

1996 ANNUAL REPORT

BSI - REFINANCIA
MASTER



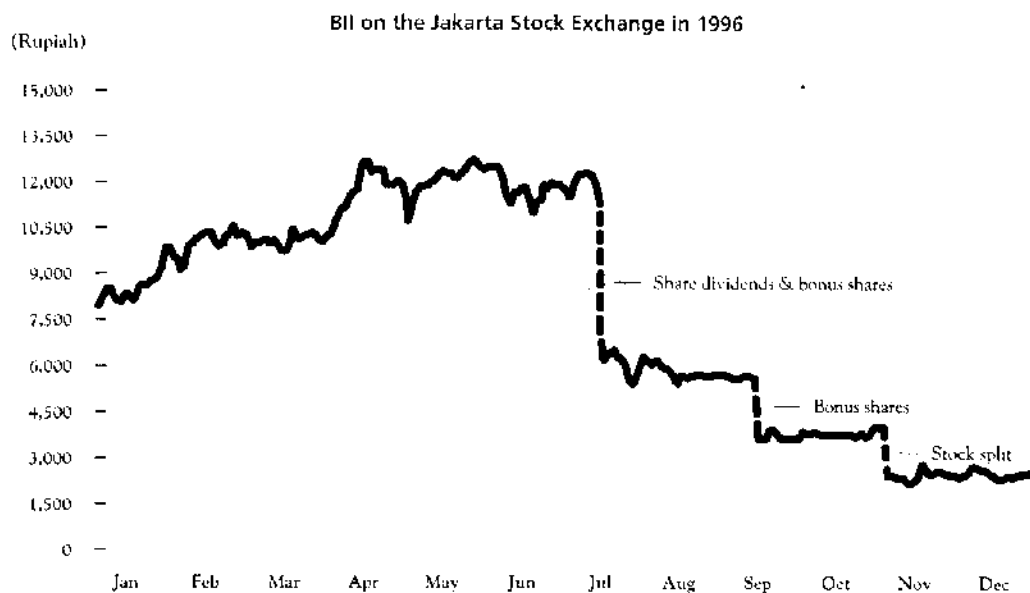
GROWING WITH OUR CUSTOMERS



FINANCIAL HIGHLIGHTS

In millions of Rupiah (Unless stated otherwise)	1996	1995	Change (%)
FOR THE PERIOD			
Interest Income	2,145,372	1,598,720	34.19%
Net Interest Income	634,174	493,542	28.49%
Net Income Before Taxes	368,824	269,872	36.67%
Net Income	260,410	192,196	35.49%
AT END OF PERIOD			
Loans (gross)	11,738,953	8,356,808	40.47%
Earning Assets (gross)	16,543,945	12,241,400	35.15%
Total Deposits	12,854,893	8,465,284	51.85%
Shareholders' Equity	1,252,876	1,007,554	24.35%
Total Assets	17,707,033	12,899,081	37.27%
Outstanding Shares (number of shares)	1,934,369,204	316,303,104	
AVERAGE BALANCE			
Loans (gross)	10,047,881	7,610,092	32.03%
Earning Assets (gross)	14,392,673	10,570,438	36.16%
Total Deposits	10,660,089	7,318,797	45.65%
Shareholders' Equity	1,130,215	924,719	22.22%
Total Assets	15,303,057	11,113,832	37.69%
Outstanding Shares (number of shares)	1,125,336,154	316,303,104	
FINANCIAL RATIOS			
Return On Average Assets	1.70%	1.73%	
Return On Average Equity	23.04%	20.78%	
Net Interest Margin	4.41%	4.67%	
PER SHARE (Rp)			
Net Income	135	99	36.36%
Shareholders' Equity	648	521	24.38%

STOCK HIGHLIGHTS

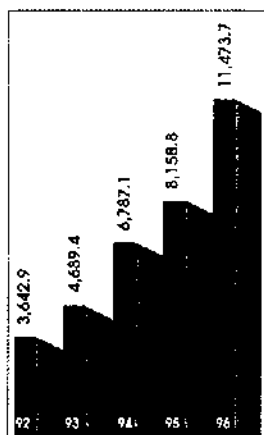


Share Performance	1996		1995	
Highest Price	Rp	12,275	Rp	8,500
Lowest Price	Rp	1,950	Rp	4,375
Year-end Price	Rp	2,175	Rp	7,575
Earnings Per Share	Rp	135*	Rp	608**
P/E Ratio		16.1x		12.5x
Dividend Payout Ratio		7.3%		16.4%

* Based on 1,934,369,204 shares outstanding

** Based on 316,303,104 shares outstanding

Share Capital	1996		1995	
Authorised Capital	Rp	3,868,000,000,000	Rp	1,000,000,000,000
Number of Shares Issued and				
Fully Paid-up		1,934,369,204		316,303,104
Par Value	Rp	500	Rp	1,000
Shareholders :				
- PT Sinar Mas Multiartha Tbk		51.00%		51.00%
- Public		49.00%		49.00%



LOANS
(billion Rupiah)

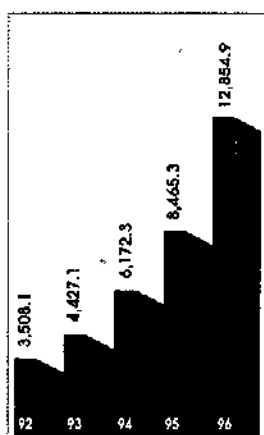
Placements with other banks decreased 50.3% from Rp 1.5 trillion as of year-end 1995 to Rp 728.2 billion on December 31, 1996. This was primarily due to the increase of the Bank's placement with Bank Indonesia from Rp 97.6 billion to Rp 423.6 billion during the year in compliance with the statutory reserve requirement which was increased from 2% to 3% of total third-party liabilities in 1996, and due for another increase to 5% effective April 1997. The Bank also increased its trading account securities by as much as 69.1% to Rp 4.0 trillion as additional liquidity reserves.

Loan Portfolio. The Bank maintains a loan portfolio which is diversified in terms of exposure across different industry sectors and business groups. It has always been the policy of the Bank to maintain a well-diversified loan portfolio. The following table shows the Bank's loans and advances (excluding loans made by subsidiaries), classified by industrial sectors as at December 31, 1995 and 1996:

Sector	At December 31,			
	1996		1995	
	Amount (in million IDR)	Percentage of Total	Amount (in million IDR)	Percentage of Total
Services	3,963,064	36.0%	2,752,624	35.0%
Manufacturing	2,752,129	25.0	1,730,220	22.0
Trade	1,651,277	15.0	1,336,988	17.0
Construction	770,596	7.0	943,756	12.0
Agriculture & Transportation	550,426	5.0	235,939	3.0
Others	1,321,022	12.0	865,110	11.0
Total	11,008,514	100.0%	7,864,637	100.0%

In addition to different industrial sectors, the Bank's loan portfolio can also be viewed in terms of different market segments comprising the wholesale market, middle market and retail market.

Wholesale lending focuses on the largest companies with assets in excess of Rp 10 billion; middle market activities cater to mid-sized companies with assets between Rp 1 billion and Rp 10 billion; retail lending oversees the market for small companies with assets below Rp 1 billion and includes the Bank's KUK loan portfolio for cooperatives and home-scale industries. As of year-end 1996, KUK loans amounted to Rp 1,030 billion or 9.35% of total loans outstanding.



THIRD-PARTY DEPOSITS
(billion Rupiah)

Funding. As in previous years, the Bank continues to employ an effective mix of funding from third-party deposits, interbank as well as offshore borrowings. In 1996, emphasis on funding continued to focus on enlarging third-party deposits through increased branch activities. These efforts resulted in across-the-board increases of all deposit products in 1996, comprising current accounts which grew 98.6% to Rp 2.1 trillion, savings accounts which rose 43.0% to Rp 1.6 trillion, time deposits which climbed 36.2% to Rp 7.5 trillion, and certificates of deposit which increased

114.2% to Rp 1.6 trillion. As of year-end 1996, total third-party deposits amounted to Rp 12.9 trillion, an increase of 51.9% from Rp 8.5 trillion a year earlier.

The following table shows the amount and percentage represented by each type of deposit with the Bank for the dates shown:

Deposit Type	At December 31,			
	1996		1995	
	Amount (in million IDR)	Percentage of Total	Amount (in million IDR)	Percentage of Total
Current account	2,100,719	16.3%	1,057,681	12.5%
Savings account	1,630,147	12.7	1,140,025	13.5
Time deposits	7,506,360	58.4	5,512,530	65.1
Certificates of deposit	1,617,667	12.6	755,048	8.9
Total	12,854,893	100.0%	8,465,284	100.0%

In addition to third-party deposits, the Bank relied also on borrowings as part of its funding activities in 1996. Total borrowings as at year's end amounted to Rp 2.6 trillion, an increase of 41.8% from Rp 1.8 trillion as of year-end 1995. Borrowings from Bank Indonesia increased 36.6% to Rp 140.8 billion, including two-step loans from ADB, BOE Japan, OECF, AJDF and small investment loans; whereas borrowings from other banks and placements by other banks increased 37.3% and 48.0%, respectively, from their previous levels a year earlier.

Liquidity. As of year-end 1996, the Bank's liquid assets comprised mainly of cash, current accounts with Bank Indonesia and other banks as well as placements with other banks, and amounted to Rp 1.5 trillion, a 20.8% decrease from Rp 1.9 trillion a year previously. However, the Bank maintains a secondary liquidity reserve in the form of trading account securities held amounting to Rp 4.0 trillion at year-end 1996, an increase of 69.1% from Rp 2.4 trillion a year earlier.

The Bank has always placed an emphasis on maintaining adequate liquidity to meet all of its maturing liabilities as well as commitments to customers and counter parties. It ensures liquidity at all times by seeing to it that any excess of maturing liabilities over maturing assets for a given period is fully covered by the amount of funds that the Bank is able to generate within such a period. The Bank believes that it has sufficient liquid assets to cover all of its liabilities and commitments up to a period of more than one year.

Capital Adequacy. The Bank has maintained capital adequacy which meets the prevailing standard required by Bank Indonesia. In 1995, the Central Bank increased the required capital adequacy ratio of foreign exchange banks in Indonesia, from 8% to 12% of total risk-adjusted capital, to be phased in over the next five years. In recent years, the Bank has maintained a capital adequacy ratio in excess of 8%. As of year-end 1996, the Bank had a Tier-1 capital adequacy ratio of 6.95% and Tier-2 capital adequacy ratio of 1.77% for a total risk-adjusted capital adequacy ratio of 8.72% compared to 9.63% in the previous year. The Bank expects to increase its CAR further upon the completion of its second rights issue pertaining to 1,289,579,469 additional shares in the first quarter of 1997.



