



Analyst Briefing

1st Half 2007 Results

Jakarta, 24 July 2007

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Agenda

- **Financial Results**

- Asset Quality
- Business Update
- Appendix

Executive Summary

- Net profit after tax grew by 83% to Rp 1,020 billion in the first half of 2007
- Loans grew by 20% to Rp 46 trillion driven by the strong growth in mass market and retail businesses
- Deposits increased by 18% to Rp 61 trillion on the back of strong growth in current and saving accounts
- Operating income rose by 35% to Rp 4.4 trillion
- Net interest margin improved to 10.0%
- ROAE stood at 22.6%

Income Statement Highlights

<i>Rp. billion</i>	2Q06	1Q07	2Q07	△QoQ	1H06	1H07	△YoY
Interest Income	2,676	2,934	2,995	2%	5,195	5,929	14%
Interest Expense	(1,283)	(1,275)	(1,273)	0%	(2,577)	(2,548)	(1%)
Net Interest Income	1,393	1,659	1,722	4%	2,618	3,381	29%
Fee Income	338	504	538	7%	651	1,042	60%
Operating Income	1,731	2,163	2,260	4%	3,269	4,423	35%
Operating Expenses	(813)	(1,027)	(1,041)	1%	(1,590)	(2,068)	30%
Pre-Provision Op. Profit	918	1,136	1,219	7%	1,679	2,355	40%
Cost of Credit	(435)	(365)	(379)	4%	(726)	(744)	2%
Net Profit before Tax	483	771	840	9%	953	1,611	69%
Goodwill, MI & Others	(60)	(47)	(27)	(43%)	(133)	(74)	(44%)
Tax	(116)	(242)	(275)	14%	(262)	(517)	97%
Net Profit after Tax	307	482	538	12%	558	1,020	83%

Balance Sheet Highlights

<i>Rp. billion</i>	2Q06	1Q07	2Q07	△QoQ	1H06	1H07	△YoY
Total Assets	74,503	84,946	88,043	4%	74,503	88,043	18%
Loans (gross) ¹⁾	38,625	43,109	46,394	8%	38,625	46,394	20%
Government Bonds	17,153	19,453	18,957	(3%)	17,153	18,957	11%
Total Deposits	51,727	58,475	61,294	5%	51,727	61,294	18%
Current Account	4,858	5,022	6,382	27%	4,858	6,382	31%
Savings	8,286	9,694	10,613	9%	8,286	10,613	28%
Time Deposits	38,583	43,759	44,299	1%	38,583	44,299	15%
Borrowings ²⁾	5,884	6,333	7,591	20%	5,884	7,591	29%
Subordinated Debt ³⁾	3,454	3,405	3,383	(1%)	3,454	3,383	(2%)
Equity	8,102	9,268	9,819	6%	8,102	9,819	21%

¹⁾Include consumer financing receivables of Adira Finance and Adira Quantum

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

³⁾Include sub-loan from BI and shareholder loans from the former shareholders of merged (BTO) banks

Key Ratios

%	2Q06	1Q07	2Q07	△QoQ	1H06	1H07	△YoY
Net Interest Margin ¹⁾	9.2	9.9	10.0	0.1	8.8	10.0	1.2
Cost / Income	46.8	47.5	46.1	(1.4)	48.4	46.8	(1.6)
Loan / Deposit	75.6	75.7	75.5	(0.2)	75.6	75.5	(0.1)
Capital Adequacy ²⁾	22.9	20.6	20.5	(0.1)	22.9	20.5	(2.4)
ROAA	1.7	2.3	2.4	0.1	1.6	2.4	0.8
ROAE	14.2	21.2	24.1	2.9	12.7	22.6	9.9
NPL - Gross	3.6	3.2	3.1	(0.1)	3.6	3.1	(0.5)
Credit Cost / Earning Assets ³⁾	4.0	2.9	2.8	(0.1)	3.3	2.9	(0.4)
LLP / NPL ⁴⁾	131.2	158.1	153.1	(5.0)	131.2	153.1	21.9

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

²⁾After market risk charge

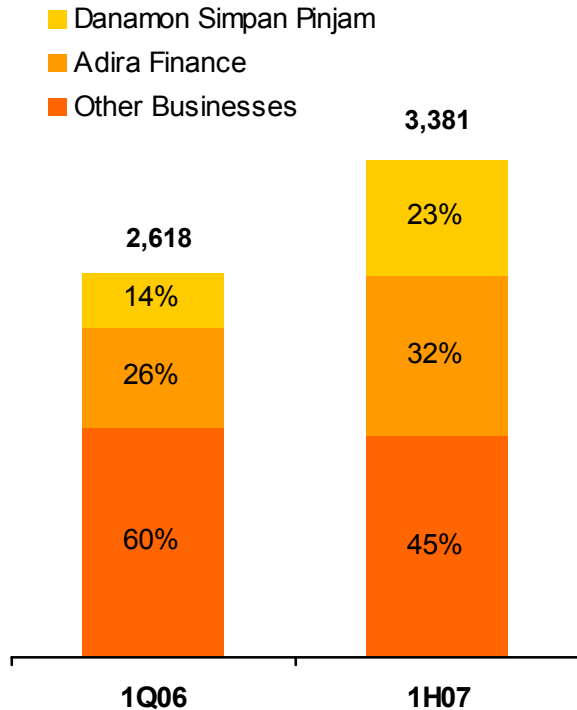
³⁾Average earning assets exclude government securities

⁴⁾After collateral value

Net interest margin stood at 10% in the first half of 2007 as compared to 8.8% in the previous year period

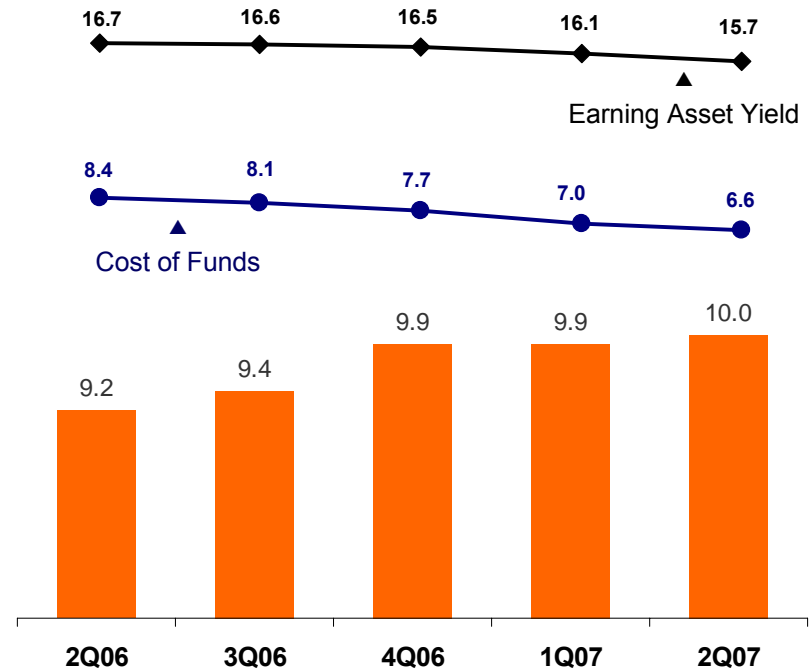
Net Interest Income

Rp. billion



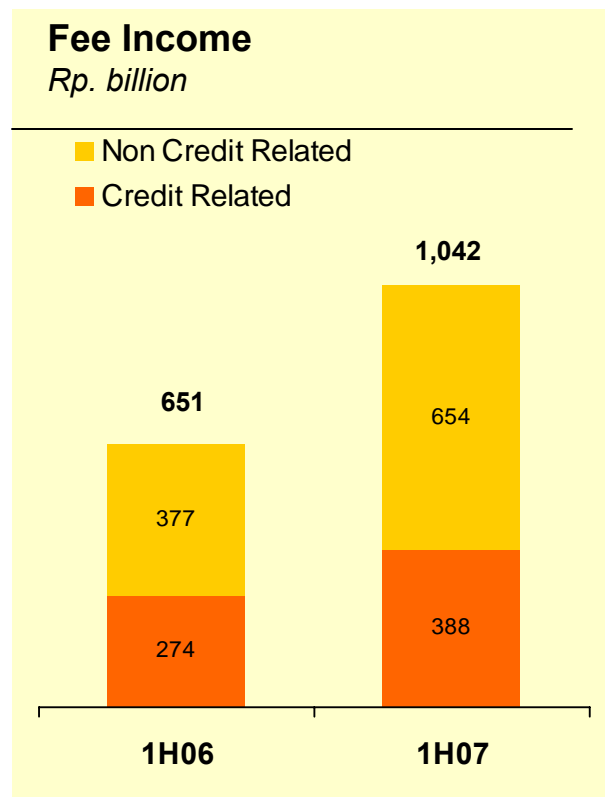
Net Interest Margin

Quarterly, %



Increase in net interest income was driven by DSP and Adira Finance

Fee income rose by 60% and contributed to 24% of operating income in the first half of 2007

