



# NAVIGATING A COURSE TO GROWTH AND PROFITABILITY

PT Bank Negara Indonesia (Persero)  
Tbk Presentation to Investors  
April 09-13, 2007

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## Agenda

### Key strengths of the BNI franchise

# Key strengths of the BNI franchise

## Key strengths of the BNI franchise

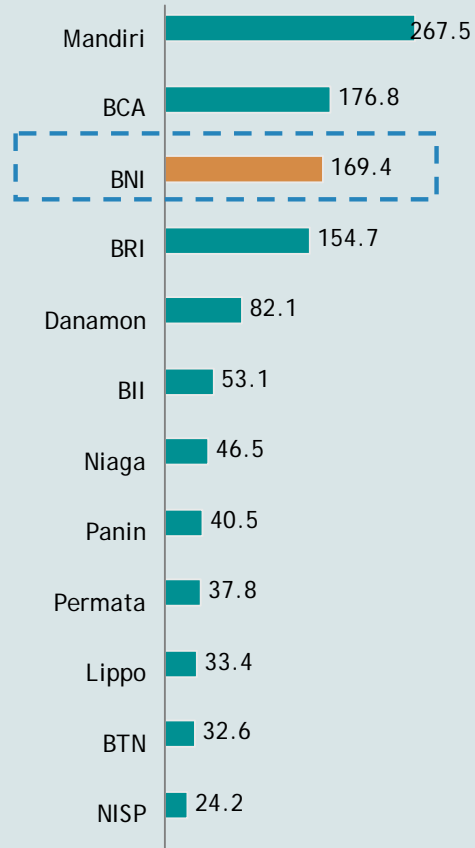


<sup>1</sup> As of December 2006

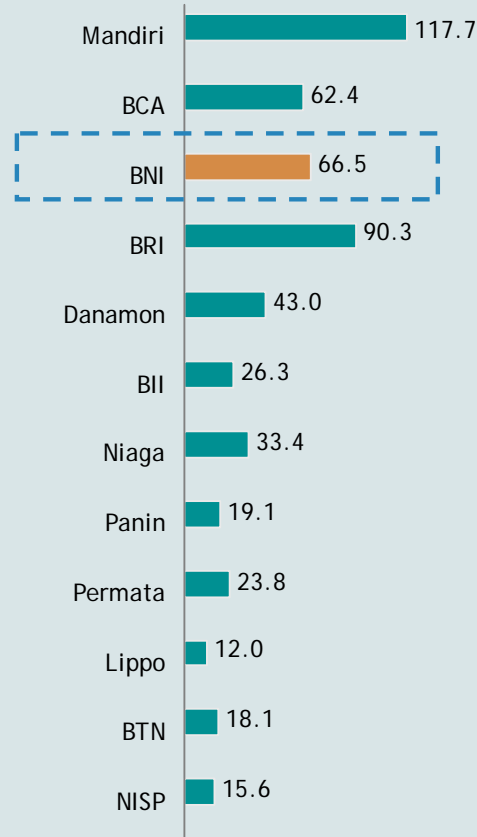
<sup>2</sup> Does not include micro-finance units for BRI

## BNI has significant scale...

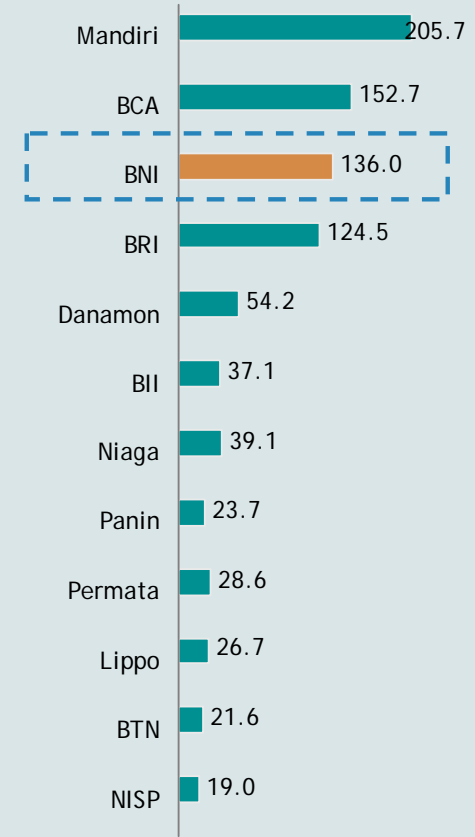
Total assets (Rp trn)



Total gross loans (Rp trn)



Total customer deposits (Rp trn)

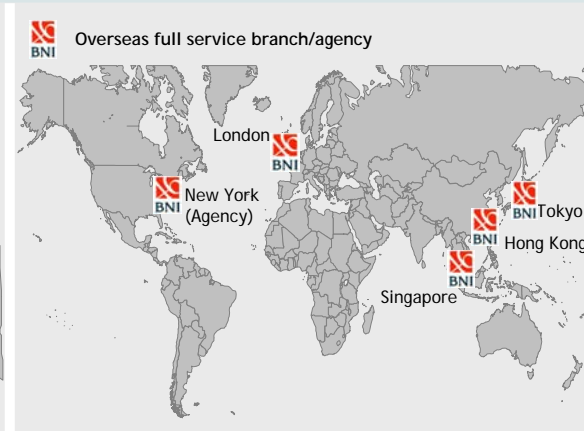


Source: Company reports

Note: Banks data as of December 31, 2006; consolidated figures; Top 10 banks based on total asset

