

PT. BANK RAKYAT INDONESIA (PERSERO) Tbk.

Financial Update Q2 2007

Jakarta, 27 July 2007



BRI in the First Half of 2007

- Net profit grew 17.43% (yoy), reached Rp 2.36 trillion by end of June 2007, from Rp2.01 trillion last year. The growth recorded is far higher than the same period last year which stood at only 3.39%
- BRI's intermediaries activities are continuing to show stronger support as earning generator for BRI :
 - Net interest income grow 21.56% yoy , a significant increase compare to the same period of last year which recorded only 9.61% growth.
 - The source of interest income is increasing contribution of interest from loans and declining interest expenses of deposits.
 - Fee based income is continuing to show an up trend
- BRI is starting to increase the effort in loan penetration in the agribusiness sectors and other infrastructure projects . The effort is part of strategy to stimulate growth in the surrounding areas of the projects, which is expected to provide more robust business environment for micro, small and medium sized enterprises, the core customer base of BRI.
- Despite the effort, the commitment is still minimum 80% of total loans are for Micro, Small and Medium size, supported by continually expanding networks.

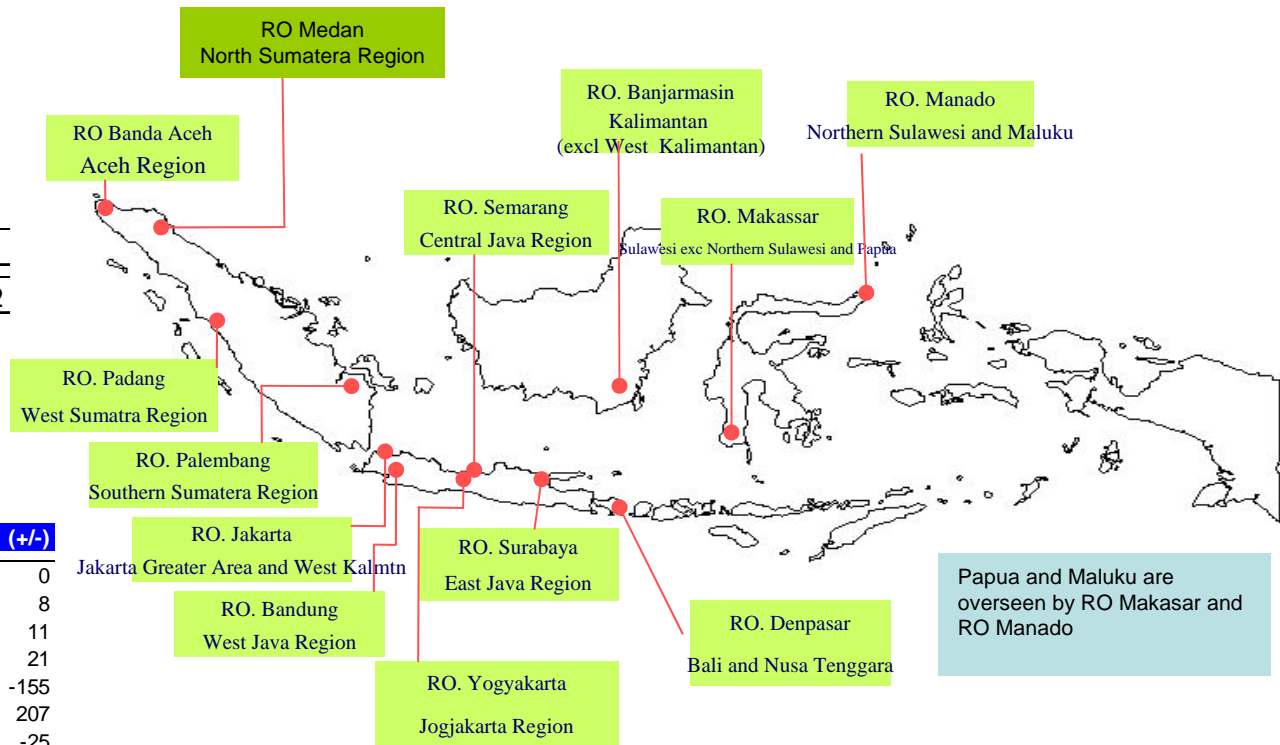


Networks – Bank with The Most Extensive and Largest Working Units in Indonesia

...and continue to expand, reaching more areas for Micro, Small and Medium Businesses

	Jun-06	Jun-07
Head Office	1	1
Regional Offices	13	14
Branches	327	332
Sub Branches	186	209
Micro Outlets	4,113	4,228
Village Services Posts	126	126
Sharia Branches	27	27
Sharia Sub Branches	16	18
Total Working Units	4,809	4,955
Regional Audit Offices	11	12

Regional Offices Distribution



Distribution of Micro Outlets per RO

Regional Office (RO)	Jun-06	Jun-07	(+/-)
Aceh	114	114	0
Medan	202	210	8
Padang	196	207	11
Palembang	250	271	21
Jakarta I	317	162	-155
Jakarta II	0	207	207
Bandung	588	563	-25
Semarang	370	371	1
Jogjakarta	552	558	6
Surabaya	690	695	5
Banjarmasin	172	178	6
Denpasar	228	231	3
Makassar	293	311	18
Manado	141	150	9
Total	4,113	4,228	115