Hanadi Sudjendro & Rekan

Registered Public Accountants

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Independent Auditors' Report

No. : R. 128 / 97

Shareholders, Commissioners and Directors
PT Bank Internasional Indonesia Tbk and Subsidiaries

We have audited the accompanying Consolidated Balance Sheets and Consolidated Statements of Commitments and Contingencies of PT Bank Internasional Indonesia Tbk and Subsidiaries as of 31 December 1996 and 1995, and the related Consolidated Statement of Profit and Loss, Retained Earnings, and Cash Flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards established by the Indonesian Institute of Accountants. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and commitments and contingencies of PT Bank Internasional Indonesia Tbk and Subsidiaries as of 31 December 1996 and 1995, and the results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles.

Drs. Kanaka Puradiredja
Registered Accountant No. D-587

28 February 1997



Member Firm of
KPMG International

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PT Bank Internasional Indonesia Tbk and Subsidiaries

CONSOLIDATED BALANCE SHEETS

As of 31 December 1996 and 1995

(Stated in million of Rupiah)

	Note	Consolidated		Holding	
		1996	1995	1996	1995
ASSETS					
Cash		98,083	69,564	97,766	69,093
Current accounts at Bank Indonesia		423,661	97,561	423,661	97,561
Current accounts at other banks		224,538	228,677	93,101	216,766
Placements at other banks Net of general provision	3	728,172	1,466,567	700,314	1,461,311
Securities Net of general provision	4	4,055,217	2,398,334	3,798,564	2,393,712
Loans and advances					
Due from third parties		11,067,250	8,197,024	10,346,812	7,705,457
Due from affiliated parties		671,703	159,784	661,702	159,180
Less : Provision for possible loan losses		(265,211)	(197,992)	(259,098)	(193,118)
Total loans and advances - net	5	11,473,742	8,158,816	10,749,416	7,671,519
Investments Net of general provision	6	103,905	50,327	268,589	187,456
Accrued income receivables	7	79,418	62,217	74,802	60,855
Prepayments	8	41,864	59,853	39,642	58,874
Fixed assets Net of accumulated depreciation	9	240,618	201,907	232,052	194,692
Other assets	10	237,815	105,258	229,423	104,877
Total assets		17,707,033	12,899,081	16,707,330	12,516,716

See the accompanying notes to the consolidated financial statements, which form an integral part of these consolidated financial statements.

PT Bank Internasional Indonesia Tbk and Subsidiaries
CONSOLIDATED BALANCE SHEETS - CONTINUED
As of 31 December 1996 and 1995

(Stated in million of Rupiah)

	Note	Consolidated		Holding	
		1996	1995	1996	1995
LIABILITIES AND SHAREHOLDERS' EQUITY					
Liabilities					
Current accounts	11	2,100,719	1,057,681	2,078,762	1,105,373
Savings accounts	12	1,630,147	1,140,025	1,629,627	1,139,700
Time deposits					
Due to third parties		7,238,464	5,293,190	7,111,493	5,189,719
Due to affiliated parties		267,896	219,340	267,896	219,340
Total time deposits	13	7,506,360	5,512,530	7,379,389	5,409,059
Certificates of deposit	14	1,617,667	755,048	1,617,667	755,048
Total deposits		12,854,893	8,465,284	12,705,445	8,409,180
Other current liabilities	15	82,392	48,775	41,763	20,999
Securities issued	16	194,700	245,120	194,700	194,700
Loans received	17	2,609,958	1,840,718	1,847,302	1,618,360
Accrued expenses	18	108,531	61,002	100,462	56,539
Taxes payable	19	14,912	12,646	11,378	10,536
Other liabilities	20	588,771	1,217,982	567,694	1,209,248
Total liabilities		16,454,157	11,891,527	15,468,744	11,519,562
Shareholders' equity					
Share capital					
Authorized capital is comprised of 7,736,000,000 shares of Rp. 500 each (1995 : 1,000,000,000 shares of Rp. 1,000 each), Issued and paid up capital are 1,934,369,204 shares (1995 : 316,303,104 shares)	21	967,185	316,303	967,185	316,303
Capital surplus	22	7,290	264,550	6,892	264,152
Consolidation translation adjustments	2m	13,892	10,002	-	-
General reserve		632	-	632	-
Retained earnings		263,877	416,699	263,877	416,699
Total shareholders' equity		1,252,876	1,007,554	1,238,586	997,154
Total liabilities and shareholders' equity		17,707,033	12,899,081	16,707,330	12,516,716

See the accompanying notes to the consolidated financial statements, which form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMMITMENTS AND CONTINGENCIES

As of 31 December 1996 and 1995

(Stated in million of Rupiah)

	Note	Consolidated		Holding	
		1996	1995	1996	1995
Commitments					
Commitments - assets:					
• Foreign currency spot purchases	24	14,394	96,898	14,394	96,898
• Foreign currency forward purchases	24	734,364	4,068,816	710,568	4,049,122
• Unused credit facilities - received		156,070	11,377	156,070	11,377
• Interest rate swap		22,639	118,208	22,639	118,208
Total commitments - assets		927,467	4,295,299	903,671	4,275,605
Commitments - liabilities:					
• Foreign currency spot sales	24	8,934	272,917	8,934	272,917
• Foreign currency forward sales	24	1,025,775	3,807,086	1,001,909	3,787,392
• Unused credit facilities - given		5,276,410	2,638,050	5,258,310	2,627,687
• Liability on repurchasing bank assets which were previously sold on repossession terms		-	70,000	-	70,000
• Irrevocable letters of credit		547,437	502,262	496,599	375,901
• Acceptance of import drafts based on usance letters of credit		333,823	351,603	316,536	339,284
Total commitments - liabilities		7,192,379	7,641,918	7,082,288	7,473,181
Commitments - net liabilities		6,264,912	3,346,619	6,178,617	3,197,576
Contingencies					
Contingent assets :					
• Past due interest revenue		11,065	5,568	11,065	5,568
• Purchases of foreign currency options		367,213	288,500	367,213	288,500
Total contingent assets		378,278	294,068	378,278	294,068
Contingent liabilities :					
• Guarantees given :					
• Bank guarantees		685,222	621,047	672,592	619,188
• Shipping guarantees		33,775	26,927	10,641	25,068
• Stand-by letters of credit		92,401	176,756	92,401	176,756
• Sales of foreign currency options		367,396	192,794	367,396	173,100
Total contingent liabilities		1,178,794	1,017,524	1,143,030	994,112
Contingencies - net liabilities		800,516	723,456	764,752	700,044
Total commitments and contingencies - net		7,065,428	4,070,075	6,943,369	3,897,620

See the accompanying notes to the consolidated financial statements, which form an integral part of these consolidated financial statements.

PT Bank Internasional Indonesia Tbk and Subsidiaries
CONSOLIDATED STATEMENTS OF PROFIT AND LOSS
For the years ended 31 December 1996 and 1995

(Stated in million of Rupiah, except for earnings per share which are stated in Rupiah)

	Note	Consolidated		Holding	
		1996	1995	1996	1995
Operating income and expenses :					
Interest income					
Interest earned	25	2,085,881	1,545,337	1,981,202	1,480,573
Commission earned from loans and advances		59,491	53,383	56,730	52,547
Interest income		2,145,372	1,598,720	2,037,932	1,533,120
Interest expense					
Interest paid	26	1,507,828	1,101,049	1,449,560	1,064,531
Commission paid on loans received		3,370	4,129	2,742	3,093
Interest expense		1,511,198	1,105,178	1,452,302	1,067,624
Interest income - net		634,174	493,542	585,630	465,496
Other operating income and expenses					
Provision and commission income other than from loans and advances		59,050	48,242	54,949	46,045
Foreign currency transaction income		62,466	49,791	64,613	53,494
Other income	27	65,862	70,295	65,105	69,862
Total other operating income		187,378	168,328	184,667	169,401
General and administrative expenses	28	168,578	132,469	164,733	129,656
Provision for possible loan losses		87,680	125,631	84,741	122,641
General provision for other earning assets		4,728	9,642	4,728	9,642
Salaries and employee benefits		131,152	100,541	126,932	97,484
Depreciation and amortization		42,560	35,198	39,864	32,917
Repairs and maintenance		14,720	9,389	14,519	9,284
Total other operating expenses		449,418	412,870	435,517	401,624
Total other operating expenses - net		262,040	244,542	250,850	232,223
Operating profit		372,134	249,000	334,780	233,273
Non-operating income and expenses					
Non-operating income	29	11,575	28,948	40,673	41,174
Non-operating expenses	30	14,885	8,076	14,596	7,964
Total non-operating income/(expenses) - net		(3,310)	20,872	26,077	33,210
Profit before income tax		368,824	269,872	360,857	266,483
Estimated corporate income tax	19	108,414	77,676	100,447	74,287
Net profit		260,410	192,196	260,410	192,196
Earnings per share					
Operating profit per share	21	192	129	173	121
Net profit per share	21	135	99	135	99

See the accompanying notes to the consolidated financial statements, which form an integral part of these consolidated financial statements.

PT Bank Internasional Indonesia Tbk and Subsidiaries
CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

For the years ended 31 December 1996 and 1995

(Stated in million of Rupiah)

	Note	Consolidated		Holding	
		1996	1995	1996	1995
Retained earnings at the beginning of the year		416,699	256,133	416,699	256,133
Net profit		260,410	192,196	260,410	192,196
Total available for distribution		677,109	448,329	677,109	448,329
Cash dividends	23	18,978	31,630	18,978	31,630
Share dividends	23	393,622	-	393,622	-
General reserve		632	-	632	-
Retained earnings at the end of the year		263,877	416,699	263,877	416,699

See the accompanying notes to the consolidated financial statements, which form an integral part of these consolidated financial statements.

