A TURN AROUND STORY FOR SUSTAINABLE GROWTH

3Q-2008

Press Conference

PT Bank Negara Indonesia (Persero) Tbk
Jakarta, 30 October 2008
Agenda

- Management Focus & Progress to date
  - 2008 Strategic Policy
  - Target vs Progress in 3Q-2008
- Market Perception toward BNI
- Financial Performance
  - Balance Sheet, Income Statement, Financial Ratio
- Loan Quality
Management Focus & Progress to date
2008 STRATEGIC POLICY

1st POLICY
Provisioning Policy
Target Coverage Ratio 100%

2nd POLICY
Improving Asset Quality
- Asset Management
- Robust NPL Management
- Increase recovery
- Prudent Lending

3rd POLICY
Focus on Profitability
without neglecting asset growth

4th POLICY
Sustainable Business Model to increase recurring fee income

5th POLICY
Sustainable Cost Structure
- Efficiency
- Productivity
- Good Cost
## 2008 Target vs Progress in Q3

<table>
<thead>
<tr>
<th>Areas for improvement</th>
<th>Initiatives</th>
<th>Target by end of 2008</th>
<th>Progress in 3Q 2008</th>
<th>Trend</th>
</tr>
</thead>
</table>
| **Profitability:**    | • Review the pricing policy on assets & liabilities portfolio  
                        • Increase non interest income through better services in financial transactions | • NIM 5.8%  
• Increase CASA by ±8%  
• Overall loan growth ±20%  
• Increase recurring fee-based income  
• Interest income vs fee-based income = 70:30 | • NIM = 6.24%  
• CASA up by Rp 8.3 trillion or 10.9%  
• Loan grew by +34.3%  
• Composition of Interest Income vs FBI increase from 57% to 74% | +  
-  
+ |
| **Productivity:**     | • Improve branch and employee productivity  
                        • Efficiency program across the board through “bottom line” mindset | • Improve CIR to ±55%  
• Operating Income per employee ± Rp 320 million | • CIR improved from 60.1% to 50.6%  
• Operating Income per employee from Rp 240 million to Rp 320 million | +  
+ |
<table>
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<th>Initiatives</th>
<th>Target by end of 2008</th>
<th>Progress in 3Q 2008</th>
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</tr>
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</table>
| **Asset Quality:**     | • Implement Government Decree No 33 on haircut policy  
                          • Strengthen early warning system on loan portfolio  
                          • Disclose & resolve Top 10 NPLs  
                          • Increase provision  
                          • Increase recovery rate  
                          • Quick asset review with the aim to improve risk asset allocation  
                          • Yield enhancement program | • Gross NPL below 5%  
                          • Accelerated increase in coverage ratio to 100%  
                          • Targeted recovery Rp 500 billion  
                          • Increase LDR to + 64% | • Gross NPL improved from 8.31% to 6.53%  
                          • Coverage ratio increased from 62.3% to 104.02%  
                          • Recovery = Rp 340 billion  
                          • LDR increase from 59.42% to 73.20% | + + + |
Market Perception toward BNI
Market Perception toward BNI

- Exposure to distressed securities (global institutions)?
- Indover Bank?
- Lehman Brothers?
- Exposure to ‘distressed’ local group companies?
- Liquidity & Price war
- Deteriorating NPL?

DRIVEN BY GLOBAL CRISIS

DRIVEN BY DOMESTIC CONDITION

DRIVEN BY GLOBAL CRISIS
BNI exposure to ‘distressed securities’ are relatively manageable.

**Head Office vs Overseas Branches**

- Head Office: 88%
- Overseas Branches: 12%

**Issuers**

- Sovereign: 93%
- Corporate: 1%
- Banks: 6%

Total Marketable Securities = Rp 38 trillion

BNI marketable securities dominated by sovereign bonds, accounted for 93% of the total portfolio.
Lehman Brothers:
- Direct exposure **eqv. USD 7.8 million**, consist of USD 5 million (FRN) and JPY 3 million (Samurai Bond, eqv USD 2.8 million)
- Indirect exposure to Zircon CDO: USD 5 million

**Provision**: 100% in Q3/2008
- Unsettled SWAP transaction through HSBC for GBP 1 million

Indover Bank:
- Total exposure **eqv. USD 27 million**, consist of
  - Loan: USD 24 million,
  - Certificate of Deposit: EUR 2 million
  - Nostro Account: EUR 545 thousand