Asset and Liabilities : Highlights of Growth, Composition and Quality

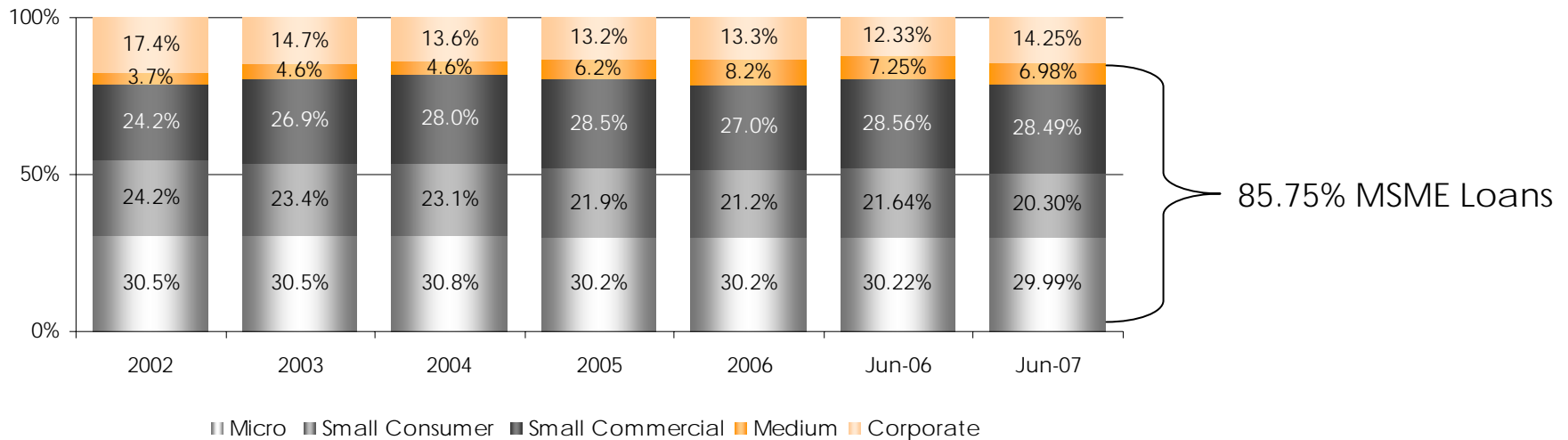
Balance Sheet

IDR Billion

Description	full year					Q2		Growth YoY
	2002	2003	2004	2005	2006	2006	2007	
Total Assets	86,345	94,710	107,040	122,776	154,725	135,155	168,124	24.39%
- Gross Loans (incl. syariah)	39,373	47,599	62,368	75,533	90,283	82,265	98,779	20.07%
- Government Bonds (Recapitalization)	28,394	27,579	22,686	17,722	18,445	17,736	18,560	4.65%
- Other Earnings Assets	12,097	8,987	12,908	18,219	30,144	23,355	38,750	65.92%
Total Earning Assets (gross)	79,864	84,165	97,962	111,475	138,871	123,356	156,089	26.54%
Earning Assets Provision	(4,189)	(4,403)	(5,172)	(5,475)	(6,784)	(5,933)	(8,266)	39.32%
Total Non Earning Assets	10,394	14,858	14,250	16,776	22,638	17,731	20,301	14.49%
Total Liabilities & S.E	86,345	94,710	107,040	122,776	154,725	135,155	168,124	24.39%
Total Customer Deposits	69,627	76,316	82,400	97,046	124,468	107,870	135,810	25.90%
- Demand Deposits	11,459	14,112	13,364	17,384	27,864	20,967	25,987	23.94%
- Saving Deposits	28,673	35,803	44,569	49,372	58,308	50,240	60,637	20.69%
- Time and Certificate Deposits	29,495	26,402	24,467	30,290	38,297	36,663	49,186	34.16%
Other Interest Bearing Liabilities	5,655	5,726	6,384	5,597	6,037	5,245	5,743	9.49%
Non Interest Bearing Liabilities	5,269	5,466	5,806	6,779	7,342	8,216	9,423	14.69%
Tier I Capital	4,133	7,532	8,506	10,519	13,104	11,669	14,269	22.28%
Total Shareholder's Equity	5,794	8,454	12,450	13,353	16,879	13,824	17,148	24.05%



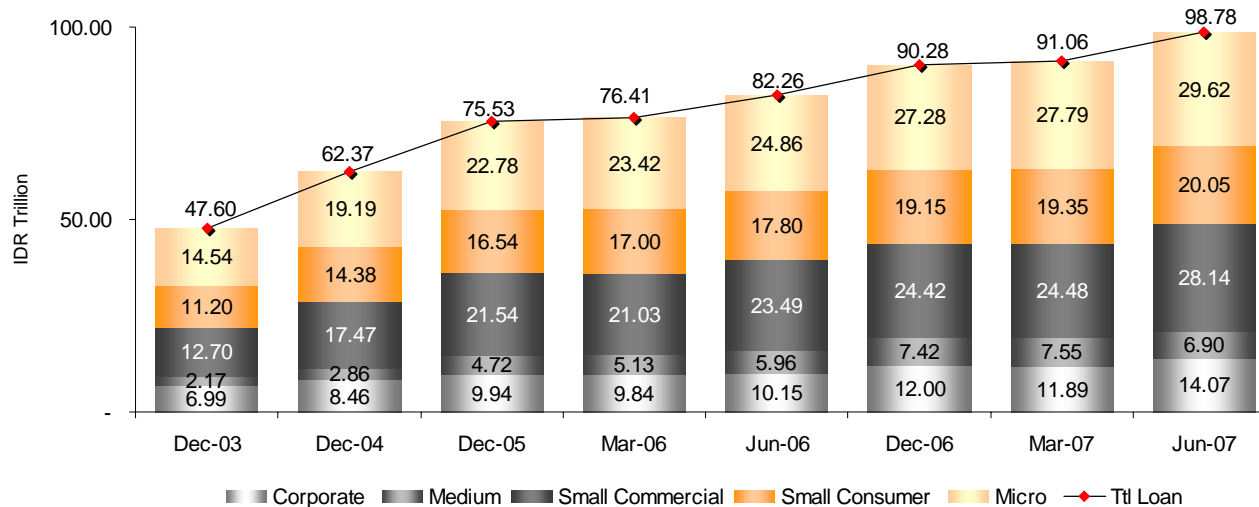
Loans : Composition by Business Segments



