

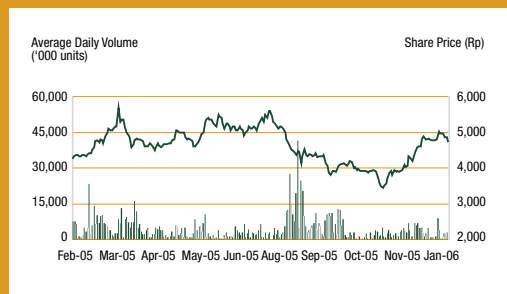
Investor Newsletter

March 2006



Bank Danamon

Share Price (Ticker: BDMN)



Source: Bloomberg

Shareholders

	2004	2005	Change (%)
Asia Financial (Indonesia) Pte Ltd.	65.8%	69.6%	3.8
Ministry of Finance Rep. Indonesia	10.5%	-	(10.5)
Morgan Stanley Securities Ltd.	-	6.8%	6.8
Public (ownership interest below 5%)	23.7%	23.6%	(0.1)

Full Year 2005 Financial Results

- **Normalized Operating Income rose by 21% to Rp. 5,683 billion.**
- **Net Interest Margin improved to 8.9%.**
- **Loans grew by 22% to Rp. 35,995 billion.**
- **Deposits grew by 16% to Rp. 47,089 billion.**
- **618 DSP Self Employed Mass Market and 121 DSP Consumer Mass Market have been established at the end of 2005.**

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Full Year 2005 Results

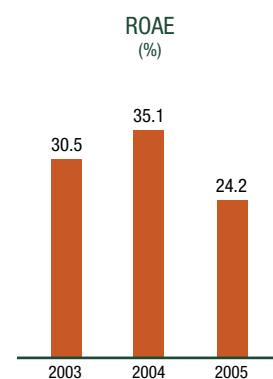
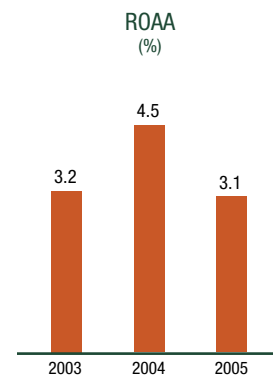
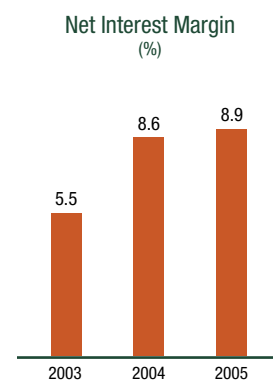
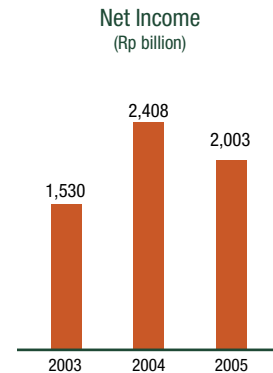
Bank Danamon posted a net profit after tax of **Rp. 2,003 billion in year 2005**. This profit is 16.8% lower compared to the previous year's profit of Rp. 2,408 billion as a result of reduction in non-recurring items from gain on sale of government bonds and loan recovery. Excluding the one-off items, Normalized Net Profit After Tax increased by 7% to Rp.1,195 billion. Accordingly, Basic Earning per Share (EPS) was Rp. 407.71 in 2005 as compared to Rp. 490.75 in 2004, while ROAA and ROAE stood at 3.1% and 24.2%, respectively, in 2005.

In billion Rupiah	Consolidated		Change (%)
	FY 2004	FY 2005	
Income Statement			
Net Interest Income	4,018	4,603	14.6
Normalized Fee Income	691	1,080	56.3
Normalized Operating Income	4,709	5,683	20.7
Normalized Operating Expenses	1,963	2,909	48.2
Pre Provision Operating Profit	2,746	2,774	1.0
Cost of Credit	833	814	(2.3)
Normalized NPAT	1,113	1,195	7.4
Non-recurring Items (after tax)	1,295	808	(37.6)
Reported NPAT	2,408	2,003	(16.8)
Basic EPS (Rp)	490.75	407.71	(16.9)
Diluted EPS (Rp)	489.49	402.59	(17.8)
Balance Sheet			
Total Assets	58,821	67,803	15.3
Total Loans	29,416	35,995	22.4
Total Government Bonds	17,324	14,102	(18.6)
Total Liabilities	51,017	59,215	16.1
Deposits	40,765	47,089	15.5
Total Equity	7,804	8,589	10.1
Key Financial Ratios (%)			
Net Interest Margin	8.6	8.9	0.3
Normalized Cost to Income	41.6	51.1	9.5
Normalized ROAA	2.1	1.8	(0.3)
Normalized ROAE	17.9	15.2	(2.7)
Reported ROAA	4.5	3.1	(1.4)
Reported ROAE	35.1	24.2	(10.9)
Loans / Deposits	72.5	80.8	8.3
NPL / Total Loans – Gross	4.0	2.6	(1.4)
Loan Loss Allowances / NPL	136.6	109.9	(26.7)
Net Open Position	1.03	1.95	0.92
Capital Adequacy Ratio	27.0	23.5	(3.5)
Equity / Asset	13.3	12.7	(0.6)

Non-recurring items declined by 38% to Rp. 808 billion in 2005 from Rp. 1,295 billion in the previous year due to lower gains on sales of government bonds and loan recovery. Extraordinary gains from selling government bonds dropped by 42% to Rp. 251 billion in light of unfavourable market conditions. While recovery from ex IBRA loans and provisions write-back and reversal declined by 74% to Rp. 803 billion. Accordingly ex IBRA loan reduced significantly to Rp. 68 billion at the end of 2005 from Rp. 291 billion a year earlier.

