

PT BANK RAKYAT INDONESIA (PERSERO) Tbk
NOTES TO THE FINANCIAL STATEMENTS
Year ended December 31, 2006
With Comparative Figures for 2005
(Expressed in millions of Rupiah, unless otherwise stated)

20. TIME DEPOSITS (continued)

	<u>2006</u>	<u>2005</u>
<u>Related parties</u>		
<u>Rupiah</u>		
Deposits on call	20,800	-
Deposits		
1 month	138,596	110,854
3 months	43,650	725
6 months	51,050	3,800
12 months	302,538	300
More than 12 months	175	-
	<u>556,809</u>	<u>115,679</u>
<u>Foreign currencies</u>		
Deposits		
1 month	216	1,135
	<u>557,025</u>	<u>116,814</u>
	<u>38,142,277</u>	<u>30,143,023</u>

Average annual interest rates of time deposits are as follows:

	<u>2006</u>	<u>2005</u>
Rupiah	11.41%	8.00%
Foreign currencies	3.96	2.26

Time deposits used as collateral for banking facilities granted by BRI amounted to Rp188,675 and Rp194,713 as of December 31, 2006 and 2005, respectively.

21. CERTIFICATES OF DEPOSITS

Certificates of deposits in Rupiah based on their contract period to maturity are as follows:

	<u>2006</u>	<u>2005</u>
<u>Third parties</u>		
1 month	1,900	670
Less: Unamortized interest	(8)	(106)
	<u>1,892</u>	<u>564</u>

Average annual interest rates for certificates of deposits for the years ended December 31, 2006 and 2005 were 8.74% and 9.67%, respectively.

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22. DEPOSITS FROM OTHER BANKS AND FINANCIAL INSTITUTIONS

Deposits from other banks and financial institutions consist of:

	<u>2006</u>	<u>2005</u>
<u>Third parties</u>		
<u>Rupiah</u>		
Demand deposits	409,147	262,975
Savings deposits	16,674	16,664
Deposits on call	845,150	55,000
Time deposits	405,576	157,426
Inter-bank call money	182,000	679,000
	<u>1,858,547</u>	<u>1,171,065</u>
<u>Foreign currencies</u>		
Demand deposits	890	961
Time deposits	9,003	9,830
	<u>9,893</u>	<u>10,791</u>
	<u>1,868,440</u>	<u>1,181,856</u>

Average annual interest rates for deposits from other banks and financial institutions are as follows:

	<u>Rupiah</u>		<u>Foreign Currencies</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Demand deposits	2.80%	3.02%	1.25%	1.25%
Savings deposits	3.50	5.00	-	-
Deposits on call	6.75	10.73	-	-
Time deposits	8.79	12.94	4.00	4.00
Inter-bank call money	10.46	8.43	-	-

Deposits from other banks and financial institutions based on their remaining period to maturity are as follows:

	<u>2006</u>		
	<u>≤ 1 month</u>	<u>> 1 - 3 months</u>	<u>Total</u>
<u>Third parties</u>			
<u>Rupiah</u>			
Demand deposits	409,147	-	409,147
Savings deposits	16,674	-	16,674
Deposits on call	845,150	-	845,150
Time deposits	404,576	1,000	405,576
Inter-bank call money	182,000	-	182,000
	<u>1,857,547</u>	<u>1,000</u>	<u>1,858,547</u>

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22. DEPOSITS FROM OTHER BANKS AND FINANCIAL INSTITUTIONS (continued)

	2006		
	≤ 1 month	> 1 - 3 months	Total
<u>Foreign currencies</u>			
Demand deposits	890	-	890
Time deposits	9,003	-	9,003
	9,893	-	9,893
	1,867,440	1,000	1,868,440
	2005		
	≤ 1 month	> 1 - 3 months	Total
<u>Third parties</u>			
<u>Rupiah</u>			
Demand deposits	262,975	-	262,975
Savings deposits	16,664	-	16,664
Deposits on call	55,000	-	55,000
Time deposits	156,426	1,000	157,426
Inter-bank call money	607,000	72,000	679,000
	1,098,065	73,000	1,171,065
<u>Foreign currencies</u>			
Demand deposits	961	-	961
Time deposits	9,830	-	9,830
	10,791	-	10,791
	1,108,856	73,000	1,181,856

23. SECURITIES SOLD WITH AGREEMENTS TO REPURCHASE

Securities sold with agreements to repurchase consist of:

2006	Terms	Repurchase Date	Nominal	Repurchase Price	Unamortized Interest	Net Value
Deutsche Bank, AG Government recapitalization bonds Series FR0017	91 days	January 15, 2007	100,000	103,210	(494)	102,716
Deutsche Bank, AG Government recapitalization bonds Series FR0017	91 days	January 17, 2006	100,000	103,210	(529)	102,681

The bonds were repurchased by BRI on agreed repurchase dates.

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24. FUND BORROWINGS

Fund borrowings consist of:

	<u>2006</u>	<u>2005</u>
<u>Third parties</u>		
<u>Rupiah</u>		
Refinancing borrowings	700,000	700,000
Borrowings from the Government of Indonesia	500,000	500,000
Borrowings from Bank Indonesia:		
Liquidity loans	347,996	383,260
Borrowings for investment in premises and equipment	32,092	32,092
Other fund borrowings	12,398	14,706
	<u>1,592,486</u>	<u>1,630,058</u>
<u>Foreign currencies</u>		
Refinancing borrowings	170,722	168,334
Other fund borrowings	1,399	1,527
	<u>172,121</u>	<u>169,861</u>
	<u>1,764,607</u>	<u>1,799,919</u>

The classification of fund borrowings based on their remaining period to maturity is as follows:

	<u>2006</u>	<u>2005</u>
<u>Third parties</u>		
<u>Rupiah</u>		
≤ 1 month	1,210	1,069
> 1 month - 3 months	710,290	708,971
> 3 months - 1 year	49,225	48,248
> 1 year - 5 years	779,157	782,000
> 5 years	52,604	89,770
	<u>1,592,486</u>	<u>1,630,058</u>
<u>Foreign currencies</u>		
≤ 1 month	56,137	61,057
> 1 month - 3 months	115,984	9,152
> 3 months - 1 year	-	99,652
	<u>172,121</u>	<u>169,861</u>
	<u>1,764,607</u>	<u>1,799,919</u>

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24. FUND BORROWINGS (continued)

Other significant information relating to fund borrowings are as follows:

(a) Bank Indonesia Liquidity Loans

This account represents credit facilities obtained from Bank Indonesia that are channeled to BRI's debtors for the following purposes, among others: Investment Loans, Primary Cooperatives of Sugar Cane Farmers Loans, BULOG and Village Cooperative Units Loans, Permanent Working Capital Loans, Fertilizer and others.

Classification of Bank Indonesia liquidity loans based on their remaining period to maturity as of December 31, 2006 and 2005 is as follows:

	<u>2006</u>	<u>2005</u>
≤ 3 months	11,500	10,040
> 3 months - 1 year	49,225	48,248
> 1 year - 5 years	266,759	267,294
> 5 years	20,512	57,678
	<u>347,996</u>	<u>383,260</u>

Average annual interest rates on these loans are 5.94% and 5.84% for the years ended December 31, 2006 and 2005, respectively.

(b) Borrowings from Bank Indonesia for Investment in Premises and Equipment

This account represents loans obtained for the construction of certain office units for BRI's micro banking in Indonesia.

Average annual interest rate of these borrowings is 5.0% for the years ended December 31, 2006 and 2005, respectively. The borrowings are due in 2016.

(c) Borrowings from the Government of Indonesia

This account represents loan for distribution to micro and retail businesses. The source of fund is from the Government Letter of Indebtedness (Surat Utang Pemerintah or SUP), with total facility of Rp500,000. BRI acts as a financial institution executor for loan distribution to micro and retail businesses. The period of this loan is from May 14, 2004 to December 10, 2009 with annual interest rate similar to the SUP interest rate charged by BI.

(d) Refinancing borrowings

	<u>2006</u>	<u>2005</u>
<u>Rupiah</u>		
PT Bank Ekspor Indonesia (Persero)	700,000	700,000

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24. FUND BORROWINGS (continued)

(d) Refinancing borrowings (continued)

	<u>2006</u>	<u>2005</u>
<u>Foreign currency</u>		
Bank of New York	115,984	-
Standard Chartered Bank	54,738	39,320
Union Bank of California International	-	60,405
Dresdner Bank AG	-	49,150
Others	-	19,459
	<u>170,722</u>	<u>168,334</u>
	<u>870,722</u>	<u>868,334</u>

Credit facility from PT Bank Ekspor Indonesia (Persero) represents facilities for financing, guarantees, and other businesses to support export activities which is denominated in Rupiah currency with the term of 1 (one) year from February 16, 2001 and can be extended every year. On May 3, 2006, these facilities were extended for 1 (one) year with maturity on March 9, 2007. Average annual interest rates for this facility are 11.90% and 9.35% for the years ended December 31, 2006 and 2005, respectively.

Credit facilities from Bank of New York, Standard Chartered Bank, Union Bank of California International, and Dresdner Bank AG represent export refinancing facilities with terms of 6 (six) months. These borrowings have interest rate at SIBOR+0.35%, SIBOR+0.35%, LIBOR+0.5%, and LIBOR+0.4%, respectively.

25. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES

a) Estimated losses on commitments and contingencies bearing credit risk (Note 2d) are as follows:

	<u>2006</u>	<u>2005</u>
<u>Rupiah</u>		
Guarantees issued	2,184	4,350
Outstanding irrevocable letters of credit	728	1,244
	<u>2,912</u>	<u>5,594</u>
<u>Foreign currencies</u>		
Outstanding irrevocable letters of credit	38,532	32,088
Guarantees issued	6,818	6,522
	<u>45,350</u>	<u>38,610</u>
	<u>48,262</u>	<u>44,204</u>

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25. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES (continued)

b) Movements of estimated losses on commitments and contingencies:

	2006	2005
<u>Rupiah</u>		
Beginning balance	5,594	2,768
(Reversal) provision during the year	(2,682)	2,826
	<u>2,912</u>	<u>5,594</u>
<u>Foreign currencies</u>		
Beginning balance	38,610	72,225
Provision (reversal) during the year	6,740	(33,615)
	<u>45,350</u>	<u>38,610</u>
	<u>48,262</u>	<u>44,204</u>

The minimum estimated losses on commitments and contingencies that should be provided based on Bank Indonesia regulations amounted to Rp48,262 and Rp44,204 as of December 31, 2006 and 2005, respectively.

Management believes that the allowance for estimated losses on commitments and contingencies is adequate.

c) The collectibility of commitments and contingencies bearing credit risk (Notes 2d and 42) are as follows:

	2006					Total
	Current	Special Mention	Sub-standard	Doubtful	Loss	
<u>Third parties</u>						
<u>Rupiah</u>						
Guarantees issued	194,286	4,781	9	-	-	199,076
Outstanding irrevocable letters of credit	20,882	10,377	-	-	-	31,259
	<u>215,168</u>	<u>15,158</u>	<u>9</u>	<u>-</u>	<u>-</u>	<u>230,335</u>
<u>Foreign currencies</u>						
Outstanding irrevocable letters of credit	2,365,712	232,757	-	-	3,237	2,601,706
Guarantees issued	374,490	1,598	-	-	-	376,088
	<u>2,740,202</u>	<u>234,355</u>	<u>-</u>	<u>-</u>	<u>3,237</u>	<u>2,977,794</u>
	<u>2,955,370</u>	<u>249,513</u>	<u>9</u>	<u>-</u>	<u>3,237</u>	<u>3,208,129</u>
	2005					
	Current	Special Mention	Sub-standard	Doubtful	Loss	Total
<u>Third parties</u>						
<u>Rupiah</u>						
Guarantees issued	158,101	52,374	1,000	-	-	211,475
Outstanding irrevocable letters of credit	13,823	22,120	-	-	-	35,943
	<u>171,924</u>	<u>74,494</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>247,418</u>
<u>Foreign currencies</u>						
Outstanding irrevocable letters of credit	1,331,492	111,649	50,225	11,314	-	1,504,680
Guarantees issued	364,373	57,574	-	-	-	421,947
	<u>1,695,865</u>	<u>169,223</u>	<u>50,225</u>	<u>11,314</u>	<u>-</u>	<u>1,926,627</u>
	<u>1,867,789</u>	<u>243,717</u>	<u>51,225</u>	<u>11,314</u>	<u>-</u>	<u>2,174,045</u>

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26. OTHER LIABILITIES

Other liabilities consist of:

	2006	2005
<u>Third parties</u>		
<u>Rupiah</u>		
Bonus and incentives	849,925	720,594
Allowance for pre-pension period (Note 41e)	661,065	508,171
Allowance for work separation scheme (Note 41d)	348,409	298,748
Interest payable	339,451	309,411
Allowance for gratuity for services (Note 41e)	322,909	242,710
Accrual for timely-payment of interest (Note 2t)	287,756	279,449
Allowance for long sabbatical leaves (Note 41e)	224,274	203,460
Allowance for litigation liabilities (Note 45b)	143,503	143,714
Guarantee deposits	21,120	18,217
Defined benefit pension plan (Note 41a)	-	107,058
Others	822,911	676,909
	<u>4,021,323</u>	<u>3,508,441</u>
<u>Foreign currencies</u>		
Guarantee deposits	126,186	232,393
Interest payable	49,349	64,824
Others	100,680	228,664
	<u>276,215</u>	<u>525,881</u>
	4,297,538	4,034,322
<u>Related parties</u>		
<u>Rupiah</u>		
Obligations under capital leases (Notes 2n and 15) PT Bringin Srikandi Finance (Subsidiary of Dana Pensiun BRI)	69,569	125,591
	<u>4,367,107</u>	<u>4,159,913</u>

Average annual interest rate for obligations under capital leases was 18.10% for the years ended December 31, 2006 and 2005, respectively.

The installments of obligations under capital leases based on the remaining period to maturity as of December 31, 2006 and 2005 are as follows:

	2006	2005
Up to 1 year	44,270	51,122
> 1 year - 5 years	25,299	74,469
	<u>69,569</u>	<u>125,591</u>

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27. SUBORDINATED LOANS

BRI has the following subordinated loans in Rupiah and foreign currencies:

	<u>2006</u>	<u>2005</u>
<u>Rupiah</u>		
Subordinated bonds I	500,000	500,000
Two-step loans	267,733	299,476
Others	108,180	108,180
	<u>875,913</u>	<u>907,656</u>
Less: Deferred issuance cost	(2,768)	(3,151)
	<u>873,145</u>	<u>904,505</u>
<u>Foreign currency</u>		
Subordinated notes	1,350,450	1,474,500
Two-step loans	12,681	14,485
	<u>1,363,131</u>	<u>1,488,985</u>
Less: Unamortized discount	(4,845)	(6,045)
	<u>1,358,286</u>	<u>1,482,940</u>
	<u>2,231,431</u>	<u>2,387,445</u>

a. Subordinated Bonds I

On January 9, 2004, BRI issued Rp500,000 of Subordinated Bonds I Year 2004 with fixed interest rate registered at the Surabaya Stock Exchange. The Subordinated Bonds were issued at 100.00% of their nominal value with fixed annual interest rate of 13.5%, payable every 3 (three) months. The Subordinated Bonds are due and must be settled with the same value as the principal in the Jumbo Certificate of Subordinated Bonds on settlement date, on January 9, 2014 (10th anniversary year after the issuance date), or at an earlier date if BRI will exercise a call option, on January 9, 2010 (6th anniversary year after the issuance date). After the first anniversary, BRI may buy back the Subordinated Bonds partially or fully to resell in the future or for settlement considering existing regulations.

Net proceeds from the issuance of the Subordinated Bonds will be used to increase earning assets and at the same time to strengthen the capital structure in accordance with Bank Indonesia regulation.

The Subordinated Bonds are not guaranteed with specific collateral from BRI or by the Republic of Indonesia and are not included in the Bank Guarantee Program implemented by Bank Indonesia, Indonesian Bank Restructuring Agency or any acting institutions for the same purpose.