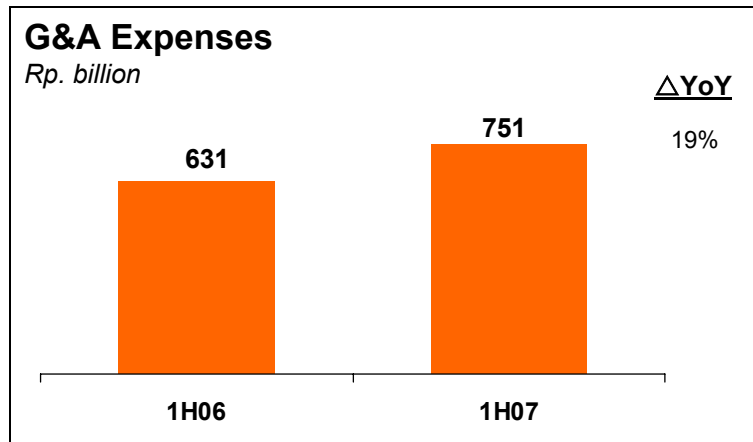
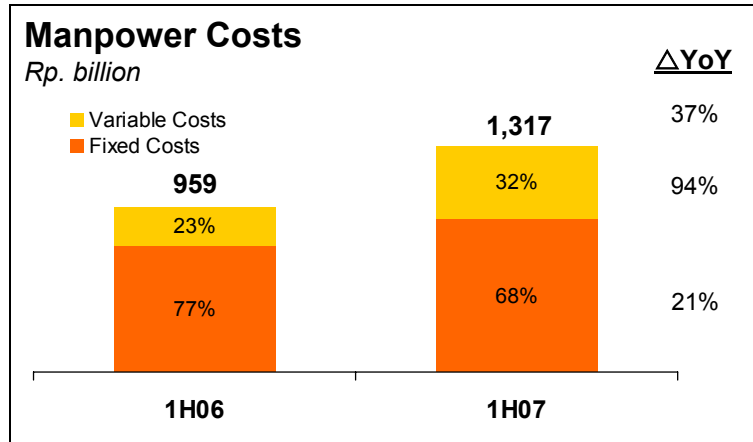


Rp. billion	1H06	1H07	ΔYoY
Credit related fees	274	388	42%
Cash management	148	151	2%
Treasury products	90	387	330%
Adira Finance	10	15	50%
Adira Insurance & Quantum	129 ^{a)}	101	(22%)
Total	651	1,042	60%

^{a)} Include Rp 71 billion from 90% economic interest in Adira Insurance and Adira Quantum

Gain on sales of government bonds drove the increase in fee income

An increase in operating expenses was partly driven by new initiatives



Almost half of the increase in operating expenses was due to new initiatives

Operating Expenses	1H06	1H07	ΔYoY
Business as usual	1,283	1,528	19%
Manpower costs	760	968	27%
G&A expenses	523	560	7%
New Initiatives ¹⁾	307	540	76%
Manpower costs	199	349	75%
G&A expenses	108	191	77%
Total	1,590	2,068	30%

¹⁾ New initiatives include DSP, Adira Insurance, Adira Quantum and card businesses

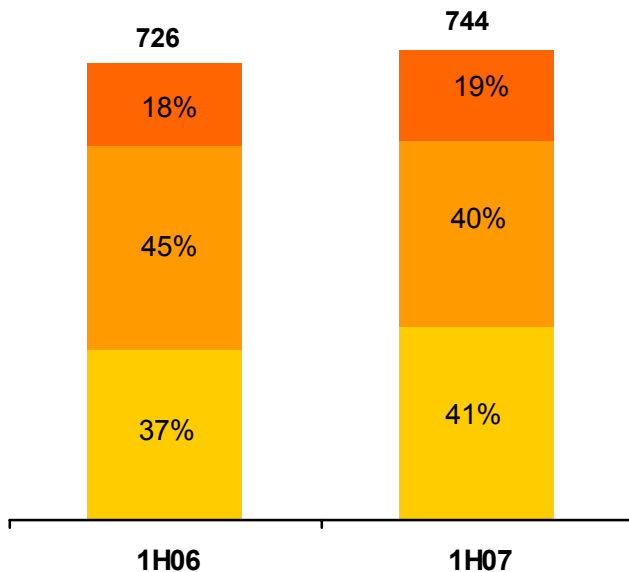
Cost to Income Ratio was managed at below 47%

Cost of credit declined slightly to 2.8% of earning assets in the second quarter of 2007

