



1st Half 2006 Results Analyst Briefing

**J.W. Marriot Hotel Jakarta
25 July 2006**



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Highlights of the second quarter 2006 results

- Loan growth of 6% to Rp. 39 trillion
- Deposits growth of 7% to Rp. 52 trillion
- NPAT growth of 23% to Rp. 307 billion

Agenda

- **Financial Results**
- Asset Quality
- Business Updates
- Appendixes

Income Statement Highlights

Rp. billion	1Q06	2Q06	△QoQ	1H05	1H06	△YoY
Net Interest Income	1,225	1,393	14%	2,267	2,618	15%
Normalized Fee Income	313	338	8%	558	651	17%
Normalized Op. Income	1,539	1,730	12%	2,825	3,269	16%
Operating Expenses	(777)	(813)	5%	(1,327)	(1,590)	20%
Pre-Provision Op. Profit	762	917	20%	1,498	1,679	12%
Cost of Credit ¹	(291)	(435)	49%	(364)	(726)	99%
Net Profit before Tax	471	484	3%	1,133	953	(16%)
Goodwill & Minority Interest	(51)	(38)	(25%)	(102)	(89)	(12%)
Tax	(146)	(116)	(21%)	(362)	(262)	(28%)
Normalized NPAT	274	330	20%	670	603	(10%)
Non-Recurring Items (after Tax)	(23)	(22)	(4%)	615	(45)	(107%)
Reported NPAT	251	307	23%	1,285	558	(57%)

¹Adira Finance changed its accounting policies on loan write off in June 2005 and provision for loss on repossessed assets in August 2005

Balance Sheet Highlights

Rp. billion	1Q06	2Q06	△QoQ	1H05	1H06	△YoY
Assets & Commitments	83,916	85,327	2%	74,324	85,327	15%
Assets	70,758	74,531	5%	65,021	74,531	15%
Loans (gross) ¹	36,584	38,625	6%	34,290	38,625	13%
Government Bonds	16,569	17,153	4%	16,011	17,153	7%
Deposits	48,324	51,727	7%	44,786	51,727	15%
Current Account	4,380	4,858	11%	4,750	4,858	2%
Savings	7,907	8,286	5%	9,695	8,286	(15%)
Time Deposits	36,037	38,583	7%	30,341	38,583	27%
Borrowings ²	1,195	637	(47%)	1,121	637	(43%)
Subordinated Debt	3,394	3,454	2%	3,607	3,454	(4%)
Equity	8,959	8,102	(10%)	8,232	8,102	(2%)

¹Include consumer financing receivables of Adira Finance

²Include securities sold under repo agreements, borrowings and Adira Finance's bank loans and bonds



Key Ratios

%	1Q06	2Q06	△QoQ	1H05	1H06	△YoY
Net Interest Margin ¹	8.4	9.2	0.8	9.1	8.8	(0.3)
Normalized Cost / Income	50.3	46.0	(4.3)	47.0	48.8	1.8
Loan / Deposit	78.5	75.6	(2.9)	77.4	75.6	(1.8)
Capital Adequacy ²	26.3	22.9	(3.4)	23.5	22.9	(0.6)
Normalized ROAA	1.6	1.8	0.2	2.2	1.7	(0.5)
Normalized ROAE	12.4	15.2	2.8	17.9	13.8	(4.1)
Reported ROAA	1.4	1.7	0.3	4.2	1.6	(2.6)
Reported ROAE	11.4	14.2	2.8	34.3	12.7	(21.6)
NPL - Gross	3.4	3.6	0.2	2.7	3.6	0.9
LLP / NPL ³	114.9	131.2	16.3	132.2	131.2	(1.0)

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

²After market risk charge

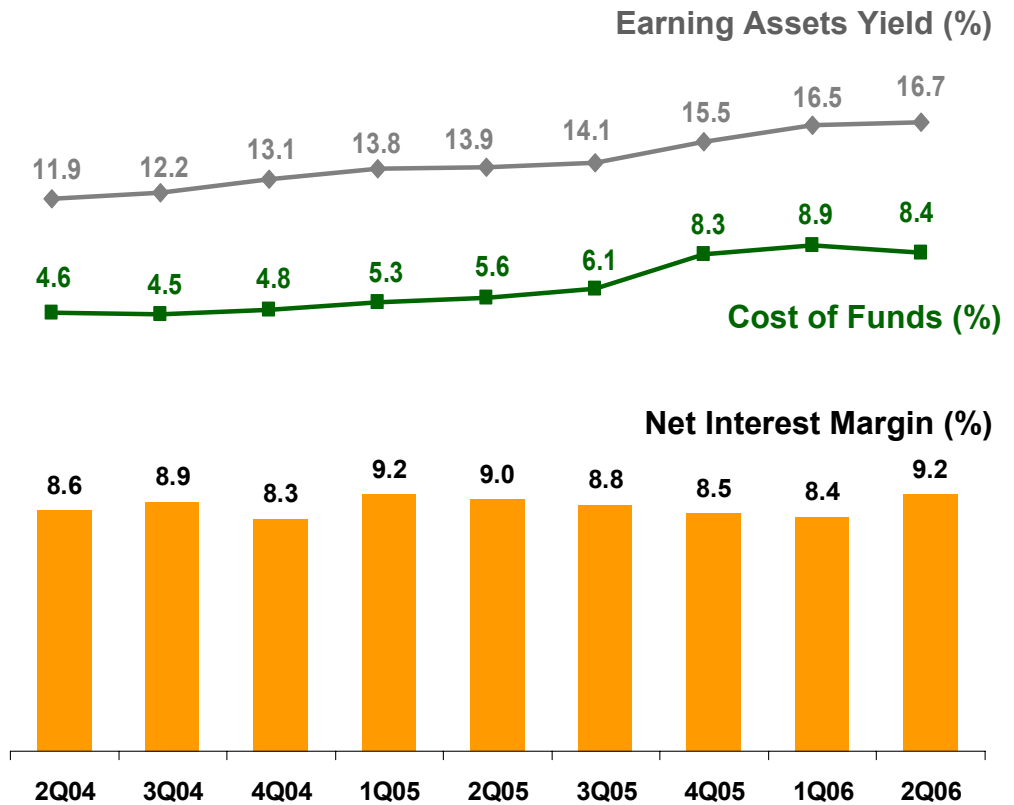
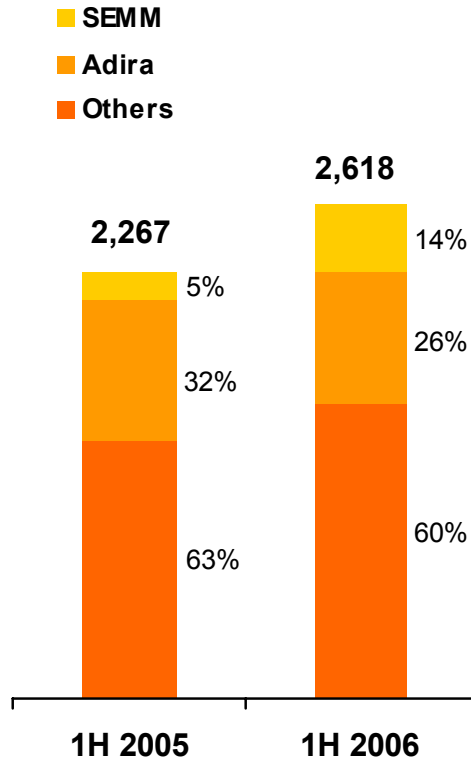
³After collateral value



