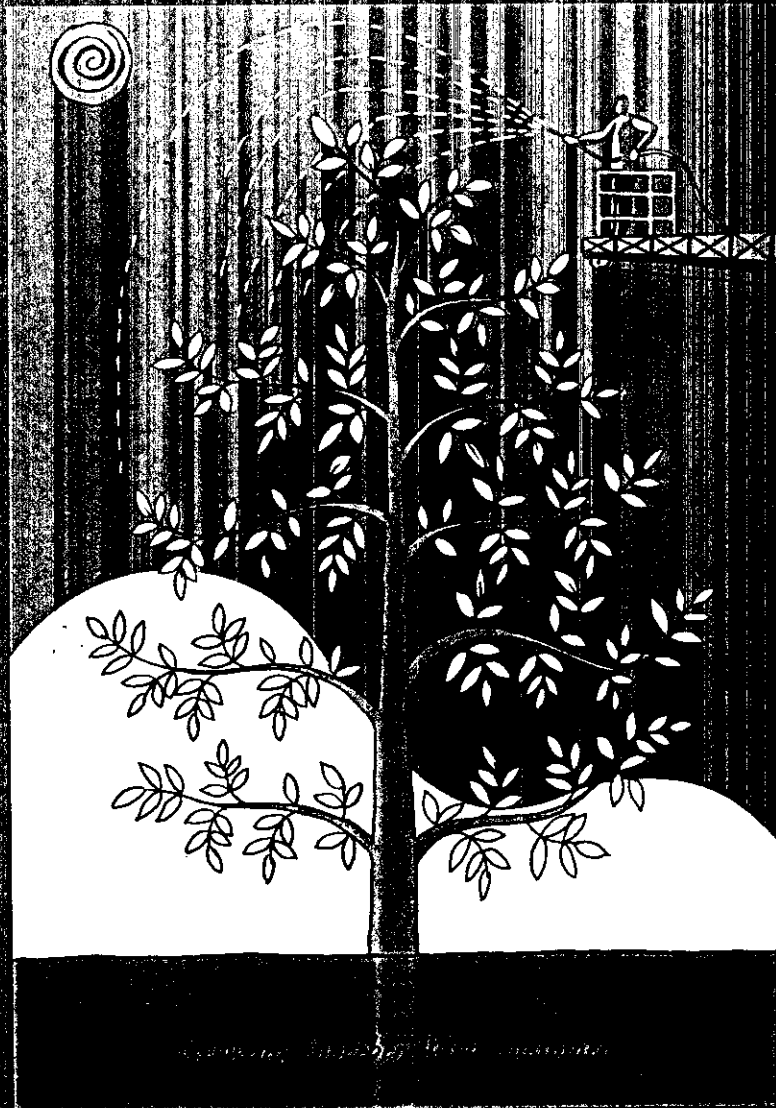


MASTER

ANNUAL REPORT 1995





GROWING TOGETHER IS THE RESULT OF  
COMMITMENT, COMPETENCE AND CONSISTENCY  
COMBINED WITH TEAMWORK IN  
A PRUDENT MANAGEMENT.

Financial Highlights  
3.

Mission, Vision, Business Principles Priority  
5.

Brief History  
7.

Report from Management  
11.

Organization  
33.

Report from the Public Accountant  
35.

Network of Offices  
56.

Shareholders Information  
58.



COMPETENCE ISN'T BUILT IN ONE DAY,  
IT TAKES A LOT OF CONTINUOUS HARD WORK.

(in Million Rupiah)

	1995	1994	1993	1992	1991
Total Assets	875,313	655,344	463,215	381,616	323,170
Loans (net)	709,086	553,906	387,560	308,764	258,905
Customer deposits	639,914	500,216	406,667	332,476	269,695
Stockholders' equity	115,676	102,277	25,255	20,720	18,489
Total revenue	147,358	95,606	83,936	80,573	70,198
Total expenses	123,881	79,489	78,256	77,381	67,282
Income before tax	23,476	16,118	5,680	3,193	2,916
Net income	17,192	13,521	4,535	2,227	1,784
RATIOS					
Return on Assets (ROA)	2.68%	2.46%	1.23%	0.84%	0.90%
Return on Equity (ROE)	20.29%	15.76%	22.49%	15.41%	15.77%
Capital Adequacy Ratio (CAR)	13.74%	15.39%	8.31%	7.56%	8.01%
Loan to Deposit Ratio (LDR)	87.54%	88.36%	90.13%	91.97%	94.11%



COMMITMENT

THE PUBLIC PLACES ITS TRUST UPON US  
AS A PROVIDER OF FINANCIAL SERVICES SUCH AS  
TO PROTECT CUSTOMER DEPOSITS,  
TO MAKE LOANS FOR WORTHY PURPOSES AND  
TO BE PRUDENT IN OUR BUSINESS PRACTICES.  
THESE ARE SIMPLY OUR COMMITMENTS.

**MISSION** Our mission is to serve the customers, employees, public and shareholders through the highest commitments toward financial soundness, professionalism, ethics and profitability.

**VISION** NISP will continue to become one of the best financial institutions that has regional basis with international quality and services

**BUSINESS PRINCIPLES PRIORITY** 1. Soundness 2. Profitability 3. Growth



CONSISTENCY



BEING CONSISTENT AIMS TO PROVIDE  
THE SAME LEVEL OF QUALITY ON A CONTINUOUS BASIS,  
BUT WE WILL ALWAYS TRY TO BE BETTER AND BETTER.

Bank NISP was established on April 4, 1941 as N.V. Nederlandsch Indische Spaar en Deposito Bank in Bandung, West Java. Later, the name was changed to PT Bank Nilai Inti Sari Penyimpan and used the initials 'N.I.S.P.'. However, starting from 1981, the name NISP has become one word and is no longer an abbreviation.

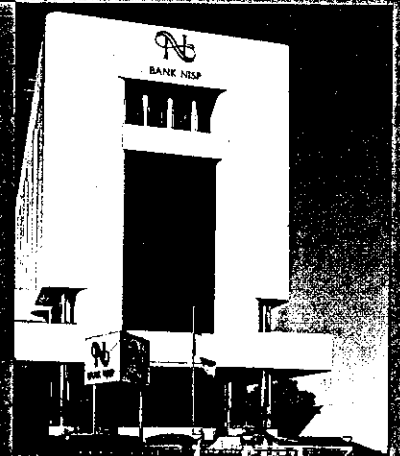
Being the fourth oldest bank in the nation, Bank NISP began its operations as a savings bank before being upgraded into a commercial bank in 1967. It served as one of the largest savings banks in Indonesia during the early days of establishment.

Bank NISP has received high government's trust and it was among the first banks selected to channel government subsidized credits, to participate in the government saving programs and to issue bank guarantees for government projects.

*The network of  
Bank NISP's branches  
is represented by a tree  
growing steadily  
and prudently.*



*The logo reflects  
Bank NISP's history,  
personality and a focus for  
future development.*



*Bank NISP's Branch office  
in Jakarta.*

In 1972, Bank NISP entered into a joint financing and technical assistance agreement with Daiwa Perdania Bank, a joint venture between Daiwa Bank of Japan and Indonesian partners. NISP later became a shareholder of Daiwa Perdania Bank. This was the first joint venture bank in Indonesia and ranked as the best in quality according to SWA magazine 1995 edition.

In 1989, Bank NISP was appointed as one of the seven major banks to be a market maker of SBI and SBPU, the major money market instruments of the Central Bank which employed to expand and contract the nation's money circulation.