Cost of Credit ¹⁾

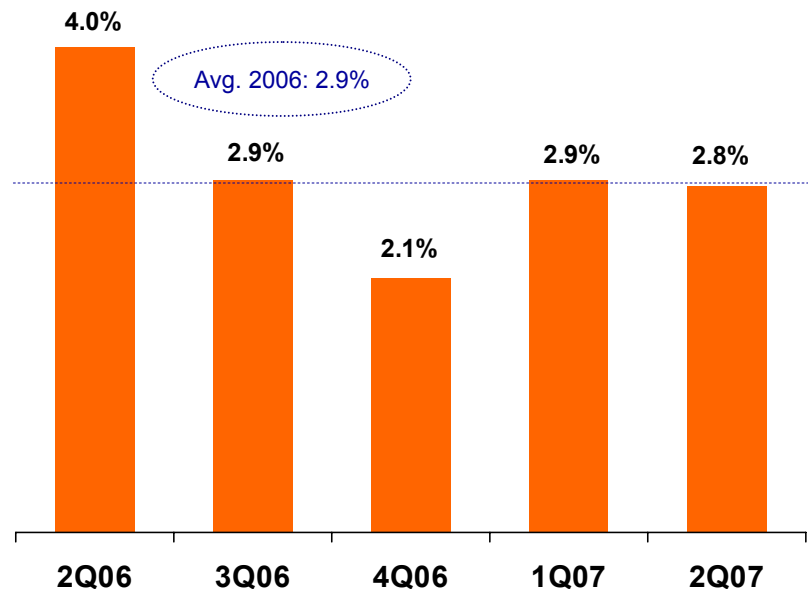
Rp. billion

- Danamon Simpan Pinjam
- Adira Finance
- Other Businesses



Cost of Credit / Avg. Earning Assets ²⁾

Annualized



Cost of credit normalized to 3% level

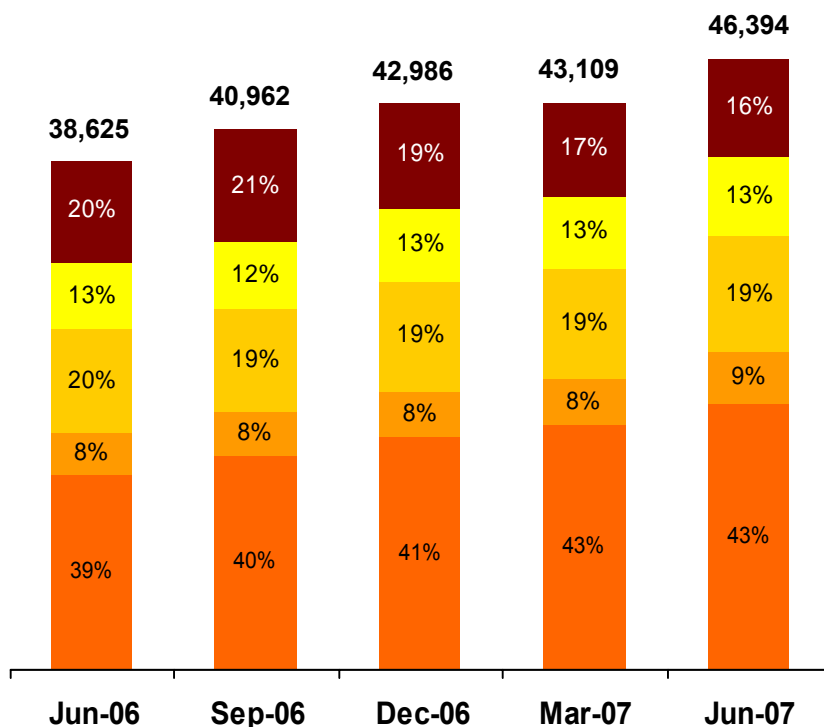
¹⁾Cost of credit comprise of provision for losses, loss on repossessed assets of Adira Finance and net write-off

²⁾Exclude all government securities

Loans increased by 20% driven by robust growth in mass market and retail businesses

Outstanding Loans Composition

Rp. billion



Growth	△QoQ		△YoY	
	Rp.bn	%	Rp.bn	%
Corporate ¹⁾	346	5%	(256)	(3%)
Commercial	349	6%	784	15%
SME	522	6%	990	13%
Retail	489	14%	930	30%
Mass Market ²⁾	1,579	9%	5,321	36%
Total	3,285	8%	7,769	20%

¹⁾ Include joint finance and asset buy of auto loans from other finance companies of Rp 2,218 billion in June 2006, Rp 1,581 billion in March 2007 and Rp 1,392 billion in June 2007

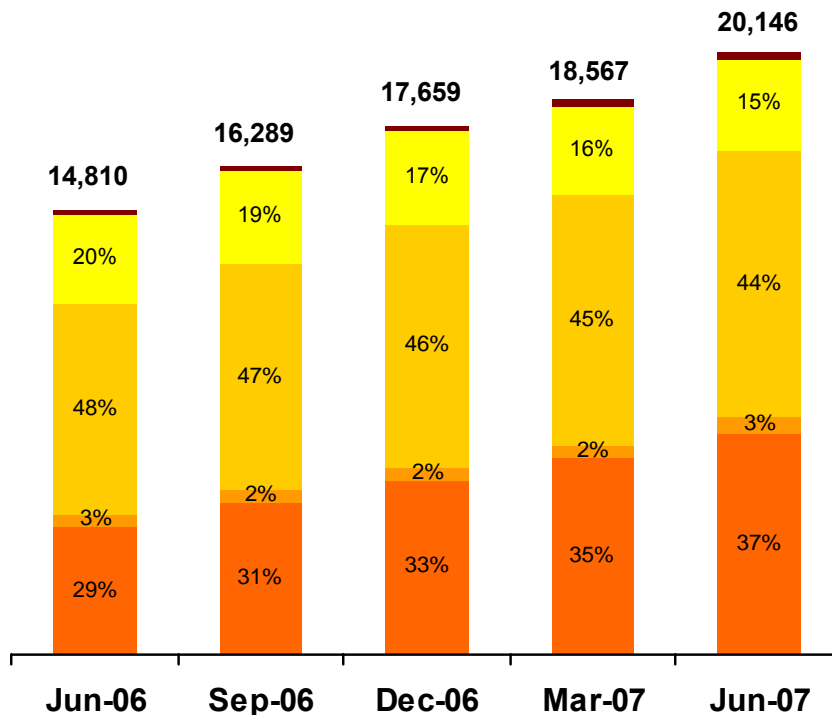
²⁾ Include loans from Adira Finance, Adira Quantum and DSP

Mass market loans grew by 36% and made up 43% of the loan book

Mass market loans expanded by 36% supported by strong growth in DSP and motorcycle loans

Mass Market Loans composition

Rp. billion



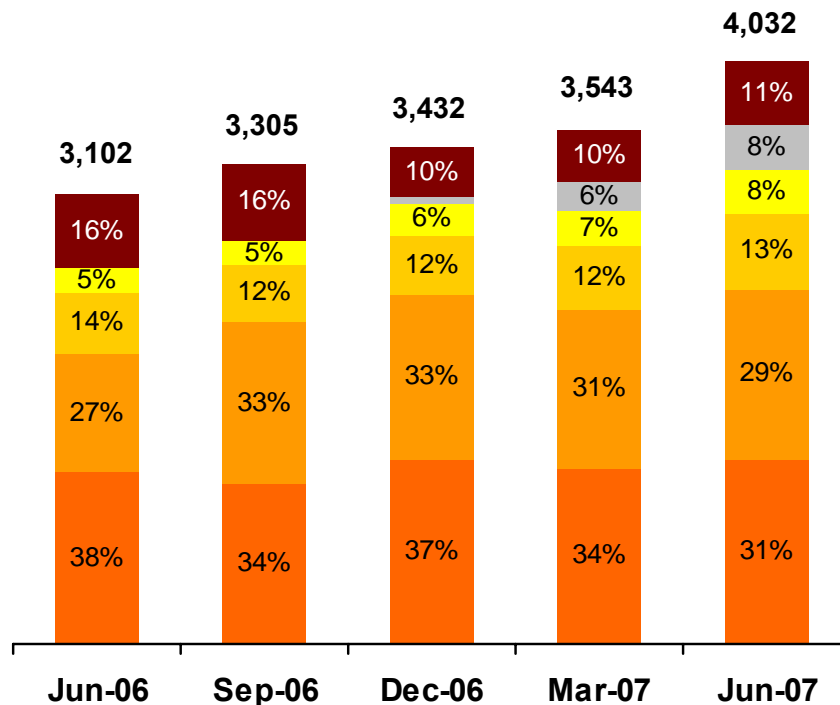
Growth	△QoQ		△YoY	
	Rp.bn	%	Rp.bn	%
Hire Purchase	68	28%	215	232%
Cars	9	0%	(4)	0%
Motorcycles	499	6%	1,791	25%
DSP CMM	156	37%	197	51%
DSP SEMM	847	13%	3,137	74%
Total	1,579	9%	5,336	36%

DSP loans grew by 72% and accounted for 40% of mass market loans

Retail loans increased by 30% on the back of strong growth in credit card and personal loans

Retail Loans Composition

Rp. billion



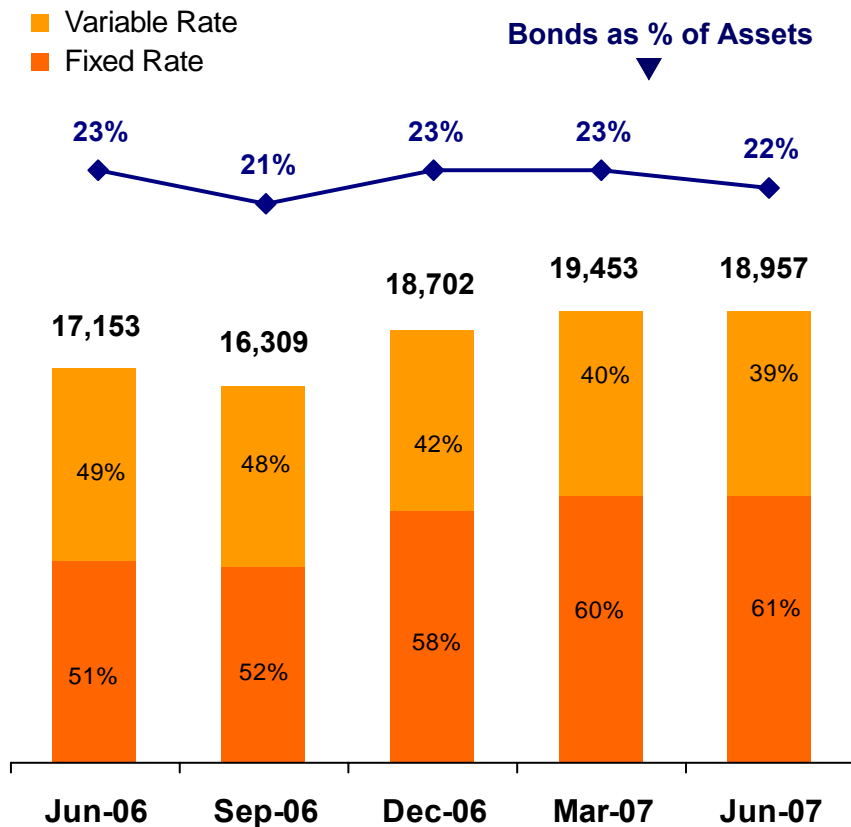
Growth	△QoQ		△YoY	
	Rp.bn	%	Rp.bn	%
Others	106	31%	(62)	(12%)
Personal Loan	93	44%	306	NM
Syariah	72	30%	155	101%
Multipurpose	85	20%	88	20%
Credit Card	75	7%	357	43%
Housing	58	5%	85	7%
Total	489	14%	930	30%