In 2005, net interest income rose by 15% to Rp. 4,603 billion as a result of higher interest income. **Interest income grew by 27% to Rp. 8,129 billion primarily due to substantial expansion in the loan book.** Lending contributed to over 76% of total interest income in 2005. Meanwhile, government bonds portfolio contributed to less than 19% of interest income as compared to 28% in the previous year. On the other hand, interest expense rose sharply by 48% to Rp. 3,526 billion due to higher interest expenses for customer deposits as well as rising interest rates particularly in the fourth quarter of 2005. As such, **cost of funds increased by 155 bps to 6.02% in 2005 from the previous year cost of funds of 4.47%. Nevertheless, net interest margin expanded to 8.9% in 2005 from 8.6% in 2004.**

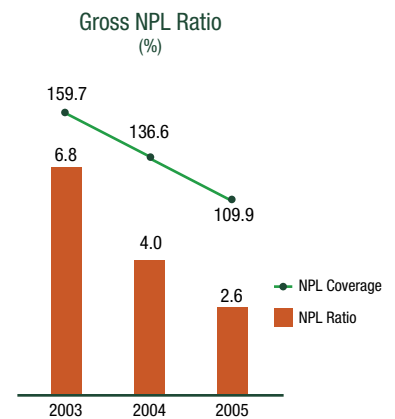
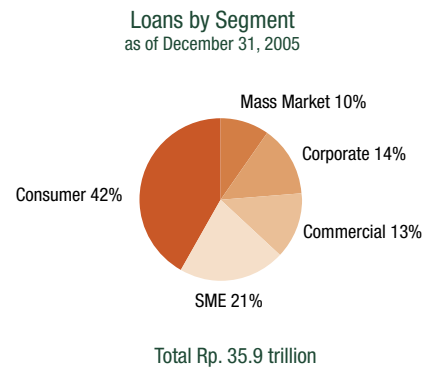
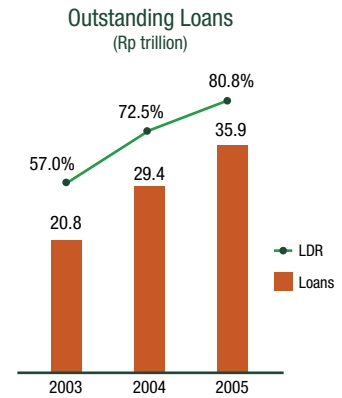
Normalized fee income rose to Rp. 1,080 billion in 2005, up 56% from Rp. 691 billion in 2004 largely driven by mark to market marketable securities and treasury activities that increased to Rp. 336 billion from negative Rp. 34 billion a year ago. Credit related fees also rose by 33% to Rp. 434 billion in 2005.



In 2005, normalized operating expenses went up by 48% to Rp. 2,909 billion from Rp. 1,968 billion last year primarily due to business expansion. Expansion in mass market businesses (DSP and Adira Finance) accounted for 63% of this expense growth. General and administrative expenses increased by 41% to Rp. 1,174 billion as we added 475 DSP units and 31 Adira Finance offices in 2005. Salaries and employee benefits expense rose by 53% to Rp. 1,734 billion mainly due to 6,692 new hires for the mass market business expansion, an increase in salaries and employee benefits, and compensation costs related to Employee/Management Stock Options (E/MSOP). As of December 31, 2005, the Bank has granted an option to purchase 225 million shares to management and employees. Total cost related to E/MSOP amounted to Rp. 109 billion as compared to Rp. 37 billion in 2004. **Cost-to-income ratio, as a result, rose by 48.8% in 2005 from 41.5% last year.**

Cost of credit (provision expense, loan write off and loss on sale of repossessed assets) amounted to Rp. 814 billion in 2005 as compared to Rp. 833 billion in the previous year. An increase in the cost of credit in automotive financing business of Adira Finance was offset by the decline in the cost of credit in other parts of the business.

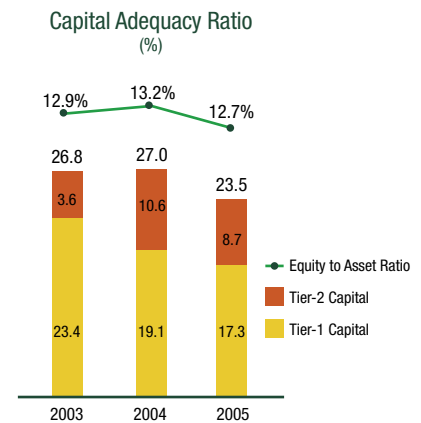
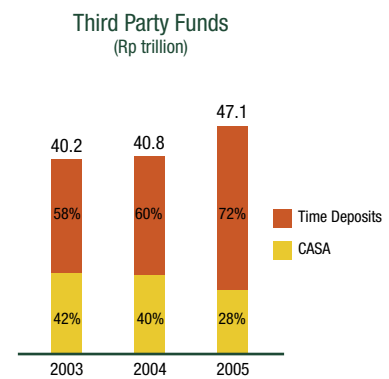
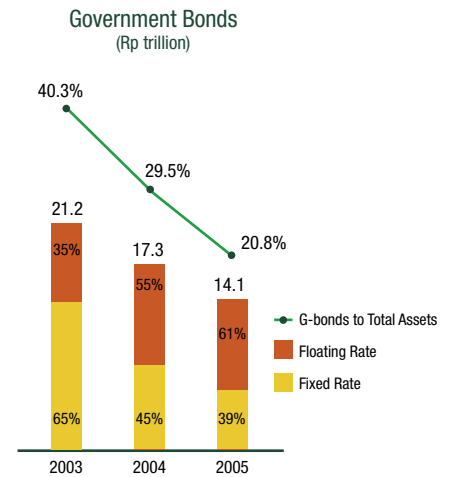
Loans grew by 22% to Rp. 35,995 billion as of December 31, 2005 from Rp. 29,416 billion a year ago derived from robust growth in higher yielding assets of consumer and mass market. Consumer loans accounted for 42% of total loan book, growing by 24% in 2005 to Rp. 14,924 billion, mainly supported by a strong growth in Adira Finance auto financing. Within the portfolio, motorcycle loans contributed to 51% of consumer loans, car loans 25%, housing loans



19% and credit cards 5%. In line with the expansion of DSP network, loans to mass market grew by over five fold to Rp. 3,651 billion at the end of 2005, accounting for 10% of the Bank's loan portfolio. SME loans stood at Rp. 7,550 billion at the end of 2005, underscoring Bank Danamon's position as one of the largest player in this segment. Commercial loans grew healthily by 45% to Rp. 4,691 billion, representing 13% of total loan book by the end of 2005. Meanwhile, corporate loans declined 20% to Rp. 5,182 billion as of December 31, 2005, in part due to the recovery of loans purchased from IBRA. **This loan growth has led the Bank's loan-to-deposits ratio (LDR) to rise to 81% as of December 31, 2005 from 73% in the previous year.**

Danamon continues to prudently manage its asset quality as shown by a manageable level of NPL. Non-performing loans (NPLs) is reduced substantially to Rp. 929 billion as of December 31, 2005 from Rp. 1,177 billion a year earlier primarily due to strong loan collection. As a result, Gross NPL ratio came down significantly to 2.6% as of December 31, 2005 as compared to 4.0% a year earlier. **Net NPL remained zero** as loan loss provision (LLP) of Rp. 1,017 billion exceeded the NPL with NPL coverage ratio reaching 110% as of December 31, 2005.