# ...combined with one of the most extensive distribution networks in Indonesia

## Nationwide spread of regional offices



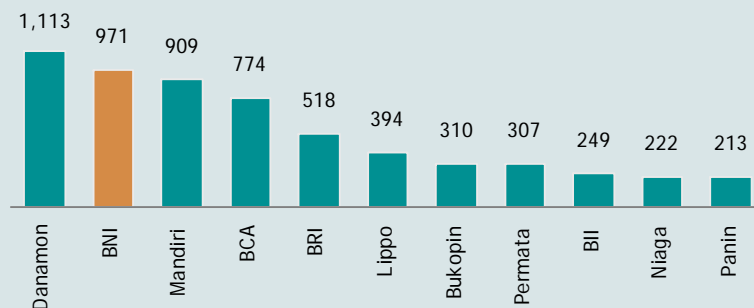
### Key highlights

- 12 Regional Offices
- 971 domestic branches<sup>2</sup>
- 36 Syariah branches
- 2,325 ATMs
- PhonePlus Lines
- Mobile banking

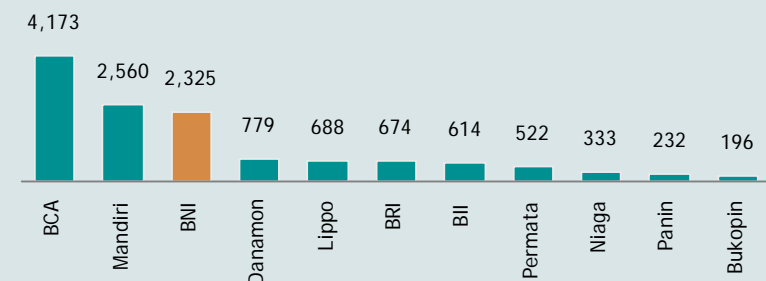
### 5 overseas branches

- Singapore (Nov 1955)
- Hong Kong (Apr 1963)
- Tokyo, Japan (Sep 1969)
- London, UK (1987)
- New York, US (agency) (Apr 1971)

## Branches<sup>3</sup>



## ATMs<sup>1</sup>



**BNI is well positioned in Indonesian banking consolidating market**

Source: Company reports and recently available industry data

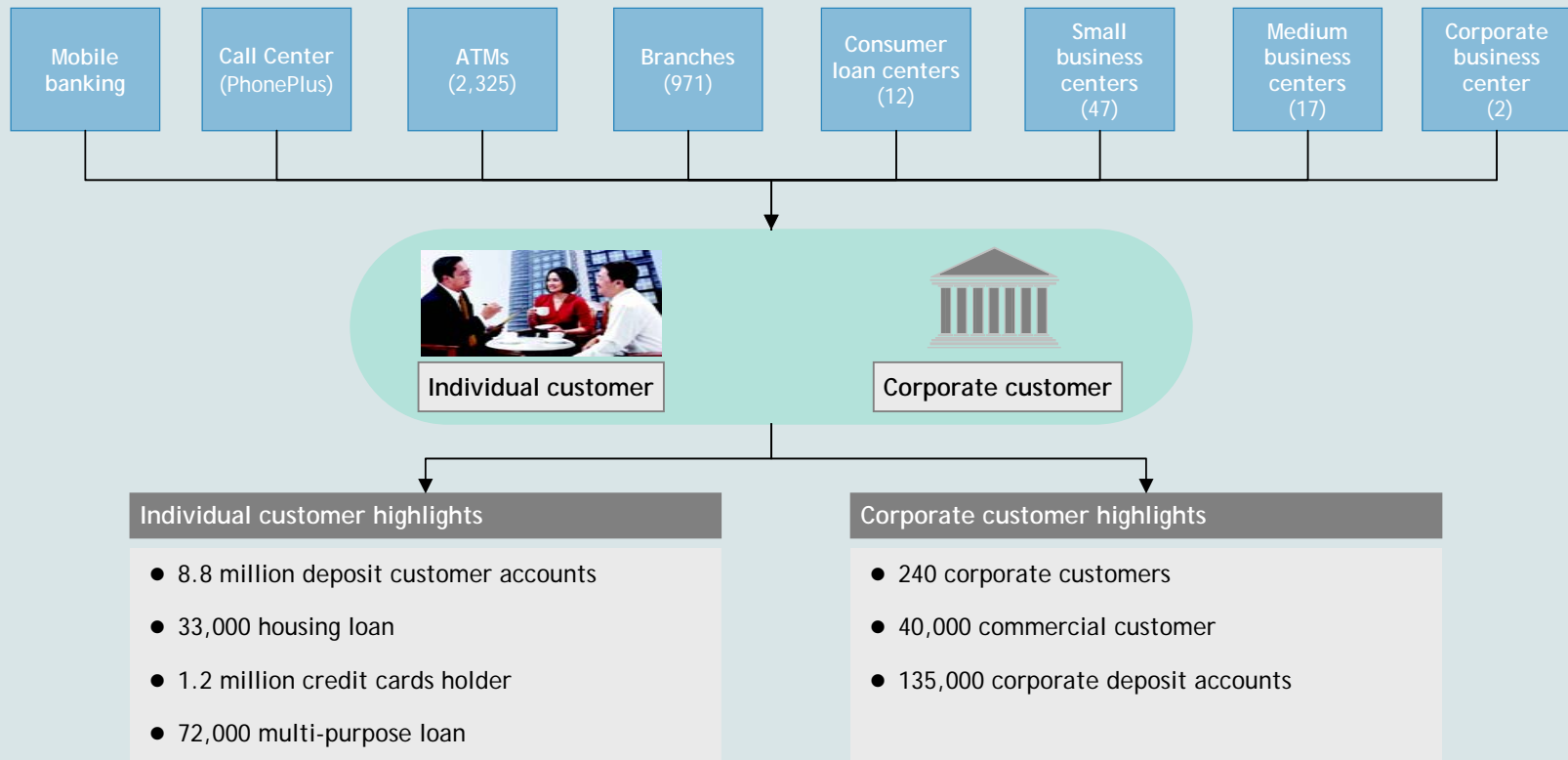
<sup>1</sup> Government bank ATMs data are based on ATM Link information issued by Artajasa

<sup>2</sup> Includes domestic branches & sub branches, cash offices, service offices, cash mobiles, middle loan, retail loan and consumer loan centers