Credit card receivables grew by 43% partly due to acquisition of Amex card business

Government bonds represented 22% of the bank's assets

Government Bonds Composition

Rp. billion



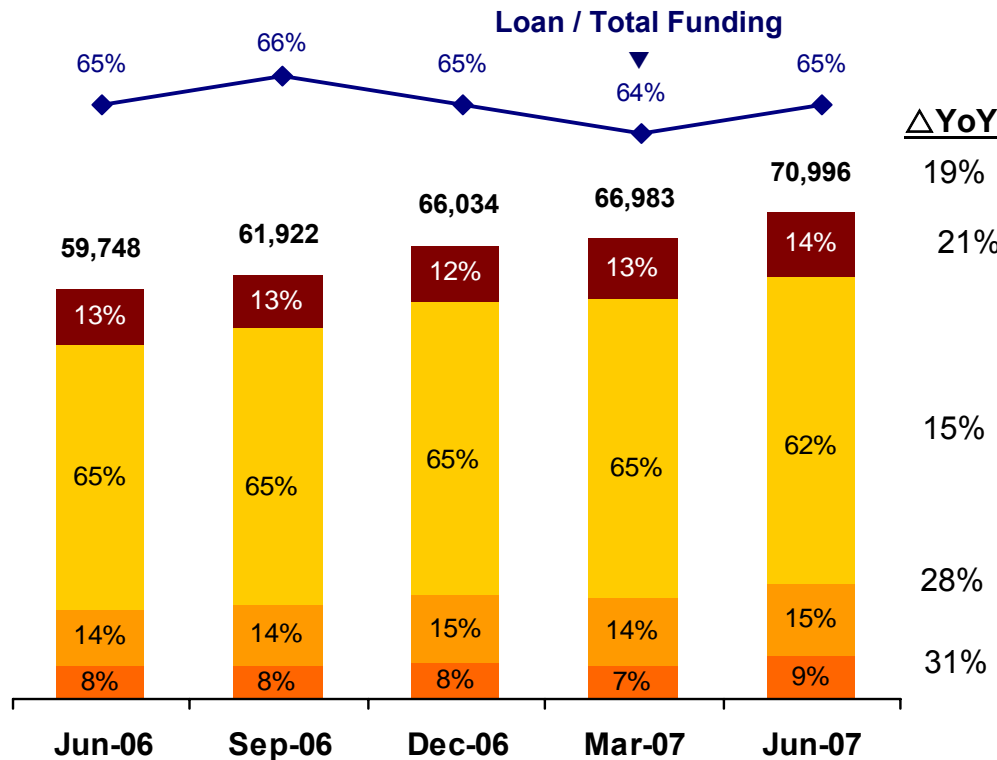
The duration of government bonds is 3.0 years as of June 30, 2007 as compared to 1.6 years a year earlier

Rp.bn	Jun-06	Jun-07	△YoY
Held to maturity	6,700	5,692	(15%)
Available for sale	10,178	11,995	18%
Trading	275	1,270	362%
Total	17,153	18,957	11%

Funding increased by 19% on the back of strong deposit growth as well as structured funding

Breakdown of Interest Bearing Funds

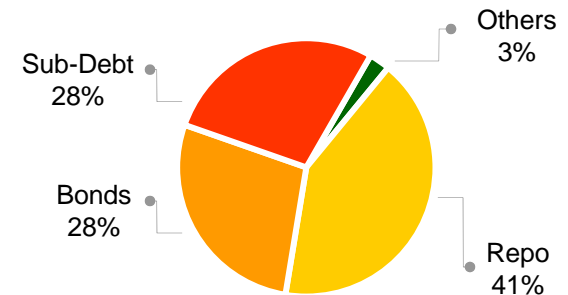
Rp. billion



- Structured Funding
- Time Deposits
- Savings
- Current Account

Structured Funding Composition

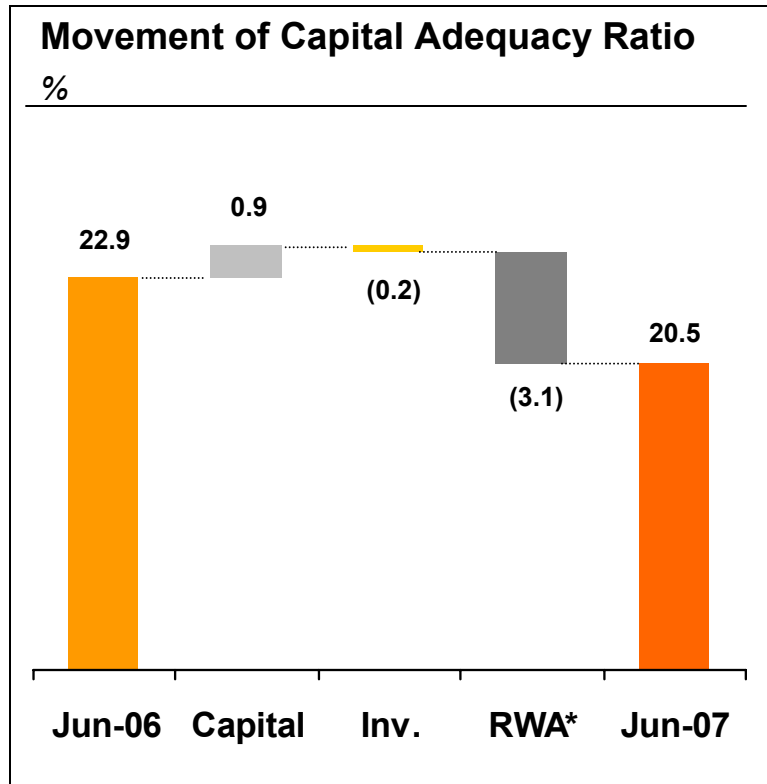
As of June 30, 2007



Total Rp 9,702 billion

Total deposit rose by 18% supported by strong growth in current and saving accounts

Capital Adequacy Ratio (CAR) stood at 20.5% as of June 30, 2007



Rp. billion	Jun-06	Jun-07	ΔYoY
Tier 1 Capital	8,251	9,055	10%
Tier 2 Capital	3,758	3,894	4%
Investments	(1,109)	(1,265)	14%
Total Capital after Investment	10,900	11,684	7%
Risk Weighted Assets (RWA)*	47,654	56,939	19%
Capital Adequacy Ratio*	22.9%	20.5%	(2.4%)