PT Bank Internasional Indonesia Tbk and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended 31 December 1996 and 1995

(Stated in million of Rupiah)

	Consolidated		Holding	
	1996	1995	1996	1995
Cash flows from operating activities				
Profit before income tax	368,824	269,872	360,857	266,483
Adjustments for :				
• Depreciation and amortization	42,560	35,198	39,864	32,917
• Provision for possible loan losses	87,680	125,631	84,741	122,641
• General provision for other earning assets	4,728	9,642	4,728	9,642
• Loss on investments	854	1,342	854	1,342
• Gain on sales of fixed assets	(949)	(20,764)	(842)	(20,762)
Operating profit after adjustments	503,697	420,921	490,202	412,263
Cash dividend paid	(17,480)	(28,953)	(17,480)	(28,953)
Tax on cash dividend	(1,498)	(2,677)	(1,498)	(2,677)
Corporate income tax paid	(105,014)	(73,167)	(102,904)	(71,034)
Increase in securities	(1,662,507)	(440,622)	(1,410,476)	(449,108)
Increase in loans and advances	(3,402,606)	(1,497,367)	(3,162,638)	(1,368,120)
Increase in accrued income receivables	(17,201)	(21,956)	(13,947)	(22,885)
Decrease / (increase) in prepayments	20,350	(54,215)	20,205	(52,322)
Decrease / (increase) in other assets	(153,770)	14,064	(140,527)	708
Increase in current accounts	1,043,038	430,201	973,389	450,709
Increase in savings accounts	490,122	580,889	489,927	581,332
Increase in time deposits	1,993,830	993,894	1,970,330	974,935
Increase in certificates of deposit	862,619	287,990	862,619	287,990
Increase / (decrease) in other current liabilities	33,617	8,129	20,764	(6,244)
Increase / (decrease) in securities issued	(50,420)	225,644	-	194,700
Increase in loans received	769,240	204,644	228,942	176,272
Increase / (decrease) in accrued expenses	47,529	932	43,923	(1,930)
Increase in taxes payable	2,266	327	842	274
Increase / (decrease) in other liabilities	(629,211)	715,992	(641,553)	714,816
Net cash from / (used in) operating activities	(273,399)	1,764,670	(389,880)	1,790,726

See the accompanying notes to the consolidated financial statements, which form an integral part of these consolidated financial statements.

PT Bank Internasional Indonesia Tbk and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS - CONTINUED

For the years ended 31 December 1996 and 1995

(Stated in million of Rupiah)

	Consolidated		Holding	
	1996	1995	1996	1995
Cash flows from investing activities				
Investments	(57,248)	(7,571)	(84,803)	(39,388)
Proceeds from sales of fixed assets	3,728	28,154	3,396	28,145
Purchases of fixed assets	(81,487)	(92,042)	(79,093)	(90,282)
Net cash used in investing activities	(135,007)	(71,459)	(160,500)	(101,525)
Net increase / (decrease) in cash and cash equivalents				
	(408,406)	1,693,211	(550,380)	1,689,201
Cash and cash equivalents at the beginning of the year (see note 2.r)	1,912,985	219,774	1,895,347	206,146
Cash and cash equivalents at the end of the year (see note 2.r)	1,504,579	1,912,985	1,344,967	1,895,347
Supplemental disclosures of non-cash transactions :				
Increase in share capital	650,882	-	650,882	-
Decrease in capital surplus	(257,260)	-	(257,260)	-
Share dividends	393,622	-	393,622	-
Consolidation translation adjustments	3,890	5,105	-	-
Minority interests	-	(2,234)	-	-

See the accompanying notes to the consolidated financial statements, which form an integral part of these consolidated financial statements.

PT Bank Internasional Indonesia Tbk and Subsidiaries
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General

PT Bank Internasional Indonesia ("the Company" or "the Holding") was established in 1959 by virtue of Notary Deed No. 53 dated 15 May 1959 of alternate Notary Soleman Ardjasmita SH. The Deed was subsequently amended by Notary Deeds No. 9 dated 4 August 1959 and No. 21 dated 6 October 1959 of Notary Eliza Pondaag SH in Jakarta. The Articles of Association of the Company were approved by the Minister of Justice of the Republic of Indonesia through Decree No. J.A.5/1/2/18, dated 2 November 1959, and were registered in the Jakarta Court of Justice under registration number 2116 dated 5 November 1959.

On 31 March 1980 the Company merged with PT Bank Tabungan Untuk Umum 1859, Surabaya by virtue of Notary Deed No. 17 dated 31 March 1980 of Notary Arianny Lamoin Redjo SH.

Pursuant to Bank Indonesia's Decree No. 221/1/Dir/Upps dated 9 November 1988, the Company obtained an approval to upgrade its status to a foreign exchange bank.

On 20 and 23 September 1989, by virtue of Notary Deeds No. 299 and 370 of Benny Kristianto SH, and approved by the Minister of Justice through letter No. C2-9050.H.T.01.04-TH.89, dated 25 September 1989, the Company offered / sold its shares amounting to 12,000,000 shares to the public through the capital market in Indonesia in accordance with the provisions of the law. This sales of shares to the public was effective according to the letter from Capital Market Supervisory Agency ("BAPEPAM") No. SI-508/SHM/MK.10/189 dated 2 October 1989.

In February 1994, the Company offered / sold its shares amounting to 52,717,184 shares with nominal value of Rp. 1,000 per share through a "rights issue" in which the holder of every 5 shares have the rights to purchase 1 share at Rp. 4,000 per share. This rights issue was approved by shareholders in the Extraordinary Shareholders' Meeting held on 25 January 1994 and was effective according to the letter from BAPEPAM No. S-130/PM/1994 dated 24 January 1994.

In the Annual Shareholders Meeting and Extra-ordinary Shareholders Meeting held on 18 June 1996 documented in Notary Deed of Sutjipto SH No. 103 and 104 dated 18 June 1996, the Company distributed share dividends of 35,144,789 shares amounting Rp. 393,622 million, cash dividends of Rp. 60 per share amounting Rp. 18,978 million and converted capital surplus amounting Rp. 253,042 million into share capital of 253,042,483 shares. After the share dividend and capital surplus conversion, share capital of the company has increased from Rp. 316,303 million into Rp. 604,490 million.

In the Annual Shareholders Meeting and Extra-ordinary Shareholders Meeting on 29 August 1996 documented in Notary Deeds of Sutjipto SH No. 101 dated 29 August 1996, the Company converted paid-up capital amounted to Rp. 362,694 million to 362,694,226 shares and change the Board of Commissioners and Directors.

On 13 September 1996, by virtue of Notary Deed No. 130 of Sutjipto SH, and approved by Minister of Justice of the Republic of Indonesia through letter No. C2-9626.HT.01.04.Th.96 dated 21 October 1996, the Company decided to:

- change the Holding Company's Article of Association to comply with the Law No. 1, 1995 regarding limited liability company and Law No. 8 1995 regarding capital market
- increase the share capital from Rp. 1,000,000 million to Rp. 3,868,000 million; and
- change the share nominal value from Rp. 1,000 to Rp. 500 per share.

PT Bank Internasional Indonesia Tbk and Subsidiaries
Notes to the Consolidated Financial Statements - continued

1. General - continued

In February 1997, the Holding Company offered/sold its shares amounting to 1,289,579,469 shares with offering price of Rp. 750 per share, with 286,573,215 warrants series I attached free of charge to such newly issued shares. The total amount raised from the right issue is approximately Rp 967,185 million. This right issue was approved by shareholders' in the shareholders' meeting held on 27 December 1996 and was effective according to the letter from BAPEPAM No. S-2093/PM/1996 dated 28 December 1996.

According to the Articles of Association, the Company's objectives are :

1. To operate in banking, finance or capital markets activities which is either directly or indirectly related to trading, custodian and management of securities, or other services and other allowed activities from time to time, now and in the future, on business with other parties or companies.
2. To set-up, or jointly set-up or have shares in other companies who have similar or closely related objectives with the Company, either in the form of joint venture or contract basis.

2. Summary of significant accounting policies

Set out below is a summary of the significant accounting policies adopted by the Company in the preparation of the consolidated financial statements.

a. Basis of preparation of the consolidated financial statements

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles. Consolidated statements of cash flows is compiled based on cash and cash equivalents concept by using indirect method.

Unless otherwise stated, all figures presented in the notes to the consolidation financial statements are stated in millions of Rupiah.

b. Principles of consolidation

The consolidated financial statements include all subsidiaries that are controlled by the Holding Company, other than those excluded because control is assumed to be temporary or due to long-term restrictions significantly impairing a subsidiary's ability to transfer funds to the Holding Company.

Where an entity either began or ceased to be controlled during the year, the results are included only from the date of control commenced or up to the date control ceased.

Control is presumed to exist where more than 50% of a subsidiary's voting power is controlled by the Holding Company; or the Holding Company is able to govern the financial and operating policies of a subsidiary; or control the removal or appointment of a majority of a subsidiary's board of directors.

All significant inter-company balances and transactions have been eliminated in consolidation.

Minority interests in the equity and results of the entities that are controlled by the Holding Company are shown as a separate item in the consolidated financial statements.

PT Bank Internasional Indonesia Tbk and Subsidiaries
Notes to the Consolidated Financial Statements - continued

2. Summary of significant accounting policies - continued

b. Principles of consolidation - continued

As of the balance date, the subsidiaries which were consolidated, including the percentage of ownership held by the Company, are as follows :

	1996	1995
• PT BII Finance Center	99.99%	100.00%
• BII Finance Co. Limited Hong Kong	100.00%	100.00%
• Bank Internasional Ningbo	100.00%	100.00%

In 1996, the Company sold 1 share of PT BII Finance Center to PT Sinar Mas Multiartha at nominal value of Rp. 1,000. As the result, the Company's ownership at BII Finance Center at 31 December 1996 decreased from 100% to 99.99%.

c. Provision for earning assets

Provision for earning assets is comprised of provision for possible loan losses and general provision for other earning assets. Provision for earning assets is determined based on evaluations by management of the possibility of loans and advances which may not be collected and possibility of loss from other earning assets as of balance date in accordance with Decree of Bank Indonesia No. 26/22/KEP/DIR dated 29 May 1993. Provision for earning assets are presented in each respective earning assets account.

d. Securities

Securities are comprised of Certificates of Bank Indonesia (SBI), money market securities (SBPU), notes receivables or commercial papers, drafts, export bills, listed shares and bonds. Certificates of Bank Indonesia, commercial papers and drafts are carried and presented at their discounted values. Investment in reksadana units is stated at market value. Shares are stated at their lower of cost and market value, and bonds are stated at cost. Realized gains or losses incurred on the sales of the securities are recorded in the period in which they occur.

e. Investments

Investments in shares which the Company's holding is greater than 50% is recorded based on the equity method in the Holding Company's financial statements.