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27. SUBORDINATED LOANS (continued)

a. Subordinated Bonds I (continued)

The issuance and classification of the Subordinated Bonds I as Subordinated Loans have been approved by Bank Indonesia ("BI"), through its letter No. 5/84/DPWB2/PW/B24 dated August 15, 2003.

The rating of BRI's Subordinated Bonds I 2004 as reported by PT Pemeringkat Efek Indonesia as of December 31, 2006 and 2005 is "id AA-" and "id A+", respectively. The trustee of this Subordinated Bonds is PT Bank Mandiri (Persero) Tbk.

Trustee agreement disclosed several covenants affecting BRI and requires the written approval from the trustee before conducting the following:

- Reduction of authorized, issued and fully paid-up capital stock, except as requested and or instructed by the Government and or authorized parties.
- Merger and or takeover and or acquisition, or allowing or giving approval to subsidiaries to conduct merger and or takeover and or acquisition, except as requested and or instructed by the Government and or authorized parties, based on the prevailing regulations.
- Change in BRI's main business.

b. Two-step loans

Two-step loans in Rupiah represent loans from the Government which were funded by the Exim Bank of Japan, Asian Development Bank (ADB), International Bank for Reconstruction and Development (IBRD), International Fund for Agricultural Development (IFAD), United States Agency for International Development (USAID) and Islamic Development Bank (IDB). The interest rates of these loans vary based on respective agreements with terms ranging from 15 (fifteen) to 40 (forty) years. Average annual interest rates for conversion of two-step loans were 6.41% and 5.98% for the years ended December 31, 2006 and 2005, respectively. These loans will mature at various dates between 2005 to 2027.

Two-steps loan in foreign currency represents loan from the Government which were funded by ADB based on the Ministry of Finance letter No. S-028/MK.6/2004 dated January 30, 2004. The annual interest rate is ADB interest rate to the Government plus margin of 0.65% per annum. This loan will mature on November 15, 2017.

c. Other loans

These loans represent subordinated loans from the Government to cover the capital shortage and meet the capital adequacy ratio requirements as stated in loan agreement No. RDI-303/DP3/1996 dated August 30, 1996 and bears average annual interest rate of 6%. The loan matured on June 30, 2006 and BRI proposed to extend the term of the loan to the Government. The Government has not agreed to BRI's proposal until the independent auditors report date.

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27. SUBORDINATED LOANS (continued)

d. Subordinated Notes

On September 25, 2003, BRI acting through its Cayman Islands Branch, issued US\$150,000,000 Subordinated Notes (the "Notes") listed at the Singapore Stock Exchange. The Notes were issued at 99.47% of their principal amount. The Notes bear interest at 7.75% per annum from and including September 25, 2003 to but excluding September 25, 2008, if notice of redemption has not been given prior to such date, or October 30, 2008, if notice of redemption has been given. Interest will be payable semi-annually on March 25 and September 25 of each year, commencing March 25, 2004. The interest rate from and including September 25, 2008 to but excluding October 30, 2013 will be reset at the U.S. Treasury Rate plus 7.24% per annum and interest will be payable semi-annually on March 25 and September 25 of each year commencing March 25, 2009, except if the Notes are redeemed. The Notes will mature on October 30, 2013, if not redeemed earlier.

The net proceeds from the issuance of the Notes are intended for general corporate purposes, including to provide additional Tier II capital to strengthen the BRI's capital base. The Notes constitute unsecured and subordinated obligations of BRI and will rank *pari passu* and without preference among themselves, but in priority to the rights and claims of holders of all classes of BRI's equity securities, including holders of preference shares, if any.

The issuance and classification of the Notes as subordinated loans have been approved by Bank Indonesia (BI), through its letter No. 5/426/DLN dated September 3, 2003.

The classification of subordinated loans based on their remaining period to maturity is as follows:

	<u>2006</u>	<u>2005</u>
<u>Rupiah</u>		
≤ 1 month	109,825	1,645
> 1 month - 3 months	1,266	1,289
> 3 months - 1 year	27,374	136,989
> 1 year - 5 years	95,343	104,786
> 5 years	639,337	659,796
	<u>873,145</u>	<u>904,505</u>
<u>Foreign currencies</u>		
> 3 months - 1 year	674	1,207
> 1 year - 5 years	3,486	4,828
> 5 years	1,354,126	1,476,905
	<u>1,358,286</u>	<u>1,482,940</u>
	<u>2,231,431</u>	<u>2,387,445</u>

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28. STOCKHOLDERS' EQUITY

a. Capital Stock

The authorized, issued and fully paid-up capital stock of BRI as of December 31, 2006 and 2005 are as follows:

2006	Number of Shares	Nominal Value Per Share (full amount)	Share Value (full amount)	Percentage of Ownership
Authorized Capital Stock				
- Series A Dwiwarna share	1	500	500	0.00%
- Series B ordinary shares	29,999,999,999	500	14,999,999,999,500	100.00
Total Authorized Capital Stock	30,000,000,000		15,000,000,000,000	100.00%
Issued and Fully Paid-up Capital Stock				
Republic of Indonesia				
- Series A Dwiwarna share	1	500	500	0.00%
- Series B ordinary shares	6,999,999,999	500	3,499,999,999,500	56.97
Public				
- Series B ordinary shares	5,286,421,500	500	2,643,210,750,000	43.03
Total Issued and Fully Paid-up Capital Stock	12,286,421,500		6,143,210,750,000	100.00%
2005				
Authorized Capital Stock				
- Series A Dwiwarna share	1	500	500	0.00%
- Series B ordinary shares	29,999,999,999	500	14,999,999,999,500	100.00
Total Authorized Capital Stock	30,000,000,000		15,000,000,000,000	100.00%
Issued and Fully Paid-up Capital Stock				
Republic of Indonesia				
- Series A Dwiwarna share	1	500	500	0.00%
- Series B ordinary shares	6,999,999,999	500	3,499,999,999,500	58.16
Public				
- Series B ordinary shares	5,035,700,500	500	2,517,850,250,000	41.84
Total Issued and Fully Paid-up Capital Stock	12,035,700,500		6,017,850,250,000	100.00%

Capital Structure

In response to the Management Contract between the Republic of Indonesia, represented by the Government through the Ministry of Finance, and BRI on February 28, 2001, the Ministry of Finance of the Republic of Indonesia issued Decision Letter No. 427/KMK.02/2003 dated September 30, 2003 regarding the final amount of recapitalization and the implementation of the rights of the Government arising from the additional investment of the Republic of Indonesia in the capital of BRI in connection with the recapitalization program for commercial banks (Note 9). Based on such decision letter, the Ministry of Finance determined that the final recapitalization of BRI amounted to Rp29,063,531. The Government's rights in connection with the recapitalization are implemented as follows: Rp3,272,000 converted to 3,272,000 new shares issued by BRI with a par value of Rp1 million (full amount) per share; and Rp25,791,531 of the recapitalization amount is recorded as additional paid-in-capital in BRI's capital structure. This decision of the Ministry of Finance was implemented retroactively as of June 30, 2003.

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28. STOCKHOLDERS' EQUITY (continued)

a. Capital Stock (continued)

Capital Structure (continued)

Based on the Stockholders' Extraordinary General Meeting dated October 3, 2003, covered by notarial deed of Imas Fatimah, S.H., No. 6 dated October 3, 2003, BRI's stockholder approved, among others, the following:

1. The capital restructuring of BRI as of June 30, 2003 from the recapitalization amount of Rp29,063,531 to increase BRI's issued and fully paid-up capital stock owned by the Republic of Indonesia from Rp1,728,000, consisting of 1,728,000 shares at a par value of Rp1 million (full amount) per share, to Rp5,000,000 consisting of 5,000,000 shares at the same par value per share, and the balance of Rp25,791,531 recorded to the additional paid-in capital.
2. The stock split with the change in par value per share from Rp1 million (full amount) to Rp500 (full amount).
3. The increase in authorized capital stock of BRI from Rp5 trillion (full amount), divided into 5 million shares at par value of Rp1 million (full amount) per share, to Rp15 trillion (full amount) divided into 30 billion shares at par value of Rp500 (full amount) per share.
4. The classification of BRI's shares to series A Dwiwarna and series B shares.
5. Utilization of general and special reserves as of June 30, 2003, amounting to Rp1,386,616, to cover the accumulated losses as of June 30, 2003.
6. The quasi-reorganization of BRI as of June 30, 2003, to eliminate the accumulated losses of Rp24,699,387 against the recorded Additional Paid-in Capital (Note 3).
7. The plan to undertake the Initial Public Offering (IPO) of BRI's shares.
8. The following amendments to the Articles of Association:
 - i. Change in the status of BRI, to be a publicly listed limited liability company, thereafter the name will be changed from "PT Bank Rakyat Indonesia (Persero)", to "Perusahaan Perseroan (Persero) PT Bank Rakyat Indonesia Tbk" and shortened to "PT Bank Rakyat Indonesia (Persero) Tbk";
 - ii. All necessary changes to the Articles of Association of BRI with revisions in accordance with Law No. 8 year 1995 on Capital Markets and Decision of the Chairman of the Capital Markets Supervisory Agency (Bapepam) No. KEP-13/PM/1997 dated April 30, 1997 on the main provisions of the Articles of Association of a company that undertakes an Initial Public Offering of Shares and Public Company.

The changes in BRI's Articles of Association in connection with the above decisions from the Stockholder's Extraordinary General Meeting dated October 3, 2003 was notarized in Deed No. 7 by notary Imas Fatimah, S.H., and was approved by the Ministry of Justice and Human Rights through its Decision letter No. C-23726 HT.01.04.TH.2003 dated October 6, 2003.

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28. STOCKHOLDERS' EQUITY (continued)

a. Capital Stock (continued)

Initial Public Offering (IPO) of BRI's Shares

On October 13, 2003, the President of the Republic of Indonesia issued Government Regulation No. 49 Year 2003 regarding the sale of a portion of shares in BRI owned by the Government and issued new shares, excluding participation from the Government, through the capital market and or direct sale to investors.

Based on the letter from the Chairman of Bapepam No. S-2646/PM/2003 dated October 31, 2003, the Registration Statement in connection with the IPO of BRI's shares of 3,811,765,000 Series B ordinary shares consisting of 2,047,060,000 Series B ordinary shares owned by the Republic of Indonesia (divestment) and 1,764,705,000 new Series B ordinary shares issued with a par value of Rp500 (full amount) per share and initial offer price of Rp875 (full amount), became effective on October 31, 2003. The shares initially traded on November 10, 2003 and were listed in the Jakarta and Surabaya Stock Exchanges.

Subsequently, the over-subscription option of 381,176,000 Series B ordinary shares owned by the Republic of Indonesia (divestment) and over-allotment option of 571,764,000 Series B ordinary shares owned by the Republic of Indonesia (divestment) with a price of Rp875 (full amount) per share were exercised on November 10, 2003 and December 3, 2003, respectively. After the IPO and the exercise of the over-subscription option and the over-allotment option, the Government owns 59.5% of the outstanding common shares in BRI.

Employee Stock Ownership Program

Based on the Stockholders' Extraordinary General Meeting held on October 3, 2003, the stockholders agreed to among others, the introduction of an employee stock ownership plan through an Employee Stock Allocation Program (ESA) and a Management Stock Option Plan (MSOP). The ESA consists of a Bonus Share Plan, Shares Purchase at Discount and Additional Shares Grant programs. MSOP is granted to Directors and employees at certain levels and based on certain criteria. All costs and discounts related to the ESA and MSOP programs are recognized by the Bank through the allocation of reserves. The compensation cost relating to MSOP is recognized through stock options under equity. The management and execution of the ESA and MSOP programs are performed by the Board of Directors, while the supervision is performed by the Board of Commissioners (Note 29).

During 2006 and 2005, bank employees have exercised stock options (MSOP I, II and III) amounting to 250,721,000 shares or Rp125,360,500,000 (full amount) and 185,610,000 shares or Rp92,805,000,000 (full amount), respectively. The additional shares are recorded under issued and fully paid-up capital stock (Note 29).

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28. STOCKHOLDERS' EQUITY (continued)

b. The additional paid-in capital:

	<u>2006</u>	<u>2005</u>
Additional paid-in capital related to the recapitalization program	1,092,144	1,092,144
Previous additional paid-in capital	5	5
Additional paid-in capital related to the IPO	589,762	589,762
Exercised stock options (Note 29)		
2004	49,514	49,514
2005	184,859	184,859
2006	619,376	-
	<u>2,535,660</u>	<u>1,916,284</u>

Based on the realization of the recapitalization program for commercial banks as set forth in Government Regulation No. 52 Year 1999 regarding the Increase in Investment by the Republic of Indonesia in state-owned banks, the Government determined that the final recapitalization amount to achieve 4% of CAR of BRI was Rp29,063,531. As of June 30, 2003, the authorized and issued capital stock of BRI had not yet been increased to cover the additional capital from the above recapitalization program. Therefore, the additional capital from the Government amounting to Rp29,063,531 was recorded temporarily under "Additional Paid-in Capital" together with the previous additional paid-in capital of Rp5 from the Government.

Based on the Decision Letter No. 427/KMK.02/2003 dated September 30, 2003 of the Ministry of Finance of the Republic of Indonesia as explained in point (a) above, from the final recapitalization of BRI amounting to Rp29,063,531, Rp3,272,000 was converted to paid-in capital stock and the balance of Rp25,791,531 was recorded as additional paid-in capital (Note 28a). In addition, with the implementation of the quasi-reorganization, BRI's accumulated losses before quasi-reorganization as of June 30, 2003 amounting to Rp24,699,387 (Note 3) was eliminated against the additional paid-in capital, resulting to additional paid-in capital of Rp1,092,149 as of June 30, 2003.

On November 10, 2003, BRI conducted an IPO by issuing 1,764,705,000 new series B shares with par value of Rp500 (full amount) per share with the offering price of Rp875 (full amount) per share, resulting in additional paid-in capital as follows:

Total Series B shares issued to the public under the IPO (shares)	<u>1,764,705,000</u>
Premium per share (full amount)	<u>375</u>
Total premium on shares before discount	661,764
Less:	
- 3% discount given to BRI customers	(2,961)
- Cost of IPO	<u>(69,041)</u>
Additional paid-in capital related to the IPO	<u>589,762</u>

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28. STOCKHOLDERS' EQUITY (continued)

b. The additional paid-in capital (continued):

Employees have exercised stock options starting November 10, 2004 for MSOP I, November 10, 2005 for MSOP II and November 15, 2006 for MSOP III. During 2004 until 2006, stock options that had been exercised amounted to 521,716,500 shares for MSOP I, II and III, consist of 250,721,000 shares in 2006, 185,610,000 shares in 2005 and 85,385,500 shares in 2004. The additional paid-in capital from these exercised stock options amounted to Rp619,376 in 2006, Rp184,859 in 2005 and Rp49,514 in 2004, respectively (Note 29).

c. Differences Arising from Translation of Foreign Currency Financial Statements

This account represents the exchange rate differences resulting from the translation of the financial statements of the overseas branch/agencies (Cayman Islands, New York and Hong Kong) from United States Dollar and Hong Kong Dollar to Indonesian Rupiah (Note 2ab). Assets and liabilities as well as commitments and contingencies denominated in foreign currencies were translated into Rupiah using the Reuters spot rates at 4.00 p.m. WIB (Western Indonesian time) on December 29, 2006 and December 30, 2005, which were Rp9,003.00 and Rp9,830.00 to US\$1 and Rp1,157.71 and Rp1,267.83 to HK\$1, respectively (all in full amounts). The statements of income for the respective periods are derived from the accumulation of the monthly income statement balances which were translated into Rupiah using the average exchange rate for the respective months.

d. Distribution of Net Income and Utilization of Reserves

Based on the Annual Stockholders' General Meetings of BRI on May 30, 2006 and May 20, 2005, the Stockholders agreed to distribute net income for the years ended December 31, 2005 and 2004 as follows:

	<u>Income 2005</u>	<u>Income 2004</u>
Dividends	1,904,293	1,816,614
General and special reserves	1,439,631	1,111,931
Appropriation for partnership and environmental development fund	152,344	145,329
<i>Tantiem</i>	19,805	18,893

BRI has recorded allowance for *tantiem* in the current statement of income in accordance with PSAK No. 24 (revised 2004) on Employee Benefits.

