

PT. BANK RAKYAT INDONESIA (PERSERO) Tbk.

Full Year 2005 Financial Result



2005 Performance



Indonesia's Macro Economy in 2005

Early 2005 was full of optimism on the prospects of Indonesian Economy

Global Oil Price hike on August 2005 from US\$ 41/barrel to US\$ 70.85/barrel :

- Fuel subsidy was abolished
- Domestic oil price increased by 126%
- Inflation increased, from 9.06% in September 2005 to 17.89% in December 2005
- BI Rate had been increased 7 times, from 8.5% in July 2005 to 12.75% in December 2005

Banking Industry : the implementation of PBI no 7/2/2005

→NPL in the banking system increased from 5.96% in March 2005 to 7.30% in June 2005

BRI in the Year 2005



Highlights of BRI Performance in 2005

- ▶ Loan still grew 20% , driven by Micro and Small Commercial Loans
- ▶ NPL (gross) maintained at around 5 %
- ▶ Better valuation of Govt Bonds since October 2005
- ▶ Funding mix of \pm 70% Low Cost Funds and \pm 30% high cost funds
- ▶ Net Interest Margin maintained at around 12%
- ▶ Operating Cost to Opr Income ratio still at around 70%

Balance Sheet

IDR billion

Description	Full Year					Growth YoY
	2001*)	2002	2003	2004	2005	
Total Assets	76,195	86,345	94,710	107,040	122,776	14.7%
- Gross Loans (incl. syariah)	33,529	39,373	47,599	62,368	75,533	21.1%
- Government Bonds (Recap)	28,436	28,394	27,579	22,686	17,722	-21.9%
Total Earning Assets	70,015	79,864	84,165	97,962	111,731	14.1%
Earning Assets Provision	(3,244)	(4,189)	(4,403)	(5,172)	(5,478)	5.9%
Total Non Earning Assets	10,104	10,394	14,858	14,250	16,523	16.0%
Total Liabilities & S.E	76,195	86,345	94,710	107,040	122,776	14.7%
Total Customer Deposits	57,759	69,627	76,316	82,400	97,046	17.8%
- Demand Deposits	7,516	11,459	14,112	13,364	17,384	30.1%
- Saving Deposits	26,529	28,673	35,803	44,569	49,372	10.8%
- Time and Certificate Deposits	23,714	29,495	26,402	24,467	30,290	23.8%
Other Interest Bearing Liabilities	8,596	5,655	5,726	6,384	5,597	-12.3%
Non Interest Bearing Liabilities	9,840	5,269	5,466	5,806	6,779	16.8%
Tier I Capital	3,446	4,133	7,532	8,506	10,519	23.7%
Total Shareholder's Equity	4,814	5,794	8,454	12,450	13,353	7.3%