Exposure to government bonds continues to decline and was reduced by 19% to Rp. 14,102 billion by year end 2005. As of December 31, 2005, 39% of total government bonds are fixed rate bonds while the remaining 61% are floating rate bonds with an average duration of 1.8 years. Currently **government bonds only accounted for 21% of the bank's assets**, down from 30% a year earlier and their contribution to interest income also decreased to 19% from 28% last year.



Note : after Market Risk charge

Total liabilities rose to Rp. 59,215 billion as of December 31, 2005, compared to Rp. Rp. 51,017 billion in the previous year. Deposits (Third Party Funds), which accounted for 80% of total liabilities, grew by 16% to Rp. 47,089 billion from Rp. 40,765 billion a year earlier. Current accounts and savings (CASA) accounted for 28% of third party funds as of December 31, 2005.

Capitalization, as measured by equity to asset ratio, slightly declined to 12.7% against 13.3% last year, largely due to asset expansion. Furthermore, the Bank's **capital adequacy ratio (CAR) was at 23.5%** as of December 31, 2005 against 27.0% last year on the back of strong loan growth. Tier-1 and Tier-2 capital ratio stood at 17.3% and 8.7% as of December 31, 2005, compared to 19.1% and 10.6%, respectively, by December 31, 2004.

UPDATES

■ Business Updates

- **Adira Finance.** In 2005, Adira Finance (75% owned by Bank Danamon) posted Rp. 476 billion in net profit, up by 58% compared to 2004. This profit increase was primarily due to the strong growth in financing receivables. Total new financing amounted to Rp. 8,774 billion in 2005, up 33% compared to last year. Motorcycle financing remains the main contributor of receivable growth and accounted for 71% of financing receivables as of December 31, 2005. Remaining receivables are comprised of car financing (28%) and others.
- **Danamon Simpan Pinjam (DSP).** Danamon opened 475 DSP units in 2005, bringing the total DSP in operation to 739 units at the end of 2005. DSP business is made up of 618 units of Self-Employed Mass Market (SEMM) and 121 units of Consumer Mass Market (CMM). SEMM extended Rp.3,317 billion loans to micro business at the end of 2005, up from Rp.545 billion a year earlier. While total loans extended by CMM was Rp. 334 billion at the end of 2005. Net Credit Loss (NCL) of SEMM was 2.0% in the last quarter of 2005, up from 0.4% in the second quarter of 2005 as the portfolio matures. While NPL ratio was 2.1% at the end of 2005, up from 0.1% a year earlier.
- **Acquisition of Amex Card Business in Indonesia.** In February 2006, Danamon entered into a conditional business transfer agreement with American Express Bank, Ltd. to take over their card and merchant business in Indonesia. This agreement will be effective upon the completion of the agreed conditions and regulatory approval. This acquisition will complete Danamon's product offering and enhance our efforts to serve all market segments.
- **Structured fundings.** Danamon is in the process of negotiating with IFC and other foreign institutions to obtain long-term loans. These loans will be channeled to fund SME, Adira and micro businesses.

■ Corporate Actions

Danamon plans to pay out 50% of its 2005 profits as dividend to shareholders. This dividend amounts to Rp.1,002 billion or Rp.201 per share (diluted). We will seek an approval from our shareholders in the upcoming Annual General Shareholder Meeting.

■ Credit Ratings

Bank Danamon

Ratings and Outlook		
Standard & Poor's <i>November 2005</i>	Long Term & Short Term Local Currency	BB-/Stable/B
	Long Term & Short Term Foreign Currency	BB-/ Stable /B
	Bank Financial Strength	D+
	Subordinated Debt	B/Stable
Moody's <i>June 2005</i>	Long Term & Short Term Bank Deposit	B3/ Pos/ Not Prime
	Bank Financial Strength	D-/Stable
	Subordinated Debt	B3/Positive
PEFINDO (Indonesia) <i>March 2005</i>	Corporate Rating	idA+/Stable
Fitch Ratings <i>February 2005</i>	Long Term & Short Term Foreign Currency	BB-/Positive/B
	National (Long-Term)	A- (idn)/Positive

Indonesia

Ratings and Outlook		
Standard & Poor's	Foreign Currency LT Debt	B+ / Stable
Moody's	Foreign Currency LT Debts	B2 / Positive
Fitch Ratings	Foreign Currency LT Debt	BB- / Stable

BALANCE SHEETS**AS AT 31 DECEMBER 2005 AND 2004**

(In million Rupiah)

