

**PT. BANK RAKYAT INDONESIA (PERSERO) Tbk.**

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***First Half 2004 Financial Result***



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# ***BRI in the First Half 2004***



# ***Current Position***

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- Increasing MSMEs Portfolio
- Strong Loan Growth
- Good Liquidity Position and Strong Capital Base
- Better Funding Mix resulting in Low Cost of Funds
- Improving Efficiency
- Earnings Exceed 2004 Target



# Commitment in MSME Business

Commitment and consistent focus on MSME (micro, small and medium enterprise) business:

- Increasing MSME portfolio to 86.7% of total loan portfolio
- Maintaining micro segment at minimum 30% of total loan portfolio
- Continuing expansion of small commercial (SMEs) loans
- Continuing to increase Agribusiness portfolio

% of Total Loans	2001*)	2002	2003	Jun-03	Jun-04
<b>Micro</b>	29,4%	30,5%	30,6%	30,3%	30,8%
<b>Small business :</b>	41,5%	48,4%	50,2%	51,8%	51,5%
- Consumer fixed income	23,1%	25,5%	23,6%	24,9%	23,4%
- Small Commercial	18,4%	22,9%	26,7%	26,9%	28,1%
<b>Medium</b>	3,7%	3,7%	4,6%	3,4%	4,5%
<b>Corporate</b>	22,9%	17,4%	14,7%	14,5%	13,2%
<b>Agribusiness</b>	20,0%	29,7%	30,7%	29,2%	29,8%
<b>Non- agribusiness</b>	80,0%	70,3%	69,4%	70,8%	70,2%

\*) 2001 : consolidated figures except figures of medium and corporate loan in 2001



# 1H 2004 Outstanding Results

						IDR billion	
	2001*)	Full Year 2002	2003	1H 2003	1H 2004	Growth YoY	Growth YtD
<b>Loans</b>	32,358	39,373	47,599	43,512	54,970	26.3%	15.5%
<b>Government Bond</b>	28,436	28,394	27,579	28,008	26,036	-7.0%	-5.6%
<b>Total Assets</b>	75,716	86,345	94,710	91,803	99,287	8.2%	4.8%
<b>Customer Deposits</b>	57,698	69,627	76,316	74,333	79,649	7.2%	4.4%
<b>Equity</b>	4,814	5,794	8,994	6,198	10,009	61.5%	11.3%
<b>Net Interest Income</b>	4,923	6,080	8,027	3,642	5,318	46.0%	
<b>Profit before tax</b>	1,133	1,470	3,636	1,765	2,564	45.3%	
<b>Profit after tax</b>	1,064	1,525	2,502	1,182	1,721	45.6%	
<b>Earnings per share (Rp)</b>		129.63	212.67	118.20	146.28	23.8%	
<b>Book Value per share (Rp)</b>		492.49	764.49	619.80	826.94	33.4%	

\*) BRI only



## *Sustainable performance*

	2001*)	2002	2003	Jun-03	Jun-04
NIM	7,60%	8,10%	9,54%	8,86%	11,69%
ROE - Tier 1	30,40%	38,80%	43,41%	44,90%	40,59%
ROE - B/S	21,27%	26,99%	35,68%	36,28%	33,60%
ROA - before tax	1,62%	1,83%	4,02%	4,02%	5,32%
ROA - after tax	1,52%	1,90%	2,77%	2,69%	3,57%
LDR	58,10%	56,55%	62,37%	58,54%	69,02%

\*) 2001 are consolidated figures comprising BRI and one subsidiary, PT. Bank Inter Pacifik.Tbk



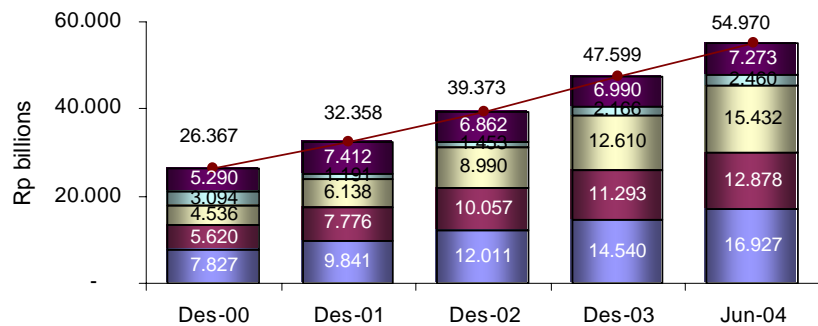
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# ***Business Overview***