Following that achievement, NISP was granted a foreign exchange license in 1990. Since then, it has been entrusted by Exim Bank of Japan, and FMO (Development Bank of Netherlands) to channel soft long term loans to small and medium scale businesses. Furthermore, The US Government has also approved Bank NISP's participation in their USAID Programme in Indonesia.

On October 20, 1994, the Bank became a publicly listed company by offering 12.5 million of shares or 20 % of its ownership to the public. Its shares are listed in the Jakarta Stock Exchange and received domestic as well as foreign enthusiastic responses.

During 1995, Bank NISP received numerous accolades and recognition as testament to its stellar performance. In the early part of the year, NISP received an upgrading of its "Intra - Country Issuer Rating" from C to B/C by Thomson BankWatch Asia. It was the highest rating permissible in Indonesian banking societies. Towards to the closure of 1995, the Bank has successfully obtained the ISO 9002 Certification award from the Standard Australia Quality Assurance Services (SAQAS), the world second biggest ISO certification body.



TEAMWORK

SOME SUCCEED BECAUSE THEY ARE DESTINED TO,  
MOST SUCCEED BECAUSE THEY WORK TOGETHER.

## I GOVERNMENT POLICIES

Prudent management combine with soundness, profitability and growth principles proved to be the major components of Bank NISP's continuous success. While the economic condition in Indonesia during 1995 was marked by high inflation rate and current account deficit, Bank NISP showed another convincing record of achievements.

Battling the overheated economic condition, Bank Indonesia continued its effort in 1995 to create a method of bank supervision based on self-regulatory banking principles.

Since the major deregulation in 1988, the government has issued several prudent banking policies such as :

### A. LEGAL LENDING LIMIT

This policy requires banks to have a diversified loan portfolio including limiting banks to over lend to their own business groups. NISP, as an independent bank, is almost not affected by this regulation. The Bank has a well-diversified portfolio where the average size of its loan is only about USD 42,000 per account.

## B. CAPITAL ADEQUACY RATIO (CAR)

In increasing the quality of the national banks, the Central Bank has recently increased Capital Adequacy Ratio to be 12% by the year of 2001. This new rule would be fulfilled comfortably by NISP as its current CAR at December 31, 1995 is at 13.74%. Another concern of the regulator is that existing foreign exchange banks must have their capital to a minimum of Rp. 150 billion before the year 2000. NISP will be able to reach the requirements in 1997 far before the deadline and without difficulty.

## C. RESERVE REQUIREMENTS RATIO

The increasing reserve requirements ratio from 2% to 3% will also have a minor affect to Bank NISP's income due to its ability in having lower than average cost of funds, and in increasing its fee based income as well as its quality of assets. This shows the ability of Bank NISP in adapting to changes.

## D. CREDIT GROWTH CEILING

For the coming year of 1996, Bank Indonesia will restrict bank's credit expansion growth to the average of 17.2%. However, this limitation will be applied proportionally according to each bank's condition. For Bank NISP, Bank Indonesia already allows 25% loan growth which is above the national ceiling. Another fine recognition for Bank NISP's soundness.

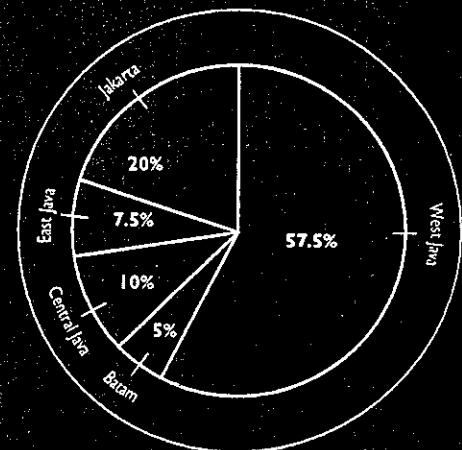
12

## WEST JAVA MARKET NICHE

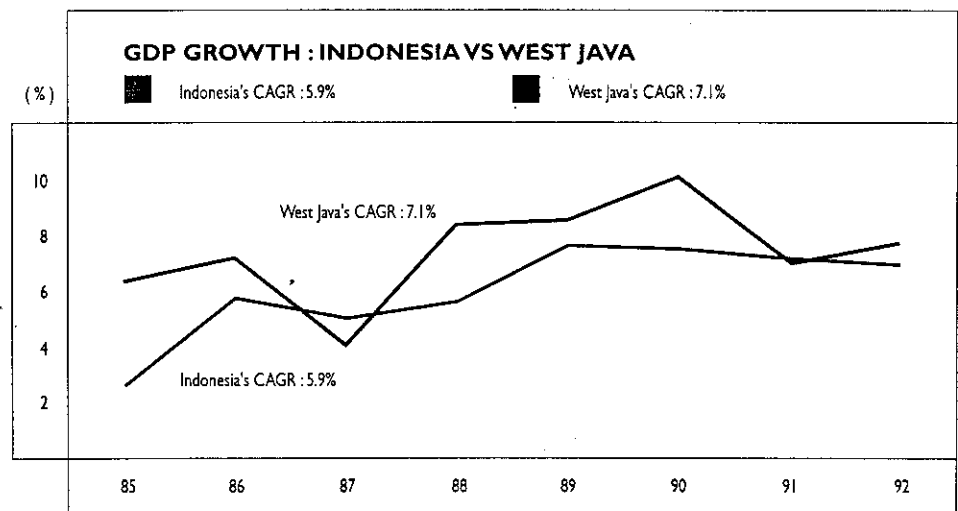
Bank NISP has always valued its reputation as being prudent in expanding its branches. The Bank has 40 offices. There are 31 in West Java and Jakarta while several other branches scattered in Central Java, East Java and the special economic district of Batam island.

YEAR OFFICE NETWORKS

YEAR	OFFICE NETWORKS
1991	22
1992	29
1993	32
1994	35
1995	40



OFFICE'S CONCENTRATION  
as of December 31, 1995



Source : BPS (Biro Pusat Statistik)

In opening a branch, management stresses the importance of spending enough time in observing business potential in the area. Once established, the branches would be monitored intensively. Sudden entrances and exits from a particular area would be avoided as it would jeopardize the Bank's reputation for reliability. The land value of NISP's branches is steadily appreciating and occupying prime locations in the rapidly developing cities and towns.

West Java has become Indonesia's manufacturing center, partly because its closed location to the nation's capital, Jakarta. The CAGR of West Java's GDP was 7.1% between 1985 and 1992, compared to 5.9% for Indonesia as a whole. NISP will certainly continue to benefit from the province's rapid economic development.

## 2.4.1. FUNDS PORTFOLIO STRATEGY

At the end of 1995, Bank NISP's total deposits reached Rp. 63.9 billion, or a 27.93% growth from Rp. 500.22 billion the year before. As a result of its solid reputation as a prudent bank, Bank NISP has always been able to attract long term deposits from its customers. In the average, most time deposits in Indonesian banks will have a maturity below 6 months. However, NISP's funding base is more stable than the sector average, i.e. time deposits with maturities of 12 months or more accounted for 31.53% of total time deposits. The Bank also has a great number of 3 generations' depositors where the customer has been banking with NISP since the grandparents to the grandchildren.