Loan Definitions : By Loan Size

- Micro Loans : Up to Rp 50 mio (US\$ 5,000)
- Small Consumer : Up to Rp 200 mio (US\$ 20,000)
- Small Commercial : > Rp 50 mio to Rp 5 bio (US\$500,000)
- Medium Loans : > Rp 5 bio to Rp 50 bio (US\$ 500,000 – US\$ 5 mio)
- Corporate Loans : > Rp 50 bio (> US\$ 5 mio)

Loans : Keep Growing



Loan CAGR – by Business Segment

Loan CAGR Jun 2004 - Jun 2007	
Micro	20.5%
Small Consumer	15.9%
Small Commercials	22.2%
Medium	41.0%
Corporate	24.6%
Total	21.6%

- The driver of loan growth is still micro and small commercial business
- Medium and Corporate loans showed a strong growth, driven by loans to agribusiness sectors. The penetration is intended to provide a more robust business environment to the small businesses around the projects, so as to help to tackle laggard real sectors movements which affect the performance of many small businesses

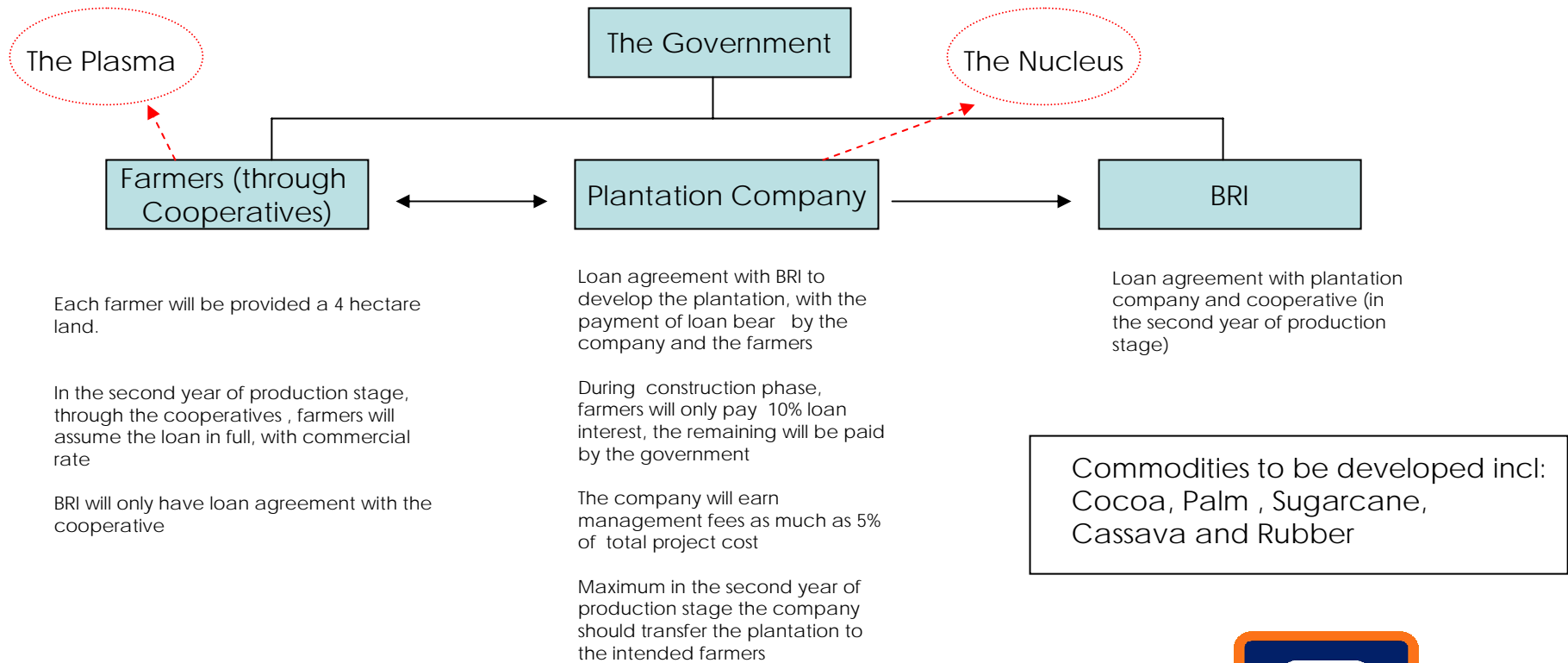


Agriculture : Revitalization Program

Investment loans provided by BRI directly to the farmers or through plantation companies to support development of alternative energy projects, and to revitalize Indonesia's plantation estates and small and medium plantations.

