

PT. BANK RAKYAT INDONESIA (PERSERO) Tbk.

Financial Update Q3 2008

Jakarta, October 2008



Highlight on Indonesia's Macro Economy in 3Q 2008

Indonesia's macro economy is affected by the global economic turbulence. The government evaluated the target for macro indicator for State budget 2009. The third quarter conditions reflected impact of global and domestic conditions :

- A pressure on Rupiah has caused its value to weaken against dollar as the global liquidity tighten. Rupiah was closed at Rp 9 500/USD in Sept and experience further weaken to reach Rp 11,000 in October.
- Indonesia's foreign reserves reached USD 57.11 billion in September, a declining level from USD 60 billion in July 2008, after an effort from the Central Bank to maintain the stability of Rupiah.
- Monthly inflation in September reached 0.97%, a decelerating level after fuel hike in May and increasing demand in Ramadhan month. However, year on year inflation in September reached 12.14%, the highest level in the year.
- To curb inflation, the Central Bank has decided to raise the benchmark rate in the first week of October 2008 (the sixth time during this year) to reach 9.5%.
- The oil price started to fall to a level of USD 70, a significant drop from the highest USD 145 in May 2008. This will enable the Government to reduce a level of budget deficit to 1%
- Banking Industry :
 - ✓ Until August 2008, banking industry performed well reflected by strong loan growth at 36% year on year with low level of non performing loans (NPL ratio at 3.95%) and supported by CAR at 16%
 - ✓ In Q3 2008, the industry experienced a tight liquidity as the Central Bank extract money from the banking system forcing an increase in deposit rate.
 - ✓ Some actions to be taken by the Central Bank and the Government to ease the liquidity such as : extending the tenor and cutting the repo's rate , accelerating government spending, lowering statutory reserve.

Overview

Bank Rakyat Indonesia Snapshots		
	Q3 2007	Q3 2008
Total Assets (IDR Billion)	178,109	219,564
Total Loans (IDR Billion)	105,553	151,457
Total Deposits (IDR Billion)	142,876	175,394
Net Profit (IDR Billion)	3,618	4,238
MSME's Loans to Total Loans	82.60%	81.73%
Portion of Low Cost Deposits	62.74%	63.91%
NIM	11.07%	10.61%
ROE - B/S	26.79%	28.08%
ROA - before tax	4.27%	4.14%
NPL (gross)	4.99%	2.90%
Total CAR	17.18%	13.45%

Note: Numbers stated in this presentation are Bank only

BRI in the 3Q 2008

- Total assets grew 23.27% reached Rp 219.56 trillion from Rp 178.11 trillion in September 2007
- Still continue to have a strong loan growth of 43.49% (yoy), driven by Micro Loans and Small Commercial Loans, with a low level of NPL recorded at 2,90%
- Deposits also shows a 22.76% year on year growth amid liquidity crunch in the industry. Large networks and marketing effort help BRI in increasing savings which serve as a stable source of low cost of funds. Appointed to manage Treasury Single Account for the Government, BRI benefits from floating in form of Demand Deposits.
- Net profit grew 17.13% (yoy), reaching Rp 4.238 trillion as of end of September 2008, from Rp 3.618 trillion last year supported by the strong loan growth which has contributed to the increase interest income from loans

Networks –The Most Extensive and Largest Outlets in Indonesia

...a strong competitive advantages for reaching Micro, Small and Medium Businesses

	Sep-07	Sep-08
Head Office	1	1
Regional Offices	14	14
Branches*	336	355
Sub Branches	212	282
Micro Outlets	4,228	4,350
Village Services Points	117	81
Sharia Branches	27	27
Sharia Sub Branches	18	18
Cash Counters		71
Total Working Units	4,953	5,199
Regional Audit Offices	12	12

