



PT. BANK RAKYAT INDONESIA (PERSERO) Tbk.

Financial Updates Q2 2005

Investor Relation Team

July 2005

Changes in Regulatory Environment and Disclosures :

PBI No. 7/2/PBI/2005 – The Impacts on BRI

▶ **BRI Internal Policies had accommodated BI's new regulations**

Asset Classification Policy

- ▶ Quicker movement of Loans of Category IV and V
 - ▶ Category IV : 121-180 days; Category V : 181 days
- ▶ Total impact on BRI : Increasing loan provisioning by Rp 360 bio (March 2005 – June 2005)

One Debtor One Project Policy

- ▶ More impact on Corporate Debtors
- ▶ Corporate Loans incorporated only a small portion of BRI's Loan Portfolio (as of June 2005 : 13.2% of total loans)
- ▶ NPL is increasing from 4.19% in Dec 2004 to 5.60% in June 2005, but still well below June 2005 banking industry's NPL of 7.30% (source : Bank Indonesia - Laporan Bulanan Ekonomi, Moneter dan Perbankan Juni 2005)

Asset and Liabilities Quality and Composition



BANK BRI

Commitment in MSME Business

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

- In line with BRI's competence and long experience
- In line with national economic program empowering grass root economy
- Utilizing extensive network to anticipate regional economy
- Maintaining MSME portfolio to 80% of total loan portfolio
- Maintaining micro segment at minimum 30% of total loan portfolio

Size of Loans

- Micro loan up to Rp 50 mio (US\$ 5,000)
 - Small Business Loans : up to Rp 5 billion (US\$500,000)
 - Medium Scale Loans Rp 5 bio to 50 bio (US\$ 500,000 – US\$ 5 mio)
 - Corporate Loans > Rp 50 billion(US\$ 5 mio)
- Assumption : 1 US\$ = IDR. 10,000

% of Total Loans	2001*)	2002	2003	2004	Jun-04	Jun-05
Micro	30.4%	30.5%	30.6%	30.8%	30.8%	30.3%
Consumer	24.0%	24.2%	23.5%	23.1%	23.4%	22.8%
Small Commercial	19.0%	24.2%	26.7%	28.0%	28.1%	28.6%
Medium	3.7%	3.7%	4.6%	4.6%	4.5%	5.1%
Corporate	22.9%	17.4%	14.7%	13.6%	13.2%	13.2%

86.8%

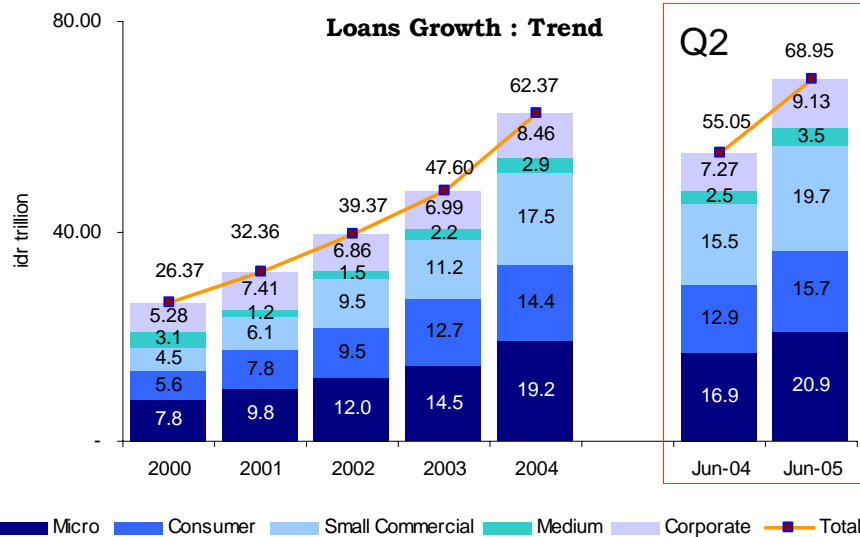
*) 2001 : consolidated figures except figures of medium and corporate loan in 2001

