



Full Year 2005 Results

Analyst Briefing

**J.W. Marriot Hotel Jakarta
9 March 2006**



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Highlights of FY 2005 results vs. FY 2004 results

- Loan growth of 22% to Rp. 36 trillion
- Deposits growth of 16% to Rp. 47 trillion
- Normalized Operating Income grew 21%
- ROAA at 3.1%
- ROAE at 24.2%

Agenda

- **2005 Performance**
 - **Financial Results**
 - Asset Quality
 - Business Updates
 - Strategic Priorities
 - Appendixes

Income Statement Highlights

Reduction in non recurring items resulted in the fall of Reported Profit

<i>Rp. billion</i>	FY 2004	FY 2005	△YoY	1Q05	2Q05	3Q05	4Q05
Net Interest Income	4,018	4,603	15%	1,122	1,145	1,206	1,130
Fee Income	691	1,080	56%	259	299	245	277
Operating Income	4,709	5,683	21%	1,381	1,444	1,451	1,407
Operating Expenses	1,963	2,909	48%	652	675	736	846
Pre-Provision Operating Profit	2,746	2,774	1%	729	769	716	560
Cost of Credit	833	814	(2%)	78	287	120	329
Net Profit bef. Tax	1,913	1,960	2%	651	482	596	231
Goodwill & MI	163	206	26%	50	52	74	30
Tax	637	559	(12%)	223	139	89	108
Normalized NPAT	1,113	1,195	7%	378	291	433	93
Non-Recurring Items (after Tax)	1,295	808	(38%)	262	353	171	22
Reported NPAT	2,408	2,003	(17%)	640	644	604	115

Breakdown of non-recurring items

Extraordinary gains on sale of government bonds in 2004 and first part of 2005 as well as recovery of ex. IBRA loans are considered non-recurring

<i>Rp. billion</i>	FY2004	FY2005	△YoY	1Q05	2Q05	3Q05	4Q05
Gain on sales of Government Bonds	432	251	(42%)	89	106	55	-
Recovery of loans, provision release and write back	1,233	803	(74%)	254	387	39	25
Others	42	75	79%	23	0	144	5
Total non-recurring items before tax	1,707	1129	(34%)	366	494	239	30
After Tax Non-Recurring Items	1,295	808	(38%)	261	353	171	23

Balance Sheet Highlights

<i>Rp. billion</i>	FY2004	FY2005	△YoY	1Q05	2Q05	3Q05	4Q05
Assets & Commitments	65,262	82,093	26%	68,279	74,324	76,158	82,093
Assets	58,821	67,803	15%	60,458	65,021	65,979	67,803
Loans (gross)	29,416	35,995	22%	30,337	33,434	35,729	35,995
Government Bonds	17,324	14,102	(19%)	18,033	16,011	14,798	14,102
Deposits	40,765	47,089	16%	40,158	43,813	44,662	47,089
Current Account	5,310	4,538	(15%)	4,974	4,750	4,830	4,538
Savings	11,156	8,552	(23%)	10,063	9,695	9,183	8,552
Time Deposits	24,299	33,999	40%	25,121	29,368	30,649	33,999
Borrowings	1,261	1,117	(11%)	1,343	1,121	892	1,117
Subordinated debt	3,470	3,628	5%	3,523	3,607	3,769	3,628
Equity	7,804	8,589	10%	8,212	8,232	8,229	8,589

Key Ratios

%	FY2004	FY2005	△YoY	1Q05	2Q05	3Q05	4Q05
Net Interest Margin ¹	8.6	8.9	0.3	9.2	9.0	8.8	8.5
Normalized Cost / Income	41.6	51.1	9.5	47.2	46.7	50.7	59.9
Loan / Deposit	72.5	80.8	8.3	76.4	77.4	82.4	80.8
Capital Adequacy ²	27.0	23.5	(3.5)	27.7	23.5	24.4	23.5
Normalized ROAA	2.1	1.8	(0.3)	2.5	1.8	2.4	0.6
Normalized ROAE	17.9	15.2	(2.7)	20.2	15.5	20.6	4.9
Reported ROAA	4.5	3.1	(1.4)	4.2	4.1	3.7	0.7
Reported ROAE	35.1	24.2	(10.9)	34.2	34.4	31.0	5.8
NPL - Gross	4.0	2.6	(1.4)	2.9	2.7	2.2	2.6
LLP / NPL ³	136.6	109.9	(26.7)	142.7	132.2	135.7	109.9

Note: ¹ Includes credit related fees and commission as per BI new regulations

² After market risk charge

³ Including Adira Finance

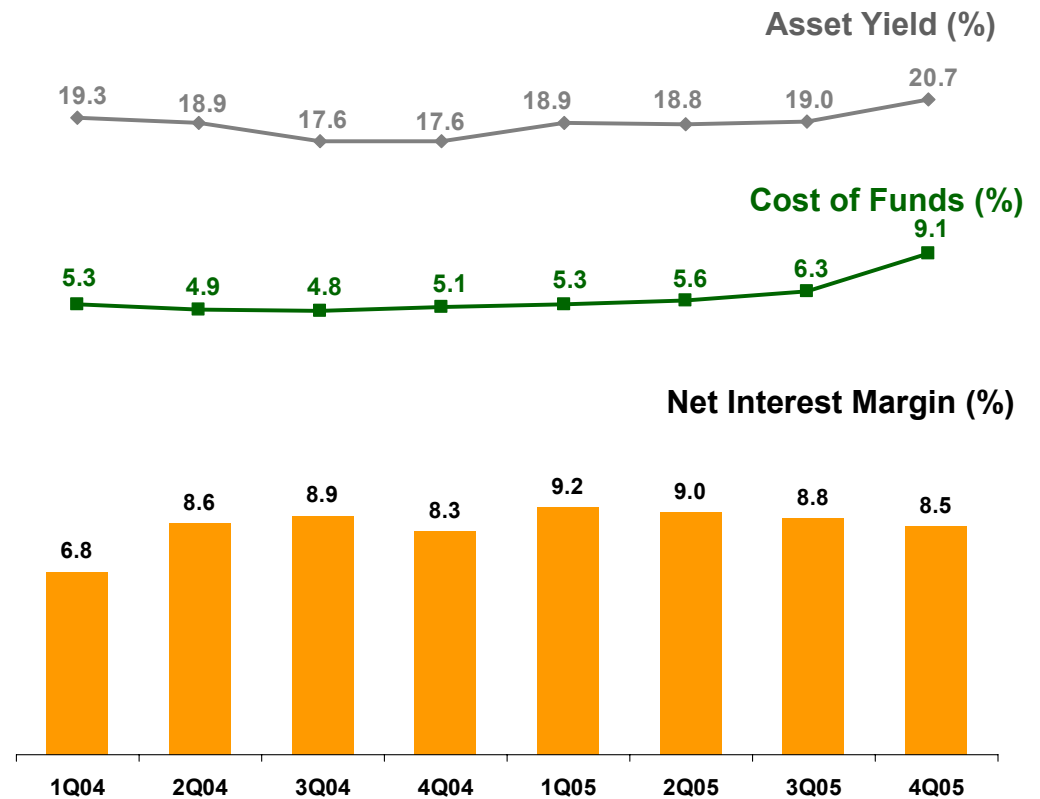
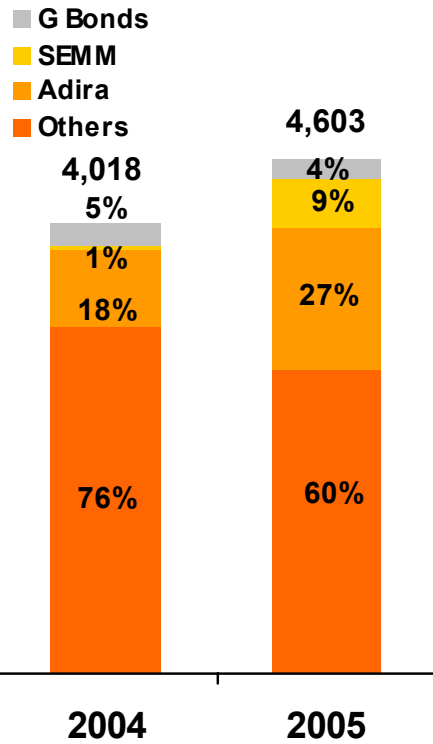


Higher asset yield sustained interest margin

Steady increase in asset yields are due to improvement in asset composition and shifting loan mix to higher yielding loans

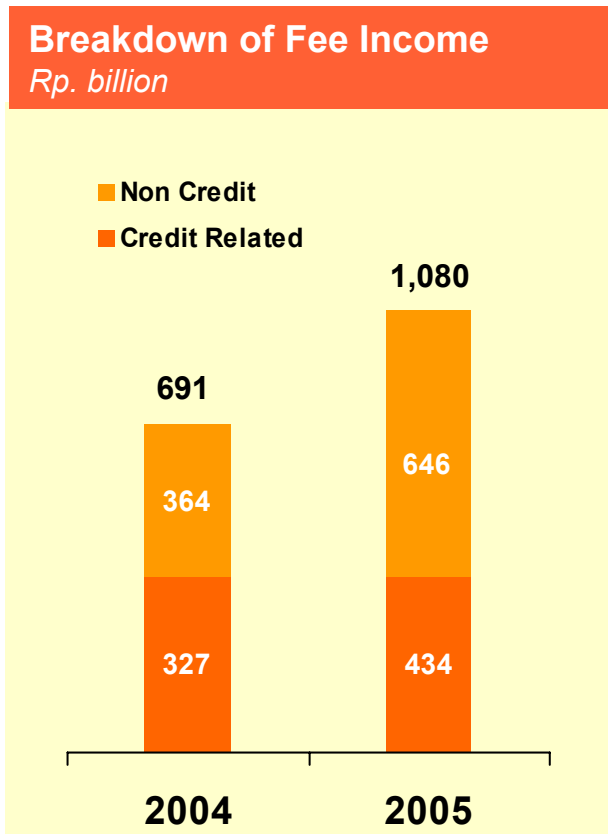
Net Interest Income

Rp.billion



Fee Income

Increase in fee income was largely driven by mark-to-market marketable securities and treasury activities