No.	ACCOUNTS	BANK DANAMON		CONSOLIDATED	
		2005	2004	2005	2004
ASSETS					
1.	Cash	586,981	732,430	640,044	753,256
2.	Placements with Bank Indonesia				
	a. Current accounts with Bank Indonesia	3,563,314	2,662,100	3,563,314	2,662,100
	b. Certificates of Bank Indonesia	1,069,826	1,514,030	1,069,826	1,514,030
	c. Wadiah Certificates of Bank Indonesia	-	-	-	-
	d. Others	584,874	299,679	584,874	299,679
3.	Current accounts with other banks				
	a. Rupiah	16,813	28,635	156,893	162,445
	b. Foreign currencies	1,008,963	488,277	1,010,487	488,277
	Allowance for possible losses on current accounts with others banks -/-	(10,258)	(5,169)	(10,258)	(5,169)
4.	Placements with other banks				
	a. Rupiah	-	50,000	2,010	52,000
	Allowance for possible losses on placements with other banks -/-	-	(500)	-	(500)
	b. Foreign currencies	3,293,050	259,980	3,293,050	259,980
	Allowance for possible losses on placements with other banks -/-	(32,931)	(2,600)	(32,931)	(2,600)
5.	Placement with other syariah banks	10,000	-	10,000	-
	Allowance for possible losses on placement with other syariah banks -/-	(100)	-	(100)	-
6.	Marketable securities				
	a. Rupiah				
	i. Trading	38,939	15,659	38,939	15,659
	ii. Available for sale	275,945	294,771	275,945	294,771
	iii. Held to maturity	551,440	248,258	551,440	248,258
	Allowance for marketable securities -/-	(8,663)	(5,587)	(8,663)	(5,587)
	b. Foreign currency				
	i. Trading	131,331	195,944	131,331	195,944
	ii. Available for sale	339,934	555,577	339,934	555,577
	iii. Held to maturity	1,482,439	731,985	1,482,439	731,985
	Allowance for marketable securities -/-	(19,828)	(14,834)	(19,828)	(14,834)
7.	Marketable securities - syariah bonds	162,648	106,046	162,648	106,046
	Allowance for possible losses on marketable securities - syariah bonds -/-	(1,626)	(1,060)	(1,626)	(1,060)
8.	Government bonds				
	i. Trading	162,417	289,789	162,417	289,789
	ii. Available for sale	6,059,784	5,077,626	6,059,784	5,077,626
	iii. Held to maturity	7,879,804	11,956,774	7,879,804	11,956,774
9.	Securities purchased under resale agreements (Reverse Repo)				
	a. Rupiah	-	20,450	-	20,450
	Allowance for possible losses on securities purchased under resale agreements -/-	-	(205)	-	(205)
	b. Foreign currencies	-	-	-	-
	Allowance for possible losses on securities purchased under resale agreements -/-	-	-	-	-
10.	Derivative receivables	136,082	23,219	136,082	23,219
	Allowance for possible losses on derivative receivable -/-	(1,360)	(233)	(1,360)	(233)
11a.	Loans (excluding loans purchased from IBRA)				
	a. Rupiah				
	i. Related parties	125,894	8,283	125,894	8,283
	ii. Third parties	32,230,551	25,321,525	32,230,551	25,321,525
	Allowance for possible losses on loans (excluding loans purchased from IBRA) -/-	(829,861)	(904,031)	(829,861)	(904,031)
	b. Foreign currencies				
	i. Related parties	4,323	-	4,323	-
	ii. Third parties	3,429,844	3,614,310	3,429,844	3,614,310
	Allowance for possible losses on loans (excluding loans purchased from IBRA) -/-	(118,118)	(411,871)	(118,118)	(411,871)
	Deferred income -/-	(118)	(69,138)	(118)	(69,138)
11.b	Loans purchased from IBRA				
	a. Rupiah	61,173	67,376	61,173	67,376
	Allowance for possible losses on loans purchased from IBRA -/-	(56,904)	(62,507)	(56,904)	(62,507)
	b. Foreign currencies	7,107	223,314	7,107	223,314
	Allowance for possible losses on loans purchased from IBRA -/-	(7,107)	(220,900)	(7,107)	(220,900)
	Deferred income -/-	(4,269)	(7,283)	(4,269)	(7,283)
12.	Consumer financing receivables	-	-	761,310	878,660
	Allowance for possible losses on consumer financing receivables -/-	-	-	(20,864)	(23,808)
13.	Syariah financing				
	a. Murabahah receivables	116,649	161,995	116,649	161,995
	b. Istishna receivables	-	-	-	-
	c. Oardh receivables	196	2,228	196	2,228
	d. Mubharabah receivables	19,394	15,650	19,394	15,650
	e. Musyarakah receivables	183	912	183	912
	Allowance for possible losses on syariah financing -/-	(5,075)	(7,288)	(5,075)	(7,288)
14.	Acceptance receivables	521,992	522,884	521,992	522,884
	Allowance for possible losses on acceptance receivables -/-	(5,420)	(5,835)	(5,420)	(5,835)
15.	Investments	1,047,917	1,030,484	12,080	77,037
	Allowance for possible losses on investments -/-	(10,479)	(10,315)	(122)	(414)
16.	Goodwill - net	-	-	521,841	608,815
17.	Interest receivable	601,169	549,736	601,192	549,741
18.	Prepaid expenses	193,603	162,035	244,308	211,584
19.	Prepaid taxes	-	-	-	-
20.	Deferred tax assets	153,734	178,626	153,734	178,626
21.	Fixed assets	2,049,878	1,722,029	2,233,375	1,862,493
	Accumulated depreciation of fixed assets -/-	(704,567)	(536,480)	(753,347)	(565,322)
22.	Unutilized properties	30,875	39,798	30,875	39,798
23.	Leased assets	-	-	-	-
	Accumulated depreciation of leased assets -/-	-	-	-	-
24.	Foreclosed assets - Net	166,230	130,722	170,197	168,275
25.	Other assets	465,095	599,957	881,946	908,019
	TOTAL ASSETS	66,763,707	57,637,257	67,803,454	58,820,805

BALANCE SHEETS
AS AT 31 DECEMBER 2005 AND 2004
(In million Rupiah)

No.	ACCOUNTS	BANK DANAMON		CONSOLIDATED	
		2005	2004	2005	2004
LIABILITIES					
1.	Current accounts				
	a. Rupiah	2,549,307	3,411,145	2,517,463	3,389,518
	b. Foreign currencies	1,891,741	1,780,939	1,891,741	1,780,939
2.	Wadiah current accounts	19,383	13,601	19,383	13,601
3.	Other current liabilities	180,235	218,341	184,731	219,915
4.	Savings	8,513,791	11,111,628	8,513,791	11,111,628
5.	Syariah savings				
	a. Wadiah savings	1,071	1,280	1,071	1,280
	b. Mudharabah savings	37,459	42,747	37,459	42,747
6.	Time deposits				
	a. Rupiah				
	i. Related parties	246,511	416,049	211,511	416,049
	ii. Third parties	26,565,649	21,146,992	26,565,649	21,146,992
	b. Foreign currencies				
	i. Related parties	199,671	185,700	199,671	185,700
	ii. Third parties	4,345,097	2,127,493	4,345,097	2,127,493
7.	Mudharabah time deposits	47,646	66,768	47,646	66,768
8.	Certificates of deposits				
	a. Rupiah	-	-	-	-
	b. Foreign currencies	-	-	-	-
9.	Mudharabah time deposits from other banks	65,037	11,275	65,037	11,275
10.	Wadiah current accounts from other banks	157	14	157	14
11.	Deposits from other banks	3,860,767	477,156	3,860,767	477,156
12.	Securities sold under repurchase agreement (Repo)	2,875,000	1,000,000	2,875,000	1,000,000
13.	Derivative payables	75,485	6,237	75,485	6,237
14.	Acceptance payables	521,992	522,884	521,992	522,884
15.	Marketable securities issued				
	a. Rupiah	5	552,129	495,443	1,045,551
	b. Foreign currencies	273	37,285	273	37,285
16.	Borrowings				
	a. Short term funding facilities from Bank Indonesia	-	-	-	-
	b. Others				
	i. Rupiah				
	- Related parties	-	-	-	-
	- Third parties	362,955	561,529	362,955	864,092
	ii. Foreign currencies				
	- Related parties	-	-	-	-
	- Third parties	754,339	396,499	754,339	396,499
17.	Estimated allowance for possible losses on off balance sheet transactions	18,259	13,653	18,259	13,653
18.	Lease payables	-	-	-	-
19.	Accruals	344,271	212,780	354,669	225,936
20.	Estimated tax payable	25,734	118,577	126,545	142,416
21.	Deferred tax liabilities	-	-	112,334	76,846
22.	Other liabilities	889,445	1,776,027	1,101,228	1,943,063
23.	Subordinated loans				
	a. Related parties	-	-	-	-
	b. Third parties	3,628,474	3,469,587	3,628,474	3,469,587
24.	Loan capital				
	a. Related parties	-	-	-	-
	b. Third parties	155,000	155,000	155,000	155,000
25.	Minority interests	-	-	171,331	126,739
26.	Equity				
	a. Paid up capital	3,569,247	3,562,261	3,569,247	3,562,261
	b. General and legal reserve	48,954	24,873	48,954	24,873
	c. Additional paid up capital	198,770	62,737	198,770	62,737
	d. Capital donation	-	-	-	-
	e. Difference in foreign currencies translation	3,295	2,718	3,295	2,718
	f. Unrealized gain(loss) from marketable securities and Government Bonds	(183,074)	798,928	(183,074)	798,928
	h. Other comprehensive income	-	-	-	-
	i. Retained earnings*)	4,951,761	3,352,425	4,951,761	3,352,425
TOTAL LIABILITIES AND EQUITY		66,763,707	57,637,257	67,803,454	58,820,805

