



3rd Quarter 2006 Results Analyst Briefing

**Mercantile Athletic Club Jakarta
October 19, 2006**



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Highlights of the third quarter 2006 results

- Loan growth of 6% to Rp. 41 trillion
- Deposits growth of 4% to Rp. 54 trillion
- NPAT growth of 16% to Rp. 356 billion
- Concluded American Express card business acquisition

Agenda

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

Highlights of Income Statement

Rp. billion	1Q06	2Q06	3Q06	△QoQ	9M05	9M06	△YoY
Interest Income	2,519	2,676	2,800	5%	5,792	7,995	38%
Interest Expense	1,294	1,283	1,325	3%	2,319	3,902	68%
Net Interest Income	1,225	1,393	1,475	6%	3,473	4,093	18%
Normalized Fee Income	313	338	301	(11%)	803	952	19%
Normalized Op. Income	1,539	1,730	1,776	3%	4,276	5,045	18%
Operating Expenses	(777)	(813)	(845)	4%	(2,063)	(2,435)	18%
Pre-Provision Op. Profit	762	917	932	2%	2,214	2,611	18%
Cost of Credit	(291)	(435)	(343)	(21%)	(485)	(1,069)	120%
Net Profit before Tax	471	484	589	22%	1,729	1,542	(11%)
Goodwill & Minority Interest	(51)	(38)	(50)	32%	(176)	(139)	(21%)
Tax	(146)	(116)	(179)	54%	(451)	(441)	(2%)
Normalized NPAT	274	330	360	9%	1,102	963	(13%)
Non-Recurring Items	(23)	(22)	(4)	(82%)	786	(49)	(106%)
Reported NPAT	251	307	356	16%	1,888	914	(52%)

Highlights of Balance Sheet

Rp. billion	1Q06	2Q06	3Q06	△QoQ	9M05	9M06	△YoY
Assets & Commitments	83,916	85,327	87,565	3%	77,696	87,565	13%
Assets	70,758	74,531	77,250	4%	65,979	77,250	17%
Loans (gross) ¹	36,584	38,625	40,962	6%	36,516	40,962	12%
Government Bonds	16,569	17,153	16,249	(5%)	14,798	16,249	10%
Deposits	48,324	51,727	53,920	4%	44,662	53,920	21%
Current Account	4,380	4,858	4,785	(2%)	4,830	4,785	(1%)
Savings	7,907	8,286	8,892	7%	9,183	8,892	(3%)
Time Deposits	36,037	38,583	40,243	4%	30,649	40,243	31%
Borrowings ²	4,568	5,912	5,905	(0%)	4,464	5,905	32%
Subordinated Debt	3,394	3,454	3,443	(0%)	3,769	3,443	(9%)
Equity	8,959	8,102	8,872	10%	8,229	8,872	8%

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	3Q06	△QoQ	9M05	9M06	△YoY
Net Interest Margin ¹	8.4	9.2	9.4	0.2	9.0	9.0	0.0
Normalized Cost / Income	50.3	46.0	47.7	1.7	44.7	48.3	3.6
Loan / Deposit	78.5	75.6	77.8	2.2	82.4	77.8	(4.6)
Capital Adequacy ²	26.3	22.9	21.1	(1.8)	24.4	21.1	(3.3)
Normalized ROAA	1.6	1.8	1.9	0.1	2.4	1.7	(0.7)
Normalized ROAE	12.4	15.2	17.8	4.1	20.6	14.9	(5.7)
Reported ROAA	1.4	1.7	1.9	0.2	4.0	1.7	(2.3)
Reported ROAE	11.4	14.2	17.6	3.4	33.2	14.1	(19.1)
NPL - Gross	3.4	3.6	3.5	(0.1)	2.2	3.5	1.3
LLP / NPL ³	114.9	131.2	136.3	5.1	175.7	136.3	(39.4)

¹Include credit related fees and commission as per Bank Indonesia regulations

²After market risk charge

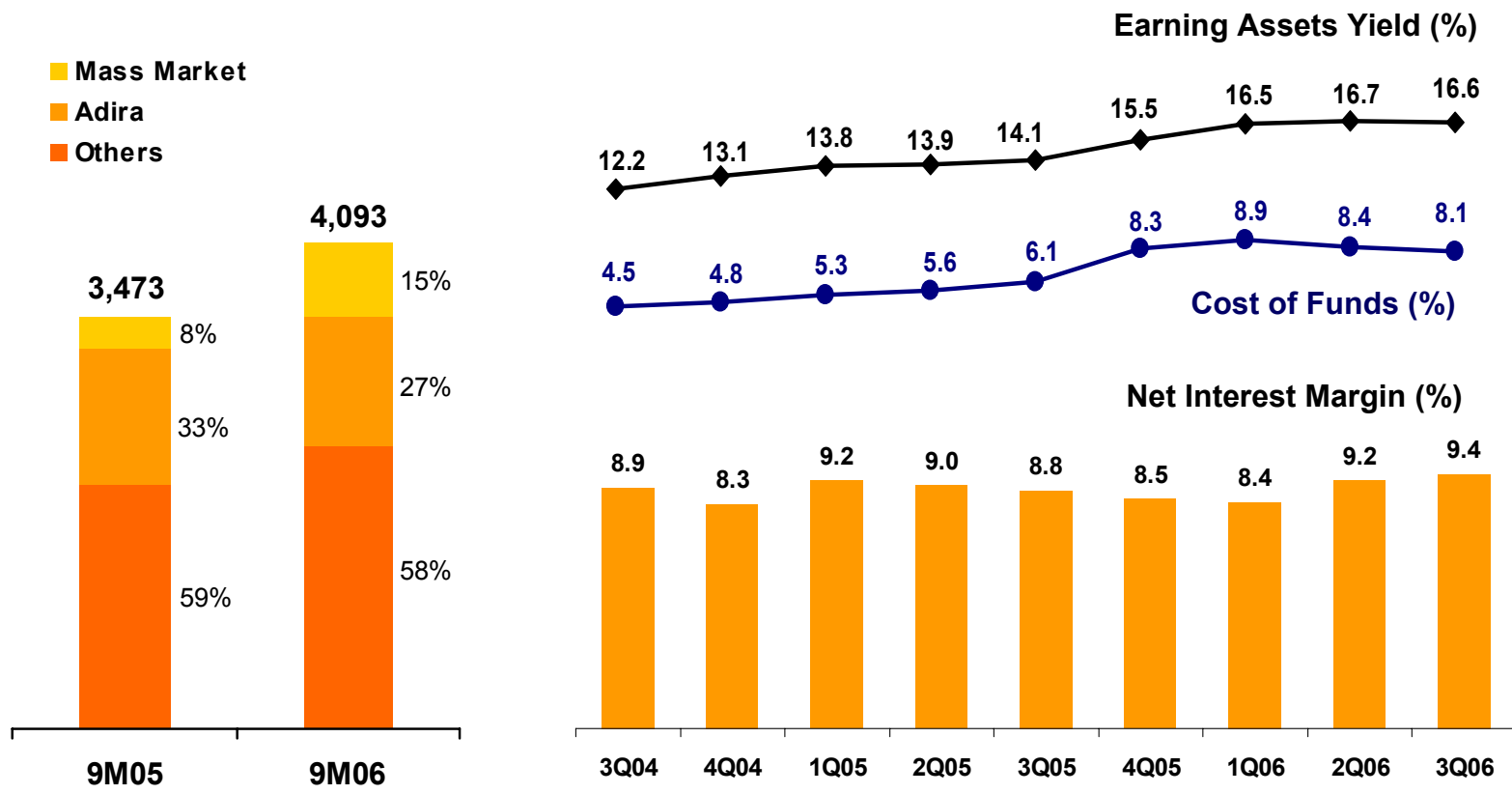
³After collateral value



Interest margin rose to 9.4% due to the continuous growth in high yielding loans and lower cost of funds