Investments in associates are accounted for under the equity method of accounting. An associate enterprise is one in which the Company holds, directly or indirectly, 20% or more of the voting power of the enterprise, or where the Company exercises significant influence over the enterprise, but is not controlled by the Company.

Long-term investments in shares in which the Company holds less than 20% of the voting power of the enterprise and long-term investments in property are carried at cost less amounts written-off to recognize permanent declines, if any, in the value of the investment.

PT Bank Internasional Indonesia Tbk and Subsidiaries
Notes to the Consolidated Financial Statements - continued

2. Summary of significant accounting policies - continued

f. Fixed assets

Fixed assets are stated at cost less their accumulated depreciation, except those acquired before 12 September 1986 and which were owned by the Company as of 1 January 1987. These assets are stated at valuation in accordance with Government Regulation No. 42/1986, less their accumulated depreciation. The yields of the revaluation are capitalized as capital shares.

All fixed assets, except for land and buildings, are depreciated over their estimated useful lives using the double declining balance method. Buildings are depreciated using the straight line method. Fixed assets are first depreciated in the period of acquisition. The depreciation rates are as follows :

• Buildings - permanent	5%
• Buildings - non permanent	10%
• Others :	
- Assets with useful lives less than 4 years	50%
- Assets with useful lives between 4 to 8 years	25%

The cost of repairs and maintenance is charged to income as incurred, significant renewals or betterments are capitalized. When assets are retired or otherwise disposed of, their carrying values and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the statement of profit and loss for the year.

g. Prepayments

Prepaid expenses are amortized over the term of the agreement or the useful life, using straight-line method.

h. Assets seized on loans in default and fixed assets not in use

Assets seized on loans in default are assets seized by the Company and still in the process of changing the ownership. Meanwhile, fixed assets not in use are assets seized acquired by and under the ownership of the Company.

Assets seized on loans in default and fixed assets not in use which were acquired from loan settlements by the borrower are recorded based on the lower of market value and mutually agreed value. They are presented in the balance sheets as other assets. Differences between loan receivable and market value or mutually agreed value are written-off against provisions for loan losses in the year in which they occur. Expenses incurred for maintaining "assets seized on loans in default" and "fixed assets not in use" are charged to profit and loss in the period incurred.

i. Corporate income tax expense

Estimated corporate income tax expense is calculated based on the Company's taxable income.

j. Recognition of interest income and expense

Interest income or expense from loans given or received is recognized on accrual basis where they are amortized on a proportional basis in accordance with the period of the respective loans. The Company does not recognize interest as income when the loans are considered non-performing or the interest being overdue for more than 3 months. Such interest income is instead recorded as past due interest revenue in the consolidated statements of commitments and contingencies. Those interests are recognized when actually received.

PT Bank Internasional Indonesia Tbk and Subsidiaries
Notes to the Consolidated Financial Statements - continued

2. Summary of significant accounting policies - continued

k. Recognition of provision or commission income and expense

Provision or commission income and expense directly related to loans given or received in excess of Rp. 100 million are recognized as deferred income or expense and are amortized on a proportional basis in accordance with the period in which the respective loans are given or received. All other provision or commission are recognized as income or expense upon receipt or payment.

l. Operating profit and net profit per share

Operating profit and net profit per share are calculated based on the weighted average of shares issued in the respective period by considering share dividend and share bonus (capital surplus conversion) which were decided in the Shareholders' Meeting on 18 June 1996, and also share bonus (capital surplus conversion) agreed by shareholders in the Extra-ordinary Shareholders' Meeting held on 29 August 1996 and changes in nominal value from Rp. 1,000 per share to Rp. 500 per share as decided in the Extra-ordinary Shareholders' Meeting held on 13 September 1996 retroactively. The decision of this Extra-ordinary Shareholders' Meeting were documented in the Notary Deed No. 130 of Notary Sutjipto SH, notary in Jakarta and were approved by the Minister of Justice of The Republic of Indonesia through his Letter No. C2-9296.111.01.04.Th.96 dated 21 October 1996.

The weighted average number of shares issued and paid up for the years ended 31 December 1996 and 1995 are 1,934,369,204 shares.

m. Translation of foreign currencies

Transactions

The Company maintains its accounting records in Rupiah. Transactions during the year in currencies other than Rupiah are recorded at the exchange rates ruling at the dates of the transactions.

At year end, all foreign currency assets and liabilities are translated to Rupiah at the middle exchange rates stipulated by Bank Indonesia. The net differences resulting from the translations have been recognized in the year in which they occur.

The subsidiaries domiciled outside of Indonesia maintains their accounting records in their respective domestic currency.

Translation on consolidation of foreign domiciled subsidiary

The financial statements of the foreign domiciled subsidiaries are translated into Rupiah as follows:

- balance sheet items, except for share capital account, are translated at the middle exchange rates stipulated by Bank Indonesia as of the balance date;
- profit and loss items are translated on a monthly basis at the month end middle exchange rates as stipulated by Bank Indonesia. Profit and loss items for the year are the sum of these monthly translations; and
- difference resulting from this translation is presented in the consolidated balance sheets as part of shareholders' equity and is called as "consolidation translation adjustments".

2. Summary of significant accounting policies - continued

m. Translation of foreign currencies - continued

Translation of foreign currency forward contracts of a funding nature

For foreign currency forward contracts of a funding nature the difference between the contracted forward rate and the spot rate on the transactions date is recorded as a premium or discount and is amortized over the life of the contract. The amortization of the premium or discount is recorded in the profit and loss statement as a component of interest.

At balance date, the difference between the balance date spot rate and the spot rate at the transaction date is taken to the profit and loss accounts for the year.

Translation of foreign currency forward contracts of a trading nature

For foreign currency forward contracts of a trading nature the difference between the contracted forward rate and the spot rate on the transaction maturity date is taken to the profit and loss account of that year.

n. Interest rate swaps

Transactions of interest rate swaps for funding purposes

The difference between the original interest rate and the contracted interest rate is presented as an addition or deduction to the cost of funds, and is amortized on a pro-rata basis over the period of the contract.

Transactions of interest rate swaps for trading purposes

The difference between the original interest rate and the contracted interest rate is recognized as gain or loss at the end of the contract period.

o. Option

In the event that the Company acts as an issuer of options, losses arising from the difference between the contracted option rate and the spot rate at the reporting date must be recognized as expense for the current year. Meanwhile, gains arising from the difference between the contracted option rate and the spot rate at the reporting date is not recognized as revenue for the current year and will be recognized as revenue at the realization date.

p. Transactions with affiliated parties

According to current financial accounting standards, affiliated party is defined as :

1. company that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company. (This includes holding companies, subsidiaries, and fellow subsidiaries) ;
2. associated companies;
3. individuals owning, directly or indirectly, an interest in voting power of the reporting company that gives them significant influence over the Company, including directors and officers of companies and close members of the families of such individuals ;

PT Bank Internasional Indonesia Tbk and Subsidiaries
Notes to the Consolidated Financial Statements - continued

2. Summary of significant accounting policies - continued

p. Transactions with affiliated parties - continued

4. key management personnel, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including directors and officers of companies and close members of the families such individuals; and
5. companies in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in point 3 or 4 or over which such person is able to exercise significant influence, this includes companies owned by directors or major shareholders of the reporting Company and companies that have a member of key management in common with the Company.

Transactions with affiliated parties are presented in note 31.

q. Share dividend

The Company recorded and distributed share dividend based on the fair value of the shares at 17 June 1996.

r. Cash flows

The Company considers cash, current accounts at Bank Indonesia and at other banks and placements at other banks which have tenure less than three months as "Cash and cash equivalents" in these consolidated financial statements.

The following is the detail of cash and cash equivalents :

	Consolidated		Holding	
	1996	1995	1996	1995
Cash	98,083	69,564	97,766	69,093
Current account at Bank Indonesia	423,661	97,561	423,661	97,561
Current account another banks	224,538	228,677	93,101	216,766
Placements at other banks	758,297	1,517,183	730,439	1,511,927
Total cash and cash equivalents	1,504,579	1,912,985	1,344,967	1,895,347

PT Bank Internasional Indonesia Tbk and Subsidiaries
Notes to the Consolidated Financial Statements - continued

3. Placements at other banks

Comprised of :

	Consolidated		Holding	
	1996	1995	1996	1995
Negotiable certificates of deposit	373,787	541,088	367,000	537,500
Less : Unamortized discount	(26,494)	(43,273)	(26,494)	(43,273)
Negotiable certificates of deposit - net	347,293	497,815	340,506	494,227
Call money	384,510	976,095	363,439	974,427
Total placements at other banks	731,803	1,473,910	703,945	1,468,654
Less : General provision	(3,631)	(7,343)	(3,631)	(7,343)
Total placements at other banks - net	728,172	1,466,567	700,314	1,461,311

The Directors are of the opinion that the placements at other banks are adequately secured and that the general provision for doubtful debts at the respective balance sheet dates is sufficient.

The average interest rates of placements at other banks of Holding Company are as follows :

	1996	1995
Call money : in Rupiah	13.05%	20.00%
in foreign currencies	7.00%	7.22%
Negotiable certificates of deposit	19.05%	18.83%

The tenure of the call money is between 1 day and 90 days, while the tenure of the negotiable certificates of deposit is between 1 month and 3 months.

4. Securities

	Consolidated		Holding	
	1996	1995	1996	1995
Certificates of Bank Indonesia (SBI)	795,050	225,325	795,050	225,325
Less : Unamortized discount	(14,847)	(1,810)	(14,847)	(1,810)
Certificates of Bank Indonesia (SBI) - net	780,203	223,515	780,203	223,515
Money market securities (SBPU)	343,152	200,792	343,152	200,792
Notes receivables	642,874	304,930	630,605	300,308
Less: Unamortized discount	(57,763)	(66,252)	(57,763)	(66,252)
Notes receivables - net	928,263	439,470	915,994	434,848

PT Bank Internasional Indonesia Tbk and Subsidiaries
Notes to the Consolidated Financial Statements - continued

	Consolidated		Holding	
	1996	1995	1996	1995
4. Securities - continued				
Receivables on export bills	1,905,781	1,671,567	1,656,616	1,671,567
Less : Unamortized discount	(55,557)	(53,304)	(50,776)	(53,304)
Receivables on discounted export LC - net	1,850,224	1,618,263	1,605,840	1,618,263
Shares listed on the stock exchange	2,442	2,376	2,442	2,376
Less : Provision for diminishing value	(1,107)	(1,397)	(1,107)	(1,397)
Shares listed on the stock exchange - net	1,335	979	1,335	979
Reksadana (mutual funds) units	423,247	-	423,247	-
Bonds	73,495	127,800	73,495	127,800
Drafts	16,108	394	16,108	394
Traveler cheques	314	261	314	261
Total securities value	4,073,189	2,410,682	3,816,536	2,406,060
Less : General provision	(17,972)	(12,348)	(17,972)	(12,348)
Total securities value - net	4,055,217	2,398,334	3,798,564	2,393,712

The Directors are of the opinion that the securities are adequately secured and that the general provision for doubtful debts at the respective balance sheet dates is sufficient.