**Provision**: to be determined (cooperation with related parties to pursue recovery)
Issues driven by global crisis

Exposure to distressed securities (in overseas branches):

- Total exposure held by BNI overseas branches ~ **USD 461.72 million** (12% of total portfolio).
- Marked-to-market value of securities held by overseas branches is 69% (as of 24 October 2008) with average coupon rate 6.35%.
- Investment grade exposures are already marked-to-market and recorded at fair value.
- For non-investment grade exposure, BNI already set up provision in accordance with BI regulation.
Issues driven by domestic condition

**Liquidity issue:**

- BNI always maintained Secondary Reserve (SR) both in Rupiah and USD at sufficient level, above Ideal SR (IDR 3,65 trillion & USD 460 million).
- As of 28 October 2008, Rupiah-SR position is Rp 13.63 trillion while USD-SR is USD 669 million.
- Under tight liquidity condition, BNI still managed to increase its customer deposit through several program (such as loyalty program to institutional customer, new customer acquisition program, reward & prizes program to individual customer, etc.)

**Exposure to distressed local group company:**

- BNI participated in syndication of infrastructure project (two toll-road project):
  - Kanci-Pejagan toll-road, disbursed amount: Rp 44 billion
  - Ciawi-Sukabumi toll-road project, no disbursement to date
4Q-2008 Policy Response

1. **Strengthen Liquidity**

2. **Very Selective Asset Growth**

3. **Improve Asset Quality:**
   - Aggressive NPL Mgt
   - Increase asset recovery

4. **Provisioning Policy**
   - Coverage Ratio > 105%

5. **Sustainable Business Model**
   - Transactional Banking
   - Trade Finance
   - Remittance
   - Cash Management

6. **Sustainable Cost Structure**
   - Optimize allocation of resources
   - Optimize delivery unit

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**Actions:**

- Improve Asset Quality:
  - Aggressive NPL Mgt
  - Increase asset recovery

- Very Selective Asset Growth

- Strengthen Liquidity

- Provisioning Policy: Coverage Ratio > 105%

- Sustainable Business Model:
  - Transactional Banking
  - Trade Finance
  - Remittance
  - Cash Management

- Sustainable Cost Structure:
  - Optimize allocation of resources
  - Optimize delivery unit
## CORPORATE INITIATIVES

### Loans

- **Lead Arranger of loan syndication for Ciawi - Sukabumi toll road project** (24 July 2008)
- **Extending loan for USD 144,28 juta (eqv. Rp 1,37 trillion) for financing power plant project (PLTU) Batubara Labuan** (29 July 2008)
- **As lead arranger of loan syndication amounted Rp 2,4 trillion for PT TELKOM** (29 July 2008)
- **Non cash loan financing for PT Krakatau Steel amounted USD 75 million (eqv Rp 712 billion) & Rp 750 billion** (31 July 2008)
- **Cooperation with PT Mandiri Cipta Gemilang, BNI Griya / mortgage loan to finance apartment at St. Moritz Penthouse & Residences** (4 September 2008).

### Network & Services

- **Opening of BNI Syariah outlet in Mahkamah Agung/Supreme Court, Jakarta** (11 July 2008).
- **Launching of Pajak Bumi & Bangunan (PBB) payment via e-Banking** (15 July 2008).
- **Official ceremony of re-opening of Banda Aceh branch by Minister of State-owned Enterprise** (28 July 2008).
- **Launching of BNI Emerald Card to improve banking services for priority dan private banking customer** (1 August 2008).
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<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Assets</strong></td>
<td>172.484</td>
<td>183.342</td>
<td>162.267</td>
<td>176.047</td>
<td>179.644</td>
<td>4.2%</td>
</tr>
<tr>
<td><strong>Current Account with BI</strong></td>
<td>13.704</td>
<td>17.573</td>
<td>11.974</td>
<td>12.095</td>
<td>12.675</td>
<td>-7.5%</td>
</tr>
<tr>
<td><strong>Placement with other banks &amp; BI</strong></td>
<td>9.084</td>
<td>28.144</td>
<td>7.895</td>
<td>12.872</td>
<td>12.722</td>
<td>40.0%</td>
</tr>
<tr>
<td><strong>Marketable Securities</strong></td>
<td>22.799</td>
<td>4.498</td>
<td>9.800</td>
<td>9.564</td>
<td>4.135</td>
<td>-81.9%</td>
</tr>
<tr>
<td><strong>Loans</strong></td>
<td>79.518</td>
<td>88.651</td>
<td>89.171</td>
<td>99.023</td>
<td>106.850</td>
<td>34.4%</td>
</tr>
<tr>
<td><strong>Government Bonds</strong></td>
<td>37.625</td>
<td>36.701</td>
<td>36.384</td>
<td>34.281</td>
<td>33.978</td>
<td>-9.7%</td>
</tr>
<tr>
<td><strong>Customer Deposits</strong></td>
<td>133.976</td>
<td>146.189</td>
<td>126.425</td>
<td>140.257</td>
<td>143.249</td>
<td>6.9%</td>
</tr>
<tr>
<td><strong>Borrowings</strong></td>
<td>3.986</td>
<td>6.309</td>
<td>6.435</td>
<td>3.817</td>
<td>2.614</td>
<td>-34.4%</td>
</tr>
<tr>
<td><strong>Subordinated Debt</strong></td>
<td>2.280</td>
<td>933</td>
<td>915</td>
<td>917</td>
<td>--</td>
<td>-100%</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td>18.824</td>
<td>17.219</td>
<td>14.923</td>
<td>14.665</td>
<td>14.896</td>
<td>-20.9%</td>
</tr>
</tbody>
</table>
### Profit & Loss