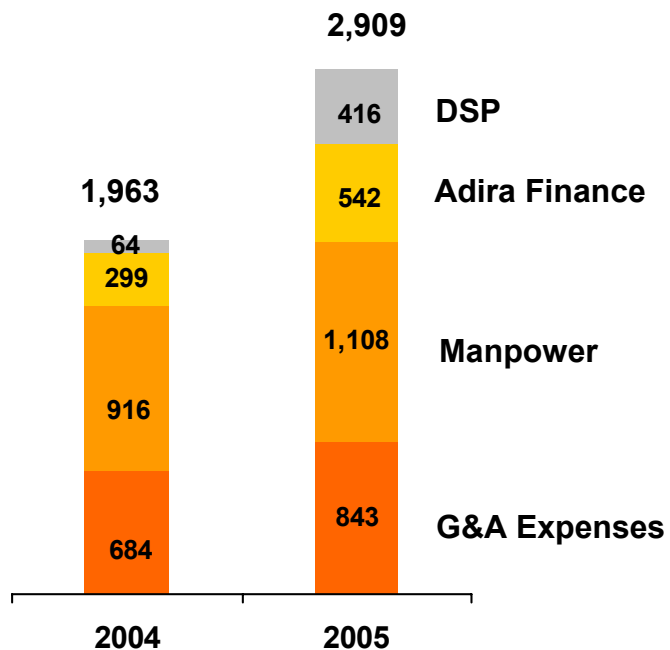
Rp. billion	FY 2004	FY 2005	ΔYoY
Credit related fees	327	434	33%
Cash management	267	257	-4%
Mark to market marketable securities	(63)	199	NM
Treasury activities	29	137	372%
Adira Finance	131	53	-60%
Total	691	1,080	56%

Increase in operating expenses was mainly due to business expansion

Expansion in DSP and Adira Finance accounted for 63% of the expense growth

Operating Expenses

Rp. billion

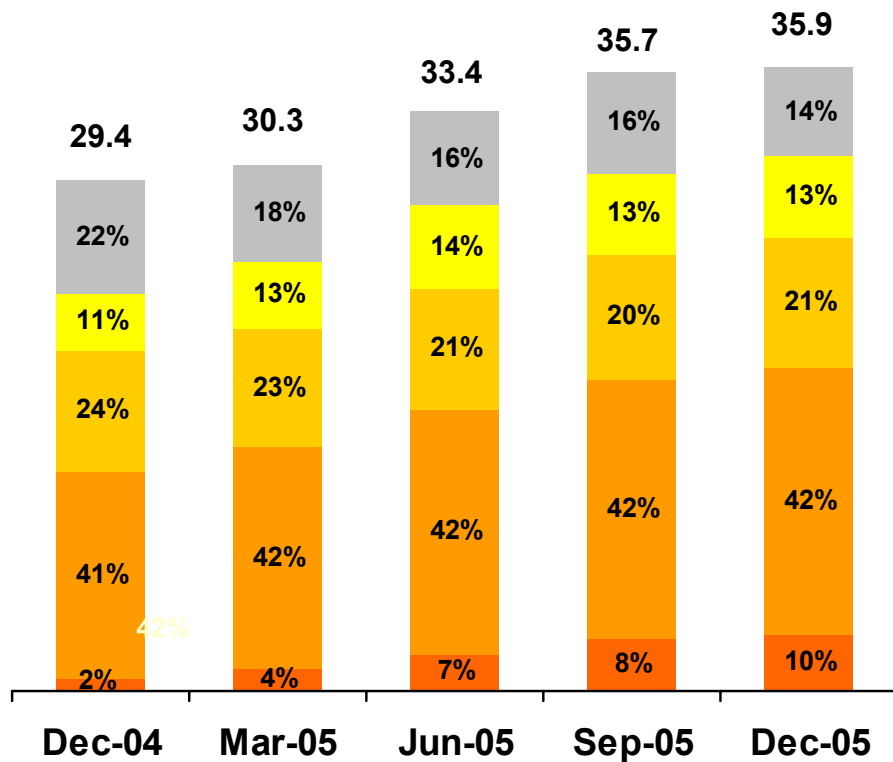


Expense Growth	Rp. bn	%Total
DSP Expansion	352	37%
Adira Finance	243	26%
IT	82	9%
E/MSOP	72	8%
Direct Sales & Marketing	78	8%
Business as usual	119	12%
Total	946	100%

Robust loan growth in consumer and mass market sectors

Outstanding Loans

Rp. trillion



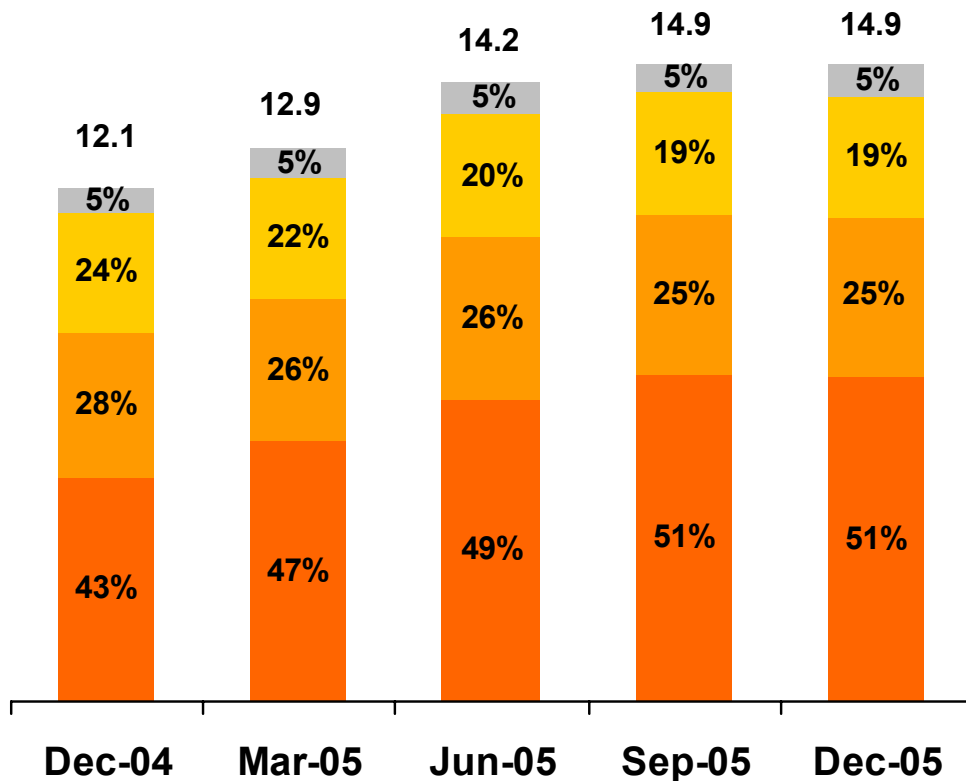
Growth (YoY)	Rp. bn	% Total
Corporate	(1,323)	(20%)
Commercial	1,465	22%
SME	568	9%
Consumer	2,871	44%
Mass Market	3,000	46%
Total	6,580	100%



