

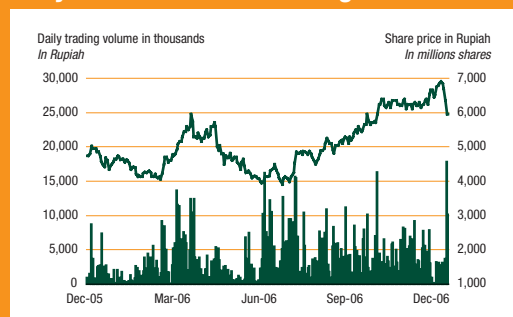
# Investor Newsletter

## February 2007



Bank Danamon

### Daily Share Price and Trading Volume



### Shareholders

	Dec.05	Dec.06	Change
Asia Financial (Indonesia)	69.60%	69.25%	(0.35%)
Public	30.40%	30.75%	0.35%

## Full Year 2006 Financial Results

- Loans grew by 17% YoY to Rp. 42,986 billion
- Deposits grew by 23% YoY to Rp. 57,834 billion
- Normalized net profit after tax grew 16% YoY to Rp. 1,389 billion

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## Full Year 2006 Financial Results

Danamon reported a net profit after tax of Rp.1,325 billion in 2006. This profit is 34% lower compared to the previous year's profit of Rp.2,003 billion in the absence of non-recurring items of Rp.808 billion in 2005. Excluding non-recurring items, normalized net profit after tax rose 16% to Rp.1,389 billion in 2006. Hence Basic Earnings per Share (EPS) was Rp. 268.9 as compared to Rp. 407.7 in 2005, while normalized ROAA and ROAE stood at 1.9 % and 16.5 %, respectively.

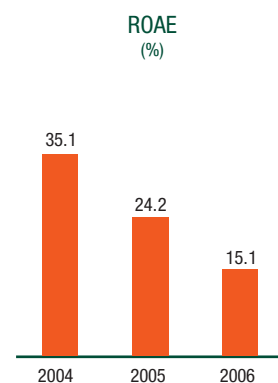
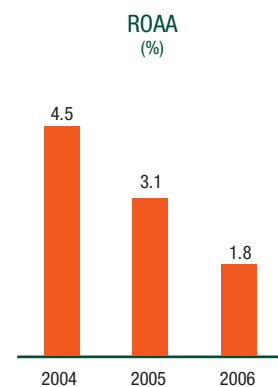
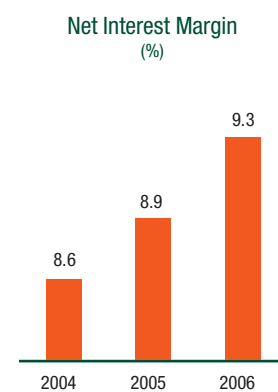
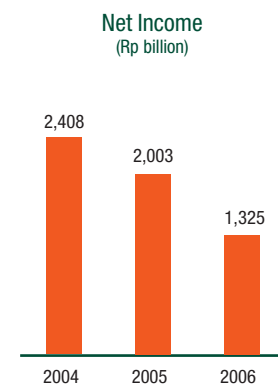
In billion Rupiah	FY05	FY06	△ YoY
<b>Income Statement</b>			
Net Interest Income	4,603	5,645	23%
Normalized Fee Income	1,080	1,358	26%
Normalized Operating Income	5,683	7,003	23%
Normalized Operating Expenses	(2,909)	(3,428)	18%
Pre Provision Operating Profit	2,774	3,575	29%
Cost of Credit	(814)	(1,332)	64%
Normalized NPAT	1,195	1,389	16%
Non-recurring Items (after tax)	808	(63)	(108%)
Reported NPAT	2,003	1,325	(34%)
Basic EPS (Rp)	407.7	268.9	(138.8)
Diluted EPS (Rp)	402.6	265.1	(137.5)
<b>Balance Sheet</b>			
Total Assets	67,803	82,073	21%
Total Loans	36,757	42,986	17%
Total Government Bonds	14,102	18,702	33%
Deposits	47,089	57,834	23%
Total Equity	8,589	9,442	10%
<b>Key Financial Ratios</b>			
Net Interest Margin	8.9	9.3	0.4
Normalized Cost to Income	51.1	48.9	(2.2)
Normalized ROAA	1.8	1.9	0.1
Normalized ROAE	15.2	16.5	1.3
Reported ROAA	3.1	1.8	(1.3)
Reported ROAE	24.2	15.1	(9.1)
Loan / Deposits	80.8	75.5	(5.3)
Gross NPL / Total Loans	2.6	3.3	0.7
Loan Loss Allowances / NPL	145.7	141.7	(4.0)
Net Open Position	1.95	1.79	(0.16)
Capital Adequacy Ratio	22.7	20.4	(2.3)
Equity / Asset	12.7	11.5	(1.2)

Net interest income increased by 23% to Rp. 5,645 billion in 2006 from Rp. 4,603 billion last year supported by earning asset expansion and widening net interest margin. **Interest income rose by 34% to Rp. 10,896 billion in 2006 from Rp.8,129 billion in 2005 on the back of 22% earning assets growth and improved earning asset yield.** Loans, which grew by 17% this year, contributed to over 60% of total interest income in 2006 while government bonds portfolio contributed to another 18% of interest income. Moreover, the bank's strategy to continue to grow in high yielding businesses improved asset yield to 16.6% compared to 14.3% in the previous year. On the other hand, interest expense rose by 49% to Rp.5,251 billion in 2006 from Rp. 3,526 billion in 2005 as a result of higher interest rates during the most parts of 2006 as well as a growing funding base. **Despite the higher cost of funds, net interest margin widened to 9.3% from 8.9% in the previous year.**

Normalized fee income rose by 26% to Rp.1,358 billion owing to the increased in credit related fees and the consolidation of Adira Insurance and Adira Quantum starting in the second quarter of 2006. Credit card and loans contributed to over 44% of the increase in fee income in 2006 partly due to the acquisition of American Express card business.