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

**STATEMENTS OF INCOME AND RETAINED EARNINGS
FOR THE YEARS ENDED 31 DECEMBER 2005 AND 2004**

(In million Rupiah, except earnings per share)

No.	ACCOUNTS	BANK DANAMON		CONSOLIDATED	
		2005	2004	2005	2004
INCOME AND EXPENSES FROM OPERATIONS					
1.	Interest income, fees and commissions				
1.1.	Interest income				
a.	Rupiah	6,085,874	5,201,642	7,411,978	6,061,331
b.	Foreign currencies	676,529	294,595	676,529	294,595
1.2.	Fees and commissions income				
a.	Rupiah	189,810	136,985	637,972	280,412
b.	Foreign currencies	27,427	26,101	27,427	26,101
	Total interest income, fees and commissions	6,979,640	5,659,323	8,753,906	6,662,439
2.	Interest expense, fees and commissions				
2.1.	Interest expense				
a.	Rupiah	2,964,789	1,931,134	3,044,591	2,059,560
b.	Foreign currencies	358,995	206,383	358,995	206,383
2.2.	Fees and commissions expense	441	532	356,289	113,968
	Total interest expense, fees and commissions	3,324,225	2,138,049	3,759,875	2,379,911
	Net interest income	3,655,415	3,521,274	4,994,031	4,282,528
3.	Syariah income				
3.1.	Murabahah margin	19,371	23,649	19,371	23,649
3.2.	Mudharabah profit sharing	21,239	14,735	21,239	14,735
3.3.	Wadiah bonus income	16	479	16	479
	Total syariah income	40,626	38,863	40,626	38,863
4.	Syariah expenses				
4.1.	Mudharabah loss sharing	12,247	9,719	12,247	9,719
4.2.	Wadiah bonus expense	-	-	-	-
	Total syariah expenses	12,247	9,719	12,247	9,719
	Net interest income - syariah	28,379	29,144	28,379	29,144
5.	Other operating income				
5.1.	Fees and commissions	246,625	281,891	246,625	415,812
5.2.	Gain on foreign exchange transactions	126,534	-	126,534	-
5.3.	Gain from increase in fair value of marketable securities	1,903	-	1,903	-
5.4.	Other income	743,737	710,918	743,737	710,918
	Total other operating income	1,118,799	992,809	1,118,799	1,126,730
6.	Income from investment in subsidiary	357,276	226,009	-	-
7.	Allowance for possible losses on earning assets	(260,685)	(449,297)	(214,665)	(400,882)
8.	Allowance for possible losses on commitments and contingencies	4,451	4,186	4,451	4,186
9.	Other operating expenses				
9.1.	General and administrative expenses	1,011,005	772,632	1,232,156	939,086
9.2.	Salaries and employee benefits	1,332,213	953,055	1,690,584	1,129,288
9.3.	Losses from decline in fair value of marketable securities and Government Bonds	-	63,200	-	63,200
9.4.	Losses on foreign exchange transactions	-	33,847	-	33,847
9.5.	Third party premium expenses	110,245	100,741	110,245	100,741
9.6.	Others expenses	43,934	75,485	43,934	75,485
	Total other operating expenses	2,497,397	1,998,960	3,076,919	2,341,647
10.	Amotization of goodwill	86,974	86,974	86,974	86,974
	NET OPERATING INCOME	2,831,732	3,128,413	3,187,530	3,406,477
NON-OPERATING INCOME AND EXPENSES					
11.	Non - operating income	206,084	208,976	223,593	219,484
12.	Non - operating expenses	358,135	168,829	412,879	247,725
	NON OPERATING EXPENSES/(INCOME) - NET	(152,051)	40,147	(189,286)	(28,241)
13.	Extraordinary Income	-	-	-	-
	INCOME BEFORE TAX	2,679,681	3,168,560	2,998,244	3,378,236
14.	Income tax-/-				
-	Deffered	24,757	107,008	60,245	170,833
-	Current year	651,726	653,473	815,709	723,988
15.	INCOME AFTER TAX	2,003,198	2,408,079	2,122,290	2,483,415
16.	Minority interest -/-	-	-	(119,092)	(75,336)
17.	CURRENT YEAR INCOME	2,003,198	2,408,079	2,003,198	2,408,079
18.	Retained earnings balance at the beginning of period	3,352,425	2,467,381	3,352,425	2,467,381
19.	Dividend -/-	(327,060)	(1,488,200)	(327,060)	(1,488,200)
20.	Others -/-	(76,802)	(34,835)	(76,802)	(34,835)
21.	Retained earnings at the end of period	4,951,761	3,352,425	4,951,761	3,352,425
22.	Basic earning per share	407.71	490.75	407.71	490.75
23.	Diluted earnings per share*)	402.59	489.49	402.59	489.49

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

**STATEMENT OF COMMITMENTS AND CONTINGENCIES
AS OF 31 DECEMBER 2005 AND 2004**

(In million Rupiah)