29. MANAGEMENT STOCK OPTION PLAN (MSOP)

At the Stockholders' Extraordinary General Meeting on October 3, 2003 as mentioned in Deed No. 6 Notary Imas Fatimah, S.H., the stockholders approved the MSOP in 3 (three) stages (Note 28a). BRI implemented MSOP for Directors and employees at certain levels and based on certain criteria. MSOP stage-1 was granted upon the Initial Public Offering (IPO), MSOP stage-2 and MSOP stage-3 will be granted each year after the MSOP stage-1. The number of stock options granted in MSOP stage-1 through stage-3 is a maximum of 5% from the paid-in capital of BRI within 3 (three) years without giving priority to the existing stockholders to exercise their rights.

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29. MANAGEMENT STOCK OPTION PLAN (MSOP) (continued)

In MSOP stage-1, the exercise price was 110% of the offering price with life of the option which is 5 (five) years from the grant date. The MSOP vesting period is 1 (one) year. The number of stock options that can be exercised at the end of the first year from the grant date is a maximum of 50% of the total options granted, and the remainder will be executed at the end of the second year up through the end of the fifth year. On November 10, 2003, the date of listing of the Bank's shares in the Jakarta Stock Exchange and Surabaya Stock Exchange, the Bank agreed to grant 235,294,100 stock options with an exercise price of Rp962.5 (full amount) per share or 110% of the offering price per share.

Based on the Annual Stockholders' General Meeting on May 31, 2004, the stockholders granted MSOP stage-2 with the following conditions: option life is 5 (five) years with vesting period of 1 (one) year. The number of stock options that can be exercised anytime after the vesting period until the end of the option life with share price of Rp1,750 (full amount) per share, and number of shares granted are 235,294,100 shares.

Based on the Annual Stockholders' General Meeting on May 20, 2005, the stockholders granted MSOP stage-3 with the following conditions: option life is 5 (five) years with vesting period of 1 (one) year. The number of stock options that can be exercised twice in a year with 5 (five) until 30 (thirty) working days until the end of the option life with share price of 4,450 (full amount), share price is in accordance with Jakarta Stock Exchange regulation, and maximum number of stock options is 117,647,050 shares.

A summary of the MSOP and the movements during the years ended December 31, 2006 and 2005 are as follows (Note 28a):

	2006		
	Number of Options		
	MSOP stage-1	MSOP stage-2	MSOP stage-3
Options outstanding at the beginning of year	39,881,600	159,711,100	117,647,050
Options granted during the year	-	-	-
Options exercised during the year	(34,304,000)	(139,939,000)	(76,478,000)
Options forfeited by the employees during the year	-	-	-
Options expiring during the year	-	-	-
Options that can be exercised at the end of the year	5,577,600	19,772,100	41,169,050
	2005		
	Number of Options		
	MSOP stage-1	MSOP stage-2	MSOP stage-3
Options outstanding at the beginning of year	149,908,600	235,294,100	-
Options granted during the year	-	-	117,647,050
Options exercised during the year	(110,027,000)	(75,583,000)	-
Options forfeited by the employees during the year	-	-	-
Options expiring during the year	-	-	-
Options that can be exercised at the end of the year	39,881,600	159,711,100	117,647,050

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29. MANAGEMENT STOCK OPTION PLAN (MSOP) (continued)

The fair value of stock options in MSOP stage-1 granted as of November 10, 2003 amounted to Rp117.39 (full amount), based on a Valuation Report issued by PT Watson Wyatt Purbajaga dated March 17, 2004 using the Black-Scholes option pricing model.

The fair value of stock options in MSOP stage-2 granted as of November 10, 2004 amounted to Rp351.62 (full amount), based on Valuation Report issued by PT Watson Wyatt Purbajaga dated February 15, 2005 using the Black-Scholes option pricing model.

The fair value of stock options in MSOP stage-3 granted as of November 10, 2005 amounted to Rp958 (full amount), based on BRI management's calculation using the Black-Scholes-Merton option pricing model.

There are no changes in the fair value of these options up to the date of the audit report.

The fair value of the options granted was estimated with the following assumptions:

	<u>MSOP stage-1</u>	<u>MSOP stage-2</u>	<u>MSOP stage-3</u>
Risk free interest rate :	8.75%	8.75%	13.04%
Expected period of option :	5 years	5 years	5 years
Expected stock's volatility :	24.33%	24.33%	42.95%
Expected dividend yield :	5.50%	5.50%	5.04%
Employee turnover rate :	1%	1%	-

During 2006 and 2005, the total stock options which have been exercised amounted to 250,721,000 shares and 185,610,000 shares, respectively, or Rp125,361 and Rp92,805, respectively (Note 28a), and increase in additional paid-in capital amounted to Rp619,376 and Rp184,859 as of December 31, 2006 and 2005, respectively (Note 28b).

Total MSOP expense included in "Salaries and Employee Benefits - others" (Note 34) for the year ended December 31, 2006 and 2005 amounted to Rp96,958 and Rp86,922, respectively. Accumulated stock options amounting to Rp47,047 and Rp76,587 are net of realization of stock options amounting to Rp126,498 and Rp39,493, respectively and are included in the stockholders' equity in the balance sheets as of December 31, 2006 and 2005, respectively.

30. INTEREST AND INVESTMENT INCOME

Interest and investment income are derived from the following:

	<u>2006</u>	<u>2005</u>
<u>Rupiah</u>		
Loans	15,460,125	13,090,241
Government recapitalization bonds	2,339,089	2,177,722
Securities		
Bank Indonesia Certificates	1,363,801	394,632
Government bonds	104,638	307,850
Others	14,208	14,351

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30. INTEREST AND INVESTMENT INCOME (continued)

	2006	2005
<u>Rupiah (continued)</u>		
Placements with Bank Indonesia and other banks		
Inter-bank call money	182,114	103,783
Rupiah intervention	163,862	103,647
Others	16,738	10,155
Current accounts with Bank Indonesia	181,915	75,266
Others	28,399	29,309
	<u>19,854,889</u>	<u>16,306,956</u>
<u>Foreign currencies</u>		
Loans	303,307	287,246
Securities		
Government bonds	42,829	18,628
Others	100,551	102,823
Placements with Bank Indonesia and other banks		
Inter-bank call money	17,080	149
Others	105,157	38,841
	<u>568,924</u>	<u>447,687</u>
	<u>20,423,813</u>	<u>16,754,643</u>

31. FEES AND COMMISSIONS INCOME

Fees and commissions income are derived from the following:

	2006	2005
<u>Rupiah</u>		
Loans	534,513	437,089
Others	33	18
	<u>534,546</u>	<u>437,107</u>
<u>Foreign currencies</u>		
Loans	150	233
	<u>534,696</u>	<u>437,340</u>

32. INTEREST AND OTHER FINANCING CHARGES

This account represents interest and other financing charges incurred on the following:

	2006	2005
<u>Rupiah</u>		
Time deposits	3,589,868	1,754,523
Savings deposits	2,330,532	1,910,053
Demand deposits	405,017	352,324
Fund borrowings	95,867	85,230

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32. INTEREST AND OTHER FINANCING CHARGES (continued)

	2006	2005
<u>Rupiah (continued)</u>		
Subordinated loans	93,946	105,195
Deposits from other banks and other financial institutions	83,023	47,596
Securities sold with agreements to repurchase	15,221	15,050
Certificates of deposit	103	74
Others	307,589	279,439
	<u>6,921,166</u>	<u>4,549,484</u>
<u>Foreign currencies</u>		
Time deposits	175,654	72,488
Subordinated loans	106,871	114,095
Deposits from other banks and other financial institutions	35,404	28,533
Demand deposits	23,733	10,155
Others	-	6,269
	<u>341,662</u>	<u>231,540</u>
	<u>7,262,828</u>	<u>4,781,024</u>

33. PROVISION FOR POSSIBLE LOSSES ON EARNING ASSETS - NET

This account represents provision (reversal of allowance) for possible losses on earning assets as follows:

	2006	2005
Current accounts with other banks (Note 5e)	(4,710)	2,935
Placements with Bank Indonesia and other banks (Note 6e)	11,469	14,711
Securities (Note 7e)	(1,511)	(7,198)
Export bills (Note 8d)	4,920	1,352
Derivative receivables	42	52
Loans (Note 12e.13)	1,846,793	678,473
Acceptances receivable (Note 13c)	(10,065)	7,856
Investments in shares of stock (Note 14)	42	640
Others	21,714	11,249
	<u>1,868,694</u>	<u>710,070</u>

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34. SALARIES AND EMPLOYEE BENEFITS

Salaries and employee benefits expenses consist of the following:

	2006	2005
Salaries, wages and allowances	2,729,535	2,391,358
Bonuses, incentives and <i>tantiem</i>	889,284	739,487
Defined benefit pension plan (Note 41a)	180,911	68,387
Pre-pension period	180,197	531,669
Training and development	134,827	114,803
Gratuity for services (Note 41e)	125,427	100,759
Long sabbatical leaves (Note 41e)	99,556	-
Medical allowances	86,093	74,085
Defined contribution pension expense (Note 41c)	57,962	53,673
Work separation scheme (Note 41d)	55,727	183,554
Stock options (Note 29)	96,958	86,922
Others	194,298	62,461
	4,830,775	4,407,158

Salaries and allowances of the Boards of Directors and Commissioners of BRI amounted to Rp16,916 and Rp12,752 for the years ended December 31, 2006 and 2005, respectively (Note 44).

Additional bonuses (*tantiem*), bonuses and incentives paid to the Boards of Directors and Commissioners, and Executives of BRI for the years ended December 31, 2006 and 2005, amounted to Rp57,076 and Rp77,625, respectively (Note 44).

35. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses consist of the following:

	2006	2005
Depreciation of premises and equipment (Note 15)	400,044	402,098
Rent	321,337	273,558
Repairs and maintenance	256,719	200,312
Electricity and water	103,708	90,752
Transportation	91,758	78,313
Research and product development	89,343	112,054
Communications	80,478	57,309
Printing and postage	70,081	81,607
Office supplies	63,789	70,900
Honorarium	41,937	53,748
Computer installation	15,521	18,356
Others	519,315	504,562
	2,054,030	1,943,569

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36. NON-OPERATING INCOME - NET

Non-operating income consists of the following:

	2006	2005
Cash distribution from the liquidation of BRI Finance Limited, Hong Kong	78,276	32,643
Gain on sale of premises and equipment - net	7,235	11,040
Rental income	5,800	9,159
Long sabbatical leaves (Note 41e)	-	110,331
Others - net	30,791	132,470
	122,102	295,643

37. TAXATION

a) Taxes Payable

As of December 31, 2006 and 2005, the details of taxes payable are as follows:

	2006	2005
Corporate income tax: - Article 25 (December)	201,425	235,553
- Article 29	85,912	494
	287,337	236,047

b) Corporate Income Tax Expense

The reconciliation between income before tax benefit (expense) per statements of income and estimated taxable income is as follows:

	2006	2005
Income before tax (expense) benefit per statements of income	5,906,721	5,607,952
Temporary differences:		
(Increase) decrease in trading of securities and government recapitalization bonds	(556,829)	612,580
Provision for personnel expenses	166,970	393,690
Provision (reversal) for possible losses on earning assets except loans	4,245	(10,440)
Income of affiliates (equity method)	(11,101)	(12,663)
Depreciation of premises and equipment	(89,507)	(98,869)
Provision for (reversal of) possible losses on loans	42,908	(532,506)
	(443,314)	351,792

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37. TAXATION (continued)

b) Corporate Income Tax Expense (continued)

The reconciliation between income before tax benefit (expense) per statements of income and estimated taxable income is as follows (continued):

	2006	2005
Permanent differences:		
Public relations	20,999	32,183
Representations and donations	21,239	18,629
Sports and religious activities	43,719	12,261
Non-taxable income	(1,043)	(33,781)
Reversals of other allowances	(19,689)	(553,975)
Others	577,682	662,485
	<u>642,907</u>	<u>137,802</u>
Estimated taxable income	<u>6,106,314</u>	<u>6,097,546</u>

The computation of corporate income tax expense and income tax payable is as follows:

	2006	2005
Estimated taxable income	<u>6,106,314</u>	<u>6,097,546</u>
Corporate income tax expense - current	1,831,877	1,829,246
Income tax installment payments for the year	(1,745,965)	(1,828,752)
Corporate income tax payable	<u>85,912</u>	<u>494</u>

c) Tax Assessments

On August 10, 2006 and 2005, the Directorate General of Taxation (DGT) awarded BRI as recipient of the Annual Report Award (ARA) 2005 and 2004, respectively, which exempts BRI from tax examination for the fiscal years 2005 and 2004. The DGT, however, reserves the right to conduct tax examination if BRI has annual tax return overpayment, if there is new information, or other data not yet disclosed, and if there is any indication of tax crime.

d) Deferred Tax Assets

The computation of deferred tax benefit (expense) of BRI (tax effects of temporary differences using 30% maximum tax rate) is as follows (Note 2ad):

	2006	2005
Provision for (reversal of) allowance for possible losses on earning assets	12,929	(153,653)
Provision for (reversal of) estimated losses on commitments and contingencies	1,217	(9,236)
(Increase) decrease in traded securities and Government recapitalization bonds	(289,553)	169,794
Provision for employee benefits	458,135	22,976
Total deferred tax benefit	<u>182,728</u>	<u>29,881</u>

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37. TAXATION (continued)

d) Deferred Tax Assets (continued)

The tax effects of significant temporary differences between commercial reporting and tax (recorded under Deferred Tax Assets) are as follows (Note 2ad):

	2006	2005
Allowance for possible losses on earning assets	797,906	784,977
Provision for employee service entitlements	466,997	-
Estimated losses on commitments and contingencies	14,479	13,262
Provision for employee benefits - stock options	14,114	22,976
(Increase) decrease in traded securities and government recapitalization bonds	(167,049)	122,504
Unrealized (gain) loss from available-for-sale securities and Government recapitalization bonds	(261,442)	126
	865,005	943,845

Management believes that no valuation allowance is necessary for deferred tax assets as of December 31, 2006 and 2005.

38. RISK MANAGEMENT

Align with the risk management implementation throughout the organization effectively, independently, thoroughly in all bank's activities, and broad in all types of risk, BRI has prepared several risk management tools which consist of organization, policies and procedures, management risk strategy, management risk process and system. The completeness of the guidelines is aim to cover all aspects in implementing risk management as stated in Bank Indonesia Regulation No. 5/8/PBI/2003 regarding Risk Management Implementation for Commercial Banks as follows:

- a. Boards of Commissioners and Directors' active supervision
- b. Adequate policy, procedure and limit establishment
- c. Adequate risk identification, measurement, monitoring, and management processes follow with risk management information system
- d. Comprehensive internal control system.

Organizations that support the risk management implementation in BRI consist of Risk Management Committee and Risk Management Division. The Risk Management Committee (RMC), which was established in accordance with BRI Directors Decision Letter No. 314-DIR/KEP/DMR/07/2006 dated July 31, 2006, is holding the highest status in the hierarchy of BRI risk management group and is responsible to issue recommendations to the President Director in managing BRI business risk exposure and in implementing the risk management system. RMC BRI meets regularly at least once every 3 (three) months (quarterly) to evaluate risk exposures, risk management framework implementation, and to recommend the progress of integrated risk management to BRI Directors. During 2006, RMC BRI has conducted 4 (four) meetings, in accordance with enacted stipulation and schedule.

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38. RISK MANAGEMENT (continued)

To enhance the effectiveness of RMC, the BRI Directors Decision Letter above has been revised for the first time in 2006 through Decision Letter No. 314/DIR/KEP/DMR/07/2006 dated July 31, 2006 to align it with Bank Indonesia Regulation.