Operating expenses went up by 18% to Rp. 3,428 billion as compared to Rp. 2,909 billion in the previous year. This increase was partly driven by business expansion in the mass-market business as well as the consolidation of Adira Insurance and Quantum and also American Express card business. Salaries and employee benefits expenses, which accounted for 55% of total operating expenses, rose by 12% to Rp. 1,888 billion due to salary adjustment in relation to high inflation environment and additional 2,408 head count for business expansion. General and administrative expenses increased by 19% to Rp. 1,468 billion as 75 DSP SEMM units were added during the year. **Despite the business expansion, the normalized cost to income ratio improved to 48.9% as compared to 51.1% in 2005, reflecting expense management discipline.**

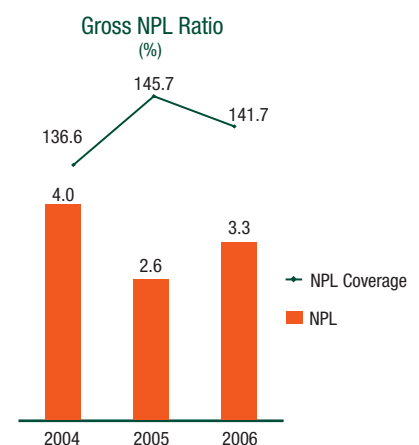
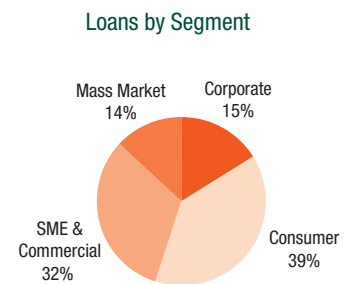
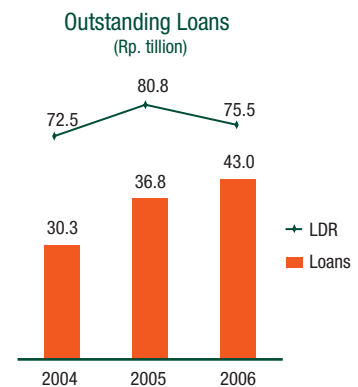
Cost of credit amounted to Rp. 1,332 billion in 2006 as compared to Rp. 814 billion in the previous year due to the maturing mass market portfolio as well as higher non-performing loans in several



businesses. An increase in the cost of credit in the mass market business was largely due to the growing and maturing portfolio, albeit the net credit loss is still below the expected credit loss model. While fuel price hike, slower economic growth, high inflation and high interest rate in the second half of 2005 and continued in the first half of 2006 have adversely impacted the credit quality of loans, thus resulting in higher non-performing loans in several businesses. However, cost of credit decreased by 23% in the last quarter of 2006 to Rp. 263 billion from Rp. 343 billion in the previous quarter on the back of improving operating environments.

Danamon managed to book a loan growth of 17% this year despite challenging operating environments. **Over 56% of the growth was derived from high yielding mass market and consumer auto financing businesses.** This compares favorably with industry that reported a year-on-year growth of 12% as of November 2006. Mass market loans continued to grow by 71% to Rp. 6,228 billion and now accounted for 14% of the bank's loan book from only 10% a year ago. Consumer loans grew by 7% to Rp. 16,763 billion as high motorcycle loans growth offset the declining housing loans. Credit card receivables increased by 40% in 2006 following the acquisition of American Express card business in Indonesia. As such, consumer loans accounted for 39% of total loan book. Within the consumer loan portfolio, motorcycle loans made up 54%, car loans 24%, housing loans 7%, credit cards 7% and other consumer loans 8%. SME loans grew by 11% to Rp. 8,354 billion and accounted for 19% of the loan portfolio. Commercial loans expanded by 18% to Rp. 5,536 billion, representing 13% of total loan book in 2006. While corporate loans rose by 18% to Rp. 6,104 billion, representing the remaining 15% of total loan book.

As unfavorable operating environment affected the credit quality in most businesses, non-performing loans (NPL) ratio increased to 3.3% in 2006 from 2.6% a year earlier. Meanwhile NPL in mass market increased to 2.8% as of December 31, 2006 from 1.9% a year earlier partly reflecting a maturing loan portfolio. **Net NPL remained zero** (after taking into account the collateral value) as the coverage reached 142% as of December 31, 2006.

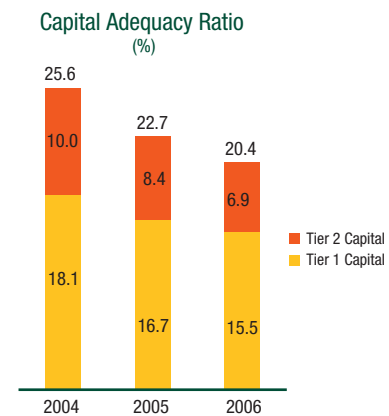
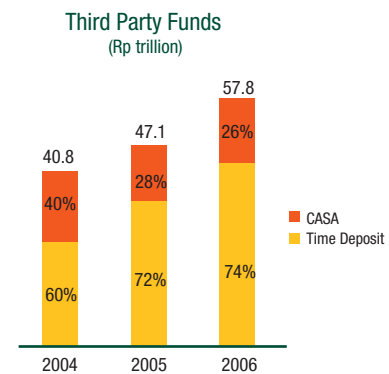
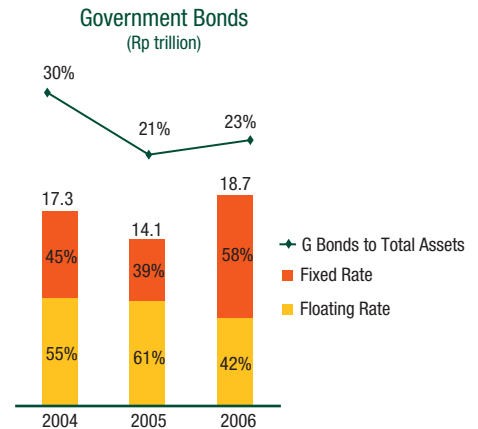


Government bonds portfolio increased by 33% to Rp. 18,702 billion. **As such, government bonds now accounted for 23% of the bank's assets compared to 21% in 2005.** The bank increases its fixed rate government bonds towards the end of 2006, nearly doubling it to Rp.10,898 billion. Fixed rate bonds accounted for 58% of the total bonds while floating rate bonds contributed to the remaining 42%. The average duration of the government bonds portfolio was 3.4 years.

Funding rose by 23% to Rp.67,918 from last year supported by strong deposit growth. **Total deposits grew by 23% to Rp. 57,834 billion owing to the growth in all types of deposits including current account and savings that rose by 18% and 14%, respectively.** Current and savings accounts (CASA) made up 22% of total funding at the end of 2006 while time deposits made up an additional 63%. The remaining 15% are comprised of long-term (structured) funding, including senior bonds, subordinated debts, securities sold under repurchase agreements and other borrowings. Danamon and its subsidiaries continue to raise long-term (structured) funding in part to reduce the asset liability maturity mismatch.

**The strong growth in funding led Loan to Funding Ratio to decrease to 63% from 67% a year earlier.** Loan to Deposit Ratio also declined to 76% from 81% at the end of 2005.

Capitalization, as measured by equity to asset ratio, stood at 11.5% at the end of 2006 as compared to 12.7% a year earlier due to asset expansion. The bank's **capital adequacy ratio (CAR) remains strong at 20.4%** as of December 31, 2006 as compared to 22.7% a year earlier. Tier-1 and Tier-2 capital ratio stood at 15.5% and 6.9% as of December 31, 2006, compared to 16.7% and 8.4% on December 31, 2005.