The average interest rate for securities is 16% per annum for Rupiah (1996 and 1995) and 10% per annum for foreign currency (1996 and 1995).

Outstanding export bills amounted to Rp. 1,597,929 million as at 31 December 1996 are purchased from the affiliated parties.

The market value of bonds that are owned by the Holding Company as of 31 December 1996 is Rp. 72,435 million (1995 : Rp 126,113 million).

Bonds amounting Rp. 4,000 million are pledged as "sinking fund" of bonds issued by the Company (see note 16). The using of this sinking fund is limited.

PT Bank Internasional Indonesia Tbk and Subsidiaries
Notes to the Consolidated Financial Statements - continued

	Consolidated		Holding	
	1996	1995	1996	1995
5. Loans and advances				
a. Classified based on type of loans :				
Promissory notes	8,095,895	6,121,984	7,667,352	5,958,521
Small business credits (KUK)	1,029,806	549,174	1,029,806	549,174
Housing loans (KPR)	663,386	463,696	663,386	463,696
Overdrafts	410,436	381,194	397,052	378,258
Export credits	830,440	246,176	828,331	229,983
Import credits	64,141	160,296	44,948	41,488
Advance under letters of credit	65,050	10,148	65,050	10,148
KIK, KMKP, KI, and KPG credits	57,431	43,409	57,431	43,409
KCMP credits	13,390	12,845	13,390	12,845
Credit card receivables	177,683	134,994	177,683	134,994
Factored receivables	164,236	172,012	-	-
Leased receivables	26,273	18,158	-	-
Consumer finance receivables	73,939	3,726	-	-
Staff loans	25,860	21,916	23,098	21,312
Others	40,987	17,080	40,987	20,809
Total loans and advances	11,738,953	8,356,808	11,008,514	7,864,637
Less : Provision for possible loan losses	(265,211)	(197,992)	(259,098)	(193,118)
Total loans and advances - net	11,473,742	8,158,816	10,749,416	7,671,519

The Directors are of the opinion that the loans and advances are adequately secured and that the provision for possible loan losses at the respective balance dates is sufficient.

The small business credits (KUK) outstanding as of 31 December 1996 includes the balance of KUK channeling amounted to Rp. 361,126 million, which the amount of Rp. 124,586 million has been distributed by affiliated parties of the Company.

The collateral of loan given are usually in the form of tangible assets (land, buildings, deposits, machinery, and inventory).

Housing loans (KPR) amounting to Rp. 205 billion are pledged as security of bonds issue of the Holding Company (see note 16).

b. Movement in the provision for possible loan losses :

Balance at the beginning of the year	197,992	76,295	193,118	75,005
Amount of loans recovered	14,214	20,897	14,214	19,008
Amount of provision for the year	87,680	125,631	84,741	122,641
Less : Amount of loans written-off	(34,675)	(24,831)	(32,975)	(23,536)
Balance at the end of the year	265,211	197,992	259,098	193,118

PT Bank Internasional Indonesia Tbk and Subsidiaries
Notes to the Consolidated Financial Statements - continued

5. Loans and advances - continued

c. Amount of loans which are in the process of rescue (classified as doubtful and bad debt) at 31 December 1996 amounted to Rp. 88,487 million (1995 : Rp. 83,174 million).

d. Amount of syndicated loans at 31 December 1996 amounted to Rp. 554,283 million (1995 : Rp. 320,423 million). The percentage of investment of the Company's participation as the leader or member of the syndication loans is in the range between 7% and 36% of the total syndication loans.

e. Classified based on tenure :

	Consolidated		Holding	
	1996	1995	1996	1995
Short - term credits (<= 1 year)	8,122,808	6,378,382	7,400,134	6,068,433
Long - term credits (> 1 year)	3,616,145	1,978,426	3,608,380	1,796,204
Total	11,738,953	8,356,808	11,008,514	7,864,637

f. The average interest rates of loans and advances of the Holding Company are as follows :

	1996	1995
In Rupiah	20.56%	21.35%
In foreign currencies	11.37%	11.52%

g. The Holding Company's loans and advances classified based on the economic sector :

	1996	1995
Services	3,963,064	2,752,624
Manufacturing	2,752,129	1,730,220
Trade	1,651,277	1,336,988
Construction	770,596	943,756
Agriculture and transportation	550,426	235,939
Others	1,321,022	865,110
Total	11,008,514	7,864,637

PT Bank Internasional Indonesia Tbk and Subsidiaries
Notes to the Consolidated Financial Statements - continued

	Consolidated		Holding	
	1996	1995	1996	1995
6. Investments				
Represent investments in shares in the following companies :				
PT BII Finance Center				
• Investment carrying value	-	-	35,000	35,000
• Percentage of ownership - 99.99% (1996) and 100% (1995)				
• Ownership on retained earnings at the beginning of the year	-	-	11,579	4,837
• Ownership of current year net profit	-	-	12,412	6,742
BII Finance Co. Limited, Hong Kong				
• Investment carrying value	-	-	13,563	13,563
• Percentage of ownership - 100% (1996 and 1995)				
• Ownership on retained earnings at the beginning of the year	-	-	15,074	11,969
• Ownership of current year net profit	-	-	5,200	3,105
Bank International Ningbo				
• Investment carrying value	-	-	63,465	63,465
• Percentage of ownership - 100% (1996 and 1995)				
• Ownership on retained earnings, at the beginning of the year	-	-	8,903	3,871
• Ownership of current year net profit	-	-	11,602	5,032
PT BII Lend Lease Investment Services (formerly PT BII Investment Management)				
• Investment carrying value	4,777	4,777	4,777	4,777
• Percentage of ownership - 50% (1996 and 1995)				
• Ownership on accumulated loss at the beginning of the year	(1,894)	(1,012)	(1,894)	(1,012)
• Ownership of current year net loss	(854)	(882)	(854)	(882)
PT Fuji Bank Internasional Indonesia				
• Investment carrying value	15,000	7,500	15,000	7,500
• Percentage of ownership - 15% (1996 and 1995)				
PT Bank Credit Lyonnais Indonesia				
• Investment carrying value	7,500	7,500	7,500	7,500
• Percentage of ownership - 15% (1996 and 1995)				

PT Bank Internasional Indonesia Tbk and Subsidiaries
Notes to the Consolidated Financial Statements - continued

	Consolidated		Holding	
	1996	1995	1996	1995
6. Investments - continued				
PT Bank Dagang dan Industri				
• Investment carrying value	14,102	4,836	14,102	4,836
PT Bank BII Commonwealth				
• Investment carrying value	52,500	15,000	52,500	15,000
Investments of PT BII Finance Center	10,920	9,298		
Other investments	4,780	3,420	3,586	2,263
Total investments carrying value	106,831	50,437	271,515	187,566
Less : General provision	(2,926)	(110)	(2,926)	(110)
Total investment carrying value - net	103,905	50,327	268,589	187,456

PT Bank BII Commonwealth was incorporated in mid of 1996 and planned to start its operation in 1997. Investment in shares of PT Bank BII Commonwealth in 1995 represents deposit for establishing the respective bank.

Other investments represent long-term investments in shares of various companies in which the ownership of the Company is less than 5%. Those companies are PT Aplikasi Lintas Arta, PT Sarana Bersama Pembiayaan Indonesia, PT Sarana Sulsei Ventura and PT Sarana Bali Ventura.

The Directors are of the opinion that the investment are adequately secured and that the provision for doubtful debts at the respective balance sheet dates is sufficient.

The financial statements for subsidiaries are determined in notes 34 - Business activities information by segment.

7. Accrued income receivables

Consist of interest receivables of earning assets.

8. Prepayments

Rents	22,624	33,882	22,470	33,855
Others	19,240	25,971	17,172	25,019
Total prepayments	41,864	59,853	39,642	58,874

Other prepayments include insurance premiums, car licenses, advances for installing computers, purchasing uniforms, advertisements etc.

PT Bank Internasional Indonesia Tbk and Subsidiaries
Notes to the Consolidated Financial Statements - continued

9. Fixed assets

a. Cost and revaluation

	Consolidated		Holding	
	1996	1995	1996	1995
Land	67,402	59,556	67,401	59,556
Buildings	136,761	115,535	130,367	109,342
Office furniture and fixtures	30,465	22,307	29,658	21,273
Office equipment	106,078	77,854	103,733	77,250
Motor vehicles	42,330	31,713	40,342	30,532
Generators and air conditioners	7,202	7,107	6,832	6,750
Total cost and revaluation	390,238	314,072	378,333	304,703

b. Accumulated depreciation

Buildings	25,850	18,839	25,000	18,483
Office furniture and fixtures	19,791	16,091	19,268	15,517
Office equipment	68,986	48,206	67,975	47,838
Motor vehicles	29,485	24,891	28,701	24,128
Generators and air conditioners	5,508	4,138	5,337	4,045
Total accumulated depreciation	149,620	112,165	146,281	110,011
Book value	240,618	201,907	232,052	194,692

The following is movement of fixed assets for the year ended 31 December 1996 :

Acquisition and revaluation cost - consolidated :

	Balance 1 Jan. 1996	Addition	Disposal	Translation adjust.	Balance 31 Dec. 1996
Land	59,556	8,572	726	-	67,402
Buildings	115,535	22,137	1,112	201	136,761
Office furniture and fixtures	22,307	8,491	349	16	30,465
Office equipment	77,854	30,159	1,950	15	106,078
Motor vehicles	31,713	11,953	1,350	14	42,330
Generators and air conditioners	7,107	175	92	12	7,202
Total	314,072	81,487	5,579	258	390,238