Risk Management Division is organized based on BRI Directors Decision Letter No. S.23-DIR/REN/04/2005 dated April 29, 2005, regarding Organizational Structure of Risk Management in BRI. Risk Management Division is an independent working unit whose main responsibility is to oversee risk mapping in entirety, periodically reevaluate risk management process which include identification, measurement, monitoring, and risk control, review activity proposal and or new products, and prepare and deliver risk profiles/composition to Directors.

Independent working unit definition above is reflected by:

1. Segregation of duties/functions between risk management working unit, operational working unit (risk taking unit) and internal audit working unit.
2. Decision making process that is neutral; neither benefiting certain working unit nor ignoring other working unit.

Risk Management Division has 3 (three) sections, these are: Credit Risk Management Section, Market and Comprehensive Risk Section, and Operational and Other Risks Section.

Beside risk management organization, another risk management tools are policy, strategy, and risk profile. BRI's General Risk Management Policy (KUMR) is the highest authority in the risk management system. To implement these policies, BRI has arranged risk management strategies which consist of establishment of risk limit for 8 (eight) risk types in 7 (seven) BRI functional activities.

In implementing risk management process, BRI has to identify the risks by analyzing all types and characteristics of risks that occurred in every aspect of BRI's business activity. Risk identification process will highly determine the coverage and scale of the measurement, monitoring and controlling of risks that need to be done.

In assessing and monitoring the risks comprehensively, BRI prepare and deliver Risk Profile to Bank Indonesia quarterly. The Risk Profile covers 8 (eight) types of risk in 7 (seven) functional activities of BRI. The eight types of risks consist of credit, market, liquidity, operational, legal, strategic, reputation and compliance, meanwhile the covered seven functional activities are credit, financing, trade finance, treasury and investment, operational and services, system and support activities.

As a proactive approach in assessing potential risks in the future and measuring the adequacy of existing risk control, BRI had prepared Risk Self Assessment (RSA) that is executed every 6 (six) months by all operational working units, of which is delivered to Risk Management Division. Results from the RSA give value in providing recommendations to improve risk management system and inputs to set up audit priority for the internal auditors.

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39. MATURITY PROFILE

The following table presents the analysis of the maturities of BRI's assets and liabilities from the remaining period to maturity as of December 31, 2006 and 2005:

Description	2006					
	Total	Up to 1 month	More than 1 month - 3 months	More than 3 months - 1 year	More than 1 year	Others that have no maturities
Assets						
Cash	3,458,907	3,458,907	-	-	-	-
Current accounts with Bank Indonesia	14,021,368	14,021,368	-	-	-	-
Current accounts with other banks	181,935	181,935	-	-	-	-
Allowance for possible losses	(1,819)	-	-	-	-	(1,819)
Placements with Bank Indonesia and other banks	13,656,867	13,510,360	146,507	-	-	-
Allowance for possible losses	(41,081)	-	-	-	-	(41,081)
Securities	15,391,806	15,239,540	-	-	152,266	-
Allowance for possible losses	(9,074)	-	-	-	-	(9,074)
Export bills	468,921	319,971	41,675	107,275	-	-
Allowance for possible losses	(9,647)	-	-	-	-	(9,647)
Government recapitalization bonds	18,445,348	7,106,054	-	-	11,339,294	-
Securities purchased with agreement to resell	201,925	201,925	-	-	-	-
Derivative receivables	10,607	-	10,607	-	-	-
Allowance for possible losses	(106)	-	-	-	-	(106)
Loans	89,229,539	6,847,364	5,854,880	24,760,619	51,766,676	-
Allowance for possible losses	(6,687,654)	-	-	-	-	(6,687,654)
Sharia receivables and financing	1,053,213	16,494	8,074	44,448	984,197	-
Allowance for possible losses	(30,394)	-	-	-	-	(30,394)
Acceptances receivable	327,666	84,464	75,264	167,938	-	-
Allowance for possible losses	(4,762)	-	-	-	-	(4,762)
Investments in shares of stock	69,941	-	-	-	-	69,941
Allowance for possible losses	(1,230)	-	-	-	-	(1,230)
Premises and equipment - net	1,821,978	-	-	-	-	1,821,978
Deferred tax assets	865,005	-	-	-	-	865,005
Other assets - net	2,306,227	582,955	683,626	144,174	120,893	774,579
Total Assets	154,725,486	61,571,337	6,820,633	25,224,454	64,363,326	(3,254,264)

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39. MATURITY PROFILE (continued)

Description	2006					
	Total	Up to 1 month	More than 1 month - 3 months	More than 3 months - 1 year	More than 1 year	Others that have no maturities
Liabilities						
Liabilities immediately payable	2,356,547	2,356,547	-	-	-	-
Deposits from customers	124,468,339	109,400,190	5,083,213	9,864,911	120,025	-
Deposits from other banks and financial institutions	1,868,440	1,867,440	1,000	-	-	-
Securities sold with agreements to repurchase	102,716	102,716	-	-	-	-
Derivative payables	24,226	-	24,226	-	-	-
Acceptances payable	327,666	84,464	75,264	167,938	-	-
Taxes payable	287,337	201,425	85,912	-	-	-
Fund borrowings	1,764,607	57,347	826,274	49,225	831,761	-
Estimated losses on commitments and contingencies	48,262	-	-	-	-	48,262
Other liabilities	4,367,107	14,757	550,863	1,272,260	1,113,724	1,415,503
Subordinated loans	2,231,431	109,825	1,266	28,048	2,092,292	-
Total Liabilities	137,846,678	114,194,711	6,648,018	11,382,382	4,157,802	1,463,765
Maturity gap	16,878,808	(52,623,374)	172,615	13,842,072	60,205,524	(4,718,029)
2005						
Description	Total	Up to 1 month	More than 1 month - 3 months	More than 3 months - 1 year	More than 1 year	Others that have no maturities
Assets						
Cash	2,763,958	2,763,958	-	-	-	-
Current accounts with Bank Indonesia	8,707,695	8,707,695	-	-	-	-
Current accounts with other banks	652,945	652,945	-	-	-	-
Allowance for possible losses	(6,529)	-	-	-	-	(6,529)
Placements with Bank Indonesia and other banks	9,609,732	9,435,987	173,745	-	-	-
Allowance for possible losses	(29,612)	-	-	-	-	(29,612)
Securities	7,214,313	7,048,209	-	-	166,104	-
Allowance for possible losses	(10,585)	-	-	-	-	(10,585)
Export bills	456,057	371,913	69,979	14,165	-	-
Allowance for possible losses	(4,727)	-	-	-	-	(4,727)
Government recapitalization bonds	17,721,871	6,382,577	-	-	11,339,294	-
Derivative receivables	6,371	-	6,371	-	-	-
Allowance for possible losses	(64)	-	-	-	-	(64)
Loans	74,897,005	7,437,043	6,163,217	21,839,788	39,456,957	-
Allowance for possible losses	(5,393,146)	-	-	-	-	(5,393,146)
Sharia financing	636,229	4,051	7,487	29,815	594,876	-
Allowance for possible losses	(17,103)	-	-	-	-	(17,103)
Acceptances receivable	470,208	189,974	182,739	97,495	-	-
Allowance for possible losses	(14,827)	-	-	-	-	(14,827)

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39. MATURITY PROFILE (continued)

Description	2005					
	Total	Up to 1 month	More than 1 month - 3 months	More than 3 months - 1 year	More than 1 year	Others that have no maturities
Investments in shares of stock	65,859	-	-	-	-	65,859
Allowance for possible losses	(1,188)	-	-	-	-	(1,188)
Premises and equipment - net	1,929,270	-	-	-	-	1,929,270
Deferred tax assets	943,845	-	-	-	-	943,845
Other assets - net	2,178,002	566,197	602,123	185,879	111,466	712,337
Total Assets	122,775,579	43,560,549	7,205,661	22,167,142	51,668,697	(1,826,470)
Liabilities						
Liabilities immediately payable	1,957,419	1,957,419	-	-	-	-
Deposits from customers	97,046,033	88,674,840	3,916,750	4,388,379	66,064	-
Deposits from other banks and financial institutions	1,181,856	1,108,856	73,000	-	-	-
Securities sold with agreements to repurchase	102,681	102,681	-	-	-	-
Derivatives payable	36,872	-	36,872	-	-	-
Acceptances payable	470,208	189,974	182,739	97,495	-	-
Taxes payable	236,047	235,553	494	-	-	-
Fund borrowings	1,799,919	62,126	718,123	147,900	871,770	-
Estimated losses on commitments and contingencies	44,204	-	-	-	-	44,204
Other liabilities	4,159,913	-	624,845	1,246,492	940,541	1,348,035
Subordinated loans	2,387,445	1,645	1,289	138,196	2,246,315	-
Total Liabilities	109,422,597	92,333,094	5,554,112	6,018,462	4,124,690	1,392,239
Maturity gap	13,352,982	(48,772,545)	1,651,549	16,148,680	47,544,007	(3,218,709)

The above assets and liabilities of BRI are spread during the period based on the remaining period of the contracts with customers. Based on historical data, most of the deposits that have the lowest position during the current period (core fund) consists of:

	2006	2005
Demand deposits	12,781,411	10,269,557
Savings deposits	46,342,271	41,697,490
Time deposits	28,044,029	22,666,178

The liquidity of BRI and the impact of the changes in interest rates are controlled through the stable increase of funds primarily in retail and micro.

BRI has undertaken actions to overcome the maturity gap, among others by trying to decrease the gap through shift of short-term deposits to long-term deposits, making positive yield curve against deposit pricing, as well as undertaking a persuasive approach to the funding officers in the operational divisions that have maximum authority limit (to shorten/extend).

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40. SEGMENT INFORMATION

Information concerning the geographical segments of BRI is as follows:

As of and for the year ended December 31, 2006				
	Domestic	Overseas	Elimination	Total
Earning assets (gross)	141,533,325	2,055,922	(1,343,350)	142,245,897
Total assets	153,473,499	2,289,159	(1,037,172)	154,725,486
Deposits	126,336,546	889,448	(889,215)	126,336,779
Fund borrowings	1,764,607	-	-	1,764,607
Stockholders' equity	16,878,808	(4,638)	4,638	16,878,808
Interest income - net	13,927,007	16,007	(153,659)	13,789,355
Income from operations	5,784,619	(5,423)	5,423	5,784,619
Net income	4,257,572	(4,617)	4,617	4,257,572

As of and for the year ended December 31, 2005				
	Domestic	Overseas	Elimination	Total
Earning assets (gross)	115,579,590	988,081	(2,663,036)	113,904,635
Total assets	122,771,876	2,700,763	(2,697,060)	122,775,579
Deposits	99,039,633	187,790	(999,534)	98,227,889
Fund borrowings	1,799,919	-	-	1,799,919
Stockholders' equity	13,352,982	8,806	(8,806)	13,352,982
Interest income - net	12,552,408	62,250	(157,390)	12,457,268
Income from operations	5,312,309	10,583	(10,583)	5,312,309
Net income	3,808,587	12,303	(12,303)	3,808,587

41. EMPLOYEES' PROGRAM

a. Defined Benefit Pension Plan

BRI established a Defined Benefit Pension Plan covering all eligible employees. Under this plan, the right of pension benefit is based on the requirements stated on the pension fund regulation from Dana Pensiun BRI with consideration of yearly gratuity factor over the work period, working period and the pension expected returns on plan assets. BRI's pension plan is managed by Dana Pensiun BRI (DPBRI). According to the regulation, as stated in the decision letter by the Board of Director of BRI, the employee's contribution amounting to 7% of employee's pension-base salary and any remaining amount required to fund DPBRI is contributed by BRI.

The actuarial calculation of BRI's pension costs as of December 31, 2006 and 2005, based on PSAK No. 24 (Revised 2004), was prepared by PT Dayamandiri Dharmakonsilindo, an independent actuary, whose reports dated March 5, 2007 and February 24, 2006 used the "Projected Unit Credit Method" and considered the following assumptions:

	2006	2005
Annual discount rate	9.5%	11.0%
Annual pension-base salary growth rate	7.5	7.5
Annual pension benefit growth rate	4.0	4.0

The assets of DPBRI principally consist of time deposits, securities and long-term investments in shares of stock and property.

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41. EMPLOYEES' PROGRAM (continued)

a. Defined Benefit Pension Plan (continued)

The status of the pension plan based on the actuarial calculation is as follows:

	2006	2005
Assets at fair value	5,890,519	5,059,923
Present value of defined benefit liabilities	(5,442,971)	(4,667,315)
Pension funded status	447,548	392,608
Unrecognized actuarial adjustments	(316,015)	(499,666)
Change of disallowed asset (liability) defined benefit pension	131,533	(107,058)

Movements in the defined benefit pension liabilities during the years ended December 31, 2006 and 2005 are as follows:

	2006	2005
Beginning balance	107,058	378,788
Defined benefit pension expense, net (Note 34)	180,911	68,387
BRI contribution	(287,969)	(340,117)
Ending balance (Note 26)	-	107,058

Defined benefit pension expense based on the actuarial calculation is as follows:

	2006	2005
Current service cost	114,961	112,112
Interest cost	500,998	455,949
Expected return on plan assets	(566,581)	(506,207)
Change of disallowed assets	131,533	-
Immediate recognition of past service cost - vested	-	6,533
Defined benefit pension expense (Note 34)	180,911	68,387

b. Old-Age Benefits Plan

BRI's employees are also given old-age benefits based on the regulation as stated in the decision letter by the Board of Directors of BRI. BRI's old-age benefits plan is managed by Yayasan Kesejahteraan Pegawai BRI.

Old-age benefit contributions consist of payment from BRI and employees in accordance with the plan policies formulated by the Board of Directors of BRI.

The actuarial calculation of BRI's old-age benefits as of December 31, 2006 and 2005 was prepared by PT Dayamandiri Dharmakonsilindo, an independent actuary, whose reports dated March 5, 2007 and February 24, 2006 used the "Projected Unit Credit Method" and with the following assumptions:

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41. EMPLOYEES' PROGRAM (continued)

b. Old-Age Benefits Plan (continued)

	<u>2006</u>	<u>2005</u>
Annual discount rate	10.5%	13.0%
Gross wages growth rate	7.5	7.5

The status of the old-age benefits based on the actuarial calculation is as follows:

	<u>2006</u>	<u>2005</u>
Assets at fair value	1,411,789	1,275,535
Present value of old-age benefits liability	(895,894)	(771,140)
Funded status	515,895	504,395
Unrecognized actuarial gain	(83,455)	(164,137)
Prepaid old-age benefits	<u>432,440</u>	<u>340,258</u>

Movements in the prepaid old-age benefits during the years ended December 31, 2006 and 2005 are as follows:

	<u>2006</u>	<u>2005</u>
Beginning balance of deferred assets	340,258	313,605
Net old-age benefit income (expense)	47,688	(15,655)
BRI contributions	44,494	42,308
Ending balance of deferred assets	<u>432,440</u>	<u>340,258</u>

Old-age benefits expense and (income) based on the actuarial calculation is as follows:

	<u>2006</u>	<u>2005</u>
Current service cost	24,847	23,083
Interest cost	97,263	99,528
Expected return on plan assets	(167,202)	(150,503)
Amortization of unrecognized actuarial gain	(2,596)	-
Immediate recognition of past service cost - vested	-	43,547
Old-age benefits expense (income)	<u>(47,688)</u>	<u>15,655</u>

As of December 31, 2006 and 2005, BRI did not recognize the prepaid old-age benefits and the income of old-age benefits as management has no plans to reduce BRI's contributions in the future.

c. Defined Contribution Pension Plan

The employees of BRI are also included in the Defined Contribution Pension Plan in accordance with the BRI's Board of Directors decision which is effective on October 2000. BRI's contributions to the plan that are charged to current operations amounted to Rp57,962 and Rp53,673 for the years ended December 31, 2006 and 2005, respectively (Note 34). This pension plan is managed by Dana Pensiun Lembaga Keuangan BRI.

