00%
b.	Percentage lending in excess of the legal lending limit		
b.1.	Related parties **)	3.97%	0.00%
b.2.	Third parties	0.00%	0.00%
2.	Statutory reserve requirements (Rupiah)	8.05%	7.03%
3.	Net open position ***)	1.37%	1.54%
4.	Net open position on balance sheet ****)	0.24%	0.00%

\*) Based on letter from Bank Indonesia (BI) dated 31 May 2005 in relation to the legal lending limit (LLL), investment in PT Adira Dinamika Multi Finance Tbk, had breached the LLL. Bank Danamon has prepared the action plan to fulfil the BI Regulation on the LLL, and the plan has been agreed by BI based on their letter dated 4 July 2005. We intend to be with LLL as of July 2005

\*\*) Based on PBI 7/3/PBI/2005 dated 20 January 2005 in relation to the LLL, Bank Danamon has exceeded the LLL regulation to the related parties due to the change in the LLL regulation. On 20 April 2005, Bank Danamon has submitted an action plan to fulfill the regulation. As in line with the BI regulations, the deadline to resolve this is 18 months since the action plan was submitted

\*\*\*) Net open position calculation includes balance sheets and off balance sheets accounts

\*\*\*\*) Net open position calculation includes balance sheets accounts only since 2004 in accordance with Bank Indonesia Regulation No.6/20/PB I/2004 dated 15 July 2004 regarding "Amendment of Bank Indonesia Regulation No.5/13/PB I/2003 Concerning the next open position for commercial Banks"



# NOTES

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