*)Branches Inc. Overseas Offices

Regional Offices Distribution

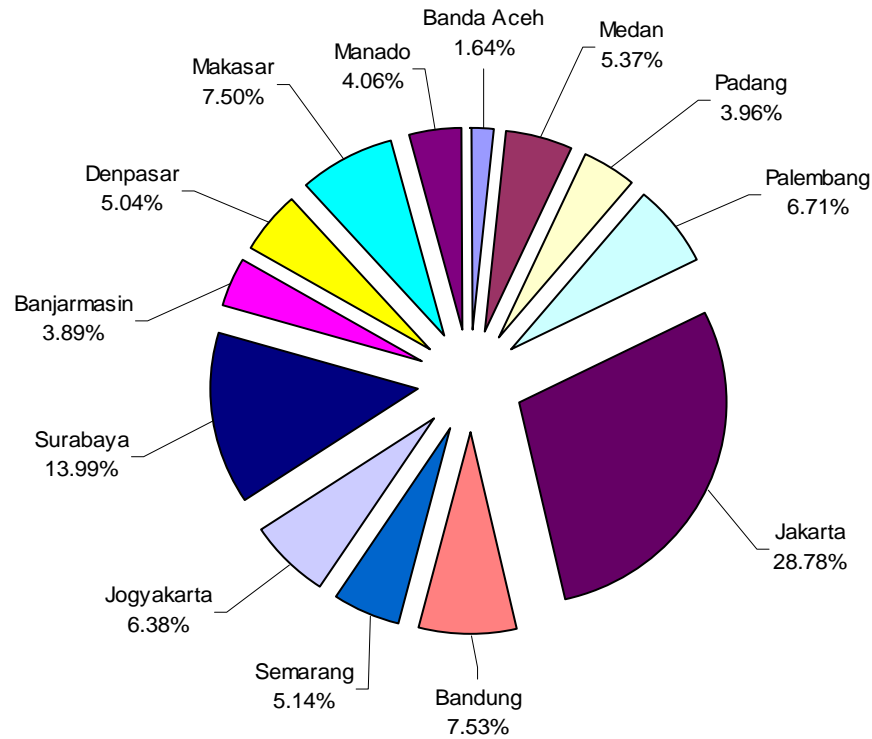


On - Line Networks

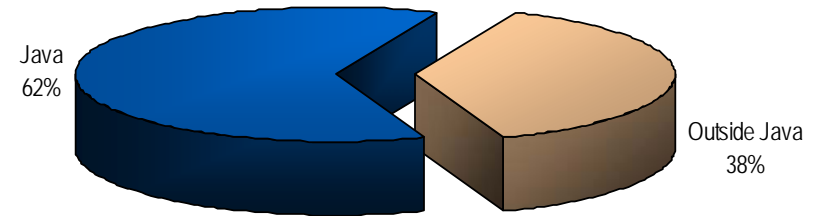
	Sept 07	Sept 08	Δ YoY
Micro outlets	1,633	2,638	1,005
Branches	333	352	19
Sub - branches	212	282	70
Cash Offices	2	71	69
Total	2,180	3,343	1,163
ATM	1,056	1,431	375
Shared and Stand Alone ATM	26,261	33,813	7,552



Geographic Distribution : Loans outstanding by Regional Offices



Loan Disbursement By Region



- As of Sep 08, loans booked in offices in Java contribute 62% and outside Java 38%
- Contribution from outside Java in loan outstanding increases gradually, showing a well distribution loan across the regions to reduce geographic concentration risk.

BRI Financial Performance

3Q 2008



Asset Quality and Liabilities- Highlights

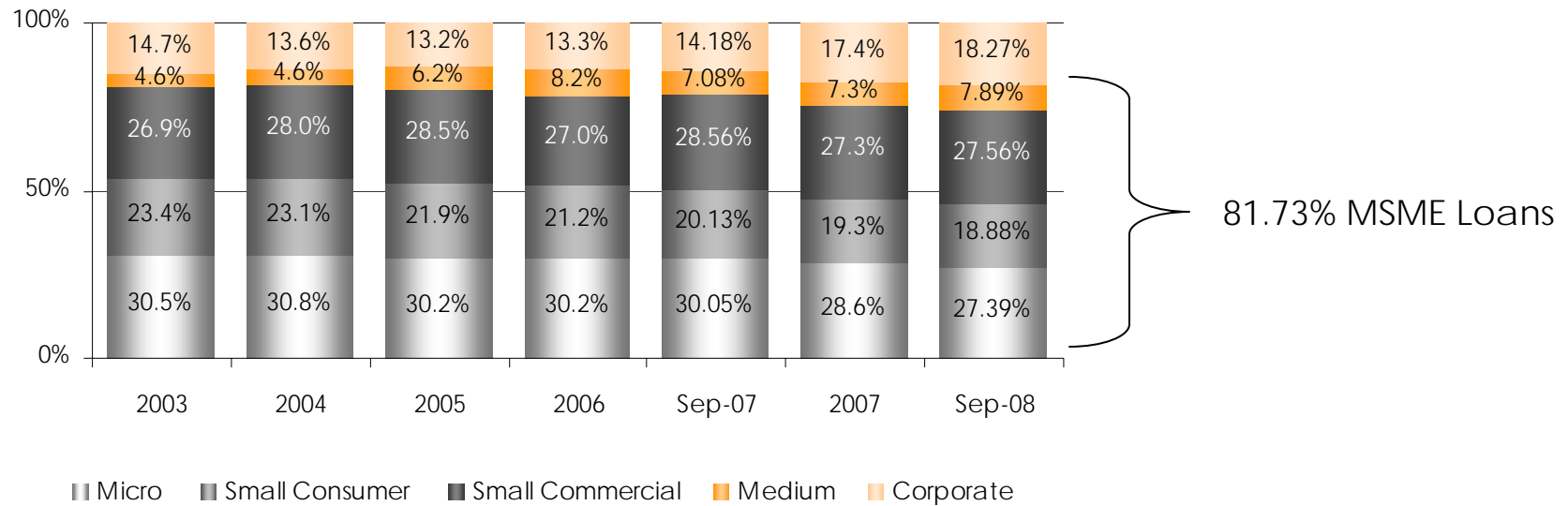
Balance Sheet

(IDR Billion)

Description	Full year					Q3		Growth YoY
	2003	2004	2005	2006	2007	2007	2008	
Total Assets	94,710	107,040	122,776	154,725	203,604	178,109	219,564	23.27%
- Gross Loans (incl. syariah)	47,599	62,368	75,533	90,283	113,853	105,553	151,457	43.49%
- Government Bonds (Recap)	27,579	22,686	17,722	18,445	18,223	19,058	16,196	-15.02%
- Other Earnings Assets	8,987	12,908	18,219	30,144	36,745	39,326	32,434	-17.53%
Total Earning Assets	84,165	97,962	111,475	138,871	168,821	163,938	200,086	22.05%
Earning Assets Provision	(4,403)	(5,172)	(5,475)	(6,784)	(7,067)	(8,369)	(8,866)	5.93%
Total Non Earning Assets	14,858	14,250	16,776	22,638	41,850	22,541	28,344	25.74%
Total Liabilities & S.E	94,710	107,040	122,776	154,725	203,604	178,109	219,564	23.27%
Total Customer Deposits	76,316	82,400	97,046	124,468	165,475	142,876	175,394	22.76%
- Demand Deposits	14,112	13,364	17,384	27,864	37,146	26,159	33,835	29.34%
- Saving Deposits	35,803	44,569	49,372	58,308	72,269	63,480	78,260	23.28%
- Time and Certificate Deposits	26,402	24,467	30,290	38,297	56,061	53,238	63,298	18.90%
Other Interest Bearing Liabilities	5,726	6,384	5,597	6,037	6,263	6,451	8,953	38.77%
Non Interest Bearing Liabilities	5,466	5,806	6,779	7,342	12,428	10,445	14,644	40.21%
Tier I Capital	7,532	8,506	10,519	13,104	15,448	14,858	17,073	14.91%
Total Shareholder's Equity	8,454	12,450	13,353	16,879	19,438	18,337	20,573	12.20%