* After market risk charge

Adequate capital to support business expansion

Agenda

- Financial Results

- **Asset Quality**

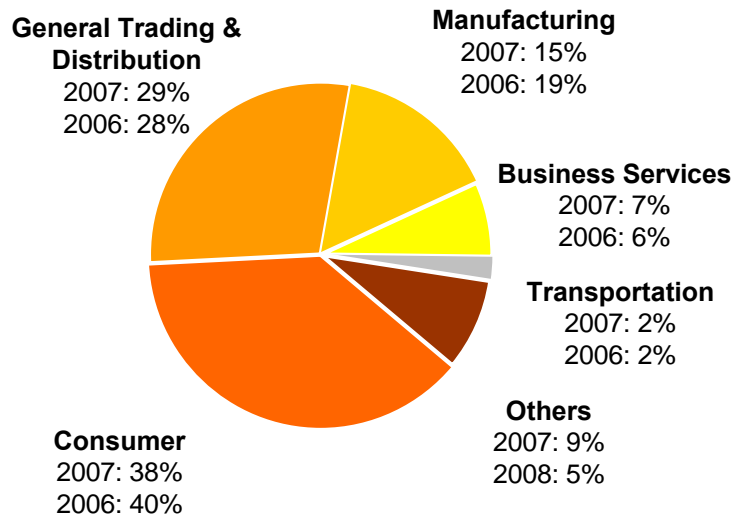
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Well diversified loan portfolio across economic sectors