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Interest Income</strong></td>
<td>5.383</td>
<td>7.467</td>
<td>2.233</td>
<td>4.629</td>
<td>7.163</td>
<td>33.1%</td>
</tr>
<tr>
<td>Fee Income</td>
<td>3.089</td>
<td>4.130</td>
<td>839</td>
<td>1.699</td>
<td>2.538</td>
<td>-17.8%</td>
</tr>
<tr>
<td>- Recurring Fee</td>
<td>2.142</td>
<td>2.907</td>
<td>842</td>
<td>1.720</td>
<td>2.580</td>
<td></td>
</tr>
<tr>
<td>- Non Recurring Fee</td>
<td>947</td>
<td>1.233</td>
<td>(3)</td>
<td>(21)</td>
<td>(42)</td>
<td></td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>8.472</td>
<td>11.597</td>
<td>3.072</td>
<td>6.328</td>
<td>9.700</td>
<td>14.5%</td>
</tr>
<tr>
<td>Operating Expense</td>
<td>(5.088)</td>
<td>(7.626)</td>
<td>(1.650)</td>
<td>(3.559)</td>
<td>(5.266)</td>
<td>3.5%</td>
</tr>
<tr>
<td>Net Non Operating Income/(Expense)</td>
<td>46</td>
<td>213</td>
<td>(13)</td>
<td>27</td>
<td>26</td>
<td>-43.5%</td>
</tr>
<tr>
<td><strong>Pre-Provision Operating Income</strong></td>
<td>3.430</td>
<td>3.971</td>
<td>1.409</td>
<td>2.796</td>
<td>4.460</td>
<td>30.0%</td>
</tr>
<tr>
<td>Provisioning</td>
<td>(1.173)</td>
<td>(2.704)</td>
<td>(1.199)</td>
<td>(2.154)</td>
<td>(3.258)</td>
<td>177.7%</td>
</tr>
<tr>
<td>Net Income before Tax</td>
<td>2.257</td>
<td>1.481</td>
<td>210</td>
<td>642</td>
<td>1.202</td>
<td>-46.7%</td>
</tr>
<tr>
<td>Net Income</td>
<td>1.556</td>
<td>898</td>
<td>153</td>
<td>439</td>
<td>832</td>
<td>-46.5%</td>
</tr>
<tr>
<td>Net Income per share [full amount]</td>
<td>102</td>
<td>59</td>
<td>10</td>
<td>28</td>
<td>54</td>
<td>-47.1%</td>
</tr>
</tbody>
</table>
## Financial Ratios [%]