Accumulated depreciation - consolidated :

	Balance 1 Jan. 1996	Addition	Disposal	Translation adjust.	Balance 31 Dec. 1996
Buildings	18,839	7,487	494	18	25,850
Office furniture and fixtures	16,091	3,965	272	7	19,791
Office equipment	48,206	21,570	798	8	68,986
Motor vehicles	24,891	5,767	1,180	7	29,485
Generators and air conditioners	4,138	1,410	56	16	5,508
Total	112,165	40,199	2,800	56	149,620
Net book value	201,907				240,618

PT Bank Internasional Indonesia Tbk and Subsidiaries
Notes to the Consolidated Financial Statements - continued

9. Fixed assets - continued

The following is the movement of fixed assets for the year ended 31 December 1995 :

Acquisition and revaluation cost - consolidated :

	Balance 1 Jan. 1995	Addition	Disposal	Translation Adjust.	Balance 31 Dec. 1995
Land	42,479	19,313	2,236	-	59,556
Buildings	80,017	36,477	1,207	248	115,535
Office furniture and fixtures	18,408	4,447	570	22	22,307
Office equipment	60,131	21,526	3,819	16	77,854
Motor vehicles	25,754	8,511	2,572	20	31,713
Generators and air conditioners	5,509	1,768	186	16	7,107
Total	232,298	92,042	10,590	322	314,072

Accumulated depreciation - consolidated :

	Balance 1 Jan. 1995	Addition	Disposal	Translation Adjust.	Balance 31 Dec. 1995
Building	13,213	5,775	163	14	18,839
Office furniture and fixtures	13,035	3,169	120	7	16,091
Office equipment	32,082	17,208	1,093	9	48,206
Motor vehicles	19,932	6,657	1,704	6	24,891
Generators and air conditioners	3,228	1,028	120	2	4,138
Total	81,490	33,837	3,200	38	112,165
Net book value	150,808				201,907

10. Other assets

	Consolidated		Holding	
	1996	1995	1996	1995
New branch opening costs	63,535	47,704	63,535	47,704
Fixed assets not in used	29,175	27,897	29,175	27,897
Assets seized on loans in default	70,164	21,390	70,164	21,390
Building renovation and repairs	3,281	5,953	3,281	5,953
Sundry receivables	53,792	1,775	53,470	1,530
Others	17,868	539	9,798	403
Total other assets	237,815	105,258	229,423	104,877

Sundry receivables include receivables from life insurance company and receivables from other parties.

Other assets include guarantee deposits for office rent, telephone and golf membership, loans or securities that have been settled but the payments are still in the clearing process.

PT Bank Internasional Indonesia Tbk and Subsidiaries
Notes to the Consolidated Financial Statements - continued

	Consolidated		Holding	
	1996	1995	1996	1995
11. Current accounts				
Comprised of :				
Interest bearing	1,850,441	1,052,027	1,828,484	1,099,719
Non-interest bearing	250,278	5,654	250,278	5,654
Total current accounts	2,100,719	1,057,681	2,078,762	1,105,373

The average interest rate of current accounts interest bearing in 1996 was 10.26% (1995 : 10.97%) per annum for Rupiah, and 5.81%% (1995 : 3.74%) per annum for foreign currencies.

The balance of current accounts being blocked as of balance sheet dates are nil.

12. Savings accounts

Comprised of :

BII savings accounts	1,482,430	984,202	1,482,430	984,202
Kesra savings accounts	147,060	154,628	147,060	154,628
Others saving accounts	657	1,195	137	870
Total savings accounts	1,630,147	1,140,025	1,629,627	1,139,700

The average interest rate offered in 1996 was 15.46% (1995 : 15.34%) per annum.

13. Time deposits

a. Classified based on tenure :

• 1 month	3,119,503	2,479,875	3,119,503	2,479,875
• 3 months	1,857,570	1,669,445	1,730,599	1,565,974
• 6 months	1,908,466	933,385	1,908,466	933,385
• 12 months	620,821	429,825	620,821	429,825
Total time deposits	7,506,360	5,512,530	7,379,389	5,409,059

b. The average interest rates of time deposits in Rupiah of Holding Company are as follows :

	1996	1995
• 1 month	16.59%	16.87%
• 3 months	17.20%	17.42%
• 6 months	17.10%	17.45%
• 12 months	17.34%	17.58%

PT Bank Internasional Indonesia Tbk and Subsidiaries
Notes to the Consolidated Financial Statements - continued

13. Time deposits - continued

c. The average interest rates of time deposits in foreign currencies of Holding Company are as follows :

	1996	1995
• 1 month	8.18%	8.43%
• 3 months	8.72%	8.58%
• 6 months	8.90%	8.97%
• 12 months	9.13%	8.82%

d. Total time deposits which are blocked or under-lien as of balance date was Rp. 1,710,215 million (1995 : Rp. 342,982 million).

14. Certificates of deposit

a. Comprised of :

	Consolidated		Holding	
	1996	1995	1996	1995
Certificates of deposit at face value	1,695,477	777,250	1,695,477	777,250
Less :				
Unamortized interest paid in advance	(77,810)	(22,202)	(77,810)	(22,202)
Total certificates of deposit - net	1,617,667	755,048	1,617,667	755,048

b. Holding Company's certificates of deposit classified based on tenure :

	1996	1995
• 1 month	223,169	22,041
• 3 months	145,178	11,806
• 6 months	1,061,627	669,267
• 12 months	265,503	74,136
Total	1,695,477	777,250

c. The average interest rates of certificates of deposit in Rupiah of Holding Company are as follows :

	1996	1995
• 1 month	16.68%	16.46%
• 3 months	16.71%	16.47%
• 6 months	16.40%	16.67%
• 12 months	16.16%	17.45%

PT Bank Internasional Indonesia Tbk and Subsidiaries
Notes to the Consolidated Financial Statements - continued

15. Other current liabilities

	Consolidated		Holding	
	1996	1995	1996	1995
Unclaimed matured deposits	15,490	8,701	15,490	8,368
Transfer, cheques for collection and clearing	12,589	5,409	12,589	5,409
Factored payable	36,365	27,443	-	-
Dividend payable	111	111	111	111
Other bank liabilities	17,837	7,111	13,573	7,111
Total other current liabilities	82,392	48,775	41,763	20,999

Other bank liabilities include payments for electricity, telephone and transfer process, etc.

16. Securities issued

	Consolidated		Holding	
	1996	1995	1996	1995
Bonds	194,700	194,700	194,700	194,700
Commercial papers	-	50,420	-	-
Total securities issued	194,700	245,120	194,700	194,700

In July 1995, the Company issued bonds amounting to Rp. 194,700 million which consist of:

Type	Certificate	Nominal Value	Amounts
Type A	600	1 million	600 million
Type B	450	10 million	4,500 million
Type C	296	100 million	29,600 million
Type D	120	500 million	60,000 million
Type E	100	1,000 million	100,000 million
Total	1,566		194,700 million

Wali Amanat for the issuance of these bonds is PT Bank Niaga. At initial public offering, the bonds are issued at 100% of nominal value. These bonds will mature on 24 July 2000, and are subject to interest of 18.5% per annum for the first year and floating rate for the year II, III, IV and V which is calculated based on the average interest rates of time deposits for 6 (six) months of PT Bank Negara Indonesia, PT Bank Ekspor Impor Indonesia, PT Bank Tabungan Negara, PT Bank Dagang Nasional Indonesia, PT Bank Bali and PT Bank Lippo plus premium of 2%.

The Holding Company will pay interest every 3 months in accordance with the payment date stated in each coupon. First interest coupon was paid on 1 October 1995. Meanwhile, the final interest coupon will be paid on 24 July 2000 at the maturity date of the bonds.

The bonds are secured by the Company's housing loans (KPR) amounting Rp. 205 billions (i.e. 105% of the value of bonds issued), the Company's claim to insurance company on the recovery of life insurance of the borrower and the recovery of fire insurance of the security pledge for the housing loans. This collateral agreement is documented by Notary Adam Kasdarmadji SH, in his Notary Deeds No. 289 dated 23 June 1995.

PT Bank Internasional Indonesia Tbk and Subsidiaries
Notes to the Consolidated Financial Statements - continued

16. Securities issued - continued

In accordance to the agreement with Wali Amanat, No. 287 dated 23 June 1995, the Company is required to make a reserve for the "sinking funds of bonds". The following are the schedule for setting-up the reserve for the sinking funds.

On 31 Dec. 1995	Minimum 1% of the total nominal value of bonds	Rp.	1,947 million
On 24 July 1996	Minimum 1% of the total nominal value of bonds	Rp.	1,947 million
On 24 July 1997	Minimum 2% of the total nominal value of bonds	Rp.	3,894 million
On 24 July 1998	Minimum 3% of the total nominal value of bonds	Rp.	5,841 million
On 24 July 1999	Minimum 4% of the total nominal value of bonds	Rp.	7,788 million
On 22 July 2000	100% of the total nominal value of bonds	Rp.	194,700 million

In the respective agreement, the Company is required to place the sinking funds of the bonds in time deposits and / or bonds issued or guaranteed by the State owned banks and / or Certificate of Bank Indonesia or other kind of deposits which are agreed by the Company and "Wali Amanat".

As of 31 December 1996, the sinking funds of bonds are placed on bonds which are secured by the State owned banks (see note 4).

The commercial papers issued by subsidiaries were subject to average interest rate of 9.5% per annum for foreign currencies and 18.3% per annum for Rupiah. The commercial papers are unsecured and have a tenure of three months.

17. Loans received

	Consolidated		Holding	
	1996	1995	1996	1995
• Two step loan (ADB, BOE Japan, OECF and AJDF)	103,873	87,784	103,873	87,784
• Small investment loans (KIK)	36,071	14,330	36,071	14,330
• KPRS and KPG	816	938	816	938
Total loans received from Bank Indonesia	140,760	103,052	140,760	103,052
Placements from other banks	1,151,215	777,923	599,240	663,020
Loans from other banks	1,317,983	959,743	1,107,302	852,288
Total loans received	2,609,958	1,840,718	1,847,302	1,618,360

The "Two step loan" is a loan from Bank Indonesia which is a facility received from Asian Development Bank amounting to Rp. 35,503 million (1995 : Rp. 15,111 million), Bank Export Import Japan amounting to Rp. 34,349 million (1995 : Rp. 39,633 million), AJDF amounting to Rp. 24,446 million and OECF amounting to Rp. 9,575 million (1995 : Rp. 8,593 million). The maximum facility of the loan from the Asian Development Bank is the Rupiah equivalent of US\$ 25 million (1995 : US\$ 22.2 million), Bank Export Import of Japan is the Rupiah equivalent of JPY 2,400 million (1995 : JPY 2,140 million), AJDF is the Rupiah equivalent of JPY 995 million and OECF is the Rupiah equivalent of JPY 177 million (1995 : JPY 672 million). Loans which are received from ADB will mature in 2008, Bank Exim of Japan will mature in 2003, AJDF will mature in 2009 and OECF will mature in 2013.