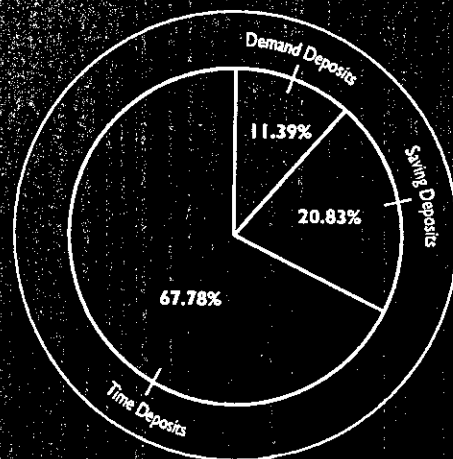
In attracting deposits, the Bank also pays attention to its diversification in the size of each deposit. This strategy has successfully resulted a well-spread deposits portfolio. For example, its average deposits was Rp. 4.47 million/account only.

14

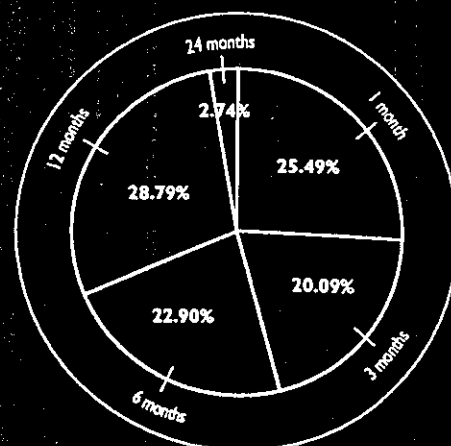
Other achievement is in the diversification of fund sources. In 1995, Bank NISP has gained trust by receiving funds from more international financial institutions both government as well as private, amounting of more than USD 35 million in forms of Medium Term Notes, Floating Rate Notes and direct lending.

In general, NISP's deposits growth has been much more solid and sustainable. The CAGR deposit growth since 1985 has been 24.10%

**THIRD PARTY FUNDING**  
as of December 31, 1995



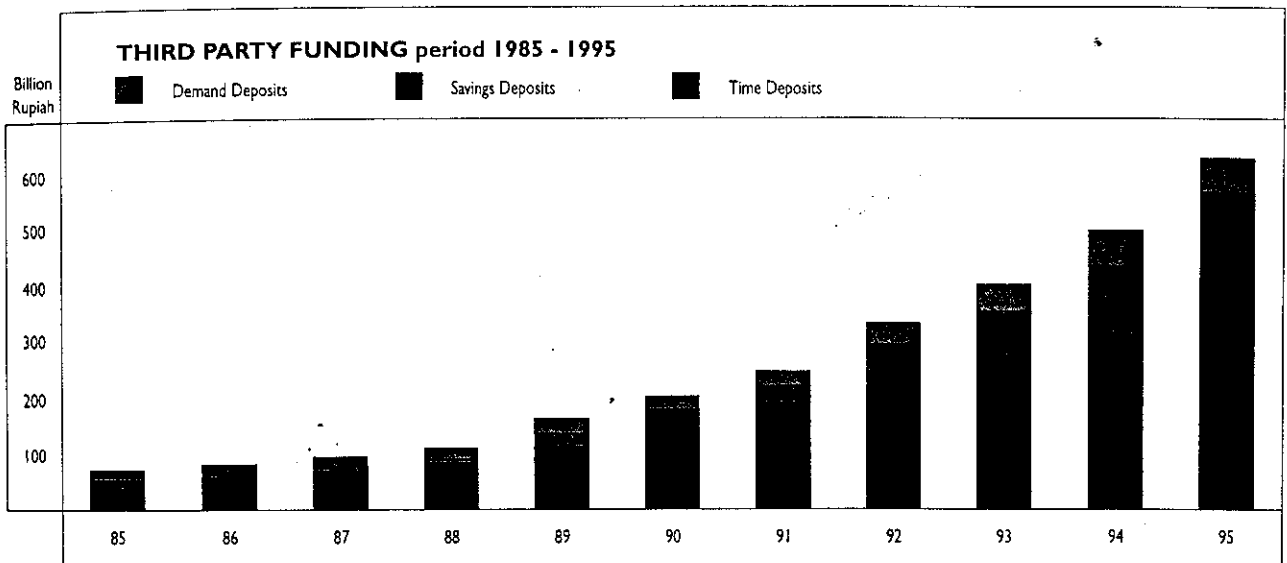
**TIME DEPOSIT MATURITIES**  
as of December 31, 1995





### DEPOSITS GROWTH 1985-1995

Year	(in Billion Rupiah)
1985	75.036
1986	82.481
1987	99.609
1988	121.157
1989	167.075
1990	204.669
1991	269.695
1992	332.476
1993	406.667
1994	500.216
1995	639.914

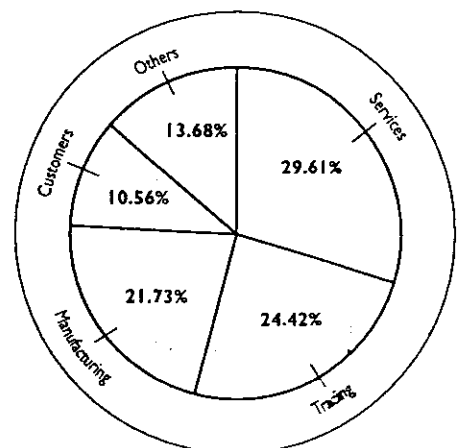


*Average Growth of Deposits : 24.10 %*

### 2.2 LOAN PORTFOLIO STRATEGY

Bank NISP's main market segment in loans distribution emphasizes on small and medium enterprises. This has been the Bank's speciality since its establishment 55 years ago. The total loan distribution was budgeted to increase 25% from 1994 while its realization in 1995 was 28.02%, a growth to Rp.709.09 billion. The three main sectors of loan portfolio were services with a percentage of 29.61%, followed by 24.42% in trading and 21.73% in manufacturing sector. The Bank's loan portfolio always shows a healthy distribution of risks.

**LOAN PORTFOLIO BY SECTORS**  
as of December 31, 1995



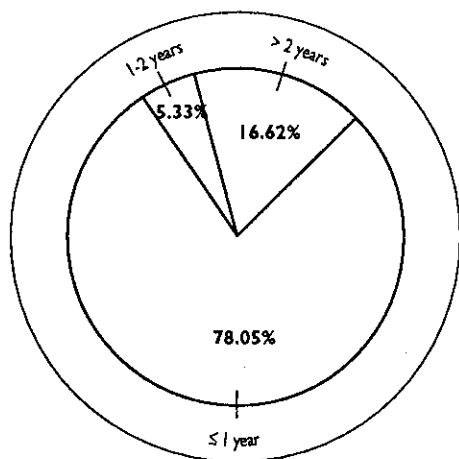


*Service culture is adopted to be  
the hallmark of our Bank.*

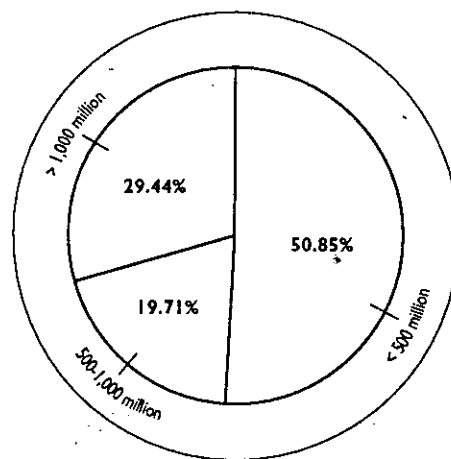
Gap liquidity has been maintained adequately. Furthermore, the liquidity factor is strengthened by the fact that 83.38% of its loan have maturity below two years, and only 16.62% have maturity for over 2 years. Most of the loans have floating rate arrangement.