Loans by Economic Sector

As of June 30

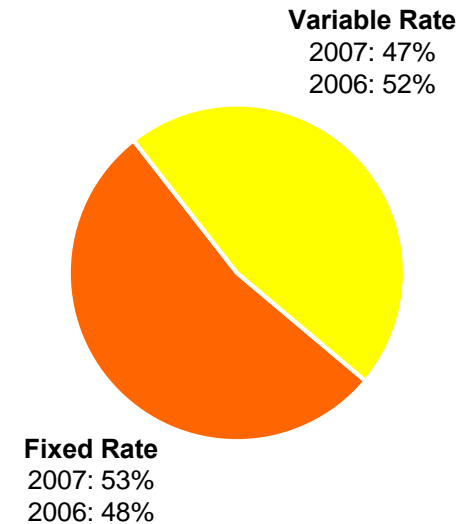


Total Loans

2007: Rp 46,394 billion
2006: Rp 38,625 billion

Loans by Interest Rate

As of June 30



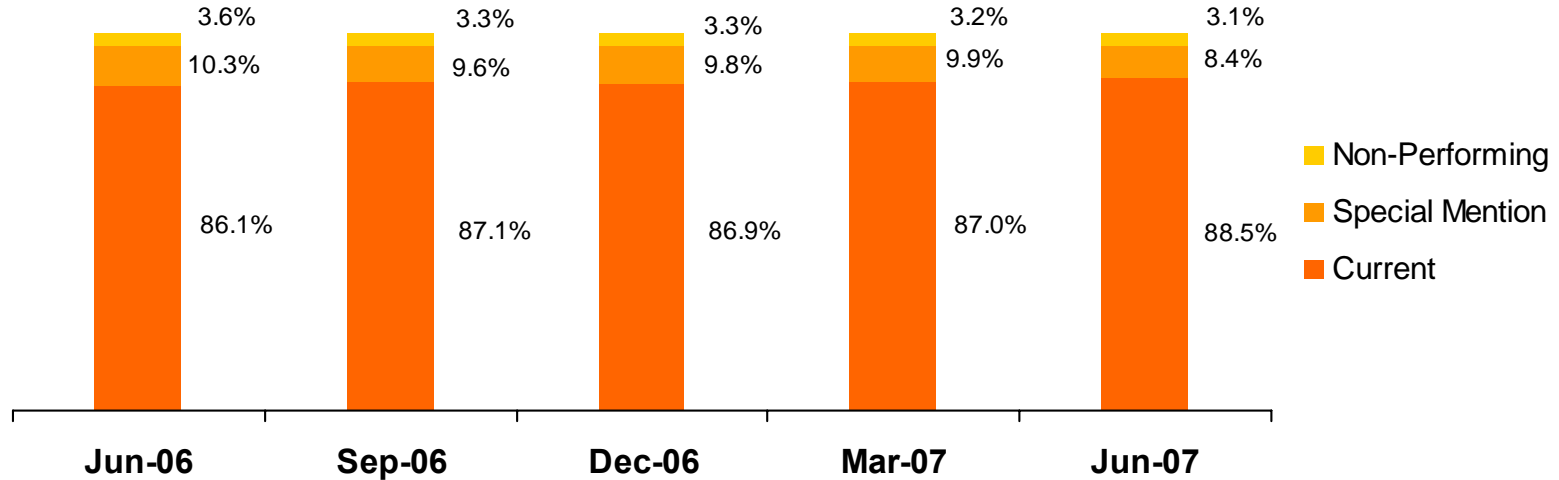
Total Loans

2007: Rp 46,394 billion
2006: Rp 38,625 billion

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

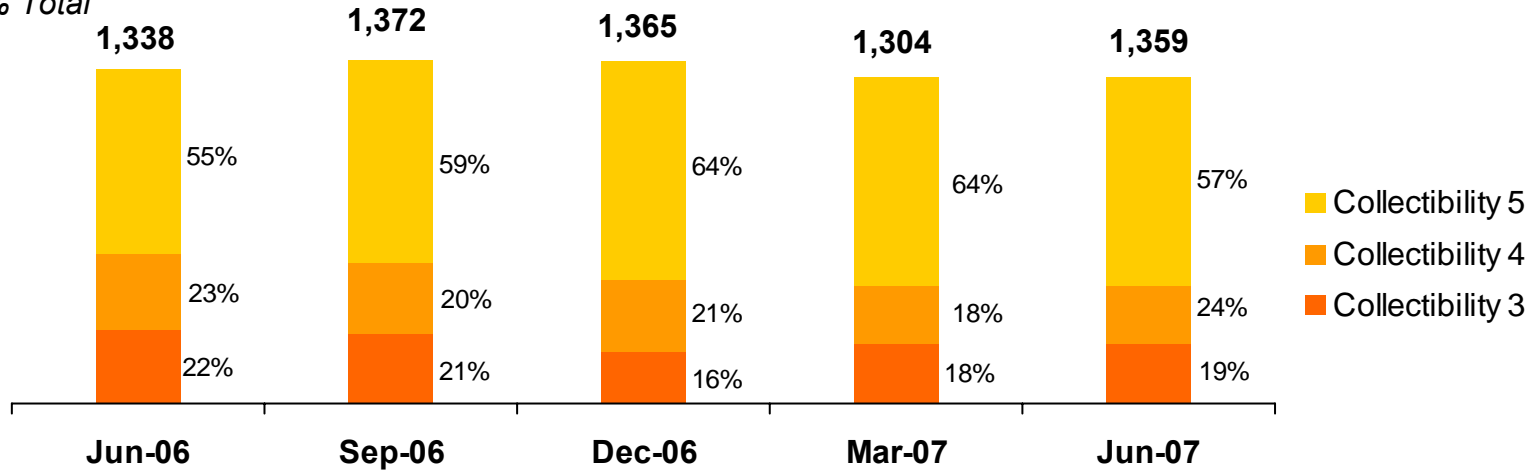
Loan's Collectibility

% Total



Breakdown of Non-Performing Loans

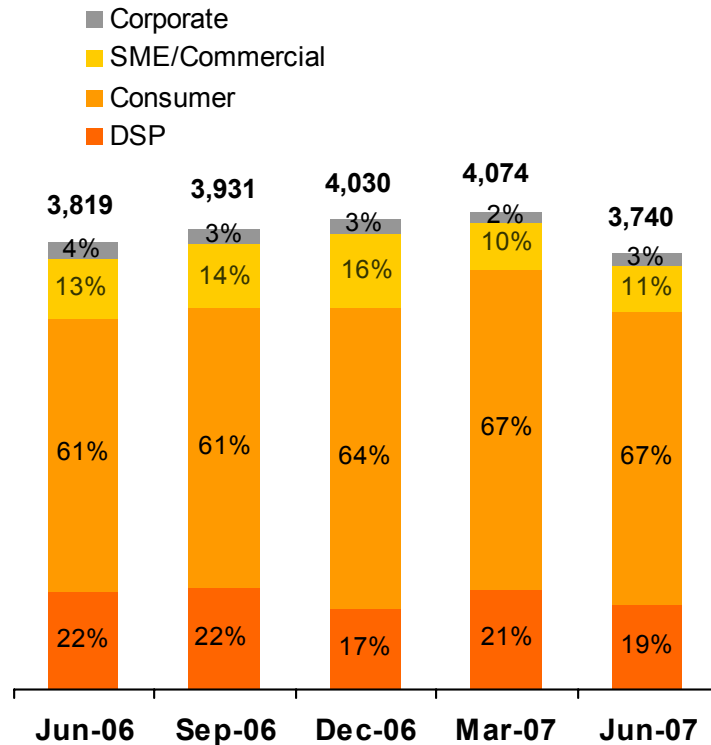
% Total



Special mention loans concentrate on DPD 1-30 days

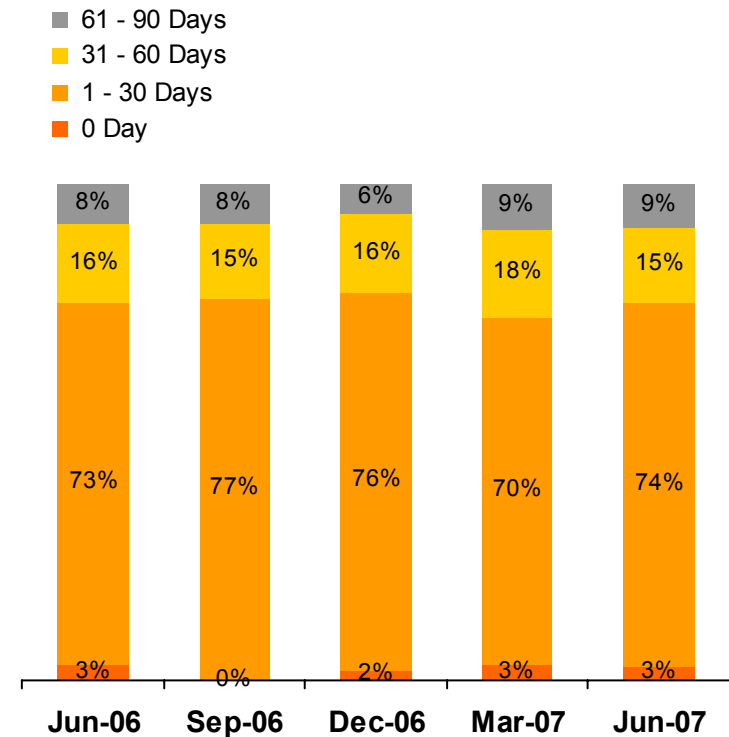
Special Mention Loans

Rp. billion



Aging of Special Mention Loans

% Total

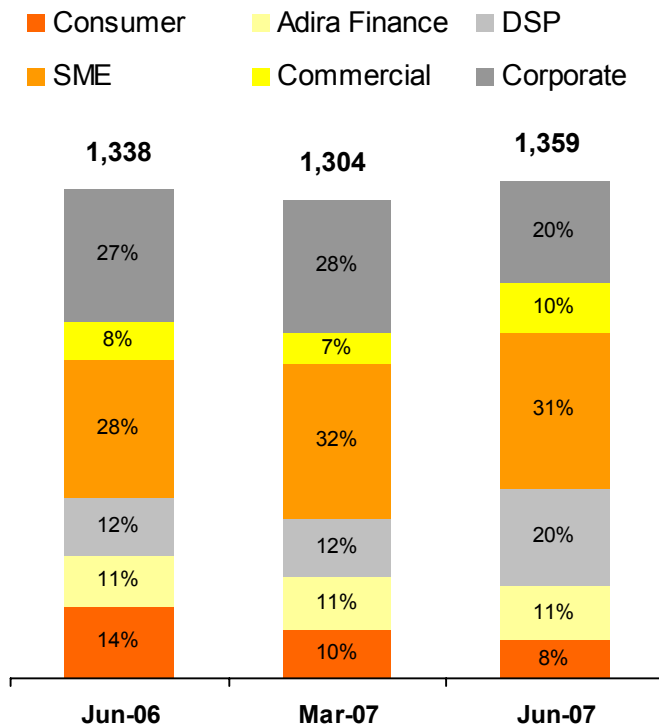


Special mention loans largely came from DSP and auto loans

Adequate loan loss provision to cover non-performing loans

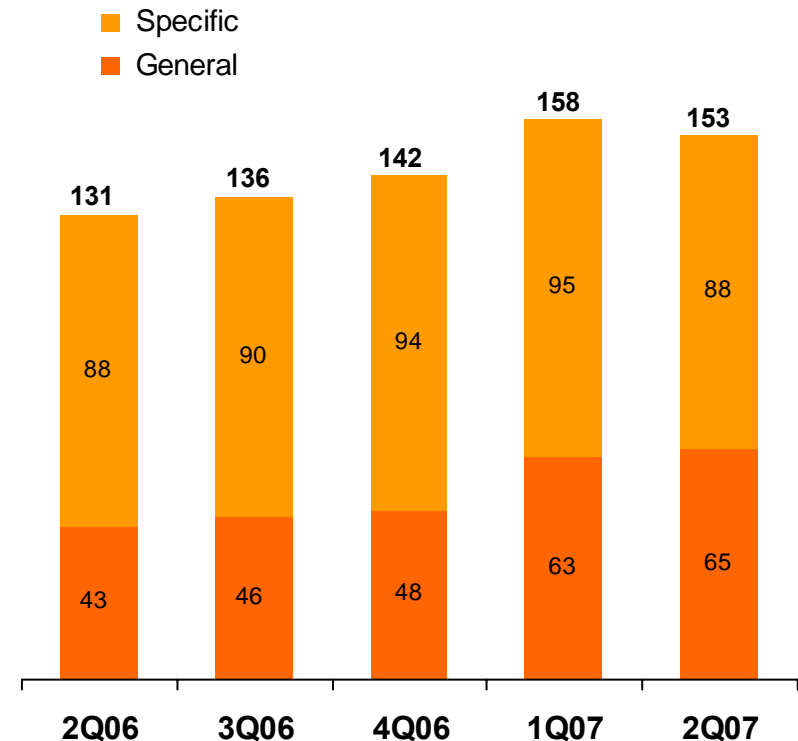
Non Performing Loans by Segments

Rp. billion



Loan Loss Provision / NPL ¹

%

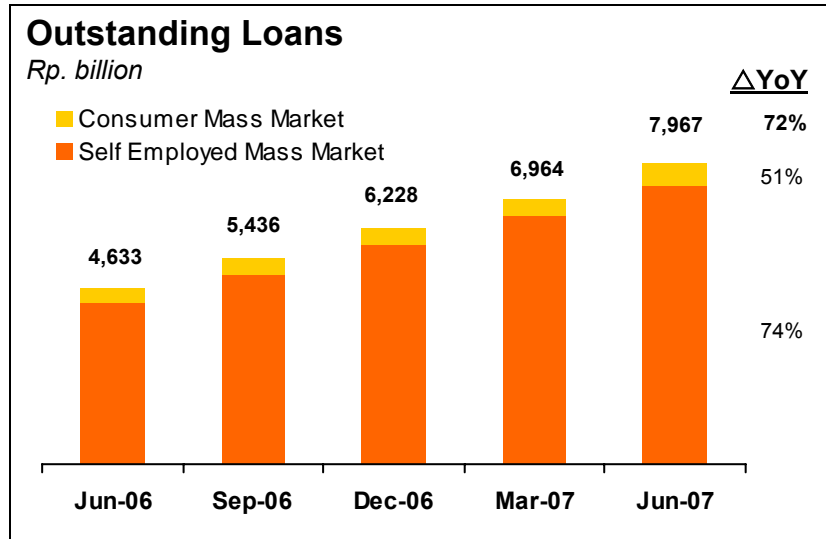


¹After collateral value

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Danamon Simpan Pinjam



Self Employed Mass Market (SEMM)