<sup>3</sup> Excluding BRI micro unit

# BNI has multiple touch-points to ensure maximum customer penetration

## BNI's multiple touch points for individual and corporate customers



Well diversified and balanced customer base

Source: Company reports

# Offering leading products

## Key asset and liability products

### Credit Cards (Visa & Mastercard)



Launched in October 1997  
Balance: Rp. 2,0 trillion  
# Applications: 25,000/month  
# of cards holder: 1.2 millions  
3rd largest credit card issuer (14.7% market share)  
3rd in terms of number of transactions with over 11 million transactions/year

### TabunganPlus



Launched in 1989  
Balance: Rp. 36,5 trillion  
# Applications: 90,000/month  
# of accounts: 7,1 million

### Pension Plan Product (#1 in AUM)



Launched in July 1994  
Balance: Rp 2,05 trillion  
# Applications: 2,500/month  
# of member: 343,304

### BNI Griya (Housing Loan)



Launched in 1996  
Balance: Rp. 858 billion  
# Applications: 1,100/month  
# of accounts: 72,085

## New products

### BNI Wirausaha

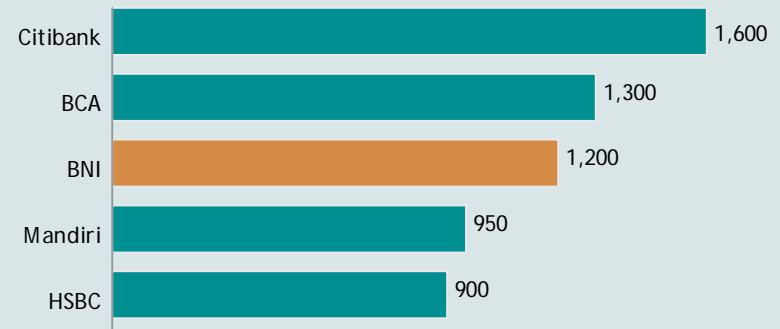
#### Loan for SME segments

- BNI Mikro
  - Loan from IDR 0 to 50mm
- BNI Usaha Berkembang
  - Loan between IDR500mm to 3bn
- BNI Usaha Maju
  - Loan from IDR 3bn - 10bn

### BNI Emerald

- BNI Private Banking

## Credit cards in-force in Indonesia in 2006 ('000s)

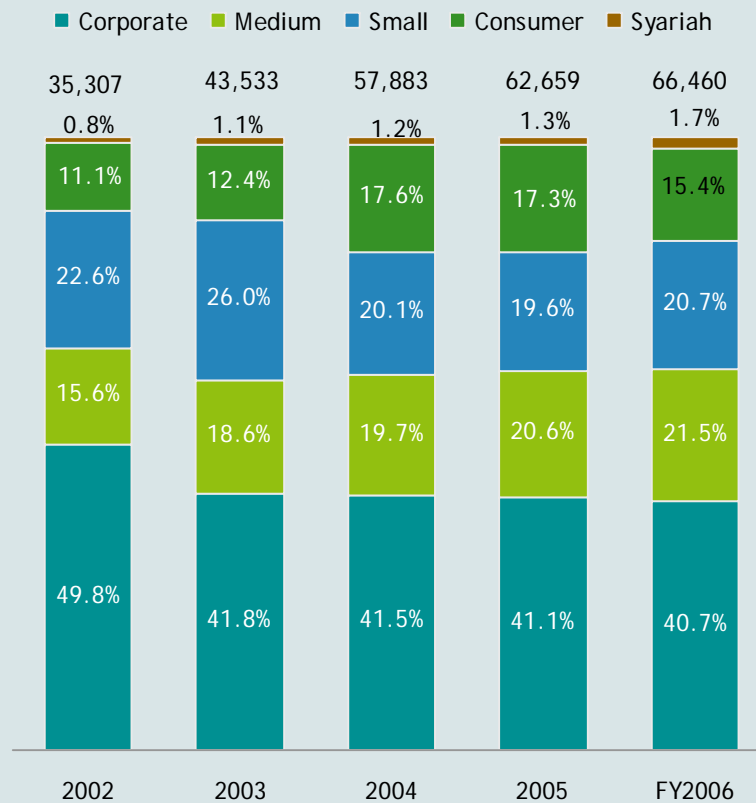


Source: Company reports, data for credit cards in-force in Indonesia based on recent available information

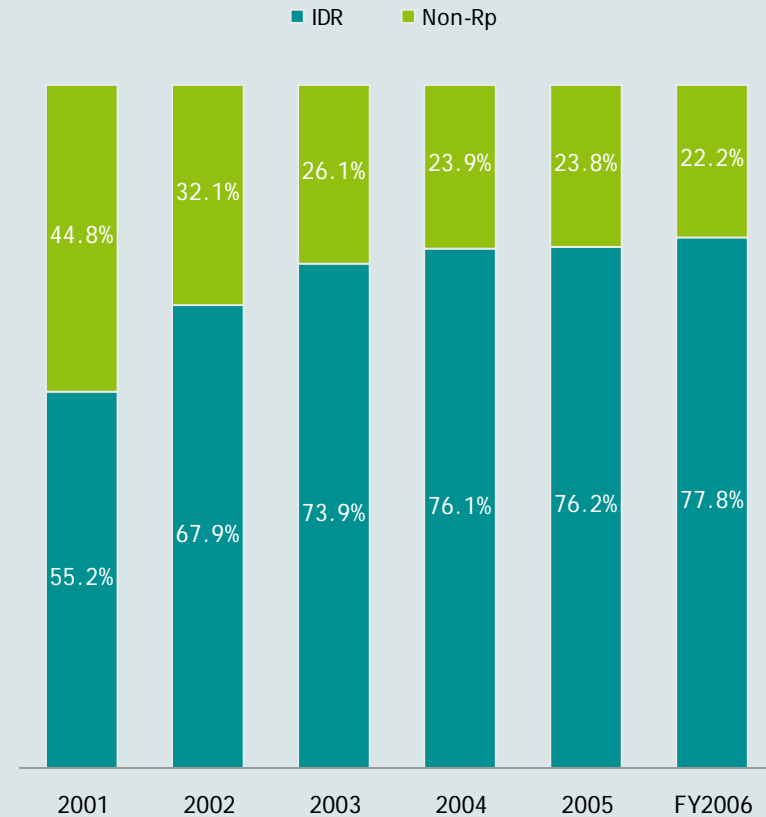


# Building better overall loan composition

Increasing middle market focus (Rp bn)