No.	ACCOUNTS	BANK DANAMON		CONSOLIDATED	
		2005	2004	2005	2004
COMMITMENTS					
Commitment Receivables					
1.	Unused Borrowing Facilities				
	a. Rupiah	-	-	-	-
	b. Foreign Currency	-	-	-	-
2.	Others	-	-	-	-
	Total Commitment Receivables	-	-	-	-
Commitment Payables					
1.	Unused Loans Facilities				
	a. Rupiah	8,572,901	4,426,459	8,572,901	4,426,459
	b. Foreign Currency	4,054,787	732,138	4,054,787	732,138
2.	Outstanding Irrevocable letters of credit	759,057	695,106	759,057	695,106
3.	Others	-	281	-	281
	Total Commitment Payables	13,386,745	5,853,984	13,386,745	5,853,984
	COMMITMENT PAYABLES, NET	(13,386,745)	(5,853,984)	(13,386,745)	(5,853,984)
CONTINGENCIES					
Contingent Receivables					
1.	Guarantees Received				
	a. Rupiah	-	-	-	-
	b. Foreign Currency	14,118	-	14,118	-
2.	Interest receivables on non performing assets				
	a. Rupiah	100,629	56,023	100,629	56,023
	b. Foreign Currency	791	5,220	791	5,220
3.	Others	-	-	-	-
	Total Contingent Receivables	115,538	61,243	115,538	61,243
Contingent Payables					
1.	Guarantees Issued in the form of :				
	a. Bank guarantees				
	- Rupiah	643,290	536,020	643,290	536,020
	- Foreign currency	374,948	112,185	374,948	112,185
	b. Others	-	-	-	-
2.	Standby letters of credit	-	-	-	-
3.	Others	-	-	-	-
	Total Contingent Payables	1,018,238	648,205	1,018,238	648,205
	CONTINGENT PAYABLES, NET	(902,700)	(586,962)	(902,700)	(586,962)

EARNING ASSET QUALITY AND OTHER INFORMATION

AS OF 31 DECEMBER 2005

(In million Rupiah)

No.	ACCOUNTS	(30 DECEMBER 2005)					Total
		Current	Special Mention	Substandard	Doubtful	Loss	
I. RELATED PARTIES							
A. PRODUCTIVE ASSET							
1.	Placement with Other Banks	289,155	-	-	-	-	289,155
2.	Marketable Securities and Government Bonds issued by third parties or Bank Indonesia	-	-	-	-	-	-
3.	Loans to third parties						
a.	Small Business Credit (KUK)	313	-	-	-	-	313
b.	Property Loans						
i.	Restructured	-	-	-	-	-	-
ii.	Unrestructured	64,534	-	-	-	-	64,534
c.	Other Restructured Loan	-	-	-	-	-	-
d.	Others	65,370	-	-	-	-	65,370
4.	Investment in third parties						
a.	Non-bank Financial Institution	1,035,837	-	-	-	-	1,035,837
b.	For Loans Restructuring Purposes	-	-	-	-	-	-
c.	Others	-	-	-	-	-	-
5.	Other Receivables from third parties	-	-	-	-	-	-
6.	Commitments and Contingencies to third parties	-	-	-	-	-	-
B. NON PRODUCTIVE ASSET							
1.	Unutilized properties	-	-	-	-	-	-
2.	Foreclosed Asset	-	-	-	-	-	-
3.	Interbranch and Suspense Account	-	-	-	-	-	-
II. THIRD PARTIES							
A. PRODUCTIVE ASSET							
1.	Placement with Other Banks	6,357,727	1,172	-	-	-	6,358,899
2.	Marketable Securities and Government Bonds issued by third parties or Bank Indonesia	16,640,152	-	10,558	-	-	16,650,710
3a.	Loans to third parties (excluding Loans Purchased from IBRA)						
a.	Small Business Credit (KUK)	3,812,501	586,773	43,206	40,662	35,091	4,518,233
b.	Property Loans						
i.	Restructured	61,058	11,230	4,089	-	30,988	107,365
ii.	Unrestructured	2,137,981	59,102	3,495	1,342	5,468	2,207,388
c.	Other Restructured Loan	326,358	154,709	87,495	32,724	75,078	676,364
d.	Others	24,609,912	3,070,271	161,443	186,939	159,954	28,188,519
3b.	Loans Purchased from IBRA	7,107	-	-	-	61,173	68,280
4.	Investment						
a.	Non-bank Financial Institution	-	-	-	-	-	-
b.	For Loans Restructuring Purposes	-	-	-	-	-	-
c.	Others	2,355	25	-	-	-	2,380
5.	Other receivables from third parties	561,152	5,206	-	-	-	566,358
6.	Commitments and Contingencies to third parties	1,764,361	12,934	-	-	-	1,777,295
B. NON PRODUCTIVE ASSET							
1.	Unutilized Properties	30,875	-	-	-	-	30,875
2.	Foreclosed Asset	166,230	-	-	-	-	166,230
3.	Interbranch and Suspense Account	3,023	-	-	-	-	3,023
	TOTAL	57,936,001	3,901,422	310,286	261,667	367,752	62,777,128
4.	Minimum Required allowance for possible losses on earning assets	411,410	176,065	37,934	124,476	255,754	1,005,639
5.	Allowance for possible losses on earning assets (excluding Loans Purchased from IBRA)	-	-	-	-	-	1,064,917
	Allowance for possible losses on Loans Purchased from IBRA	-	-	-	-	-	64,011
6.	Collateralized assets						
a.	To Bank Indonesia	-	-	-	-	-	21,603
b.	To Other Banks	-	-	-	-	-	-
7.	Percentage of Small Business Credit to Total Loan	-	-	-	-	-	13.44%
8.	Percentage of Small Business Credit Debtor to Total Debtors	-	-	-	-	-	10.20%

**EARNING ASSET QUALITY AND OTHER INFORMATION
AS OF 31 DECEMBER 2004**

(In million Rupiah)