## UPDATES

## ■ Business Updates

## • Consumer auto financing business with Adira Finance

**Consumer auto financing business booked** a total net profit of Rp.277 billion in 2006, which was 5% lower compared to the previous year largely due to higher cost of funds.

High interest rates in the first half of 2006 have affected the margin of auto financing business where interest rate on loans is fixed since the inception of the loans. As such, Adira Finance was unable to pass on the increase in the cost of funds to customers, thus reducing the net interest margin. As a result, net interest income only rose by 5% despite an 18% growth in interest income. **However, as the cost of funds eases, net interest income in the last quarter of 2006 rose by 18% from the previous quarter.**

Operating expenses rose by 17% to Rp.639 billion due to business expansion as well as increased in employees' salaries and benefits. Adira Finance recruited 389 employees during the year to support its business growth. In early 2006, Adira Finance also adjusted its employee's salaries on the back of higher living costs following fuel price hike in late 2005 and subsequent increase in inflation rates.

**Cost of credit totaled to Rp.606 billion, up by 5% from Rp.579 billion in the previous year on 10% receivables growth.** Cost of credit of auto financing business has improved substantially in the last two quarters of 2006 on the back of improvement in the end-to-end risk and inventory management processes. Thus loss on repossessed assets improved to 25% at the end of the year from 36% in the beginning of the year. The ratio of repossessed assets to total receivables was also reduced to 1.1% at the end of the year from 2.0% in the beginning of the year.

Despite of weak motorcycle and car sales, Adira Finance managed to grow its consumer financing receivables by 10% to Rp.11,227 billion at the end of 2006. While industry new cars and motorcycle sales units dropped by 40% and 13%, respectively, Adira Finance managed to hold on to its new financing at 727 thousand units, resulting in a higher market share of 12.2% in 2006 compared to 10.5% in 2005.

- **Danamon Simpan Pinjam (Mass Market)**

During the year, Danamon added 75 DSP Self Employed Mass Market (SEMM) units, bringing total SEMM units to 693 at the end of 2006. SEMM extended Rp. 5,801 billion loans to micro business, up by 75% from Rp. 3,317 billion a year earlier, while CMM extended Rp.426 billion in loans by the end of 2006.

Maturing loan portfolio caused the cost of credit and non-performing loans in the mass market business to increase. NPL ratio in the mass market business was 2.8% at the end of 2006 compared to 1.9% a year earlier. In 2006, cost of credit amounted to Rp. 284 billion partly due to the rapid loan growth.

■ **Credit Ratings**

<b>Bank Danamon</b>		
	<b>Ratings and Outlook</b>	
Standard & Poor's <i>October 2006</i>	Long Term / Short Term Local Currency Long Term / Short Term Foreign Currency Subordinated Debt	BB-/Stable/B BB-/ Stable /B B/Stable
Moody's <i>February 2007</i>	Long Term / Short Term Bank Deposit Bank Financial Strength Subordinated Debt	B2/Positive/Not Prime D-/Stable Ba3/Positive
PEFINDO (Indonesia) <i>March 2005</i>	Corporate Rating Bond Rating	<sup>id</sup> A+/Stable <sup>id</sup> A+/Stable
Fitch Ratings <i>January 2007</i>	Long Term / Short Term Foreign Currency National (Long-Term)	BB-/Stable/B AA- (idn)/Positive
<b>Republic of Indonesia</b>		
Standard & Poor's <i>February 2006</i>	Long Term / Short Term Foreign Currency	B+ / Positive / B
Moody's <i>February 2007</i>	Long Term / Short Term Foreign Currency	Ba3 / Stable / NP
Fitch Ratings <i>January 2007</i>	Long Term / Short Term Foreign Currency	BB- / Stable / B

**BALANCE SHEETS  
AS AT 31 DECEMBER 2006 AND 2005**

(In million Rupiah)