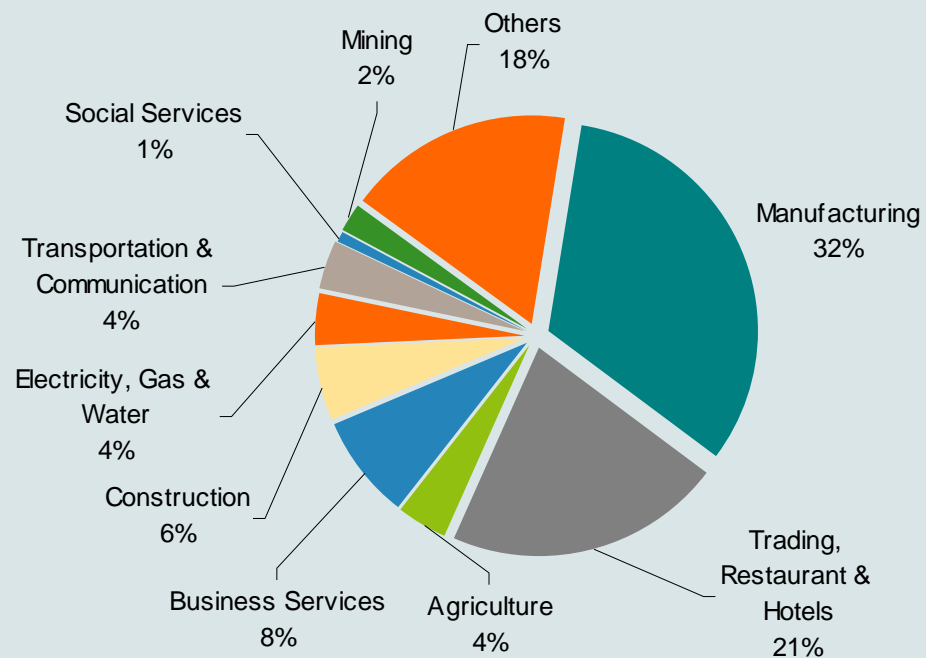
Rp vs. non-Rp loans (%)



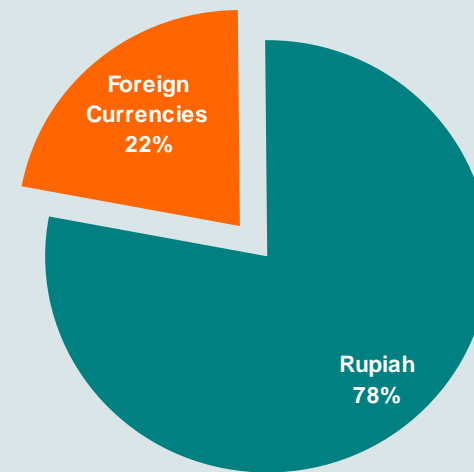
Source: Company reports

# Loan By Sector

Loan by economic sector

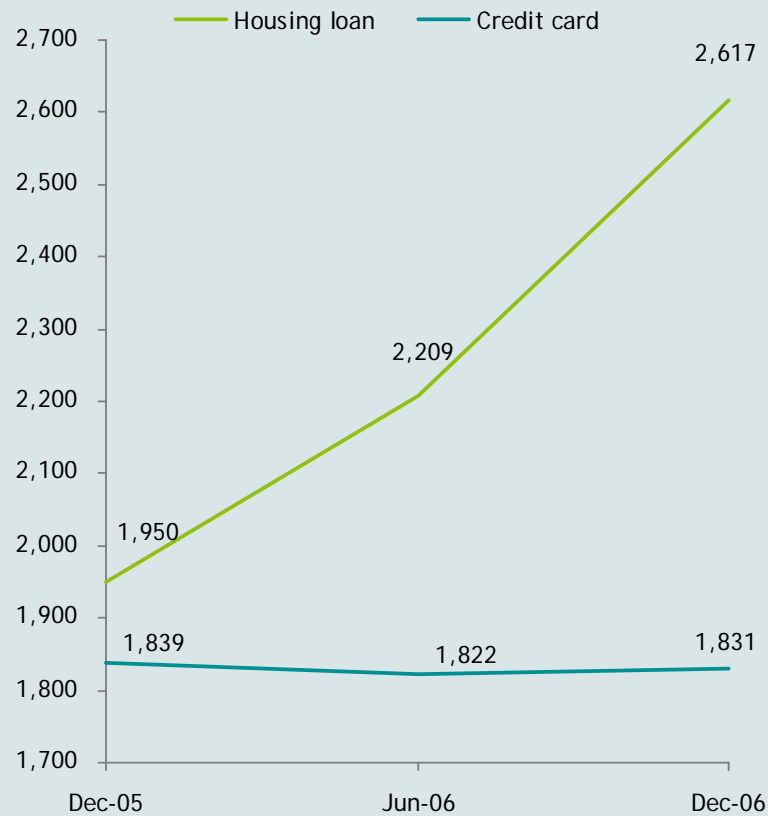


Loan by currencies



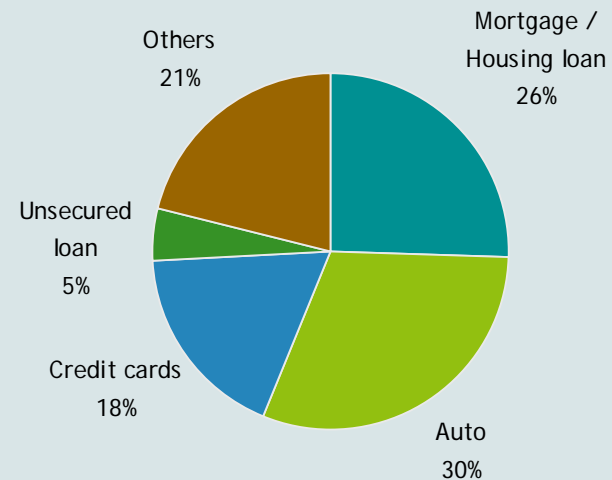
# Well balanced consumer loan mix driven by growth in housing loans