Small to medium scales of financing are the areas that NISP targets and continues to allocate a substantial part of the portfolio. In fact, 50.85% of NISP's loans were smaller than Rp. 500 million in size.

**LOAN BY TERM**  
as of December 31, 1995



**LOAN BY SIZE**  
as of December 31, 1995



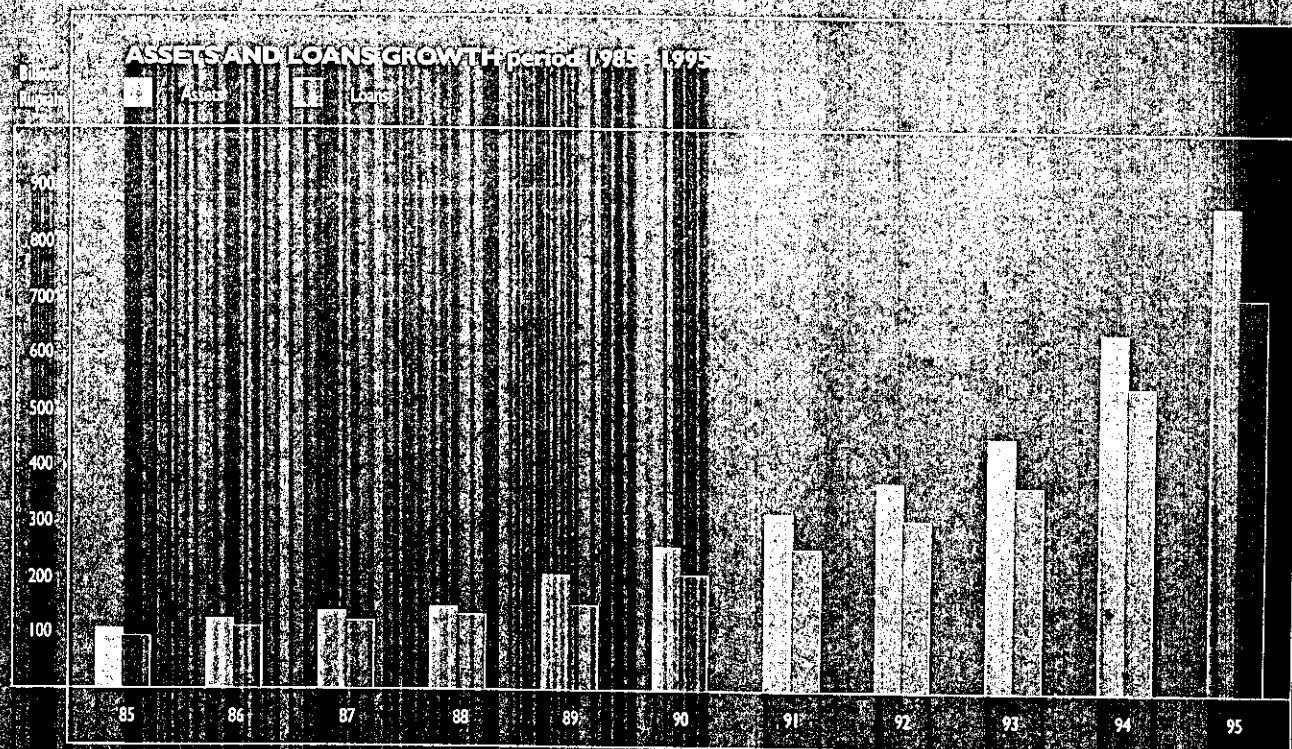
*Average loan size/account : Rp. 87 million/account*

NISP has taken a conservative approach towards the loan growth. Loan to Deposits Ratio in 1995 was 87.54%, a very healthy ratio to perform. Furthermore, the credit policy committee has also given continuous information about loan sectors analysis and other necessary information to up date and improve the quality of decision makers relating to loans approval in order to ensure that the asset quality is maintained.

**ASSETS AND LOANS GROWTH 1985-1995**

	Assets	Loans
1985	Rp. 104.508	Rp. 93.172
1986	125.517	113.614
1987	144.772	119.634
1988	167.843	140.312
1989	214.067	158.180
1990	264.327	212.557
1991	322.606	258.905
1992	381.346	308.764
1993	463.215	387.559
1994	655.344	553.907
1995	875.313	709.086

*(in Billion Rupiah)*



*Average Growth of Assets : 25.92 %*  
*Average Growth of Loans : 22.92 %*

### 2.3. PROVISIONING

NISP accumulated a 1.3% reserve of loan portfolio as of December 31, 1995. The company has always maintained its provisions between 1.1 - 1.5 % for the past years. The actual used of the provisions has been minimized as NISP has always been successful in recovering bad loans in recent years. Between 1989 and 1995, the Bank wrote off Rp. 9.3 billion in bad debt, but recovered Rp. 7.6 billion. In other words, the actual use of the provisions for the past 7 years has only been Rp. 1.7 billion, which meant 240 million annually as compared to the current level provisions of Rp. 9 billion. This proves an adequate provisioning as well as prudent policy in lending which then resulted NISP's sound portfolio.

### 2.4. PROFITABILITY

The Indonesian economic condition in 1995 was marked by an increase of interest rates that need to be adopted by the banking sector.

Interest earned during 1995 was Rp. 138.47 billion, or an increase of 55.45% from Rp. 89.07 billion in 1994, while total loans was increased by 28.02%.

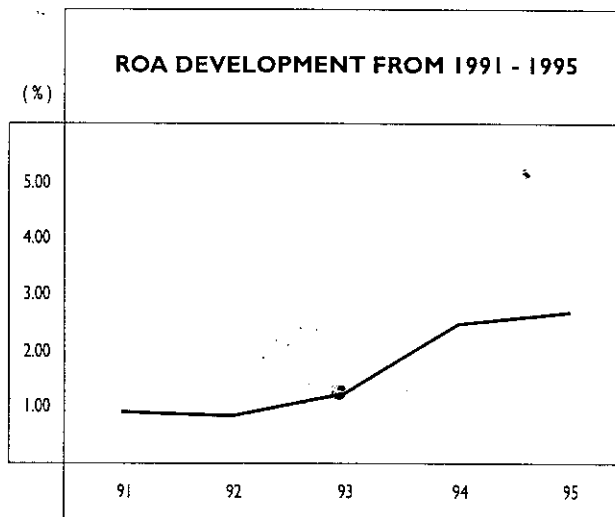
Bank NISP has maintained a strong increase in profit before tax. The 1995 profit before tax increased by 45.65% to Rp. 23.48 billion, compared to Rp. 16.12 billion in 1994. Again, one of the major competitive advantages of the Bank is its ability to have a lower cost of funds than its competitor. Consequently, NISP achieved high net interest margin of 6.56% in 1995 and 6.43 % in 1994.

The Return on Assets (ROA) was impressively increased to 2.68% from 2.46% in 1994. Furthermore, the Return on Equity (ROE) had also increased outstandingly to 20.29% in 1995. These two ratios were well above the national as well as international average.