Interest margin increased to 9.2% due to growth in high yielding loans

Net Interest Income

Rp. billion



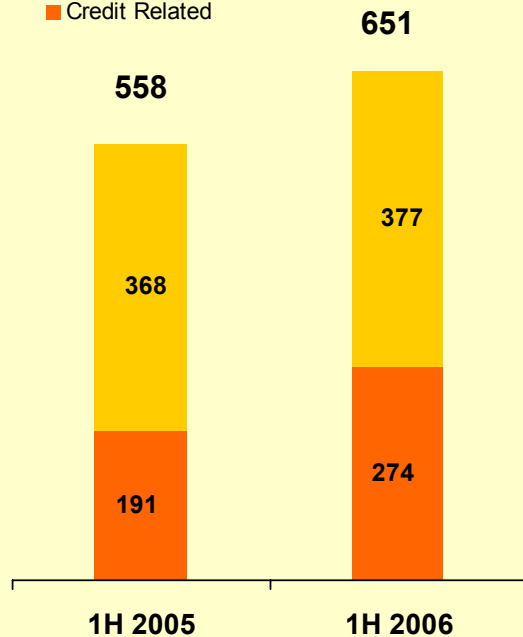
Normalized Fee Income

Increased in fee income was largely driven by credit related fees, cash management and Adira Insurance

Breakdown of Fee Income

Rp. billion

- Non Credit Related
- Credit Related

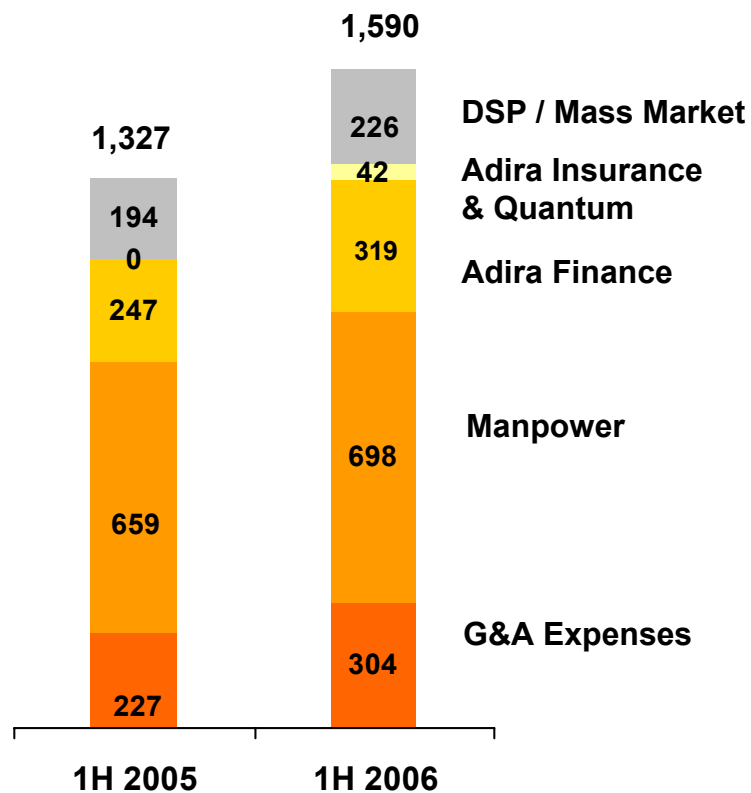


Rp. billion	1H05	1H06	ΔYoY
Credit related fees	191	274	44%
Cash management	124	148	19%
Treasury products	175	90	(49%)
Adira Finance	69	10	(86%)
Adira Insurance & Quantum	-	129	N.M
Total	558	651	17%

Operating expenses

Breakdown of Operating Expenses

Rp. billion



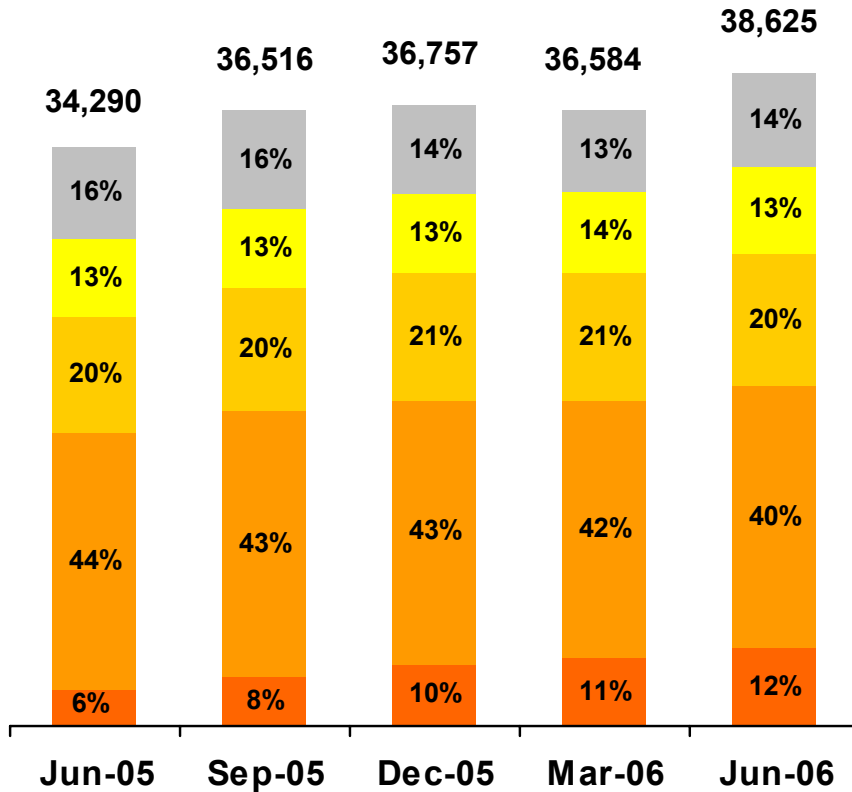
Growth	Rp. bn	ΔYoY
DSP Expansion	32	17%
Adira Finance	72	29%
Adira Insurance & Quantum	42	NM
IT	20	26%
E/MSOP	13	27%
Business as usual	83	11%
Total	262	20%



Loan growth was driven by mass market, SME and commercial segments

Outstanding Loans

Rp. billion



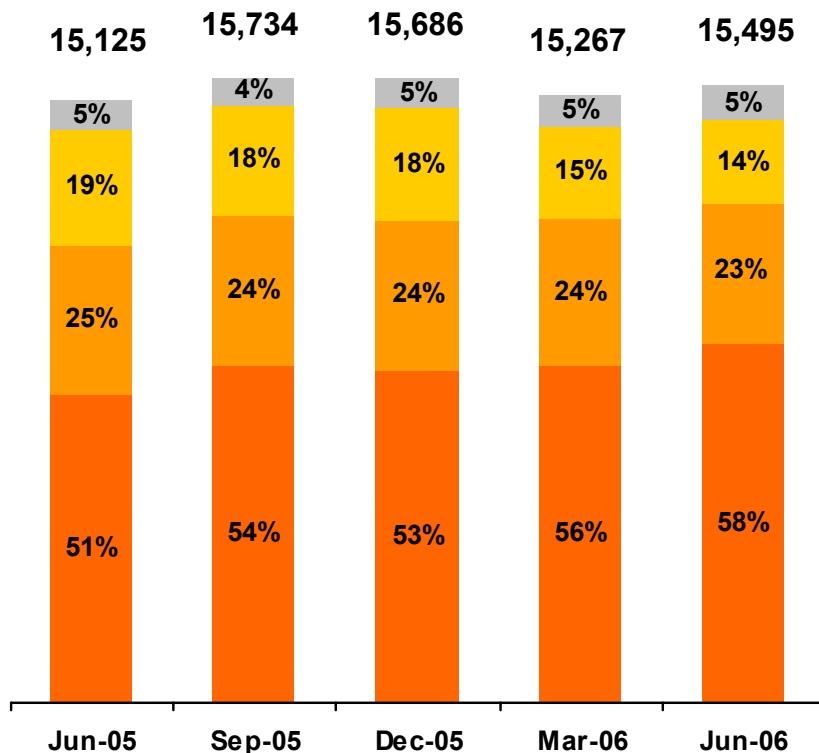
Growth	Rp. bn	ΔYoY
Corporate	70	1%
Commercial	549	12%
SME	913	13%
Consumer	370	2%
Mass Market	2,434	111%
Total	4,336	13%