PT Bank Internasional Indonesia Tbk and Subsidiaries
Notes to the Consolidated Financial Statements - continued

17. Loans received - continued

The loans received from Bank Indonesia including two step loans are unsecured and bear interest rate between 4% - 14% (1996 and 1995) per annum. The loans (KIK, KPRS and KPG) will mature in 2007.

Represent the balance of placements from other banks (interbank taking) which are obtained from money markets with interest rates ranging between 12% and 15% (1996 and 1995) per annum for Rupiah and 6% and 8% per annum for foreign currencies (1996 and 1995).

Loans from other banks represent the balance of loans received from local banks and overseas banks, unsecured with average interest rate 17.25% per annum for Rupiah and 8% per annum for foreign currencies. The loans have tenure between one to two years and act as loan with "roll over" facility.

18. Accrued expenses

	Consolidated		Holding	
	1996	1995	1996	1995
Accrued interest expenses	82,208	59,603	75,149	55,354
Other accrued expenses	26,323	1,399	25,313	1,185
Total accrued expenses	108,531	61,002	100,462	56,539

19. Taxes payable

a. Comprised of:

	Consolidated		Holding	
	1996	1995	1996	1995
Corporate income tax - PPh art 29	11,613	10,466	8,079	8,356
Employee and withholding tax - PPh art. 21 and 23	3,299	2,180	3,299	2,180
Total taxes payable	14,912	12,646	11,378	10,536

Lodgment of tax returns is based on taxpayers' own calculation of tax liabilities. The tax authorities may conduct a tax audit on the Company for up to ten years thereafter.

PT Bank Internasional Indonesia Tbk and Subsidiaries
Notes to the Consolidated Financial Statements - continued

19. Taxes payable - continued

b. Corporate income tax reconciliation of the Holding Company for 1996 is as follow :

	1996
Profit before corporate income tax	360,857
Less : Investment income resulting the presentation of investment using equity method	(29,214)
Holding's profit before corporate income tax	331,643
Positive corrections :	
• Loss on investment (equity method)	854
• Donations	8,607
• Employee benefits	479
• Difference in operating and capital lease	500
Negative corrections :	
• Investment income (unrealized income of reksadana)	(3,247)
• Dividend income	(3,985)
Net positive corrections	3,208
Taxable income	334,851

Calculation of corporate income tax :

Corporate income tax for 1996 :

10% X Rp	25 million	= Rp	3 million
15% X Rp	25 million	= Rp	4 million
30% X Rp	334,801 million	= Rp	100,440 million

Estimated corporate income tax expense	100,447
Less : Prepaid income tax	(92,368)
Corporate income tax payable - PPh art. 29	8,079

20. Other liabilities

	Consolidated		Holding	
	1996	1995	1996	1995
Liabilities on export L/C notes which are discounted to other banks	471,546	1,143,701	471,546	1,143,701
Margin deposits	28,099	22,977	13,798	22,851
Deferred income	39,928	19,272	37,379	16,692
Interbranch	18,427	5,840	18,427	5,840
Others	30,771	26,192	26,544	20,164
Total other liabilities	588,771	1,217,982	567,694	1,209,248

Other liabilities include accrued general and administration expenses, and payable for purchasing additional investments and assets by subsidiaries.

PI Bank Internasional Indonesia Tbk and Subsidiaries
Notes to the Consolidated Financial Statements - continued

21. Share capital

The share capital remains unchanged in year 1995.

In the Annual Shareholders Meeting and Extra-ordinary Shareholders Meeting held on 18 June 1996 documented in Notary Deeds of Notary Sutjipto SH No. 103 and 104 dated 18 June 1996, the Company distributed 35,144,789 share dividend amounting to Rp. 393,622 million, distributed cash dividend Rp. 60 per share and converted capital surplus amounting Rp. 253,042 million into 253,042,483 shares. After the share dividend and capital surplus conversion, the capital of the Company has increased from Rp. 316,303 million to Rp. 604,490 million.

In the Extra-ordinary Shareholders Meeting held on 29 August 1996 documented in Notary Deeds of Notary Sutjipto SH No. 101 dated 29 August 1996, the Company converted capital surplus amounting Rp. 362,694 million into 362,694,226 shares. After the capital surplus conversion, the capital of the Company has increased from Rp. 604,490 million to Rp. 967,185 million.

In the Annual Shareholders Meeting and Extra-ordinary Shareholders Meeting held on 13 September 1996 documented in Notary deed of Notary Sutjipto SH No. 130 dated 13 September 1996, the Company decided to split its shares' nominal and increased the Company's authorized capital into 7,736,000,000 shares amounting to Rp. 3,868,000 million. After this change of the shares' nominal value become Rp. 500 per share, the number of shares is 1,934,369,204 shares. The decision of this Extra-ordinary Shareholders Meeting were approved by the Minister of Justice of the Republic of Indonesia through his Letter No.C2-9626.HT.01.04.Th.96 dated 21 October 1996.

The Company's shareholders as of balance date are as follows :

	31 December 1996			31 December 1995		
	%	Shares (thousand)	Rp. (million)	%	Shares (thousand)	Rp. (million)
PT Sinar Mas Multiartha Tbk	51	986,598	493,299	51	161,326	161,326
Public	49	947,771	473,886	49	154,977	154,977
Total	100	1,934,369	967,185	100	316,303	316,303

Summary of share capital changes during 1995 and 1996 are as follows :

	Shares	Paid up capital (Rp. million)
Beginning balance as of 1 January 1995	316,303,104	316,303
Share dividends in 1996 Every shareholders received 1 share for each 9 shares owned	35,144,789	35,145
Bonus share in 18 June 1996 Derived from capital surplus, every shareholders received 80 shares for each 100 shares owned	253,042,483	253,043
Bonus share in 29 August 1996 Derived from capital surplus, every shareholders received 60 shares for each 100 shares owned	362,694,226	362,694
Change of nominal value in 13 September 1996 Changes in nominal value from Rp. 1,000 per share to Rp. 500 per share	(967,184,602) 1,934,369,204	(967,185) 967,185
Total paid up capital as of 31 December 1996	1,934,369,204	967,185

PT Bank Internasional Indonesia Tbk and Subsidiaries
Notes to the Consolidated Financial Statements - continued

	Consolidated		Holding	
	1996	1995	1996	1995

24. Derivative financial instruments

- a. The Company deals in a variety of derivative financial instruments - principally forward contracts, options and swaps - which enable the Company and its customers to modify their interest rate and foreign exchange exposures.

Forward foreign exchange contracts are commitments to deliver financial instruments to the seller or buyer for sell or buy several certain currencies on a future date at a specified price.

Option contracts give the acquirer the right to buy or sell a financial instrument at a specified price within a specified period.

Swap contracts are comprised of currency swap and interest swap. Swap contracts are commitments to settle in cash on a future date or dates, interest rate commitments or currency amounts based upon a notional principal amount.

Derivative financial instrument trading gives rise to market and credit risks.

The market risk of derivative financial instruments arises from the potential for changes in value due to fluctuations in interest and foreign exchange rates.

The credit risk of derivative financial instruments arises from the potential for counterparty to default on its contractual obligations.

The notional or contract amount of derivative financial instruments stated on Statement of Commitments and Contingencies represent the volume of outstanding transactions and do not represent the potential for gain or loss associated with the market risk or credit risk of such instruments.

- b. Commitments on purchases and sales of foreign currencies

Outstanding foreign currencies purchase at the balance sheet dates are as follows :

Foreign currencies spot purchases :				
Deutsche Mark (DEM)	-	13,810	-	13,810
United States Dollar (USD)	14,394	83,088	14,394	83,088
Total foreign currencies spot purchases	14,394	96,898	14,394	96,898
Foreign currencies forward purchases :				
Australian Dollar (AUD)	18,934	14,907	18,934	14,907
Canadian Dollar (CAD)	2,705	1,528	2,705	1,528
Deutsche Mark (DEM)	23,339	182,796	22,202	182,796
Great British Poundsterling (GBP)	19,680	159,738	19,680	159,738
Hong Kong Dollar (HKD)	9,544	16,186	-	-
Italian Lira (ITL)	12,013	1,215	12,013	1,215
Japanese Yen (JPY)	63,563	14,378	61,308	12,067
New Zealand Dollar (NZD)	5,916	4,836	5,916	4,836
Singapore Dollar (SGD)	106,200	113,823	104,856	112,626
Scandinavian Enskivilda Krone (SEK)	-	380,742	-	380,742
United States Dollar (USD)	472,470	3,178,667	462,954	3,178,667
Total foreign currencies forward purchases	734,364	4,068,816	710,568	4,049,122

PT Bank Internasional Indonesia Tbk and Subsidiaries
 Notes to the Consolidated Financial Statements - continued

	Consolidated		Holding	
	1996	1995	1996	1995
27. Other income				
Credit card administration	11,950	9,528	11,950	9,528
Investment banking administration	8,275	3,007	8,275	3,007
Retail administration	8,591	6,987	8,591	6,987
Loan given administration	7,991	4,848	7,991	4,848
Export and import administration	1,379	1,303	1,379	1,303
Derivative transaction administration	501	621	501	621
Capital gain - capital market	9,338	32,718	9,338	32,718
Banking services	3,715	2,347	3,215	2,347
Others	14,122	8,936	13,865	8,503
Total other income	65,862	70,295	65,105	69,862
28. General and administrative expenses				
General	43,919	45,183	40,724	42,851
Rents	26,155	17,393	25,855	17,393
Administration	15,013	11,555	15,013	11,555
Promotion	17,212	19,347	16,918	19,262
Printing and stationeries	12,931	7,342	12,793	7,289
Telephone, telex and wires	12,139	8,839	11,907	8,750
Research and development	6,604	3,535	6,561	3,492
Professional and advisory	21,429	8,457	21,363	8,287
Water and electricity	6,380	5,857	6,320	5,848
Stamps and stamps duty	4,549	2,625	4,483	2,608
Supplies	2,847	2,336	2,796	2,321
Total general and administrative expenses	168,578	132,469	164,733	129,656
29. Non-operating income				
Investment income	3,247	-	32,461	14,879
Gain on sales of fixed assets	949	20,764	842	20,762
Rents	717	685	717	685
Dividend received	3,985	1,209	3,985	1,209
Others	2,677	6,290	2,668	3,639
Total non-operating income	11,575	28,948	40,673	41,174

Other non-operating income includes gain on sales of assets seized by the Company and other service fees.