ROA Development From 1991-1995

(in percentage)

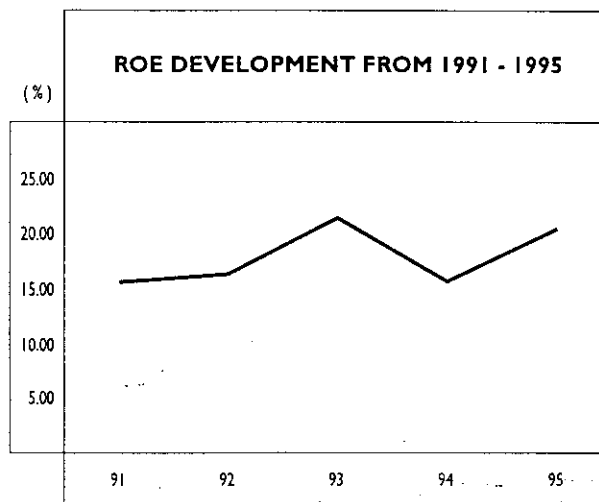
Year	ROA
1991	0.90
1992	0.84
1993	1.23
1994	2.46
1995	2.68



ROE Development From 1991-1995

(in percentage)

Year	ROE
1991	15.77
1992	15.41
1993	22.49
1994	15.76
1995	20.29

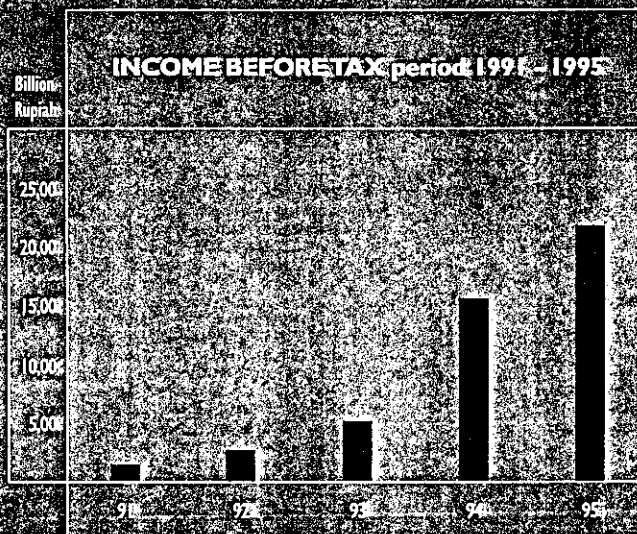


RETURN ON EQUITY (ROE) DEVELOPMENT ACCORDING TO BANK CLASSIFICATION

(in percentage)

BANK CLASSIFICATION	Dec. 1994	Dec. 1995
BANK	8.80	14.72
A. State Bank	8.40	8.59
B. Foreign Exchange Private Bank	18.35	16.19
C. Non-Foreign Exchange Private Bank	4.98	2.73
D. Joint-Venture Bank	12.90	18.73

Source: Bank Indonesia



## 2.5. BUSINESS DEVELOPMENT

Bank NISP enhanced its business development by product development, marketing development, service quality improvement, and branch network development strategies, in achieving its fullest efficiency and effectiveness.

In product development strategy, Bank NISP concentrates in fulfilling customer's needs and expectations. For example, in 1995, Bank NISP has launched its new product named the NISP Cash, an ATM facility in cooperation with the nation's leading telecommunication company. Furthermore, The Bank has also prepared another new savings product called 'Tabungan H Plus H'. This new product, which is going to be launched in 1996, offers special benefits for NISP depositors, such as direct gifts and daily compounded interest.

Following banking developments and competitions as well as in changes anticipation to seize market opportunities, NISP has also concentrated on applying marketing programme development strategy. The marketing programme development activities in 1995 include :

- selective product's launching
- funds intensification program
- various sponsorships and participations in social and educational activities.

This marketing program development strategy was conducted and adjusted in accordance with the situation and condition of Bank NISP's target market.

Service quality improvement strategy is a tremendous effort to maintain and increase business value by giving a fine quality services to customers. Through the NISP Customer Care Programme, the Bank has organized a wide range of activities showing NISP's attention to its customers. Some of the program were Client Birthday Care, Business Gathering and Symphatic Operation, etc. In addition, NISP has conducted a 'Customer Service Camp' in improving the quality of its Customer Service Officer in all branch offices and to allow service culture to be adopted as a major necessity in the Bank.

In the branches network development strategy, NISP follows one of its mission, i.e. to develop offices network regionally, such as in West Java area, especially in Jabotabek. During 1995, three sub-branches and two cash-offices were opened. They were in the top three biggest cities : Jakarta, Bandung, Surabaya and also in Batam island. Bank NISP strategy to develop branch network would be prioritize in intensifying present offices rather than expanding the network. Furthermore, in the 1995 sluggish banking condition, Bank NISP kept concentrating more in developing the quality of product, human resources, and services at the existing branch offices.



*Professional and friendly  
services to the customers is one  
of the Bank's NISP's  
strengths.*



## 2.6. TECHNOLOGY DEVELOPMENT

Banking technology has been growing very fast. This fact is well understood by Bank NISP management team. Computerization is not only for the use of administration matters but also serves as a mean to achieve competitive advantage. By designing integrated information systems, Bank NISP hopes to gain maximum benefit of it in improving its services to society. Furthermore, it would be a fine tool in supporting the decision making process.

23

As an extension of its EDP (Electronic Data Processing) division, Bank NISP formed EDP Steering Committee to determine and implement an advance stage of technology the Bank should achieve. The committee has decided in three main areas of advancement :

1. Management informations system's distribution and utilization.
2. Product development support system.
3. Optimalization in technology efficiency, effectiveness and auditing.

The year of 1995 was devoted to the designing of the on line integrated service system, and the bank hopes this can be applied in 1996. A succesful allience with the nation's leading telecommunication company in installing a network of ATM units was another step forward in technology utilization to improve customer service. During the first 8 months of operation, over 1,000 customers in Bandung were already enjoying the ATMs in the city. ATM installations will be continued in more strategic sites, and by the end of 1995, a network of at least 23 ATM units from Flash Network will be operated in Bandung, Jakarta and Surabaya.

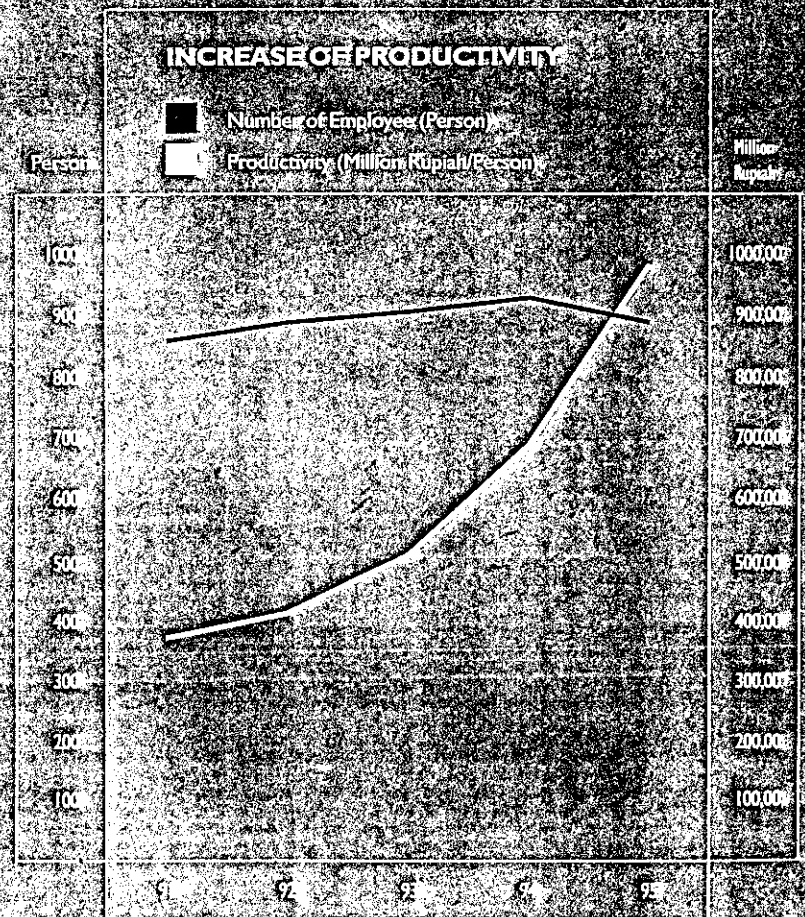
## 2.7 Human Resources Development

By 1991, the company had established a high level of productivity and a high level of employee loyalty.