Increased in motorcycle loans made up for the decline in housing and car loans

Consumer Loans

Rp. billion



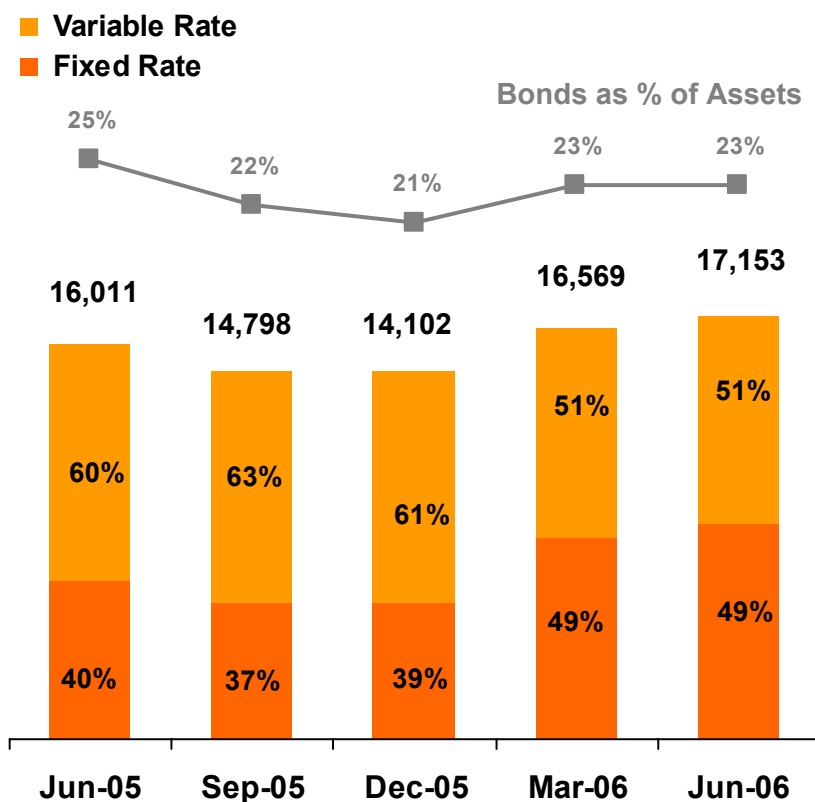
Growth	Rp. bn	ΔYoY
Credit Card	99	14%
Housing	(389)	(13%)
Car	(204)	(5%)
Motorcycle	864	9%
Total	370	2%



Government bonds portfolio

Government Bonds

Rp. billion



The average duration of government bonds holdings has been reduced to 1.6 years as of June 30, 2006 from 1.9 years a year earlier

	Rp. billion	1H05	1H06	ΔYoY
Held to maturity		9,658	6,700	(31%)
Available for sale		6,071	10,178	68%
Trading		282	275	(3%)
Total	16,011	17,153		7%