Breakdown of Net Interest Income

Rp. billion



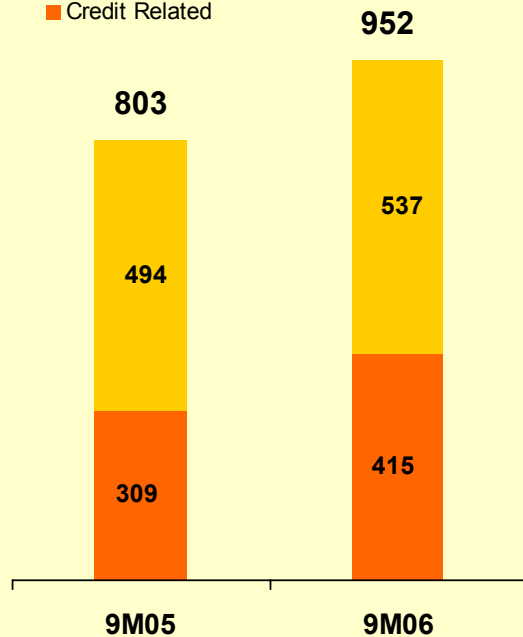
Normalized Fee Income

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

Breakdown of Fee Income

Rp. billion

- Non Credit Related
- Credit Related



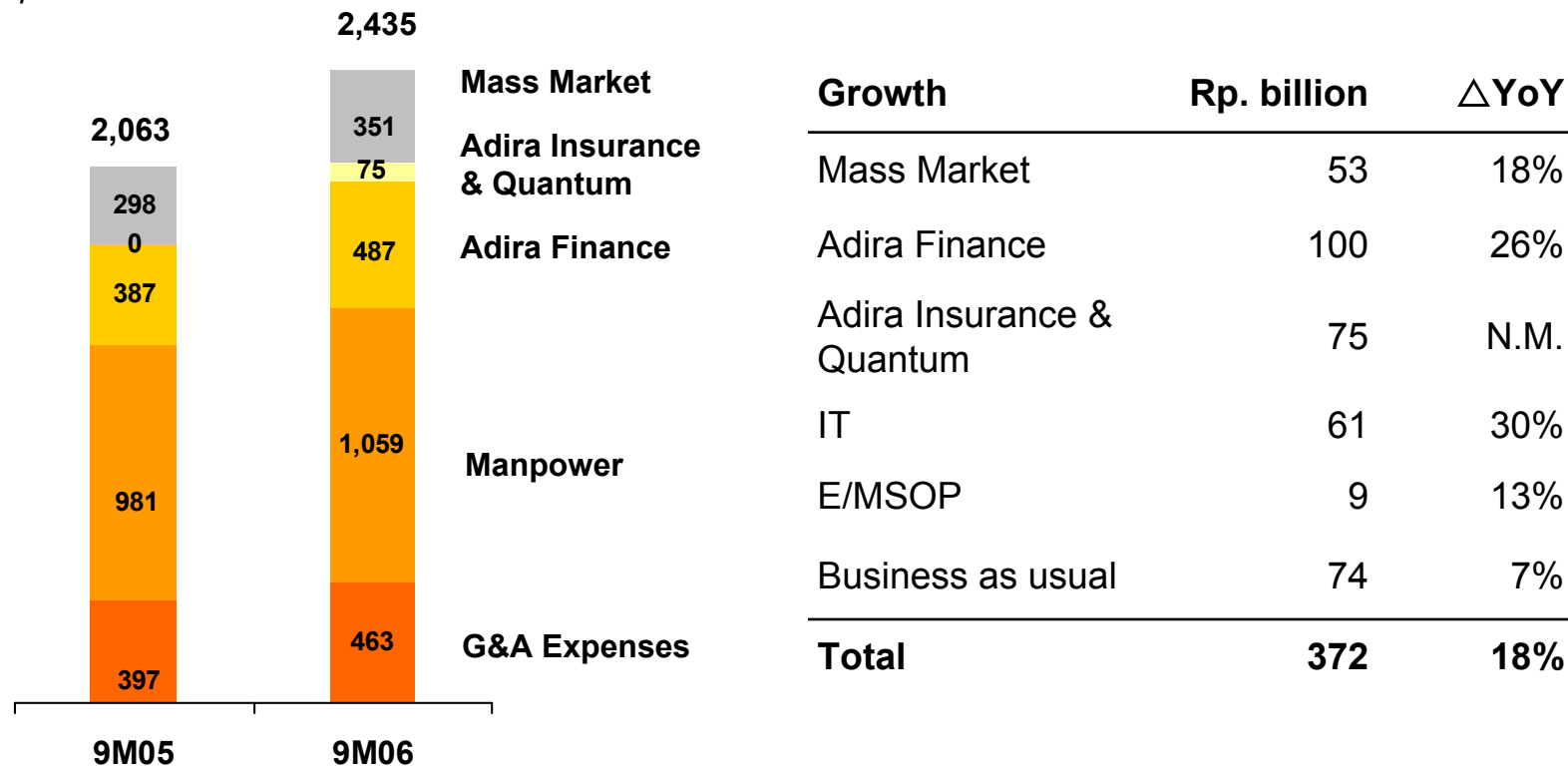
Rp. billion	9M05	9M06	ΔYoY
Credit related fees	309	415	34%
Cash management	184	303	65%
Treasury products	225	113	(50%)
Adira Finance	85	21	(75%)
Adira Insurance & Quantum	-	100	N.M.
Total	803	952	19%

Operating expenses

Adira Finance, Adira Insurance and the mass market business contributed to over 60% of the increased in operating expenses

