



Analyst Briefing

Full Year 2006 Results

JW Marriot Hotel, Jakarta
8 February 2007

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Agenda

- **Executive Summary**
- Financial Results
- Asset Quality
- Business Update
- Appendix

Executive Summary

- Operating environment for the most part of 2006 was very challenging marked by weak consumer purchasing power, slower economic growth and high inflation and interest rates
 - Total loans grew by 17% driven by the strong growth in mass market and SME/Commercial businesses
 - Total deposits increased by 23% supported by all types of funding including current account and saving account that grew by 18% and 14%, respectively
-
- Normalized operating income rose by 23% to Rp 7.0 trillion
 - Net interest margin widened to 9.3%
 - Normalized ROAA at 1.9%
 - Normalized ROAE at 16.5%

Normalized NPAT grew by 16% to Rp 1,389 billion despite market disruptions in the most part of 2006

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Highlights of Income Statement

<i>Rp. billion</i>	FY 2005	FY 2006	△YoY	1Q06	2Q06	3Q06	4Q06	△QoQ
Interest Income	8,129	10,896	34%	2,519	2,676	2,800	2,901	4%
Interest Expense	(3,526)	(5,251)	49%	(1,294)	(1,283)	(1,325)	(1,349)	2%
Net Interest Income	4,603	5,645	23%	1,225	1,393	1,475	1,552	5%
Normalized Fee Income	1,080	1,358	26%	313	338	301	406	35%
Normalized Operating Income	5,683	7,003	23%	1,539	1,730	1,776	1,958	10%
Normalized Operating Expenses	(2,909)	(3,428)	18%	(777)	(813)	(845)	(993)	18%
Pre-Provision Op. Profit	2,774	3,575	29%	762	917	932	964	3%
Normalized Cost of Credit	(814)	(1,332)	64%	(291)	(435)	(343)	(263)	(23%)
Net Profit bef. Tax	1,960	2,243	14%	471	484	589	699	19%
Goodwill & MI	(206)	(202)	(2%)	(51)	(38)	(50)	(63)	26%
Tax	(559)	(652)	17%	(146)	(116)	(179)	(211)	18%
Normalized NPAT	1,195	1,389	16%	274	330	360	425	18%
Non-Recurring Items	808	(63)	(108%)	(23)	(22)	(4)	(14)	250%
Reported NPAT	2,003	1,325	(34%)	251	307	356	411	15%

Highlights of Balance Sheets

<i>Rp. billion</i>	FY 2005	FY 2006	△YoY	1Q06	2Q06	3Q06	4Q06	△QoQ
Total Assets	67,803	82,073	21%	70,758	74,531	77,250	82,073	6%
Loans (gross) ¹	36,757	42,986	17%	36,584	38,625	40,962	42,986	5%
Government Bonds	14,102	18,702	33%	16,569	17,153	16,249	18,702	15%
Total Deposits	47,089	57,834	23%	48,324	51,727	53,920	57,834	7%
Current Account	4,538	5,337	18%	4,380	4,858	4,785	5,337	12%
Savings	8,552	9,713	14%	7,907	8,286	8,892	9,713	9%
Time Deposits	33,999	42,784	26%	36,037	38,583	40,243	42,784	6%
Borrowings ²	4,488	6,710	50%	4,568	5,912	5,905	6,710	14%
Subordinated Debt	3,628	3,374	(7%)	3,394	3,454	3,443	3,374	(2%)
Equity	8,589	9,442	10%	8,959	8,102	8,872	9,442	6%

¹Include consumer financing receivables of Adira Finance

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

Key Ratios

%	FY 2005	FY 2006	△YoY	1Q06	2Q06	3Q06	4Q06	△QoQ
Net Interest Margin ¹	8.9	9.3	0.4	8.4	9.2	9.4	9.9	0.5
Normalized Cost / Income	51.1	48.9	(2.2)	50.3	46.0	47.7	50.3	2.6
Loan / Deposit	80.8	75.5	(5.3)	78.5	75.6	77.8	75.5	(2.3)
Capital Adequacy ²	22.7	20.4	(2.3)	26.3	22.9	21.1	20.4	(0.7)
Normalized ROAA	1.8	1.9	0.1	1.6	1.8	1.9	2.2	0.3
Normalized ROAE	15.2	16.5	1.3	12.4	15.2	17.8	21.4	3.6
Reported ROAA	3.1	1.8	(1.3)	1.4	1.7	1.9	2.0	0.1
Reported ROAE	24.2	15.1	(9.1)	11.4	14.2	17.6	19.9	2.3
NPL - Gross	2.6	3.3	0.7	3.4	3.6	3.5	3.3	(0.2)
LLP / NPL ³	145.7	141.7	(4.0)	114.9	131.2	136.3	141.7	5.4

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

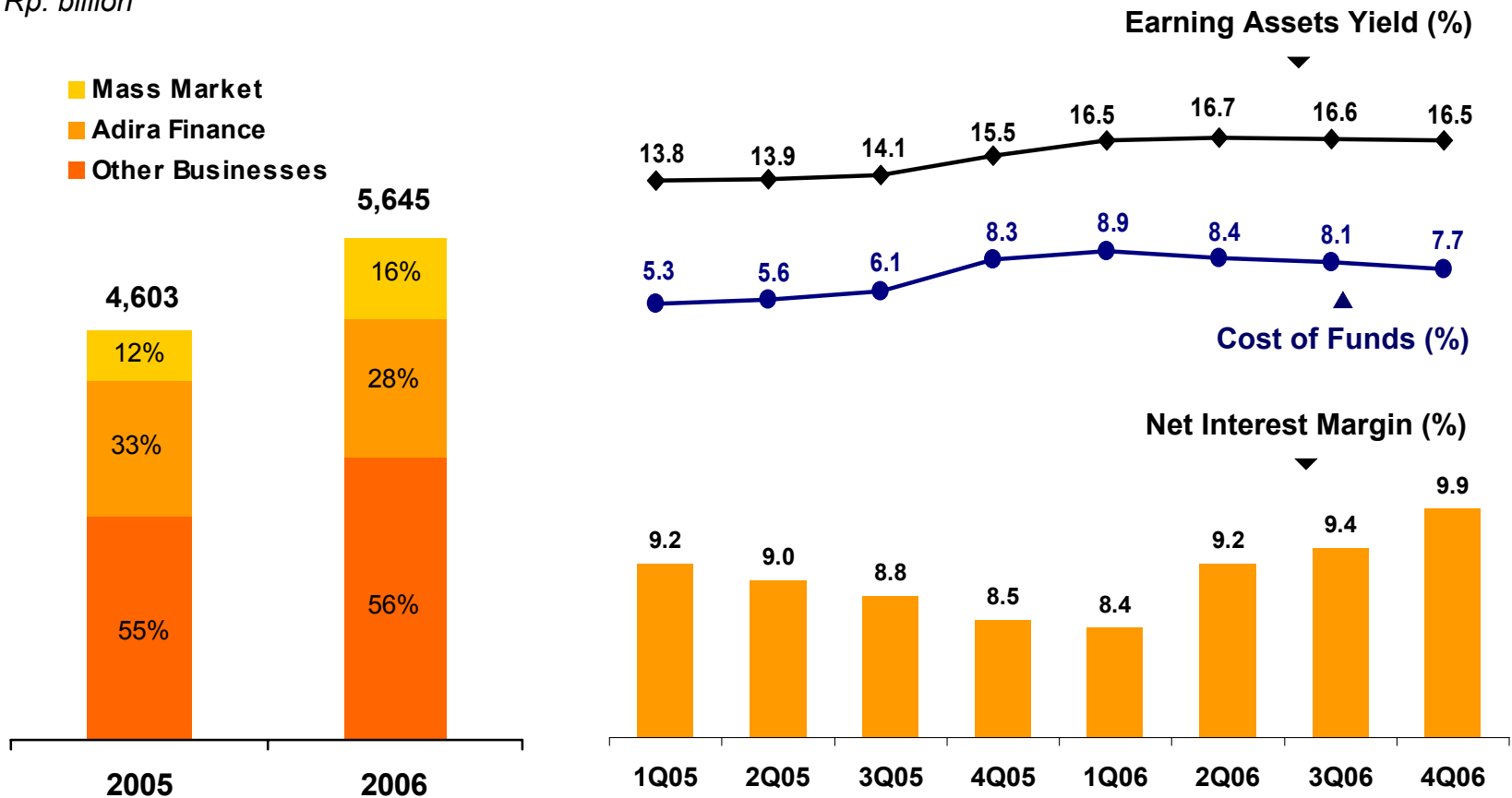
²After market risk charge

³After collateral value

Rising asset yield improved the net interest margin despite the higher cost of funds