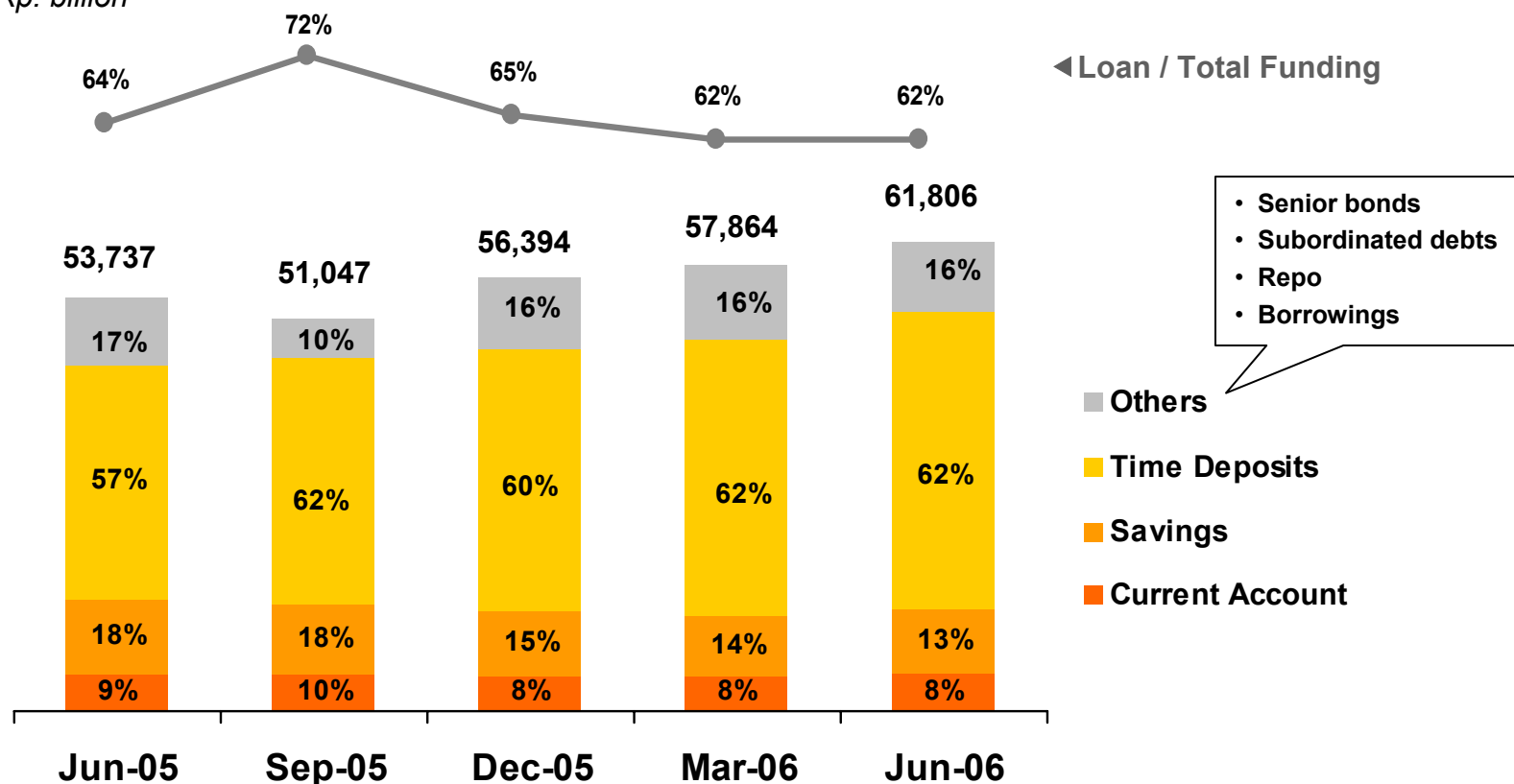


Growth in funding despite competitive market conditions

Total Deposits grew by 15% YoY to Rp. 51,727 billion in June 2006

Total Interest Bearing Funding

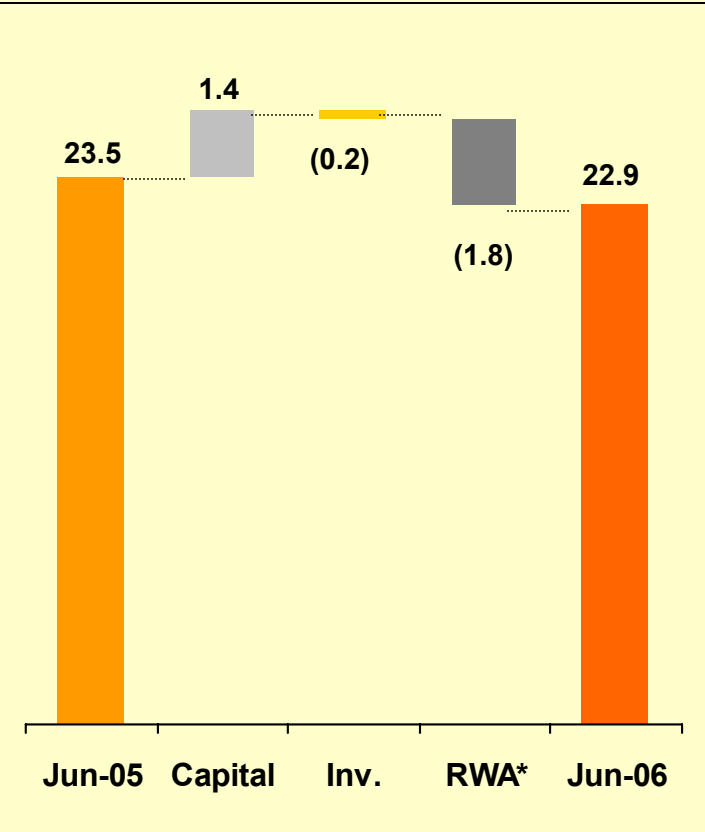
Rp. billion



Capital Adequacy Ratio at 22.9% in June 2006

Movement of Capital Adequacy Ratio

%



Rp. billion	1H05	1H06	ΔYoY
Tier 1 Capital	7,501	8,251	10%
Tier 2 Capital	3,888	3,758	(3%)
Investments	1,214	1,109	(9%)
Total Capital after Investments	10,174	10,900	7%
Risk Weighted Assets (RWA)*	43,336	47,654	10%
Capital Adequacy Ratio (CAR)*	23.5%	22.9%	(0.6)%

*after market risk charge



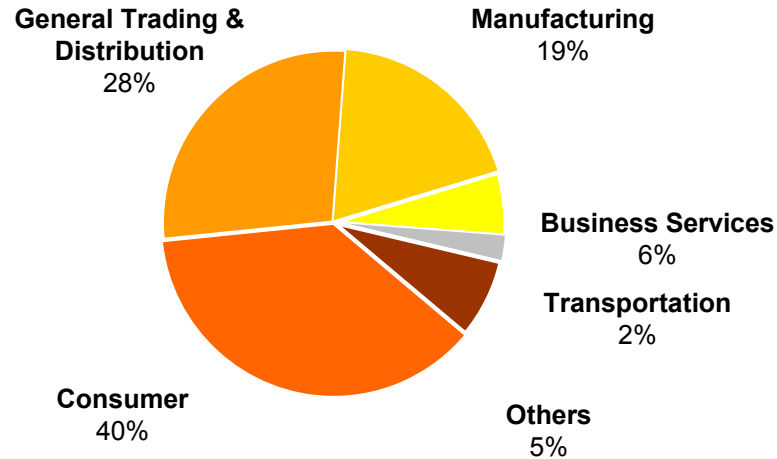
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Diversified loan portfolio across economic sectors