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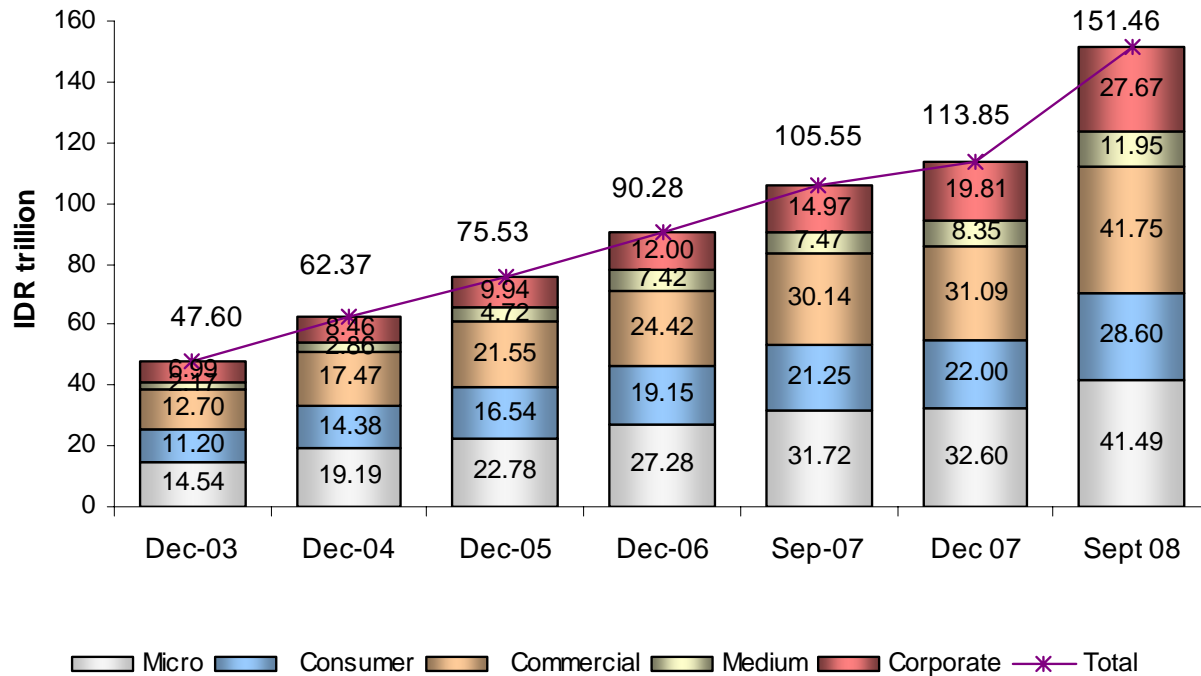
Loans: Composition by Business Segments



Business Segment Definitions: By Loan Size

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

Loans Growth :



Loan CAGR – by Business Segment

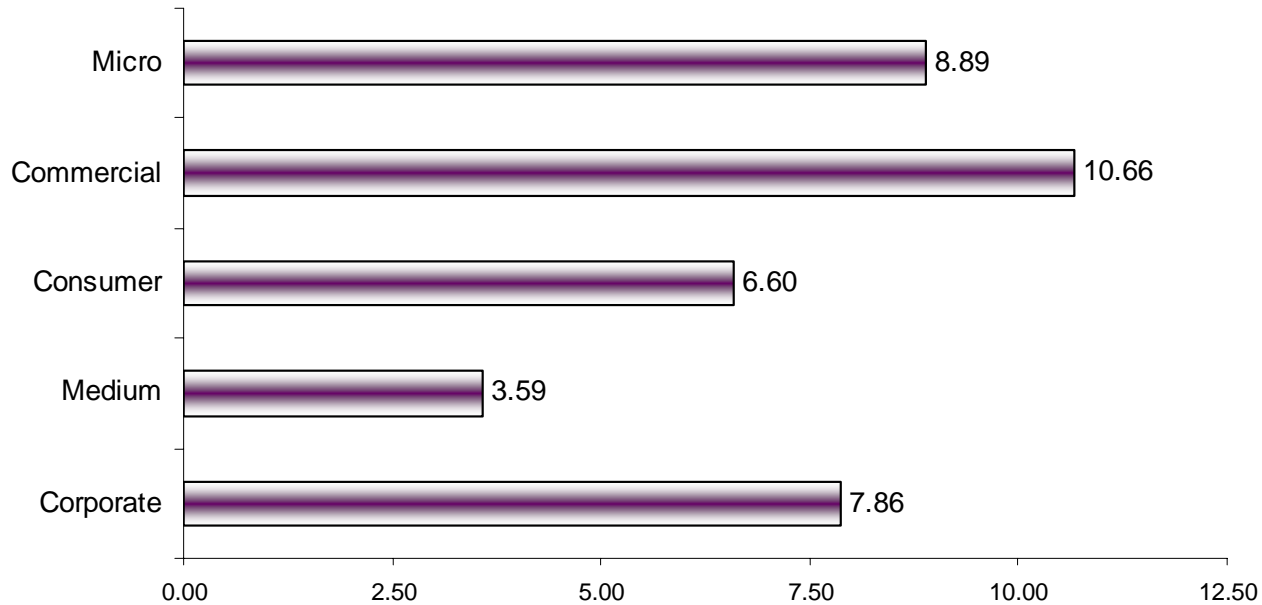
Loan CAGR Sept 2004 - Sept 2008	
Micro	23.0%
Small Consumer	20.3%
Small Commercials	26.7%
Medium	46.4%
Corporate	37.4%
Total	26.9%

- A strong loan growth of 26.9% during the last 5 years across all business segments
- Micro and Small Commercials loan growth is maintained by outlets expansion and new market penetration
- Corporate loan growth focused on State Owned Enterprises lending for creating a more favorable business environment to the small businesses