Balance Sheet

Description	Full Year				Q2		Growth YoY
	2001*)	2002	2003	2004	2004	2005	
Total Assets	76,195	86,345	94,710	107,040	99,287	113,474	14.29%
- Gross Loans (incl. syariah)	33,529	39,373	47,599	62,368	55,047	68,950	25.26%
- Government Bonds (Recap)	28,436	28,394	27,579	23,950	25,785	18,313	-28.98%
Total Earning Assets	70,015	79,864	84,165	97,962	94,111	102,516	8.93%
Earning Assets Provision	(3,244)	(4,189)	(4,403)	(5,172)	(5,474)	(5,820)	6.32%
Total Non Earning Assets	10,104	10,394	14,858	14,250	10,650	16,778	57.53%
Total Liabilities & S.E	76,195	86,345	94,710	107,040	99,287	113,474	14.29%
Total Customer Deposits	57,759	69,627	76,316	82,400	79,649	89,481	12.34%
- Demand Deposits	7,516	11,459	14,112	13,364	14,635	20,190	37.96%
- Saving Deposits	26,529	28,673	35,803	44,569	39,866	44,412	11.40%
- Time and Certificate Deposits	23,714	29,495	26,401	24,467	25,148	24,879	-1.07%
Other Interest Bearing Liabilities	8,596	5,655	4,317	6,396	3,937	4,762	20.95%
Non Interest Bearing Liabilities	9,840	5,269	5,082	5,794	6,240	7,421	18.93%
Tier I Capital	3,446	4,133	7,532	9,826	7,990	9,339	16.88%
Total Shareholder's Equity	4,814	5,794	8,994	12,450	9,461	11,810	24.82%

*) 2000 and 2001 are consolidated figures

Loans : Strong Growth and Well Managed Loan Book

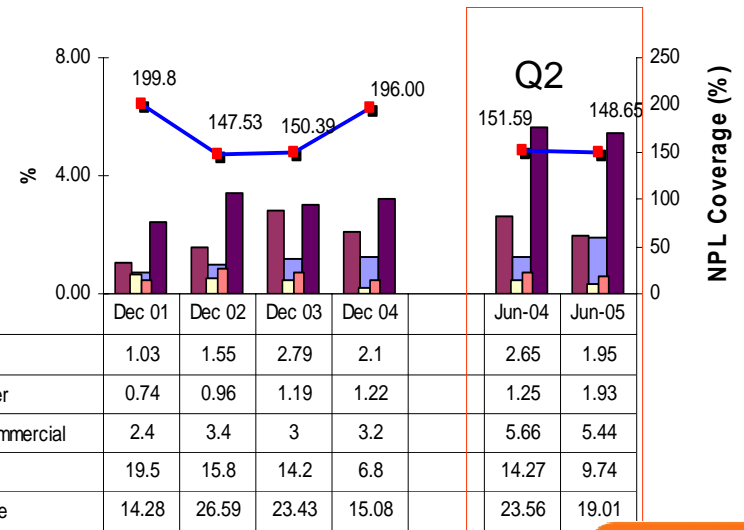
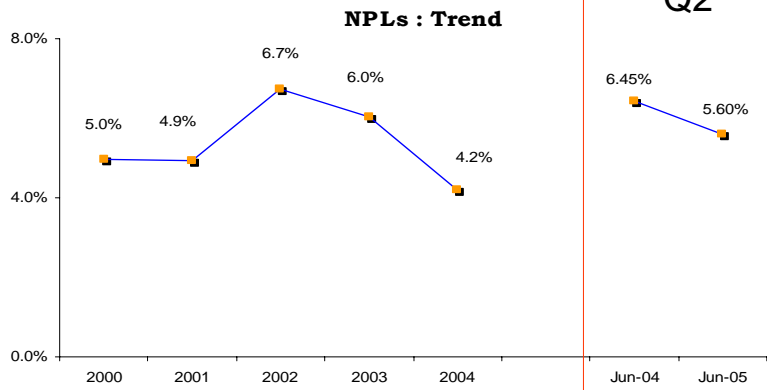


- ▶ Banking sector continues to show improvements
 - ▶ Strong loan growth
 - ▶ Improving loan quality

▶ BRI continues to show a higher than industry loan growth and a well managed loan quality