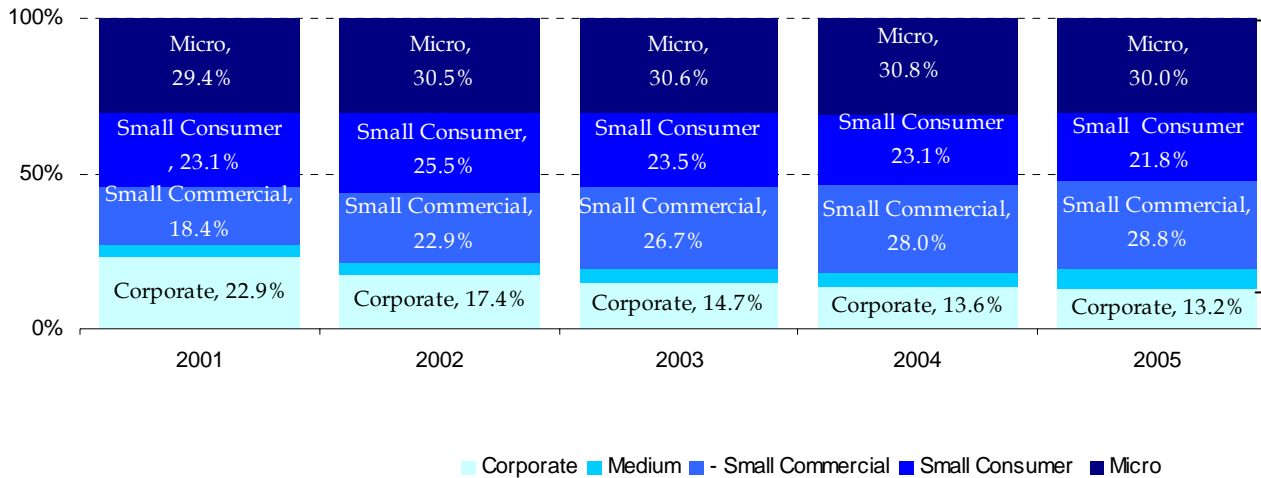


*Asset and Liabilities : Highlights of Growth,
Composition and Quality*



Loan Portfolio : Consistent Focus to MSMEs

Loan Portfolio Composition



As of end of Dec 2005 :
**Loan to MSMEs :
 86.8% of total
 Loan Portfolio**

Note :

Medium Loans to Total Loans

	2001	2002	2003	2004	2005
Medium	3.7%	3.7%	4.6%	4.6%	6.3%

BRI's Commitment :

Maintaining Loans to MSMEs at least 80% of Total Loan
 Maintaining Micro Loans at least 30% of Total Loans

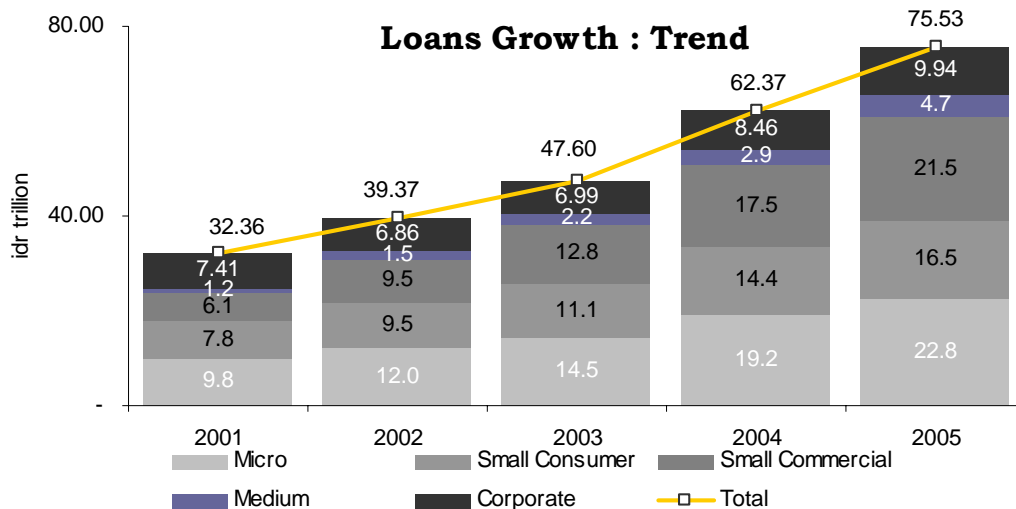
Size of Loans

- Micro loan up to Rp 50 mio (US\$ 5,000)
- Consumer Loans up to Rp 200 mio (US\$ 20,000)
- 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