Housing loan and Credit cards loans (Rp bn)



Source: Company reports

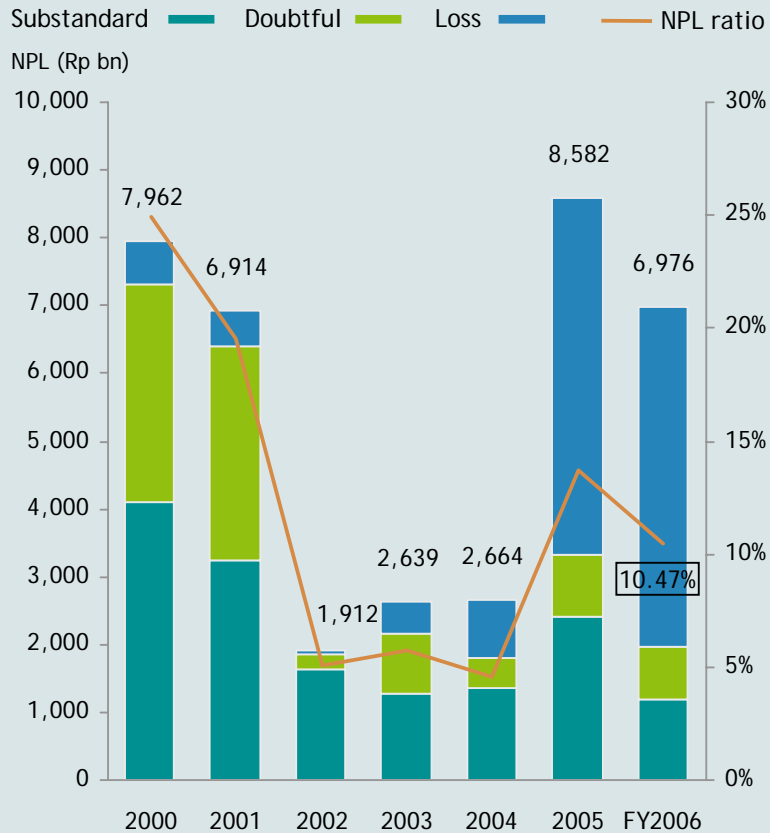
Consumer loan composition (%)