▶ Loan Growth : CAGR (2000-2004) : BRI : 24.01%,
Total Commercial Banks : 18.57%

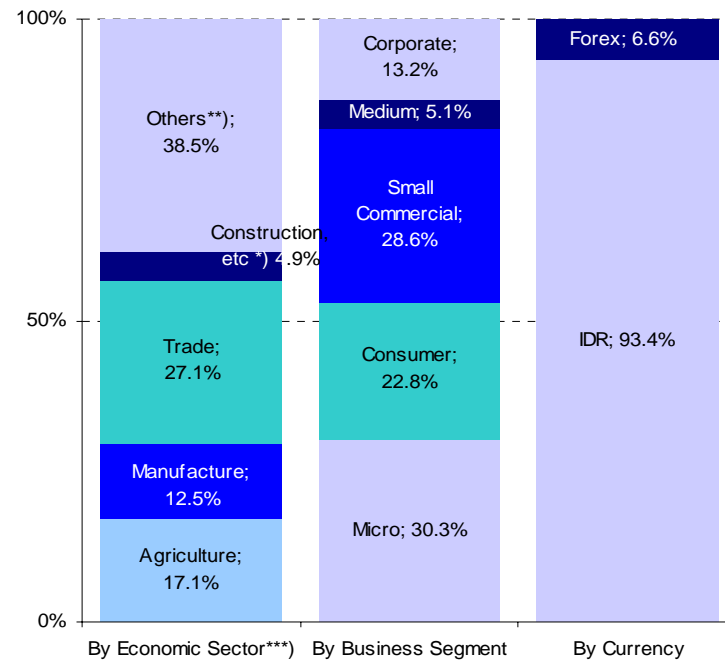
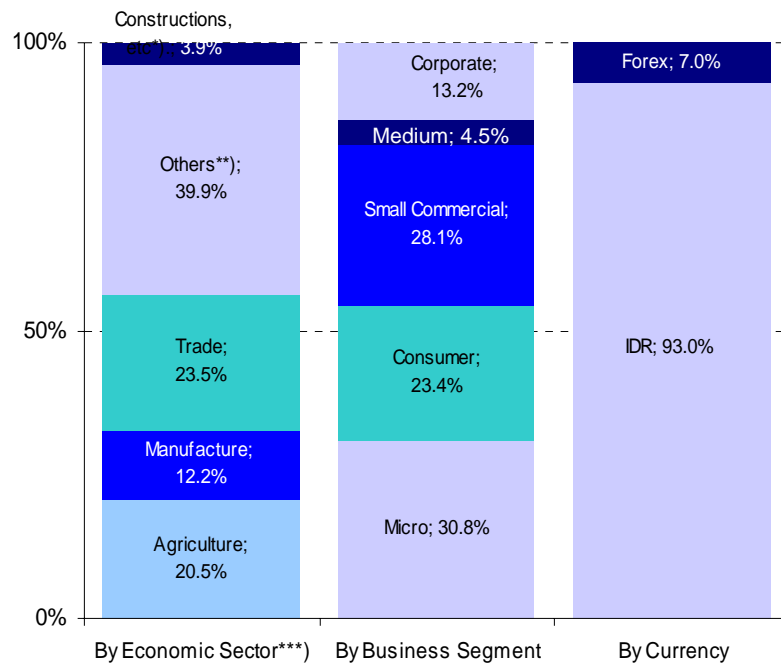
NPLs by Business Segments and NPL Coverage



Loan Composition : Well Diversified and Low Risks

June 2004

June 2005



Note :

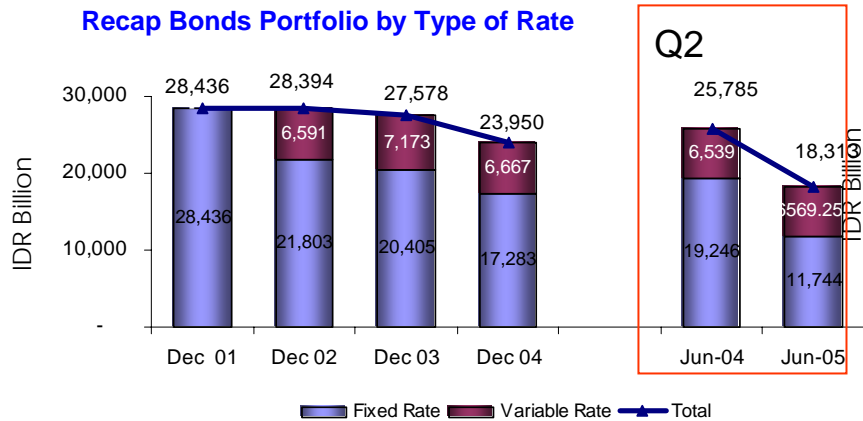
*) incl. mining, electricity, transportation, business services, social services