High yielding automotive financing supports the growth in consumer loans

Consumer Loans

Rp. trillion



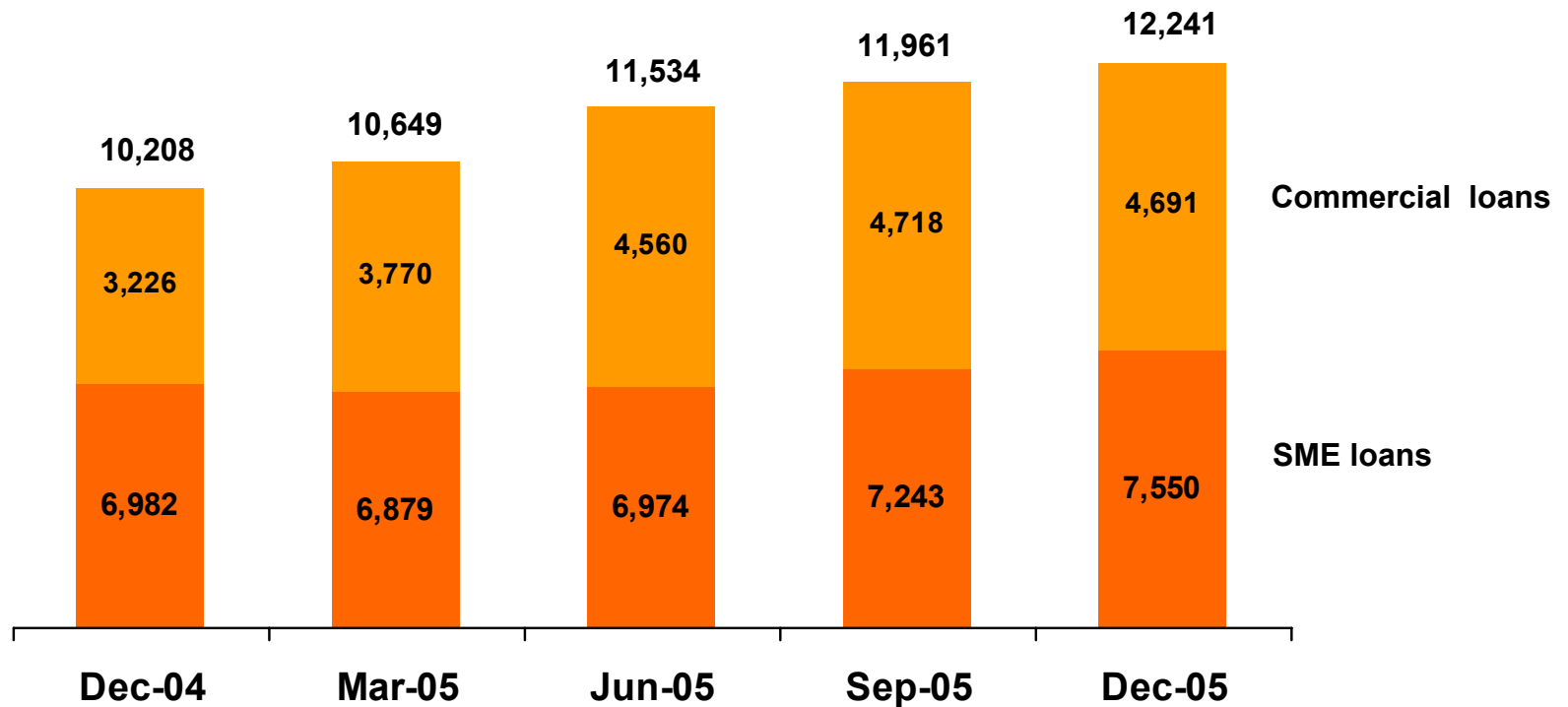
	Growth (YoY)	Rp. bn	% Total
■ Credit Card		164	6%
■ Housing		(30)	(2%)
■ Car		388	14%
■ Motorcycle		2,349	82%
Total		2,871	100%



Encouraging results from Commercial Banking Business - Danamon Sahabat

SME and Commercial Loans

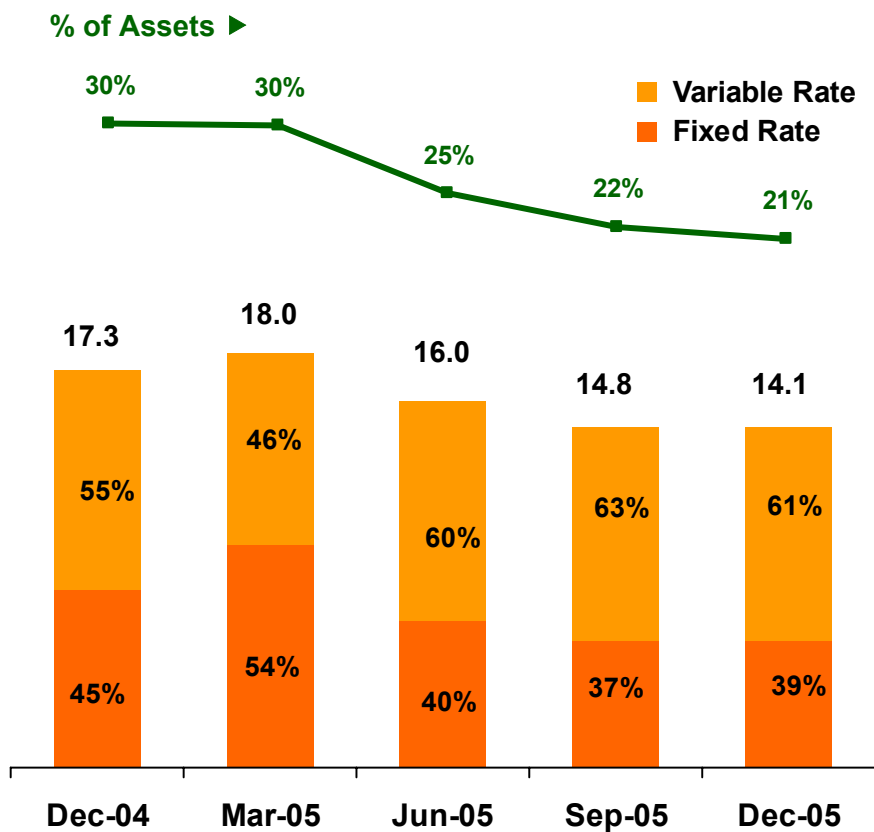
Rp. billion



Exposure to government bonds continues to decline

Government Bond Portfolio

Rp. trillion



Rp. billion	Dec. 2004	Dec. 2005	△ YoY
Held to maturity	11,957	7,880	(34%)
Available for sale	5,078	6,060	19%
Trading	290	162	(44%)
Total	17,324	14,102	(19%)

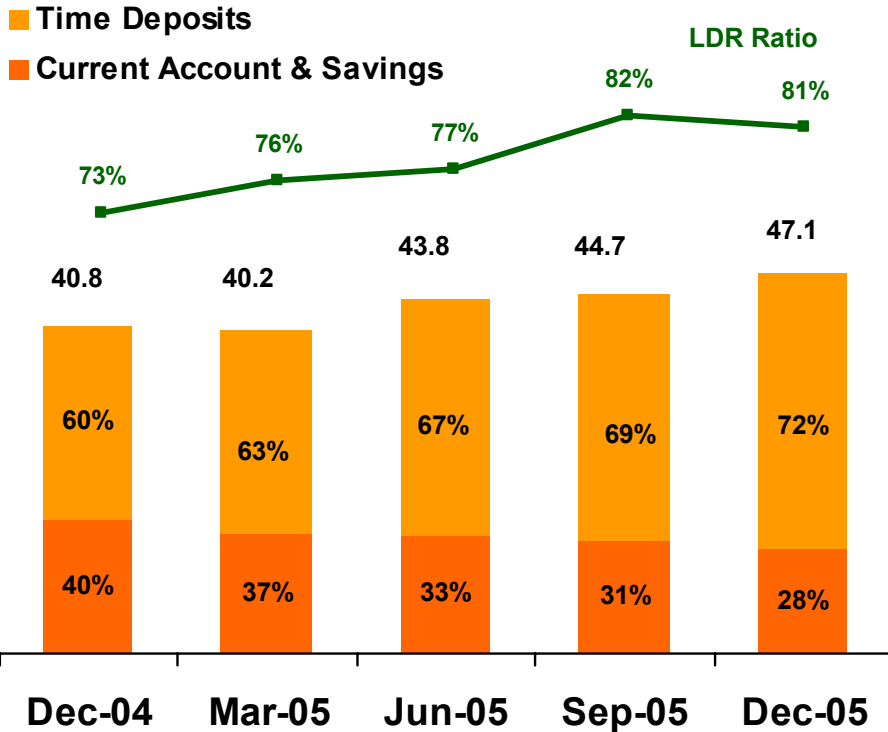
The average duration of government bonds holdings is 1.8 years as of December 31, 2005

Deposits grew despite competitive market conditions

Deposits grew by 16% and LDR is maintained at 80.8% in 2005

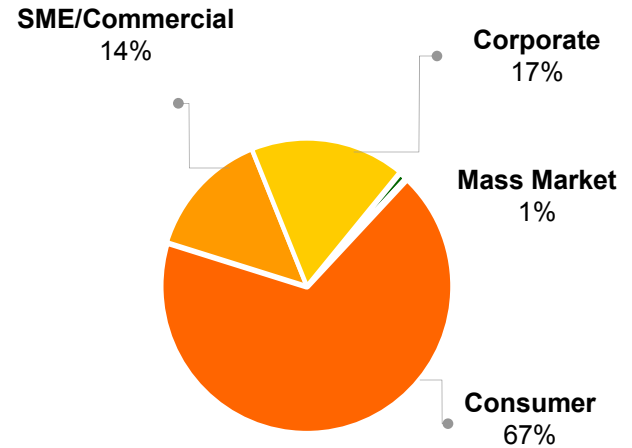
Customer Deposits

Rp. trillion



Deposits by Segment

As of December 31, 2005



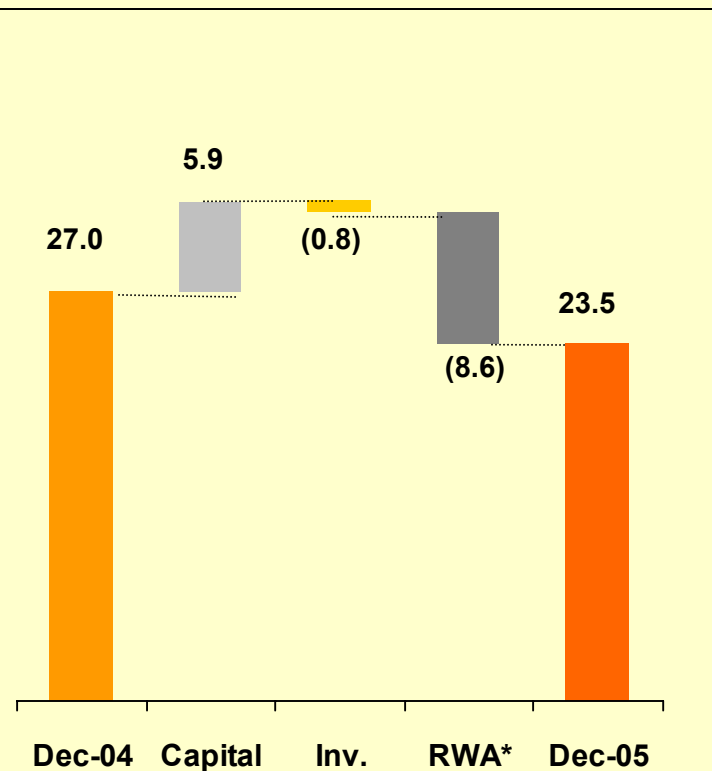
Total Deposits Rp. 47,089 billion



Loan expansion leads to lower Capital Adequacy Ratio

Movement of Capital Adequacy Ratio

%



<i>Rp. billion</i>	Dec. 2004	Dec. 2005	Δ YoY
Tier 1 Capital	6,399	7,933	24%
Tier 2 Capital	3,547	3,976	12%
Investments	889	1,144	29%
Total Capital after Investments	9,057	10,765	17%
Risk Weighted Assets (RWA)*	33,542	45,852	37%