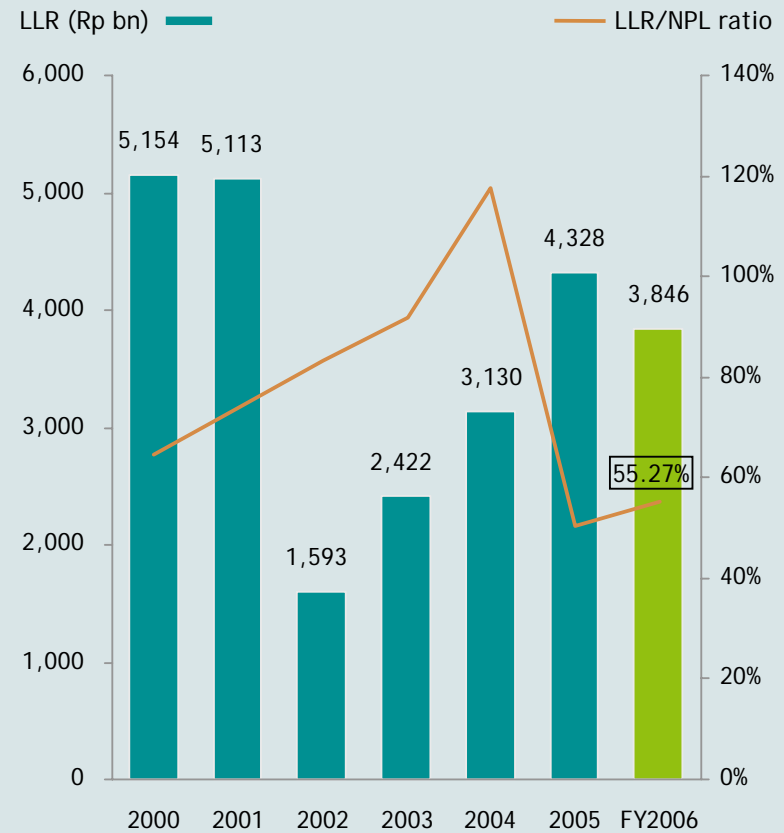
Total = Rp 10,205bn

# Tackling loan quality issues

Non-performing loans



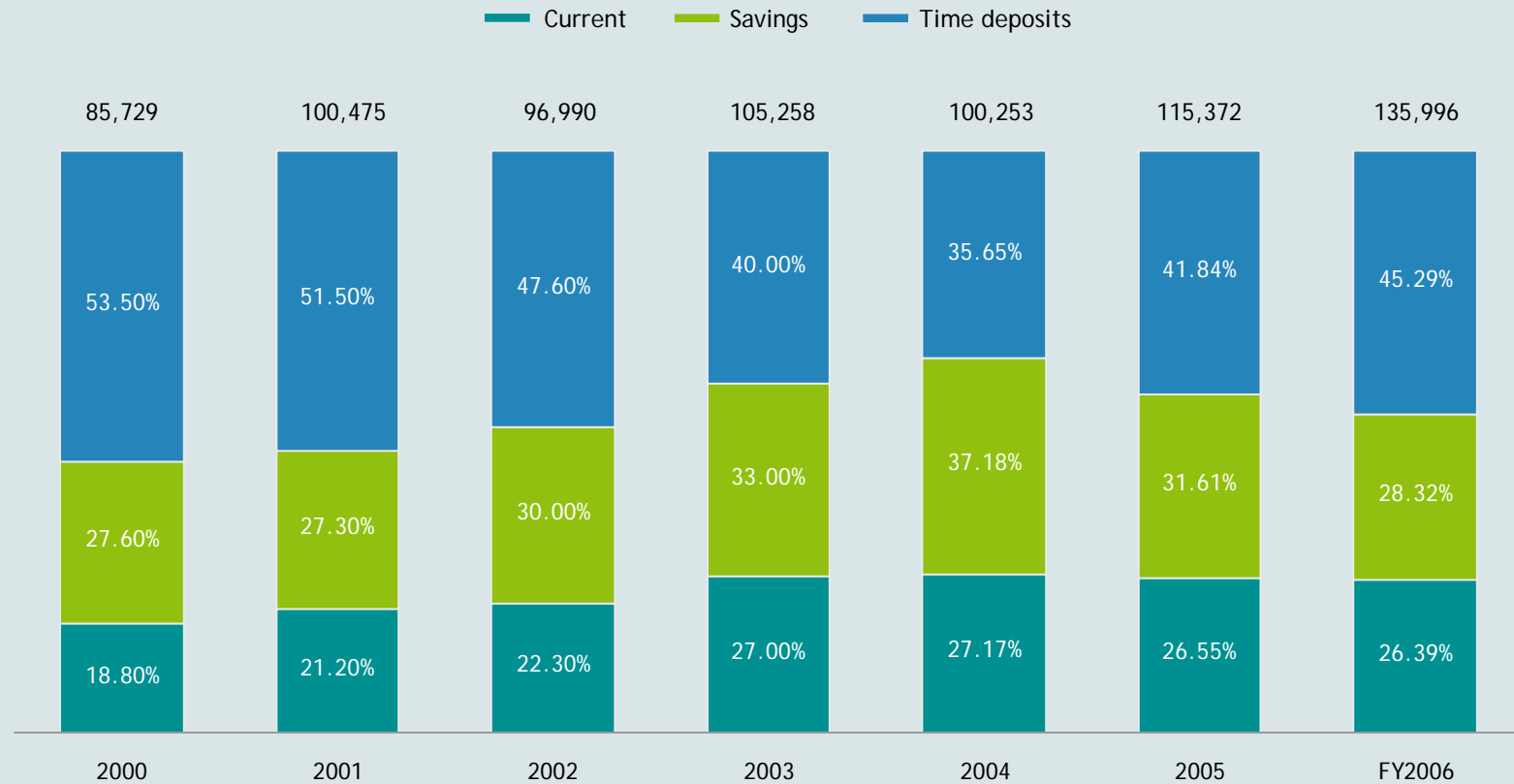
LLR/NPLs



Source: Company data

# Maintaining a healthy deposit mix

Well-balanced deposit mix (Rp bn)



Source: Company reports

# Introducing BNI's Board of Directors

## Board of Directors



**Sigit Pramono**

President Director/CEO

- Since Dec 2003
- Former President Director of Bank International Indonesia



**Gatot Mudiantoro Suwondo**

Vice President Director / CFO

- Since May 2005
- Former Director of Bank Danamon



**Fero Poerbonegoro**

Managing Director (Treasury & Private Banking)

- Since Dec 2003
- Former Director of Bank Central Asia



**Achmad Baiquni**

Managing Director (Corporate)

- Since Dec 2003
- Former Head of Personal Banking Business Development



**Suroto Moehadji**

Managing Director (Human Resources)

- Since Dec 2003
- Former Head of Operations



**Tjahjana Tjakrawinata**

Managing Director (Consumer)

- Since Dec 2003
- Former Regional Head for Jakarta area, Bank Mandiri



**I. Supomo**

Managing Director (Risk Management)

- Since Jun 2003
- Former SEVP, Bank Mandiri



**Bien Subiantoro**

Managing Director (Commercial & Sharia)

- Since Dec 2003
- Former Group Head of International Banking, Bank Mandiri



**Kemal Ranadireksa**

Managing Director (Operation)

- Since Dec 2003
- Former Regional Head, Bank Mandiri, Bandung



**Achil Ridwan Djayadiningrat**

Managing Director (Compliance)

- Since Dec 2003
- Currently member of expert staff to Board of Governors, Bank Indonesia

# Proactive management approach

## Key highlights of management's recent proactive actions



Source: Company data

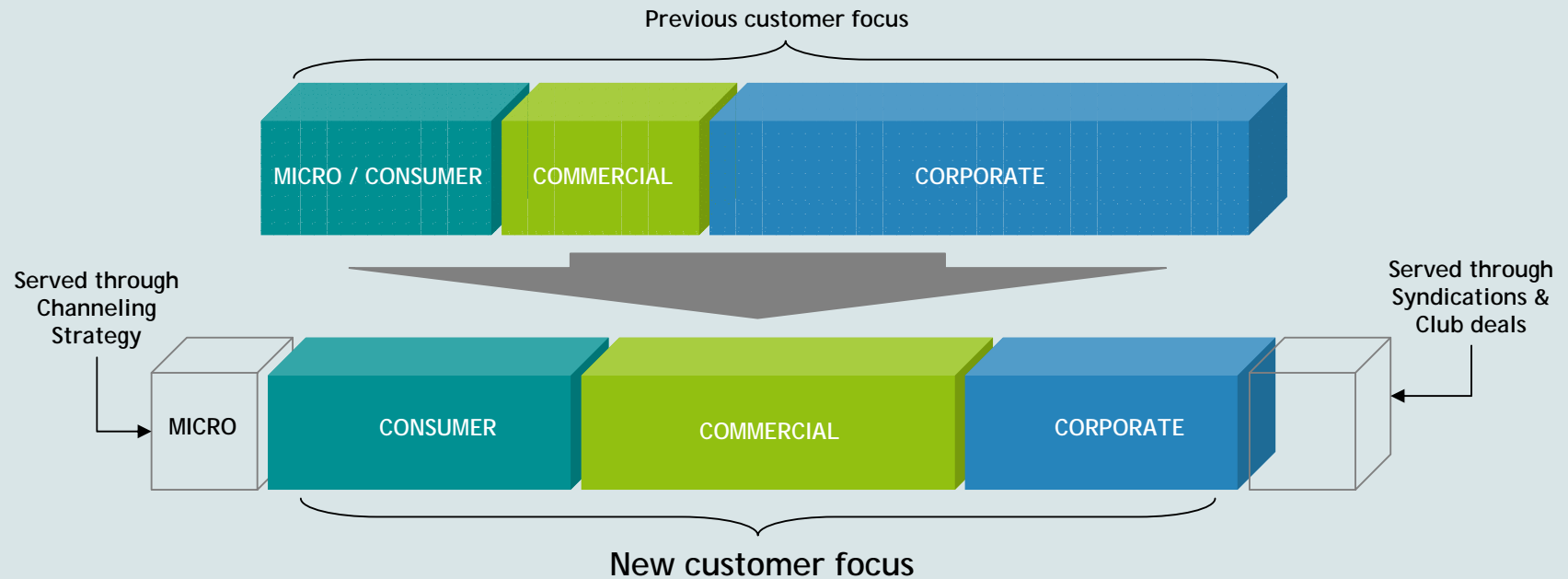
# Continuous improvement on risk management