***) incl. consumer fixed income loans and Kupedes

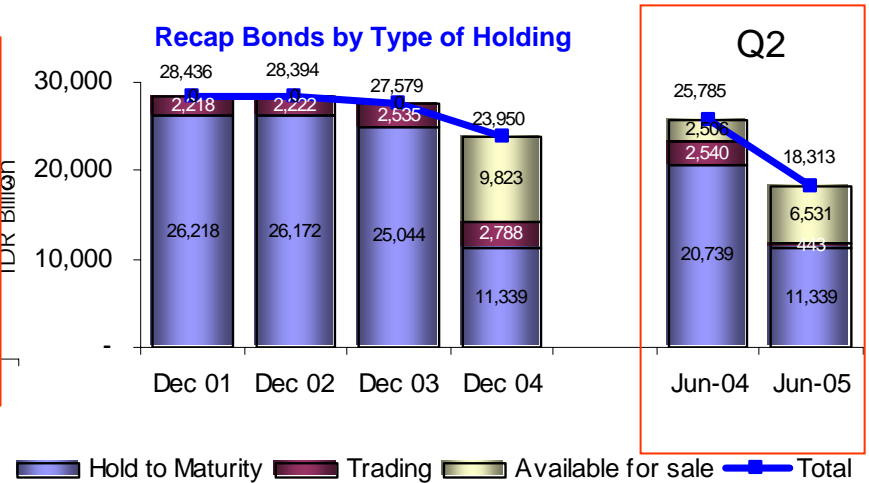
***) excl sharia loans

Portfolio of Recap. Bonds

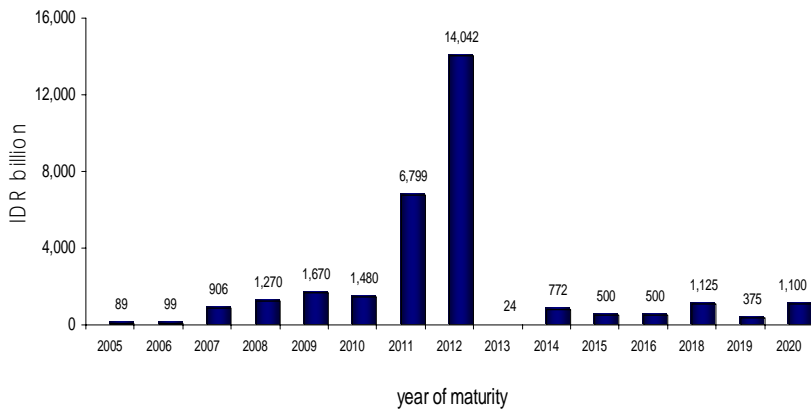
Recap Bonds Portfolio by Type of Rate



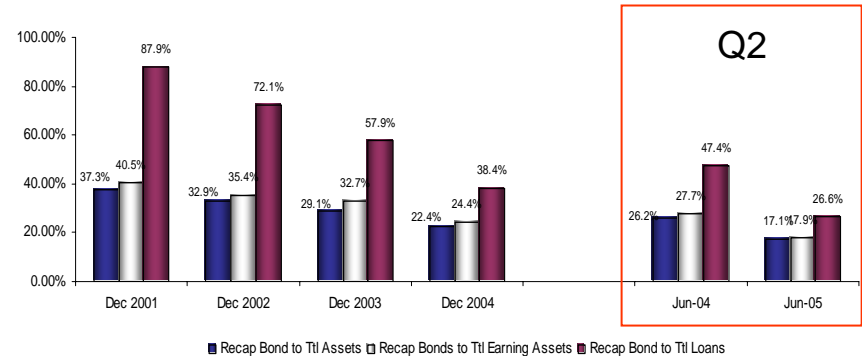
Recap Bonds by Type of Holding



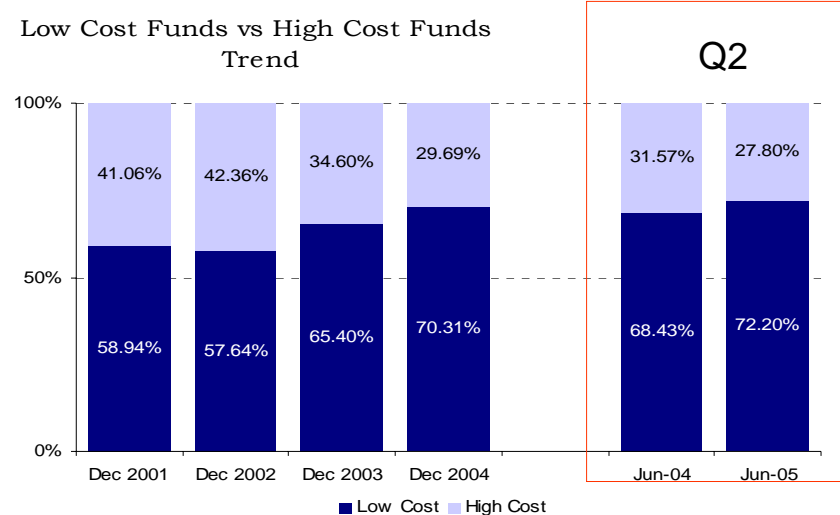
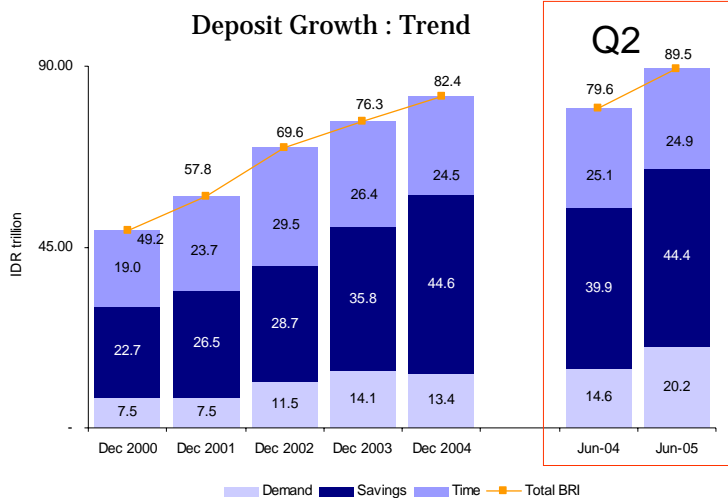
Recap Bond by Maturity