Breakdown of Operating Expenses

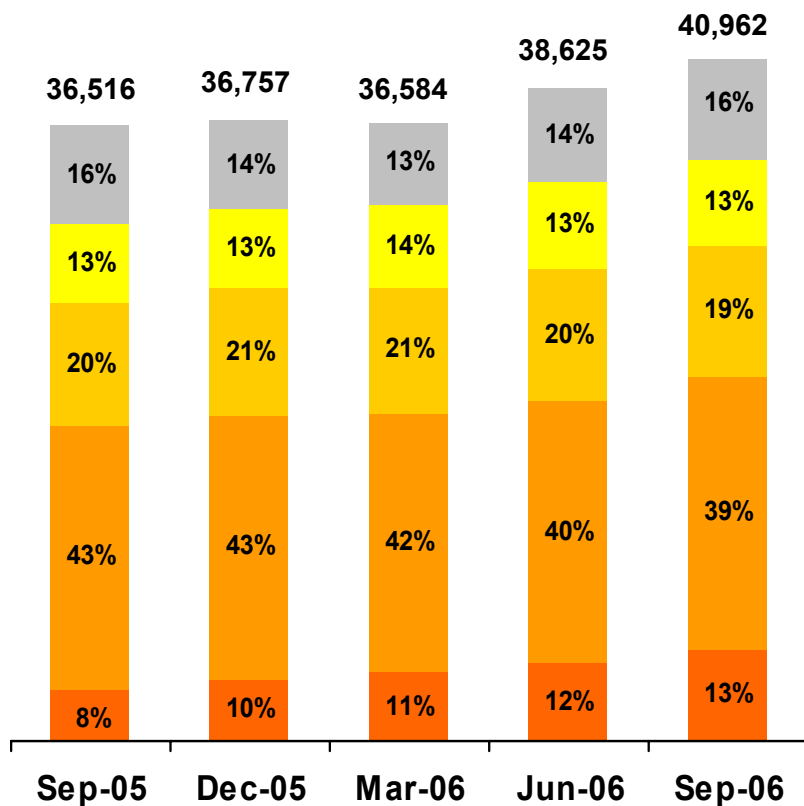
Rp. billion



Loan growth was driven by mass market and corporate segments

Breakdown of Loans

Rp. billion



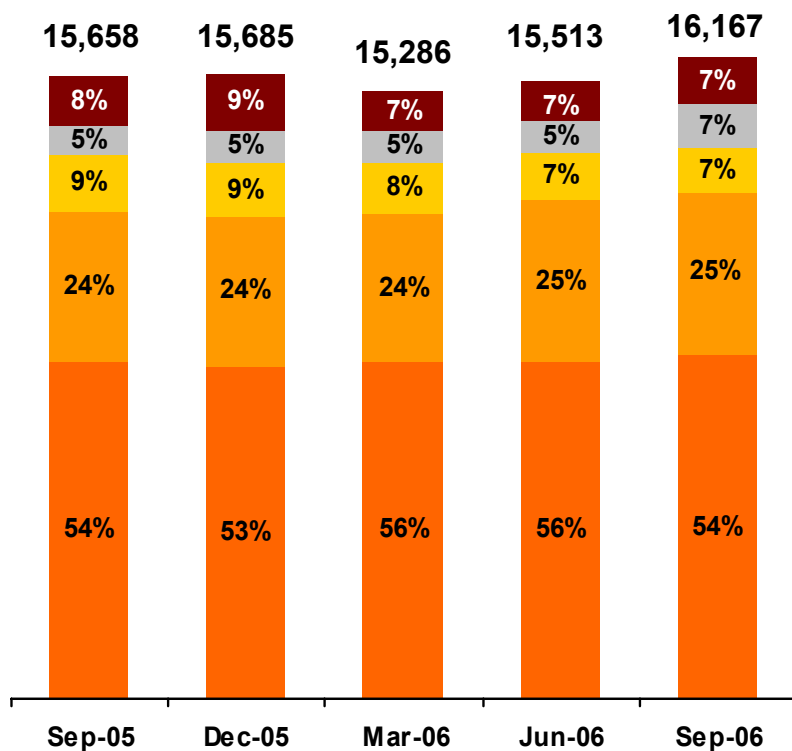
Loan Growth	△QoQ		△YoY	
	Rp. bn	%	Rp. bn	%
Corporate	943	17%	609	10%
Commercial	40	1%	431	9%
SME	(104)	(1%)	524	7%
Consumer	654	4%	510	3%
Mass Market	803	17%	2,372	77%
Total	2,337	6%	4,466	12%



Slower growth in automotive and housing loans

Breakdown of Consumer Loans

Rp. billion



Loan Growth	△QoQ		△YoY	
	Rp. bn	%	Rp. bn	%
Others ¹	240	25%	(36)	(3%)
Credit Card ²	284	35%	332	43%
Housing	(70)	(6%)	(321)	(22%)
Car	2	0%	355	9%
Motorcycle	199	2%	181	2%
Total	655	4%	510	3%

¹Include personal loans and white good financing receivables

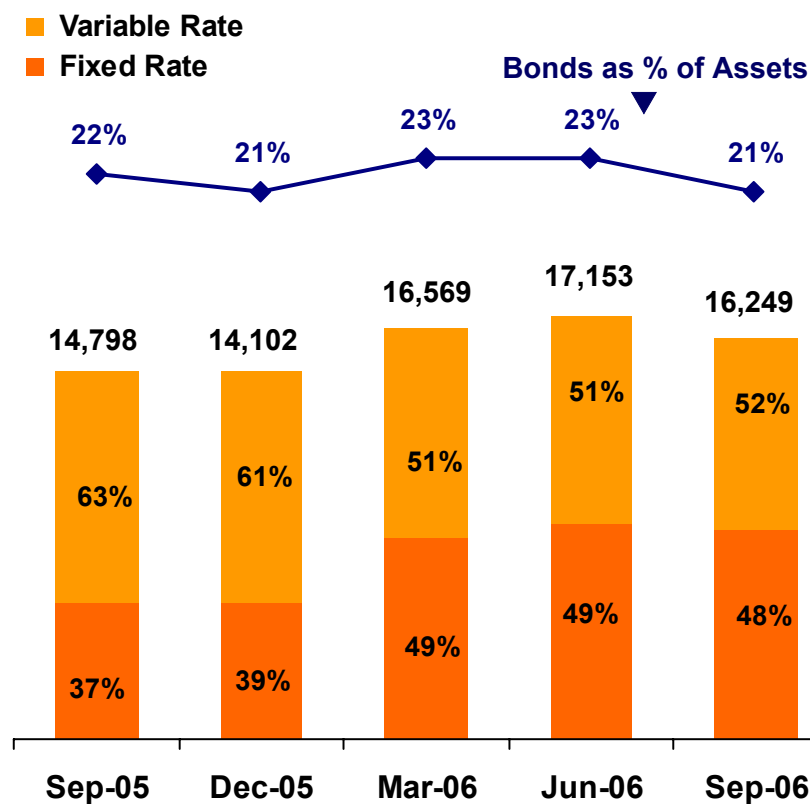
²Include American Express card receivables



Government bonds accounted for 21% of assets

Breakdown of Government Bonds Portfolio

Rp. billion



The average duration of government bonds holdings is 1.9 years as of September 30, 2006 as compared to 1.8 years a year earlier

	Rp. billion	Sep. 05	Sep. 06	ΔYoY
Held to maturity		7,924	6,696	(15%)
Available for sale		6,618	9,002	36%
Trading		257	551	114%
Total		14,798	16,249	10%