In 1991, KNSP arranged a training program for all levels of management. These training sessions were conducted internally and externally using experts both inside the company as well as outside consultants.

In supporting the human resource development, the Bank has endeavored to keep improving its working environment and relationships. Team building is increasingly become a habit in executing all activities. Open and supportive communication are also constantly used among all levels. In general, dynamic and positive attitudes are more and more presented as part of the company culture.

### INCREASE OF PRODUCTIVITY



	Number of employee (person)	Productivity (Million Rp./Person)
1991	864	374.04
1992	890	428.78
1993	902	513.54
1994	939	697.92
1995	892	981.29

Five new branches were opened in 1995. On the contrary, the number of staff declined from 939 in 1994, to 892 in 1995. The primary reason was no doubt due to the efficiency improvement through greater emphasis in human resource development.

### 3 SOCIAL RESPONSIBILITIES

#### A. SPORTS

Being socially responsible and to support local government in sports as well as improving the welfare of national athletes, Bank NISP took part on the development of national sport activities. Besides becoming the caretaker of soft ball and table tennis national team, NISP also recruited some of the national athletes in various fields as employees. Bank NISP is also involved in a lot of regional and national championships, as a sponsor or as a participant. In branch offices, sports activities are encouraged as part of Bank NISP commitment to sports.

#### B. EDUCATION

For former employees with children having appropriate ability, Bank NISP has also provided some scholarships. These scholarships are also available for non-employees children with good school records. This assistance is given to less fortunate families. Another strategic activity is the Bank's involvement as a fund raising coordinator for Gentra Masekdas Programme, a national programme to construct West Java elementary school buildings. By doing this, Bank NISP is supporting West Java Government to improve the region's human resources quality.

25

#### C. CULTURE AND ART

As part of the 50th National Independence Day celebration, and to preserve the region's traditional culture and art, Bank NISP has conducted a mega West Java Culture and Art Event. The spectacular event presented all-night long Wayang Golek, a traditional puppet show, and other educative entertainment for local residents where more than 100,000 people participated in the event. Bank NISP's staffs enthusiastically acted as the host by distributing free foods and drinks as well as other assistances.

Similarly another effort to perpetuate national culture and art was also reflected by designing a calendar which featured Indonesian folk stories and West Java traditional music instruments.

## PUBLIC ACKNOWLEDGMENT ACHIEVEMENTS

DURING 1995, BANK NISP RECEIVED SEVERAL AWARDS AND RECOGNITIONS FROM VARIOUS PARTIES. HERE ARE SOME OF THE ACHIEVEMENTS:

1. The upgrading of "Intra-Country Issuer Rating" from C to B/C, by Thomson BankWatch Asia, the world's biggest rating institution. The new rating is the highest permissible rating achieved in Indonesian banking societies.

2. SWA magazine, a leading local business magazine, has selected Bank NISP as one of the three best performance public listed banks, in its May 1995 edition.

3. In September 1995 edition, Asiaweek, a leading Asia Pacific's publication, has rated Bank NISP as one of the top 10 banks for the highest Return on Assets (ROA) among 500 largest banks in Asia Pacific.

4. Bank NISP has also successfully launched a Rp. 42 billion Medium Term Notes. The issue was 90% oversubscribed and received a rating of LC-2 from Thomson BankWatch Asia. The highest rating permissible for the Indonesian bank.

5. The Bank has been accepted as a member of a prestigious international association, the Bankers' Association for Foreign Trade (BAFT) of the United States. This will provide Bank NISP broader spectrum of services and extensive network which will create more opportunities in conducting and expanding its international banking activities.

6. As the result of its commitment toward quality, started with its Treasury and Financial Institutions Division, Bank NISP has received an ISO 9002 Certification. This acknowledged the Bank as the first bank in Indonesia and one of the first banks in Asia Pacific to receive such an outstanding achievement award.

THE IMPLEMENTATION OF THE ISO 9002 QUALITY MANAGEMENT SYSTEM  
IN BANK NISP HAS TWO MAIN BENEFITS :

A. Internally :

- to achieve a clear and concise structure on documentation, procedure, task, authority and responsibility structure
- to increase communication, spirits of work and job satisfaction among employees
- to improve productivity and efficiency
- to maintain and improve quality consistently
- to facilitate human resources training in order to develop hidden potential of all employees. This serves as the basic for continuous improvement.

B. Externally :

- to improve the company image
- to increase the company competitive advantage
- to maintain and improve quality consistency
- to fulfill customers expectation

27

All these achievements has proven Bank NISP's commitment and capabilities to continue growing with its shareholders, employees, customers and societies.



**First Certified Bank  
in Indonesia**

Quality  
Endorsed  
Company  
**ISO 9002**  
**LIC 6512**  
**Treasury and  
Financial Institutions**



*The activities inside  
Bank NISP's dealing room.*

## 5 SHARES TRANSACTION AND DIVIDEND POLICY

Since 1994, Bank NISP has become a public bank by joining the Jakarta Stock Exchange. The initial offering was 20% from its ownership or a total of 12,500,000 shares.

During 1995, the activities of Bank NISP's shares were relatively limited. There were 9,453,000 shares being traded with the value of Rp. 27.554 billion.

**BANK NISP'S SHARE PRICES FLUCTUATION DURING 1995**

<i>(in Rupiab)</i>	1994		1995		
	IPO-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec
Highest	3,200	3,200	2,950	2,400	2,500
Lowest	2,750	2,600	2,950	1,800	1,400

The declining share prices during 1995 was certainly not caused by any fundamental reason. Liquidity of the shares is the reason of the decline, where even one lot of transaction could easily create price fluctuation.

Bank NISP will gradually increase its number of shares in the market to rise its liquidity. With continuous performance improvement and Bank NISP's excellent reputation in Indonesia for 55 years as being prudent and stable, investors with long term orientation are expected to see big opportunity that lies in Bank NISP. In appreciation to the investors relationship and loyalty, the Bank has offered several extra bank facilities such as higher deposit rates and lower lending rates for investors.

In addition, back by the success of Bank NISP performance, upon the general shareholder meeting's approval, 36% of the 1995's net profit or Rp. 100,-/share will be given to the shareholders in the form of cash dividend. The amount is twice as big as the dividend in the previous year. Moreover, the distributed percentage of cash dividend allocation is beyond the committed percentage as stated in the prospectus of Bank NISP during the initial public offering. Calculating the dividend yield of NISP's share based on its price at December 31,1995, the yield would be 7.1%

## 6 THE USES OF FUNDS FROM PUBLIC OFFERING

FUNDS FROM INITIAL PUBLIC OFFERING EMISSIONS WERE ALLOCATED BY BANK NISP AS FOLLOWS :

30

1. 78% or Rp 27.94 billion had been used to increase productive asset, including medium and long term credits. This fund had contributed to a 42.92% increase of the 1995 loan growth.
2. 12% or Rp 4.30 billion had been used to develop branches network.