Recap Bond to Ttl Assets, Ttl Earning Assets and Ttl Loans



Deposits : Low Cost Structure from Retail Funds



CAGR : 2000 - 2004

Total Deposits

Commercial Banks	8.31%
BRI	13.75%

by Type : BRI

Demand	15.42%
Savings	18.36%
Time	6.56%

- ▶ BRI shows a stronger growth than other Commercial Banks with a better fund structure
- ▶ The growth of Low Cost Funds (demand and savings) are far exceeded the growth of High Cost Funds (Time Deposits)

Profitability



Income Statement : Highlights

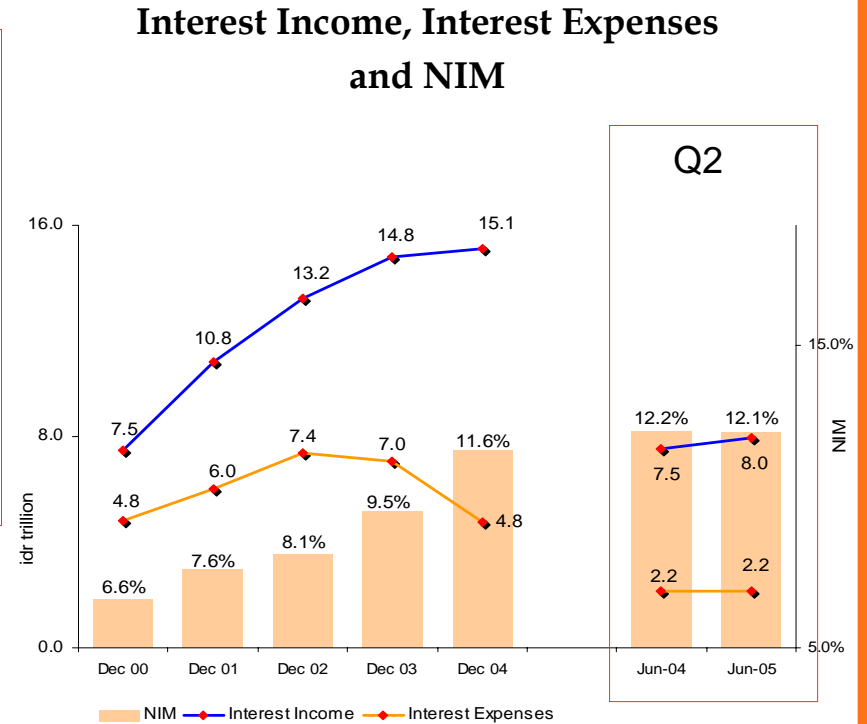
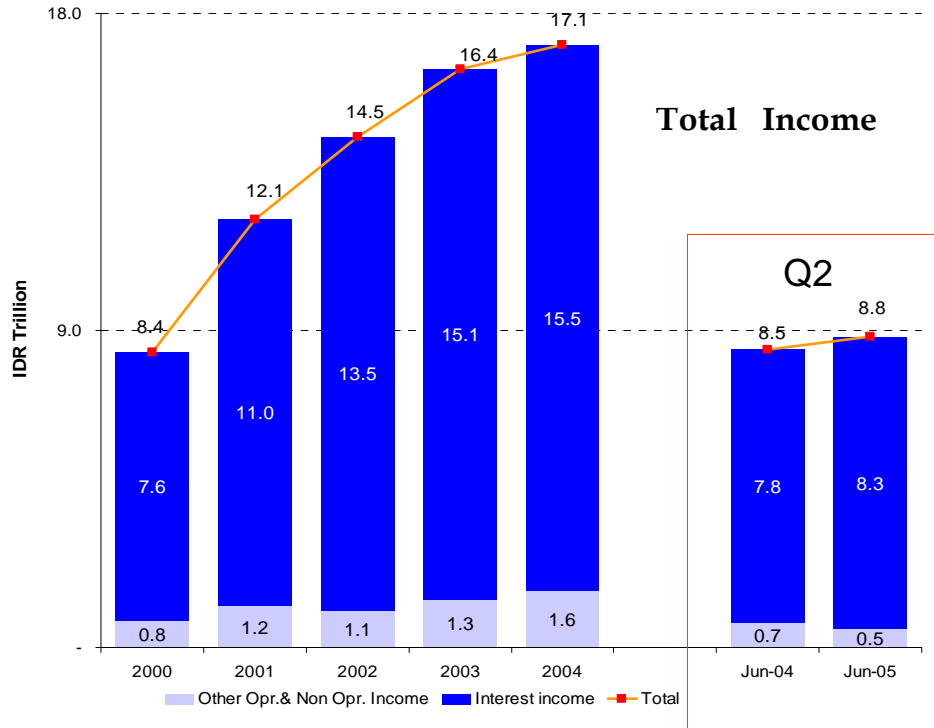
<i>IDR billion</i> Description	Full Year				Q2		Growth (YoY)
	2001*)	2002	2003	2004**)	2004	2005	
Interest Income	10,968	13,454	15,069	15,475	7,695	8,205	6.63%
Interest Expense	(6,006)	(7,373)	(7,043)	(4,769)	(2,159)	(2,153)	-0.29%
Net Interest Income	4,962	6,081	8,026	10,706	5,536	6,052	9.33%
Fee & Other Opr. Income	1,153	1,045	939	1,503	705	699	-0.85%
Gross Operating Income	6,115	7,126	8,965	12,209	6,241	6,751	8.18%
Other Operating Expenses	(3,396)	(3,908)	(5,810)	(5,283)	(2,727)	(3,445)	26.33%
Pre Provision Operating Profit	2,719	3,218	3,155	6,926	3,514	3,307	-5.90%
Provision	(1,603)	(1,755)	75	(1,328)	(1,046)	(760)	-27.34%
Non Operating Profit/Loss	25	8	406	134	89	69	-22.02%
Profit Before Tax n Minor. Int.	1,141	1,471	3,636	5,731	2,557	2,616	2.33%
Net Profit	1,064	1,525	2,502	3,633	1,714	1,942	13.30%