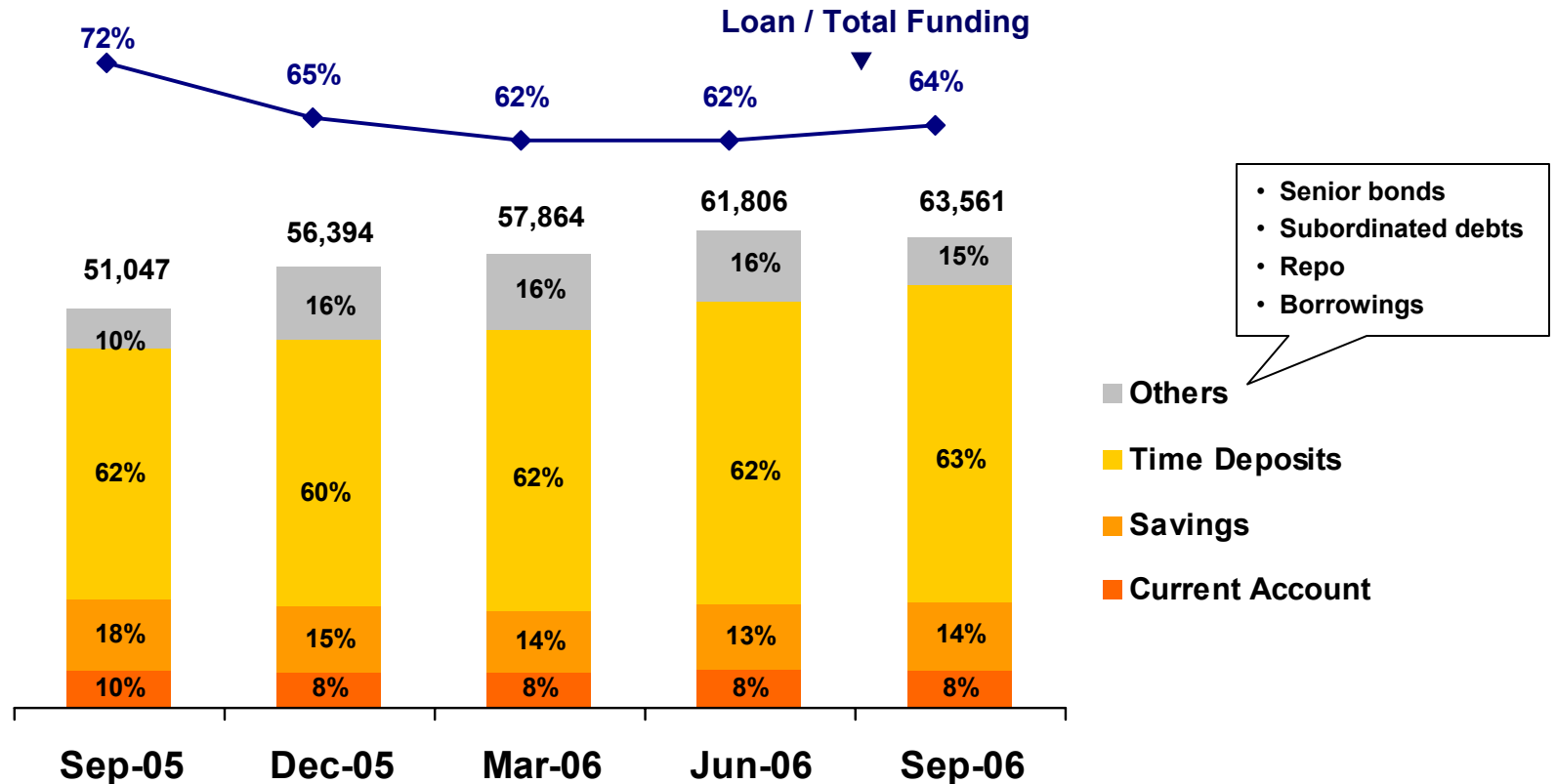


Funding grows steadily despite competitive market conditions

Total Deposits grew by 21% YoY to Rp. 53,920 billion as of September 30, 2006

Breakdown of Interest Bearing Funding

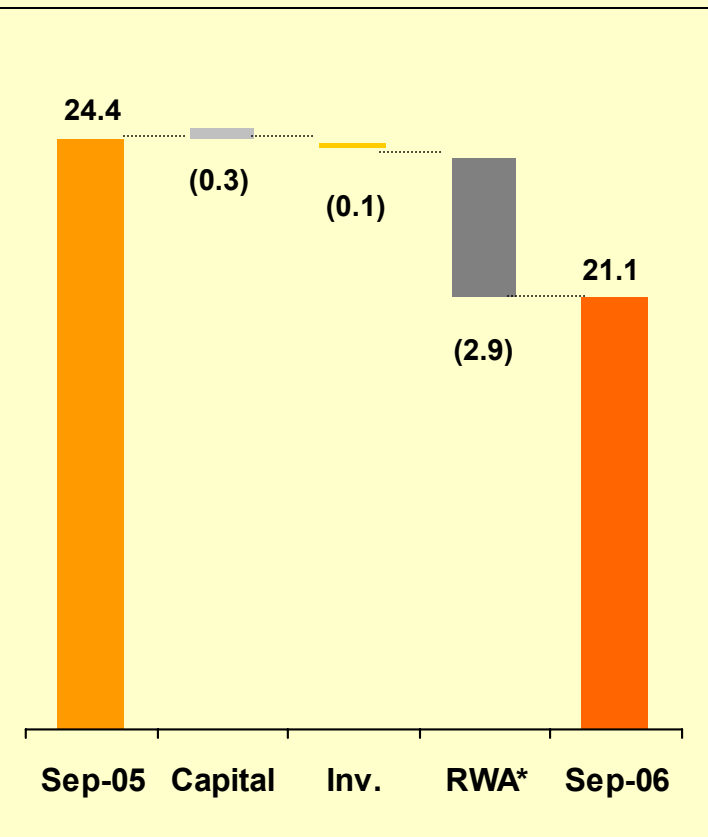
Rp. billion



Capital Adequacy Ratio at 21.1% on September 30, 2006

Movement of Capital Adequacy Ratio

%



Rp. billion	Sep.05	Sep.06	ΔYoY
Tier 1 Capital	7,876	8,142	3%
Tier 2 Capital	4,159	3,783	(9%)
Investments	1,164	1,116	(4%)
Total Capital after Investments	10,871	10,808	(1%)
Risk Weighted Assets (RWA)*	44,643	51,176	15%
CAR*	24.4%	21.1%	(3.3%)

*after market risk charge

Agenda

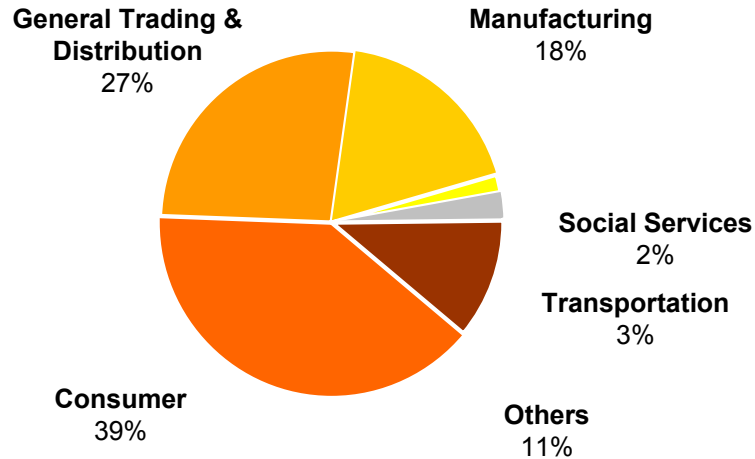
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- **Asset Quality**
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Diversified loan portfolio across economic sectors

Fixed rate loans are mainly comprised of high yielding automotive and mass market loans