Loan interest set at commercial rate. The Government will subsidize loan interest to farmers, farmers will only pay 10% interest during the development of their plantations (before production stage, around 4 years). Loans will be provided through nuclei (big plantation company) – Plasma (farmers) mechanism

Nuclei – Plasma Mechanism



Infrastructure Projects

Toll Road Projects in Which BRI Participates

To develop trans java toll roads, and most of the projects will start on the 2nd semester of 2007
 Total investment needed is ±Rp. 17 trillion, ±68% or ±Rp 12 trillion will be provided by banks
 BRI is involved in the projects as a member in syndicated loans

IDR Billion

Toll Road	BORR		SMG-SOLO		GEMPOL-PASURUAN		KANCI-PJG		SBY - MOJOKERTO		DPK - ANTASARI		Rp	%	
	Rp	%	Rp	%	Rp	%	Rp	%	Rp	%	Rp	%			
Total Investment	1,600		6,800		2,000		2,184		2,387		2,383		17,354		
Banks Loan	1,100	68.8%	4,650	68.4%	1,400	70.0%	1,381	63.2%	1,526	63.9%	1,795	75.3%	11,852	68.3%	% to total Inv
Participant															
- BMRI	440	40.0%	1,840	39.6%	560	40.0%	0	0.0%	0	0.0%	1,197	66.7%	4,037	34.1%	% to total loan
- BNI	380	34.5%	1,610	34.6%	490	35.0%	898	65.0%	764	50.1%	0	0.0%	4,142	34.9%	idem
- BRI	280	25.5%	1,200	25.8%	350	25.0%	483	35.0%	612	40.1%	448	25.0%	3,373	28.5%	idem
- Bukopin	0	0.0%	0	0.0%	0	0.0%	0	0.0%	150	9.8%	0	0.0%	150	1.3%	idem
- Bank Jabar	0	0.0%	0	0	0	0	0	0	0	0	150	8.4%	150	1.3%	idem

BRI's Toll Road Loans

IDR Billion

Schedule of Withdrawals	Total
- 2007	474.4
- 2008	958.9
- 2009	543.2
- 2010	370
- 2011	312

BRI commit only 28% of total loan needed for the toll road projects

Other infrastructure project to be involved including power plant financing amounting around US\$ 25 million, which is 30% of total financing needed of around US\$ 124 million, lead by BNI

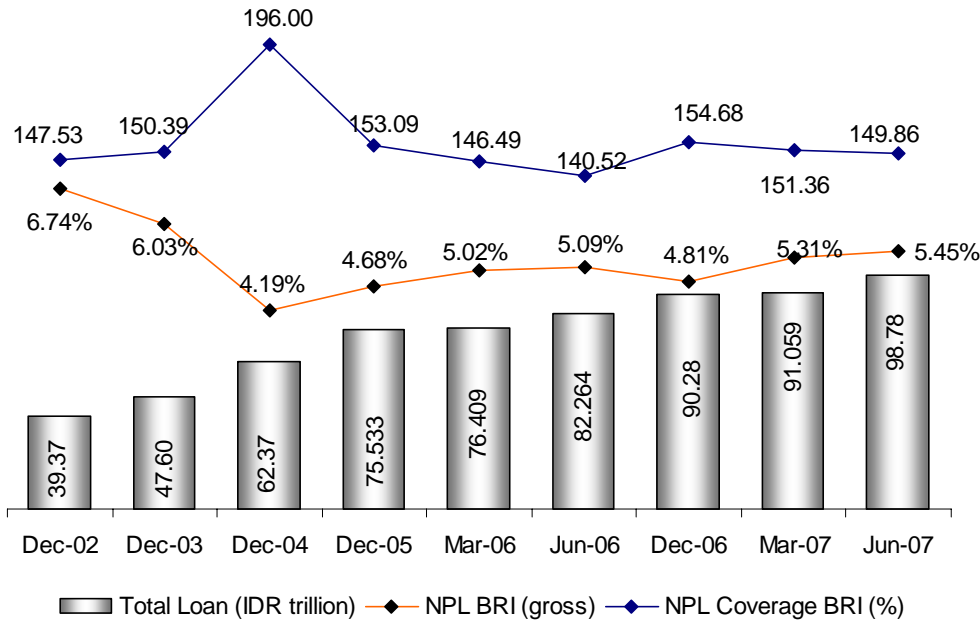
Financing of infrastructure projects is deemed important to move the real sector and for its trickle down effect to the MSMEs

With all those projects, BRI's commitment is still 80% to the MSMEs, leaving loans for corporation a maximum of 20%



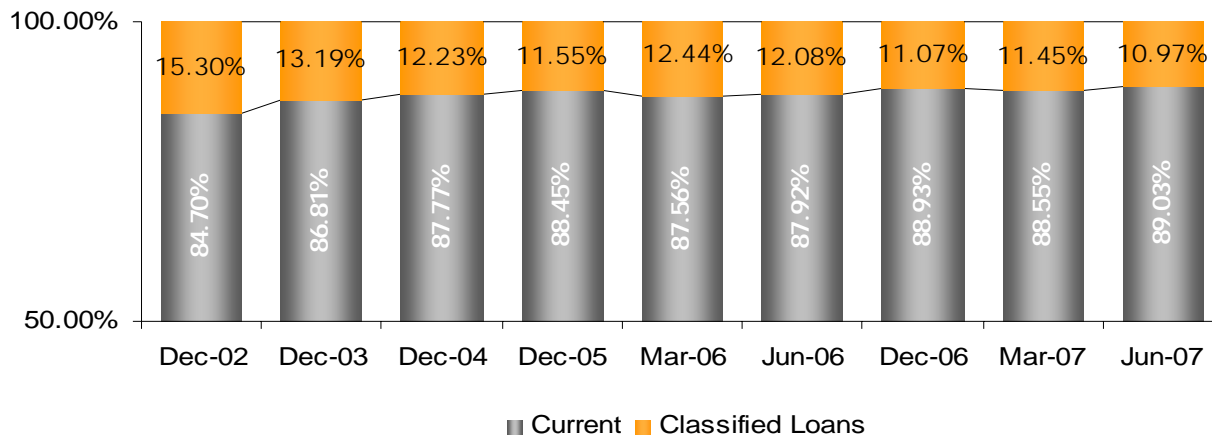
Loan Quality

Total Loan vs Total NPLs and NPLs Coverage : Trend



- The NPLs increase slightly, but it is well cushioned as the coverage is maintained around 150%, reflecting BRI's conservative provisioning policy
- Restructuring is in the process, and the portion of classified loans is steadily declining