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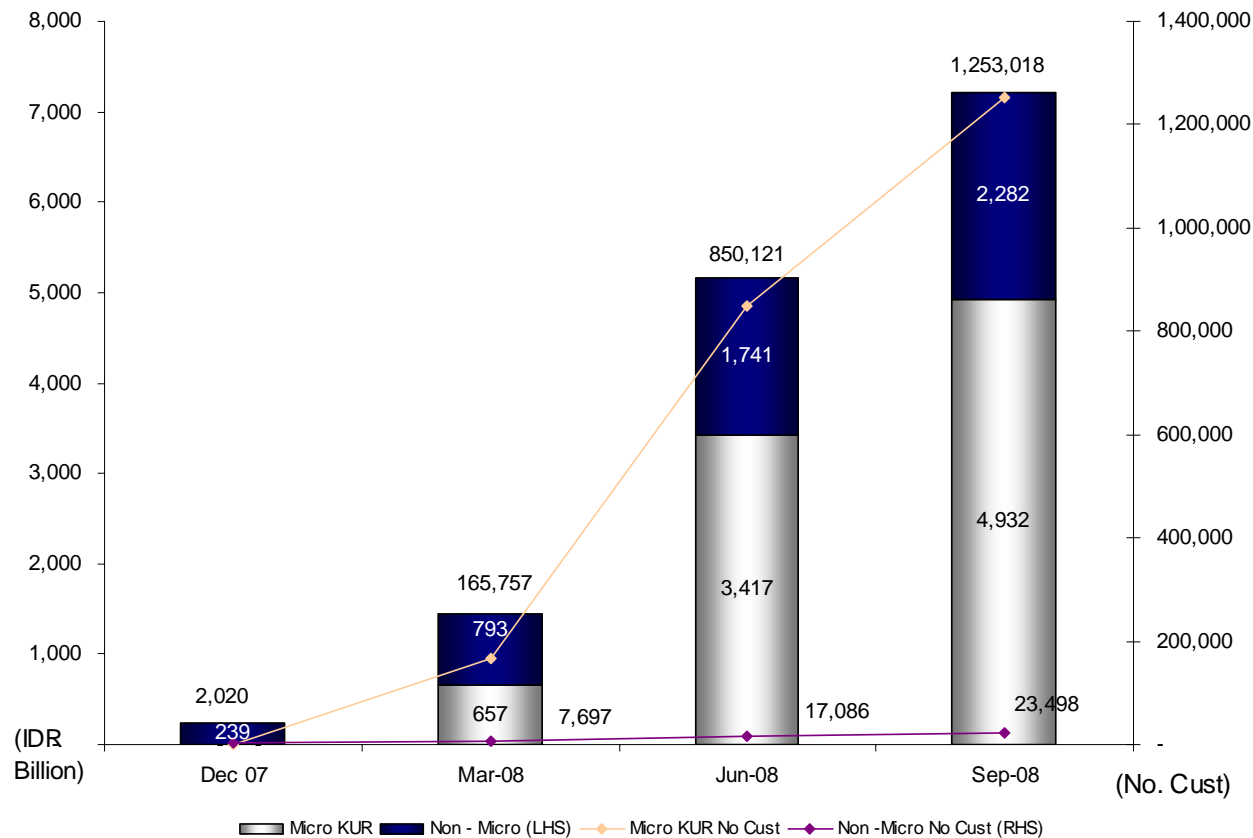
Loans Growth :

Year to Date Growth per Business Segment (in Trillion Rupiah)



- Still show a strong loan growth reaching IDR 37.6 trillion or 33% of year to date growth
- Micro and small commercial growth was supported by new initiative "KUR" scheme
- Corporate loan growth is driven by State Owned Enterprises lending

KREDIT USAHA RAKYAT (KUR) – Expanding the market



KUR Scheme:

- KUR, a government guaranteed (70%) loan scheme, is intended for new 'un-bankable' yet feasible micro and small businesses.
- As of September 2008, total "KUR" outstanding reached Rp 7.21 trillion with > 1 million borrowers.

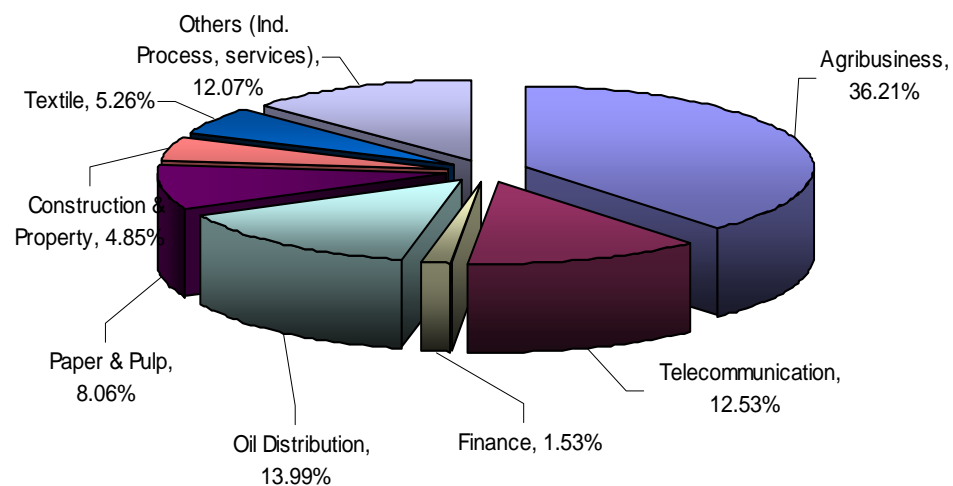
Corporate Loans

(Rp billion)

	Dec-07	Sep-08	Growth (ytd)	Composition
SOEs	6,654	11,325	70.2%	40.67%
Non-SOEs	13,155	16,519	25.6%	59.33%
Corporate	19,809	27,844		

- Corporate loan growth is mainly driven by SOE lending, aiming at loans with lower risk weight.
- As of Sept 08, SOE lending contributed 41% of corporate loans