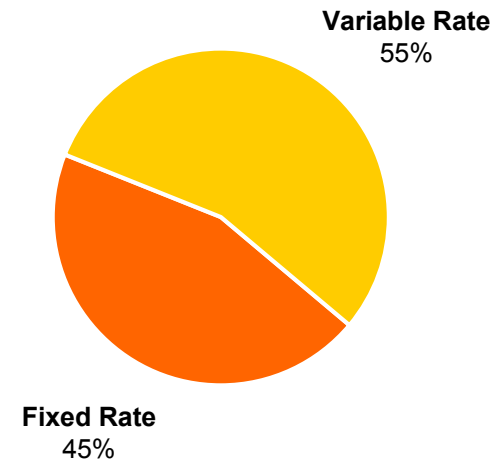
Loans by Economic Sector

As of June 30, 2006



Loans by Interest Rate

As of June 30, 2006



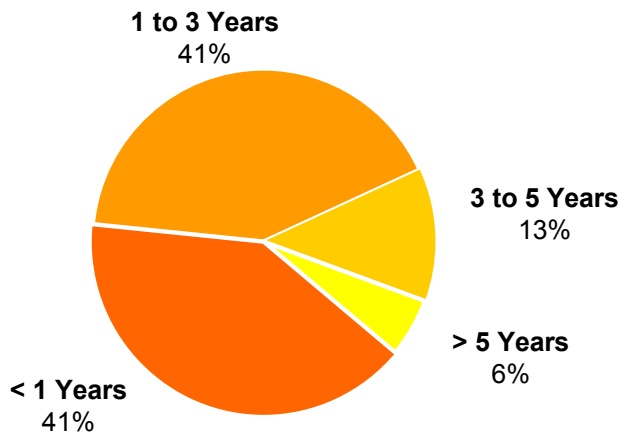
Total Loans Rp. 38,625 billion



Loan portfolio by tenor and currency

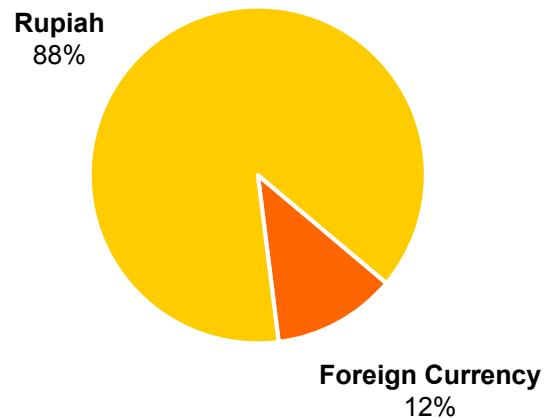
Loans by Tenor

As of June 30, 2006



Loans by Currency

As of June 30, 2006

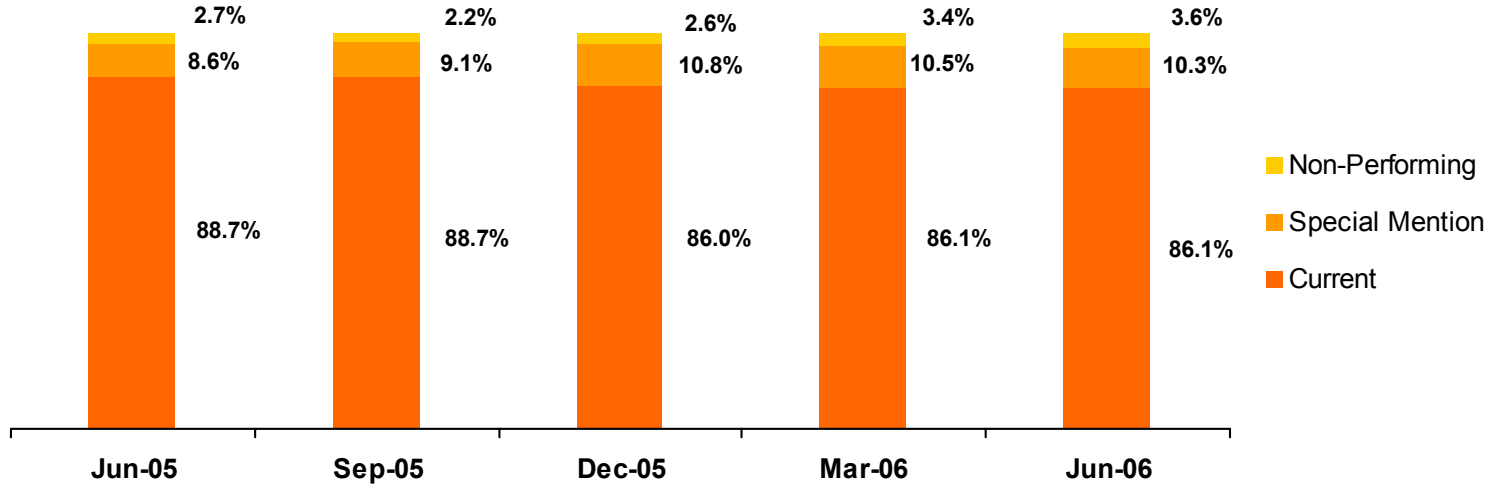


Total Loans Rp. 38,625 billion



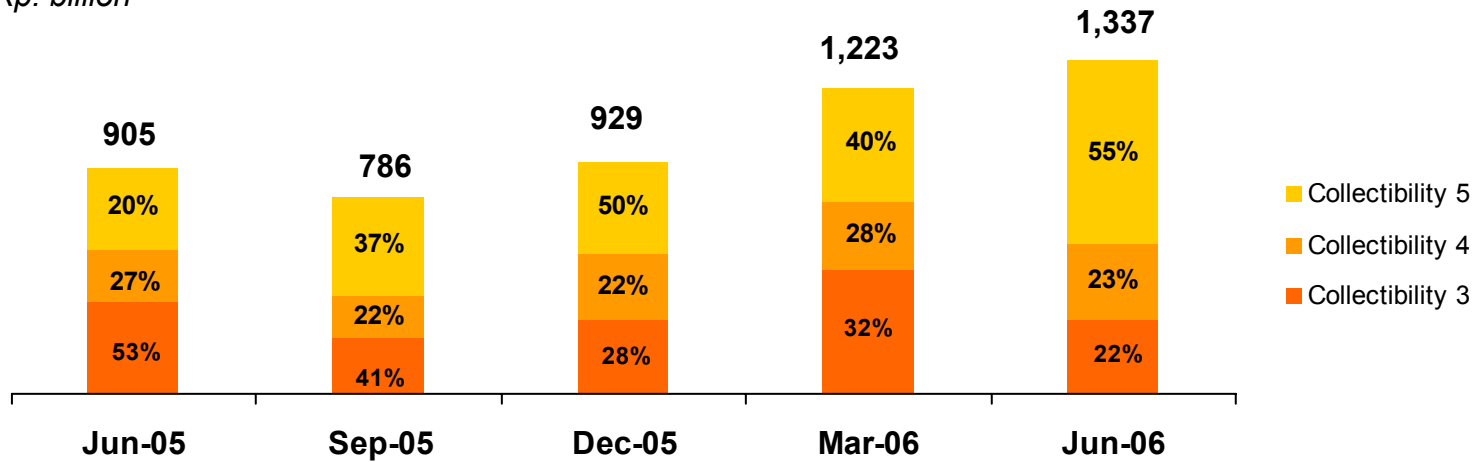
Loan's Collectibility

% Total



Breakdown of Non-Performing Loans

Rp. billion

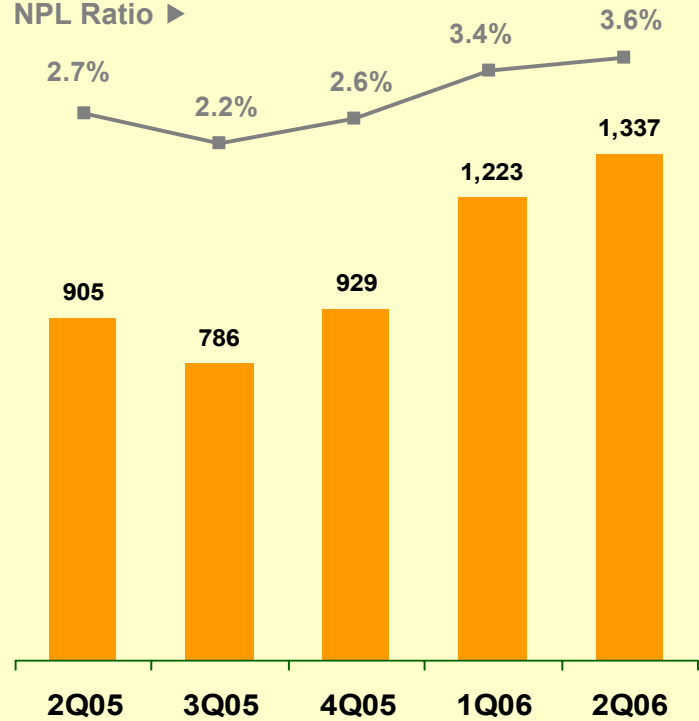


Unfavorable operating environment impacted NPL in several businesses

Non-Performing Loans (NPL)