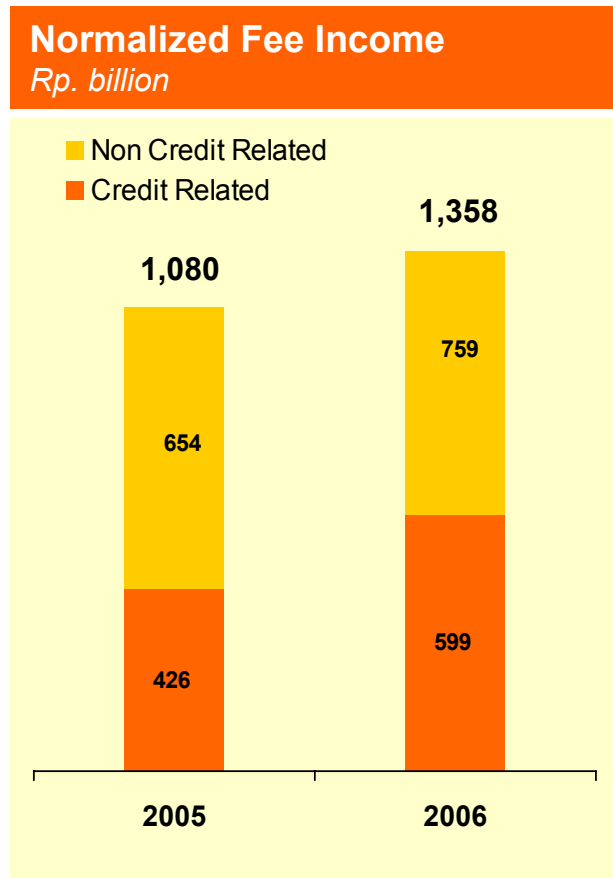
Breakdown of Net Interest Income

Rp. billion



Higher credit related fees and consolidation of Adira Insurance drove the increase in fee income

Credit card and loans contributed to the increase in credit related fees



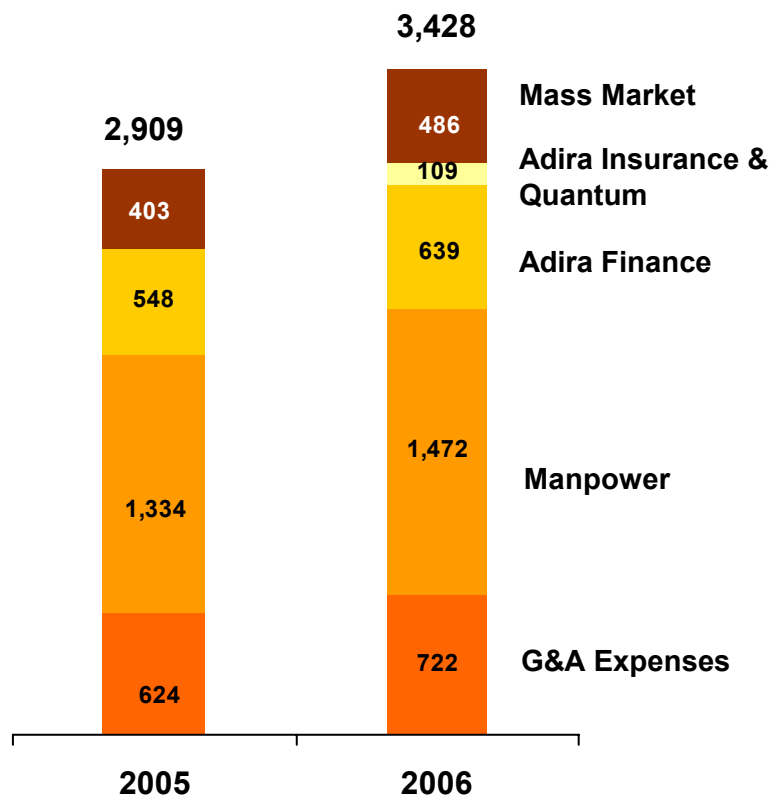
Rp. billion	2005	2006	ΔYoY
Credit related fees	426	599	40%
Cash management	256	300	17%
Treasury products	327	171	(48%)
Adira Finance	71	72	1%
Adira Insurance & Quantum ¹	-	216	N.M.
Total	1,080	1,358	26%

¹Include 90% economic interest in Adira Insurance and Adira Quantum

Increase in operating expenses partly due to DSP expansion and the consolidation of Adira Insurance

Normalized Operating Expenses

Rp. billion



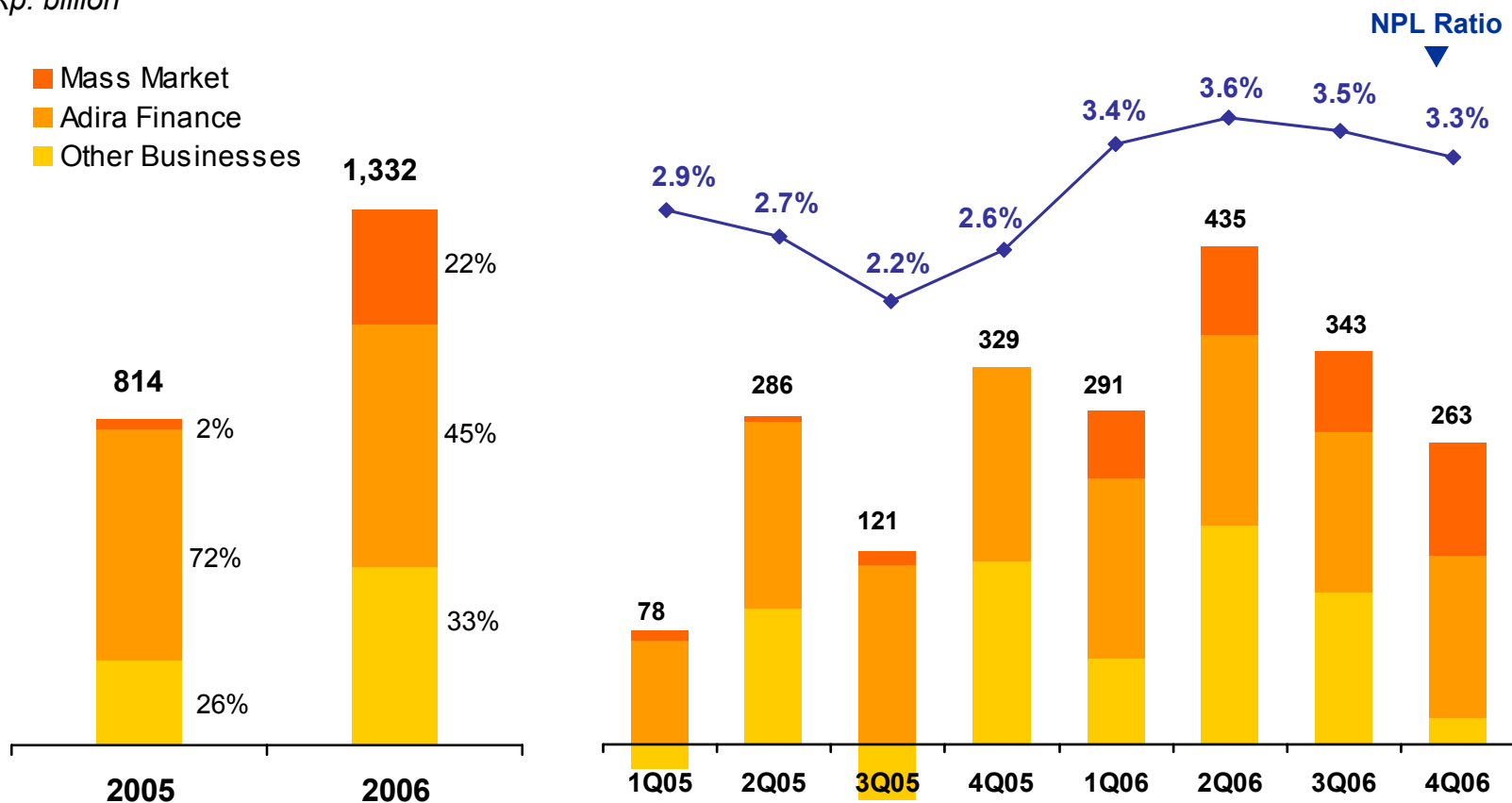
Growth	Rp. billion	%
Mass Market	83	21%
Adira Finance	91	17%
Adira Insurance & Quantum	109	N.M.
Credit Card ¹	65	114%
Business as usual	171	9%
Total	519	18%