NO.	ACCOUNTS	BANK DANAMON		CONSOLIDATED	
		2006	2005	2006	2005
<b>ASSETS</b>					
1.	Cash	773,432	586,981	832,583	640,044
2.	Placements with Bank Indonesia				
	a. Current accounts with Bank Indonesia	3,949,723	3,563,314	3,949,723	3,563,314
	b. Certificates of Bank Indonesia	1,936,248	1,069,826	1,936,248	1,069,826
	c. Wadiah Certificates of Bank Indonesia	100,000	-	100,000	-
	d. Others	264,965	584,874	264,965	584,874
3.	Current accounts with other banks				
	a. Rupiah	110,994	16,813	273,139	156,893
	b. Foreign currencies	299,486	1,008,963	301,013	1,010,487
	Allowance for possible losses on current accounts with others banks -/-	(4,105)	(10,258)	(4,105)	(10,258)
4.	Placements with other banks				
	a. Rupiah	330,000	-	563,595	2,010
	Allowance for possible losses on placements with other banks -/-	(3,300)	-	(3,300)	-
	b. Foreign currencies	926,935	3,293,050	926,935	3,293,050
	Allowance for possible losses on placements with other banks -/-	(9,269)	(32,931)	(9,269)	(32,931)
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	65,532	38,939	65,532	38,939
	ii. Available for sale	482,916	275,945	588,431	275,945
	iii. Held to maturity	1,107,819	551,440	1,108,800	551,440
	Allowance for possible losses on marketable securities -/-	(16,563)	(8,663)	(16,563)	(8,663)
	b. Foreign currencies				
	i. Trading	18,996	131,331	18,996	131,331
	ii. Available for sale	2,717,222	339,934	2,717,222	339,934
	iii. Held to maturity	2,624,151	1,482,439	2,624,151	1,482,439
	Allowance for possible losses on marketable securities -/-	(34,011)	(19,828)	(34,011)	(19,828)
7.	Marketable securities - syariah bonds	148,054	162,648	148,054	162,648
	Allowance for possible losses on marketable securities - syariah bonds -/-	(1,481)	(1,626)	(1,481)	(1,626)
8.	Government bonds				
	i. Trading	957,300	162,417	957,300	162,417
	ii. Available for sale	10,906,516	6,059,784	11,058,243	6,059,784
	iii. Held to maturity	6,675,260	7,879,804	6,686,749	7,879,804
9.	Securities purchased under resale agreements (Reverse Repo)				
	a. Rupiah	-	-	-	-
	Allowance for possible losses on securities purchased under resale agreements -/-	-	-	-	-
	b. Foreign currencies	-	-	-	-
	Allowance for possible losses on securities purchased under resale agreements -/-	-	-	-	-
10.	Derivative receivables	111,159	136,082	111,159	136,082
	Allowance for possible losses on derivative receivables -/-	(1,112)	(1,360)	(1,112)	(1,360)
11.a	Loans (excluding loans purchased from IBRA)				
	a. Rupiah				
	i. Related parties	58,174	125,894	58,174	125,894
	ii. Third parties	36,517,417	32,230,551	36,517,417	32,230,551
	Allowance for possible losses on loans (excluding loans purchased from IBRA) -/-	(1,165,817)	(829,861)	(1,165,817)	(829,861)
	Deferred income -/-	(551)	(118)	(551)	(118)
	b. Foreign currencies				
	i. Related parties	1,624	4,323	1,624	4,323
	ii. Third parties	4,301,205	3,429,844	4,301,205	3,429,844
	Allowance for possible losses on loans (excluding loans purchased from IBRA) -/-	(180,802)	(118,118)	(180,802)	(118,118)
	Deferred income -/-	-	-	-	-
11.b	Loans purchased from IBRA				
	a. Rupiah	61,194	61,173	61,194	61,173
	Allowance for possible losses on loans purchased from IBRA -/-	(56,925)	(56,904)	(56,925)	(56,904)
	Deferred income -/-	(4,269)	(4,269)	(4,269)	(4,269)
	b. Foreign currencies	4,802	7,107	4,802	7,107
	Allowance for possible losses on loans purchased from IBRA -/-	(4,802)	(7,107)	(4,802)	(7,107)
	Deferred income -/-	-	-	-	-
12.	Consumer financing receivables	-	-	1,821,513	761,310
	Allowance for possible losses on consumer financing receivables -/-	-	-	(39,111)	(20,864)
13.	Premium receivable	-	-	27,482	-
	Allowance for possible losses on premium receivable -/-	-	-	(569)	-
14.	Syariah financing				
	a. Murabaha receivables	132,407	116,649	132,407	116,649
	b. Istishna receivables	-	-	-	-
	c. Qardh receivables	131	196	131	196
	d. Mudharabah financing	87,839	19,394	87,839	19,394
	e. Musyarakah financing	-	183	-	183
	Allowance for possible losses on syariah financing -/-	(4,983)	(5,075)	(4,983)	(5,075)
15.	Acceptance receivables	619,276	521,992	619,276	521,992
	Allowance for possible losses on acceptance receivables -/-	(6,219)	(5,420)	(6,219)	(5,420)
16.	Investments	1,293,040	1,047,917	12,174	12,080
	Allowance for possible losses on investments -/-	(12,931)	(10,479)	(122)	(122)
17.	Goodwill - net	-	-	417,419	521,841
18.	Interest receivable	850,972	601,169	858,279	601,192
19.	Prepaid expenses	317,381	193,603	381,812	244,308
20.	Prepaid taxes	-	-	-	-
21.	Deferred tax assets	39,412	153,734	40,253	153,734
22.	Fixed assets	2,136,349	2,049,878	2,395,639	2,233,375
	Accumulated depreciation of fixed assets -/-	(835,735)	(704,567)	(928,763)	(753,347)
23.	Unutilised properties	126,544	30,875	126,544	30,875
	Allowance for possible losses on unutilised properties -/-	-	-	-	-
25.	Leased assets	-	-	-	-
	Accumulated depreciation of leased assets -/-	-	-	-	-
25.	Foreclosed assets-net	93,921	166,230	113,388	170,197
	Allowance for possible losses on foreclosed assets -/-	-	-	-	-
26.	Other assets	792,969	465,095	1,324,051	881,946
	<b>TOTAL ASSETS</b>	<b>79,598,490</b>	<b>66,763,707</b>	<b>82,072,687</b>	<b>67,803,454</b>

## BALANCE SHEETS AS AT 31 DECEMBER 2006 AND 2005

(In million Rupiah)

NO. ACCOUNTS	BANK DANAMON		CONSOLIDATED	
	2006	2005	2006	2005
<b>LIABILITIES AND EQUITY</b>				
1. Current accounts				
a. Rupiah	3,493,646	2,549,307	3,352,287	2,517,463
b. Foreign currencies	1,813,039	1,891,741	1,812,071	1,891,741
2. Wadiah current accounts	43,782	19,383	43,782	19,383
3. Other current liabilities	221,811	180,235	236,272	184,731
4. Savings	9,655,775	8,513,791	9,655,775	8,513,791
5. Syariah savings				
a. Wadiah savings	1,250	1,071	1,250	1,071
b. Mudharabah savings	55,171	37,459	55,171	37,459
6. Time deposits				
a. Rupiah				
i. Related parties	69,486	246,511	57,216	211,511
ii. Third parties	32,492,511	26,565,649	32,492,511	26,565,649
b. Foreign currencies				
i. Related parties	171,279	199,671	141,874	199,671
ii. Third parties	6,430,107	4,345,097	6,430,107	4,345,097
7. Mudharabah time deposits	152,212	47,646	152,212	47,646
8. Certificates of deposits				
a. Rupiah	-	-	-	-
b. Foreign currencies	-	-	-	-
9. Deposits from other banks	4,285,188	3,925,961	4,285,188	3,925,961
10. Securities sold under repurchase agreement (Repo)	4,000,000	2,875,000	4,000,000	2,875,000
11. Deferred premium income	-	-	223,581	-
12. Unearned premium reserve	-	-	138,699	-
13. Derivative payables	184,361	75,485	184,361	75,485
14. Acceptance payables	619,276	521,992	619,276	521,992
15. Marketable securities issued				
a. Rupiah	484,071	5	1,677,961	495,443
b. Foreign currencies	1,086	273	1,086	273
16. Borrowings				
a. Short term funding facilities from Bank Indonesia	-	-	-	-
b. Others				
i. Rupiah				
- Related parties	-	-	-	-
- Third parties	577,931	362,955	773,764	362,955
ii. Foreign currencies				
- Related parties	-	-	-	-
- Third parties	257,077	754,339	257,077	754,339
17. Estimated allowance for possible losses on commitments and contingencies	26,287	18,259	26,287	18,259
18. Lease payables	-	-	-	-
19. Accruals	424,888	344,271	442,960	354,669
20. Estimated tax payable	60,206	25,734	99,918	126,545
21. Deferred tax liabilities	-	-	139,267	112,334
22. Other liabilities	1,107,183	889,445	1,556,916	1,101,228
23. Subordinated loans				
a. Related parties	-	-	-	-
b. Third parties	3,373,940	3,628,474	3,373,940	3,628,474
24. Loan capital				
a. Related parties	-	-	-	-
b. Third parties	155,000	155,000	155,000	155,000
25. Minority interests	-	-	244,951	171,331
26. Equity				
a. Paid up capital	3,581,679	3,569,247	3,581,679	3,569,247
b. General and legal reserve	68,986	48,954	68,986	48,954
c. Additional paid up capital	374,247	198,770	374,247	198,770
d. Difference in transaction of changes in equity of subsidiaries	(5,500)	-	(5,500)	-
e. Capital donation	-	-	-	-
f. Difference in foreign currencies translation	2,950	3,295	2,950	3,295
g. Unrealised gain/(loss) from available for sale marketable securities and Government Bonds	223,456	(183,074)	223,456	(183,074)
h. Other comprehensive income	-	-	-	-
i. Retained earnings*)	5,196,109	4,951,761	5,196,109	4,951,761
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>79,598,490</b>	<b>66,763,707</b>	<b>82,072,687</b>	<b>67,803,454</b>