Classified Loans : Trend



NPLs (Gross) by Business Segments : Trend

NPL BY SEGMENT (%)	Dec 02	Dec 03	Dec 04	Dec-05	Jun-06	Dec-06	Mar-07	Jun-07
Micro	1.55	2.79	2.1	1.55	1.71	1.36	1.53	1.47
Consumer	0.96	1.19	1.22	1.62	1.85	1.91	2.03	2.03
Small Commercial	3.4	3.0	3.2	4.06	5.98	6.32	7.62	8.40
Medium	15.8	14.2	6.8	7.48	7.84	5.87	6.77	8.75
Corporate	26.59	23.43	15.08	16.93	15.34	13.55	13.74	11.17
Total NPL	6.74	6.03	4.19	4.68	5.09	4.81	5.31	5.45

Government Bonds : Portfolio

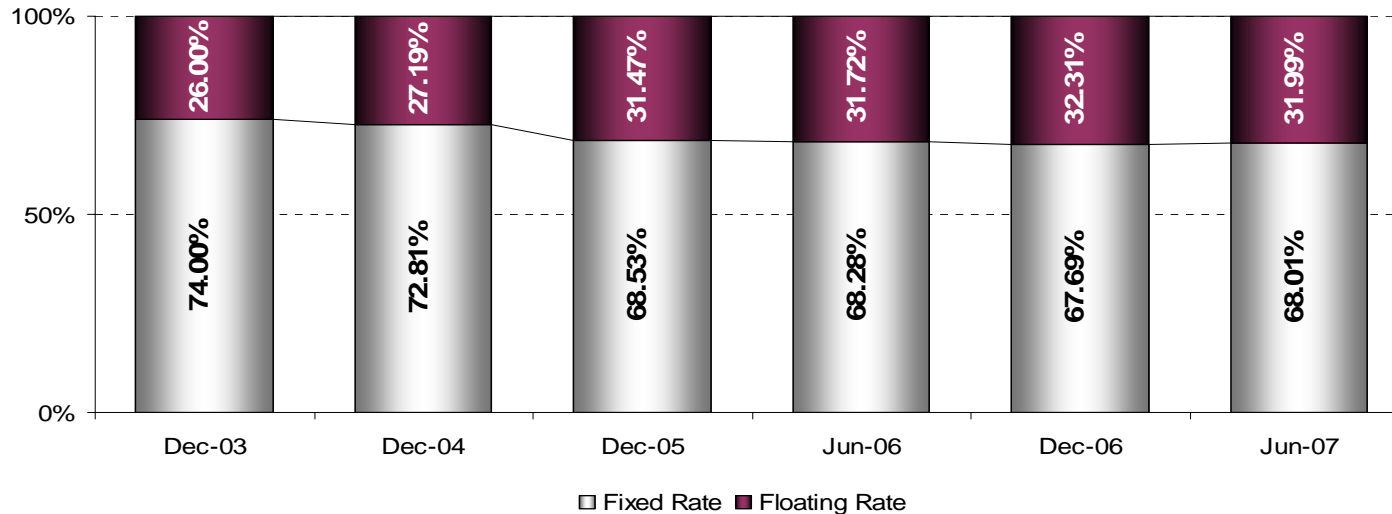
(Recapitalization Bonds and Other Government Bonds)

By Type of Holding

IDR Trillion

Portfolio	Dec-04		Dec-05		Jun-06		Dec-06		Jun-07	
	Nom	% to Ttl	Nom	% to Ttl	Nom	% to Ttl	Nom	% to Ttl	Noml	% to Ttl
Hold to Maturity	11.34	46.2%	11.34	53.76%	11.34	55.01%	11.34	56.02%	11.34	55.48%
Available for Sale	9.96	40.6%	6.27	29.75%	6.83	33.12%	7.09	35.05%	7.22	35.32%
Trading	3.22	13.1%	3.48	16.49%	2.45	11.86%	1.81	8.93%	1.88	9.20%
Total	24.52	100.0%	21.09	100.00%	20.61	100.00%	20.24	100.00%	20.44	100.00%