Loans by Economic Sector

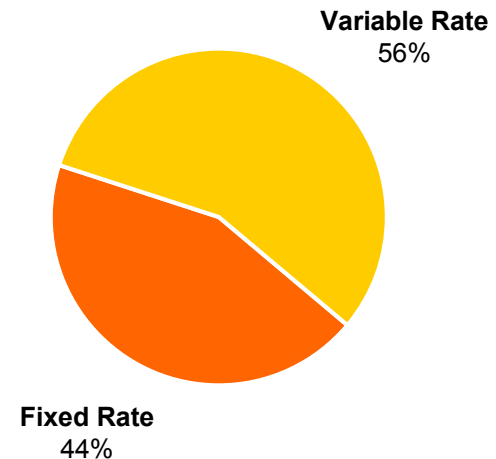
As of September 30, 2006



Total Loans Rp. 40,962 billion

Loans by Interest Rate

As of September 30, 2006



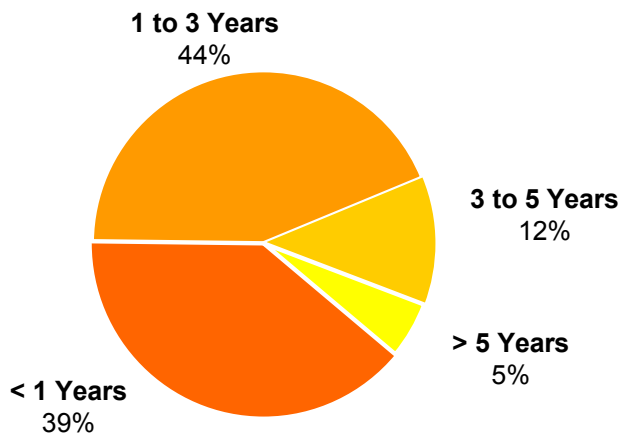
Total Loans Rp. 40,962 billion



Loan portfolio by tenor and currency

Loans by Tenor

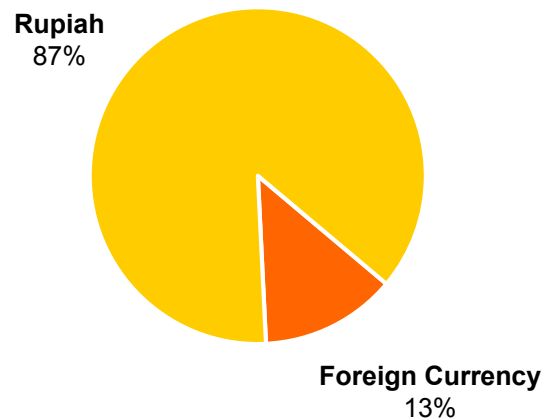
As of September 30, 2006



Total Loans Rp. 40,962 billion

Loans by Currency

As of September 30, 2006

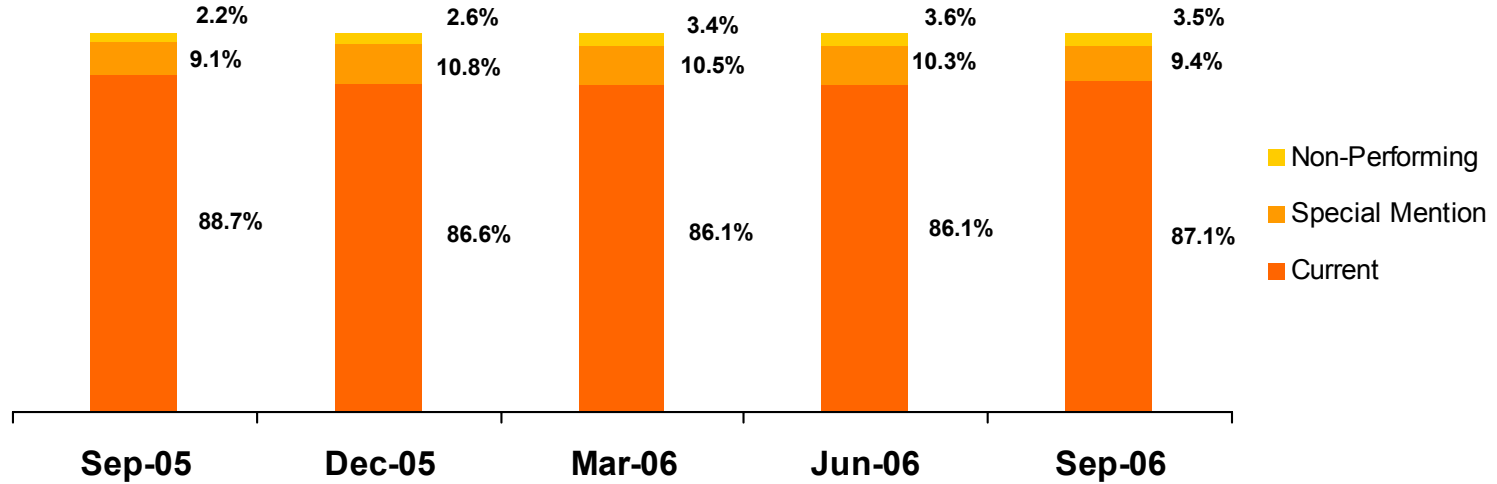


Total Loans Rp. 40,962 billion



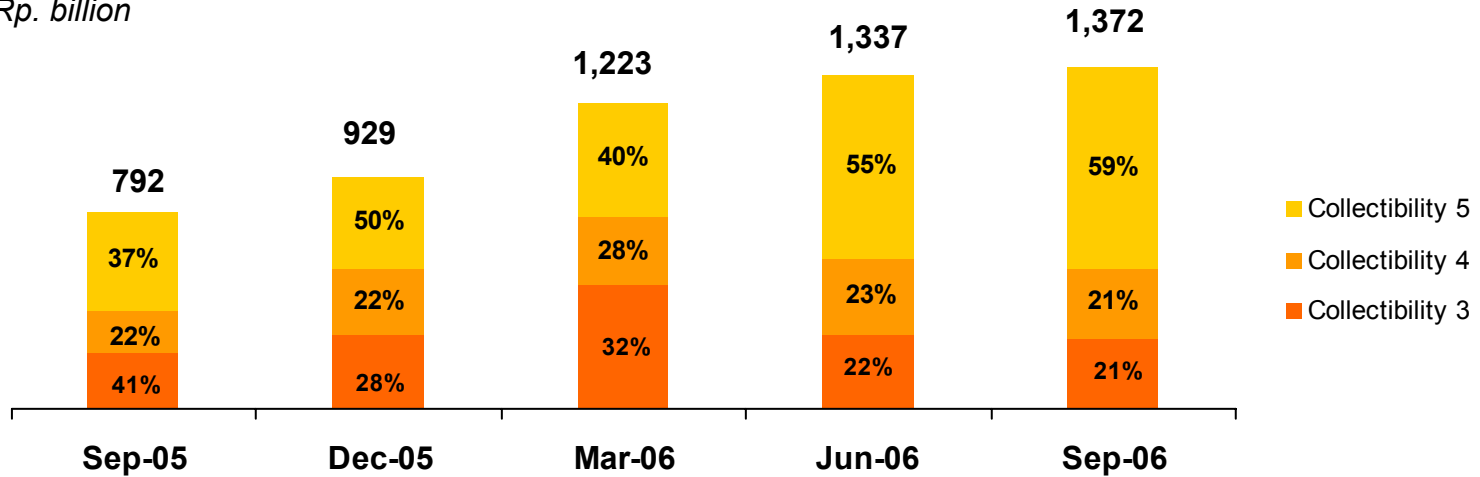
Loan's Collectibility

% Total



Breakdown of Non-Performing Loans

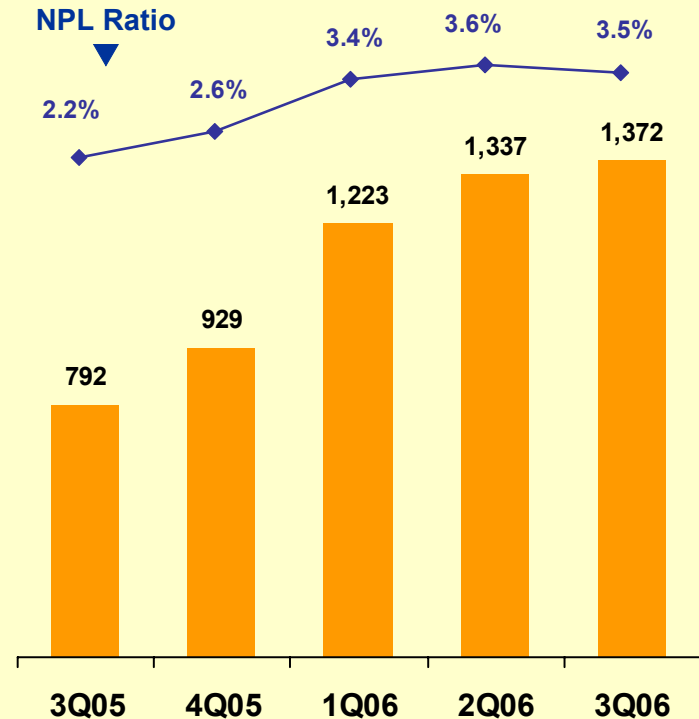
Rp. billion



Cost of credit improved substantially in the third quarter of 2006 as compared to the previous quarter