\*) 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 2006 AND 2005**  
(In million Rupiah, except earning per share)

NO.	ACCOUNTS	BANK DANAMON		CONSOLIDATED	
		2006	2005	2006	2005
<b>INCOME AND EXPENSES FROM OPERATIONS</b>					
1.	Interest income, fees and commissions				
1.1.	Interest income				
	a. Rupiah	8,518,966	6,085,874	9,997,920	7,411,978
	b. Foreign currencies	850,013	676,529	850,013	676,529
1.2.	Fees and commissions income				
	a. Rupiah	237,802	189,810	746,324	636,353
	b. Foreign currencies	41,725	27,427	41,725	27,427
	<b>Total interest income, fees and commissions</b>	<b>9,648,506</b>	<b>6,979,640</b>	<b>11,635,982</b>	<b>8,752,287</b>
2.	Interest expense, fees and commissions				
2.1.	Interest expense				
	a. Rupiah	4,520,339	2,964,789	4,650,006	3,044,591
	b. Foreign currencies	482,947	358,995	482,947	358,995
2.2.	Fees and commissions expense	3,486	441	439,242	356,290
	<b>Total interest expense, fees and commissions</b>	<b>5,006,772</b>	<b>3,324,225</b>	<b>5,572,195</b>	<b>3,759,876</b>
3.	Underwriting Income				
3.1.	Premium income	-	-	324,339	-
3.2.	Underwriting expense	-	-	182,615	-
	<b>Underwriting income</b>	-	-	141,724	-
	<b>Net interest income and underwriting income</b>	<b>4,641,734</b>	<b>3,655,415</b>	<b>6,205,511</b>	<b>4,992,411</b>
4.	Syariah income				
4.1.	Murabaha margin	19,460	19,371	19,460	19,371
4.2.	Mudharabah profit sharing	28,513	21,239	28,513	21,239
4.3.	Wadiah bonus income	52	16	52	16
	<b>Total syariah income</b>	<b>48,025</b>	<b>40,626</b>	<b>48,025</b>	<b>40,626</b>
5.	Syariah expenses				
5.1.	Mudharabah loss sharing	15,424	12,247	15,424	12,247
5.2.	Wadiah bonus expense	-	-	-	-
	<b>Total syariah expenses</b>	<b>15,424</b>	<b>12,247</b>	<b>15,424</b>	<b>12,247</b>
	<b>Net interest income - syariah</b>	<b>32,601</b>	<b>28,379</b>	<b>32,601</b>	<b>28,379</b>
6.	Other operating income				
6.1.	Fees and commissions	310,438	280,074	262,713	281,693
6.2.	Gain on foreign exchange transactions	-	133,062	-	133,062
6.3.	Gain from increase in fair value of marketable securities and Government Bonds	-	1,903	-	1,903
6.4.	Other income	711,812	751,320	845,249	751,320
	<b>Total other operating income</b>	<b>1,022,250</b>	<b>1,166,359</b>	<b>1,107,962</b>	<b>1,167,978</b>
7.	Income from investment in subsidiaries	505,628	357,276	-	-
8.	Expense/income on allowance for possible losses in assets	976,698	(260,685)	1,016,973	(214,665)
9.	Allowance for possible losses on commitments and contingencies	8,969	4,451	8,969	4,451
10.	Other operating expenses				
10.1.	General and administrative expenses	1,094,595	937,019	1,349,266	1,116,162
10.2.	Salaries and employee benefits	1,421,713	1,332,213	1,887,971	1,690,584
10.3.	Losses from decline in fair value of marketable securities and Government Bonds	1,554	-	1,276	-
10.4.	Losses on foreign exchange transactions	126,650	-	129,111	-
10.5.	Third party premium expenses	102,659	110,245	102,659	110,245
10.6.	Promotion expenses	106,653	73,986	118,955	115,994
10.7.	Others expenses	155,357	91,494	181,931	91,494
	<b>Total other operating expenses</b>	<b>3,009,181</b>	<b>2,544,957</b>	<b>3,771,169</b>	<b>3,124,479</b>
11.	Amotisation of goodwill	76,505	86,974	76,505	86,974
	<b>NET OPERATING INCOME</b>	<b>2,130,860</b>	<b>2,831,732</b>	<b>2,472,458</b>	<b>3,187,529</b>
<b>NON-OPERATING INCOME AND EXPENSES</b>					
12.	Non - operating income	75,242	206,084	151,220	223,594
13.	Non - operating expenses	444,179	358,135	520,437	412,879
	<b>Non operating (expenses)/income - net</b>	<b>(368,937)</b>	<b>(152,051)</b>	<b>(369,217)</b>	<b>(189,285)</b>
14.	<b>Extraordinary income/(expenses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>INCOME BEFORE TAX</b>	<b>1,761,923</b>	<b>2,679,681</b>	<b>2,103,241</b>	<b>2,998,244</b>
15.	Income tax-/-				
	- Deferred	18,555	24,757	42,604	60,245
	- Current year	418,036	651,726	609,724	815,709
16.	<b>INCOME AFTER TAX</b>	<b>1,325,332</b>	<b>2,003,198</b>	<b>1,450,913</b>	<b>2,122,290</b>
17.	Minority interest -/-	-	-	(125,581)	(119,092)
18.	<b>CURRENT YEAR INCOME</b>	<b>1,325,332</b>	<b>2,003,198</b>	<b>1,325,332</b>	<b>2,003,198</b>
19.	Retained earnings balance at the beginning of year	4,951,761	3,352,425	4,951,761	3,352,425
20.	Dividend -/-	(1,001,922)	(327,060)	(1,001,922)	(327,060)
21.	Others -/-	(79,062)	(76,802)	(79,062)	(76,802)
22.	Retained earnings at the end of year	5,196,109	4,951,761	5,196,109	4,951,761
23.	<b>Basic earnings per share</b>	<b>268.91</b>	<b>407.71</b>	<b>268.91</b>	<b>407.71</b>
24.	<b>Diluted earnings per share*)</b>	<b>265.07</b>	<b>402.59</b>	<b>265.07</b>	<b>402.59</b>

\*) After considering the effect of stock options granted to qualified employees of Bank Danamon.