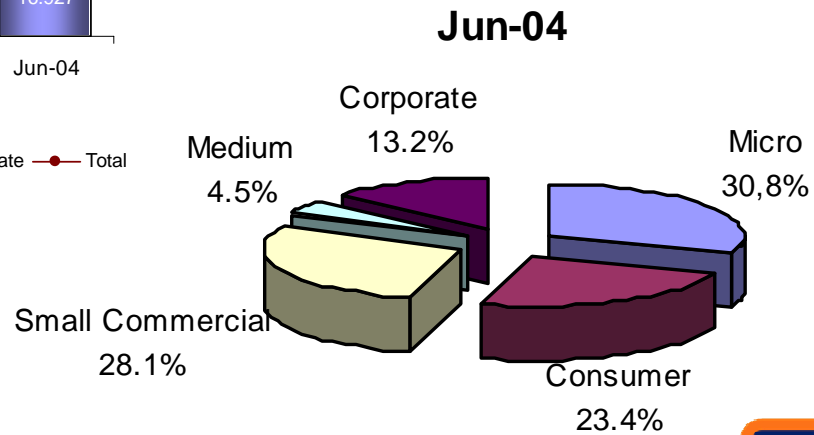
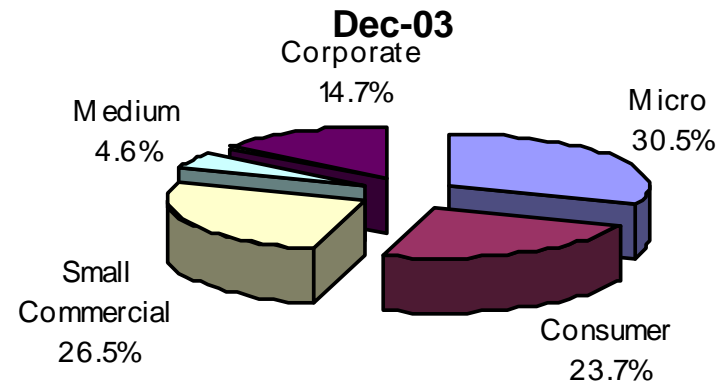


# Sound and Improving Loan Book

## Loans by Business Segment



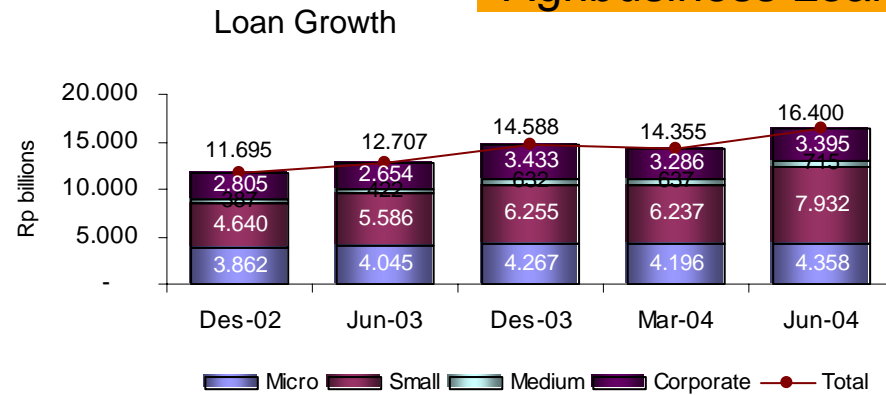
■ Micro 
 ■ Consumer 
 ■ Small Commercial 
 ■ Medium 
 ■ Corporate 
 —●— Total