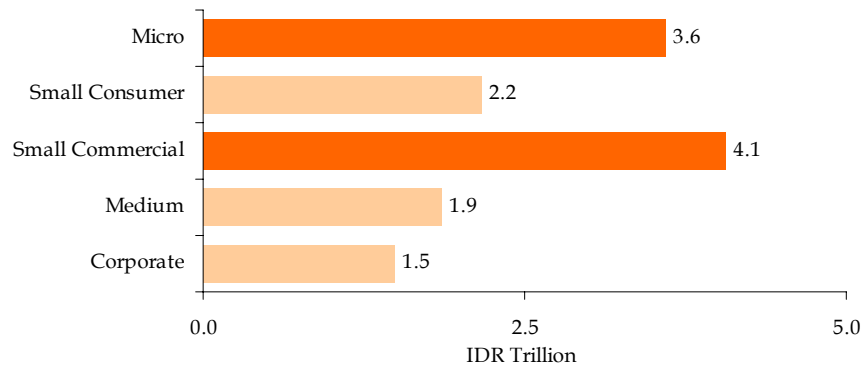
Loans : High Growth Maintained



Loan CAGR 2000 - 2005

Micro	23.82%
Small Consumers	24.10%
Small Commercial	36.97%
Medium	8.72%
Corporate	13.51%

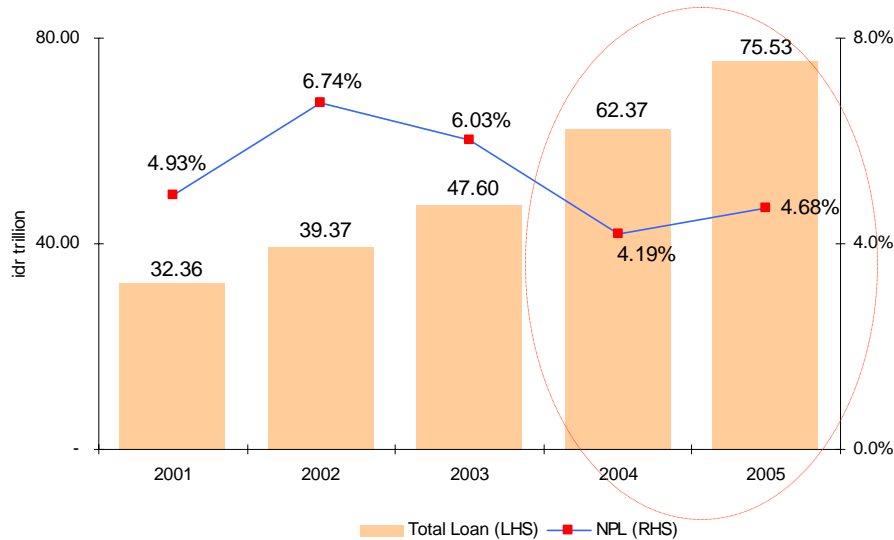
Loan Expansions by Business Segment (YoY) 2004 - 2005 (IDR trillion)



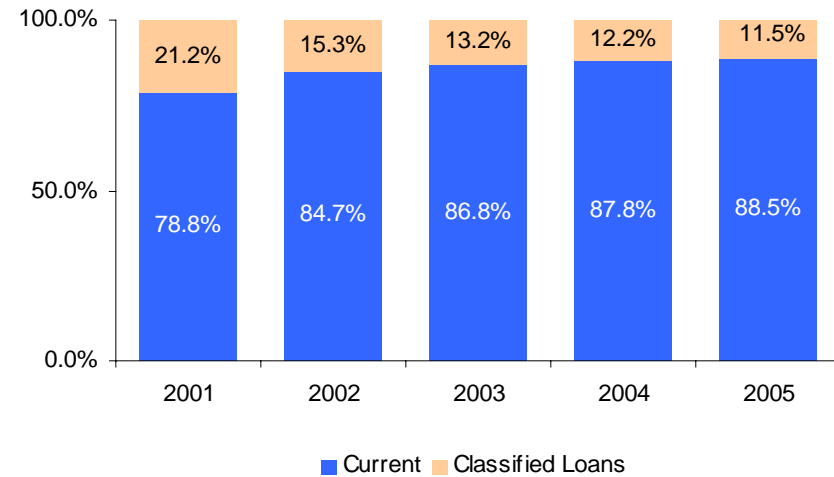
- During 2005, total loan grew by IDR 13.2 trillion or 21.1% (YoY)
- The driver of growth is Small Commercial and Micro Loans which grew by IDR 7.7 trillion, constitute 58.2% of total loan growth
- Expansions in the corporate segment in 2005 were all in the agribusiness sector
- In Q4 2005, BRI's loan growth reached 3.84%, while banking industry growth was 1% (source banking industry data : Bank Indonesia)