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41. EMPLOYEES' PROGRAM (continued)

d. Work Separation Scheme

The actuarial calculation used by BRI's management to determine BRI's liabilities in connection with the settlement of work dismissal and determination of separation including severance, gratuity and compensation benefits are based on Labor Law No. 13 year 2003 (UU No.13/2003) for liability as of December 31, 2006 and 2005. The actuarial calculation by PT Dayamandiri Dharmakonsilindo, an independent actuary, whose reports dated March 5, 2007 and February 24, 2006 used the "Projected Unit Credit Method" and considered the following assumptions:

	<u>2006</u>	<u>2005</u>
Annual discount rate	10.5%	13.0%
Future salary increase	7.5	7.5
Decrements:		
• Mortality (USA Table of Mortality, Using Commissioners Standards Ordinary (CSO))	CSO 1958	CSO 1958
• Disability	10% of CSO 1980	10% of CSO 1980
• Resignation	Using age range for turn over rate	Using age range for turn over rate
Normal retirement age	56 years	56 years

The status of the work separation scheme based on the actuarial calculation is as follows:

	<u>2006</u>	<u>2005</u>
Assets at fair value	-	-
Present value of work separation liability	(346,808)	(280,180)
Funded status	(346,808)	(280,180)
Unrecognized actuarial gain	(1,601)	(18,568)
Work separation scheme liability (Note 26)	(348,409)	(298,748)

Movements in the work separation scheme liability during the years ended December 31, 2006 and 2005 are as follows:

	<u>2006</u>	<u>2005</u>
Beginning balance	298,748	120,755
Work separation scheme expense - net (Note 34)	55,727	183,554
Actual benefit payments by BRI	(6,066)	(5,561)
Ending balance (Note 26)	348,409	298,748

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41. EMPLOYEES' PROGRAM (continued)

d. Work Separation Scheme (continued)

Work separation scheme expense based on the actuarial calculation is as follows:

	<u>2006</u>	<u>2005</u>
Current service cost	22,049	20,815
Interest cost	33,678	30,344
Immediate recognition of past service cost - vested	-	132,221
Amortization of unrecognized loss	-	174
Work separation scheme expense (Note 34)	<u>55,727</u>	<u>183,554</u>

e. Other Long-term Benefits

BRI employees also have other long-term benefits, such as gratuity for services, long sabbatical leaves and pre-pension period.

Allowance for gratuity for services

The actuarial calculation of gratuity for services as of December 31, 2006 and 2005 was prepared by PT Dayamandiri Dharmakonsilindo, an independent actuary, whose reports dated March 5, 2007 and February 24, 2006 used the "Projected Unit Credit Method" and with the following assumptions:

	<u>2006</u>	<u>2005</u>
Annual discount rate	10.5%	13.0%
Compensation increase	7.5	7.5

The present value of obligation for gratuity for services based on the actuarial calculation amounted to Rp322,909 and Rp242,710 as of December 31, 2006 and 2005, respectively.

Movements in the allowance for gratuity for services during the years ended December 31, 2006 and 2005 are as follows:

	<u>2006</u>	<u>2005</u>
Beginning balance of liability	242,710	172,205
Net gratuity for services expense (Note 34)	125,427	100,759
Actual benefit payments by BRI	(45,228)	(30,254)
Gratuity for services liability (Note 26)	<u>322,909</u>	<u>242,710</u>

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41. EMPLOYEES' PROGRAM (continued)

e. Other Long-term Benefits (continued)

Allowance for gratuity for services (continued)

Gratuity for service expense based on the actuarial calculation is as follows:

	2006	2005
Current service cost	21,847	19,045
Interest cost	28,850	23,659
Recognition of past service cost	-	62,367
Recognition of (gains) losses	74,730	(4,312)
Gratuity for services expense (Note 34)	125,427	100,759

Long Sabbatical Leaves

The actuarial calculation for long sabbatical leaves as of December 31, 2006 and 2005 was prepared by PT Dayamandiri Dharmakonsilindo, an independent actuary, whose reports dated March 5, 2007 and February 24, 2006 used the "Projected Unit Credit Method" and with the following assumptions:

	2006	2005
Annual discount rate	10.5%	13.0%
Compensation increase	7.5	7.5

The present value of obligation for long sabbatical leaves based on the actuarial calculation amounted to Rp224,274 and Rp203,460 as of December 31, 2006 and 2005, respectively.

Movements in the allowance for long sabbatical leaves during the years ended December 31, 2006 and 2005 are as follows:

	2006	2005
Beginning balance of liability	203,460	345,998
Long sabbatical leaves expense (income) - net (Notes 34 and 36)	99,556	(110,331)
Actual benefit payments by BRI	(78,742)	(32,207)
Long sabbatical leaves liability (Note 26)	224,274	203,460

Long sabbatical leaves expense based on the actuarial calculation is as follows:

	2006	2005
Current service cost	69,261	61,843
Interest cost	20,466	43,533
Recognition of past service cost	-	31,141
Recognition of gains or losses	9,829	(246,848)
Long sabbatical leaves expense (income) (Notes 34 and 36)	99,556	(110,331)

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41. EMPLOYEES' PROGRAM (continued)

e. Other Long-term Benefits (continued)

Pre-pension period

The actuarial calculation of pre-pension period as of December 31, 2006 and 2005 was prepared by PT Dayamandiri Dharmakonsilindo, an independent actuary, whose reports dated March 5, 2007 and February 24, 2006 used the "Projected Unit Credit Method" and with the assumption discount rate of 10.5% and 13%, respectively, and compensation increase of 7.5% and 7.5%, respectively.

The present value of obligation for pre-pension period based on the actuarial calculation amounted to Rp661,065 and Rp508,171 as of December 31, 2006 and 2005, respectively (Note 26).

42. INFORMATION OF COMMITMENTS AND CONTINGENCIES

	2006	2005
<u>Commitments</u>		
Commitment Receivables		
Unused borrowing facilities	121,779	132,965
Commitment Liabilities		
Unused credit facilities granted to debtors	11,676,751	9,120,224
Outstanding irrevocable letters of credit (Note 25c)	2,632,965	1,540,623
Others	547	822
Total Commitment Liabilities	14,310,263	10,661,669
Commitments - net	(14,188,484)	(10,528,704)
<u>Contingencies</u>		
Contingent Receivables		
Interest receivables on non-performing loans	629,092	1,082,436
Guarantees received from other banks	14,812	15,616
Others	114,296	148,787
Total Contingent Receivables	758,200	1,246,839
Contingent Liabilities		
Guarantees issued in the form of (Note 25c):		
Standby L/C	299,548	326,889
Bank guarantees and risk sharing	275,616	306,533
Total Contingent Liabilities	575,164	633,422
Contingencies - net	183,036	613,417

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43. NET OPEN POSITION

Net Open Position (NOP) as of December 31, 2006 and 2005 is computed based on regulation No. 7/31/PBI/2005 of Bank Indonesia dated September 30, 2005 regarding The Second Amendment of Regulation No. 5/13/PBI/2003 of Bank Indonesia regarding NOP for Commercial Banks.

The balance sheet NOP is the net difference between the assets and liabilities denominated in each foreign currency which are stated in Rupiah. The overall NOP is the sum of the absolute values of the net difference between the assets and liabilities denominated in each foreign currency and net difference of the receivables and payables of both commitments and contingencies recorded in the administrative accounts denominated in each foreign currency, which are stated in Rupiah.

Based on that regulation, BRI is required to maintain the overall NOP ratio of a maximum of 20% of total capital.

The following is BRI's NOP:

	2006					
	Assets		Liabilities		Net Open Position	
	Original Currencies (Full amount)	Rupiah	Original Currencies (Full amount)	Rupiah	Original Currencies (Full amount)	Rupiah
On-Balance Sheet						
United States Dollar	1,058,629,013	9,530,837	1,039,002,110	9,354,136	19,626,903	176,701
European Euro	55,486,335	657,305	4,656,410	55,161	50,829,925	602,144
Australian Dollar	869,479	5,102	251,368	1,475	618,111	3,627
Great Britain						
Pounds Sterling	162,541,320	12,293	122,054,740	9,231	40,486,580	3,062
Japanese Yen	466,446	8,217	442,945	7,803	23,501	414
Singapore Dollar	1,773,716	12,625	1,793,104	12,763	(19,388)	(138)
Others		18,044		2,495		15,549
						801,359
Off-Balance Sheet						
United States Dollar	16,600,000	149,450	16,000,000	144,048	600,000	5,402
Total NOP (Absolute)						806,761
Capital (Note 48a)						14,914,930
NOP Ratio (On-Balance Sheet)						5.37%
NOP Ratio						5.41%

	2005					
	Assets		Liabilities		Net Open Position	
	Original Currencies (Full amount)	Rupiah	Original Currencies (Full amount)	Rupiah	Original Currencies (Full amount)	Rupiah
On-Balance Sheet						
United States Dollar	1,096,278,026	10,776,413	1,019,073,754	10,017,495	77,204,272	758,918
European Euro	17,593,528	204,844	13,977,838	162,746	3,615,690	42,098
Great Britain						
Pounds Sterling	1,536,972	26,101	25,026	425	1,511,946	25,676
Singapore Dollar	1,515,624	8,968	774,881	4,585	740,743	4,383
Japanese Yen	1,396,077,851	117,039	1,384,435,818	116,063	11,642,033	976
Australian Dollar	525,658	3,793	205,385	1,482	320,273	2,311
Others		35,115		5,636		29,479
						863,841

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43. NET OPEN POSITION (continued)

	2005					
	Assets		Liabilities		Net Open Position	
	Original Currencies (Full amount)	Rupiah	Original Currencies (Full amount)	Rupiah	Original Currencies (Full amount)	Rupiah
Off-Balance Sheet						
United States Dollar	27,606,511	271,372	47,606,511	467,972	(20,000,000)	(196,600)
Total NOP (Absolute)						667,241
Capital (Note 48a)						12,762,451
NOP Ratio (On-Balance Sheet)						6.77%
NOP Ratio						5.23%

44. RELATED PARTIES TRANSACTIONS

Related parties are the management or key personnel of the Bank and entities that are owned directly or indirectly by the Bank.

Related by ownership and/or management:

Related parties	Nature of relationship
- PT UFJ-BRI Finance	- Ownership (Note 14)
- PT Bringin Srikandi Finance	- Ownership by Dana Pensiun BRI
- PT Bringin Indotama Sejahtera Finance	- Ownership by Dana Pensiun BRI
- Yayasan Kesejahteraan Pegawai BRI	- Management

In the ordinary course of its business, BRI engages in significant transactions with related parties as follows:

	2006	2005
Assets		
Placements with Bank Indonesia and other banks (Note 6)		
PT UFJ-BRI Finance	166,000	256,000
Loans (Note 12)		
PT Bringin Srikandi Finance	153,490	150,860
PT Bringin Indotama Sejahtera Finance	140,373	152,788
Others	61,644	60,942
	355,507	364,590
Investment in shares of stocks (Note 14)		
PT UFJ-BRI Finance	68,295	64,213
Total assets from related parties	589,802	684,803
Total assets	154,725,486	122,775,579
Percentage of assets from related parties to total assets	0.381%	0.558%

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44. RELATED PARTIES TRANSACTIONS (continued)

	2006	2005
<u>Liabilities</u>		
Demand deposits (Note 18)	3,646	2,167
Savings deposits (Note 19)	9,169	9,473
Time deposits (Note 20)	557,025	116,814
Other liabilities (Note 26)		
PT Bringin Srikandi Finance	69,569	125,591
Total liabilities to related parties	639,409	254,045
Total liabilities	137,846,678	109,422,597
Percentage of liabilities to related parties to total liabilities	0.464%	0.232%
Salaries and allowances of the Boards of Directors and Commissioners (Note 34)	16,916	12,752
Tantiem, bonus and incentives of the Boards of Directors and Commissioners and executive officers (Note 34)	57,076	77,625

The following table presents certain related party account items expressed as a percentage of BRI's total assets and liabilities:

	2006	2005
<u>Assets</u>		
Placements with Bank Indonesia and other banks	0.107%	0.209%
Loans	0.230	0.297
Investment in shares of stocks	0.044	0.052
Total	0.381%	0.558%
<u>Liabilities</u>		
Demand deposits	0.003%	0.002%
Savings deposits	0.007	0.009
Time deposits	0.404	0.107
Other liabilities	0.050	0.114
Total	0.464%	0.232%

As of December 31, 2006 and 2005, BRI has insured its premises and equipment with PT Asuransi Bringin Sejahtera Arthamakmur (a related party) (Note 15).

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45. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES

a. Communication Services Agreement

On December 9, 2004, BRI entered into an agreement with PT Citra Sari Makmur (CSM) in relation to VSAT network lease services for 10 Regional Offices for 3 (three) years with contract value of Rp6.2 billion.

On October 22, 2004, BRI entered into an agreement with PT Indonesia Comnets Plus in relation to High speed VSAT telecommunication network - Trunk pool lease services for 3 (three) years period (October 14, 2004 to October 15, 2007) with contract value of Rp5 billion.

On July 14, 2006, BRI entered into an agreement with CSM in accordance with the procurement of media or communication network lease services of BRI at 986 locations which ends on December 31, 2007 with monthly fees of Rp4.9 billion.

On December 15, 2006, BRI entered into an agreement with PT IBM Indonesia in accordance with procurement of Integrated IBM Operational Facility Management Services (IBM iSeries DC, IBM iSeries DRC, IBM zSeries and IBM pSeries) for 3 (three) years period (November 15, 2006 to November 14, 2009) with contract value of Rp32.8 billion.

b. Contingent Liabilities

In the ordinary course of business, BRI is a defendant in various litigation actions and claims mainly with respect to matters of contractual compliance. Although there are no assurances yet, BRI believes that based on information currently available, the ultimate resolution of these legal proceedings will not likely have a material adverse effect on the results of its operations, financial position or liquidity. As of December 31, 2006 and 2005, BRI has established a provision (included in "Other Liabilities") for several pending lawsuits filed against BRI amounting to Rp143,503 and Rp143,714, respectively (Note 26). Management believes that the provision is adequate to cover possible losses arising from pending litigations, or litigation cases currently in progress.

46. ECONOMIC CONDITIONS

The operations of BRI have been affected, and may continue to be affected, by economic conditions in Indonesia. Despite recent improvement in key economic indicators, Indonesian banks have engaged in limited lending activities. Any worsening of economic conditions, including the significant depreciation of the Rupiah or increase in interest rates, could adversely affect the ability of BRI's customers (including borrowers and other contractual counterparties) to fulfill their obligations when they mature, and consequently negatively impact BRI's profitability and its capital adequacy.

In response to these economic conditions, BRI consistently implements its Company Business Plans and Budgets (RKAP) to improve its business performance and satisfy all prudent banking practices. BRI's strategies as described in the business plans include:

- Implementation of healthy banking practices, including transparency principle
- Integrated risk management which involves credit, market and operational risks to minimize business risks
- Improvement in credit risk monitoring system

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46. ECONOMIC CONDITIONS (continued)

- Redefinition of BRI's business strategy, in which loan expansion will be more focused on micro, retail and middle businesses
- Extension of service network and its quality, as well as feature development products
- Development and improvement of professional human resources
- Development and improvement of information technology system to support the bank's business strategies.

In addition, BRI also continuously conducts strict overhead cost management.

BRI expects to improve its performance through consistent implementation of the business plan, and management commits to implement courses of actions and meet the targets.

Recovery of the economy depends on the monetary, fiscal and other measures that have been and will be undertaken by the Indonesian Government, actions that are beyond the control of BRI. It is not possible to determine the future effects of the economic conditions on BRI's earnings and realization of its earning assets, including the effects of funds flowing through and from BRI's customers, depositors, creditors and stockholders.