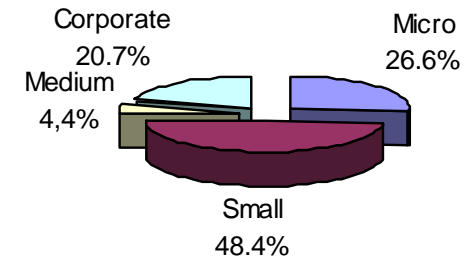


# Sound and Improving Loan Book

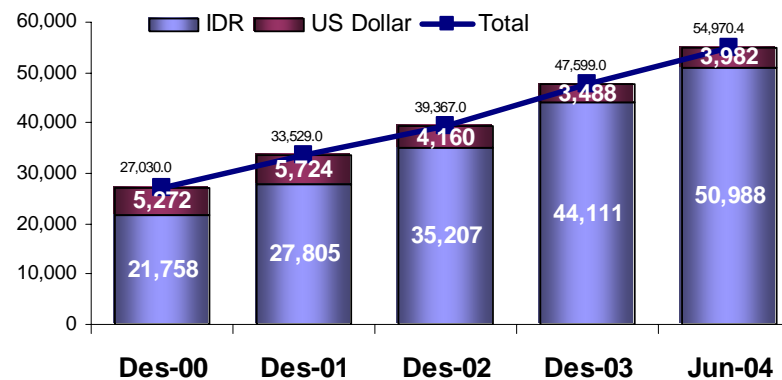
## Agribusiness Loans



By Business Segment, June 2004

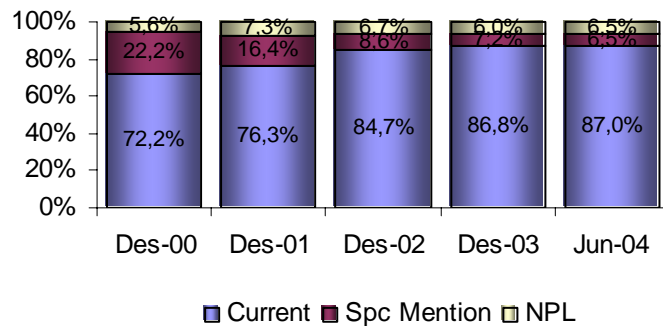


## Loans by Currency

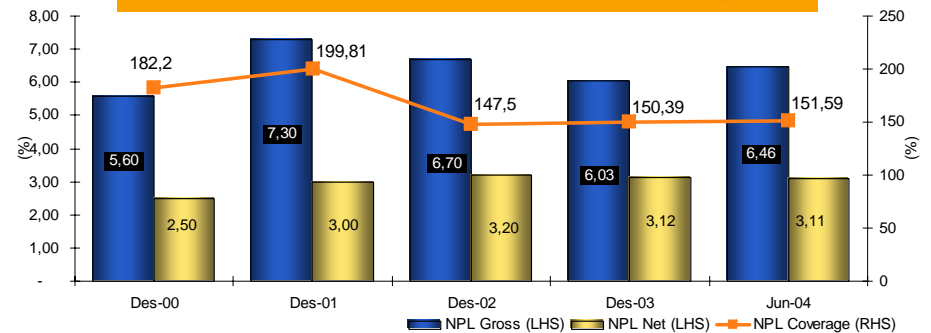


# Sound and Improving Loan Book

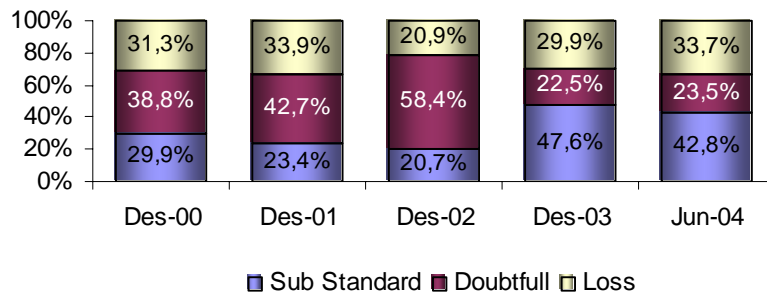