No.	ACCOUNTS	(31 DECEMBER 2004)					Total
		Current	Special Mention	Substandard	Doubtful	Loss	
I. RELATED PARTIES							
A. PRODUCTIVE ASSET							
1.	Placement with Other Banks	-	-	-	-	-	-
2.	Marketable Securities and Government Bonds 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	8,283	-	-	-	-	8,283
4.	Investment in third parties						
	a. Non-bank Financial Institution	989,035	-	-	-	-	989,035
	b. For Loans Restructuring Purposes	-	-	-	-	-	-
	c. Others	-	-	-	-	-	-
5.	Other Receivables from third parties	-	-	-	-	-	-
6.	Commitments and Contingencies to third parties	-	-	-	-	-	-
B. NON PRODUCTIVE ASSET							
1.	Unutilized properties	-	-	-	-	-	-
2.	Foreclosed Asset	-	-	-	-	-	-
3.	Interbranch and Suspense Account	-	-	-	-	-	-
II. THIRD PARTIES							
A. PRODUCTIVE ASSET							
1.	Placement with Other Banks	2,116,889	1,514	-	-	-	2,118,403
2.	Marketable Securities and Government Bonds issued by third parties or Bank Indonesia	20,268,556	-	-	-	-	20,268,556
3a.	Loans to third parties (excluding Loans Purchased from IBRA)						
	a. Small Business Credit (KUK)	2,329,389	112,071	42,328	31,708	7,593	2,523,089
	b. Property Loans						
	i. Restructured	74,650	12,757	2,548	24,802	333	115,090
	ii. Unrestructured	1,837,176	20,075	4,319	2,345	764	1,864,679
	c. Other Restructured Loan	327,096	65,849	206,723	355,635	73,655	1,028,958
	d. Others	21,322,951	1,841,259	31,244	89,531	100,822	23,385,807
3b.	Loans Purchased from IBRA	12,788	-	169,001	61,173	47,728	290,690
4.	Investment						
	a. Non-bank Financial Institution	-	-	-	-	-	-
	b. For loans Restructuring Purposes	-	-	-	-	-	-
	c. Others	18,373	25	-	-	-	18,398
5.	Other receivables from third parties	542,817	15,418	118	50	749	559,152
6.	Commitments and Contingencies to third parties	1,334,809	8,502	-	-	-	1,343,311
B. NON PRODUCTIVE ASSET							
1.	Unutilized Properties	-	-	-	-	-	-
2.	Foreclosed Asset	-	-	-	-	-	-
3.	Interbranch and Suspense Account	-	-	-	-	-	-
	TOTAL	51,182,812	2,077,470	456,281	565,244	231,644	54,513,451
4.	Minimum Required allowance for possible losses on earning assets	320,458	103,874	68,442	282,622	231,644	1,007,040
5.	Allowance for possible losses on earning assets (excluding Loans Purchased from IBRA)	-	-	-	-	-	1,386,592
	Allowance for possible losses on Loans Purchased from IBRA	-	-	-	-	-	283,407
6.	Collateralized assets						
	a. To Bank Indonesia	-	-	-	-	-	28,797
	b. To Other Banks	-	-	-	-	-	-
7.	Percentage of Small Business Credit to Total Loan	-	-	-	-	-	9.72%
8.	Percentage of Small Business Credit Debtor to Total Debtors	-	-	-	-	-	6.54%

**CAPITAL ADEQUACY RATIO
AS OF 31 DECEMBER 2005 AND 2004** (In million Rupiah)

No.	DESCRIPTION	31 December 2005	31 December 2004
I.	COMPONENTS		
A.	CORE CAPITAL	7,933,146	6,399,432
1.	Paid up capital	3,569,247	3,562,261
2.	Disclosed reserves		
a.	Additional paid up capital	198,770	62,738
b.	Discount on nominal value of shares (-/-)	-	-
c.	Capital donation	-	-
d.	General and specific reserves	48,954	24,873
e.	Prior years' profit after tax	3,098,902	1,884,312
f.	Prior years' losses	-	-
g.	Current year profit net of taxes (50%)	1,013,978	862,530
h.	Current year loss -/-	-	-
i.	Difference in foreign currency translation of overseas branch		
1)	Positive adjustment	3,295	2,718
2)	Negative adjustment -/-	-	-
j.	Paid up capital fund	-	-
k.	Decline in fair value of available for sale securities	-	-
l.	Goodwill (-/-)	-	-
4.	Differences arising from the revaluation of the assets and liabilities due to the quasi reorganisation	-	-
B.	SUPPLEMENTARY CAPITAL	3,975,682	3,546,986
1.	Reserve from revaluation of fixed assets	-	-
2.	Differences arising from the revaluation of the assets and liabilities due to the quasi reorganisation	-	-
3.	General allowance for possible losses on earning assets (max 1.25% of weighted risk-based assets)	474,028	347,270
4.	Loan capital	-	-
5.	Subordinated loan (max 50% of core capital)	3,501,654	3,199,716
6.	Increase in fair value of available for sale securities (45%)	-	-
C.	TOTAL SUPPLEMENTARY CAPITAL WHICH FULFILL THE REQUIREMENTS	-	-
D.	ADDITIONAL SUPPLEMENTARY CAPITAL ALLOCATED TO ANTICIPATE MARKET RISK	-	-
II.	TOTAL CORE AND SUPPLEMENTARY CAPITAL (A+B)	11,908,828	9,946,418
III.	TOTAL CORE, SUPPLEMENTARY CAPITAL AND ADDITIONAL SUPPLEMENTARY CAPITAL	-	-
IV.	INVESTMENT (-/-)	1,143,507	889,180
V.	TOTAL CAPITAL FOR CREDIT RISK (II-IV)	10,765,321	9,057,238
VI.	TOTAL CAPITAL FOR CREDIT RISK AND MARKET RISK (III-IV)	10,765,321	9,057,238
VII.	RISK WEIGHTED ASSETS - CREDIT RISK	45,851,893	33,541,936
VIII.	RISK WEIGHTED ASSETS - MARKET RISK	1,613,873	1,786,540
IX.	CAPITAL ADEQUACY RATIO WITH CREDIT RISK CHARGE (V : VII)	23.48%	27.00%
X.	CAPITAL ADEQUACY RATIO WITH CREDIT RISK AND MARKET RISK CHARGE (VI : (VII+VIII))	22.68%*	25.64%*
XI.	EXCESS OF ADDITIONAL SUPPLEMENTARY CAPITAL RATIO ((C-D) : (VII+VIII))	-	-
XII.	MINIMUM REQUIRED CAPITAL ADEQUACY RATIO	8%	8%

*) 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 31 DECEMBER 2005** (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 movement of loans principal balance	
	Beginning, 1 January 2005	290,690
	Foreign exchange translation adjustment	23,330
	Loan purchased from IBRA during the year	-
	Loan repayments during the year	(121,539)
	Write-offs during the year	(124,201)
	Ending Balance, 31 December 2005	68,280
C.	Summary of allowance for possible losses (including differences between loans principal and purchase price)	
	Beginning, 1 January 2005	283,407
	Foreign exchange translation adjustment	(7,519)
	Loan purchased from IBRA during the year	-
	Loan repayments during the year	-
	Write-offs during the year	(123,224)
	Increase in allowance for possible losses during the year	(88,653)
	Ending Balance, 31 December 2005	64,011
D.	Summary of deferred income	
	Beginning, 1 January 2005	7,283
	Foreign exchange translation adjustment	72
	Difference between loans purchased prices and restructured loans value during the year	-
	Write-offs during the year	(977)
	Loan repayments during the year	(2,109)
	Adjusted deferred income	-
	Ending Balance, 31 December 2005	4,269
E.	Interest income and other income recognised on loans purchased from IBRA	-
F.	Restructured loans	-
G.	Additional loan facilities for debtors of loans purchased from IBRA	-
H.	No intermediaries entity was used in purchasing loans from IBRA	-