¹Increase in operating expenses was mainly due to the consolidation of American Express card businesses

Cost of credit rose due to the maturing mass market portfolio and higher NPL in several businesses

Normalized Cost Of Credit

Rp. billion



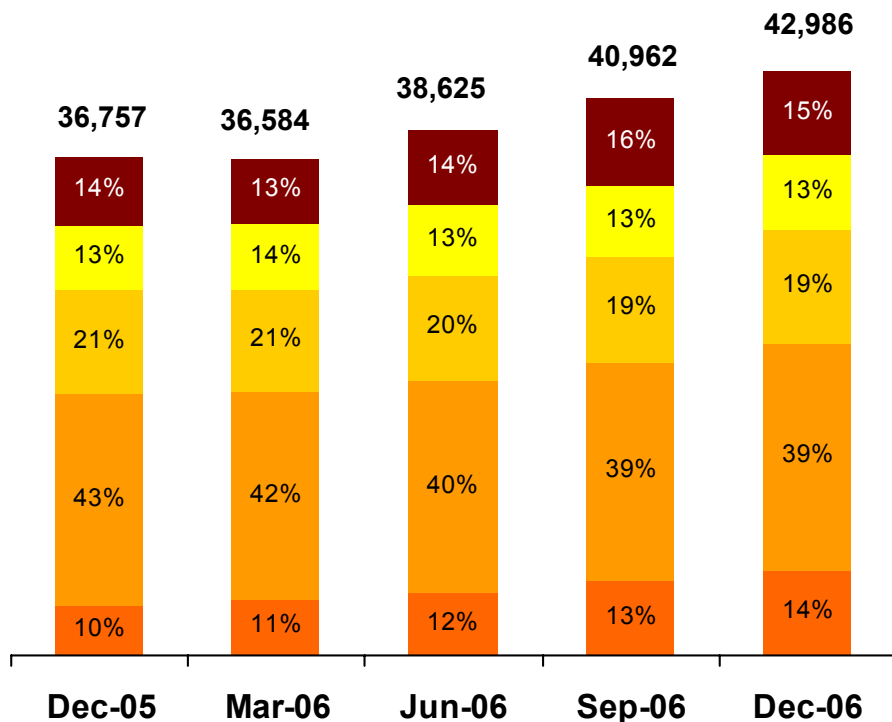
Note: Adira Finance cost of credit includes loss on repossessed assets

Loans growth driven by mass market and SME/Commercial businesses

Increased proportion of higher yielding loans from Adira and Mass Market

Outstanding Loans

Rp. billion

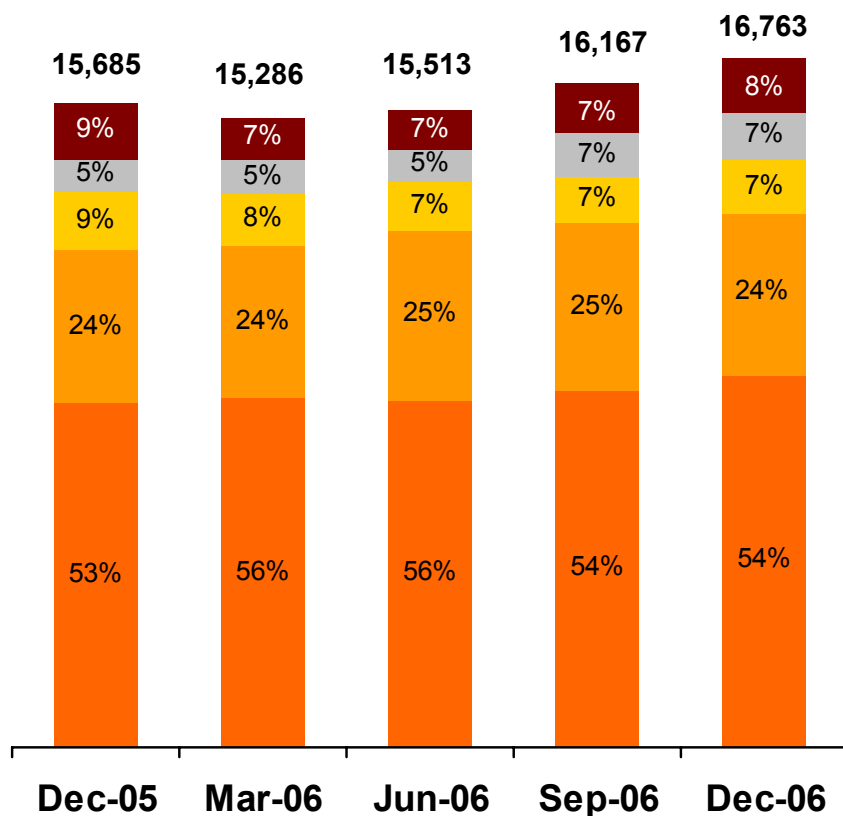


Growth	△QoQ		△YoY	
	Rp.bn	%	Rp.bn	%
Corporate	(339)	(5%)	923	18%
Commercial	388	8%	846	18%
SME	587	8%	805	11%
Consumer	596	4%	1,077	7%
Mass Market	792	15%	2,578	71%
Total	2,024	5%	6,229	17%

High motorcycle loan growth offset by slower growth in housing loans

Breakdown of Consumer Loans

Rp. billion



Motorcycle and car loans grew by 8% and 6%, respectively, despite a sharp drop in industry sale units in 2006

Growth	△QoQ		△YoY	
	Rp.bn	%	Rp.bn	%
Others ¹	164	14%	(14)	(1%)
Credit Card ²	33	3%	325	40%
Housing	162	15%	(122)	(9%)
Car	(164)	(4%)	214	6%
Motorcycle	401	5%	674	8%
Total	596	4%	1,078	7%