Loan Quality : High Quality Growth

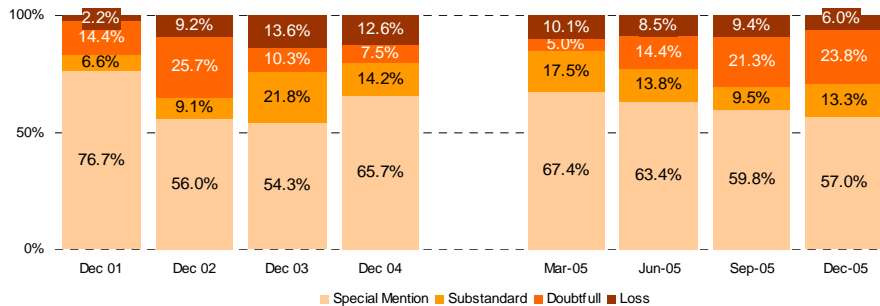
Total Loan vs Total NPL : Trend



Classified Loans to Ttl Loans



Composition of Classified Loans



By end of Dec 2005, NPLs in the banking Industry reached 8.7%

(source : Bank Indonesia-Kinerja Sektor Moneter, Perbankan dan Sistem Pembayaran Triwulan IV 2005)



NPLs by Business Segments and NPL Coverage : Trend

NPL BY SEGMENT (%)	Dec 01	Dec 02	Dec 03	Dec 04	Mar-05	Jun-05	Sep-05	Dec-05
Micro	1.03	1.55	2.79	2.1	2.32	1.95	1.73	1.55
Consumer	0.74	0.96	1.19	1.22	1.33	1.93	1.84	1.62
Small Commercial	2.4	3.4	3.0	3.2	4.35	5.45	4.96	4.00
Medium	19.5	15.8	14.2	6.8	6.85	9.73	8.95	7.48
Corporate	14.28	26.59	23.43	15.08	15.75	19.01	17.6	16.93
NPL Coverage	199.8	147.53	150.39	196.00	183.47	148.65	147.12	153.09