- 700 units of DSP SEMM are currently in operation
- SEMM extended Rp 3,310 billion new loans in the first half of 2007, up 27% from in the same period last year
- SEMM introduced a new **Supply Chain Model** in July to serve traders in low end of supply chains

Consumer Mass Market (CMM)

- CMM currently runs 2 models, e.i. Adira cross sell and “**worksite**” models.
- CMM has stepped in 66 Adira Finance’s branches for cross selling personal loans
- 72 units of CMM are currently in operation for worksite model offering personal installment loans to employees

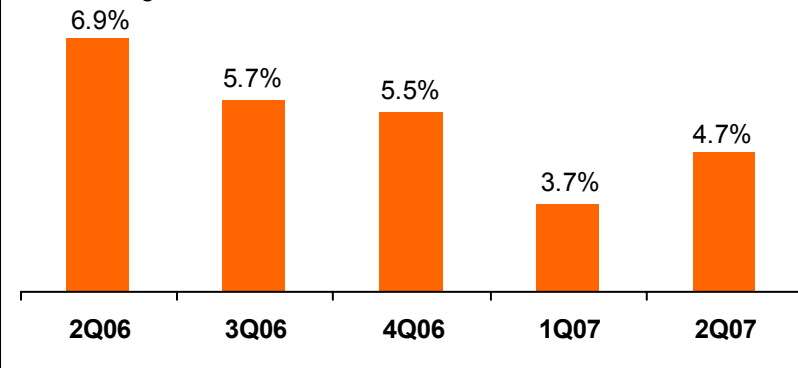


DSP loans grew by 72% to Rp 7,967 billion, representing 17% of the loan book

Danamon Simpan Pinjam

Cost of credit

% of Average Loans, annualized

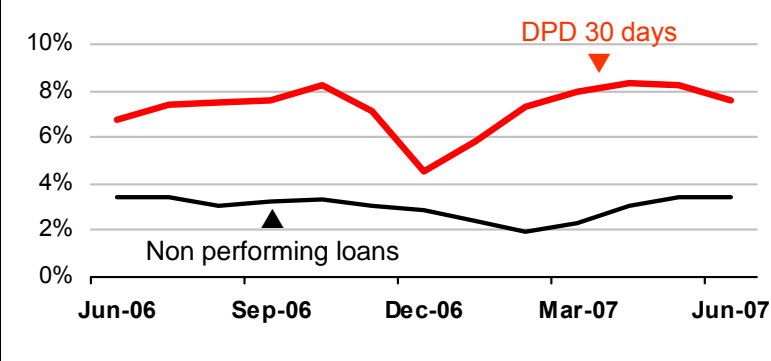


Cost of credit was maintained below 5% on the back of strong loan growth

- Cost of credit stood at 4.7% of average receivables in the second quarter of 2007 as compared to 6.9% in the previous year's quarter
- 30+ days past due (DPD 30+) loans as a percentage of total loans was 7.6% as of June 30, 2007 compared to 6.8% a year earlier

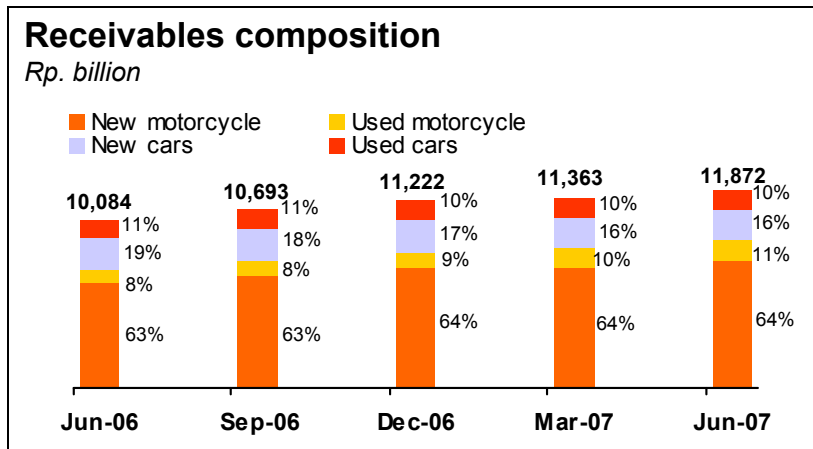
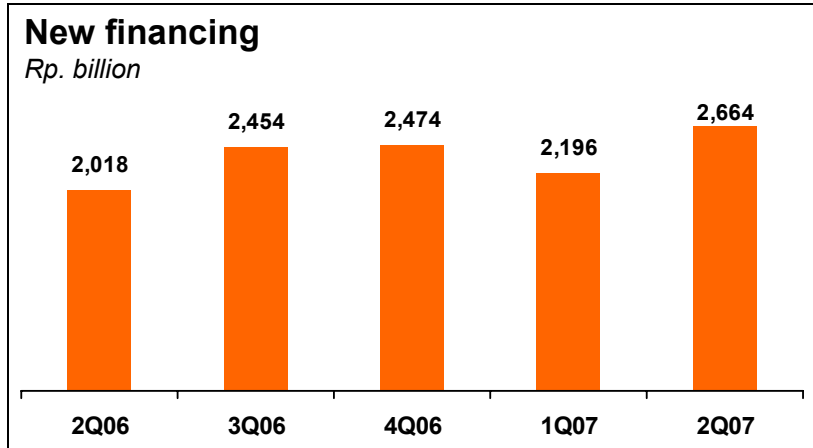
DPD 30+ Days and NPL Ratio

% of Receivables



Asset quality improved as reflected by the declining cost of credit

Adira Finance (consumer auto financing)

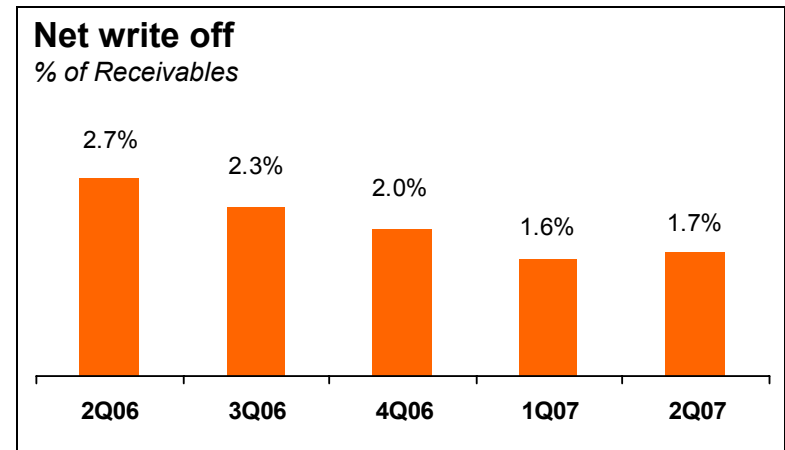
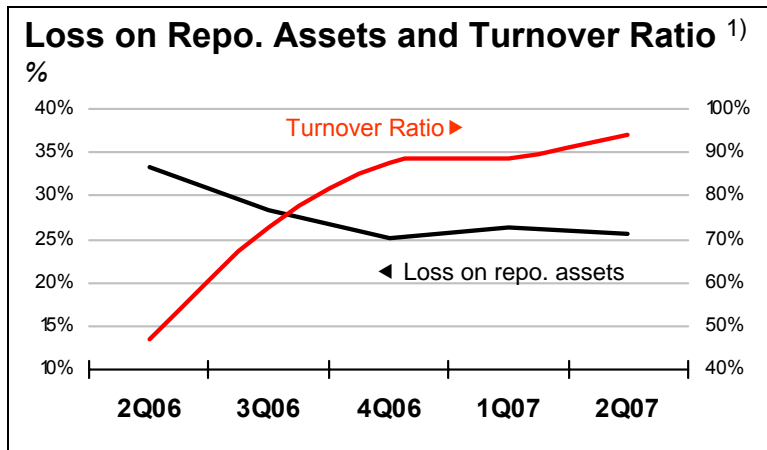
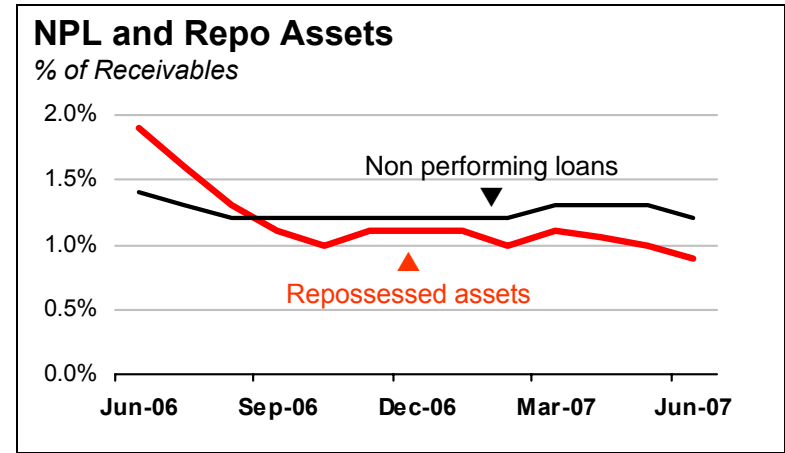
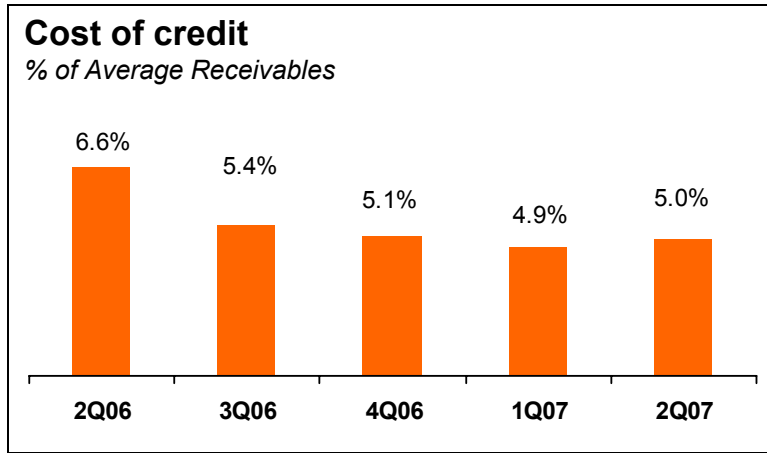