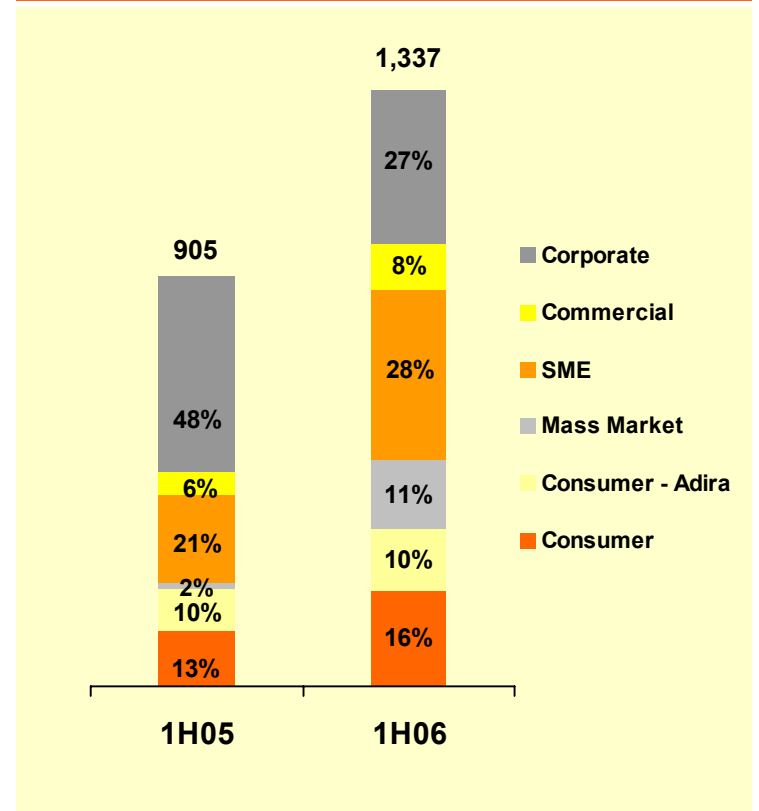
Rp. billion

NPL Ratio ▶



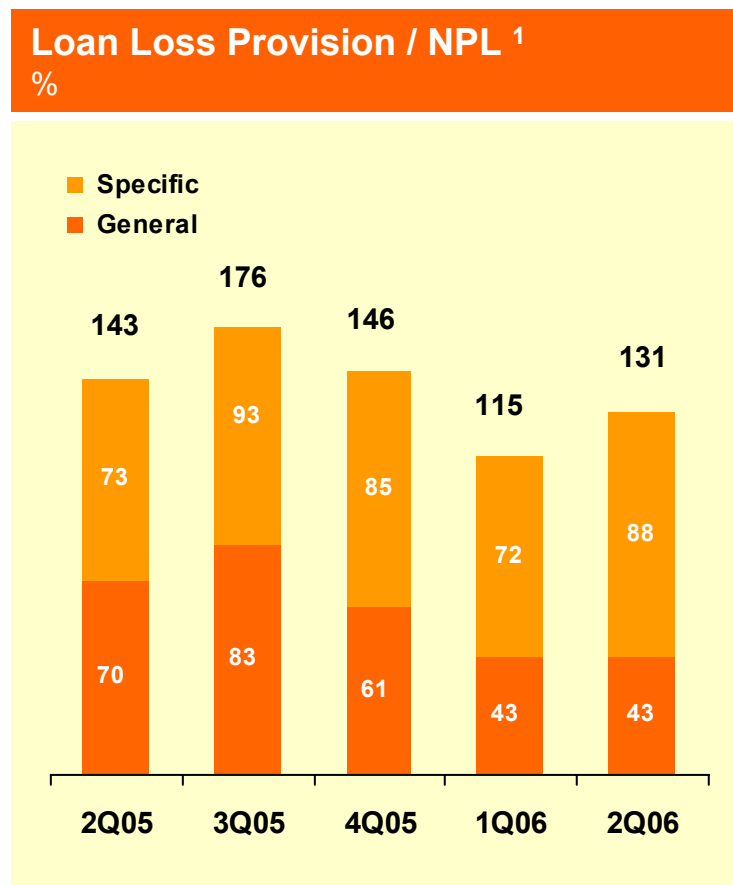
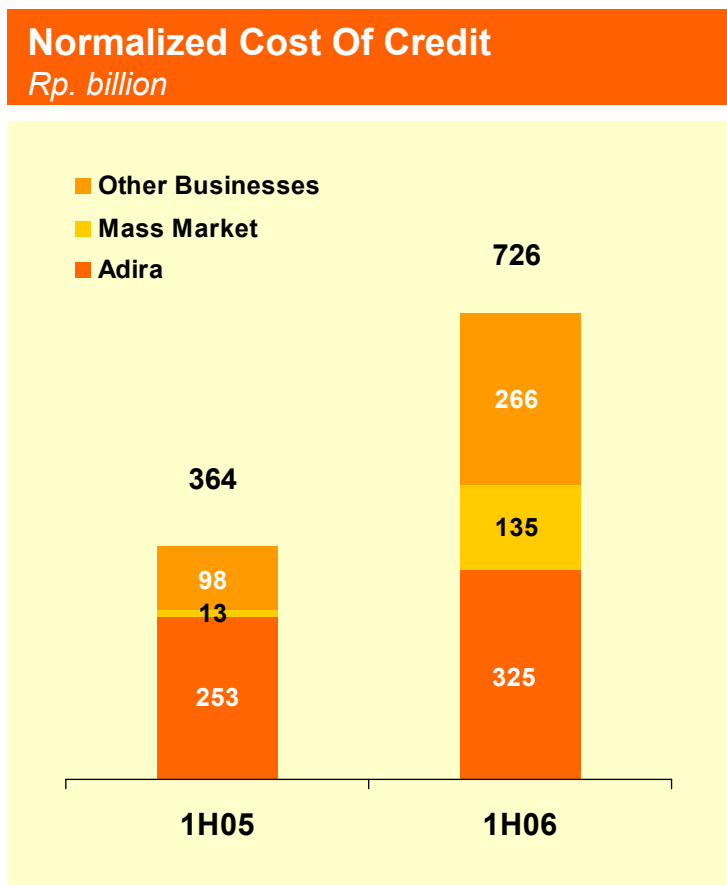
Breakdown NPL by Segments

Rp. billion



Adequate provisions to cover non-performing loans

Cost of credit increased mainly in the mass market, consumer and corporate segments



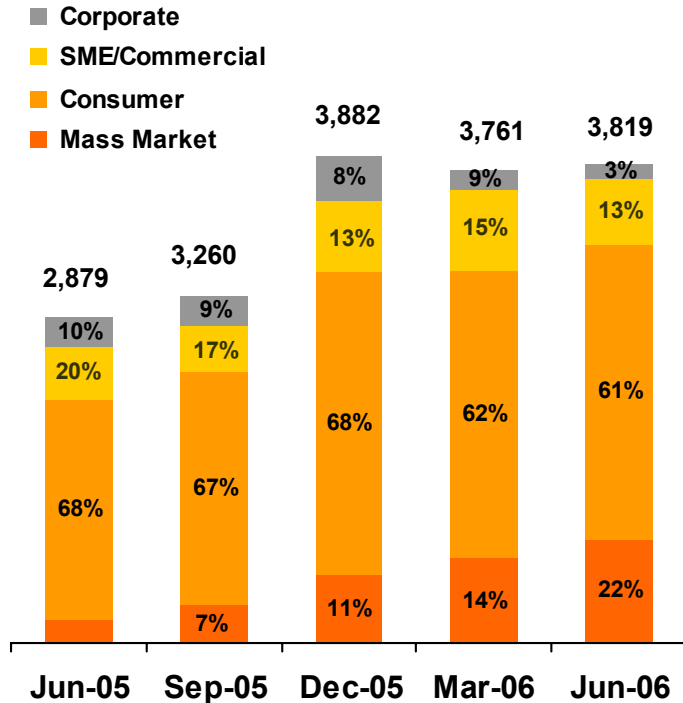
¹After collateral value

Increase in special mention loans is due to growing mass market and consumer auto financing businesses