They were :

*Payment offices :*

*Sub-branches :*

- Batam in Batam Island

- Ngagel in Surabaya

- Pasar Baru in Bandung

- Mangga Dua in Jakarta

- Cijerah in Bandung

- Kelapa Gading in Jakarta

3. 8% or Rp 2.87 billion was used in developing computer system and ATM network. During 1995, only Rp 1.37 billion had been used and the remaining of Rp 1.5 billion is going to be used in 1996 and 1997 for implementing another information network, setting up a new organization structure and installing several new ATM units.

4. 2% or Rp 0.7 billion was fully utilized in the organization, and in the human resources quality and corporate culture developments.



## 7 THE YEAR OF 1996

Bank NISP's work plan for 1996 has been prudently designed based on the national economic condition and the anticipation of global situation challenges.

In 1996, the company's total assets is projected to increase to about 25 %. This growth is in line with the average growth of NISP for the past 10 years, which is about 20% - 30% annually.

Furthermore, the bank is going to acquire more facilities from the offshore fund sources which generally provide lower cost and longer term source of funds. In addition to those funds, in 1996 the Bank will also concentrate more in the domestic fund collection activities to aim a 30% deposits growth. One of the strategies to achieve the plan is by increasing the quality and quantity of its savings and deposit accounts.

With the support of those funds, Bank NISP is aiming to have at least a 25% credit distribution increased compare to 1995. The 1996 credit distribution will be prioritized for productive sectors with bright prospects in trade, manufacture and services area.

However, regardless to the growth target, Bank NISP will always maintain and increase its soundness level such as maintaining CAR level around 12% as an anticipation for a 12% CAR minimum regulation from the Central Bank by the year of 2001, keeping LDR level between 80-100%, increasing loan-loss reserves to have stronger position, and other important elements which would contribute to the Bank's soundness level.

In a nutshell, Bank NISP will always try to position itself as a very competitive financial services company by continually improving in all areas to deliver maximum value to the stakeholders.

Our excellent performance is certainly made possible by the support, dedication and commitment of our customers, shareholders and employees in addition to the guidance from Bank Indonesia. Therefore, we would like to express our sincerest appreciation and gratitude.



**RASJIM WIRAATMADJA, SH**  
*Chairman*

**KARMAKA SURJAUDAJA**  
*President & CEO*



PRUDENCE

1000

1000

1000

1000

1000

1000

1000

1000

1000

1000

1000

1000

1000

1000

1000

1000

1000

1000

1000

1000

PRUDENCE IS A COMBINATION OF GOOD MANAGEMENT,  
SELF CONTROL AND EXCELLENT VISION.

BOARD OF SUPERVISORS

*Chairman*

Rasjim Wiraatmadja, SH

*Members*

Lelarati Lukman

Anwary Surjaudaja

drg. Rukita Sudharmono

dr. Pramana Surjaudaja, MBA

BOARD OF MANAGING DIRECTORS

*President & CEO*

Karmaka Surjaudaja

*Members*

Peter Eko Sutioso, SH

Pramukti Surjaudaja, MBA

Parwati S, MBA

Prajogi Sunarjo, SH

Drs. Willy Prayogo, MBA

HEAD OF DIVISIONS

*Internal Audit*

M. Hasugian, SH

*Loan*

Levianty Rustan, SH

*Business Development*

Drs. Eddy Gautama, MBA

*Human Resources Development*

Dra. Marsinta Alimuddin

*Treasury & Financial Institutions*

Edward Tambunan, Bsc.

*Operation & Finance*

Ir. Daniel Prama Santoso, MBA

*Management Information System*

Ir. Yogadharma Ratnapalasari

*Directorial Bureau*

Y. Andrijati Trisnadjaja

INDEPENDENT AUDITOR'S REPORT

To the Stockholders and Board of Directors  
PT. BANK NISP  
BANDUNG

---

We have audited the accompanying balance sheets of PT. BANK NISP as of December 31, 1995 and 1994 and the related statements of commitments and contingencies, statements of income, statements of retained earnings and statements of 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 audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position, commitments and contingencies of PT. NISP as of December 31, 1995 and 1994 and the results of its operations and cash flows for the years then ended in conformity with generally accepted accounting principles.



Drs. Robert Yogi

---

Registered Public Accountant D - 220

Bandung, February 26, 1996

PT. BANK NISP BALANCE SHEETS

December 31, 1995 and 1994

ASSETS	NOTES	1 9 9 5 Rp.	1 9 9 4 Rp.
Cash		8,035,412,095	7,432,841,450
Current accounts with Bank Indonesia		9,823,665,037	8,524,123,357
Current accounts with other banks		8,295,025,739	6,112,752,620
Placements in other Banks - Net of allowance for losses on placements Rp. 16,163,000 for year 1995 Rp. 12,955,000 for year 1994	2c, 3	56,664,462,150	7,158,228,692
Trading Accounts Securities Held - Net of allowance for decline in value Rp. 95,000,000 for year 1995 Rp. 391,182,970 for year 1994	2d, 4	12,289,858,289	15,195,574,018
Loans - Net of allowance for loan losses :	2e, 5		
Third parties		706,354,800,629	551,747,667,614
Affiliates		11,760,917,167	9,712,662,805
Less allowance for loan losses		(9,030,059,621)	(7,553,624,996)
Total loans		709,085,658,175	553,906,705,423
Investments in shares of stock	2g, 6	15,933,417,160	14,740,217,160
Fixed Assets - Net of accumulated depreciation Rp. 11,133,387,306 for year 1995 Rp. 9,053,290,244 for year 1994	2h, 7	25,153,729,979	19,643,163,298
Leased Assets - Net of accumulated depreciation Rp. 1,500,000,000 for year 1995 Rp. 1,200,000,000 for year 1994	2i	4,500,000,000	4,800,000,000
Other Assets	2k, l, n		
Chattel properties		7,940,233,038	7,388,123,442
Loss on sale and leaseback		341,837,856	363,736,676
Income receivable		5,098,027,482	3,070,435,834
Prepaid expenses & deferred charges		4,734,944,493	5,534,028,850
Others		7,416,970,924	1,474,059,418
<b>TOTAL ASSETS</b>		<b>875,313,242,417</b>	<b>655,343,990,238</b>

36

*The accompanying notes are an integral part of these financial statements*

PT. BANK NISP BALANCE SHEETS  
December 31, 1995 and 1994

LIABILITIES	NOTES	1 9 9 5 Rp.	1 9 9 4 Rp.
Demand deposits	8	72,890,133,617	65,293,391,285
Other current liabilities		5,958,779,972	1,871,068,409
Saving deposits	9	133,309,810,616	123,862,182,122
Time deposits	10		
Others		418,724,234,319	303,069,456,370
Affiliates		12,023,544,033	4,977,611,397
		-----	-----
		430,747,778,352	308,047,067,767
Certificates of deposits		2,966,100,530	3,013,605,910
Borrowings	11	96,652,615,376	34,674,389,186
Obligations under Capital Lease		4,698,483,304	5,026,578,568
Taxes payable	2p	2,174,359,293	1,263,639,964
Other liabilities		10,235,687,644	10,015,509,244
		-----	-----
		759,633,748,705	553,067,432,455
		-----	-----
<b>STOCKHOLDER'S EQUITY</b>			
Capital Stock par value @ Rp. 1,000 per share	13		
Authorized 200,000,000 share			
Issued and fully paid 62,500,000 share in 1995		62,500,000,000	62,500,000,000
Issued and fully paid 50,000,000 share in 1994		26,250,000,000	26,250,000,000
Capital paid in excess of par value		26,929,493,712	13,526,557,783
Retained earnings		26,929,493,712	13,526,557,783
		-----	-----
		115,679,493,712	102,276,557,783
<b>TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY</b>		<b>875,313,242,417</b>	<b>655,343,990,238</b>
		=====	=====