¹Include personal loans and white good financing receivables

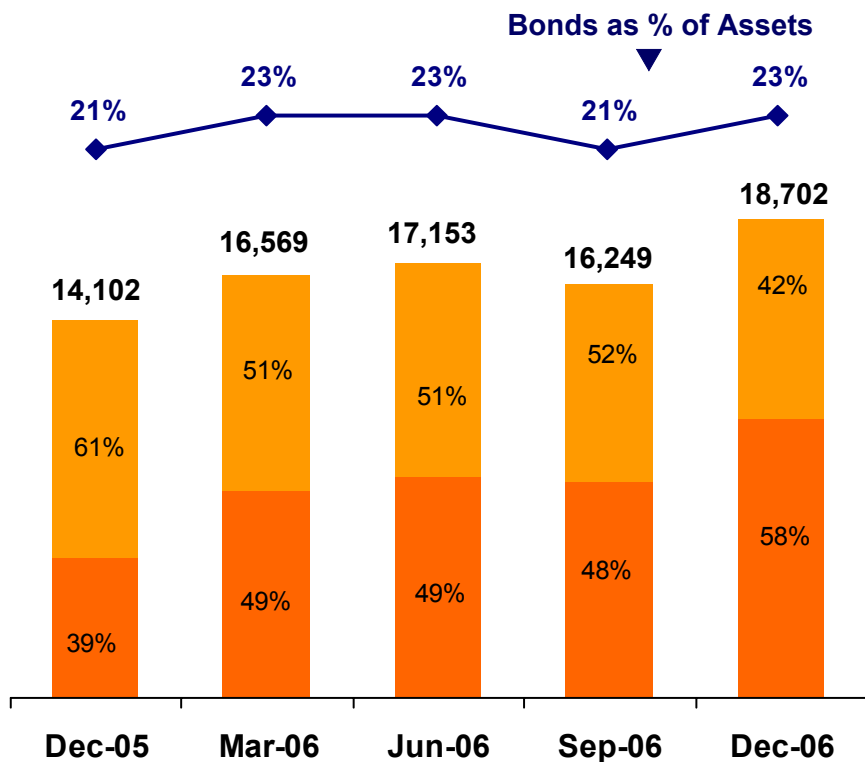
²Include American Express card receivables

Government bonds accounted for 23% of assets

Breakdown of Government Bonds Portfolio

Rp. billion

- Variable Rate
- Fixed Rate



The average duration of government bonds holdings is 3.4 years as of December 31, 2006 as compared to 1.8 years a year earlier

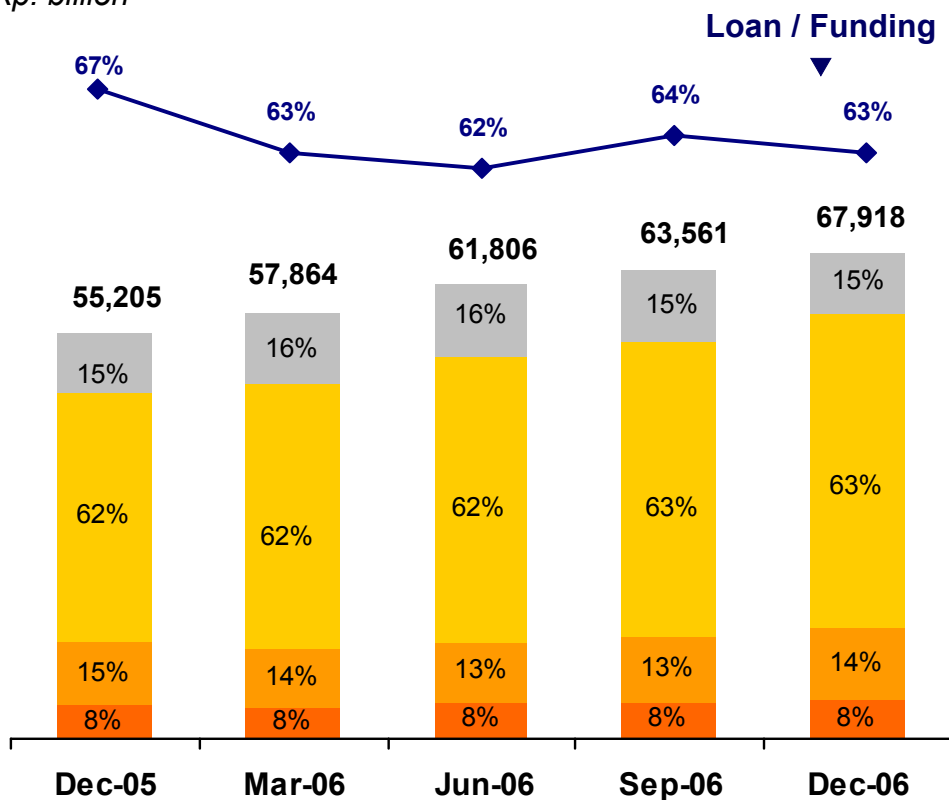
Rp. billion	Dec. 05	Dec. 06	ΔYoY
Held to maturity	7,880	6,687	(15%)
Available for sale	6,060	11,058	82%
Trading	162	957	491%
Total	14,102	18,702	33%

Strong funding growth to support loan expansion

Structured funding to fund high yielding assets and improve asset-liability mismatch

Breakdown of Interest Bearing Funds

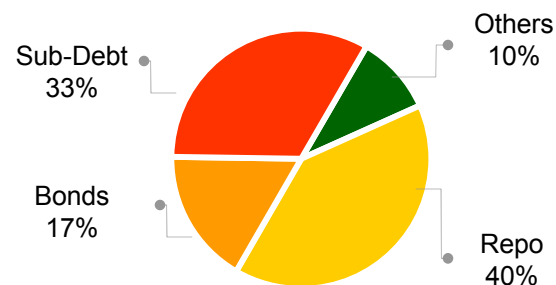
Rp. billion



- Structured Funding
- Time Deposits
- Savings
- Current Account

Structured Funding Breakdown

As of December 31, 2006



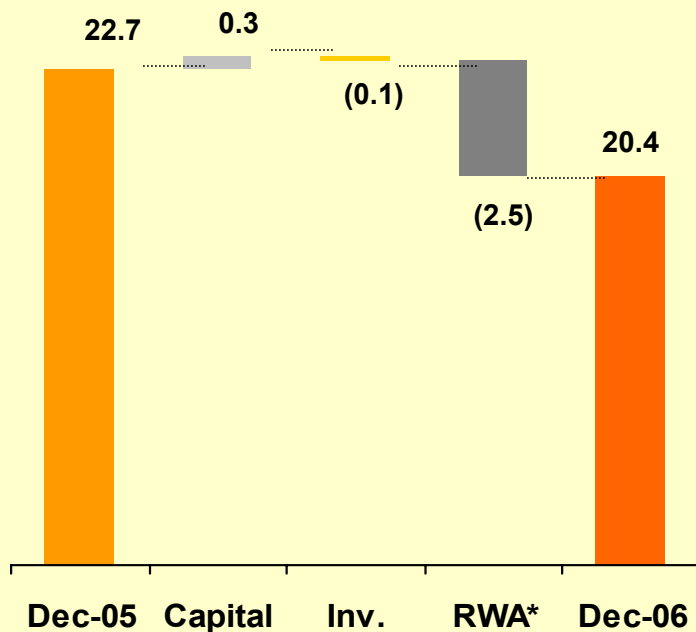
Total Rp. 10,084 billion

Adequate capital to support business growth

Capital Adequacy Ratio stood at 20.4% at the end of 2006

Movement of Capital Adequacy Ratio

%



Rp. billion	Dec.05	Dec.06	ΔYoY
Tier 1 Capital	7,933	8,369	5%
Tier 2 Capital	3,976	3,702	(7%)
Investments	1,144	1,096	(4%)
Total Capital after Investments	10,765	10,976	2%
Risk Weighted Assets (RWA)*	47,466	53,825	13%
Capital Adequacy Ratio (CAR)*	22.7%	20.4%	(2.3%)