*) 2001 are consolidated figures

**) restatement

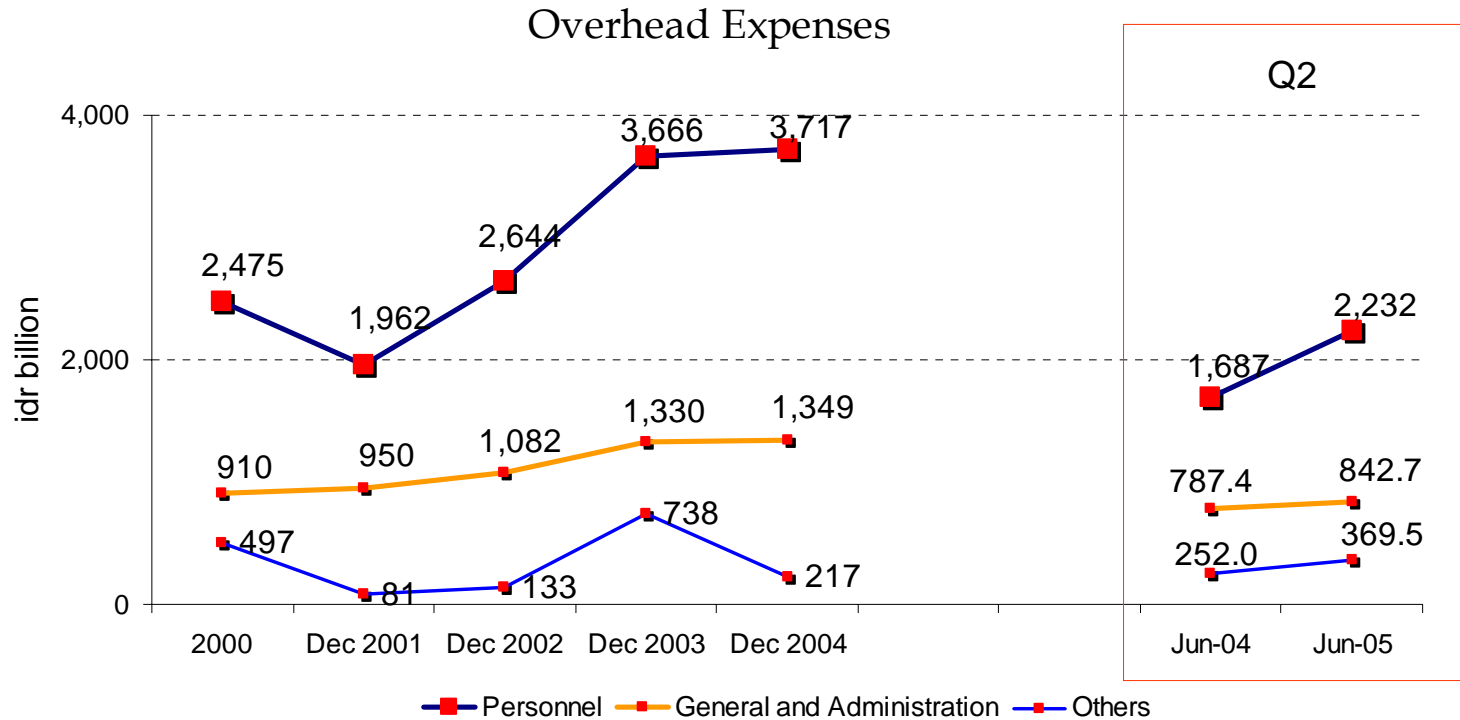
Main Sources of Income

...Maintained High Interest Income and Resiliency of Low Cost Fund Structure



Justified Expenses

.....Higher Expenses for Better Revenues, Resulted in a Well Maintained Efficiency



Financial Ratios

<u>IDR billion</u> Description	Full Year				Q2		Growth YoY
	2001	2002	2003	2004	2004	2005	
Classified Loan Ratio	22.66%	15.31%	13.19%	12.23%	12.96%	13.27%	2.39%
NPL ratio - Gross	7.30%	6.74%	6.03%	4.19%	6.45%	5.61%	-13.02%
NPL ratio - Net	2.72%	3.15%	3.12%	1.93%	3.11%	2.31%	-25.72%
NPL Coverage ratio - Gross	162.30%	147.50%	150.39%	196.00%	151.59%	148.65%	-1.94%
Tier I CAR	10.70%	10.30%	16.30%	15.72%	14.96%	12.39%	-17.18%
Total CAR	13.30%	12.60%	20.87%	19.86%	19.33%	17.00%	-12.05%
Total CAR with market risk	n.a	n.a	18.94%	16.19%	n.a	15.64%	