Special mention loans concentrate on DPD 1 – 30 days

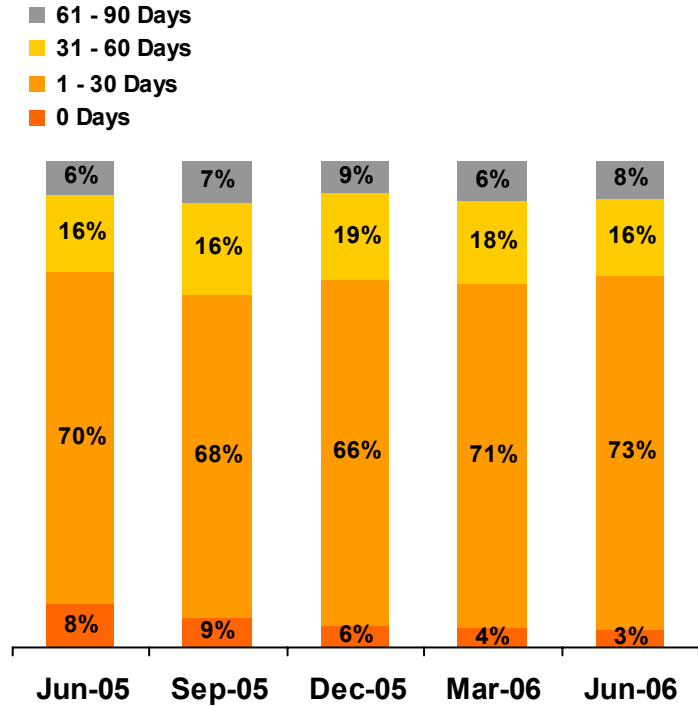
Special Mention Loans

Rp. billion



Aging of Special Mention Loans

% Total

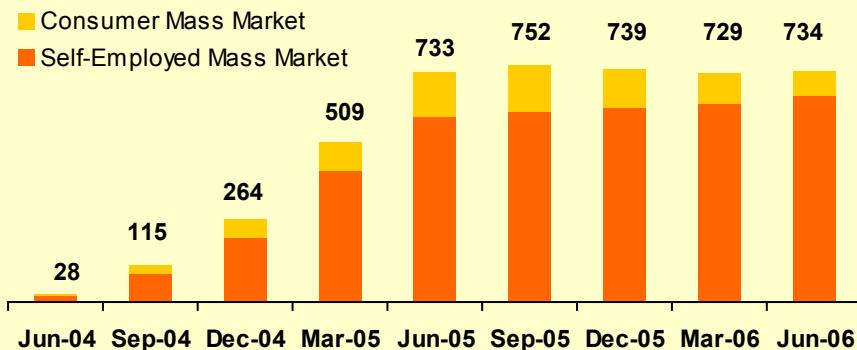


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Danamon Simpan Pinjam (DSP)

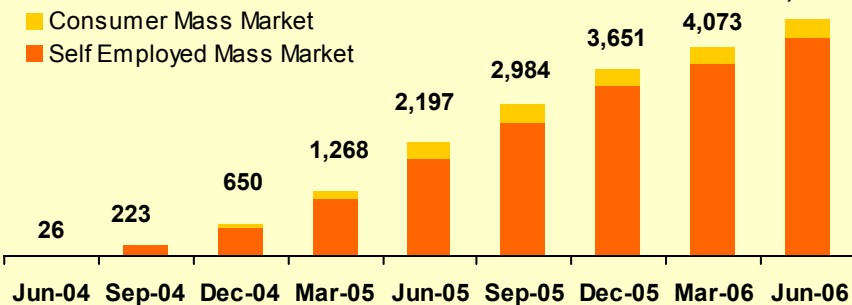
Number of DSP Units



- An additional 43 units of DSP SEMM were opened in 1H06, bringing a total 661 units
- Loans grew by Rp. 982 billion or 27% in 1H 2006 to Rp 4,633 billion
- NPL stood at 3.4% on June 30, 2006, below the expected credit loss model

Outstanding Loans

Rp. billion



Consumer auto financing business with Adira Finance

Rp. billion	1Q06	2Q06	ΔQoQ	1H05	1H06	ΔYoY
New Financing Units	134,024	159,039	19%	360,306	293,063	(19%)
New Financing Volume	1,513	2,018	33%	4,413	3,531	(20%)
O/S Receivables	9,919	10,124	2%	9,064	10,124	12%
Interest Income	691	701	1%	1,090	1,392	28%
Interest Expenses ¹	(362)	(337)	(7%)	(336)	(699)	108%
Net Interest Income	329	364	11%	755	693	(8%)
Fee Income	(2)	12	N.M.	69	10	(86%)
Total Opt. Income	327	376	15%	824	703	(15%)
Operating Expenses	(157)	(162)	3%	(247)	(319)	29%
Cost of Credit	(157)	(168)	7%	(253)	(325)	28%
Other Income/(Expense)	-	(13)	N.M.	-	(13)	N.M.
Profit before Tax	13	33	154%	324	46	(86%)
Tax	4	(2)	(150%)	(98)	2	(102%)
Net Income	17	31	82%	226	48	(79%)

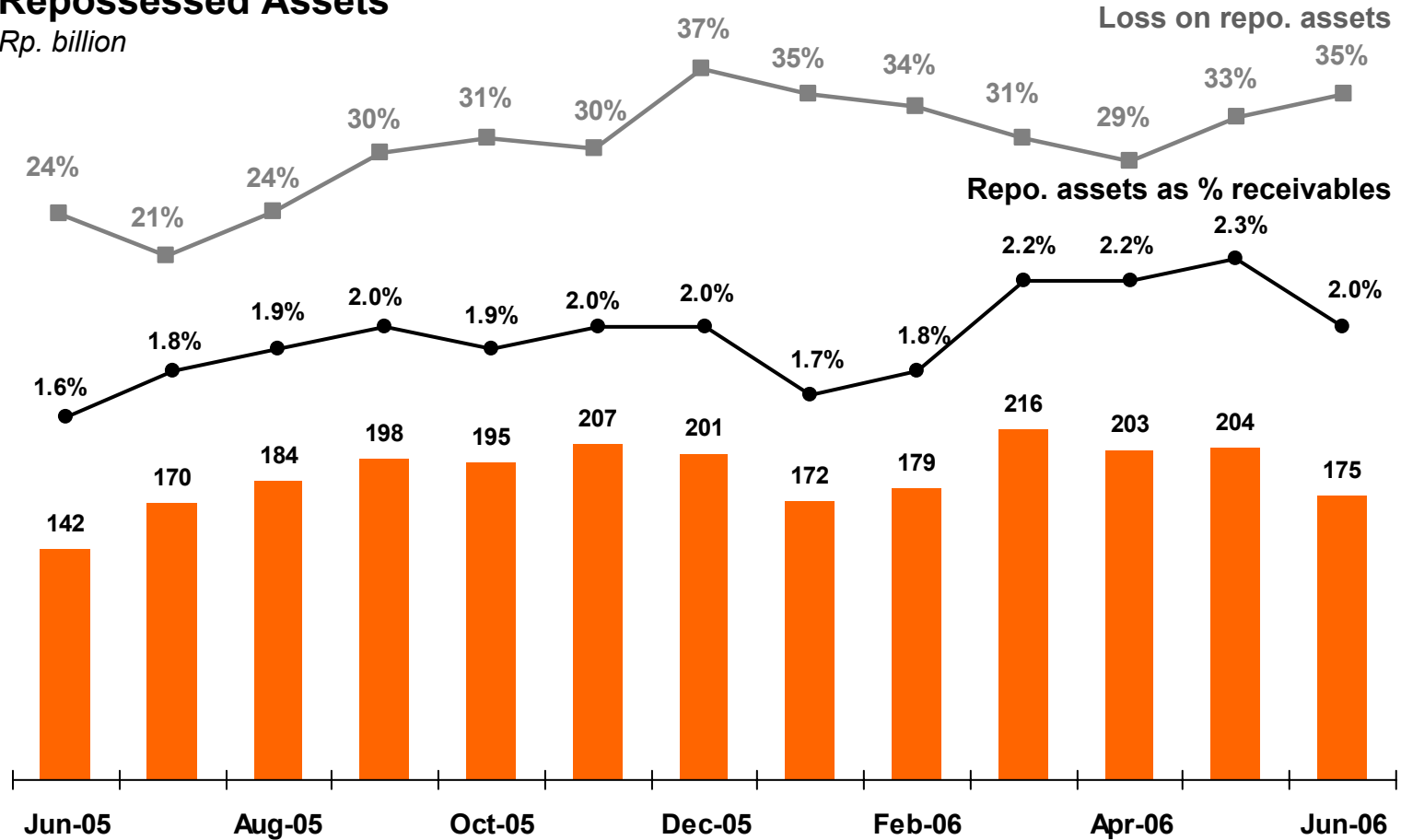
¹Including internal transfer pricing charge