## Loans by Classification



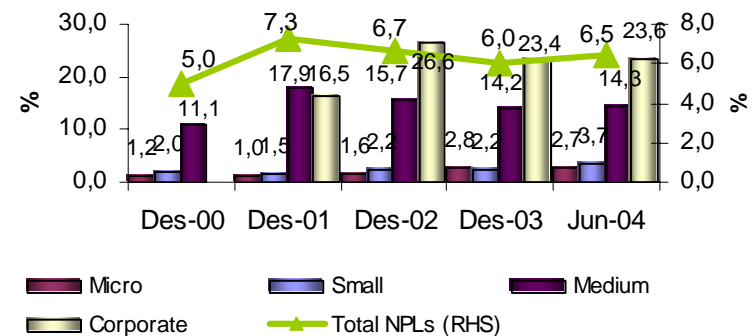
## Asset Quality and NPL Coverage



## NPLs Breakdown



## NPL Growth by Business Segment



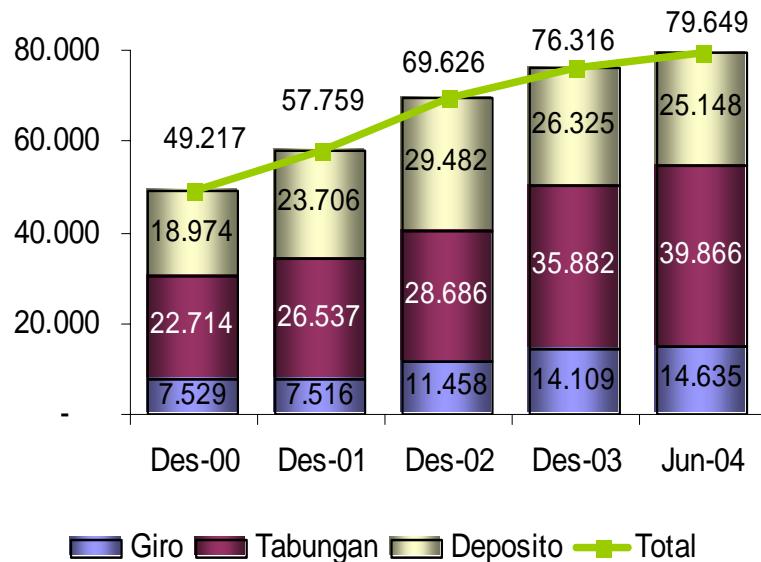
\*) Note: 2000 Medium incl. corporate



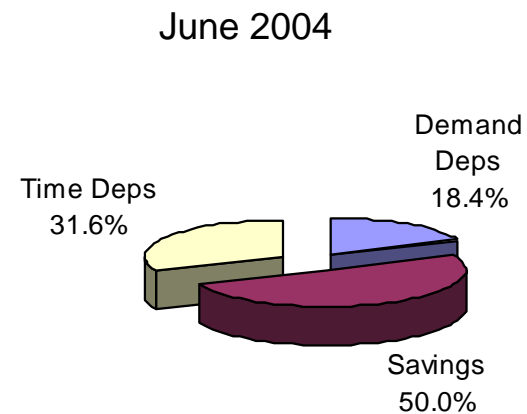
# Funding mix :