Loan to Deposit Ratio	58.10%	56.50%	62.37%	75.69%	69.11%	77.06%	11.50%
Net Interest Margin (NIM)	7.60%	8.12%	9.54%	11.56%	12.18%	12.12%	-0.49%
Return on Assets (ROA) - b.t	1.62%	1.83%	4.02%	5.77%	5.31%	4.84%	-8.85%
Return on Assets (ROA) - a.t	1.52%	1.90%	2.77%	3.66%	3.56%	3.59%	0.84%
Return on Equity (ROE) - Tier I	30.36%	38.81%	43.41%	42.20%	40.43%	37.80%	-6.51%
Return on Equity (ROE) - B/S	21.27%	26.99%	35.68%	32.61%	34.77%	30.37%	-12.65%
Cost of Fund (COF)	9.14%	10.04%	7.86%	4.60%	4.73%	4.31%	-8.88%
Min. Reserve Requirement	7.82%	6.05%	10.92%	9.39%	5.05%	11.42%	126.14%
Net Open Position	11.40%	7.80%	12.46%	9.61%	8.17%	6.02%	-26.32%
Opr. Expense to Opr. Income	90.81%	89.92%	79.82%	67.03%	70.62%	71.40%	1.10%
Cost Efficiency Ratio (CER)*	50.13%	57.48%	65.33%	46.48%	46.93%	54.12%	15.32%

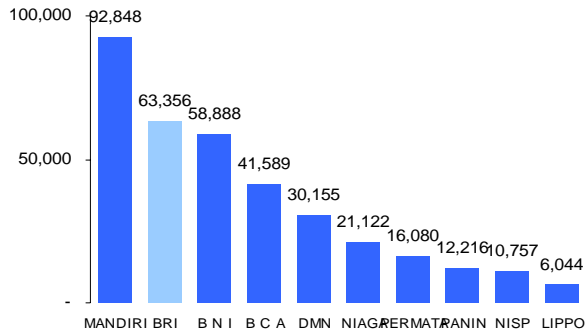
*) CER : (Employee expense+ G&A+Other Op. Expense)/(NII+Fee&Commision+Other Op. Income)