* After market risk charge

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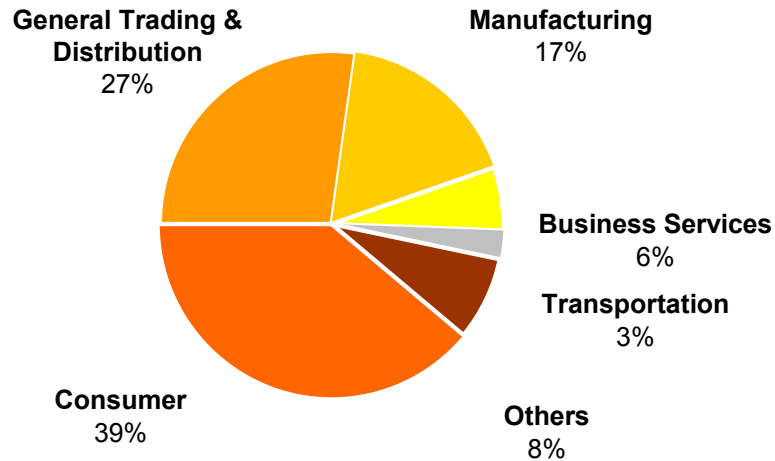
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Diversified loan portfolio across economic sectors

Fixed rate loans are mainly comprised of high yielding consumer auto financing and mass market loans