Key initiatives	Details	Key initiatives	Details
Establishment of a new Risk and Capital Committee	<ul style="list-style-type: none"> <li>✓ Reports to and advises the Board of Directors on all risk management issues</li> <li>✓ Centralizes risk management control and oversight at BNI</li> </ul>	Centralized trade finance processing	<ul style="list-style-type: none"> <li>✓ Limit branches' ability to negotiate L/C to new customers</li> <li>✓ Centralize international trade processing centres</li> </ul>
Establishment of new lending platform	<ul style="list-style-type: none"> <li>✓ 47 Small size loan centres</li> <li>✓ 17 Medium size loan centres</li> <li>✓ 12 Consumer loan centres</li> <li>✓ 136 Syariah channelling outlets</li> </ul>	"Zero fraud operation" program	<ul style="list-style-type: none"> <li>✓ Employee bonuses in branches, credit centres and business units are now tied to the absence of fraud in their locations</li> </ul>
Centralization of credit risk managers	<ul style="list-style-type: none"> <li>✓ Credit risk managers centralized in the small/medium business centres and the head office</li> </ul>	Establishment of Operational Risk Management procedures with Ernst & Young	<ul style="list-style-type: none"> <li>✓ Implementation of operational risk management infrastructure and a loss event database</li> <li>✓ Jointly developed a scoring system methodology</li> </ul>
Performance measurement system	<ul style="list-style-type: none"> <li>✓ Malcolm Balridge criteria</li> <li>✓ SLA to evaluate relationship between divisions</li> <li>✓ 6 Sigma</li> </ul>	Establishment of a centralized disaster recovery center	<ul style="list-style-type: none"> <li>✓ Ensure contingencies for full business continuity</li> </ul>
Enforcement of a "Four-Eye Principle" for credit approvals	<ul style="list-style-type: none"> <li>✓ Approvals must be processed separately by both a business manager and credit risk manager</li> <li>✓ Separate lines of reporting for each (credit/compliance)</li> </ul>	Intention to comply with Basel II guidelines	<ul style="list-style-type: none"> <li>✓ Appointment of external advisors and internal process underway to ensure Basel II compliance within two years post implementation by BIS in 2008</li> </ul>



# Targeting new customer segments

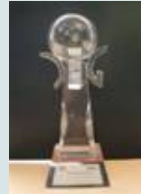
BNI: Refocusing target market



# Accolades awarded to one of Indonesia's most recognizable brands

## Awards in 2006

Indonesian Institute of Corporate Governance



*The Best Top 10 Company in GCG Perception Index*



MarkPlus Research

*Indonesian Bank Loyalty Award*



ZDNet Asia

*Smart 50 company for IT Best User*



Business Week

*Brand Visualization Award*

Surabaya Stock Exchange



*Runner-up, The Best Custodian Bank*

Center for Customer Satisfaction & Loyalty



*Call Center Award for Service Excellence*



LACP, USA

*Best report for Financial Institutions category*



Property magazine

*The Most Aggressive state-bank in property financing*

## Awards in 2005



The Banker

*Bank of the Year (Indonesia) 2005*



Bisnis Indonesia

*Best National Bank in 2005*



Euromoney magazine

*Real Estate Award 2005 for Commercial Banking category*



SWA magazine

*The Value Creator Award 2005*

## Agenda

Financial performance

## Balance sheet highlights

### Balance sheet highlights

Rp bn	2000	2001	2002	2003	2004	2005	FY 2006	CAGR
Total assets	114,657	129,053	125,623	131,487	136,482	147,812	169,416	6.7%
Government bonds	62,464	60,144	47,223	40,267	38,277	36,948	41,227	-6.7%
Total loans	31,970	35,392	37,792	46,408	57,868	62,659	66,460	13.0%
Customer deposits	85,729	100,475	96,990	105,258	105,014	115,517	135,996	8.0%
Total equity	4,483	6,797	8,231	10,016	12,623	11,895	14,794	22.0%