 During the second half of 2005, NPL in all segments had been decreasing

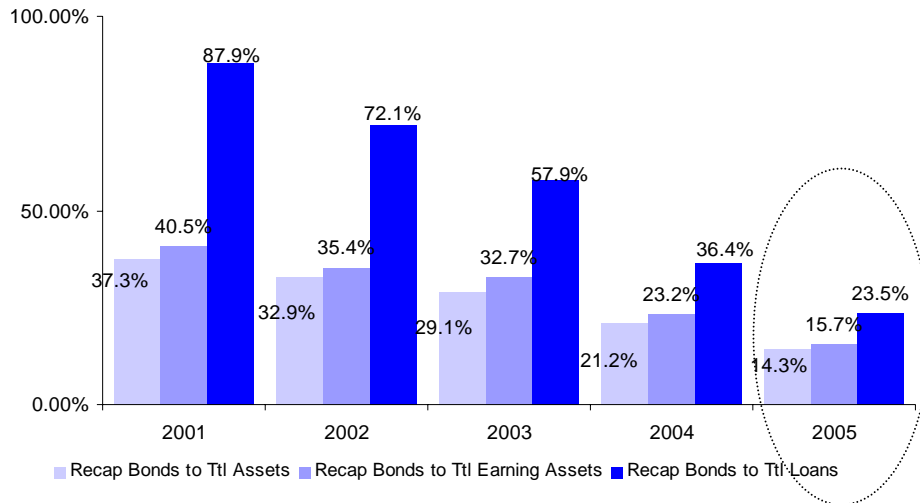
Government Bonds : Portfolio

Govt Bonds (Recap Bonds and Other Govt Bonds) by Type of Holdings

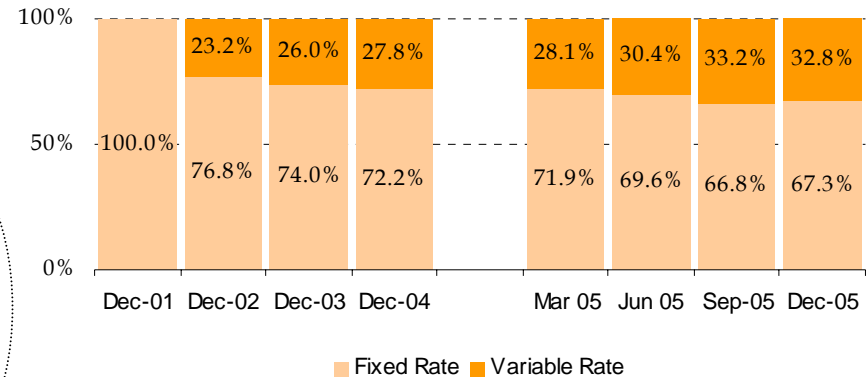
IDR Trio

Portfolio	Dec-04		Mar-05		Jun-05		Sep-05		Dec-05	
	Nominal	% to Ttl	Nominal	% to Ttl	Nominal	% to Ttl	Nominal	% to Ttl	Nominal	% to Ttl
Hold to Maturity	11.34	46.2%	11.34	48.0%	11.34	51.7%	11.34	56.7%	11.34	53.8%
Available for Sale	9.96	40.6%	7.81	33.1%	6.53	29.8%	5.56	27.8%	6.27	29.7%
Trading	3.22	13.1%	4.46	18.9%	4.05	18.5%	3.08	15.4%	3.48	16.5%
Total	24.52	100.0%	23.62	100.0%	21.92	100.0%	19.98	100.0%	21.09	100.0%