Composition of Corporate Loan Segment



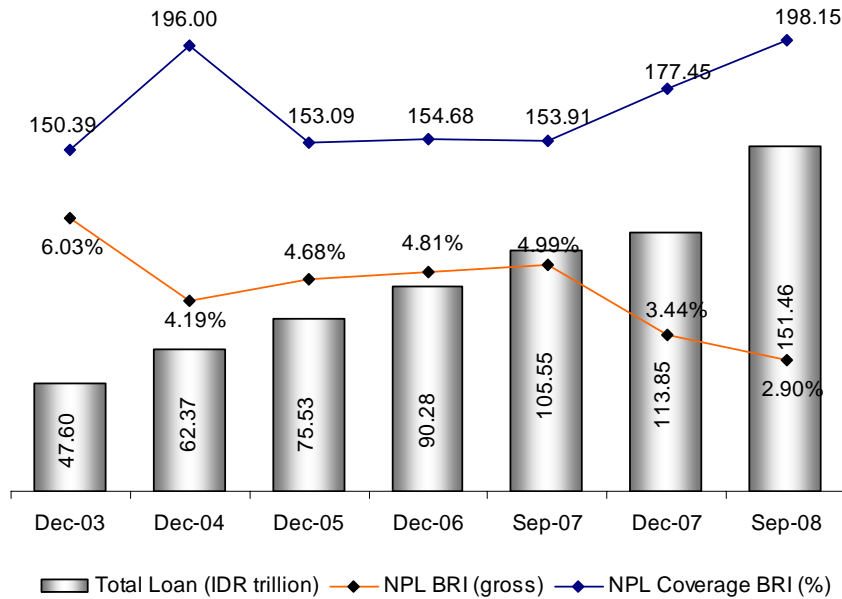
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NPL Ratio by Business Segments : Trend

NPL BY SEGMENT (%)	Dec 03	Dec 04	Dec-05	Dec-06	Dec-07	Sep-07	Sep-08
Micro	2.79	2.1	1.55	1.36	1.19	1.38	1.08
Consumer	1.19	1.22	1.62	1.91	1.67	1.81	1.38
Small Commercial	3.0	3.2	4.06	6.32	5.71	7.29	4.91
Medium	14.2	6.8	7.48	5.87	5.67	8.30	5.24
Corporate	23.43	15.08	16.93	13.55	4.62	10.88	3.14
Total NPL	6.03	4.19	4.68	4.81	3.44	4.99	2.90

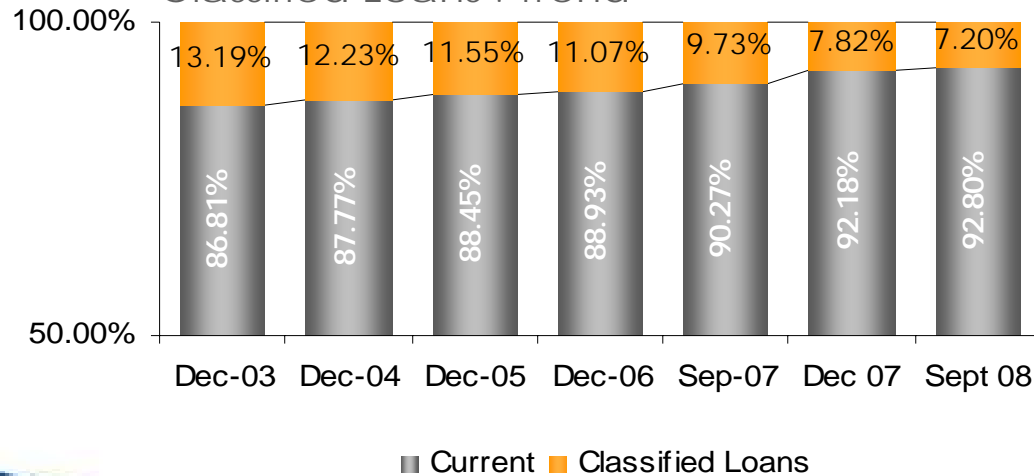
Loan Quality

Total Loan vs Total NPLs and NPLs Coverage : Trend



- NPL ratio is trending down, reflecting high loan quality supported by sufficient coverage for overcoming the economy cycle
- The portion of classified loans is steadily declining, sign of healthier loan portfolio

Classified Loans : Trend



Note: Numbers stated in this presentation are Bank only

Government Bonds : Portfolio

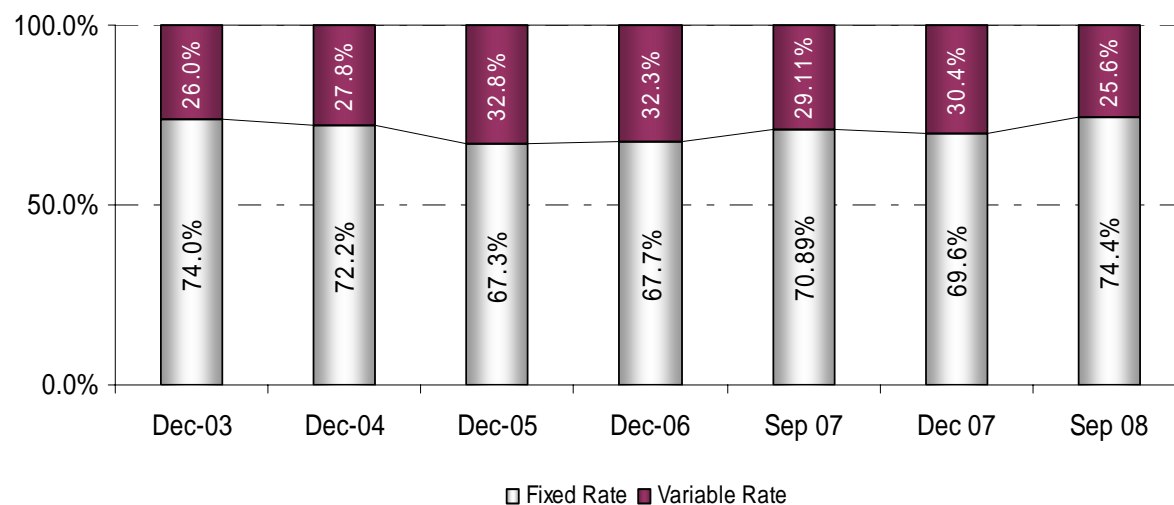
Govt Bonds (Recap Bonds and Other Govt Bonds) by Type of Holdings