**STATEMENTS OF COMMITMENTS AND CONTINGENCIES**

**AS AT 31 DECEMBER 2006 AND 2005**

(In million Rupiah)

NO.	ACCOUNTS	BANK DANAMON		CONSOLIDATED	
		2006	2005	2006	2005
	<b>COMMITMENTS</b>				
	<b><u>Commitment receivables</u></b>				
1.	Unused borrowing facilities				
	a. Rupiah	1,080,360	-	1,350,450	-
	b. Foreign currencies	-	-	-	-
2.	Others	-	-	-	-
	<b>Total commitment receivables</b>	<b>1,080,360</b>	<b>-</b>	<b>1,350,450</b>	<b>-</b>
	<b><u>Commitment payables</u></b>				
1.	Unused loans facilities				
	a. Rupiah	7,276,602	8,572,901	7,276,602	8,572,901
	b. Foreign currencies	2,938,939	4,054,787	2,938,939	4,054,787
2.	Outstanding irrevocable letters of credit	980,486	759,057	980,486	759,057
3.	Others	-	-	-	-
	<b>Total commitment payables</b>	<b>11,196,027</b>	<b>13,386,745</b>	<b>11,196,027</b>	<b>13,386,745</b>
	<b>COMMITMENT PAYABLES, NET</b>	<b>(10,115,667)</b>	<b>(13,386,745)</b>	<b>(9,845,577)</b>	<b>(13,386,745)</b>
	<b>CONTINGENCIES</b>				
	<b><u>Contingent receivables</u></b>				
1.	Guarantees received				
	a. Rupiah	4,584	-	4,584	-
	b. Foreign currencies	90,524	14,118	90,524	14,118
2.	Interest receivables on non performing assets				
	a. Rupiah	184,382	100,629	184,382	100,629
	b. Foreign currencies	4,313	791	4,313	791
3.	Others	-	-	-	-
	<b>Total contingent receivables</b>	<b>283,803</b>	<b>115,538</b>	<b>283,803</b>	<b>115,538</b>
	<b><u>Contingent payables</u></b>				
1.	Guarantees issued in the form of :				
	a. Bank guarantees				
	- Rupiah	1,219,926	643,290	1,219,926	643,290
	- Foreign currencies	393,423	374,948	393,423	374,948
	b. Others	-	-	-	-
2.	Standby letters of credit	-	-	-	-
3.	Others	-	-	-	-
	<b>Total contingent payables</b>	<b>1,613,349</b>	<b>1,018,238</b>	<b>1,613,349</b>	<b>1,018,238</b>
	<b>CONTINGENT PAYABLES, NET</b>	<b>(1,329,546)</b>	<b>(902,700)</b>	<b>(1,329,546)</b>	<b>(902,700)</b>

**EARNING ASSET QUALITY AND OTHER INFORMATION**  
**AS AT 31 DECEMBER 2006 AND 2005**  
(In million Rupiah)

No. ACCOUNTS	BANK DANAMON											
	Current	Special Mention	31 December 2006 Sub-standard	Doubtful	Loss	Total	Current	Special Mention	31 December 2005 Sub-standard	Doubtful	Loss	Total
<b>I. Related Parties</b>												
<b>A. Earning assets</b>												
1. Placement with other banks	1,267,864	-	-	-	-	1,267,864	843,344	-	-	-	-	843,344
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	49,017	-	-	-	-	49,017	-	-	-	-	-	-
ii. Unrestructured	-	-	-	-	-	-	64,534	-	-	-	-	64,534
c. Other restructured loan												
d. Others	10,781	-	-	-	-	10,781	65,370	-	-	-	-	65,370
4. Investment in third parties												
a. Non-bank financial institution	1,284,576	-	-	-	-	1,284,576	1,035,837	-	-	-	-	1,035,837
b. For loans restructuring	-	-	-	-	-	-	-	-	-	-	-	-
c. Others	-	-	-	-	-	-	-	-	-	-	-	-
5. Other receivables from third parties	1	-	-	-	-	1	-	-	-	-	-	-
6. Commitments and contingencies to third parties	-	-	-	-	-	-	-	-	-	-	-	-
<b>B. Non earning assets</b>												
1. Unutilised properties	-	-	-	-	-	-	-	-	-	-	-	-
2. Foreclosed assets - net	-	-	-	-	-	-	-	-	-	-	-	-
3. Interbank and suspense account	-	-	-	-	-	-	-	-	-	-	-	-
<b>II. Third parties</b>												
<b>A. Earning assets</b>												
1. Placement with other banks	4,758,145	797	-	-	-	4,758,942	5,803,538	1,172	-	-	-	5,804,710
2. Marketable securities and Government Bonds issued by third parties or Bank Indonesia	23,911,777	-	-	-	-	23,911,777	16,640,152	-	10,558	-	-	16,650,710
3a. Loans to third parties (excluding loans purchased from IBRA)												
a. Small business credit (KUK)	5,615,302	614,520	66,009	70,778	72,612	6,439,221	3,812,501	586,773	43,206	40,662	35,091	4,518,233
b. Property loans												
i. Restructured	14,289	16,619	980	-	31,083	62,971	61,058	11,230	4,089	-	30,988	107,365
ii. Unrestructured	2,061,514	60,366	1,740	654	12,168	2,136,442	2,137,981	59,102	3,495	1,342	5,468	2,207,388
c. Other restructured loan	361,664	208,294	27,694	33,691	276,313	907,656	326,358	154,709	87,495	32,724	75,078	676,364
d. Others	27,550,583	3,129,477	115,162	176,566	417,823	31,389,611	24,609,912	3,070,271	161,443	186,939	159,954	28,188,519
3b. Loans purchased from IBRA	4,823	-	-	-	61,173	65,996	7,107	-	-	-	61,173	68,280
4. Investment in third parties												
a. Non-bank financial institution	-	-	-	-	-	-	-	-	-	-	-	-
b. For loans restructuring	-	-	-	-	-	-	-	-	-	-	-	-
c. Others	2,355	25	-	-	-	2,380	2,355	25	-	-	-	2,380
5. Other receivables from third parties	665,845	2,923	-	-	-	668,768	561,152	5,206	-	-	-	566,358
6. Commitments and contingencies to third parties	2,584,712	8,573	-	300	250	2,593,835	1,764,361	12,934	-	-	-	1,777,295
<b>B. Non earning asset</b>												
1. Unutilised properties	126,544	-	-	-	-	126,544	30,875	-	-	-	-	30,875
2. Foreclosed assets - net	93,921	-	-	-	-	93,921	166,230	-	-	-	-	166,230
3. Interbank and suspense account	30,954	-	-	-	6	30,960	3,023	-	-	-	-	3,023
<b>TOTAL</b>	<b>70,394,667</b>	<b>4,041,594</b>	<b>211,585</b>	<b>281,989</b>	<b>871,428</b>	<b>75,801,263</b>	<b>57,936,001</b>	<b>3,901,422</b>	<b>310,286</b>	<b>261,667</b>	<b>367,752</b>	<b>62,777,128</b>
1. a. Minimum required allowance for possible losses on earning assets	484,698	174,092	26,796	137,930	597,727	1,421,243	411,410	176,065	37,934	124,476	255,754	1,005,639
b. Minimum required allowance for possible losses on non earning assets							6					
c. Total minimum requires allowance for possible losses							1,421,249					
2. a. Allowance for possible losses on earning assets (excluding loans purchased from IBRA)							1,468,429					
b. Allowance for possible losses on loans purchased from IBRA							61,727					
c. Allowance for possible losses on non earning assets							6					
d. Total allowance for possible losses							1,530,162					
3. Collateralised assets												
a. To Bank Indonesia							21,603					
b. To other banks							-					
4. Percentage of small business credit to total loans							16.40%					
5. Percentage of small business credit debtor to total debtors							10.43%					
6. Percentage of small medium enterprise credit to total loans							71.89%					
7. Percentage of small medium enterprise debtor to total debtors							84.39%					