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

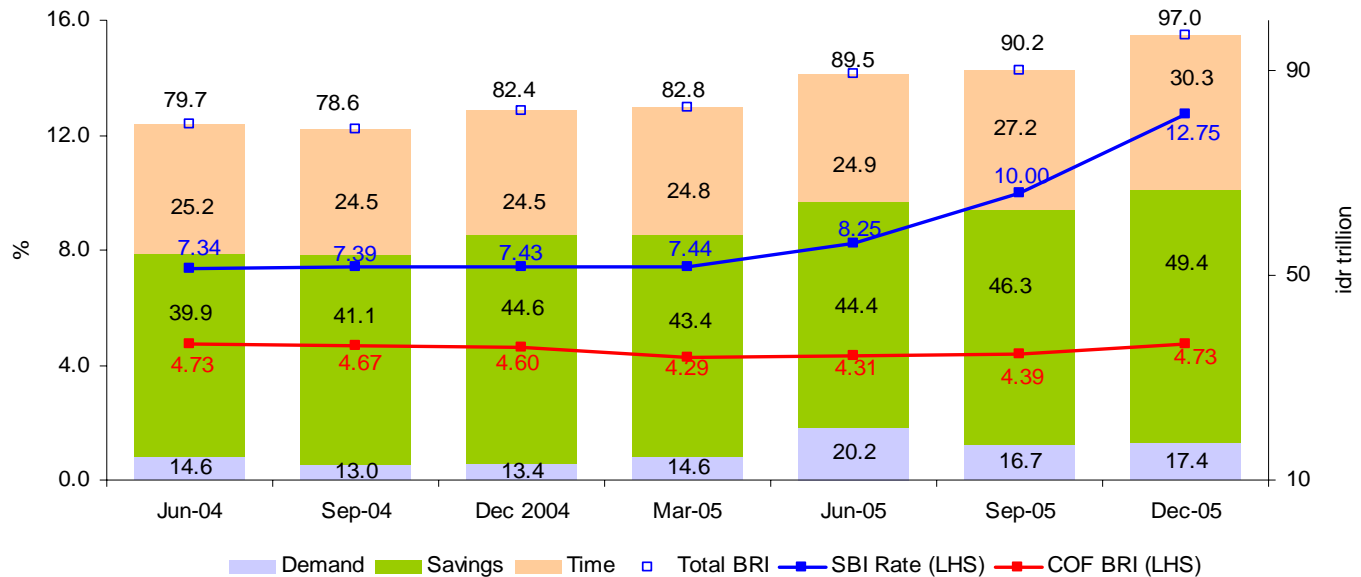


Government Bonds (Recap and Other Govt Bonds)
By Type of Rate



Deposits : Grew at Low Cost

BI Rate, BRI's COF and the Growth of Deposits



- In Q4 2005, BRI's total deposits grew by 7.8%, while total banking industry growth's was 1.3%
(source : Bank Indonesia)
- BRI's COF can be kept in a low level as more than 70% of the Deposits are in the low cost fund deposits (demand and saving deposits), with an interest-rate-insensitive customer base



Profitability

Income Statement : Highlights

IDR billion

Description	Full Year			2004	2005	Growth (YoY)
	2001*)	2002	2003			
Interest Income	10,968.0	13,454.0	15,069.0	15,531	17,254	11.09%
Interest Expense	(6,006.0)	(7,373.0)	(7,043.0)	(4,273)	(4,817)	12.72%
Net Interest Income	4,962.0	6,081.0	8,026.0	11,258	12,437	10.48%
Fee & Other Opr. Income	1,153.0	1,045.0	939.0	1,447	969	-33.05%
Gross Operating Income	6,115.0	7,126.0	8,965.0	12,704	13,406	5.52%
Other Operating Expenses	(3,396.0)	(3,908.0)	(5,810.0)	(5,887)	(7,680)	30.46%
Pre Provision Operating Profit	2,719.0	3,218.0	3,155.0	6,817	5,726	-16.02%
Provision	(1,603.0)	(1,755.0)	75.0	(1,328)	(413)	-68.89%
Non Operating Profit/Loss	25.0	8.0	406.0	444	296	-33.44%
Profit Before Tax n Minor. Int.	1,141.0	1,471.0	3,636.0	5,933	5,608	-5.48%
Net Profit	1,064.0	1,525.0	2,502.0	3,633	3,809	4.83%
EPS				306.6	321.7	4.92%

Sources of Income

Idr billion

Source of Income	2000	2001	2002	2003	2004	2005	Growth (YoY)
Interest income	7,616.2	10,967.7	13,453.6	15,069.3	15,530.8	17,253.7	11.1%
Other Opr.Income	754.3	1,153.2	1,044.7	938.5	1,446.8	968.6	-33.1%
Non Operational Income (net)	8.0	24.8	7.7	405.6	444.2	295.6	-33.4%
Total Income	8,378.5	12,145.8	14,506.0	16,413.4	17,421.8	18,518.0	6.3%