*Note: *after market risk charge*

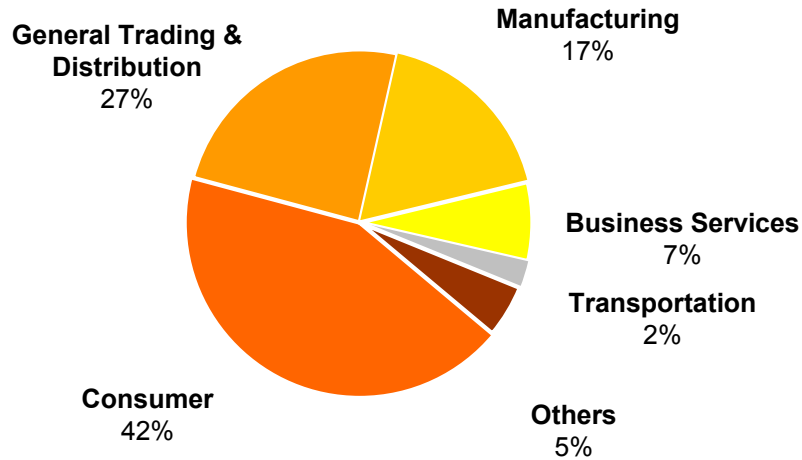
Agenda

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Diversified loan portfolio across economic sectors