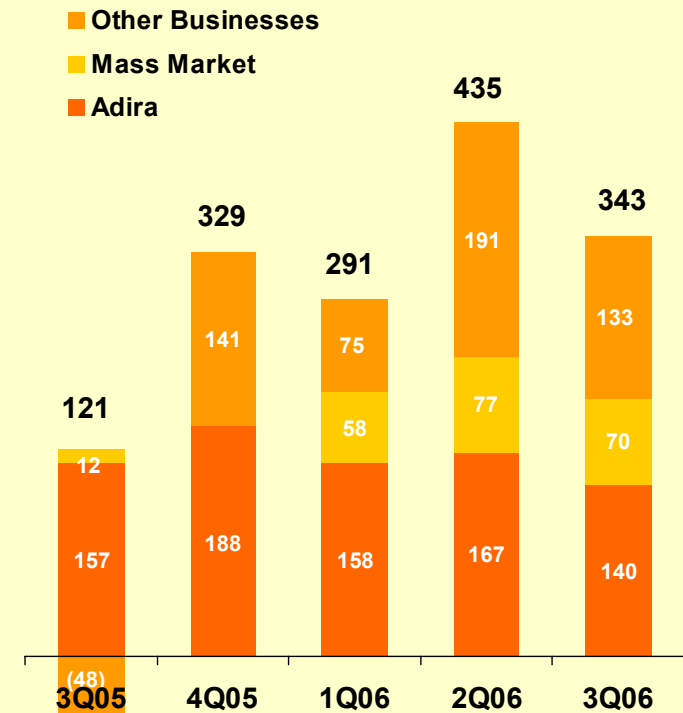
Non-Performing Loans

Rp. billion



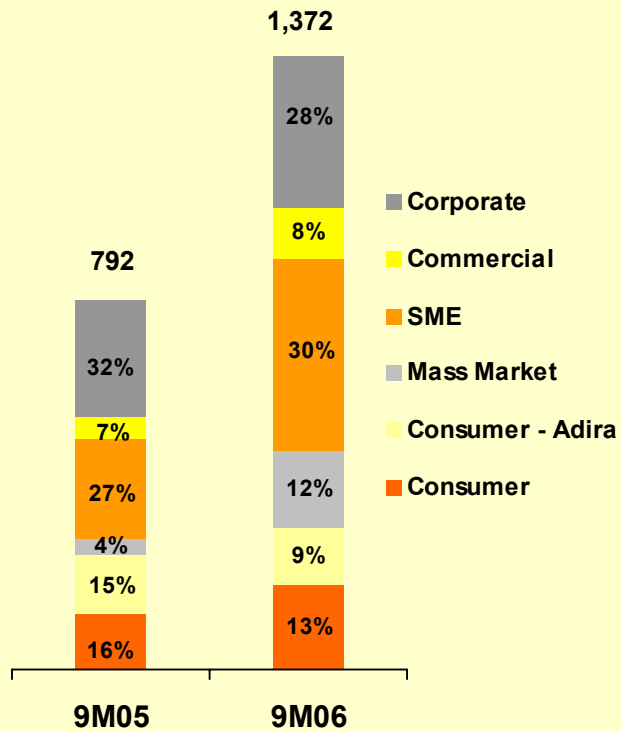
Normalized Cost Of Credit

Rp. billion

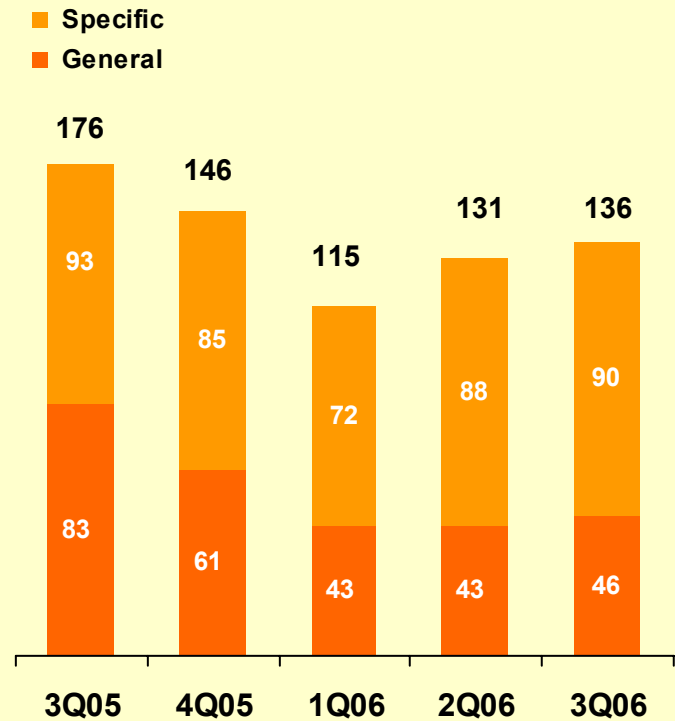


Adequate loan loss provision to cover non-performing loans

Non Performing Loans by Segments
Rp. billion



Loan Loss Provision / NPL ¹
%



¹After collateral value



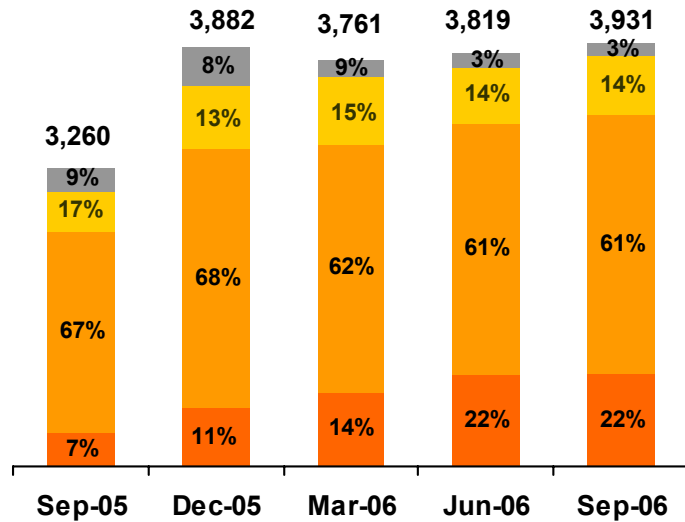
Higher special mention loans due to growing mass market and consumer auto financing businesses

Special mention loans concentrate on DPD 1 – 30 days

Special Mention Loans

Rp. billion

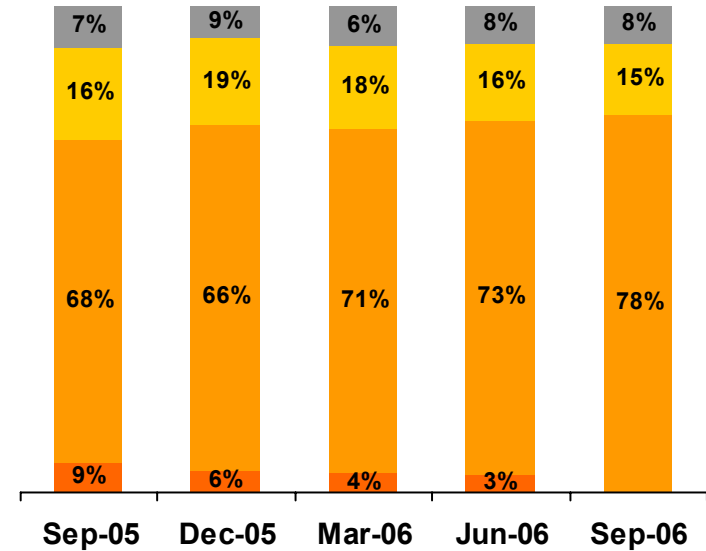
- Corporate
- SME/Commercial
- Consumer
- Mass Market