**STATEMENT OF FOREIGN EXCHANGE AND DERIVATIVE TRANSACTIONS  
AS AT 31 DECEMBER 2006**

(In million Rupiah)

No.	TRANSACTION	Market Value		Derivative Receivable and Payables		Net Market Value
		Hedging	Others	Receivables	Payables	
<b>A.</b>	<b>Related to exchange rate</b>					
1.	Spot	-	346,745	450	(411)	-
2.	Forwards	-	545,247	2,184	(5,712)	-
3.	Options					
	a. Purchased	-	2,283,855	17,218	(21,493)	-
	b. Written	-	-	-	-	-
4.	Futures	-	468,156	503	-	-
5.	Swaps	-	8,590,088	89,859	(59,610)	-
6.	Others	-	-	-	-	-
<b>B.</b>	<b>Related to interest rate</b>					
1.	Forwards	-	-	-	-	-
2.	Options					
	a. Purchased	-	70,224	175	(196)	-
	b. Written	-	-	-	-	-
3.	Futures	-	-	-	-	-
4.	Swaps	-	1,165,000	770	(96,939)	-
5.	Others	-	-	-	-	-
<b>C.</b>	<b>Others</b>	-	-	-	-	-
	<b>TOTAL</b>			111,159	(184,361)	

### CAPITAL ADEQUACY RATIO CALCULATION AS AT 31 DECEMBER 2006 AND 2005 (In million Rupiah)

No.	DESCRIPTION	2006	2005
<b>I.</b>	<b>COMPONENTS</b>		
<b>A.</b>	<b>CORE CAPITAL</b>	<b>8,370,497</b>	<b>7,933,146</b>
1.	Paid up capital	3,581,679	3,569,247
2.	Disclosed reserves		
a.	Additional paid up capital	181,188	198,770
b.	Discount on nominal value of shares (-/-)	-	-
c.	Capital donation	-	-
d.	General and specific reserves	68,986	48,954
e.	Prior years' profit after tax	3,830,329	3,098,902
f.	Prior years' losses	-	-
g.	Current year profit net of taxes (50%)	705,365	1,013,978
h.	Current year loss -/-	-	-
i.	Difference in foreign currency translation of overseas branch		
1)	Positive adjustment	2,950	3,295
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 reorganisation	-	-
<b>B.</b>	<b>SUPPLEMENTARY CAPITAL (Max. 100%)</b>	<b>3,702,327</b>	<b>3,975,682</b>
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)	474,529	474,028
4.	Loan capital	-	-
5.	Subordinated loan (max 50% of core capital)	3,227,798	3,501,654
6.	Increase in fair value of available for sale securities (45%)	-	-
<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>12,072,824</b>	<b>11,908,828</b>
<b>III.</b>	<b>TOTAL CORE, SUPPLEMENTARY CAPITAL AND ADDITIONAL SUPPLEMENTARY CAPITAL ALLOCATED TO ANTICIPATE MARKET RISK(A+B+D)</b>	<b>12,072,824</b>	<b>11,908,828</b>
<b>IV.</b>	<b>INVESTMENTS (-/-)</b>	<b>1,095,616</b>	<b>1,143,507</b>
<b>V.</b>	<b>TOTAL CAPITAL FOR CREDIT RISK (II-IV)</b>	<b>10,977,208</b>	<b>10,765,321</b>
<b>VI.</b>	<b>TOTAL CAPITAL FOR CREDIT RISK AND MARKET RISK (III-IV)</b>	<b>10,977,208</b>	<b>10,765,321</b>
<b>VII.</b>	<b>RISK WEIGHTED ASSETS - CREDIT RISK</b>	<b>49,064,058</b>	<b>45,851,893</b>
<b>VIII.</b>	<b>RISK WEIGHTED ASSETS - MARKET RISK</b>	<b>4,760,556</b>	<b>1,613,873</b>
<b>IX.</b>	<b>CAPITAL ADEQUACY RATIO WITH CREDIT RISK CHARGE (V : VII)</b>	<b>22.37%</b>	<b>23.48%</b>
<b>X.</b>	<b>CAPITAL ADEQUACY RATIO WITH CREDIT RISK AND MARKET RISK CHARGE (VI : (VII +VIII))</b>	<b>20.39%</b>	<b>22.68%</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>8.00%</b>	<b>8.00%</b>

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

### KEY FINANCIAL RATIOS AS AT 31 DECEMBER 2006 AND 2005

(In million Rupiah)