aiming for low cost of funds

### Deposit Growth by Product



### Customer Deposits Composition

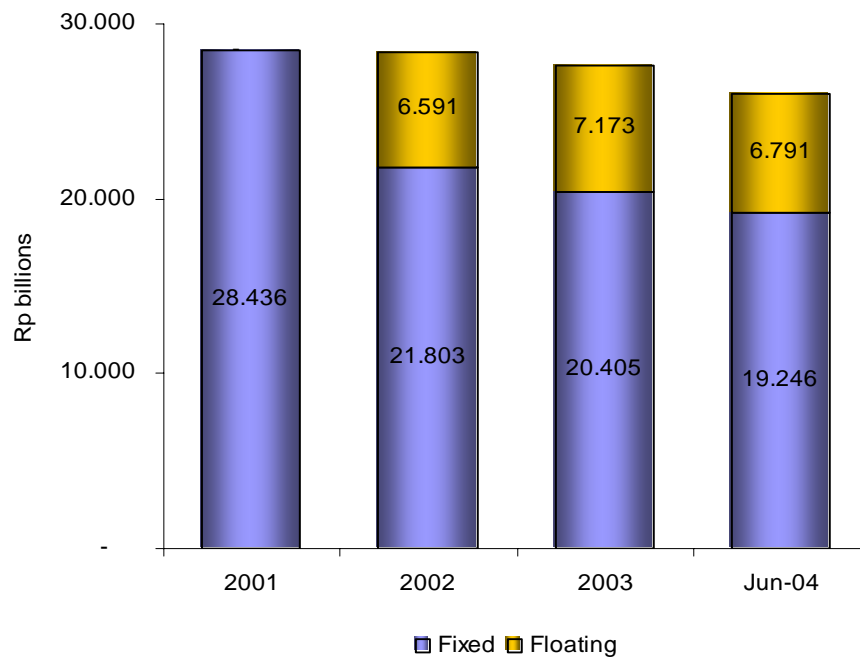


Deposits	2001	2002	Dec. '03	June 04
High Cost	41,10%	42,40%	34,70%	31,57%
Low Cost	58,90%	57,60%	65,30%	68,4%

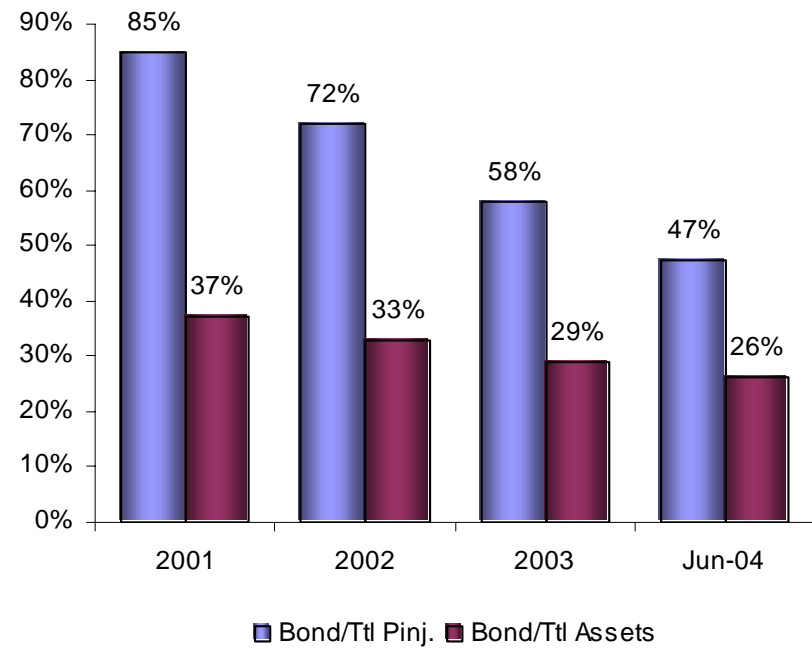


# Appropriate composition of Recap. Bonds

Recap Bonds Portfolio by Type



Recap Bonds vs. Total Loans and Total Assets



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# ***Financial Performance***



# Balance Sheet

IDR billion

<u>IDR billion</u>							
Description	2001*)	Full Year 2002	2003	1H 2003	2004	Growth YoY	Growth YtD
Total Assets	76,195	86,345	94,710	91,803	99,287	8.2%	4.83%
- Gross Loans (incl. syariah)	33,529	39,373	47,599	43,512	54,970	26.3%	15.49%
- Government Bonds	28,436	28,394	27,579	28,008	26,036	-7.0%	-5.59%
Total Earning Assets	70,015	79,864	84,165	85,800	94,035	9.6%	11.73%
Earning Assets Provision	(3,244)	(4,189)	(4,403)	(4,450)	(5,474)	23.0%	24.32%
Total Non Earning Assets	10,104	10,394	14,858	10,452	10,727	2.6%	-27.80%
Total Liabilities & S.E	76,195	86,345	94,710	91,803	99,287	8.2%	4.83%
Total Customer Deposits	57,759	69,627	76,316	74,333	79,649	7.2%	4.37%
- Demand Deposits	7,516	11,459	14,112	11,810	14,635	23.9%	3.71%
- Saving Deposits	26,529	28,673	35,803	31,096	39,866	28.2%	11.35%
- Time and Certificate Deposits	23,714	29,495	26,401	31,427	25,148	-20.0%	-4.75%
Other Interest Bearing Liabilities	8,596	5,655	4,317	6,300	984	-84.4%	-77.21%
Non Interest Bearing Liabilities	9,840	5,269	5,082	7,063	5,896	-16.5%	16.02%
Tier I Capital	3,446	4,133	7,532	5,397	7,990	48.0%	6.08%
Total Shareholder's Equity	4,814	5,794	8,994	6,198	10,009	61.5%	11.29%