Loans by Economic Sector

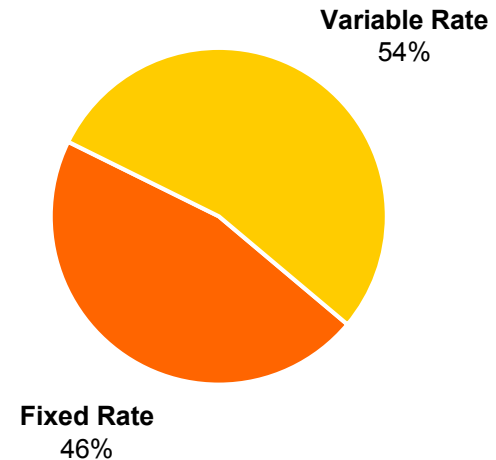
As of December 31, 2006



Total Loans Rp. 42,986 billion

Loans by Interest Rate

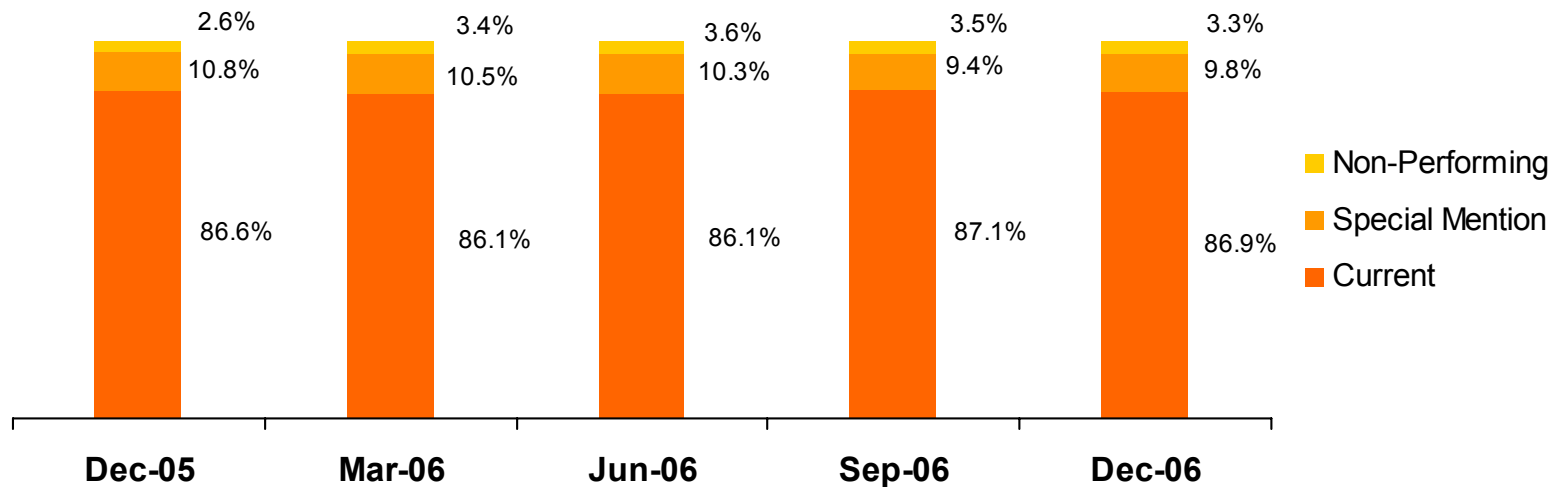
As of December 31, 2006



Total Loans Rp. 42,986 billion

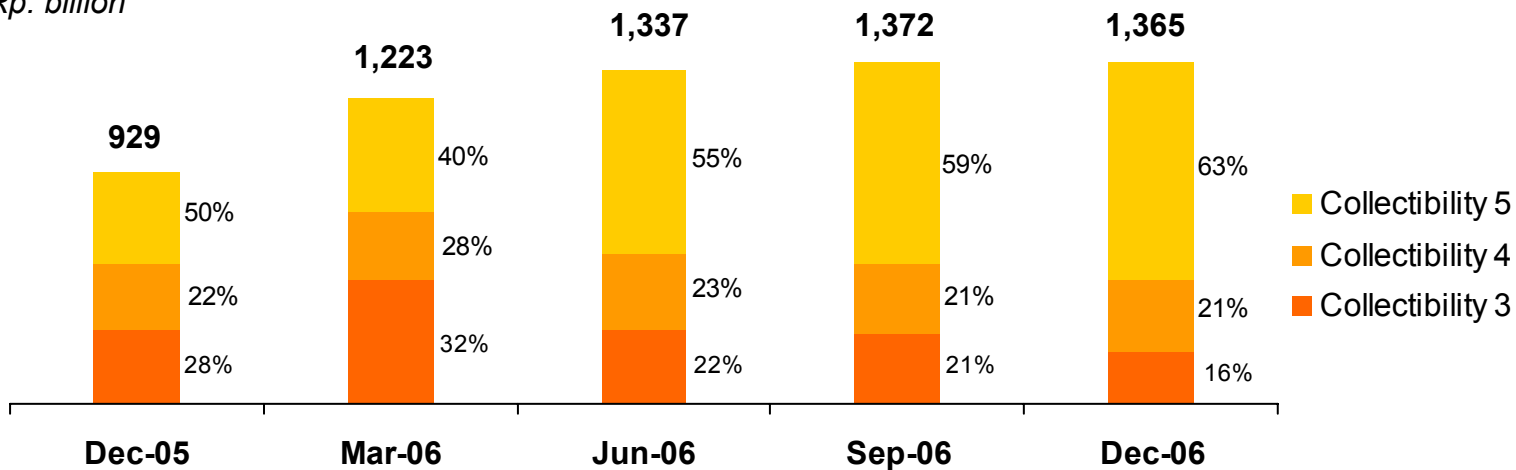
Loan's Collectibility

% Total



Breakdown of Non-Performing Loans

Rp. billion



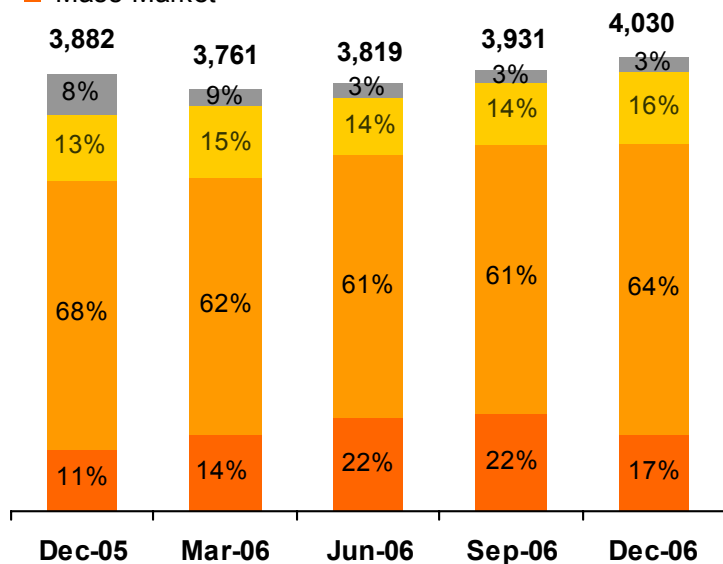
Higher special mention loans due to growing mass market and consumer auto financing businesses

Special mention loans concentrate on DPD 1 – 30 days

Special Mention Loans

Rp. billion

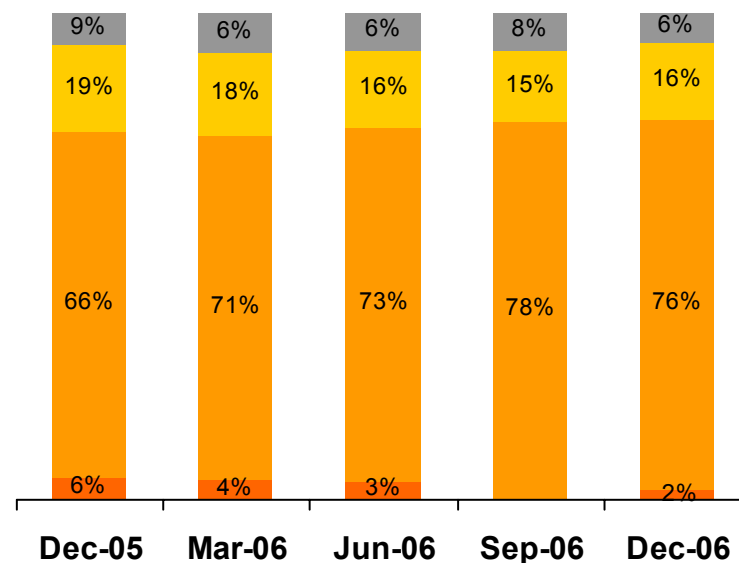
- Corporate
- SME/Commercial
- Consumer
- Mass Market



Aging of Special Mention Loans

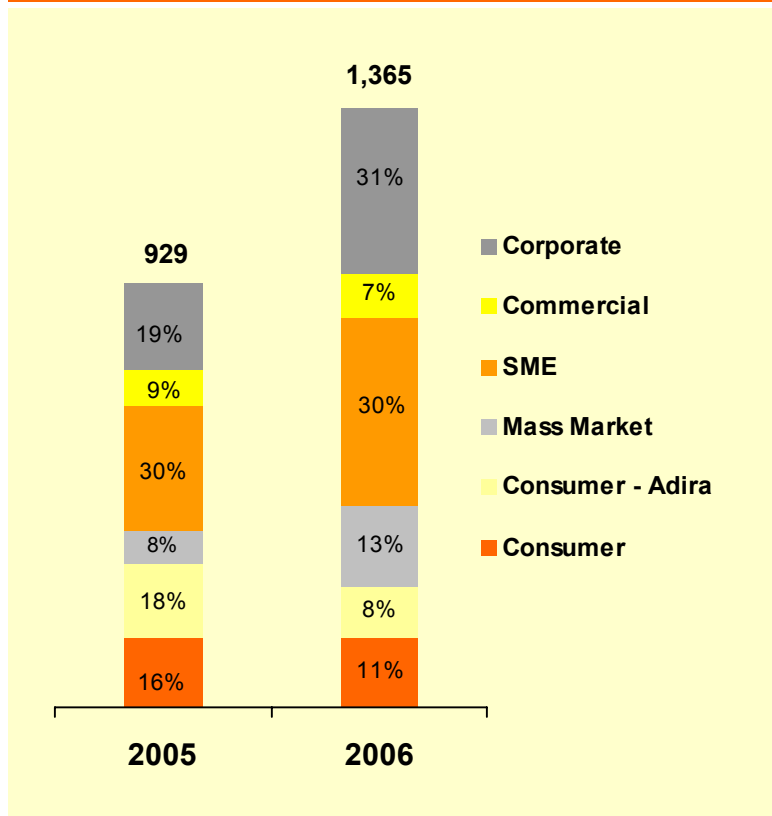
% Total

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

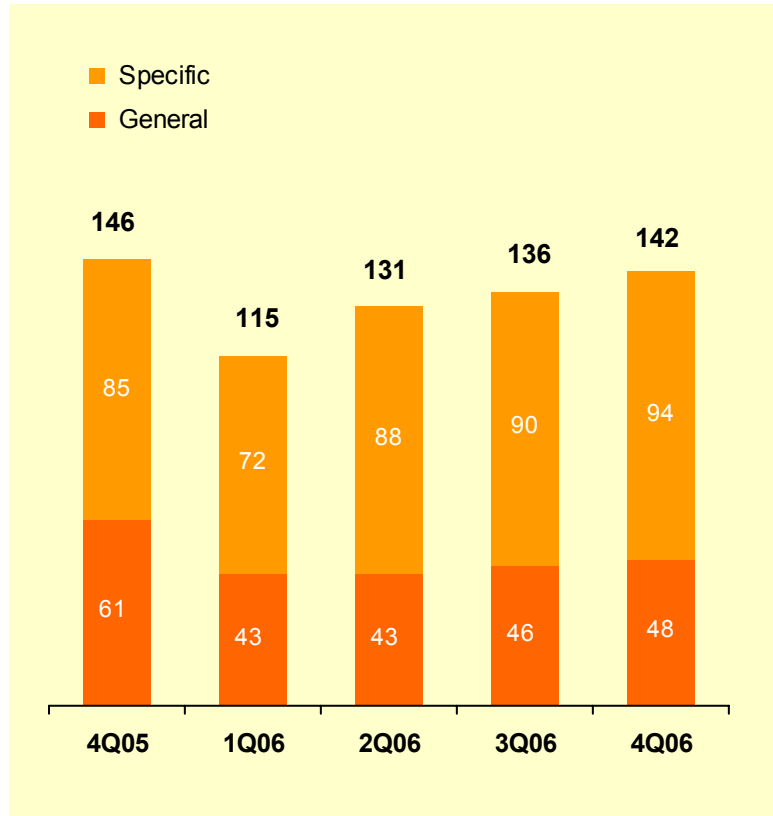


Adequate loan loss provision to cover non-performing loans

Non Performing Loans by Segments
Rp. billion



Loan Loss Provision / NPL ¹
%



¹After collateral value

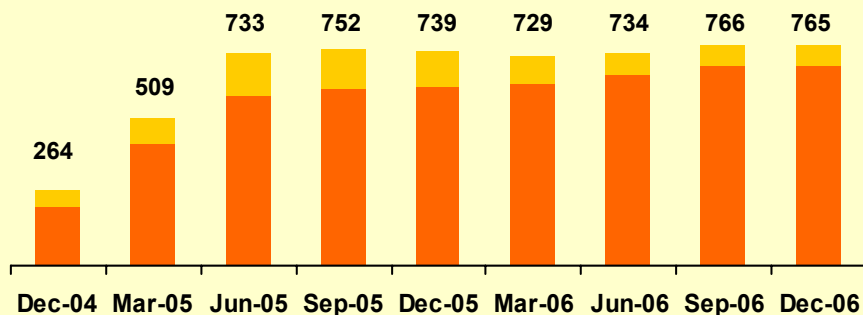
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Danamon Simpan Pinjam (Mass Market)