<table>
<thead>
<tr>
<th></th>
<th>3Q2007</th>
<th>2007</th>
<th>1Q2008</th>
<th>2Q2008</th>
<th>3Q2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CAPITAL</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholders equity to total assets</td>
<td>10,91</td>
<td>9,4</td>
<td>9,2</td>
<td>8,3</td>
<td>8,29</td>
</tr>
<tr>
<td>Tier I – CAR</td>
<td>13,0</td>
<td>11,7</td>
<td>12,1</td>
<td>10,8</td>
<td>10,3</td>
</tr>
<tr>
<td>Tier II – CAR</td>
<td>5,2</td>
<td>4,6</td>
<td>4,6</td>
<td>4,3</td>
<td>4,0</td>
</tr>
<tr>
<td>CAR [after adjustment for credit &amp; market risk]</td>
<td>17,6</td>
<td>15,7</td>
<td>16,3</td>
<td>14,5</td>
<td>13,9</td>
</tr>
<tr>
<td><strong>ASSET QUALITY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Non Performing Loan</td>
<td>4,7</td>
<td>4,0</td>
<td>3,2</td>
<td>1,7</td>
<td>1,1</td>
</tr>
<tr>
<td>Gross Non Performing Loan</td>
<td>8,3</td>
<td>8,2</td>
<td>8,6</td>
<td>7,5</td>
<td>6,5</td>
</tr>
<tr>
<td>Allowance for possible loan losses to gross NPL</td>
<td>62,3</td>
<td>71,9</td>
<td>83,4</td>
<td>99,5</td>
<td>104,0</td>
</tr>
<tr>
<td>Requirement for provision of Earning Assets</td>
<td>117,6</td>
<td>116,5</td>
<td>141,2</td>
<td>144,7</td>
<td>121,9</td>
</tr>
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</table>
## Financial Ratios [%]

<table>
<thead>
<tr>
<th></th>
<th>3Q-2007</th>
<th>2007</th>
<th>1Q-2008</th>
<th>2Q-2008</th>
<th>3Q-2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RENTABILITY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ROA</td>
<td>1,7</td>
<td>0,5</td>
<td>0,4</td>
<td>0,5</td>
<td>0,9</td>
</tr>
<tr>
<td>ROE</td>
<td>19,8</td>
<td>5,6</td>
<td>3,3</td>
<td>6,2</td>
<td>8,1</td>
</tr>
<tr>
<td>Net Interest Margin</td>
<td>4,9</td>
<td>5,0</td>
<td>6,0</td>
<td>6,1</td>
<td>6,2</td>
</tr>
<tr>
<td><strong>EFFICIENCY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>BOPO</td>
<td>83,9</td>
<td>93,0</td>
<td>95,1</td>
<td>93,2</td>
<td>91,5</td>
</tr>
<tr>
<td>Cost to Income Ratio</td>
<td>60,1</td>
<td>64,6</td>
<td>53,8</td>
<td>52,4</td>
<td>50,6</td>
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<tr>
<td><strong>LIQUIDITY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan to Deposit Ratio</td>
<td>59,4</td>
<td>60,2</td>
<td>70,5</td>
<td>69,6</td>
<td>73,2</td>
</tr>
<tr>
<td><strong>COMPLIANCE</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Statuary Reserve Requirement (Rupiah)</td>
<td>11,1</td>
<td>14,7</td>
<td>12,1</td>
<td>10,0</td>
<td>10,0</td>
</tr>
<tr>
<td>Net Open Position</td>
<td>5,0</td>
<td>5,9</td>
<td>6,0</td>
<td>6,6</td>
<td>4,3</td>
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</table>
Healthier Loan Collectibility

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Pass</th>
<th>Sub Standard</th>
<th>Doubtfull</th>
<th>Special Mention</th>
<th>Loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>3Q2007</td>
<td>84.3%</td>
<td>6.4%</td>
<td>0.6%</td>
<td>0.6%</td>
<td>6.3%</td>
</tr>
<tr>
<td>2007</td>
<td>83.5%</td>
<td>6.5%</td>
<td>0.8%</td>
<td>0.5%</td>
<td>6.4%</td>
</tr>
<tr>
<td>1Q2008</td>
<td>82.3%</td>
<td>6.5%</td>
<td>1.2%</td>
<td>0.8%</td>
<td>6.5%</td>
</tr>
<tr>
<td>2Q2008</td>
<td>84.3%</td>
<td>6.3%</td>
<td>1.0%</td>
<td>0.5%</td>
<td>6.3%</td>
</tr>
<tr>
<td>3Q2008</td>
<td>6.53</td>
<td>5.1%</td>
<td>1.5%</td>
<td>0.6%</td>
<td>6.5%</td>
</tr>
</tbody>
</table>

Loans (Rp bn) 79.518 88.651 89.171 99.023 106.850
Lower NPL and 100% Coverage Ratio Indicates BNI’s Commitment to be a Prudent Bank

Coverage Ratio [LLR/NPL] increased from 62.3% to 100.5% after new provisioning policy adopted
Thank you