Aging of Special Mention Loans

% Total

- 61 - 90 Days
- 31 - 60 Days
- 1 - 30 Days
- 0 Days

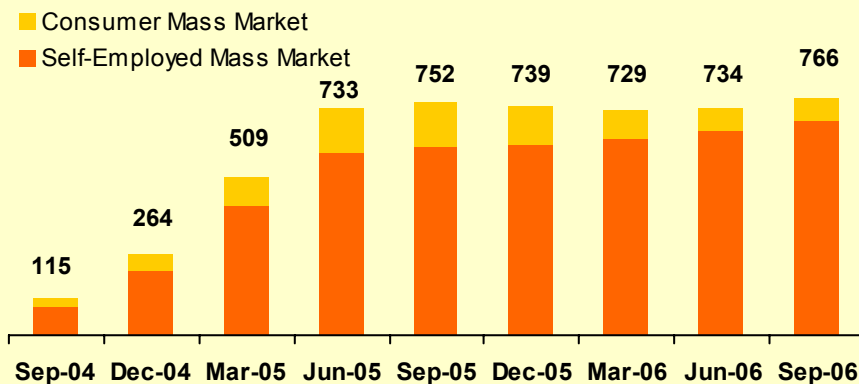


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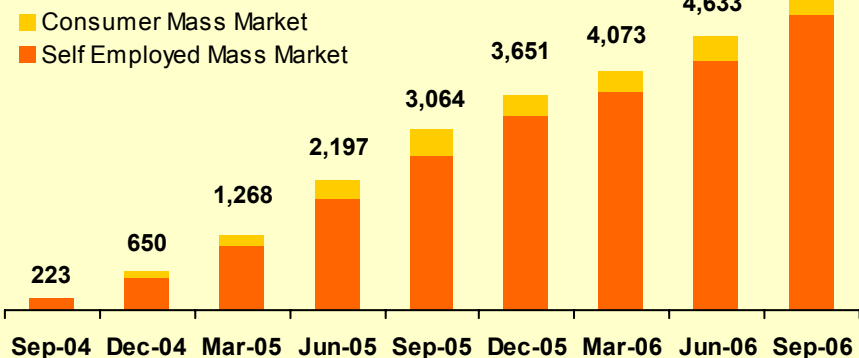
Danamon Simpan Pinjam (Mass Market)

DSP Units



Outstanding Loans

Rp. billion



- An additional 75 units of DSP SEMM were opened in the first nine months of 2006, bringing total DSP SEMM to 693 units
- Mass market loans grew by an additional Rp 803 billion in the third quarter 2006 to Rp 5,436 billion, representing a YoY growth of 82 %
- NPL ratio stood at 3.2% on September 30, 2006 as compared to 1.3% a year earlier

Consumer auto financing business with Adira Finance

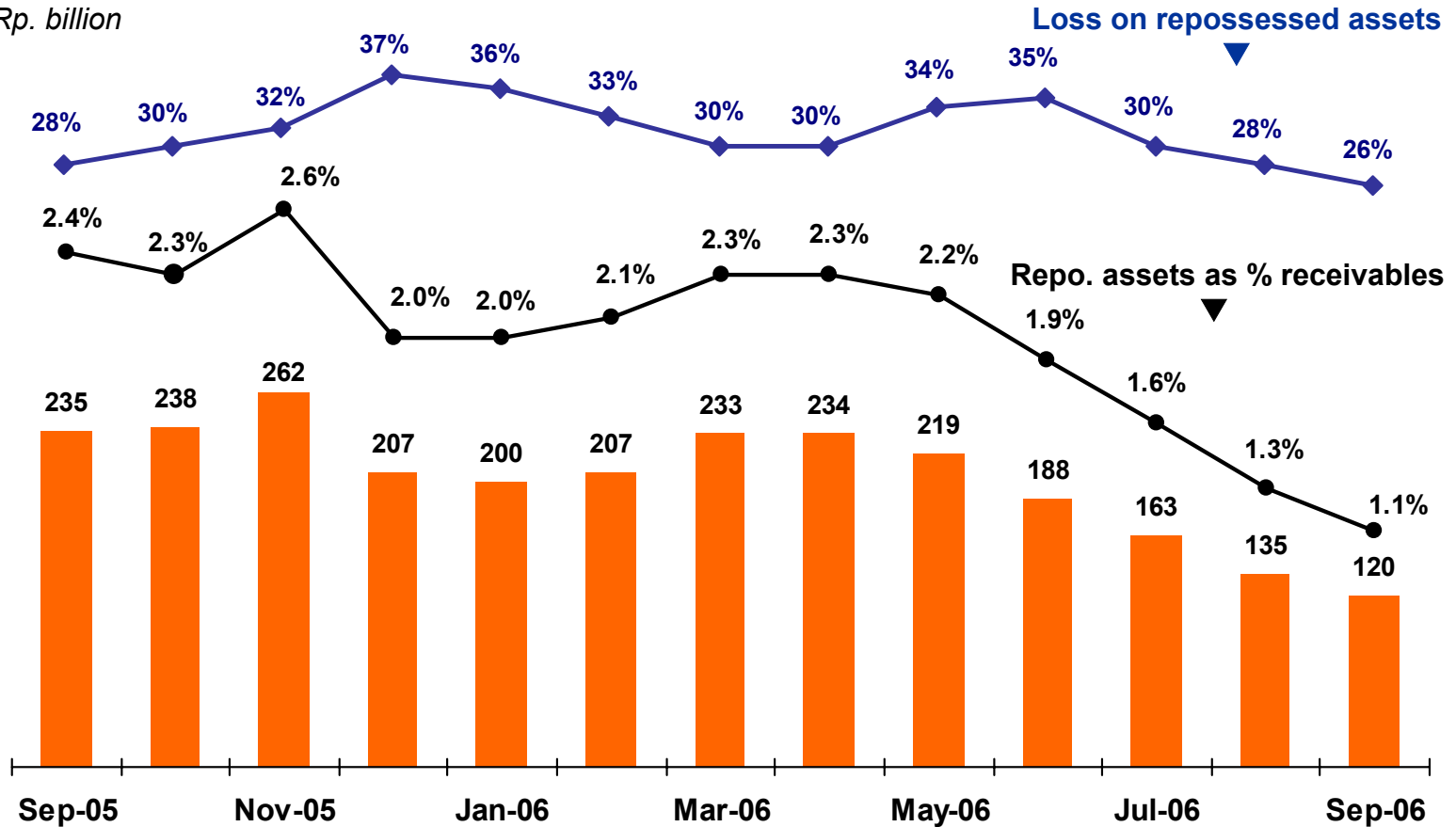
Rp. billion	1Q06	2Q06	3Q06	△QoQ	9M05	9M06	△YoY
New Financing Units	134,024	159,039	212,331	34%	556,335	505,394	(9%)
New Financing Volume	1,513	2,018	2,454	22%	6,822	5,985	(12%)
O/S Receivables	9,919	10,124	10,710	6%	9,926	10,710	8%
Interest Income	691	701	742	6%	1,775	2,134	20%
Interest Expenses ¹	(353)	(345)	(342)	(1%)	(622)	(1,041)	67%
Net Interest Income	338	356	400	12%	1,153	1,094	(5%)
Fee Income	(2)	12	11	(8%)	85	21	(75%)
Total Opt. Income	336	368	411	12%	1,238	1,115	(10%)
Operating Expenses	(157)	(162)	(167)	3%	(387)	(487)	26%
Cost of Credit	(158)	(167)	(140)	(16%)	(410)	(464)	13%
Other Income/(Expense)	(8)	(5)	(3)	(40%)	(12)	(16)	33%
Profit before Tax	14	33	101	206%	429	148	(66%)
Tax	5	(4)	(26)	550%	(129)	(25)	(81%)
Net Income	19	30	75	150%	300	123	(59%)