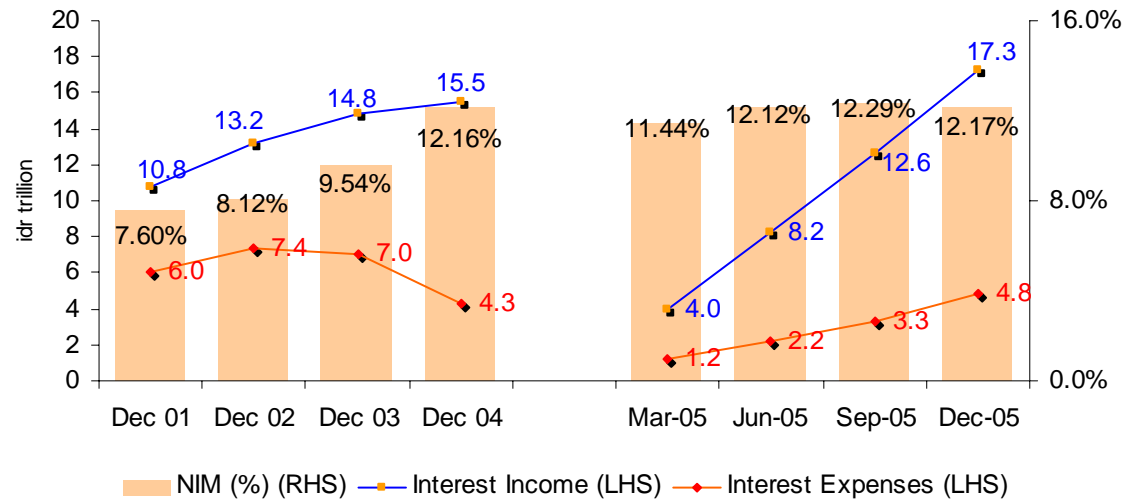
Other Operating Income

Idr billion

Other Operating Income	Dec-04	Dec-05	Growth
Gain Fr Value Increase of Securities and Govt. Recap Bonds (net)	189.0	-	-100.0%
Gain from sale of Securities and Govt Recap Bonds (net)	523.6	231.6	-55.8%
Fees and Commissions	502.2	568.5	13.2%
Gain fr Forex (net)	130.2	49.5	-62.0%
Others	101.8	119.0	17.0%
Total	1,446.8	968.6	-33.1%

Main Sources of Income

Interest Income vs. Interest Expenses



- The main source of interest income is Loans
- Interest income is increasing steadfastly as the driver of growth of loans are Micro and Small Commercial Loans, which are loans of a high yield and in high quality

Over Head Expenses

IDR billion

	Dec 2001	Dec 2002	Dec 2003	Dec 2004	Dec-05	Growth YoY (2004-2005)
Personnel	1,961.9	2,644.1	3,666.0	3,717.5	4,407.2	18.6%
General and Administration	949.6	1,081.8	1,330.0	1,835.0	2,126.4	15.9%
Losses fr decrease of Securities and Govt. Bonds value	-	-	-	-	566.0	
Premium Paid on Govt Guarantee				183.4	199.3	8.6%
Others	81.0	133.0	738.0	352.8	381.2	8.1%
Total	2,992.4	3,858.9	5,734.0	6,088.8	7,680.1	36.6%

Financial Ratios

Description	Full Year			2004	2005	Growth YoY
	2001	2002	2003			
Classified Loan Ratio	22.66%	15.31%	13.19%	12.23%	11.55%	-5.56%
NPL ratio - Gross	7.30%	6.74%	6.03%	4.19%	4.68%	11.69%
NPL Coverage ratio - Gross	162.30%	147.50%	150.39%	196.00%	153.09%	-21.89%
Tier I CAR	10.70%	10.30%	16.30%	12.49%	12.52%	0.24%
Total CAR with market risk	n.a	n.a	18.94%	16.19%	15.29%	-5.56%
Loan to Deposit Ratio	58.10%	56.50%	62.37%	75.69%	77.83%	2.83%
Net Interest Margin (NIM)	7.60%	8.12%	9.54%	12.16%	12.17%	0.08%
Return on Assets (ROA) - b.t	1.62%	1.83%	4.02%	5.77%	5.04%	-12.65%
Return on Assets (ROA) - a.t	1.52%	1.90%	2.77%	3.66%	3.42%	-6.56%
Return on Equity (ROE) - Tier I	30.36%	38.81%	43.41%	42.76%	37.92%	-11.32%
Return on Equity (ROE) - B/S	21.27%	26.99%	35.68%	34.41%	30.63%	-10.99%
Cost of Fund (COF)	9.14%	10.04%	7.86%	4.60%	4.73%	1.28%
Min. Reserve Requirement	7.82%	6.05%	10.92%	9.39%	9.55%	17.76%
Net Open Position	11.40%	7.80%	12.46%	10.77%	5.23%	-59.39%
Opr. Expense to Opr. Income	90.81%	89.92%	79.82%	68.86%	70.45%	4.35%
Cost Efficiency Ratio (CER)*	50.13%	57.48%	65.33%	51.33%	54.26%	14.84%