47. GOVERNMENT GUARANTEE ON OBLIGATIONS OF COMMERCIAL BANKS

Based on Presidential Decree No. 26 of 1998 as implemented by the Decree of the Ministry of Finance dated January 28, 1998 and the Joint Decrees of the Director of Bank Indonesia and Head of IBRA No. 30/270/KEP/DIR and No. 1/BPPN/1998 dated March 6, 1998, the Government provided a guarantee on certain obligations of locally incorporated commercial banks. Based on the latest amendment under the Decree of the Ministry of Finance No. 179/KMK.017/2000 dated May 26, 2000, the guarantee is valid from January 26, 1998 up to January 31, 2001 and with automatic extension of the guarantee period every 6 (six) months, unless there is a notice from the Ministry of Finance within at least 6 (six) months before the maturity of the guarantee period or its extension period which the Ministry of Finance will announce to end or change the guarantee program to the public. For this guarantee, the Government charges premium which is computed based on a certain percentage in accordance with the prevailing regulations.

Decision Letter No. 179/KMK.017/2000 from the Ministry of Finance of the Republic of Indonesia dated May 26, 2000, concerning the Conditions and Procedures in the Implementation of Government Guarantee for the Payment of Obligations of Commercial Banks was amended through Decision Letter No. 84/KMK.06/2004 dated February 27, 2004, concerning the Conditions, Procedures and Policy in the Implementation of Government Guarantee for the Payment of Obligations of Commercial Banks. The changes consist of, among others, is the payment for the guarantee premium which was formerly paid through Indonesian Bank Restructuring Agency (IBRA) will be paid through Government Guarantee Implementation Unit (UP3).

In accordance with regulation No. 17/PMK.05/2005 of the Ministry of Finance dated March 3, 2005, starting April 18, 2005, commercial bank obligations guaranteed by the Government guarantee program included demand deposits, savings deposits, time deposits and borrowings from other banks in the form of inter-bank money market transactions.

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47. GOVERNMENT GUARANTEE ON OBLIGATIONS OF COMMERCIAL BANKS (continued)

The Government guarantee program through UP3 was terminated on September 22, 2005 based on Regulation No. 68/PMK.05/2005 of the Ministry of Finance dated August 10, 2005 regarding the Calculation and Payment of Premium on Government Guarantee Program on Commercial Bank Obligations for the period of July 1 to September 21, 2005. The Government has established Indonesia Deposit Insurance Corporation (LPS), an independent agency, to replace UP3 based on Law No. 24 of 2004 dated September 22, 2004 regarding LPS, in which LPS guarantees public funds including funds from other banks in the form of demand deposits, time deposits, certificates of deposits, savings deposits and other similar forms.

48. OTHER DISCLOSURES

a. Capital Adequacy Ratio (CAR)

CAR is the ratio of capital to risk weighted assets (RWA). Based on Bank Indonesia regulation No. 3/21/PBI/2001 dated December 13, 2001, total capital for credit risk consist of core capital and supplementary capital net of investments in shares of stock. Based on Bank Indonesia regulation No. 5/12/PBI/2003 dated July 17, 2003, banks which meet certain criteria should consider market risk in the computation of CAR and include additional supplementary capital.

As of December 31, 2006 and 2005 BRI's CAR for credit risk are 19.97% and 16.25%, respectively and for credit and market risks are 18.82% and 15.29%, respectively. CAR calculations are shown in the following table (unaudited):

	2006	2005
Core capital		
Paid-up capital	6,143,211	6,017,850
Additional paid-in capital	2,535,660	1,916,284
Reserve for additional capital		
General and appropriated reserves	2,850,396	1,410,765
Stock options	47,047	76,587
Differences arising from translation of foreign currency financial statements	103,017	103,522
Previously reported deficit ^{*)}	(612,633)	(894,945)
Current profit after tax (50%) ^{*)}	2,037,422	1,889,353
Total Core Capital	(a) 13,104,120	10,519,416

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48. OTHER DISCLOSURES (continued)

a. Capital Adequacy Ratio (CAR) (continued)

		2006	2005
Supplementary Capital (maximum of 100% of Core Capital)			
Revaluation increment on premises and equipment		786	786
General allowance for earning assets (maximum at 1.25% of RWA)		896,053	742,084
Subordinated loans (maximum at 50% of core capital ^{*)})		983,912	1,566,024
Total Supplementary Capital	(b)	1,880,751	2,308,894
Less: Investments in shares of stock	(c)	(69,941)	(65,859)
Total Capital for Credit Risk	(d)=(a)+(b)+(c)	14,914,930	12,762,451
Total Supplementary Capital	(e)	-	-
Total Capital for Credit and Market Risks	(f)=(d)+(e)	14,914,930	12,762,451
RWA for Credit Risk after considering Specific Risk	(g)	74,690,731	78,527,600
RWA for Market Risk	(h)	4,570,435	4,966,766
Total RWA for Credit and Market Risks	(i)=(g)+(h)	79,261,166	83,494,366
CAR for Credit Risk	(d)/(g)	19.97%	16.25%
CAR for Credit and Market Risks	(f)/(i)	18.82%	15.29%
Minimum CAR		8.00%	8.00%

^{*)} Excluding deferred tax assets according to Bank Indonesia Regulation No. 3/21/PBI/2001 dated December 13, 2001.

^{**)} Excluding amortization of Subordinated Bonds I and Subordinated Notes which is calculated using straight line method during the period of Subordinated Bonds I and Subordinated Notes according to Bank Indonesia Letter No. 6/71/DPwB2/PwB24 dated May 17, 2004.

b. Legal Lending Limit (LLL)

Based on the legal lending limit reports submitted to Bank Indonesia as of December 31, 2006 and 2005, BRI has reported no excess in legal lending limit requirement both from related parties and third parties (Note 12e).

c. Non-performing Loans (NPL) Ratio

As of December 31, 2006 and 2005, BRI's non-performing loan ratio, including sharia receivables and financing, are as follows:

	2006	2005
Gross NPL ratio	4.81%	4.68%
Net NPL ratio	1.29	1.92

Net NPL ratio is the ratio of NPL net of minimum provision in accordance with Bank Indonesia regulations to total gross loans.

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48. OTHER DISCLOSURES (continued)

d. Non-Performing Earning Assets Ratio

Collectibility	2006	2005
Sub-standard	812,930	998,587
Doubtful	941,398	1,372,983
Loss	2,598,669	1,271,873
Total non-performing earning assets	4,352,997	3,643,443
Total earning assets	142,245,897	113,904,635
Ratio	3.06%	3.20%

e. Custodian Operations

BRI has rendered custodian services since 1996 based on the operating license through Bapepam Decision Letter No. 91/PM/1996 dated April 11, 1996.

The custodian services business, which is part of the Treasury Division, provides a full range of services such as:

- Safekeeping services
- Settlement/transaction handling
- Income collection
- Corporate actions and proxy services
- Reporting services
- Selling agent

BRI has 38 and 34 customers as of December 31, 2006 and 2005, respectively. The customers are primarily pension funds, finance institutions, securities companies, mutual funds and other companies.

The custodian fees and commissions earned for the years ended December 31, 2006 and 2005 amounted to Rp6,726 and Rp7,150, respectively.

The mutual fund selling agent fees earned for the years ended December 31, 2006 and 2005 amounted to Rp873 and Rp6,147, respectively.

f. Trust Operations

BRI has rendered trust services since 1990. The operating license of BRI for trust services has been approved by the Ministry of Finance based on its Decision Letter No. 1554/KMK.013/1990 dated December 6, 1990 and registered to Bapepam in conformity with its operating license for trust services No. 08/STTD-WA/PM/1996 dated June 11, 1996.

The trust services business, which is part of the Treasury Division, provides a full range of trust services such as:

- Trust services
- Security agent
- Payment agent
- Sinking fund agent

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48. OTHER DISCLOSURES (continued)

f. Trust Operations (continued)

BRI has 15 and 16 customers as of December 31, 2006 and 2005, respectively. The total value of bonds issuance on behalf of bonds issuers managed by BRI amounted to Rp15,125,318 and Rp17,312,343 as of December 31, 2006 and 2005, respectively.

The fees and commissions on trust services and other related services (payment agent) earned for the years ended December 31, 2006 and 2005 amounted to Rp4,997 and Rp5,163, respectively.

49. EARNINGS PER SHARE

The following presents the computation of basic and diluted earnings per share (EPS):

	2006		
	Net Income	Weighted Average Number of Ordinary Shares Outstanding	Earnings Per Share Amount (Full Amount)
Basic EPS	4,257,572	11,972,159,586	355.62
Add: Assumed shares issued from exercise of Management Stock Ownership Program			
- MSOP 1	-	134,226,618	-
- MSOP 2	-	56,086,037	-
- MSOP 3	-	17,965,609	-
Diluted EPS	4,257,572	12,180,437,850	349.54

	2005		
	Net Income	Weighted Average Number of Ordinary Shares Outstanding	Earnings Per Share Amount (Full Amount)
Basic EPS	3,808,587	11,838,807,248	321.70
Add: Assumed shares issued from exercise of Management Stock Ownership Program			
- MSOP 1	-	130,531,283	-
- MSOP 2	-	75,342,681	-
- MSOP 3	-	26,944,573	-
Diluted EPS	3,808,587	12,071,625,785	315.50

50. COMPLETION OF THE FINANCIAL STATEMENTS

The management of the Bank is responsible for the preparation of these financial statements which were completed on March 27, 2007.

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Curriculum Vitae

BOARD OF COMMISSIONERS
PT Bank Rakyat Indonesia (Persero) Tbk.





Bunasor Sanim
(President Commissioner/Independent Commissioner)

- President Commissioner of BRI since 30 May 2006 - now
- Independent Commissioner of BRI since 17 May 2005 - now
- Advisor to The Indonesia Economic Intelligence since 2006 - now
- Head of Audit Committee BRI (June 2005 - June 2006)
- Having various Position in IPB (1991- now) :
 Dean of Faculty of Economics and Management; Director of Agribusiness Management Master Program; Human Resources Director of Human Resources Development Institution; Assistant to President of the University in Administration and Finance (PR II); Assistant to President of the University in Institutional Cooperation (PR IV), Head of Department Social Economics and Agriculture, Faculty of Agriculture.
- Advisor to ISEI Bogor Raya since 2005 - now
- The Member of International Center for Analysis of Finance and Economic (INTER CAFE) Advisory Board since 2005 - now
- Senior Scientist Partnership, conjunction program IPB - Gottingen University since 1999 - now
- Advisor to Ministry of Agriculture (1998 - 2002)
- Consortium Coordination on Agriculture and Natural Resource IPB – SEARCA/SEAMEO, South East Asia (1989 - 2002)
- Educational Background:
 - Ph.D in Resource Economic, UPLB, Philippine (July 1986)
 - Master (M.Sc.) of Agricultural Economic, University of the Philippine at Los Banos, Philippine, (November 1983)
 - Bachelor degree in Agricultural Social Economic, Faculty of Agriculture, IPB, Bogor (March 1972)
- Joining trainings, seminars, both domestic or abroad, such as:
 - International Symposium Islamic Banking, Zurich - Swiss (November 2006)
 - International Symposium and Conference International Association of Agricultural Economist (IAAE), Gold Coast - Australia (August 2006)
 - Risk Management Certification Program, Hong Kong (August 2005)
 - International Seminar on Islamic Finance, Dubai - UEA (February 2005)
 - International Seminar Workshop on Environmental Economics and Policy Analysis, Harvard Institute of International Development (HIID), Harvard University, USA (1994)
 - International Seminar Workshop on Agriculture and Development, Tokyo -Japan (1989, 1990, 2002)
- Born in Brebes, 16 December 1945

Agus Pakpahan (Commissioner)

- Commissioner of BRI since 30 May 2006 – now
- Deputy Minister of State Owned Enterprises for Agro Industry, Forestry, Paper, Printing and Publishers since 2005 - now
- Head of Executive Board of Indonesia Planters Association (GAPPERINDO) since 2003 - now
- Director General of Plantation Production Promotion, Ministry of Agriculture (2001 - 2003)
- Chairman of Indonesia Agricultural Economist Association (PERHEPI) (2000 - 2004)
- President Commissioner of PT Perkebunan Nusantara XIV (1999 - 2003)
- Director General of Plantation, Ministry of Forestry and Plantation (1998 - 2001)
- Research Method Lecturer at Master Degree Program, Bogor Agricultural University (1998 - now)
- Advisor for Research and Technology Minister (1998)
- Secretary of Committee of Forestry and Plantation Development Reformation (1998)
- Work at National Development Agency (1994 - 1997) in various position:
 - Head of Bureau of Science and Technology, Marine, Aeronautic and Environment (1995 - 1997)
 - Head of Bureau of Regional Development (1995 - 1996)
 - Head of Department of Policy Analysis on Agriculture Development (1993)
 - Researcher in field related to technology and planning
- Work at Center for Agro Socioeconomics Research (1989-1993)
- Educational Background:
 - Ph.D in Agricultural Economics, Michigan State University (1988)
 - Master (M.S) of Agricultural Economics, Bogor Agricultural University/IPB (1981)
 - Bachelor degree in Forestry, IPB (1978)
- Joining trainings, seminars, both domestic or abroad, such as :
 - Service Irrigation Methodoligy, Feldafing, Germany (1992)
 - Service Irrigation Methodology, Langkawi, Malaysia (1991)
 - The Agro-Economics Research Methodology Training, IRRI, Los Banos, Philippine (1981)
- Born in Sumedang, 29 January 1956





Sunarsip (Commissioner)

- Commissioner of BRI since 17 May 2005 - now
- Advisor to Ministry of State Owned Enterprise on Research and Policy (November 2004 - November 2005)
- Head of Data Department Ministry of State Owned Enterprise since May 2006 - now
- Member of Risk and Compliance Committee at PT Bank BNI Tbk. (2004)
- Lecturer at Faculty of Economics, Al-Azhar University Indonesia (2002 - 2003)
- Lecturer at Sekolah Tinggi Akuntansi Negara (STAN), Ministry of Finance Indonesia since 2000 - now
- Economist at The Indonesia Economic Intelligence (IEI) (now)
- Member of Expert Board of Badan Amil Zakat Nasional (Baznas) - Dompot Dhuafa Republika (now)
- Educational Background:
 - Master degree Program in Public Service and Planning, Faculty of Economics, Indonesia University (February 2006)
 - Diploma IV (Bachelor) in Accounting, STAN, Ministry of Finance (January 2000)
 - Diploma III in Accounting, STAN, Ministry of Finance (September 1994)
- Joining training, courses and seminar, both domestic and abroad, such as:
 - Training on Good Corporate Government by National Committee on Governance Policy (KNKG) and Commissioners and Directors Institution, Jakarta (21 - 23 March, 2006)
 - Training on Good Corporate Government by National Committee on Governance Policy (KNKG) and Commissioners and Directors Institution, Jakarta (27 - 29 November, 2006)
 - International Islamic Finance Forum Europe (IIFF Europe) by The Institute for International Research (IIR) Dubai, Zurich – Swiss (13 - 16 November, 2006)
 - Risk Management Certification Program, Hong Kong (August 2005)
- Writing articles in leading national newspaper regarding macro economy, public policy and banking, since 1995 - now
- Born in Tuban, 25 May 1973

B. S. Kusmuljono (Independent Commissioner)

- Independent Commissioner of BRI since 17 May 2005 - now
- President Commissioner of PT. Tatamasa Group/Microfin since 2006 - now
- Head of National Committee of Microfinance Empowerment in Indonesia since 2005 - now
- President Commissioner of PT Syarikat Takaful Indonesia since 2001 - now
- President Director of PT. Permodalan Nasional Madani (1999 - 2005)
- Lecturer at Bandung Institute of Technology since 2000 - now
- Commissioner of PT Bank Niaga, Tbk. (1999 - 2001)
- Special Advisor to Ministry of State Owned Enterprise with the field in Micro, Small and Medium Enterprises Development (1998 - 1999)
- Commissioner of Maybank Nusa, a joint venture between Indonesia and Malaysia bank (1994 - 1997)
- President Director of Bank Nusa Internasional (1990 - 1997)
- Investment Officer of Asian Development Bank (ADB), Manila (1986)
- General Manager of Ficorinvest (Non Bank Financial Institution owned by Bank Indonesia) (1980 - 1985)
- Credit Officer of Chase Manhattan, New York, USA and Hongkong (1974 - 1980)
- Implementation Staff in Capital Investment Coordination Board (1970 - 1972)