By Type of Rate



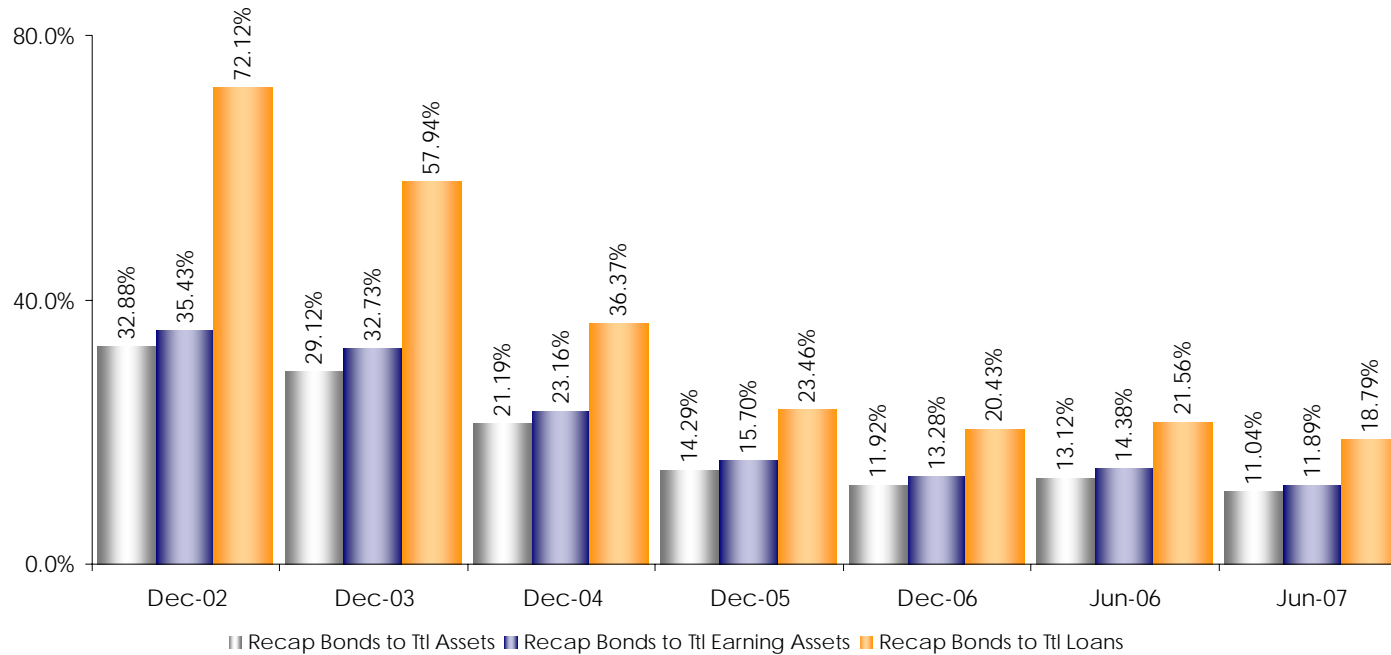
Market risk exposure to P/L arising from government bond holding is limited as majority of the holding is in the hold to maturity and available for sale portfolio

However, in the trading portfolio BRI is benefited in the declining interest rate environment, as majority of the holding is in the fixed rate



Government Bonds: The Recapitalization Bonds

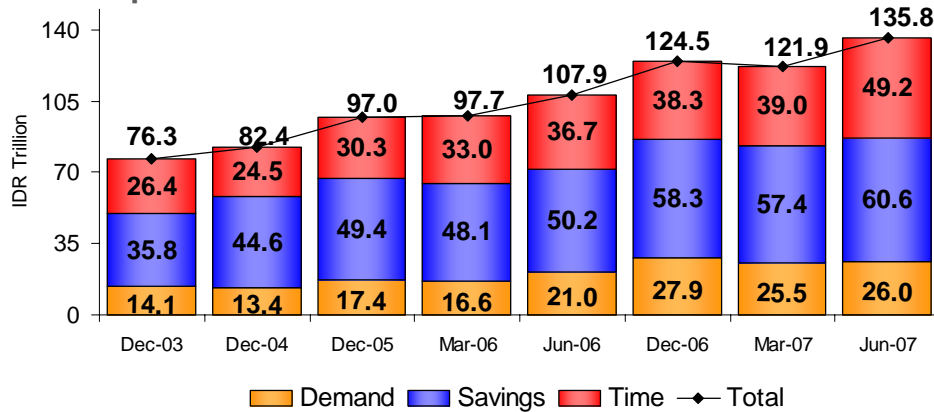
...Declining Role as Earning Generator



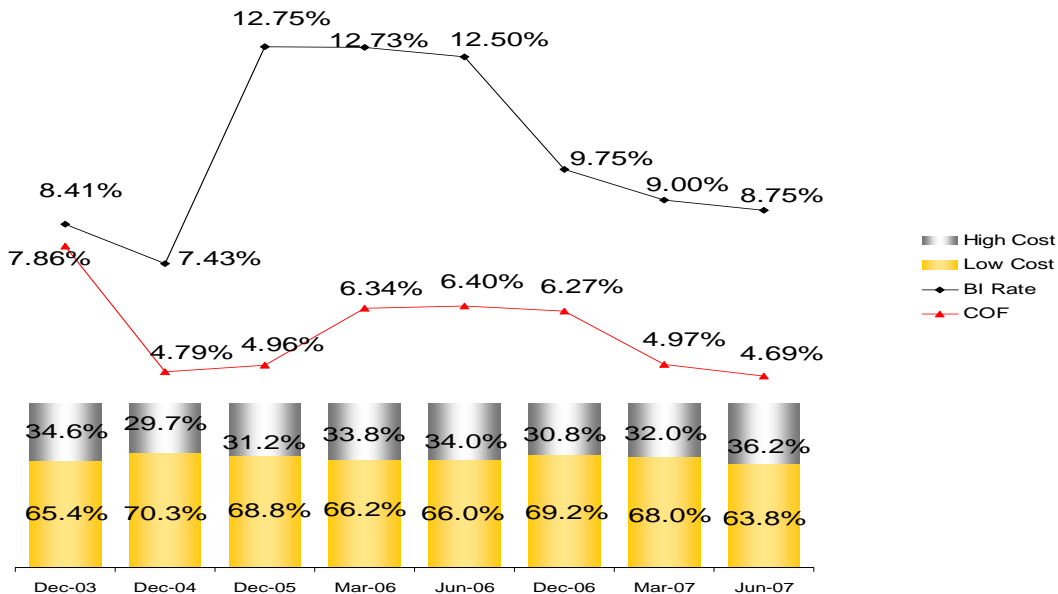
During the last 5 years, the portion of Government Recapitalization Bond in the balance sheet is declining continuously, reflecting its lesser role as earning generator for BRI and BRI's movement toward stronger core banking activities