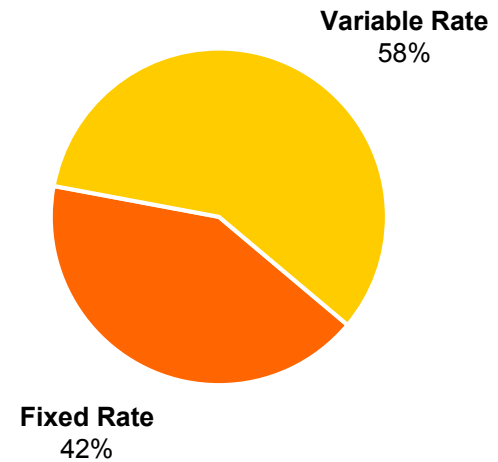
Loans by Economic Sector

As of December 31, 2005



Loans by Interest Rate

As of December 31, 2005

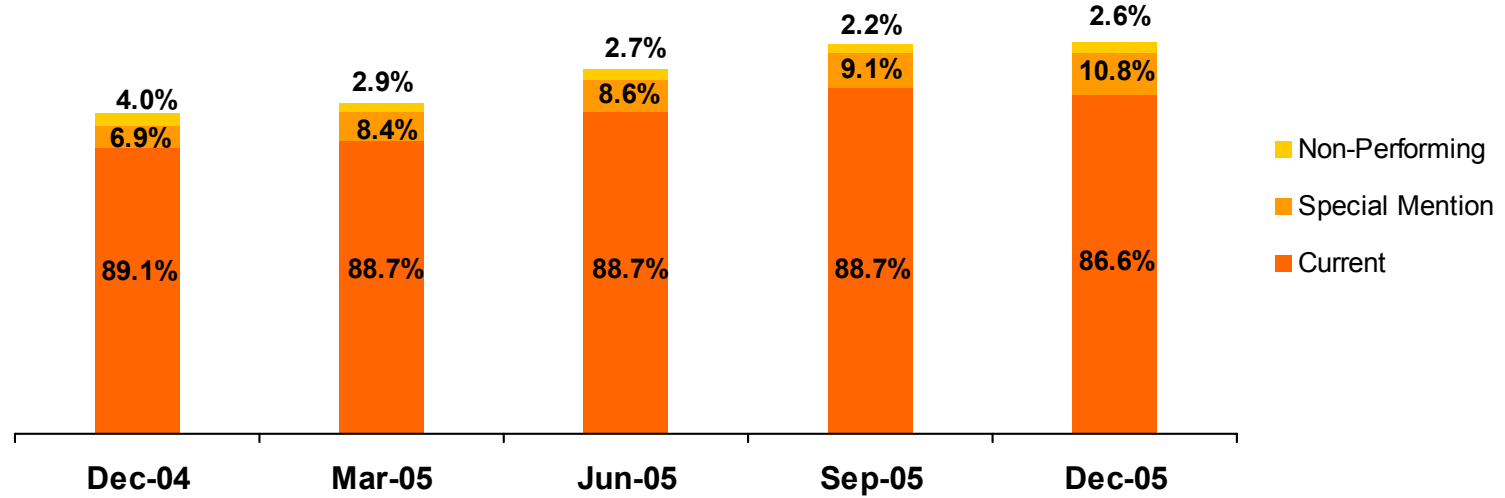


Total Loans Rp. 35,995 billion



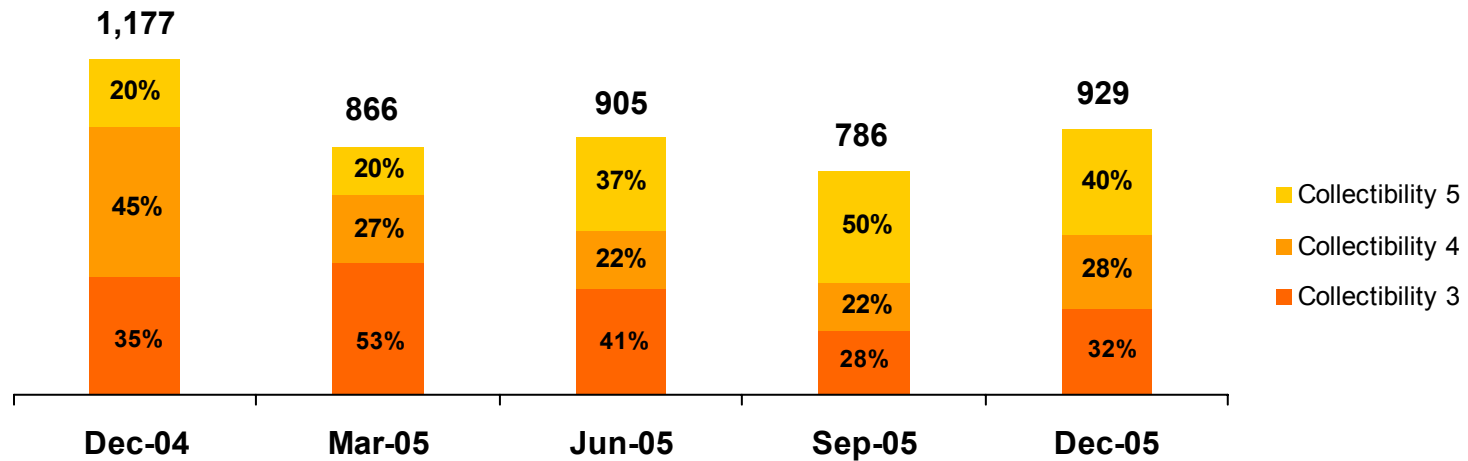
Loan's Collectibility

% Total



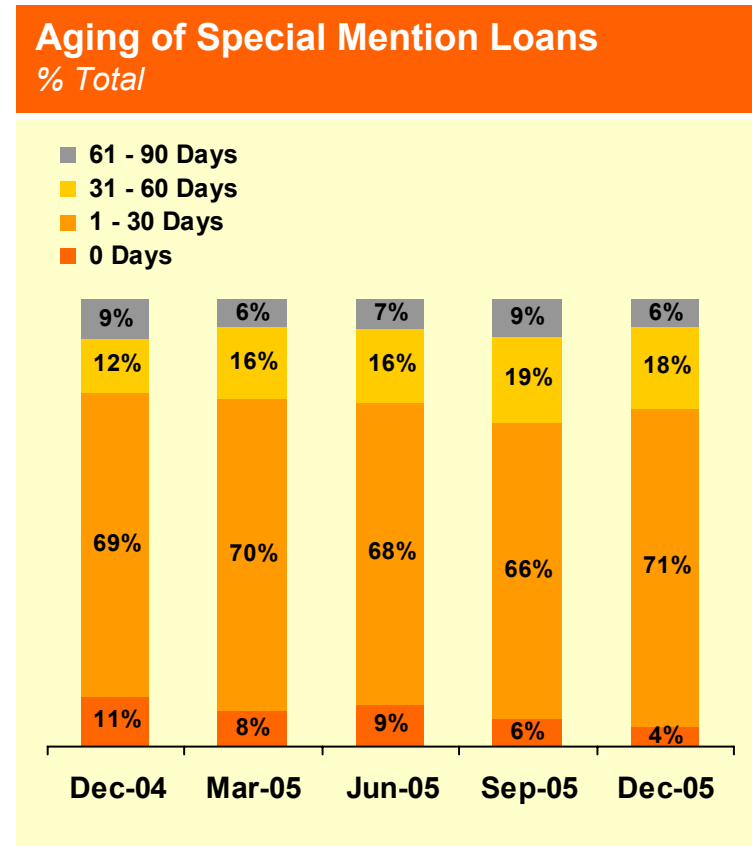
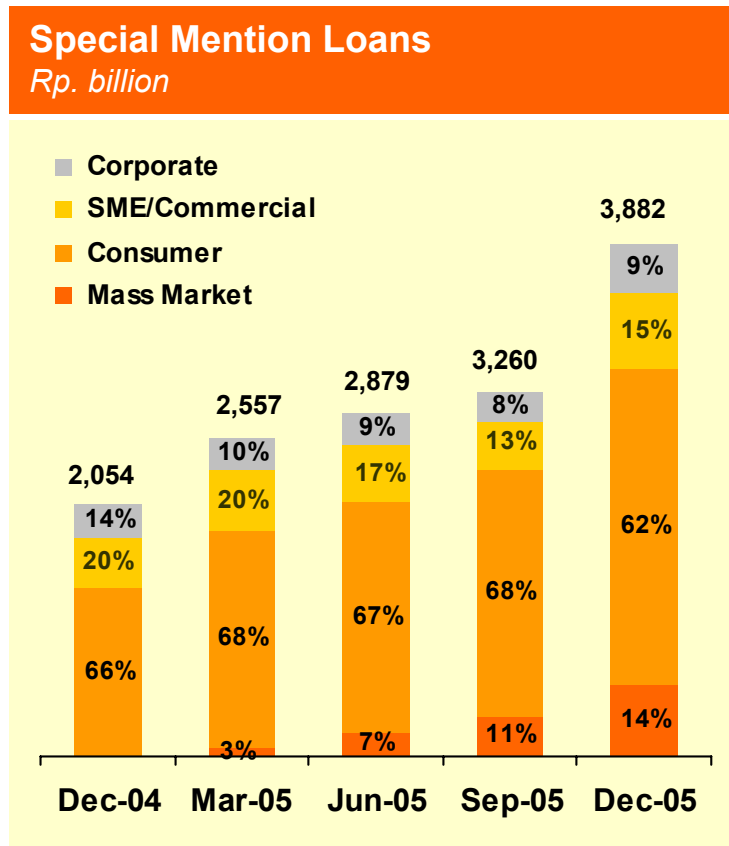
Breakdown of Non-Performing Loans

Rp. billion



Increase in special mention loans is due to growing mass market and consumer finance business

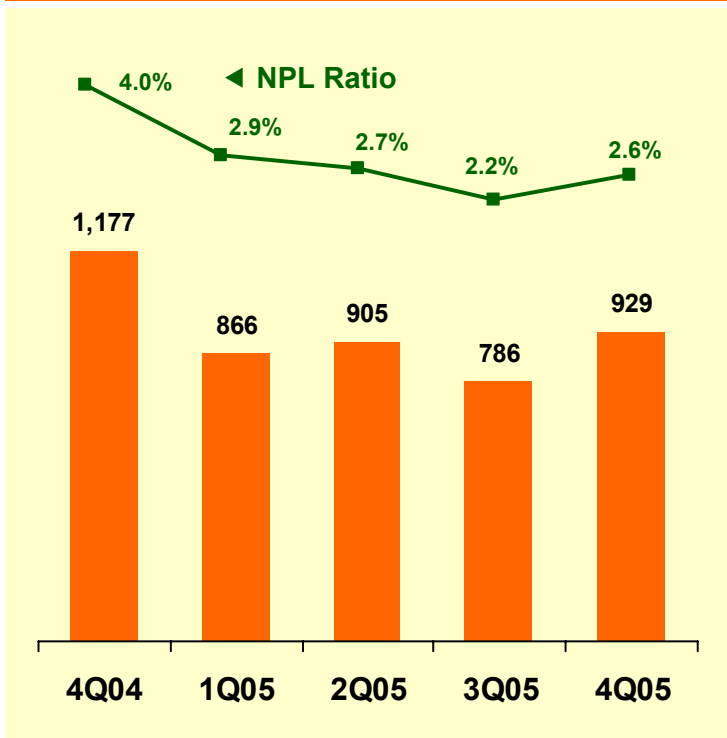
Special mention loans concentrate on DPD 1 – 30 days



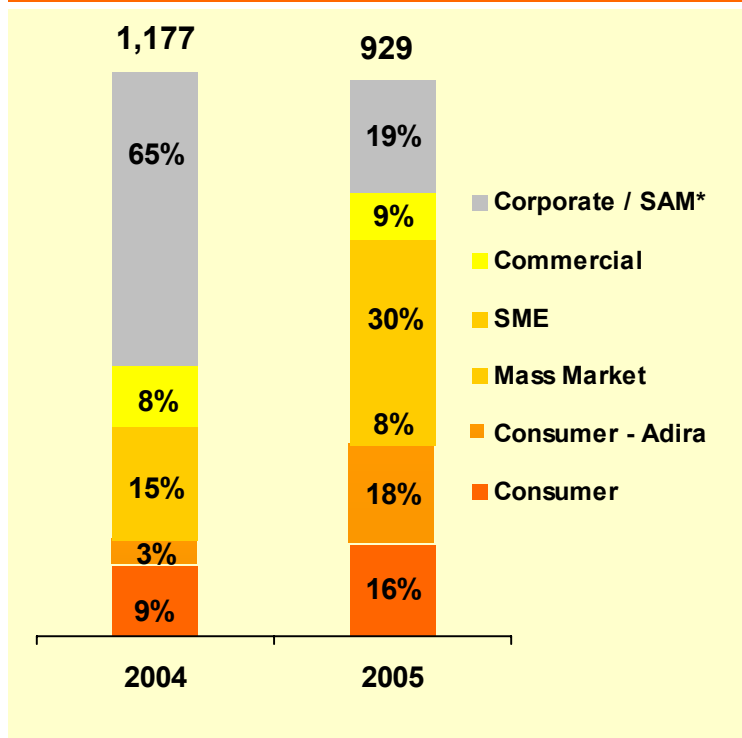
Non-performing loans declined due to strong loan recovery

Danamon managed to recover Rp. 447 billion of bad loans in 2005

Non-Performing Loans (NPL)
Rp. billion



NPL by Segments
Rp. billion

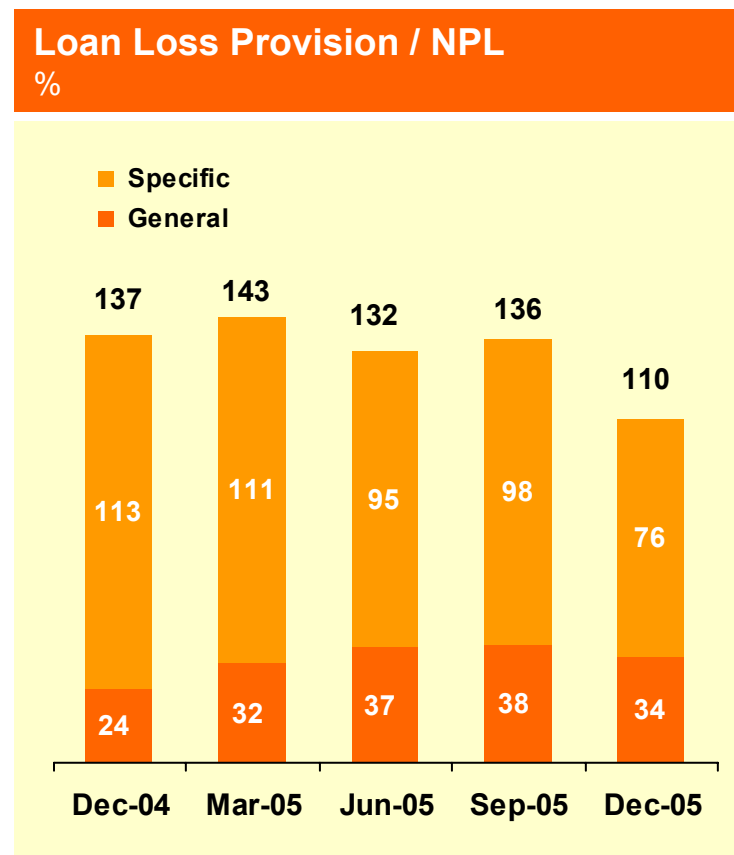
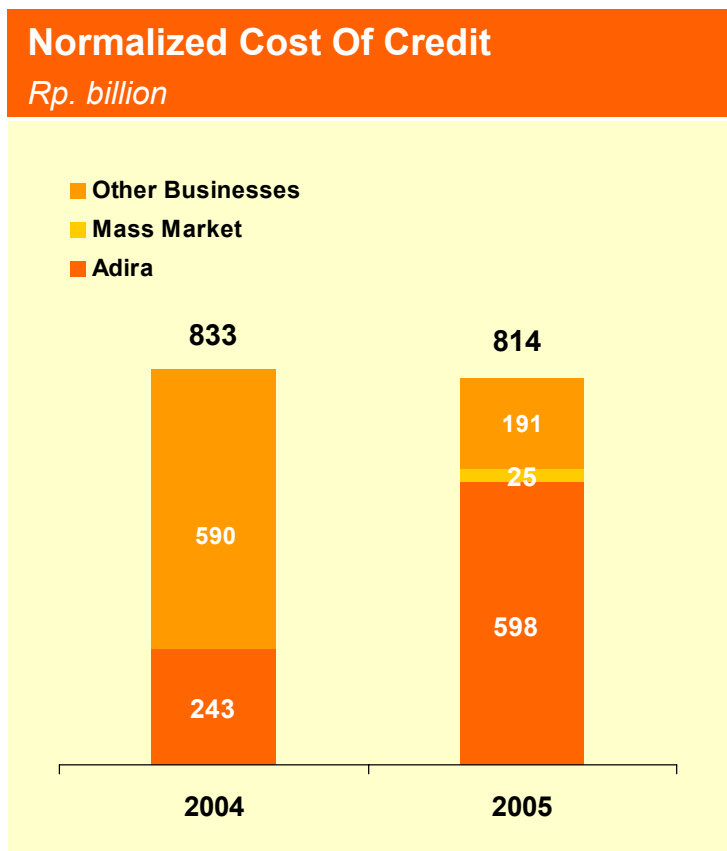