\*) 2001 are consolidated figures comprising BRI and one subsidiary, PT Inter Pasifik. Tbk



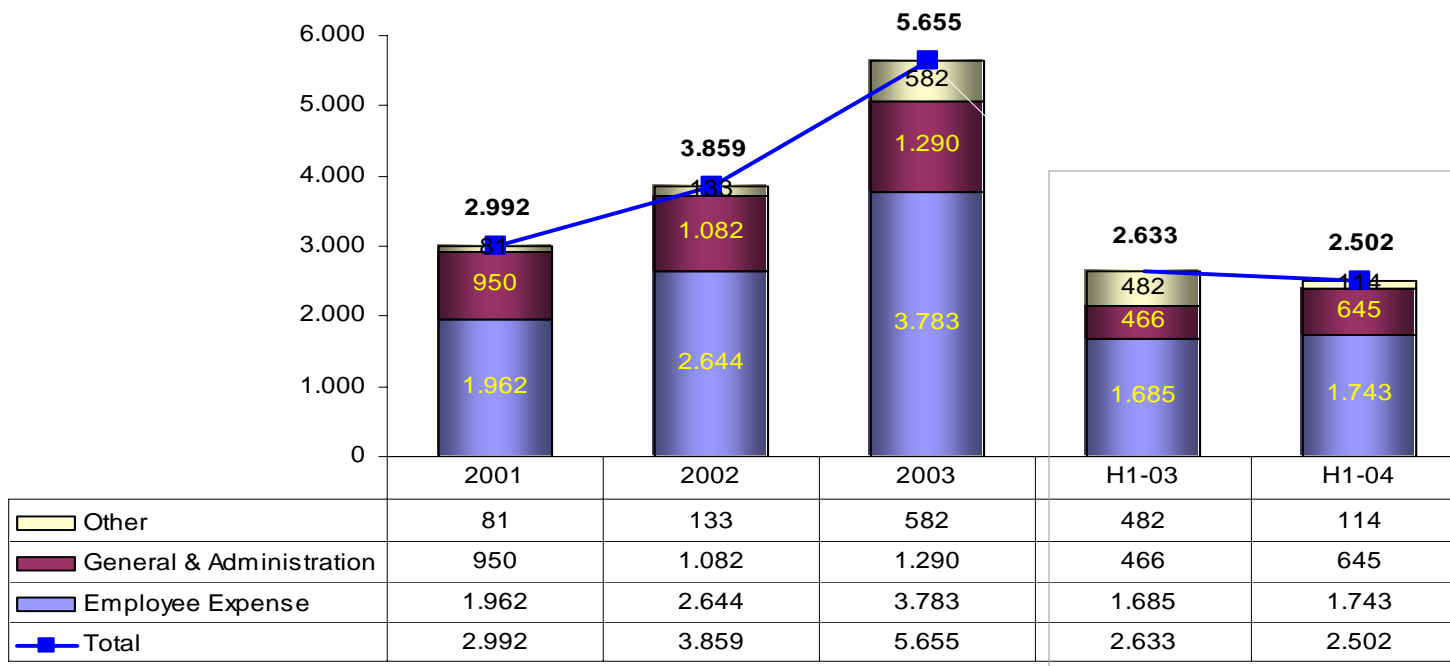
# Income Statement

						IDR billion
<u>IDR billion</u>						
Description	Full Year			1H		Growth
	2001*)	2002	2003	2003	2004	YoY
Interest Income	10,968	13,454	15,069	7,448	7,695	3.3%
Interest Expense	(6,006)	(7,373)	(7,043)	(3,806)	(2,377)	-37.5%
Net Interest Income	4,962	6,081	8,026	3,642	5,318	46.0%
Fee & Other Income	1,153	1,045	939	537	683	27.2%
Gross Operating Income	6,115	7,126	8,965	4,179	6,001	43.6%
Operating Expenses	(3,396)	(3,908)	(5,810)	(2,761)	(2,502)	-9.4%
Pre Provision Operating Profit	2,719	3,218	3,155	1,418	3,499	146.8%
Provision	(1,603)	(1,755)	75	(26)	(1,025)	3842.3%
Non Operating Profit/Loss	25	8	406	373	89	-76.1%
Profit Before Tax n Minor. Int.	1,141	1,471	3,636	1,765	2,564	45.3%
Net Profit	1,064	1,525	2,502	1,182	1,721	45.6%

\*) 2001 are consolidated figures comprising BRI and one subsidiary, PT Inter Pasifik. Tbk



# Overhead Expense



- The increase of employee expense in 2003 mainly due to one time salary adjustment and ESOP cost.
- The increase of other expenses in 2003 was due to tax payment related to 2002.





# Financial Ratios

Description	Full Year			1H		Growth YoY	Growth YtD
	2001	2002	2003	2003	2004		
Classified Loan Ratio	22,66%	15,31%	13,19%	13,95%	12,98%	-6,95%	-1,59%
NPL ratio - Gross	7,30%	6,74%	6,03%	6,70%	6,46%	-3,58%	7,13%
NPL ratio - Net	2,72%	3,15%	3,12%	3,14%	3,11%	-0,96%	-0,32%
NPL Coverage ratio - Gross	162,30%	147,50%	150,39%	143,02%	151,59%	5,99%	0,80%