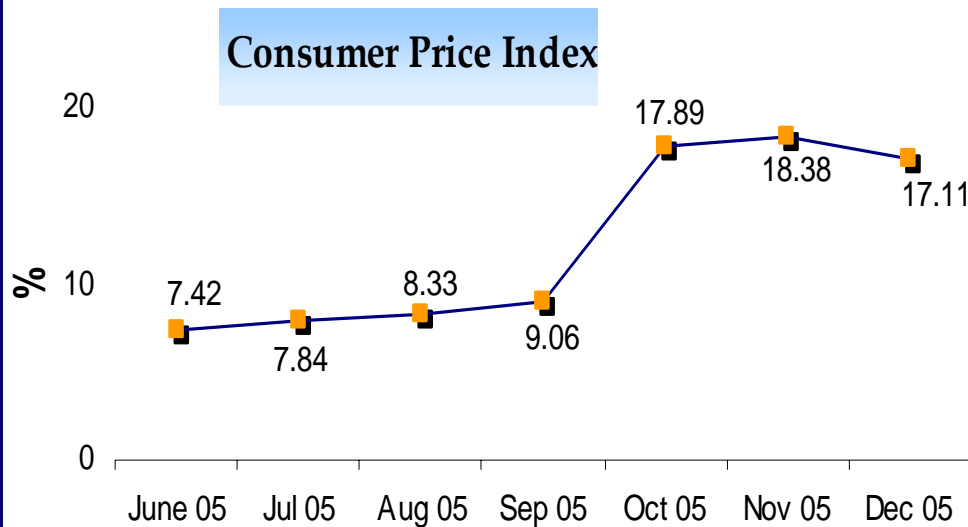
*) CER : (Employee expense+ G&A+Other Op. Expense)/(NII+Fee&Commision+Other Op. Income)

Outlook 2006



Economic Outlook 2006

Inflation – an easing trend



- ◆ Dec 2005 YoY inflation stood at 17.1% , below forecasted inflation of 18%
- ◆ BI Rate stands at 12.75%, bellow end of year market expectation of 13%, indicated BI Rate is nearly its peak
- ◆ Tight money policy will be pursued in the first semester of 2006, but will be relaxed in the second semester 2006
- ◆ Bank Indonesia targets of inflation in 2006 is to bellow 10%, in the range of 7% - 9%
- ◆ There are expectations that BI will lower interest rate in the second semester of 2006

Changes in Regulatory Environment

Aimed at boosting banks' Intermediary function

- ▶ Adjustments on:
 - One Debtor One Project policy
 - Statutory Reserve Requirement
 - Risk weighting for SME Loans

- ▶ Increasing Public Access to Syariah banking

- ▶ Implementation of Banking Landscape towards consolidation of banks (from 130 to 50 banks)

BRI in 2006 : Outlook

- ▶ Maintaining high loan growth (± 20% in 2006)
 - ▶ Maintaining high loan quality
 - ▶ Lower interest rate will give more advantage to BRI :
 - High net interest margin can be maintained:
 - Better mix of funds resulted in a lower cost of funds
 - High quality of loans

(both above qualities had been proven resilient in tougher economic condition of 2005)

 - Further bonds selling to fund loan growth
 - better valuation of government bonds
- ▶ Changes in risk weighting for SME loans will benefit BRI, as more than 80% of BRI's loan portfolio are SME Loans
- ▶ There will be more opportunities as well as competitions in servicing MSMEs

Thank You