*SAM (Special Asset Management) manages the recovery of legacy loans, mainly ex. IBRA loans



Adequate provisions to cover non-performing loans

Decline in cost of credit in other parts of the business offset the increase in cost of credit in automotive financing and mass market business

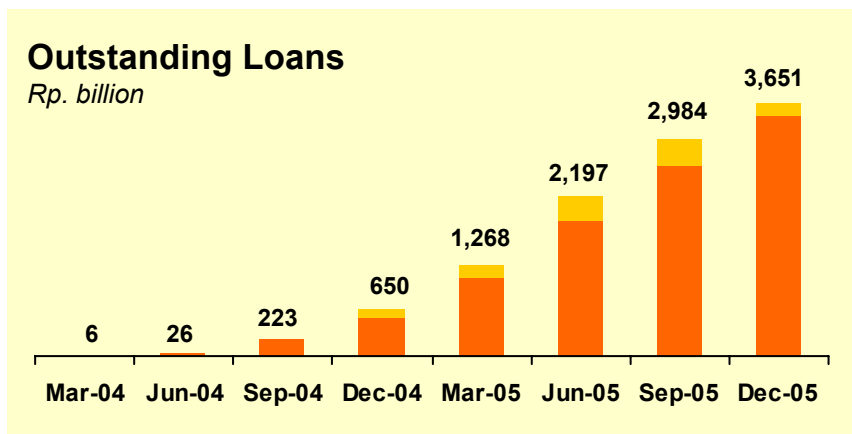
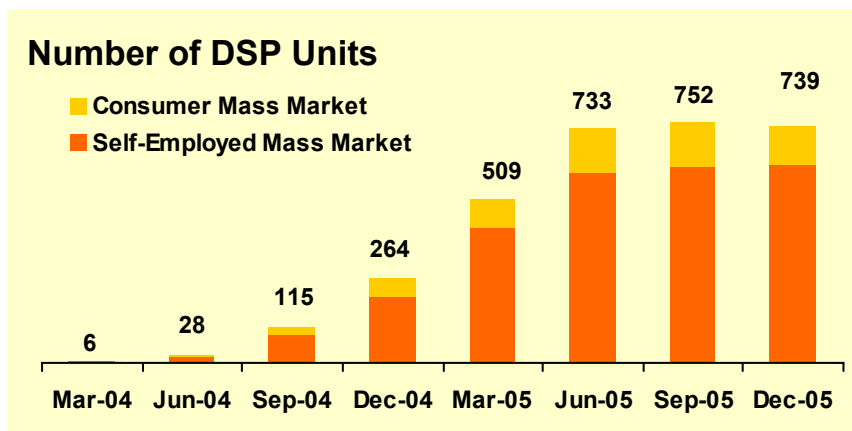


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Danamon Simpan Pinjam (DSP)

2005: Good Results – Established Building Blocks – Solid Management Team



- Achievements in 2005
 - Grew loans from Rp 650 billion to Rp 3,651 billion
 - NPL at 2.1% at the end of 2005, below the expected credit loss model
 - DSP Self-Employed Mass Market (SEMM) passed BEP in August 2005 (less than one year in business)

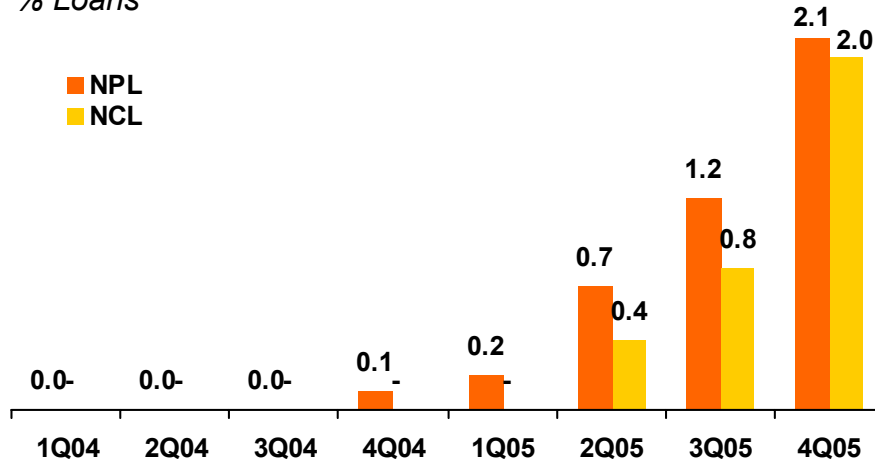
- Established building blocks of mass market:
 - Footprint of 739 DSP units, or additional 475 units in 2005
 - Completed organization set up and key processes well in place for SEMM

DSP Self-Employed Mass Market

As loan portfolio matures, NCL of this business are projected to rise to a normal level of 5%

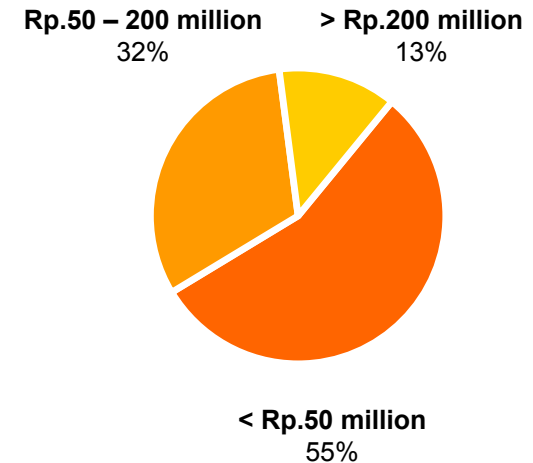
SEMM's NCL and NPL

% Loans



SEMM loans by size

As of December 31, 2005



Consumer auto financing business with Adira Finance

<i>Rp. billion</i>	FY 2004	FY 2005	△ YoY	1Q 2005	2Q 2005	3Q 2005	4Q 2005
Financing Units	583,454	728,438	25%	167,739	192,567	196,029	172,103
Financing Volume	6,611	8,774	33%	1,998	2,415	2,409	1,952
O/S Receivables	7,284	10,173	40%	8,133	9,064	9,926	10,173
Interest Income	1,367	2,423	77%	516	574	640	692
Interest Expenses ¹	358	916	156%	155	181	228	353
Net Interest Income	1,009	1,507	49%	362	393	412	339
Fee Income	131	53	(60%)	31	38	2	(18)
Total Opt. Income	1,140	1,560	37%	393	431	414	322
Operating Expenses	299	542	81%	123	124	136	159
Cost of Credit	243	598	146%	91	162	168	176
Profit before Tax	598	421	(30%)	179	145	110	(13)
Tax	183	126	31%	54	44	33	5
Net Income	415	295	(29%)	125	101	77	(8)