DSP Units

- Consumer Mass Market (CMM)
- Self-Employed Mass Market (SEMM)

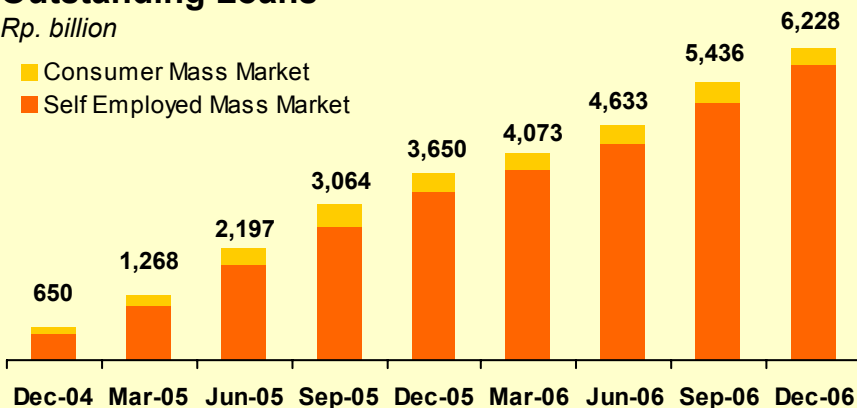


- An additional 75 units of DSP SEMM were opened in 2006, bringing total DSP SEMM to 693 units
- Mass market loans grew by Rp 2,578 billion or 71% to Rp 6,228 billion
- NPL ratio for SEMM stood at 2.5% at the end 2006 as compared to 2.1% a year earlier

Outstanding Loans

Rp. billion

- Consumer Mass Market
- Self Employed Mass Market



Consumer auto financing business with Adira Finance

Rp. billion	2005	2006	ΔYoY	1Q06	2Q06	3Q06	4Q06	ΔQoQ
New Financing Units	728,438	726,908	(0%)	134,024	159,039	212,331	221,514	4%
New Financing Volume	8,774	8,458	(4%)	1,513	2,018	2,454	2,474	1%
O/S Receivables	10,173	11,227	10%	9,919	10,124	10,710	11,227	5%
Interest Income	2,476	2,932	18%	691	701	742	798	8%
Interest Expenses ¹	(987)	(1,369)	39%	(353)	(345)	(342)	(328)	(4%)
Net Interest Income	1,490	1,563	5%	338	356	400	470	18%
Fee Income ²	71	72	1%	(9)	2	(3)	83	NM
Total Opt. Income	1,561	1,636	5%	329	357	397	553	40%
Operating Expenses ²	(548)	(639)	17%	(150)	(152)	(153)	(183)	20%
Cost of Credit	(579)	(606)	5%	(158)	(167)	(140)	(141)	1%
Other Income/(Expense)	(19)	(20)	(5%)	(8)	(5)	(3)	(4)	33%
Profit before Tax	415	372	(10%)	14	33	101	224	122%
Tax	(125)	(94)	(25%)	5	(4)	(26)	(70)	169%
Net Income	291	277	(5%)	19	30	75	154	105%

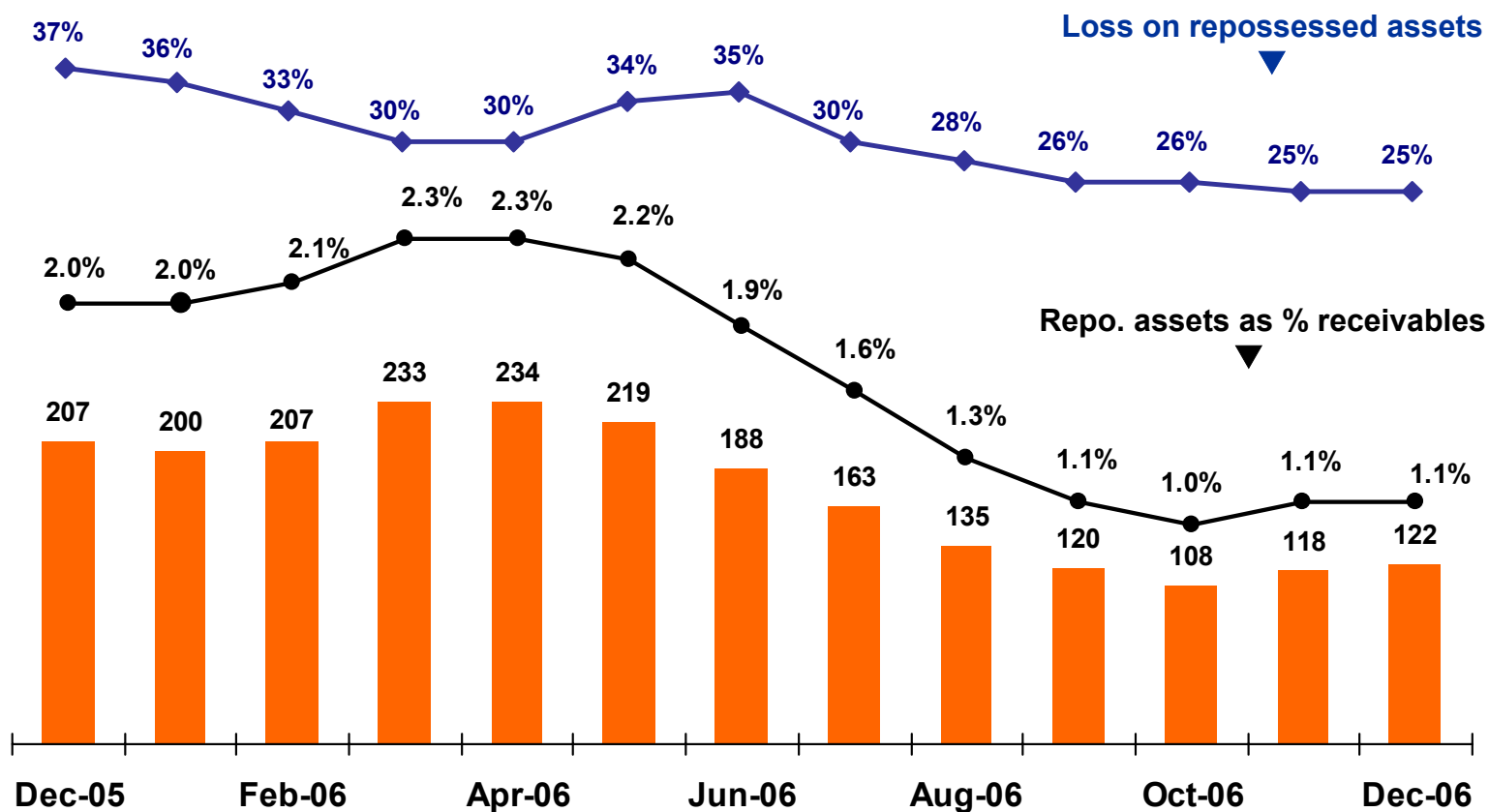
¹Including internal transfer pricing charge