- Educational Background:
 - Doctoral Program of Environment and Resources Management at Bogor Agricultural University (IPB) (March 2007)
 - MBA, University of Southern California, USA (1974)
 - Bachelor degree in Chemical Engineering, Bandung Institute of Technology(ITB) (1970)

- Joining various training, courses and seminars, both in domestic and abroad, such as:
 - Micro Credit Summit Champaign, Halifax - Canada (2006)
 - Risk Management Certification Program, Hong Kong (2005)
 - National Defense Institute LEMHANAS - KSA V (1995)
 - Management Development, Harvard University- USA (1986)
 - Advance Banking Management Program, Asian Institute of Management (AIM) Philippine (1983)

- Born in Bogor, 24 June 1943





Baridjussalam Hadi (Independent Commissioner)

- Independent Commissioner of PT BRI since 30 May 2006 – now
- Chairman of the Foundation of Indonesia Banking Development (now)
- Employees in Bank Indonesia (The Central Bank) (1977-2003) in various position :
 - Advisor to Board of Governors for Sharia,
 - Director of Directorate of Banking Supervision I
 - Director of Human Resources Directorate
 - Chief of Representative Office in Tokyo
 - Deputy Head of Directorate of Economic and Monetary Statistics
 - Senior Banking Supervisor
 - Head of Section in Bandar Lampung and Surabaya Branch Office
 - Head of Foreign Exchange Administration Division, Directorate of Foreign Exchange
 - Deputy Head in various working units related to foreign exchange, foreign debts, statistics
 - Researcher in Directorate of Economy Statistics
 - Staff in Directorate of Economy Statistics
- Educational Background:
 - Master of Art, Vanderbilt University, USA (1984)
 - Bachelor, Sudirman University, Purwokerto (1976)
- Joining various training, courses and seminars, both in domestic and abroad, such as :
 - Risk Management Certification Program, Singapore (2006)
 - Developing Strategy for Value Creation, London Business School (2002)
 - Workshop "Human Resources Re-engineering during Labor Crisis"(2001)
 - Leadership Management and Development, Monash Mount Eliza, Business School, Australia (2000)
 - Seminar on Financial Institution for Private Enterprise and Development, HIID, Cambridge - USA (1997)
 - Seminar on Banking and Finance in the Greater Mekong Sub Region, Bangkok (1996)
 - Seminar on IMF Coordinated Portfolio Investment Survey, Washington (1996)
 - School of Central Bank Executives (SESPIBI) (1994)
 - Swift Annual General Meeting, Amsterdam (1994)
 - Annual Conference on Global Financial Outlook G.J and Tigers and GIC Jambore Programme, Singapore (1993)
 - Seminar International Project Procurement & Contact Negotiation, Washington DC (1992)
 - Seminar Capital Movement in the SEACEN Countries, Bangkok- Thailand (1990)
 - IMF Balance of Payment Course, Washington DC (1988)
- Born in Yogyakarta, 7 January 1949

Aviliani (Independent Commissioner)

- Independent Commissioner of BRI since 17 May 2005 – now
- The Advisor for GARP (Indonesia) since 2006 - now
- The Head of Indonesia Society of Independent Commissioner (ISICOM) since 2006 - now.
- Committee at ISEI since 2004 - now
- Director of INDEF since 2004 - 2005
- Member of Board of Experts of the Indonesia Provincial Government Association/APPSI since February 2003 - now
- Chairman of Department of Management, Faculty of Economics, Paramadina University (2002 - 2005)
- Deputy Chairman of STIE Perbanas (2000 - 2002)
- Deputy Director of Research and Community Services of STIE Perbanas (1997-1999)
- Deputy Chairman of Business Development INDEF (1997 – 1999)
- Lecturer/ Researcher at STIE Perbanas (1989 - 2002)
- Researcher at INDEF since 1995 - now
- Columnist in several media

- Educational Background:
 - Doctorate Program, DMB, IPB, Bogor 2006 (on going)
 - Master, Faculty of Social Science, Indonesia University (1995)
 - Bachelor, Faculty of Economics majoring in Management, Atmajaya University (1985)

- Joining various training, courses and seminars, both in domestic and abroad, such as:
 - International Conference for Internal Auditor, Houston – USA (2006)
 - International Conference for GARP, New York (2006)
 - Risk Management Certification Program, Hong Kong (August 2005)

- Writing many books, including :
 - “*Kajian Strategi Pendanaan Luar Negeri*” published by BAPPENAS (2004)
 - “*Antisipasi Dunia Usaha Menghadapi Resesi Global*” INDEF ISBN 979-95494.8.5, *Prospek Ekonomi & Bisnis Indonesia* (2002)
 - “*Prospek Ekonomi & Bisnis Indonesia*”, INDEF (2001)
 - “*Otonomi Daerah : Ekonomi Daerah*”, Ministry of Internal Affair (2001)
 - “*Otonomi Daerah : Keuangan Pusat Daerah*”, Ministry of Internal Affair (2001)
 - “*Microfinance Institution: A New Paradigm “Theory and Practice of BRI Kupedes and Simpedes*”. ISBN 979 - 95494 - 3 - 4 (1998)

- Born in Malang, 14 December 1961





Curriculum Vitae

BOARD OF DIRECTORS
PT Bank Rakyat Indonesia (Persero) Tbk.



Sofyan Basir (President Director)

- President Director of BRI since 17 May 2005 - now
- President Director of Bank Bukopin (2000 - May 2005)
- Director of Commercial of Bank Bukopin (1999 - 2000)
- Group Head Line of Business Bank Bukopin (1993 - 1999)
- Branch Manager in Bank Bukopin Surabaya Branch Office (1992 - 1993)
- Branch Manager in Bank Bukopin Main Branch (1989 - 1992)
- Branch Manager in Bank Bukopin Aceh Branch (1988 - 1989)
- Deputy Branch Manager in Bank Bukopin Ujung Pandang Branch (1986 - 1988)
- Counterpart of Bank Indonesia for PPUK Jabotabek, Bank Duta (1984 - 1985)
- Auditor, SGV Utomo (1980)

- Educational Background:
 - Diploma from College of Accounting (STAK) Trisakti (1980)

- Joining Training, Courses and Seminars, such as :
 - Executive Risk Management, Denpasar (2006)
 - Islamic Finance Forum, Swiss (2006)
 - Seminar of Indonesian Economic Scholar Association (ISEI), Manado (2006)
 - Sharing Vision (IT Business vision 2004, IT management) ITB (2004)
 - Seminar on Business Continuity Planning, Ernst & Young (2002)
 - Seminar on Economic Recovery Prospect, Center for Corporate Leadership (2002)
 - Seminar on The Role, Profession and Position of Legal Department, BPK (1999)
 - The Seven Habits of Highly Effective People, Covey leadership, INC (1997)
 - School of Bank Executives (SESPIBANK), IBI (1996)
 - Strategy Development Session, IBM (1996)
 - Cash Flow Lending & Foreign Transaction, PT Bank Bukopin (1996)
 - Training on Studio Technology Management, Industrial Technology, ITB (1996)
 - Structuring Loans & Short Term, The Ins. of Banking & Finance (1995)
 - Auditing Training, SGV Utomo (1980)

- Born in Bogor, 2 May 1958





Sarwono Sudarto (Director)

- Director of BRI since 30 May 2006 - now
- General Manager of BRI Treasury Division (2005 - May 2006)
- General Manager of BRI Strategic Planning Division (2004 -2005)
- Chief of BRI Internal Audit (2001 - 2004)
- General Manager of BRI Retail Business Division (1998 - 2001)
- BRI Staff for Director (Special Assignment) (1995 - 1998)
- Deputy General Manager of BRI Financial Management and Administration Division (1993 - 1995)
- Branch Manager, BRI Palembang Branch (1992 - 1993)
- Chief Dealer & Treasury Manager BRI Finance Limited Hong Kong (1989 - 1992)
- Guest Officer Sanwa International Finance Limited Hong Kong (1988 - 1992)
- Head of Department in Corporate Business Division and Treasury Division of BRI (1988)
- Head of BRI Money Market Department (1988)
- Staff at BRI Training Department, Head Office (1984 - 1988)
- Assistant Manager at PT Inter Pacific Financial Corporation (IPFC) (1980 - 1983)
- Staff in BRI Credit Division (1979 - 1980)
- Staff in BRI Bantul and Majalengka Branch Office (1976 - 1979)
- Joining BRI through BRI's Executive Development Program in 1976

- Educational Background:
 - MBA, Finance, Tulane University, USA (1987)
 - Bachelor, Diponegoro University (1975)

- Joining various training, courses, seminars, both domestic and abroad, such as :
 - LEMHANAS RI – KSA XII (2004)
 - Legal Officer Workshop (2001)
 - Feasibility Study, Jakarta (1999)
 - School for Bank Executive (SESPIBANK), IBI, Jakarta (1999)
 - Credit Manager (1999)
 - Organization Management II, Temasek – Yogyakarta (1997)
 - Organization Management I, Temasek - Jakarta (1996)
 - Transaction of Balance Sheet, IBI – Jakarta (1993)
 - Capital Market, Nomura Securities, Tokyo – Japan (1988)

- Born in Sragen, 21 March 1952

Abdul Salam (Director)

- Director of BRI since 30 May 2006 - now
- President Director of PT PNM (July 2005 - May 2006)
- Director of Business PT PNM (February 2004 – July 2005)
- Director of Funding, Business Development & Corporate Relations PT PNM (September 2002 - February 2004)
- Employee at Bank Indonesia/Central Bank (1975-2003) in various position, including: Advisor to Board of Governors Bank Indonesia, Director of Rural Bank Supervision Directorate, Chief of Bank Indonesia Bandung Branch, Head of Bureau of Credit, Head of Bureau of Cooperatives and Small Credit, Various managerial position related to small business development, Staff in Monetary Department
- Educational Background:
 - Candidate of Doctorate Program, Gadjah Mada University (2007)
 - Master (Magister Manajemen), IPPM, Jakarta (1996)
 - Bachelor, Faculty of Economics, Diponegoro University (1974)
- Joining various trainings, courses and seminars, domestic and abroad, such as:
 - Micro Credit Summit, New York, USA (2003)
 - National Defense Institute (Lemhanas) (1999)
 - Pollution Abatement Equipment Project, Washington (1996)
 - Financial Information System, Sydney (1993)
 - Bank Indonesia's School of executives (SESPIBI) (1993)
 - Project Management for Leading Position, Berlin (1991)
 - Project Planning Courses, GTZ, Bangkok (1989)
 - Grameen Bank Comparative Study, Bangladesh (1986)
 - Agricultural Project Identification, Bradford University, UK (1983)
- Born in Kudus, 28 August 1948





Sudaryanto Sudargo (Director)

- Director of BRI since 30 May 2006 - now
- General Manager of BRI Agribusiness Division (2005 - May 2006)
- Regional Manager of BRI Bandung Regional Office (overseeing West Java) (2003 - 2005)
- General Manager of BRI Human Resources Division (June 2000 - 2003)
- BRI's BOD Representative in PT Bank Danamon Indonesia (Feb 2000 - June 2000)
- BRI's BOD Representative in PT Bank Jaya Internasional (1999 - 2000)
- General Manager of BRI Corporate Division (1998 - 1999)
- BRI's BOD Representative in PT Malindo Ventura Nusantara (1994 - 1998)
- Deputy Branch Manager of BRI Main Branch (1992 -1994)
- Head of Corporate Business Department, BRI (1988 -1992)
- Staff at BRI Education and Training Division (1984 - 1988)
- Assigned as BRI junior officer in various fields related to credit operations and analysis in the regional offices (1978 - 1984)
- Joining BRI through BRI's Executive Development Program in 1978

- Educational Background:

- MBA, Corporate Finance & Investment, Adelphi University, USA (1987)
- Bachelor, Faculty of Agriculture, Bogor Agricultural University (1977)

- Joining various training, courses and seminars, both in domestic and abroad, such as:

- Asia Pasific Region Micro Credit Summit, Dhaka – Bangladesh (2004)
- School for Bank Executive (SESPIBANK), IBI, Jakarta (2003)
- Chief Executive Forum, Jakarta (2000)
- Organization Management II, Temasek – Yogyakarta (1997)
- Organization Management I, Temasek – Jakarta (1996)
- Professional Banker Program, Citibank, Jakarta (1992)
- How to Manage Problem Loan, Euromoney, Jakarta (1992)
- Loan Syndication Course with Citicorp, Hongkong (1989)

- Born in Semarang, 12 May 1952

Sulaiman A. Arianto (Director)

- Director of BRI since 30 May 2006 - now
- Head of BRI Regional Office Jakarta (2003 - May 2006)
- Head of BRI Regional Office Denpasar (2002 - 2003)
- General Manager of BRI Agribusiness Division (2001 - 2002)
- General Manager of BRI Corporate Business Division (1999 - 2001)
- Head of Department in BRI Corporate Loan Division (1992 - 1999)
- Assistant Manager in BRI Corporate Business Division (1991 - 1992)
- Assigned as BRI Staff in various fields related to credit analysis (1983 - 1991)
- Joining BRI through BRI's Executive Development Program in 1983

- Educational Background:
 - MBA, Finance, University of New Orleans USA (1991)
 - Bachelor, Faculty of Animal Husbandry, Bogor Agricultural University (1981)

- Joining various training, courses and seminars, both in domestic and abroad, such as :
 - Mergers & Acquisitions, Euromoney, New York (2005)
 - China Import and Distribution, IBC China, Beijing (2005)
 - Micro financial Regional Workshop, CAR Cambodia, Phnom Penh (2004)
 - Financial Crime & Money Laundering Conference, Singapore (2004)
 - Corporate Social Responsibility, Switzerland (2003)
 - School for Banker's Executives (SESPIBANK), IBI, Jakarta (2001)
 - Advanced Program for Top Executive, Jakarta (2000)
 - Project Finance of Infrastructure, Macquarie CFL, Australia (1996)
 - Problem Loan and Loan Syndications Trainee, Australia (1996)

- Born in Boyolali, 2 August 1958





A. Toni Soetirto (Director)

- Director of BRI since 30 May 2006 - now
- Commercial Director of PT Bank Bukopin (October 2002 - May 2006)
- Risk Management and Compliance Director of PT Bank Bukopin (July 1999 - October 2002)
- Employee at PT Bank Bukopin in various position (1985 – 1999) including: Group Head of Loans and Marketing on Financial Institution Business with special assignment as team leader for loans syndication, Group Head of Loans and Marketing on Financial Institution Business including multi-finance, leasing, factoring, securities, venture capital, Group Head of Loans and Marketing in industry, automotive, transportation, communication and information, Manager in Semarang Branch Office, Head Segment Corporate Banking, Manager in Kebayoran Lama Sub Branch Office, Senior Account Officer
- Employee at PT Bank Duta (1983-1985) with latest position as a member of Management and Technical Assistance Team for Bank Bukopin in credit and marketing
- Employee at PT Astra Graphia (1981-1983) with the latest position as Major Account for Jakarta area

- Educational Background:
 - Bachelor, Agricultural Economics, Bogor Agricultural University (1981)

- Joining various trainings, courses and seminars, both domestic and abroad, such as :
 - Structured Trade and Export Finance in Asia Conference, Euromoney/JP Morgan & Citigroup, Singapore (2005)
 - The strategic Board, Australian Institute of Company Directors Brisbane Australia (2005)
 - Asia Pacific Conference and Expo on Banking Technology (2005)
 - Comparative study for Trade Financing and Risk Management, Deutsche Bank Germany (2004)
 - Corporate Funding Strategies, IQPC, Kuala Lumpur (2002)
 - The Asia Pacific Banker's Congress, Bangkok (2001) & Kuala Lumpur (2000)
 - Compliance Director Workshop (2000)
 - Securities Lending, ADA Limited, Singapore (1998)

- Born in Jogjakarta, 18 August 1958

Lenny Sugihat (Director)