¹Including internal transfer pricing charge

Improvement in inventory management resulted in lower losses on repossessed assets

Repossessed Assets

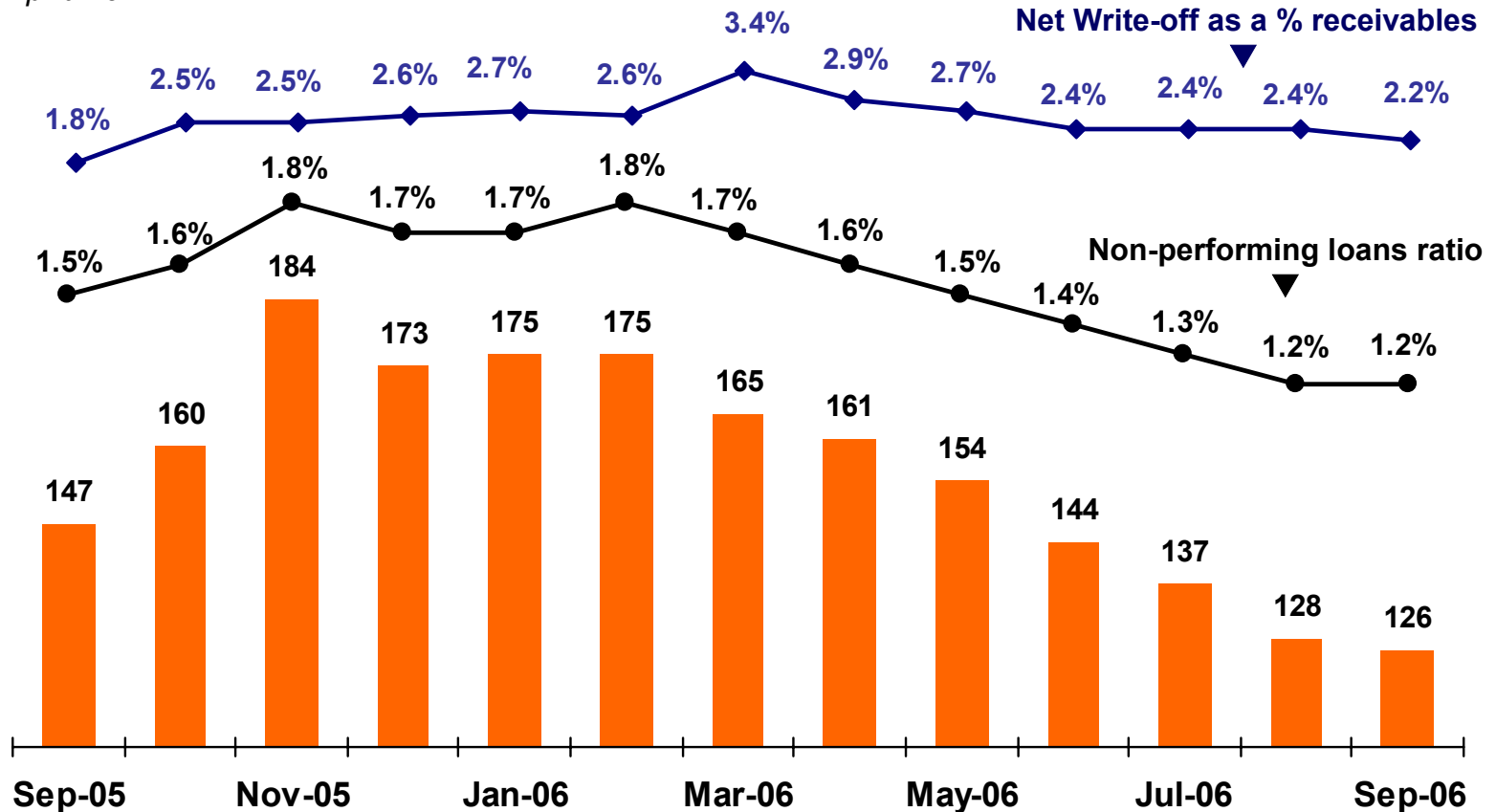
Rp. billion



Lower non-performing loans and write-off as a result of improvement in risk management

Non-Performing Loans

Rp. billion



Latest Updates

American Express Acquisition



- Danamon concluded the transfer of American Express card business. Starting September 30, 2006, Danamon will be the sole issuer and manager of the American Express card and merchant in Indonesia

Others



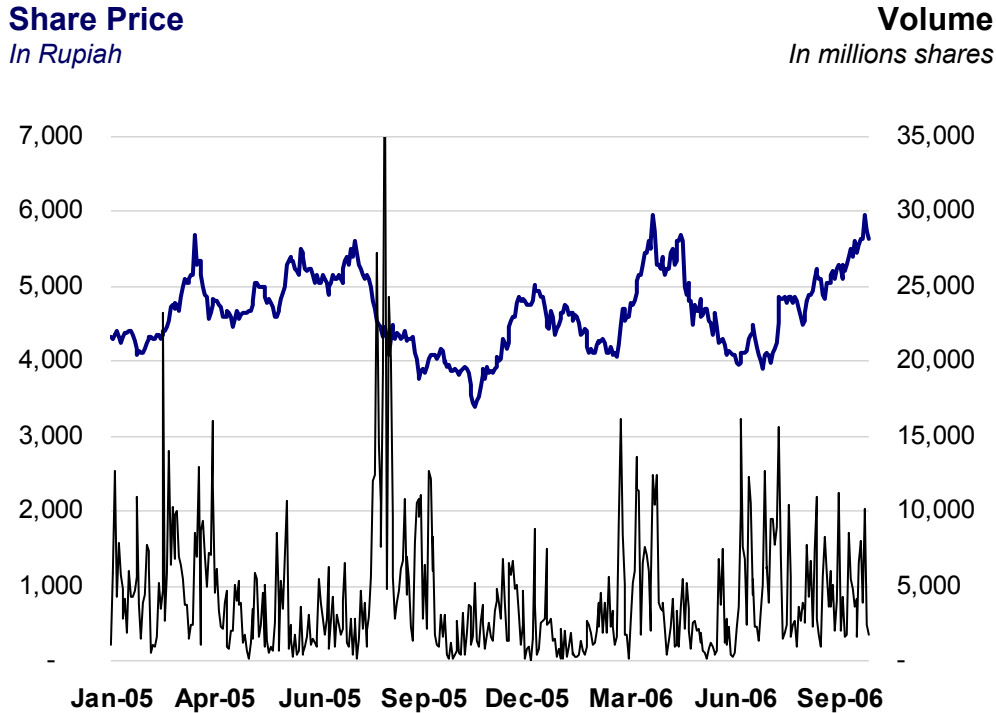
- Danamon formed a bancassurance partnership with PT Asuransi Allianz Life Indonesia to strengthen consumer banking business
- Danamon launched “Manchester United” mastercard and “My Own Card”

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Danamon's shares

Daily share price and trading volume



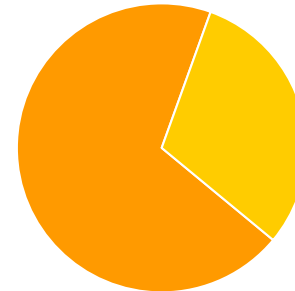
Source: Bloomberg

Shareholding Structure

As of Sept. 30, 2006

**Asia Financial
(Indonesia)**
69.4%

Public
30.6%



Asia Financial (Indonesia) (AFI)

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



Danamon's 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

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