Deposits : Mix and COF Trend

Deposits Growth: Trend



Deposit Mix, COF and BI Rate



- Year on year, deposits are growing, reaching Rp 135.81 trillion or grow 25.9%
- Although there is a hike in Time Deposit, but the deposit mix is still in the range of 60% low cost and 40% high cost
- Cost of fund is continuing to decline, despite increasing time deposit in deposit mix, reflecting the flexibility of BRI's source of funds in responding to declining interest rate



Profitability

Income Statement : Highlights

IDR billion

Description	Full Year					Q2		Growth (YoY)
	2002	2003	2004	2005	2006	2006	2007	
Interest Income	13,454.0	15,069.0	15,530.8	17,253.7	21,070.5	10,198.2	11,280.0	10.61%
Interest Expense	(7,373.0)	(7,043.0)	(4,273.2)	(4,827.4)	(7,300.8)	(3,512.6)	(3,152.8)	-10.24%
Net Interest Income	6,081.0	8,026.0	11,257.6	12,426.3	13,769.7	6,685.6	8,127.2	21.56%
Fee & Other Opr. Income	1,045.0	939.0	1,446.8	390.0	1,509.0	597.4	725.0	21.36%
Gross Operating Income	7,126.0	8,965.0	12,704.4	12,816.3	15,278.7	7,283.0	8,852.2	21.54%
Other Operating Expenses	(3,908.0)	(5,810.0)	(5,887.0)	(7,103.0)	(7,646.1)	(3,852.5)	(4,050.8)	5.15%
Pre Provision Opr Profit	3,218.0	3,155.0	6,817.4	5,713.3	7,632.7	3,430.5	4,801.3	39.96%
Provisions	(1,755.0)	75.0	(1,328.4)	(401.0)	(1,848.0)	(823.7)	(1,475.8)	79.16%
Non Operating Profit/Loss	8.0	406.0	444.2	295.6	122.1	127.7	27.9	-78.18%
Profit Before Tax n Minor. Int.	1,471.0	3,636.0	5,731.2	5,608.0	5,906.8	2,734.5	3,353.4	22.63%
Net Profit	1,525.0	2,502.0	2,560.0	3,808.6	4,257.6	2,008.2	2,358.3	17.43%
EPS *)	na	na	306.6	321.7	355.6	336.6	393.8	17.00%

*) Annualized

Sources of Income

IDR billion

Source of Income	2003	2004	2005	Jun-06	Dec-06	Mar-07	Jun-07	Q2 Growth YoY
Interest income	15,069	15,531	17,253.7	10,198.2	21,071.0	5,594.3	11,280.0	10.61%
Other Opr.Income	820	1,447	724.6	597.4	1,509.1	327.2	725.0	21.36%
Non Operational Income	412	511	309.8	127.7	122.0	20.3	27.9	-78.18%
Total Income	16,302	17,489	18,288.1	10,923.3	22,702.1	5,941.8	12,032.8	10.16%

Other Operating Income

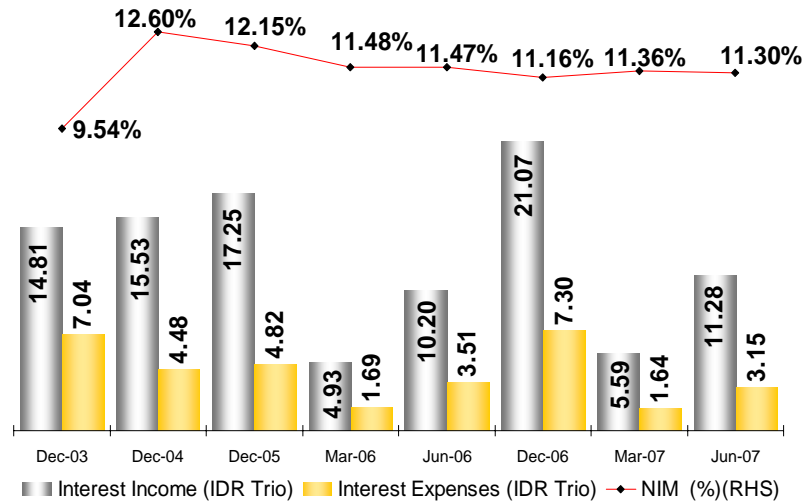
IDR billion

Other Operating Income	Dec-05	Jun-06	Dec-06	Jun-07	YoY
Gain Fr Value Increase of Securitie: and Govt. Recap Bonds	-	176.3	484.2	58.0	-67.09%
Fees and Commissions	527.9	347.5	837.7	520.8	49.87%
Gain fr Forex	49.5	-	-	40.8	
Others	147.3	73.6	187.2	105.3	43.20%
Total	724.6	597.4	1,509.1	725.0	21.36%