IDR Trillion

Portofolio	Dec-05		Dec-06		Sep-07		Dec-07		Sep-08	
	Nominal	% to Ttl	Nominal	% to Ttl	Noml	% to Ttl	Nominal	% to Ttl	Nominal	% to Ttl
Hold to Maturity	11.34	53.8%	11.34	53.8%	11.34	50.5%	11.34	49.7%	10.07	48.9%
Available for Sale*)	6.27	29.7%	6.27	29.7%	7.11	31.7%	8.35	36.6%	8.21	39.8%
Trading	3.48	16.5%	3.48	16.5%	4.01	17.9%	3.12	13.7%	2.33	11.3%
Total	21.09	100.0%	21.09	100.0%	22.47	100.0%	22.81	100.0%	20.61	100.0%

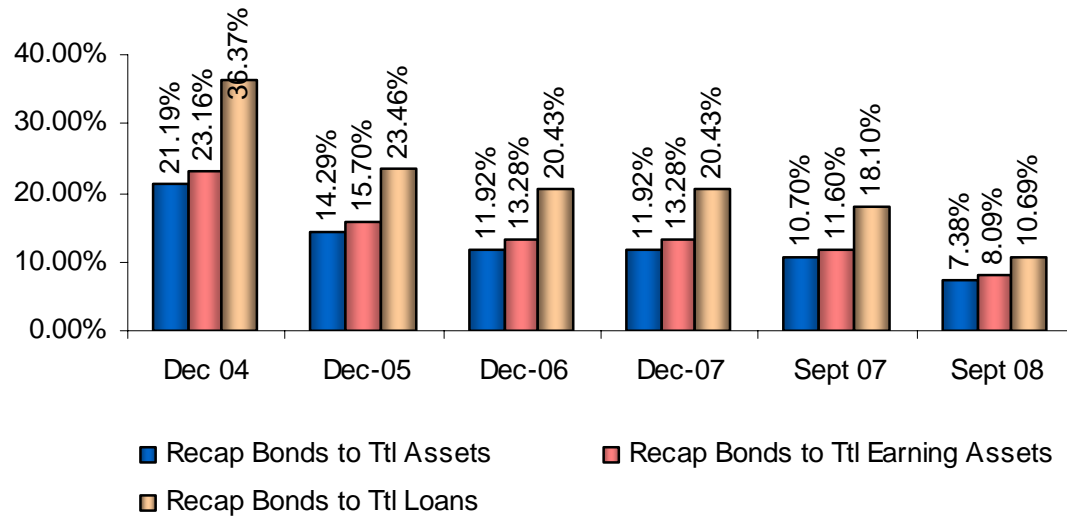
* AFS inc. SPN

By Type of Rate

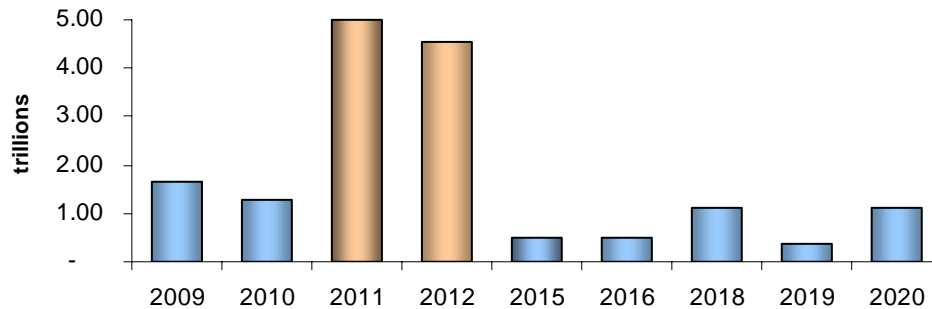


Government Bonds : Portfolio

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

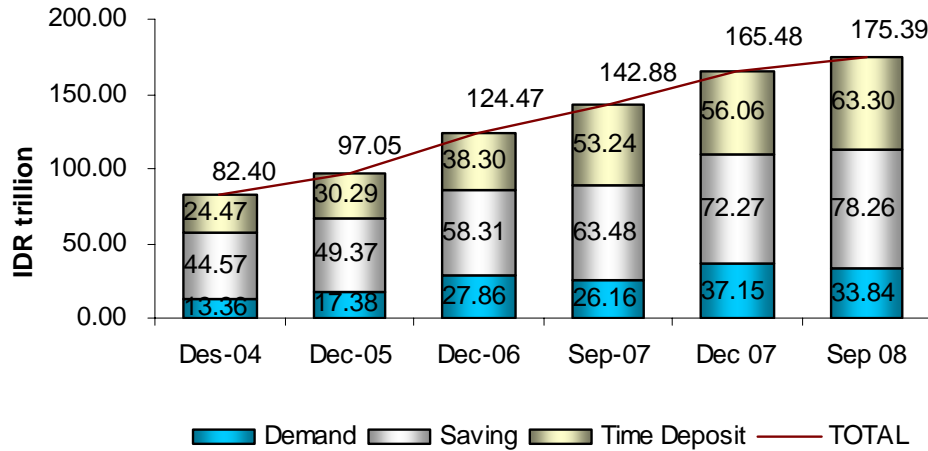


Recap Bonds Maturity



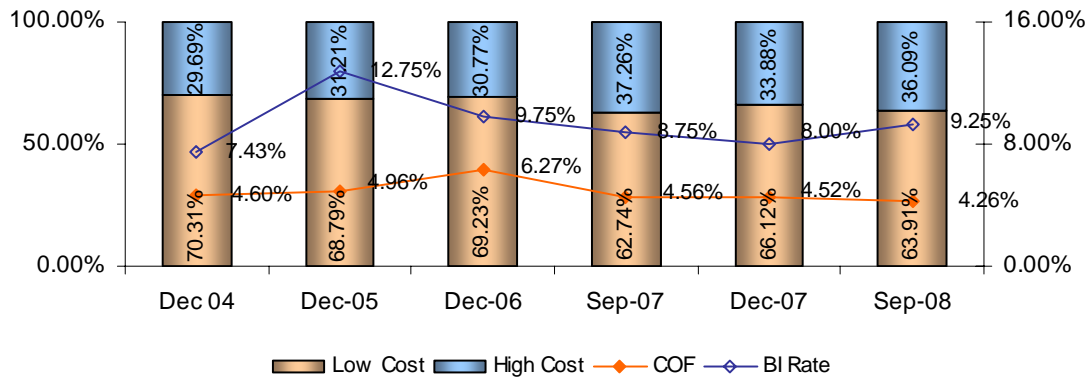
Deposits : Composition and COF Trend

Deposits Growth: Trend



- Total deposits show steady growth reaching Rp175.39 trillion in Sept 08 or grew 22.76% yoy
- A strong growth in savings account, reduce the impact of liquidity crunch in the industry and provide a well funding structure.
- Despite the interest rate hike, cost of fund is maintained at a level of 4.26% to keep NIM at 10.61%

Deposit Composition, COF and BI Rate



Note: Numbers stated in this presentation are Bank only

Profitability

Income Statement : Highlights

IDR Billion

Description	2003	2004	Full Year			Q3		Growth (YoY)
			2005	2006	2007	2007	2008	