- Director of BRI since 30 May 2006 - now
 - General Manager of BRI Loan Restructuring Division (2005 - May 2006)
 - General Manager of BRI Agribusiness Division (2004 - 2005)
 - General Manager of BRI Strategic Planning Division (1999 - 2004)
 - Deputy General Manager of BRI Strategic Planning Division (1997 - 1999)
 - Manager of BRI Corporate Loan Restructuring Desk (1996 - 1997)
 - Head of BRI Corporate Business Department (1994 - 1996)
 - Staff at BRI Research and Planning Division (1993 - 1994)
 - Assistant Manager in BRI in various fields most are related to banking operations, credit administration and retail banking (1985 - 1993)
 - Staff at BRI's Special Branch (1984 - 1985)
 - Joining BRI through BRI's Executive Development Program in 1981
- Educational Background:
 - MBA, University of Houston, Texas - USA (1993)
 - Bachelor, Faculty of Fishery, Bogor Agricultural University (1979)
- Joining various training, courses and seminars, both in domestic and abroad, such as :
 - Strategic Management in Banking, France (2003)
 - Seminar on *Peranan Perbankan dalam Memperkokoh Ketahanan Nasional*, BRI - Lemhanas, Jakarta (2003)
 - Seminar on Bank Risk Management & Basel II Capital Requirements, IBI, Jakarta (2002)
 - School for Bank Executive (SESPIBANK), IBI, Jakarta (2001)
 - The 7 Habits Franklin Covey, Ciawi (2000)
 - Securitization Indonesia, Jakarta (1997)
 - Problem Loan and Loan Syndication in the Banking & Finance Industry Training, Sydney (1996)
 - Problem Loans and Loan Syndication Training, Jakarta (1996)
 - The Advanced Management Program For Overseas Bankers, USA (1995)
 - Workshop Credit Risk Management, BRI – Citibank (1989)
 - Loan Syndication, Hong Kong (1988)
- Born in Bogor, 26 March 1956





Bambang Soepeno (Director)

- Director of BRI since 30 May 2006 - now
- Chief of BRI Internal Audit (2004 - 2006)
- Director of BRI Pension Funds (2002 - 2004)
- General Manager of BRI International Business Division (2001 - 2002)
- Head of BRI Regional Audit Office in Medan (1999 - 2001)
- Deputy Head of BRI Regional Audit Office in Surabaya (1998 - 1999)
- Manager in various BRI working unit such as Internal Audit; International Business Division (1993 - 1998)
- Assistant Manager in BRI in various field such as International Business and Training (1987 - 1993)
- Officer in various BRI working units, related to operations and analysis, in Branch Office and Head Office (1980 - 1987)
- Joining BRI through Executive Development Program in 1980

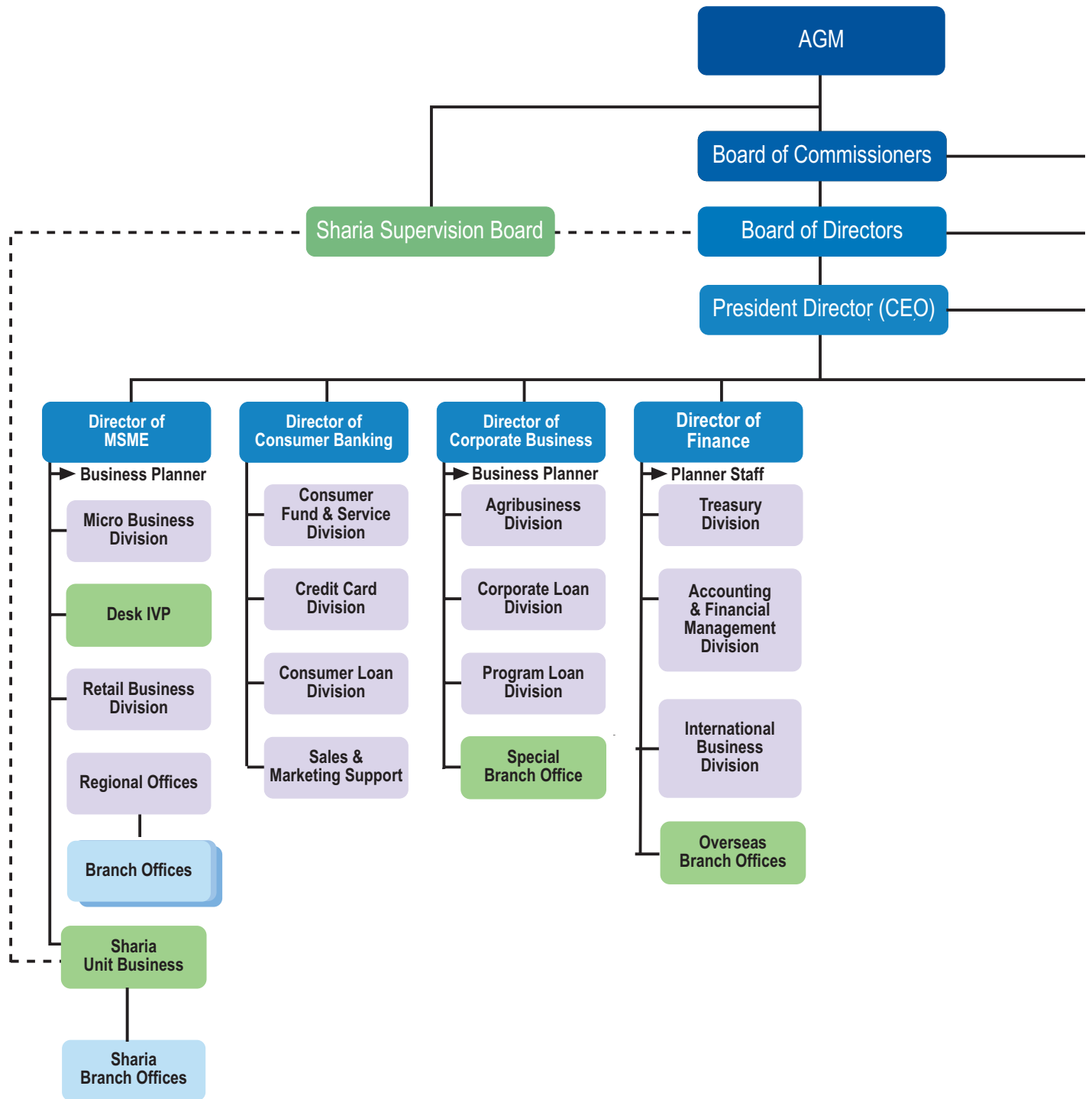
- Educational Background:
 - Master of Business Administration (MBA), St Louis University, USA (1991)
 - Bachelor, Faculty of Animal Husbandry, Diponegoro University (1979)

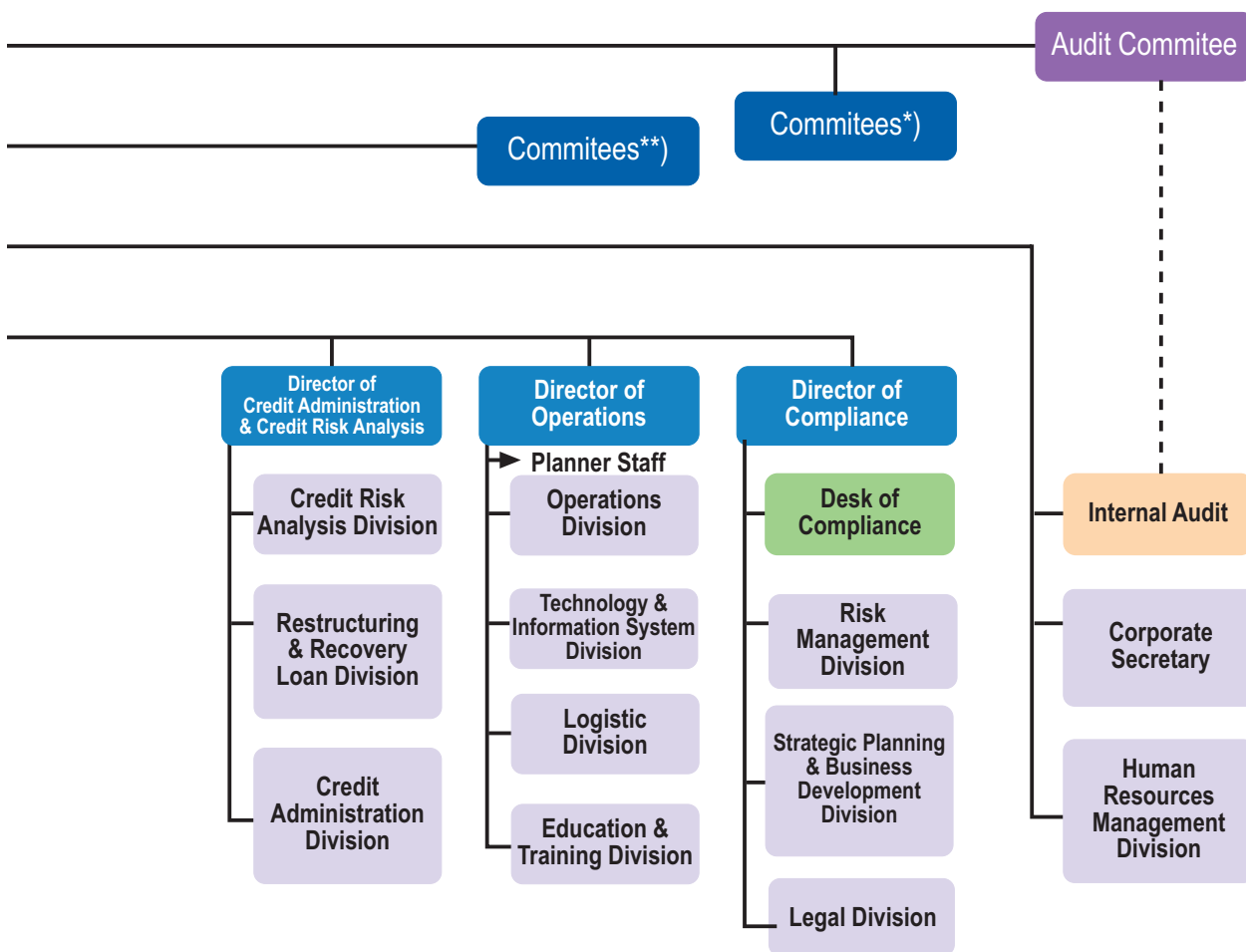
- Joining various training, courses, seminars, both domestic and abroad, such as :
 - The IIA International Conference, Houston, USA (2006)
 - Prevention of Banking Crime, Bank Indonesia (2006)
 - The IIA International Conference, Chicago USA (2005)
 - Good Corporate Governance, BI (2005)
 - International Bankers Seminar, New York, USA (2002)
 - Risk Management, ASEAN (2002)
 - Money Laundering, BI (2001)
 - School for Bank Executive XXV (SESPIBANK), IBI, Jakarta (2000)
 - Bank Restructuring Risk Assessment (2000)
 - Effective Risk Assessment, YPIA (1999)
 - Audit EDP for Company's Chief (1999)
 - Auditing Capital Market, Hong Kong (1994)
 - International Trade Finance, Hong Kong (1992)

- Born in Surakarta, 23 November 1952

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Organizational Structure





Business development and increasing business target should be supported by proper organization. To accommodate market opportunity and level of service demanded in Consumer Banking segment, BRI expanded a special working unit responsible for developing BRI assets and liabilities in consumer banking business in line with BRI's long term business target

* Committees in Commissioner: Nomination & Remuneration; Risk Management Monitoring

** Committees to assists BOD : Risk Management Committee, Credit Committee, ALCO, IT Committee, PMO Committee

Networks



BRI's Network (Dec 2006)

Head Office	1
Regional Offices	13
Inspection Offices	11
Branch Offices	330
Special Branch	1
Sub Branch Offices	202
Sharia Branch Offices	27
Sharia Sub Branch Offices	18
Micro Outlets	4,229
Total	4,832



Regional Office of Manado

Regional Office of Makasar

Real Time Online Network

Head Office	1
Regional of Offices	13
Inspection Offices	11
Branch Offices	330
Special Branch	1
Sub Branch Offices	202
Micro Outlets	1,033
Training Centers	7
Total	1,598

Senior Managers of PT Bank Rakyat Indonesia (Persero) Tbk

HEAD OFFICE

1. **A. Johari Subrata**
Head of Internal Audit
2. **Wachju Prijatna**
Head of Agribusiness Division
3. **Asmawi Syam**
Head of Corporate Loan Division
4. **Dwi Hari Sugeng Prijono**
Head of Legal Division
5. **Joice Farida Rosandi**
Head of Consumer Loan Division
6. **Mohamad Helmi**
Head of Credit Card Division
7. **Djarot Kusumajakti**
Head of Credit Risk Analysis Division
8. **M. Jarot Eko Winarno**
Head of Human Resources Management Division
9. **Zulhelfi Abidin**
Head of Technology & Information System Division
10. **A.M. Nova Christiana**
Head of Strategic Planning Division
11. **Sultan Hamid**
Head of Program Loans Division
12. **Hartono**
Head of Micro Business Division
13. **Ali Mudin**
Head of Logistic Division
14. **Yusuf Nawawi**
Head of Education & Training Division
15. **Windiartono**
Head of Risk Management Division
16. **Sulistianto**
Head of Operations Division
17. **Susilo**
Head of Consumer Fund & Service Division
18. **Dede Suherman S.**
Head of International Business Division
19. **Hadi Susanto**
Head of Loans Restructuring & Recovery Division
20. **Dwi Agus Pramudya**
Head of Retail Business Division
21. **Basuki Setyajid**
Head of Treasury Division
22. **Irwan Rinaldi**
Head of Accounting & Financial Management Division
23. **Ano Kurniadi**
Head of Credit Administration Division
24. **Hartono Sukiman**
Head of Corporate Secretary
25. **Susy Liestyowati**
Head of Desk Investment Banking
26. **Agus Imam Sudjahri**
Head of Compliance Desk
27. **Hendrickus**
Head of Investor Relations
28. **Johanes Saragih**
Coordinator of Medium-Scale Business Planning
29. **Djoko Retnadi**
Coordinator of Micro & Retail Business Planning
30. **Yadi Histiadi**
Coordinator of International & Finance Planning

SHARIA BUSINESS UNIT

Eko B. Suharno
Head of Sharia Business Unit

SPECIAL BRANCH

Heru Sukanto
Head of Special Branch

BRI NEW YORK AGENCY

Nandi H. Hamaki
General Manager

BRI REGIONAL OFFICES

1. **Heru Sardjono**
Regional Head of BRI Denpasar
2. **Agoestjik Bustami**
Regional Head of BRI Semarang
3. **Chairul Bahri**
Regional Head of BRI Bandung
4. **Agus Hidayat**
Regional Head of BRI Surabaya
5. **Hidzuldin Elfani**
Regional Head of BRI Banjarmasin
6. **Tri Susilo**
Regional Head of BRI Makassar
7. **Yadie Supriatno**
Regional Head of BRI Yogyakarta
8. **Yasirin Ginting**
Regional Head of BRI Medan
9. **Mohammad Irfan**
Regional Head of BRI Padang
10. **Randi Anto**
Regional Head of BRI Palembang
11. **Suprajarto**
Regional Head of BRI Jakarta
12. **Teten Djaka Triana**
Regional Head of BRI Banda Aceh
13. **Thomson Hasoloan**
Regional Head of BRI Manado

BRI INSPECTION

1. **Sudarsono**
Inspector of BRI Semarang
2. **Syahrir Nasution**
Inspector of BRI Jakarta
3. **Tjuk Sugiyono**
Inspector of BRI Surabaya
4. **Jimmy E. Elias**
Inspector of BRI Denpasar
5. **Agus Katon Es**
Inspector of BRI Padang
6. **Muchsin Choirul Amien**
Inspector of BRI Bandung
7. **Suroso Ibrahim**
Inspector of BRI Makassar
8. **Muhammad Syu'bah**
Inspector of BRI Medan
9. **I.B. Putra Arthama**
Inspector of BRI Palembang
10. **Triyana**
Inspector of BRI Manado
11. **Yatno**
Inspector of BRI Banjarmasin

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