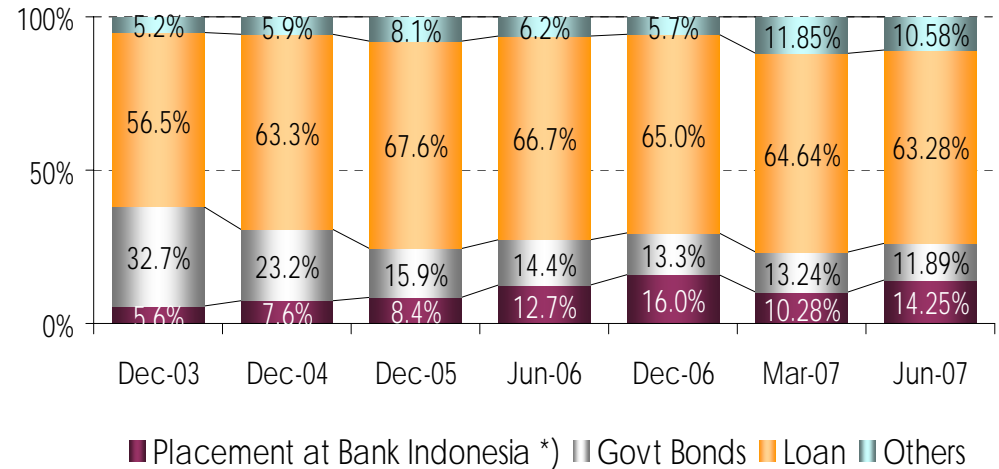
Strong growth of fees and commissions (around 50% year on year) shows that BRI's consumer banking business is well in its path of development as other source of income beside interest income

Sources of Income

Interest Income, Interest Expenses and NIM



Earning Assets : Composition Trend



Source of Interest Income

Source of Interest Income	Jun-06	Dec-06	Mar-07	Jun-07
Interest fr Loans	73.97%	74.68%	76.99%	77.30%
Interest from Govt Bonds	12.45%	11.60%	9.78%	9.52%
Int from Other Earning Assets	13.58%	13.73%	13.23%	13.18%

Net Interest margin is relatively stable in during the first half of 2007, sourcing both from increasing interest income and declining interest expenses

Interest from loan is continuing to give greater contribution to interest income

*) Incl. SBI



Over Head Expenses

IDR billion

	Dec 2003	Dec 2004	Dec-05	Jun-06	Dec-06	Mar-07	Jun-07	Q2 Growth YoY
Personnel	3,666.0	3,717.5	4,407.2	2,474.3	4,830.8	1,214.1	2,519.4	1.82%
General and Administration	1,330.0	1,835.0	1,912.6	975.4	2,034.4	509.9	1,065.3	9.22%
Losses fr decrease of Securities and Govt. Bonds value	-	-	334.3	-	-	-	-	
Losses from forex transaction	128.2	-	-	29.7	4.6	-	-	-100.00%
Premium Paid on Govt Guarantees	-	183.4	199.3	94.7	206.2	65.0	130.1	37.42%
Others	609.9	536.2	584.4	278.5	570.0	204.0	336.0	20.65%
Total	5,734.0	6,088.8	7,437.8	3,852.5	7,646.1	1,927.9	4,050.8	5.15%

Efficiency is improving significantly, personnel cost had only increased 1.82% year on year

Financial Ratios

Description	Full Year					Q2	
	2002	2003	2004	2005	2006	2006	2007
NPL ratio - Gross	6.74%	6.03%	4.19%	4.68%	4.81%	5.09%	5.45%
NPL Coverage ratio - Gross	147.50%	150.39%	196.00%	153.09%	154.68%	140.52%	149.86%
Tier I CAR	10.30%	16.30%	12.49%	12.52%	16.44%	16.00%	15.87%
Total CAR	12.60%	20.87%	18.09%	15.29%	18.82%	19.06%	17.93%
Loan to Deposit Ratio	56.55%	62.37%	75.69%	77.83%	72.53%	76.26%	72.73%
Net Interest Margin (NIM)	8.12%	9.54%	12.16%	12.15%	11.16%	11.47%	11.30%
Return on Assets (ROA) - b.t	1.83%	4.11%	5.77%	5.04%	4.37%	4.28%	4.29%
Return on Assets (ROA) - a.t	1.90%	2.77%	3.66%	3.42%	3.15%	3.14%	3.02%
Return on Equity (ROE) - Tier I	38.81%	43.41%	42.76%	38.00%	33.75%	31.22%	30.28%
Return on Equity (ROE) - B/S	26.99%	35.68%	34.41%	30.63%	28.19%	27.31%	26.17%
Cost of Fund (COF)	10.04%	7.86%	4.60%	4.96%	6.27%	6.40%	4.69%
Min. Reserve Requirement	6.05%	10.92%	9.39%	9.55%	12.34%	9.06%	9.10%
Net Open Position	7.80%	12.46%	10.77%	5.23%	5.41%	2.48%	5.22%
Cost Efficiency Ratio (CER)	57.48%	65.33%	51.33%	54.22%	51.65%	53.79%	46.28%

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

Concluding Remarks

- BRI had successfully recorded an increase in the net profit by 17.43% year on year, reached Rp 2.36 trillion by end of first half 2006, sourcing both from growing interest income as well as declining cost of funds.
- Loans are continually take bigger role as source of income instead of government bonds, SBI and other assets related to non core banking activities , reflecting BRI's ever growing intermediaries activities . While fee based income which grow around 50% year on year is a promising alternative source of income.
- Declining cost of funds amid an increase in time deposits in the funding mix reflecting the flexibility of BRI's source of funds in responding to the declining interest rate movement still in play in the economy
- Loans grow 20.07% (yoy), with 85.75% of total loans disbursed to micro, small and medium enterprises.
- Relatively strong growth in the medium and corporate loans are mostly for the agribusiness sectors, intended to boost economic activities in the surrounding areas, so as to provide more robust business opportunities for small businesses in the respected areas.
- NPLs is well covered as BRI maintains NPL coverage ratio of around 150%, reflecting the Bank's conservative policy in handling its problem loans.
- Increasing NPLs in the small commercial loans, which is the root of BRI's higher total NPLs, will be handled and restructured in such way so as to bring it down to a manageable level.

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