**STATEMENT OF FOREIGN EXCHANGE AND DERIVATIVE TRANSACTIONS
AS OF 31 DECEMBER 2005**

No.	TRANSACTION	Market Value		Derivative Receivable and Payable		Net Market Value
		Hedging	Others	Receivables	Payables	
A. Related to Exchange rate						
1.	Spot	-	269,245	220	(686)	-
2.	Forward	-	61,914	1,338	(6,006)	-
3.	Option					
a.	Purchased	-	64,951	515	(107)	-
b.	Written	-	-	-	-	-
4.	Future	-	535,655	550	-	-
5.	Swap	-	1,262,942	130,116	(62,274)	-
6.	Other	-	-	-	-	-
B. Related to Interest rate						
1.	Forward	-	-	-	-	-
2.	Option					
a.	Purchased	-	688,100	3,343	(6,412)	-
b.	Written	-	-	-	-	-
3.	Future	-	-	-	-	-
4.	Swap	-	-	-	-	-
5.	Other	-	-	-	-	-
C. Others						
TOTAL						
				136,082	(75,485)	

**KEY FINANCIAL RATIOS
AS OF 31 DECEMBER 2005**

No.	RATIO (%)	2005	2004
CONSOLIDATED RATIOS :			
I. Earning assets			
1.	Non-Performing Productive Assets	1.50%	2.20%
2.	NPL gross	2.58%	4.02%
3.	NPL net after minimum BI provision on possible losses	1.42%	2.16%
4.	NPL net after the Bank's total provision on possible losses	0.00%	0.00%
5.	Allowance for possible losses on productive assets	1.80%	3.06%
II. Rentability			
1.	ROA after tax	3.12%	4.45%
2.	ROA before tax	4.68%	6.25%
3.	Return on average core capital	26.12%	38.55%
4.	Return on average equity	24.22%	35.13%
5.	NIM including third party premium expenses	8.86%	8.55%
6.	Cost to income	48.76%	41.50%
III. Liquidity			
	Loan to deposit ratio (LDR)	80.82%	72.49%
BANK RATIOS :			
I. CAPITAL			
1.	Capital Adequacy Ratio (CAR) without market risk charge	23.48%	27.00%
2.	Capital Adequacy Ratio (CAR) with market risk charge	22.68%	25.64%
3.	Fixed Assets to Total Capital	19.04%	19.01%
II.B Earning assets			
1.	Non-Performing Productive Assets	1.49%	2.16%
2.	NPL gross	2.58%	4.02%
3.	NPL net after minimum BI provision of possible losses	1.42%	2.16%
4.	NPL after the Bank's total provision on possible losses	0.00%	0.00%
5.	Allowance for possible losses on productive assets	1.80%	3.06%
6.	Fulfillment of allowance for possible losses	112.26%	165.80%
III. Rentability			
1.	ROA after tax	3.19%	4.51%
2.	ROA before tax	4.26%	5.94%
3.	Return on average core capital	26.12%	38.55%
4.	Return on average equity	24.22%	35.13%
5.	NIM excluding third party premium expenses	6.75%	7.37%
6.	NIM including third party premium expenses	6.55%	7.16%
7.	Operating expenses to operating revenues	65.65%	52.32%
8.	Cost to income	50.78%	43.04%
IV.B Liquidity			
	Loan to deposit ratio (LDR)	80.82%	72.49%
V. Compliance			
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	2.46%	0.00%
b.2.	Third parties	0.00%	0.00%
2.	Statutory reserve requirements (Rupiah)	8.05%	7.13%
3.	Net open position *)	1.95%	1.03%
4.	Net open position on balance sheet **)	6.35%	9.09%

*) 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/PBI/2004 dated 15 July 2004 regarding "Amendment of Bank Indonesia Regulation No. 5/13/PBI/2003 concerning the Net Open Position for Commercial Banks"


MANAGEMENT OF THE BANK (As of 31 December 2005)		SHAREHOLDERS (As of 31 December 2005)	
BOARD OF COMMISSIONERS		BOARD OF DIRECTORS	
1. President Commissioner : Sim Kee Boon	1. President Director : J.E. Sebastian Paredes M.	1. Asia Financial (Indonesia) Pte. Ltd.	69.6%
2. Vice Pres. Commissioner : J.B. Kristiadi P.	2. Vice Pres. Director : Jerry Ng	2. Morgan Stanley Securities Ltd.	6.8%
3. Independent Commissioner : Milan Robert Shuster	3. Director : Muliadi Rahardja	3. Public (ownership interest below 5%)	23.6%
4. Independent Commissioner : Harry Arief Soepardi Sukadis	4. Director : Anika Faisal	TOTAL	100%
5. Independent Commissioner : Manggi Taruna Habir	5. Director : Tejpal Singh Hora		
6. Commissioner : Gan Chee Yen	6. Director : Hendarin Sukarmadji		
7. Commissioner : Liew Cheng San Victor			
8. Commissioner : Ng Kee Choe			
9. Commissioner : Phillip Eng *)			

*) will be effective if the appointment is approved by Bank Indonesia

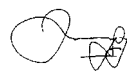
Notes :

- The consolidated financial statements are published in order to comply with Regulation of Bank Indonesia No. 7/50/PBI/2005 dated 29 November 2005 regarding the amendment of "Transparency of Bank's Financial Condition" and Circular Letter of Bank Indonesia No. 7/10/DPnP dated 31 March 2005 regarding The Amendment of 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".
- For comparatives purposes, certain account in the consolidated financial statements for the period 31 December 2004 have been reclassified to conform with consolidated financial statement for the period 31 December 2005.
- The ultimate shareholder of Asia Financial (Indonesia) Pte. Ltd., is Temasek Holding Pte. Ltd., an investment holding company based in Singapore which is wholly owned by the Government of Singapore.
- Exchange rate as at 31 December 2005: USD 1 = Rp. 9,830; Exchange rate as at 31 December 2004: USD 1 = Rp. 9,285.

Jakarta, 10 March 2005
Board of Directors



J.E. Sebastian Paredes M.
President Director



Jerry Ng
Vice President Director

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