- New financing amounted to Rp. 4,860 billion in the first half of 2007, a 38% increase from the same period last year
- Market share in new motorcycles rose to 14.5% as compared to 11.5% in the earlier year's period
- Outstanding receivables rose by 17% to Rp. 11,872 billion as of June 30, 2007
- Cost of credit normalized to 4.9% in the first half of 2007 as compared to 6.4% in the previous year's period due to lower loss on repossessed assets and write off



New financing rose by 38% to Rp 4,860 billion in the first half of 2007, reflecting market share gain

Adira Finance (consumer auto financing)



Cost of credit normalized to about 5%

¹⁾ Turnover ratio was measured by number of repossessed asset units sold as % of repossessed asset inventory. LOR was measured by losses of repossessed assets as % of outstanding loan principal

Adira Finance (consumer auto financing)

Rp. billion	2Q06	1Q07	2Q07	△QoQ	1H06	1H07	△YoY
New Financing Units	159,039	194,240	232,662	20%	293,063	426,902	46%
New Financing Volume	2,018	2,196	2,664	21%	3,531	4,860	38%
O/S Receivables	10,124	11,364	11,872	4%	10,124	11,872	17%
Interest Income	701	813	830	2%	1,392	1,643	18%
Interest Expenses ¹	(345)	(273)	(278)	2%	(698)	(551)	(21%)
Net Interest Income	356	540	552	2%	694	1,092	57%
Fee Income ²	1	7	8	14%	(10)	15	NM
Total Operating Income	357	547	560	2%	684	1,107	62%
Operating Expenses ²	(151)	(170)	(206)	21%	(300)	(376)	25%
Cost of Credit	(167)	(137)	(147)	7%	(324)	(284)	(12%)
Other Income/(Expense)	(5)	-	-	0%	(13)	0	(100%)
Profit before Tax	34	240	207	(14%)	47	447	851%
Tax	(4)	(75)	(61)	(19%)	1	(136)	NM
Net Income	30	165	146	(12%)	48	311	548%

¹Including internal transfer pricing charge

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

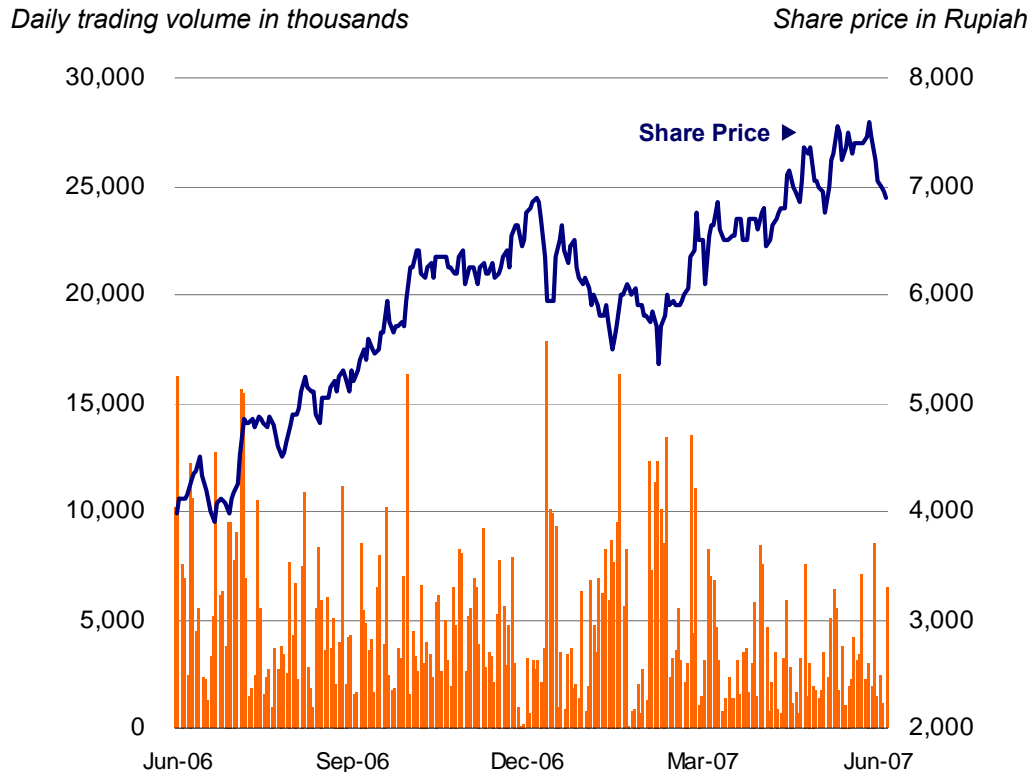
Agenda

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Shareholding Structure

Daily share price and trading volume

BDMN IJ

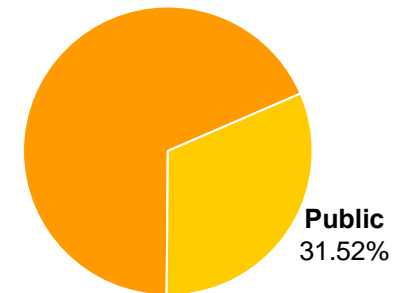


Source: Bloomberg

Shareholding Structure

As of June 30, 2007

Asia Financial (Indonesia)
68.48%



Asia Financial (Indonesia) (AFI)

AFI is a consortium of Fullerton Financial Holdings Pte. Ltd. (FFH) (85%) and Deutsche Bank (15%). FFH is wholly owned by Temasek Holdings

Credit Ratings

Danamon

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} AA- / Stable
	Bond Rating	^{id} AA- / Stable
Fitch Ratings	Long-term / Short-term Foreign Currency	BB- / Positive / B
	National Long-term	AA- (idn) / Positive



Thank You

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