²Adira Finance changed its accounting policy on loan write off in June 2005 and provision for loss on repossessed assets in August 2005

Higher losses on repossessed assets resulted in higher net credit losses

Repossessed Assets

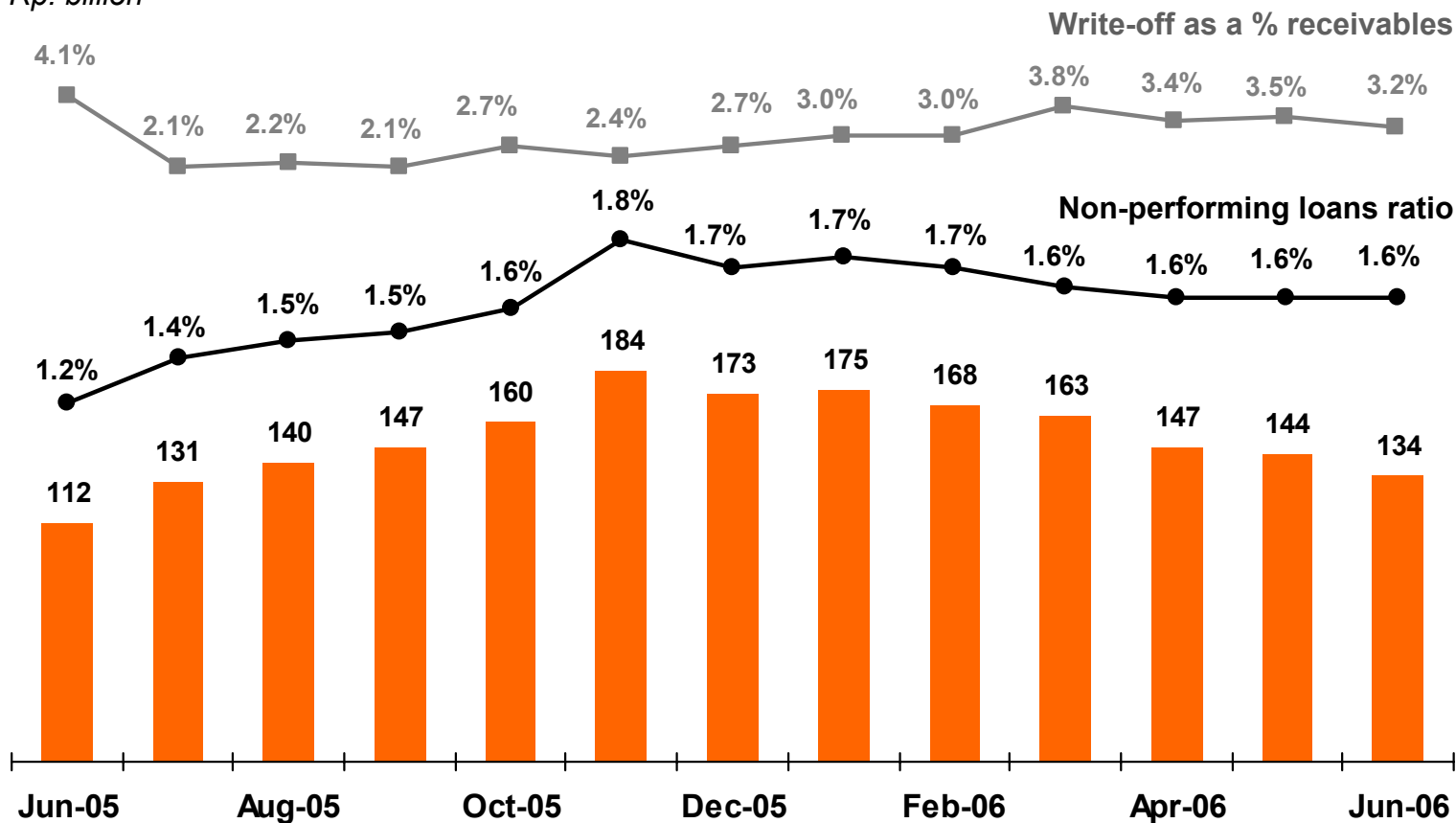
Rp. billion



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

Non-Performing Loans

Rp. billion



Latest Updates

Structured Funding



- Danamon signed an agreement with IFC to obtain rupiah denominated loan equivalent to US\$ 150 million loans on 15 May 2006
- Adira Finance concluded its Rp 750 billion rupiah bond issuance in June 2006.
- Adira Finance is in the final stage of obtaining US\$ 30 million loan facility from DEG

Payment of dividend



Danamon paid out 50% of 2005 profit or Rp 1,003 billion as dividend, representing Rp 203.99 per share

AGMS on May 2006 has approved the composition members of Board of Commissioner and Board of Director

The Board of Commissioners



President Commissioner	:	Ng Kee Choe
Vice President Commissioner	:	J.B. Kristiadi P
Independent Commissioner	:	Milan Robert Shuster
Independent Commissioner	:	Harry Arief S. Sukadis
Independent Commissioner	:	Manggi Taruna Habir
Commissioner	:	Gan Chee Yen
Commissioner	:	Liew Cheng San Victor
Commissioner	:	Philip Ng ¹

The Board of Directors



President Director	:	Sebastian Paredes
Vice President Director	:	Jerry Ng
Director	:	Muliadi Rahardja
Director	:	Anika Faisal
Director	:	Hendarin Sukarmadji
Director	:	Ali Yong
Director	:	Sanjiv Malhotra ¹
Director	:	Vera Eve Lim
Director	:	Rene Eugene Burger ¹

¹Subject to Bank Indonesia approval (fit and proper test)

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Share Price performance

Daily share price and trading volume



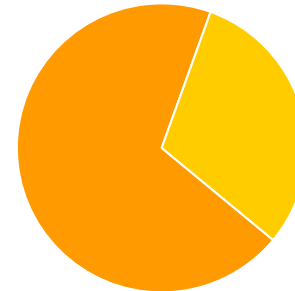
Source: Bloomberg

Shareholding Structure

As of June 30, 2006

**Asia Financial
Indonesia**
69.5%

Public
30.5%



Asia Financial (Indonesia)

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 Agencies	Rating / Outlook	
Standard & Poor's	Long-term / Short-term Local Currency	BB- / Stable / B
	Long-term / Short-term Foreign Currency	BB- / Stable / B
	Subordinated Debt	B / Stable
Moody's	Long-term / Short-term Bank Deposit	B2 / Stable / Not Prime
	Bank Financial Strength	D- / Stable
	Subordinated Debt	Ba3 / Positive
PEFINDO	Corporate Rating	^{id} A+ / Stable
	Bond Rating	^{id} A+ / Stable
Fitch Ratings	Long-term / Short-term Foreign Currency	BB- / Stable / B
	National Long-term	AA- (idn) / Positive



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