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

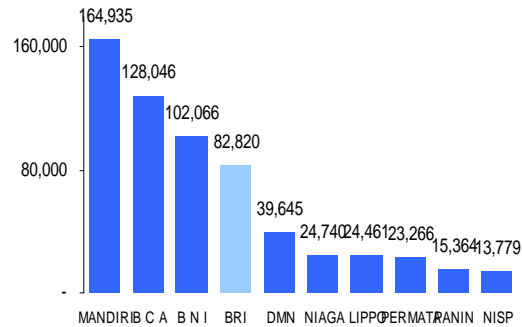
Strong Market Position among Major Banks

(March 2005 Position)

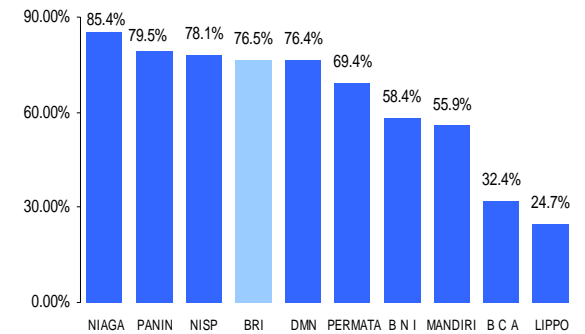
LOANS (IDR BIO)



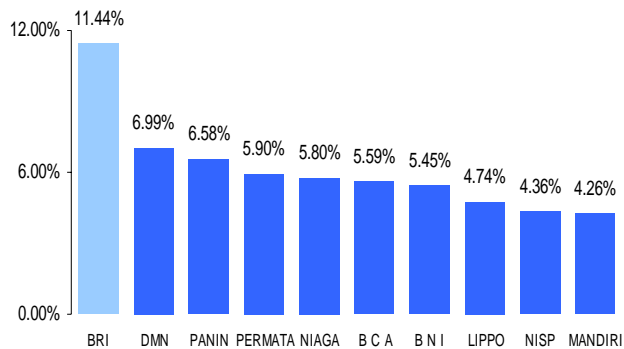
DEPOSITS (IDR BIO)



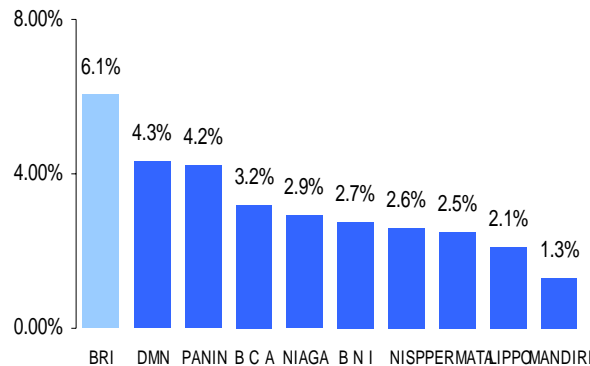
LOAN TO DEPOSIT RATIO



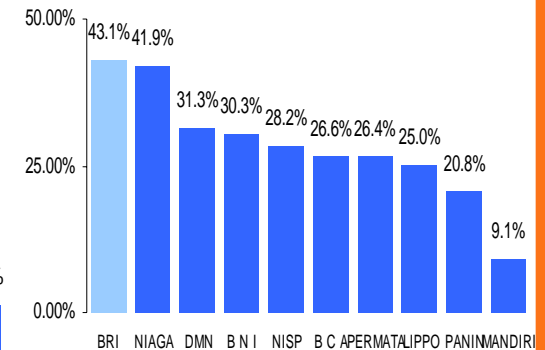
NET INTEREST MARGIN



ROA



ROE



Concluding Remarks



BRI is still on the right track :

- Continue to focus on Micro, Small and Medium Business (minimum 80% of Total Loan Portfolio)
- Maintaining Strong Loan Growth, average at 20 % per year, with a well managed NPLs, accommodating BI's New Regulations
- Maintaining existing funding mix to achieve low cost fund structure
- Managing government bonds to support business growth and business development
- Maintaining operation efficiency at optimum level
- Continue to incorporate the extensive networks and competence to grab business opportunities such as improving business relationship with other SOEs

.....Thank You

Investor Relation Team
Hendrickus
(Head of Investor Relation)
e mail : hendrickus@bri.co.id

Phone : 62 21 5752006

Listiarini Dewajanti
e mail : listd@bri.co.id
Phone : 62 21 5752009

Andarini
e mail : andarini@bri.co.id
phone : 62 21 5751951

Dwi Agus Pramudya
(Deputy Corporate Secretary)
E mail : dwipram@bri.co.id
Phone : 62 21 5752008