²Restated due to changes in accounting policy on incentive payment to the dealer

Improvement in inventory management resulted in lower losses on repossessed assets

Repossessed Assets

Rp. billion

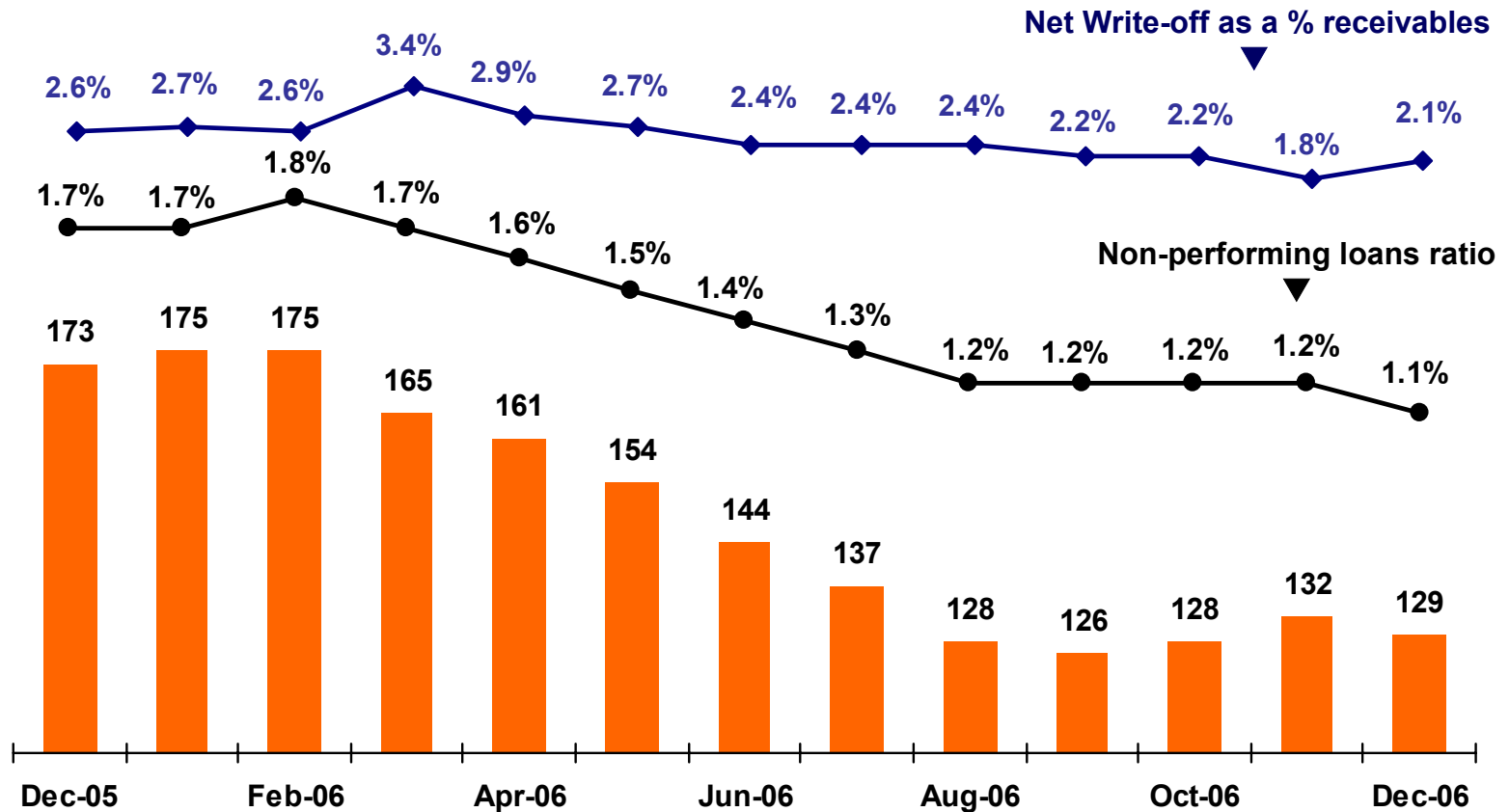


¹Include consumer financing receivables of Adira Finance

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

Non-Performing Loans

Rp. billion



¹Include consumer financing receivables of Adira Finance

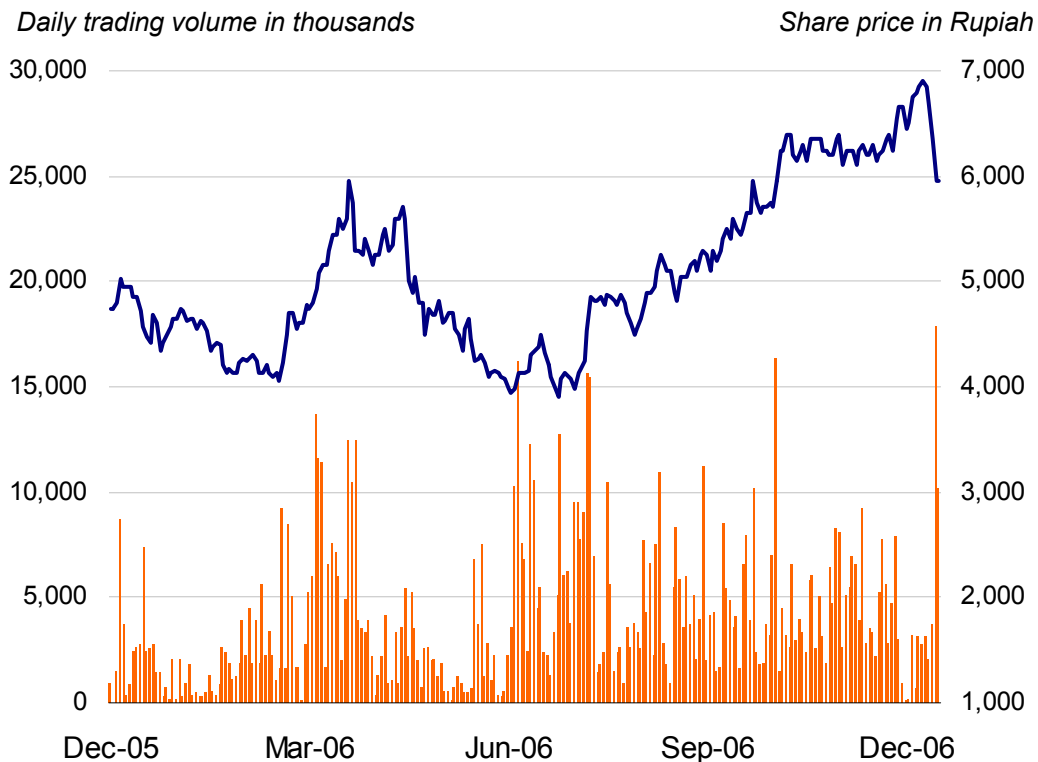
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Danamon's shares

Daily share price and trading volume

BDMN IJ



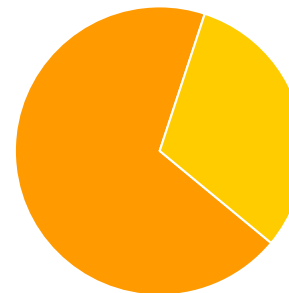
Source: Bloomberg

Shareholding Structure

As of Dec. 31, 2006

**Asia Financial
(Indonesia)**
69.25%

Public
30.75%



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

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 / Positive / 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- / Positive / B
	National Long-term	AA- (idn) / Positive



Thank You

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