Source: Company data

# Income statement highlights

## Income statement highlights

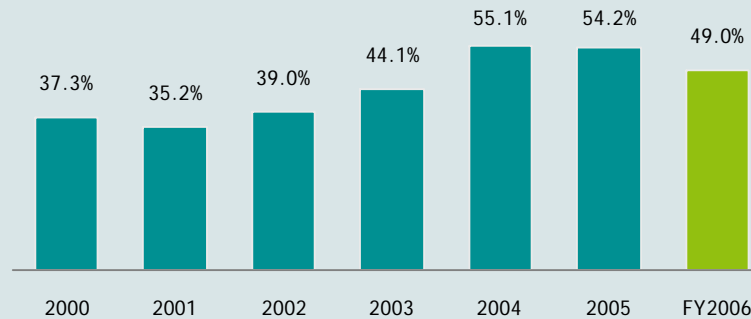
Rp bn	2000	2001	2002	2003	2004	2005	FY 2006	CAGR
Interest income	9,740	13,861	14,576	13,219	11,586	12,522	14,599	7.0%
Net interest income	664	2,772	4,125	5,002	6,885	6,908	7,064	48.3%
Other operating income	1,614	1,744	1,655	2,108	2,859	2,331	3,201	12.1%
Operating expenses <sup>1</sup>	(1,420)	(2,629)	(2,786)	(3,379)	(4,461)	(6,110)	(6,290)	28.2%
Annual loan loss provisions	(679)	(231)	(518)	(2,966)	(2,128)	(1,256)	(1,313)	11.6%
Net income	295	1,756	2,508	829	3,090	1,415	1,926	36.7%

Source: Company reports

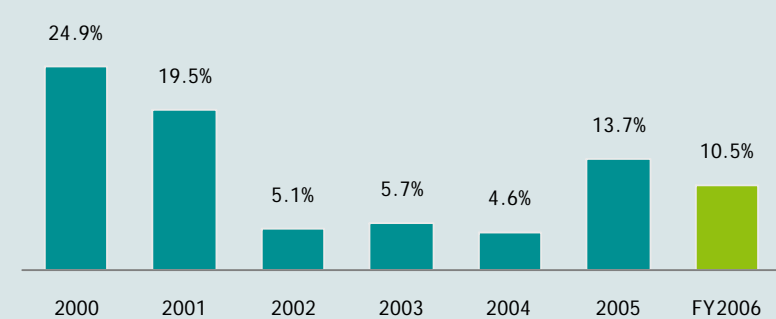
<sup>1</sup> Operating expenses exclude annual loan loss provisions

# Strengthening balance sheet fundamentals

Loan-to-deposit ratio (%)



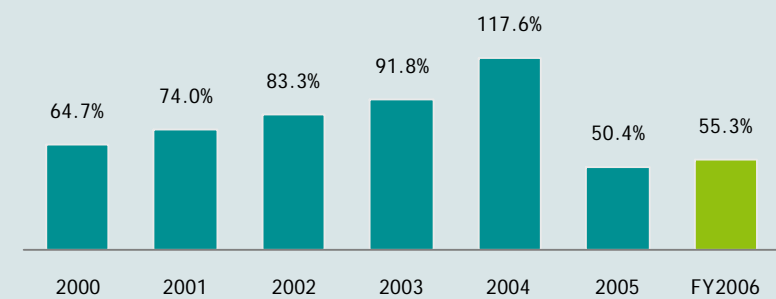
Non-performing loan ratio (%)



Tier 1 capital ratio (%)



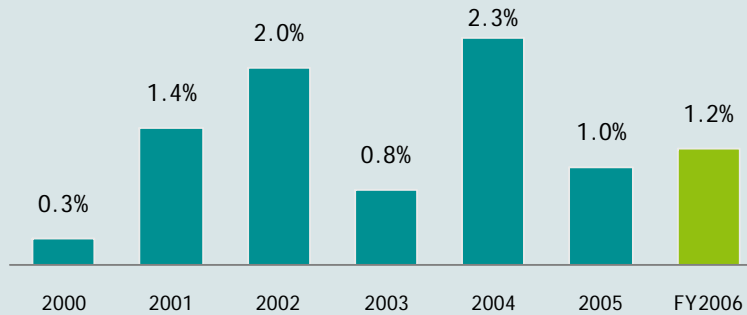
Loan Loss Reserve/NPL ratio (%)



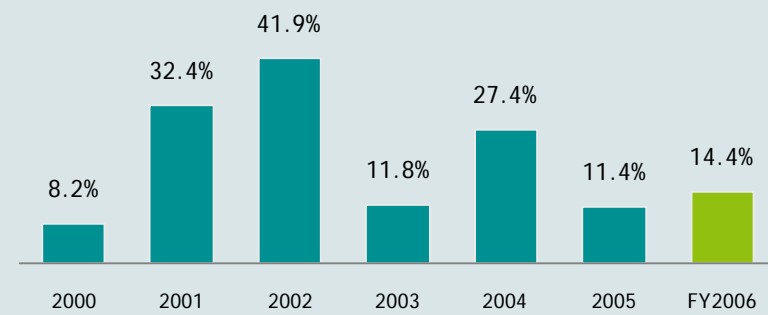
Source: Company reports

# Improving income statement ratios

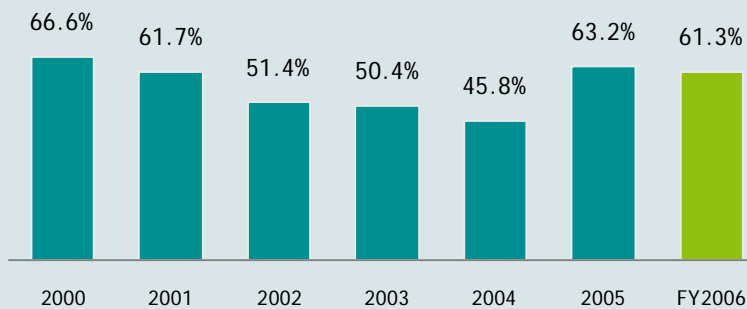
ROAA<sup>1</sup> (%)



ROAE<sup>2</sup> (%)



Efficiency ratio<sup>3</sup> (%)



Net interest margin (%)



Source: Company reports

Note: All 3Q2006 audited figures are annualized

<sup>1</sup> ROAA is calculated based on pre-tax earnings over average total balance for the period (month end balances)

<sup>2</sup> ROAE is calculated based on post-tax earnings over average Tier 1 capital + Tier 2 capital (month end balances)

<sup>3</sup> Efficiency ratio is defined as: Operating expenses (excluding Loan Loss Reserves) / (net interest income + other operating income)



Thank you

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