PT Bank Internasional Indonesia Tbk and Subsidiaries
Notes to the Consolidated Financial Statements - continued

	Consolidated		Holding	
	1996	1995	1996	1995
30. Non-operating expenses				
Investment loss	854	1,342	854	1,342
Legal, court and mortgage	2,955	1,180	2,955	1,180
Penalties	75	1,079	75	1,077
Donations	8,607	150	8,607	150
Others	2,394	4,325	2,105	4,215
Total non-operating expenses	14,885	8,076	14,596	7,964

The donations for the year ended 31 December 1996, including the poverty fund for the purpose of providing welfare to the needy family (Pembinaan Keluarga Prasejahtera) and welfare family I (Keluarga Sejahtera I) for 1995 and donations for establishing Yayasan Dana Sejahtera Mandiri.

Other non-operating expenses include meeting, sport and recreation, and other general requirement.

31. Transactions with affiliated parties

In its normal course of business, the Company carries out transactions with affiliated parties (see note 2p) using the conditions applicable to other third parties, except loans given to employees. Balances with affiliated parties as of balance date are as follows :

Assets :				
• Current account at other banks	93,153	-	-	-
• Securities-reksadana units	423,247	-	423,247	-
• Loans and advances - customers	645,843	137,868	638,604	137,868
• Loans and advances - employees	25,860	21,916	23,098	21,312
• Other assets	49,720	-	49,720	-
Total assets	1,237,823	159,784	1,134,669	159,180
Liabilities :				
• Current accounts	159,543	149,024	273,674	149,024
• Time deposits	267,896	219,340	267,896	219,340
• Loans received	67,358	78,114	67,358	57,313
Total liabilities	494,797	446,478	608,928	425,677

As mentioned in notes 4 and 5, the Company has also carried out transactions with affiliated parties for purchasing export bills and for channelling small business credits (KUK).

PT Bank Internasional Indonesia Tbk and Subsidiaries
Notes to the Consolidated Financial Statements - continued

32. Assets and liabilities in foreign currencies

a. Balance of assets and liabilities which are in the foreign currencies as of balance sheet dates are as follows :

	Consolidated		Holding	
	1996	1995	1996	1995
Assets :				
Cash on hand	12,305	20,399	11,996	19,929
Current accounts at Bank Indonesia	95,320	50,776	95,320	50,776
Current accounts at other banks	220,421	227,285	88,998	215,376
Placements at other banks	67,892	373,179	40,035	367,923
Securities	2,704,060	1,896,701	2,447,407	1,892,079
Loans and advances	3,966,846	2,736,862	3,455,630	2,403,990
Investments	1,194	4,795	117,807	77,485
Accrued income receivables	27,109	14,601	23,276	13,236
Prepayments	9,807	18,085	8,529	17,740
Fixed assets	7,038	6,520	-	-
Other assets	3,111	1,105	1,815	920
Total assets	7,115,103	5,350,308	6,290,813	5,059,454
Liabilities :				
Current accounts	891,272	335,594	869,315	382,469
Savings accounts	624	325	104	-
Time deposits	2,983,920	2,409,312	2,856,949	2,305,841
Other current liabilities	34,869	14,646	34,682	-
Securities issued	-	50,420	-	-
Loans received	2,116,771	1,429,483	1,431,542	1,293,808
Accrued expenses	16,543	30,101	16,359	25,756
Taxes payable	1,137	338	-	-
Other liabilities	486,030	1,170,480	469,175	1,162,849
Total liabilities	6,531,166	5,440,699	5,678,126	5,170,723

b. The following is the Company's foreign currency Net Open Position ("Posisi Devisa Neto") in the balance sheets and administrative accounts as of balance sheet dates :

As of 31 December 1996

Currencies	Assets	Liabilities	Net Open Position
Balance sheets :			
United States Dollar	6,770,556	6,123,038	647,518
Great British Poundsterling	21,919	42,329	(20,410)
Japanese Yen	10,474	12,422	(1,948)
Deutsche Mark	29,916	52,188	(22,272)
Netherlands Guilder	833	194	639
Others	199,106	293,749	(94,643)
Total balance sheets	7,032,804	6,523,920	508,884

PT Bank Internasional Indonesia Tbk and Subsidiaries
Notes to the Consolidated Financial Statements - continued

32. Assets and liabilities in foreign currencies - continued

Currencies	Assets	Liabilities	Net Open Position
Administrative accounts :			
United States Dollar	316,769	797,531	(480,762)
Great British Poundsterling	19,680	-	19,680
Japanese Yen	61,309	57,842	3,467
Deutsche Mark	22,202	256	21,946
Others	144,419	11,983	132,436
Total administrative accounts	564,379	867,612	(303,233)
Total balance sheets and administrative accounts	7,597,183	7,391,532	205,651

As of 31 December 1995

Currencies	Assets	Liabilities	Net Open Position
Balance sheets			
United States Dollar	5,890,736	5,943,012	(52,276)
Great British Poundsterling	16,980	33,856	(16,876)
Japanese Yen	9,736	7,338	2,398
Deutsche Mark	42,700	78,229	(35,529)
Netherlands Guilder	1,250	368	882
Others	196,423	300,910	(104,487)
Total balance sheets	6,157,825	6,363,713	(205,888)
Administrative accounts :			
United States Dollar	3,261,755	3,362,686	(100,931)
Great British Poundsterling	159,738	143,263	16,475
Japanese Yen	12,068	12,616	(548)
Deutsche Mark	196,605	159,832	36,773
Others	515,853	381,912	133,941
Total administrative accounts	4,146,019	4,060,309	85,710
Total balance sheets and administrative accounts	10,303,844	10,424,022	(120,178)

PT Bank Internasional Indonesia Tbk and Subsidiaries
Notes to the Consolidated Financial Statements - continued

33. Pension fund

The Company has a defined benefit pension plan for all of its permanent employees until the period ended 30 April 1996. The criteria to join the pension benefits is permanent employee above 18 years old or has married. The pension fund is managed by Dana Pensiun Bank Internasional Indonesia and is invested in the short-term time deposits and shares. The latest report of the actuary was made by PT Jasa Aktuaria Praptasentosa Gunajasa on 25 August 1995. The available balance for pension fund as of 30 June 1996 is Rp. 9,447 million, while the total premium reserved is Rp. 8,540 million.

In April 1996, the pension fund scheme of the Company has changed from defined benefit pension plan into defined contribution pension plan. The net assets available for benefit as of the changes of the pension program was Rp. 12,480 million. The change of the pension fund scheme was approved by Finance Department of the Republic of Indonesia through its Letter No. Kep-147/KM.17/1996 dated 16 April 1996.

Pension expense for 31 December 1996 and 1995 are Rp. 1,281 million and Rp. 1,017 million. Since the set up of the scheme (year 1990), the total pension fund made by the Company and received by Dana Pensiun BII until 31 December 1996 is as much as the total pension fund realized as expense up to the respective date, which is amounted Rp. 9,642 million.

34. Business activities information by segment

The following are financial information of the Holding Company and subsidiaries :

a. Business activities

Company	Business activities
Holding Company	Banking
BII Finance Co. Limited, Hong Kong	Banking
Bank Internasional Ningbo, China	Banking
PT BII Finance Center	Multifinance

b. Total assets

The following is total assets of the Holding Company and subsidiaries as of 31 December 1996 :

Holding Company	16,707,330
BII Finance Co. Limited	332,614
Bank Internasional Ningbo	681,791
PT BII Finance Center	289,643
Total assets before consolidation elimination	18,011,378
Less : Consolidation elimination	(304,345)
Total assets after elimination	17,707,033

PT Bank Internasional Indonesia Tbk and Subsidiaries
Notes to the Consolidated Financial Statements - continued

34. Business activities information by segment - continued

c. Interest earned

The following is interest earned of the Holding Company and subsidiaries for the year ended 31 December 1996 :

Holding Company	1,981,202
BII Finance Co. Limited	18,593
Bank Internasional Ningbo	46,226
PT BII Finance Center	47,140
Total interest earned before consolidation elimination	2,093,161
Less : Consolidation elimination	(7,280)
Total interest earned after consolidation elimination	2,085,881

d. Operating profit

The following is operating profit of the Holding Company and subsidiaries for the year ended 31 December 1996 :

Holding Company	334,780
BII Finance Co. Limited	6,206
Bank Internasional Ningbo	13,150
PT BII Finance Center	17,998
Total operating profit before consolidation elimination	372,134
Less : Consolidation elimination	
Total operating profit after consolidation elimination	372,134

e. Net profit

The following is net profit of Holding Company and subsidiaries for the year ended 31 December 1996 :

Holding Company	260,410
BII Finance Co. Limited	5,200
Bank Internasional Ningbo	11,602
PT BII Finance Center	12,412
Net profit before consolidation elimination	289,624
Less : Consolidation elimination	(29,214)
Net profit after consolidation elimination	260,410

15. Events subsequent to balance sheet dates

The Holding Company received the proceeds from selling their shares through a limited public offering shares amounted to Rp. 967,185 million on 28 February 1997. This limited public offering shares has resulted the share capital of the Holding Company increased from Rp. 967,185 million to Rp. 1,611,974 million and the capital surplus of the Holding Company increased from Rp. 7,290 million to Rp. 329,686 million.

The composition of the Holding Company at 28 February 1997 is as follows :

Shareholders	%	Number of shares (thousand)	Paid-up capital (Rp. million)
PT Sinar Mas Multiartha Tbk	51	1,651,542	825,771
Public	49	1,572,406	786,203
Total	100	3,223,948	1,611,974

16. Reclassification of Accounts

Certain figures in the consolidated financial statements for the year ended 31 December 1995 have been reclassified to correspond with presentation of the consolidated financial statements for the year ended 31 December 1996.