¹Including internal transfer pricing charge

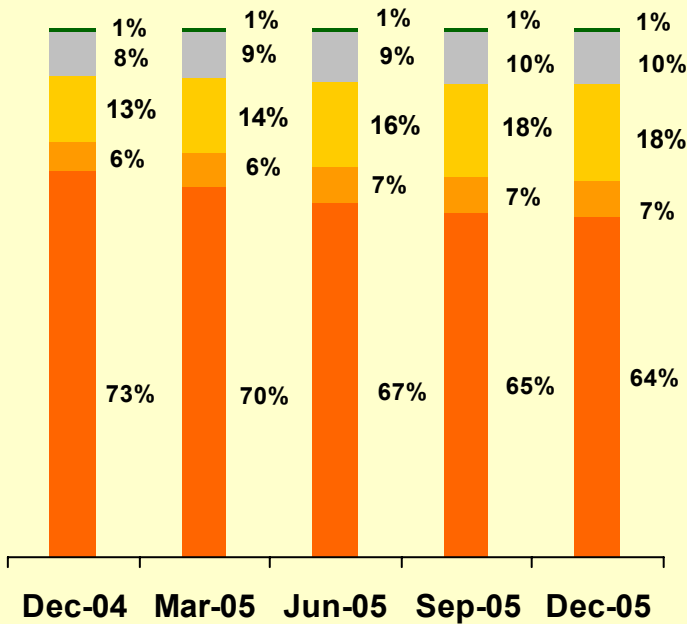


Motorcycle financing remains the main contributor of top line growth

Breakdown of Receivables

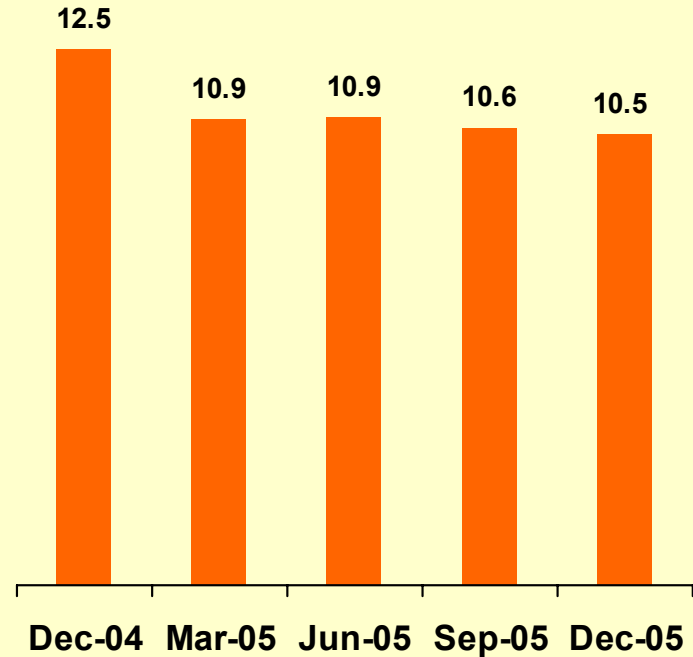
% Total Receivables

- New MC
- Used MC
- New Car
- Used Car
- Others



Market Share of New Motorcycle

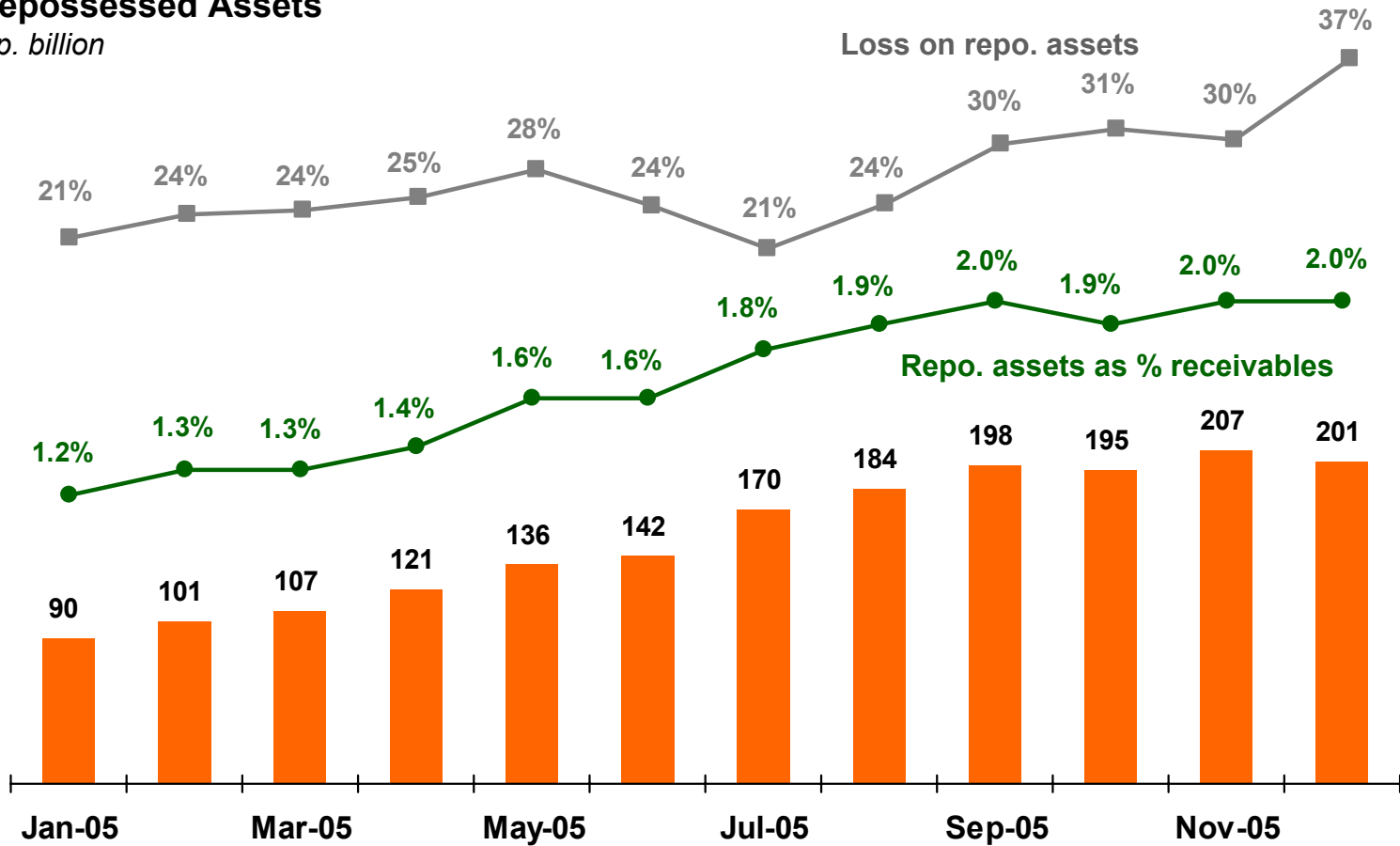
% of Units, YTD



Higher losses on repossessed assets resulted in higher net credit losses

Repossessed Assets

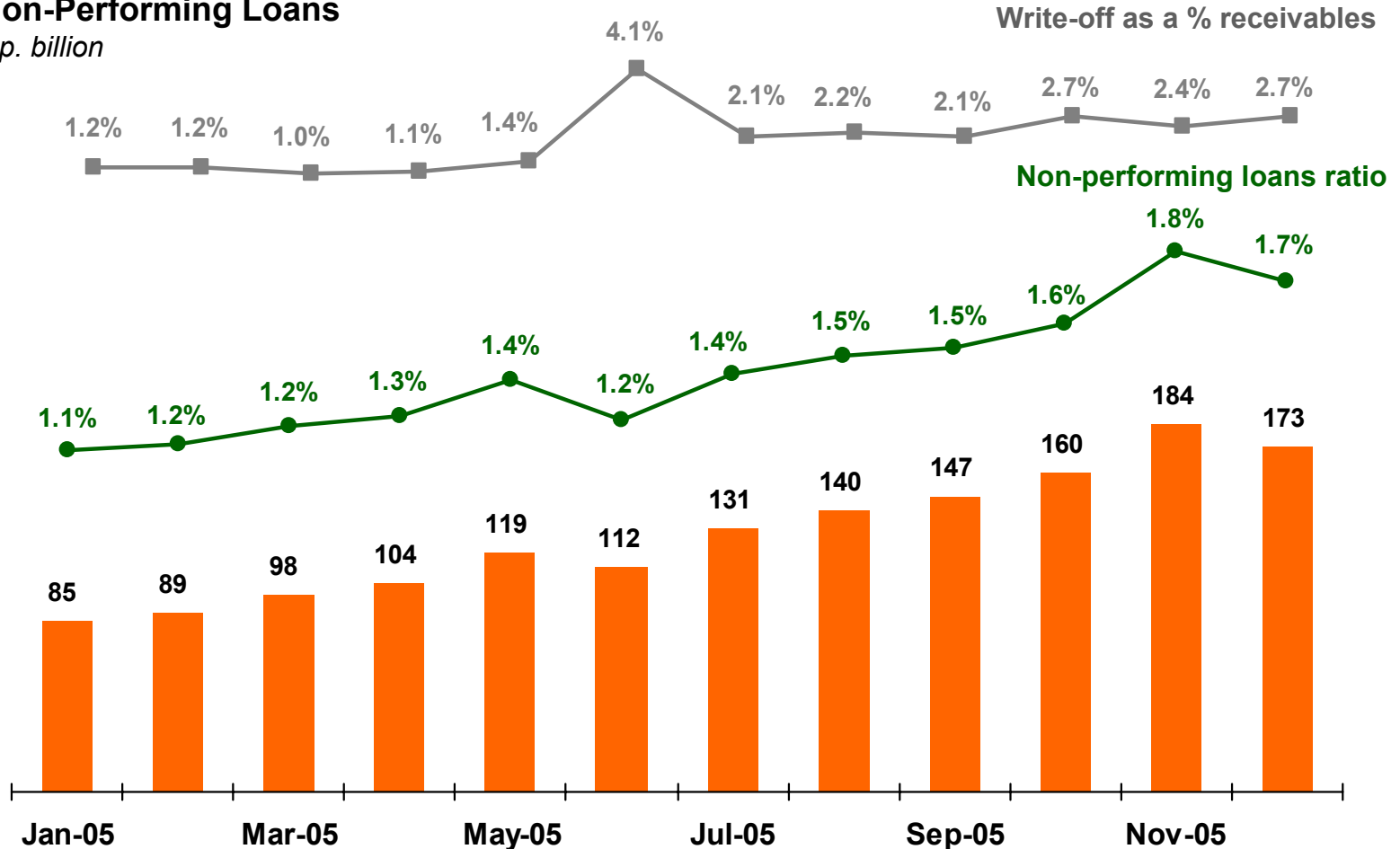
Rp. billion



Non-performing loans and loan write-off of automotive consumer financing business