Interest Income	15,069.0	15,530.8	17,253.7	21,070.5	23,240.6	17,154.3	20,269.7	18.16%
Interest Expense	(7,043.0)	(4,273.2)	(4,827.4)	(7,300.8)	(6,544.1)	(4,760.2)	(5,572.5)	17.06%
Net Interest Income	8,026.0	11,257.6	12,426.3	13,769.7	16,696.6	12,394.1	14,697.3	18.58%
Fee & Other Opr. Income	939.0	1,446.8	390.0	1,509.0	1,821.7	1,190.6	1,387.0	16.50%
Gross Operating Income	8,965.0	12,704.4	12,816.3	15,278.7	18,518.3	13,584.7	16,084.3	18.40%
Other Operating Expenses	(5,810.0)	(5,887.0)	(7,103.0)	(7,646.1)	(9,019.6)	(6,514.0)	(7,490.6)	14.99%
PPOP	3,155.0	6,817.4	5,713.3	7,632.7	9,498.7	7,070.7	8,593.7	21.54%
Provision	75.0	(1,328.4)	(401.0)	(1,848.0)	(1,942.7)	(1,919.6)	(2,317.2)	20.71%
Non Operating Profit/Loss	406.0	444.2	295.6	122.1	224.1	40.4	33.5	-17.16%
Profit Before Tax n Minor. Int.	3,636.0	5,731.2	5,608.0	5,906.8	7,780.1	5,191.5	6,310.0	21.54%
Net Profit	2,502.0	2,560.0	3,808.6	4,257.6	4,838.0	3,618.4	4,238.5	17.13%
EPS *)	na	306.6	321.7	355.6	403.6	604.0	707.2	17.08%

*) Annualized

Sources of Income

IDR billion

Source of Income	2003	2004	2005	2006	2007	Sep-07	Sep-08	Q3 Growth YoY
Interest income	15,069	15,531	17,254	21,071	23,241	17,154	20,270	18.2%
Other Opr.Income	820	1,447	725	1,509	1,822	1,191	1,387	16.5%
Non Operational Income (net)	412	511	310	122	224	40	33	-17.2%
Total Income	16,302	17,489	18,288	22,702	25,287	18,385	21,690	18.0%