NO.	Ratio (%)	2006	2005
<b>CONSOLIDATED RATIOS :</b>			
<b>I. Earning assets</b>			
1.	Non-performing productive assets	1.79%	1.50%
2.	NPL gross	3.31%	2.58%
3.	NPL net after minimum BI provision of possible losses	1.16%	1.42%
4.	NPL net after the Bank's total provision on possible losses	0.00%	0.00%
5.	Allowance for possible losses to assets	2.03%	1.80%
<b>II. Rentability</b>			
1.	Return on Assets (ROA) after tax	1.78%	3.12%
2.	Return on Assets (ROA) before tax	2.82%	4.68%
3.	Return on average core capital	15.63%	26.12%
4.	Return on average equity	15.09%	24.22%
5.	NIM including third party premium expenses	9.26%	8.86%
6.	Cost to income	48.87%	48.76%
<b>III. Liquidity</b>			
	Loan to Deposit Ratio (LDR)	75.51%	80.82%
<b>BANK RATIOS:</b>			
<b>I. CAPITAL</b>			
1.	Capital Adequacy Ratio (CAR)	22.37%	23.48%
2.	Capital Adequacy Ratio (CAR) with market risk charge	20.39%	22.68%
3.	Fixed assets to total capital	17.70%	19.04%
<b>II. Earning assets</b>			
1.	Non-performing productive assets	1.81%	1.49%
2.	NPL gross	3.31%	2.58%
3.	NPL net after minimum BI provision of possible losses	1.16%	1.42%
4.	NPL after the Bank's total provision on possible losses	0.00%	0.00%
5.	Allowance for possible losses on assets	2.03%	1.80%
6.	Fulfillment of allowance for possible losses on earning assets	107.66%	112.26%
7.	Fulfillment of allowance for possible losses on non productive assets***)	100.00%	-
<b>III. Rentability</b>			
1.	Return on Assets (ROA) after tax	1.81%	3.19%
2.	Return on Assets (ROA) before tax	2.40%	4.26%
3.	Return on average core capital	15.63%	26.12%
4.	Return on average equity	15.09%	24.22%
5.	NIM excluding third party premium expenses	7.38%	6.75%
6.	NIM including third party premium expenses	7.22%	6.55%
7.	Operating expenses to operating income	80.33%	65.65%
8.	Cost to income	45.57%	49.64%
<b>IV. Liquidity</b>			
	Loan to Deposit Ratio (LDR)	75.51%	80.82%
<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 legal lending limit		
	b.1. Related parties	0.00%	2.46%
	b.2. Third parties	0.00%	0.00%
2.	Statutory reserve requirements Rupiah	8.14%	8.05%
3.	Net open position*)	1.79%	1.95%
4.	Net open position on balance sheet**)	1.52%	6.35%

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

\*\*) Net open position calculation includes balance sheets accounts 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"

\*\*\*) Calculation of allowance for possible losses on non productive assets is in accordance with Bank Indonesia regulation No. 7/2/PBI/2005 dated 20 January 2005 regarding "Asset Quality Rating For Commercial Banks" which amended by Bank Indonesia's regulation No. 8/2/PBI/2006 regarding "Asset Quality Rating For Commercial Banks".

**STATEMENT OF LOANS PURCHASED FROM INDONESIAN BANK RESTRUCTURING AGENCY (IBRA)**  
 (In accordance with Bank Indonesia Regulation No. 4/7/PBI/2002 regarding "Prudential Principles for Credits Purchased by Banks from IBRA")  
**AS AT 31 DECEMBER 2006**

(In million Rupiah)

No.	DESCRIPTION	TOTAL
<b>A.</b>	<b>Summary of loans purchased from IBRA</b>	
	Loans 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 movement of loans principal balance</b>	
	Beginning, 1 January 2006	68,280
	Foreign exchange translation adjustment	(576)
	Loans purchased from IBRA during the year	-
	Loans repayments during the year	(1,708)
	Write-offs during the year	-
	Ending balance, 31 December 2006	65,996
<b>C.</b>	<b>Summary of allowance for possible losses (including differences between loans principal and purchase price)</b>	
	Beginning, 1 January 2006	64,011
	Foreign exchange translation adjustment	(576)
	Loans purchased from IBRA during the year	-
	Loans repayments during the year	(1,708)
	Write-offs during the year	-
	Increase in allowance for possible losses during the year	-
	Ending balance, 31 December 2006	61,727
<b>D.</b>	<b>Summary of deferred income</b>	
	Beginning, 1 January 2006	4,269
	Foreign exchange translation adjustment	-
	Difference between loans purchased prices and restructured loans value during the year	-
	Write-offs during the year	-
	Loan repayments during the year	-
	Adjusted deferred income	-
	Ending balance, 31 December 2006	4,269
<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 loans facilities for debtors of loans purchased from IBRA</b>	-
<b>H.</b>	<b>No intermediaries entity was used in purchasing loans from IBRA</b>	-

## MANAGEMENT OF THE BANK (As of 31 December 2006)

### Board Of Commissioners

1. President Commissioner	: Ng Kee Choe
2. Vice President Commissioner	: J.B. Kristiadi P. *)
3. Commissioner	: Milan Robert Shuster*)
4. Commissioner	: Harry Arief Soepardi Sukadis*)
5. Commissioner	: Manggi Taruna Habir *)
6. Commissioner	: Gan Chee Yen
7. Commissioner	: Liew Cheng San Victor
8. Commissioner	: Philip Eng **)

### Board Of Directors

1. President Director	: J.E. Sebastian Paredes M.
2. Vice President Director	: Jerry Ng
3. Director	: Muliadi Rahardja
4. Director	: Anika Faisal
5. Director	: Hendarin Sukarmadji
6. Director	: Ali Yong
7. Director	: Vera Eve Lim
8. Director	: Sanjiv Malhotra
9. Director	: Rene Eugene Burger

## SHAREHOLDERS

(As of 31 December 2006)

1. Asia Financial (Indonesia) Pte. Ltd.	69.25%
2. Morgan Stanley Securities Ltd.	4.99%
3. Public	25.76%
<b>TOTAL</b>	<b>100 %</b>

### Note :

\*) Independent Commissioner

\*\*) Withdrew his appointment as candidate Commissioner as at 31 December 2006, which will be presented at the next Annual General Shareholders' Meeting

### Notes :

- The consolidated balance sheets and consolidated commitments and contingencies as at 31 December 2006 and 2005, consolidated statements of income and statements of retained earnings for the year ended 31 December 2006 and 2005 are prepared based on consolidated financial statements as at and for the years ended 31 December 2006 and 2005 which were audited by the Public Accounting Firm Haryanto Sahari & Rekan – PricewaterhouseCoopers (partner in-charge, Drs. Muhammad Jusuf Wibisana, M.Ec. Ak.) who expressed an unqualified opinion on these consolidated financial statements. The above financial statements are published in order to comply with Bank Indonesia regulation No. 3/22/PBI/2001 dated 13 December 2001 regarding the "Transparency of Bank's Financial Condition" and prepared based on 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 Reports submitted to Bank Indonesia" which was amended by Bank Indonesia regulation No. 7/50/PBI/2005 dated 29 November 2005 and Circular Letter of Bank Indonesia No. 7/10/DPnP dated 31 March 2005, respectively, and in accordance to 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 Statements" and refer to 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 comparatives purposes, certain accounts in the consolidated financial statements as at and for the year ended 31 December 2005 have been reclassified to conform with presentation of consolidated financial statements as at and for the year ended 31 December 2006.
- 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.
- Referring to the Circular Letters of Bank Indonesia No. 3/30/DPnP dated 14 December 2001 regarding "Quarterly and Monthly Published Financial Statements of Commercial Banks" which was amended by Circular Letter of Bank Indonesia No. 7/10/DPnP dated 31 March 2005, we are unable to publish the consolidated financial statements of the parent company.
- Exchange rate as at 31 December 2006: USD 1 = Rp. 9,003 (31 December 2005: USD 1 = Rp. 9,830).

Publication: 8 February, 2007  
Board of Directors



Sebastian Paredes  
President Director



Vera Eve Lim  
Director

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