Tier I CAR	10,70%	10,30%	16,30%	12,60%	14,96%	18,73%	-8,22%
Total CAR	13,30%	12,60%	20,87%	14,75%	20,36%	38,03%	-2,44%
Loan to Deposit Ratio	58,10%	56,50%	62,37%	58,54%	69,02%	17,90%	10,66%
Net Interest Margin (NIM)	7,60%	8,12%	9,54%	8,86%	11,69%	31,94%	22,54%
Return on Assets (ROA) - b.t	1,62%	1,83%	4,02%	4,02%	5,32%	32,34%	32,34%
Return on Assets (ROA) - a.t	1,52%	1,90%	2,77%	2,69%	3,57%	32,71%	28,88%
Return on Equity (ROE) - Tier I	30,36%	38,81%	43,41%	44,90%	40,59%	-9,60%	-6,50%
Return on Equity (ROE) - B/S	21,27%	26,99%	35,68%	36,28%	33,60%	-7,39%	-5,83%
Cost of Fund (COF)	9,14%	10,04%	7,86%	9,00%	4,73%	-47,44%	-39,82%
Min. Reserve Requirement	7,82%	6,05%	10,92%	5,36%	5,05%	-5,78%	-53,75%
Net Open Position	11,40%	7,80%	12,46%	11,85%	7,75%	-34,60%	-37,80%
Opr. Expense to Opr. Income	90,81%	89,92%	79,82%	82,57%	70,46%	-14,67%	-11,73%
Cost Efficiency Ratio (CER)*	50,13%	57,48%	65,33%	66,26%	44,74%	-32,48%	-31,52%

\*) CER : (Employee expense+ G&A+Other Op. Expense)/(NII+Fee&Commision+Other Op. Income)

\*\*\*) extraordinary items include ESOP cost of Rp. 210,- bn and tax payment of Rp. 420,- bn.



# ***Conclusion***

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- Consistent Focus on Micro, Small and Medium Business
- Maintain Strong Loan Growth
- Maintain Liquidity Position and Strong Capital Base
- Continue to Improve Funding Mix
- Continue Growing Organically
- Continue to Improve GCG and Risk Management Practices
- Continue to Improve Efficiency
- Expect Earning to Exceed 2004 Target



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***Thank You***