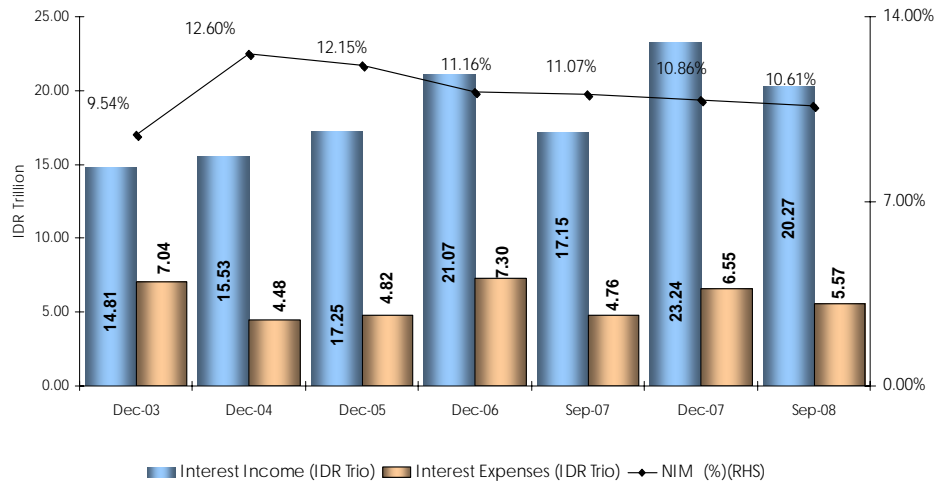
Other Operating Income

IDR billion

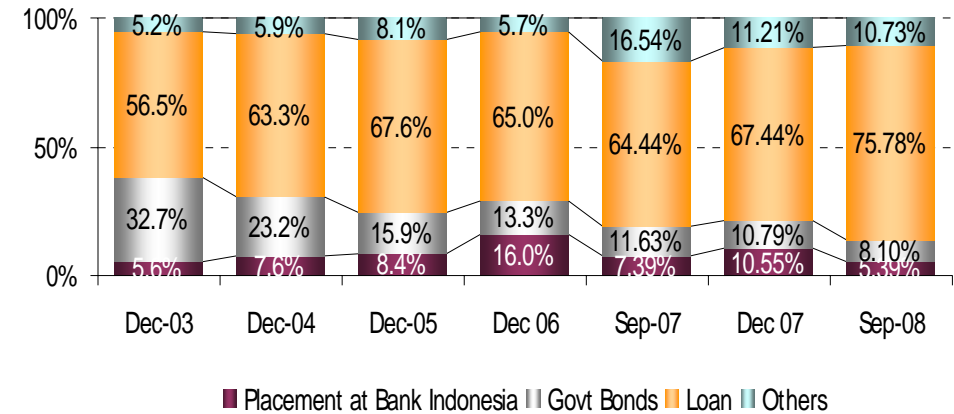
Other Operating Income	Dec-06	Dec-07	Sep-07	Sep-08	YoY
Gain Fr Value Increase of Securities and Govt. Recap Bonds	484	48	10	34	246.4%
Fees and Commissions	838	1,456	955	1,274	33.4%
Gain fr Forex	-	176	99	-	-100.0%
Others	187	142	127	79	-37.6%
Total	1,509	1,822	1,191	1,387	16.5%

Sources of Income

Interest Income, Interest Expenses and NIM



Earning Assets : Composition Trend



Source of Interest Income

IDR billion

Description	Full Year					Q3	
	2003	2004	2005	2006	2007	2007	2008
Interest Income	15,069.0	15,530.8	17,253.7	21,070.5	23,240.6	17,154.3	20,269.7
Interest from Loans	9,858.4	11,375.6	13,377.5	15,763.4	17,956.8	13,441.0	16,116.4
Interest from Govt Bonds	3,550.5	2,938.0	2,177.7	2,339.1	2,020.3	1,446.1	1,418.9
Int from Other earning assets	1,660.1	1,217.1	1,698.5	2,968.0	3,263.5	2,267.2	2,734.4

- Loans comprises 75.8 % of total earning assets, an increasing of intermediary function of BRI
- In line with the trend, interest income from loans grows steadily, contributing 79.5% of total interest income (or 74.3% of total income)

Over Head Expenses

IDR Billion

	Dec 2003	Dec 2004	Dec 2005	Dec 2006	Dec 2007	Sep 2007	Sep 2008	Q3 Growth YoY
Personnel	3,666	3,717	4,407	4,831	5,274	3,985	4,384	10.0%
General and Administration	1,330	1,835	1,913	2,054	2,405	1,607	1,926	19.8%
Losses fr decrease of Securities and Govt. Bonds value	-	-	334	-	46	-	131	NA
Losses fr sale of Securities and Govt. Bonds	-	-	-	-	-	16	-	-100.0%
Losses from forex transaction	128	-	-	5	-	-	116	NA
Premium Paid on Govt Guarantees	-	183	200	206	267	199	259	30.6%
Promotion	-	110	203	177	470	256	203	-20.7%
Others	610	243	715	393	604	451	472	4.6%
Total	5,734	6,089	7,438	7,666	9,020	6,514	7,491	15.0%

- Increase of Over Head Expenses is for inflation adjustment and business expansion

Key Financial Ratios

Description	Full Year					Q3	
	2003	2004	2005	2006	2007	2007	2008
Classified Loan Ratio	13.19%	12.23%	11.55%	11.07%	7.82%	9.73%	7.20%
NPL ratio - Gross	6.03%	4.19%	4.68%	4.81%	3.44%	4.99%	2.90%
NPL Coverage ratio - Gross	150.39%	196.00%	153.09%	154.68%	177.45%	153.91%	198.15%
Tier I CAR	16.07%	12.49%	12.52%	16.44%	14.15%	15.30%	12.06%
Total CAR with market risk	19.64%	16.19%	15.29%	18.82%	15.84%	17.18%	13.45%
Loan to Deposit Ratio	62.37%	75.69%	77.83%	72.53%	68.80%	73.88%	86.35%
Net Interest Margin (NIM)	9.54%	12.16%	12.15%	11.16%	10.86%	11.07%	10.61%
Return on Assets (ROA) - b.t	4.11%	5.77%	5.04%	4.36%	4.61%	4.27%	4.14%
Return on Assets (ROA) - a.t	2.85%	3.66%	3.42%	3.15%	2.87%	2.98%	2.78%
Return on Equity (ROE) - Tier I	44.73%	42.76%	38.00%	33.75%	31.64%	31.55%	32.86%
Return on Equity (ROE) - B/S	37.01%	34.41%	30.63%	28.19%	26.45%	26.79%	28.08%
Cost of Fund (COF)	8.06%	4.60%	4.96%	6.27%	4.52%	4.56%	4.26%
Min. Reserve Requirement	10.92%	9.39%	9.55%	12.34%	22.09%	10.09%	8.01%
Net Open Position	13.24%	10.77%	5.23%	5.41%	7.90%	4.99%	9.88%
Opr. Expense to Opr. Income	79.19%	68.86%	70.45%	74.38%	69.80%	71.91%	70.97%
Cost Efficiency Ratio (CER)	64.45%	51.33%	54.22%	51.65%	49.03%	48.19%	45.12%

*) CER = (Employee expenses+G&A+Other Opr.Expenses)/(NII+Fees&Commision+Other Opr.Income)

Shareholders – Composition

Shareholder	Nov 2003	Sep-07	Sep-08
Government	59.5%	56.9%	56.8%
Public	40.1%	43.1%	43.2%
Foreign *)	55.3%	86.8%	81.7%
Domestic *)	44.7%	13.2%	18.3%

*) percentage from public holding



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