Non-Performing Loans

Rp. billion

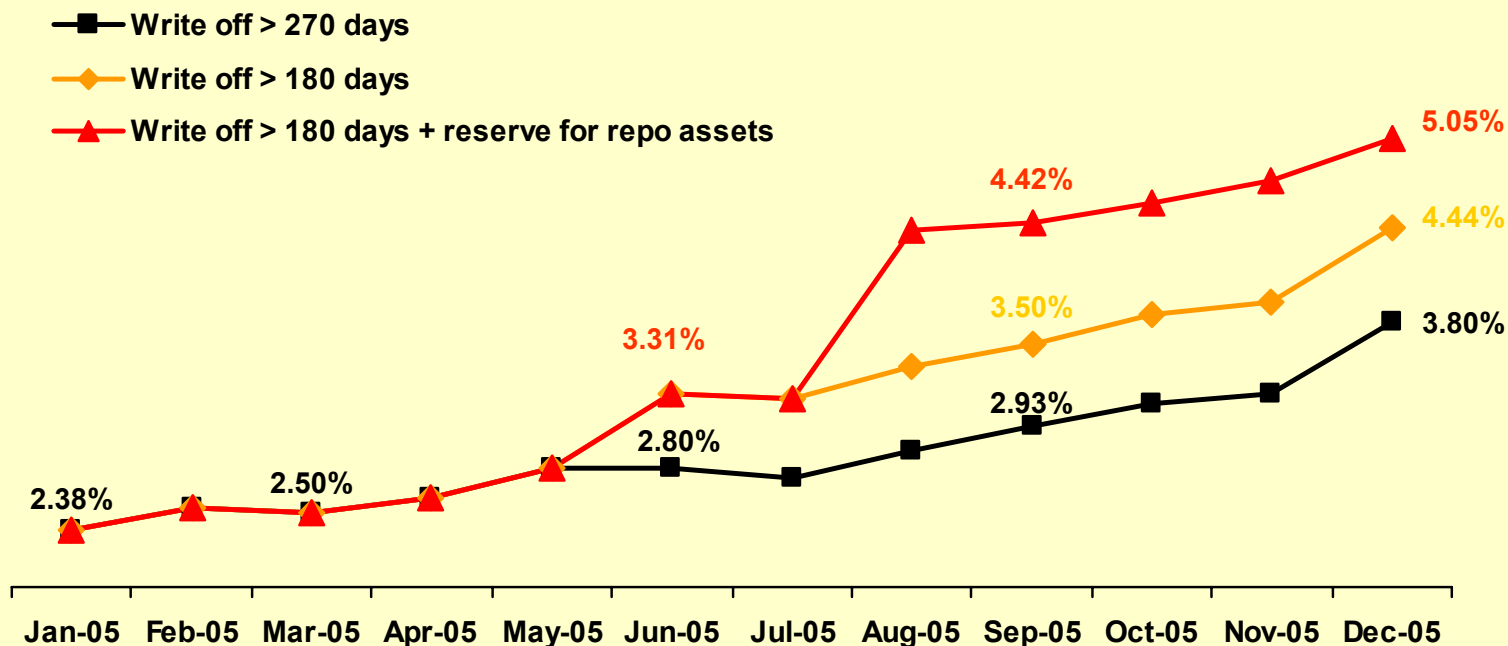


The implementation of new policies has impacted credit losses in automotive financing business

A new policy to write off past due receivables over 180 days has been implemented since June 2005 and a provision for loss on repossessed assets since August 2005

Year to Date Net Credit Losses (NCL)

% of Average Receivables



Latest Updates

2005 Dividend



We plan to pay out 50% of our 2005 profits as dividend. We will seek approval from our shareholders in the upcoming AGM

Structured Funding



Danamon is in the process of negotiating with IFC and other foreign institutions to obtain long-term loans. These loans will be used to fund the mass market, Adira and SME business

Transfer of Amex Card Business



Danamon has entered into a conditional business transfer agreement of American Express card and merchant business in Indonesia on February 2006



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Strategic Priorities

**Maximise Net
Interest Margin**



Continue investing in high margin businesses and products:

- Adira
- Mass market
- Credit cards
- Insurance
- White goods financing

**Improve funding
franchise**



Improve our funding platform:

- Distribution
- Products
- Build a sales and customer centric organization
- Marketing
- Reward / loyalty program

Strategic Priorities (continued)

**Be a low cost
producer**



Reduce substantially our unit transaction cost

**Build a world
class technology**



Reliable / scalable / flexible technology platform

**Become an
Employer of Choice**



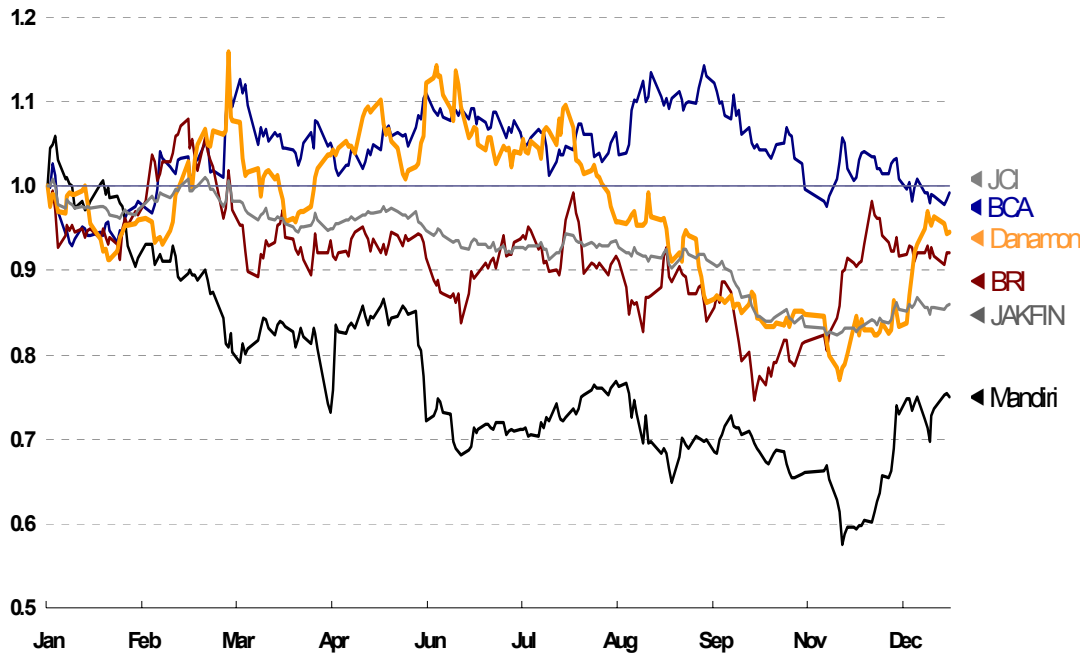
Develop a plan to attract and retain best talent

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Danamon Share Price performance

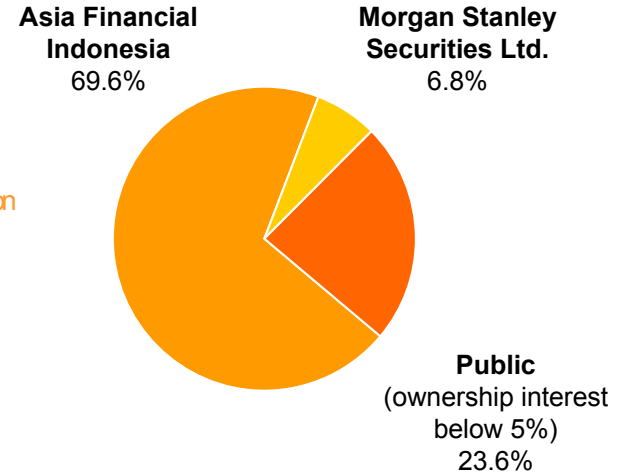
Share price performance vs JCI and JAKFIN



Source: Bloomberg

Shareholding Structure

As of December 31, 2005



Note:
Asia Financial (Indonesia) Pte.Ltd. (AFI) is a consortium of Asia Financial Holdings (AFH) (85%) and Deutsche Bank (15%). AFH is wholly owned by Temasek Holdings

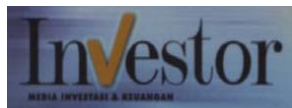


Credit Ratings

Rating upgrades during 2005 reflect Danamon's improved business and financial profile

Rating Agencies	Rating / Outlook	
Standard & Poor's <i>November 2005</i>	Long-term and Short-term Local Currency	BB- / Stable / B
	Long-term and Short-term Foreign Currency	BB- / Stable / B
	Subordinated Debt	B / Stable
Moody's <i>June 2005</i>	Long-term and Short-term Bank Deposit	B3 / Pos / Not Prime
	Bank Financial Strength	E+ / Positive
	Subordinated Debt	B2 / Positive
PEFINDO <i>March 2005</i>	Corporate Rating	_{id} A+ / Stable
	Bond Rating	_{id} A+ / Stable
Fitch Ratings <i>February 2005</i>	Long-term and Short-term Foreign Currency	BB- / Positive/ B
	National Long-term	A- (idn) / Positive

Awards & Accolades



- **Global Finance Award 2005:** *The Best Trade Finance Bank and Provider 2005 in Indonesia*
- **MRI and InfoBank Award 2005:** *First rank for service excellence*
- **Call Centre Award 2005 for Service Excellence:** *The Best Call Centre for Banking category*
- **Global Finance Best Emerging Market Banks 2005 Award:** *Best Bank in Indonesia*
- **FinanceAsia:** *Best Bank Award in Indonesia*
- **Asiamoney:** *Best Commercial Bank 2005, Best Domestic Bank Award*
- **Investor Award 2005:** *Best Bank 2005*
- **The Indonesia Institute for Corporate Governance & SWA:** *Nominated within top 15 Companies in Corporate Governance*
- **The Value Creator Award 2005 by SWA, Mark Plus, Maksi UI:** *The Best Public Company based on EVA Concept Banking Category*
- **The 2005 Asia Investor Relations Rankings by Institutional Investor:** *The Best Investor Relations in Indonesia (Sell Side View)*



Thank You

Investor Relations

Bank Danamon

Menara Bank Danamon, 6th Floor

Jl. Prof. Dr. Satrio Kav. E4 No.6

Mega Kuningan, Jakarta 12950

Phone: +62 21 5799 1001-03

Fax: +62 21 5799 1445

www.danamon.co.id