PT BANK NISP STATEMENTS OF COMMITMENTS AND CONTINGENCIES

December 31, 1995 and 1994

	1 9 9 5 Rp.	1 9 9 4 Rp.
<b>COMMITMENTS</b>		
<b>COMMITMENTS RECEIVABLE</b>		
Unused loan facilities	1,000,000,000	220,000,000
Forward foreign currency bought	2,308,000,000	18,700,000,000
Unsettled spot foreign exchange transactions	-	880,000,000
	-----	-----
Total commitments receivable	3,308,000,000	19,800,000,000
	-----	-----
<b>COMMITMENTS LIABILITIES</b>		
Unused credit facilities	68,071,098,868	60,774,842,302
Irrevocable letters of credit outstanding	19,959,408,330	19,679,279,541
Forward foreign currency sold	2,308,000,000	-
Endorsement of import bills	3,302,581,876	4,285,932,679
	-----	-----
Total commitments liabilities	93,641,089,074	84,740,054,522
	-----	-----
Total commitments - Net	(90,333,089,074)	(64,940,054,522)
	-----	-----
<b>CONTINGENCIES</b>		
<b>CONTINGENT RECEIVABLE</b>		
Interest receivable on doubtful loans	6,184,699,252	4,689,449,277
	-----	-----
Total contingent receivable	6,184,699,252	4,689,449,277
	-----	-----
<b>CONTINGENT LIABILITIES</b>		
Guarantees :		
a. Bank guarantees	26,342,752,242	30,930,711,212
b. Endorsement of commercial papers	-	404,881,400
	-----	-----
Total contingent liabilities	26,342,752,242	31,335,592,612
	-----	-----
Total contingencies - net	(20,158,052,990)	(26,646,143,335)
	-----	-----
<b>TOTAL COMMITMENTS &amp; CONTINGENCIES - NET</b>	<b>(110,491,142,064)</b>	<b>(91,586,197,857)</b>
	=====	=====

38

*The accompanying notes are an integral  
part of these financial statements*



PT. BANK NISP STATEMENTS OF INCOME  
For the years ended December 31, 1995 and 1994

	NOTES	1 9 9 5 Rp.	1 9 9 4 Rp.
<b>OPERATING REVENUE AND EXPENSES</b>			
<b>INTEREST INCOME</b>			
Interest	2n	134,020,424,720	85,476,835,147
Fees & commissions	2o	4,447,169,501	3,596,339,291
		-----	-----
		138,467,594,221	89,073,174,438
		-----	-----
<b>INTEREST EXPENSE</b>			
Interest	2n	(84,972,958,564)	(50,096,882,345)
Fees & commissions	2o	(240,846,145)	(43,852,358)
		-----	-----
		(85,213,804,709)	(50,140,734,703)
		-----	-----
Interest income - net		53,253,789,512	38,932,439,735
		-----	-----
<b>OTHER OPERATING INCOME (EXPENSES)</b>			
Other fees and commissions received other than from loans		2,886,007,197	2,039,701,929
Other operating income		5,486,223,806	3,642,291,993
Other operating expenses		(5,002,498,434)	(210,714,424)
<b>OVERHEAD EXPENSES</b>			
General & administrative expenses		(14,902,141,054)	(11,821,982,017)
Allowance for loan losses	2e,f,5	(809,546,460)	(4,324,474,261)
Personnel expenses		(16,739,131,779)	(12,160,214,505)
Other operating expenses		(955,172,314)	(675,278,026)
		-----	-----
Total overhead expenses		(33,405,991,607)	(28,981,948,809)
		-----	-----
<b>OTHER OPERATING EXPENSES - NET</b>		(30,036,259,038)	(23,510,669,311)
		-----	-----
<b>OPERATING INCOME</b>		23,217,530,474	15,421,770,424
		-----	-----
<b>NON OPERATING INCOME</b>		518,006,091	851,375,380
<b>NON OPERATING EXPENSES</b>		(259,161,812)	(154,641,960)
		-----	-----
<b>NON OPERATING INCOME - NET</b>		258,844,279	696,733,420
		-----	-----
<b>INCOME BEFORE INCOME TAX</b>		23,476,374,753	16,118,503,844
<b>INCOME TAX</b>	2p	(6,284,477,800)	(2,597,389,600)
		-----	-----
<b>NET INCOME</b>		17,191,896,953	13,521,114,244
		=====	=====

PT. BANK NISP STATEMENTS OF INCOME  
*For the years ended December 31, 1995 and 1994*

	NOTES	1 9 9 5 Rp.	1 9 9 4 Rp.
OPERATING INCOME PER SHARE	2q	371	443
EARNINGS PER SHARE	2q	275	388

*The accompanying notes are an integral  
part of these financial statements*

PT. BANK NISP STATEMENTS OF RETAINED EARNINGS  
 For the years ended December 31, 1995 and 1994

	1 9 9 5 Rp.	1 9 9 4 Rp.
Beginning balance	13,526,557,783	19,177,443,539
Additional tax payments - 1993	(209,961,024)	-
Dividends	(3,125,000,000)	(19,172,000,000)
Executive bonus	(454,000,000)	-
	-----	-----
Net income	9,737,596,759	5,443,539
	17,191,896,953	13,521,114,244
	-----	-----
Ending balance	26,929,493,712	13,526,557,783
	=====	=====

*The accompanying notes are an integral  
 part of these financial statements*

PT BANK NISP STATEMENTS OF CASH FLOWS

For the years ended December 31, 1995 and 1994

	1 9 9 5	1 9 9 4
	Rp.	Rp.
<b>CASH FLOWS FROM OPERATING ACTIVITIES :</b>		
Net income	17,191,896,953	13,521,114,244
Adjustments to reconcile net income to net cash provided by operating activities		
Cancellation of allowance for decline in value of securities	(296,182,970)	-
Provision for credit losses	1,102,521,430	3,974,836,291
Provision for other productive assets losses	3,208,000	349,637,970
Recovery of loans written off	584,558,185	578,492,834
Depreciation and amortization	4,440,204,846	2,608,285,431
Loans written off	(210,644,990)	(2,964,100,450)
Gain on sales of fixed assets	(175,162,878)	(558,208,308)
Fixed assets loss	4,137,500	-
Decrease (increase) in placements in other banks	(49,509,441,458)	10,982,359,553
Increase (decrease) in trading accounts securities held	3,201,898,699	(10,747,112,268)
Increase in loans	(156,655,387,377)	(167,936,334,564)
Increase in other assets	(9,258,519,241)	(3,925,917,964)
Increase (decrease) in other current liabilities	4,087,711,563	(1,112,922,215)
Decrease in other liabilities	220,178,400	3,750,679,706
Decrease in taxes payable	910,719,329	530,988,642
	-----	-----
Net cash used for operating activities	(184,358,304,009)	(150,948,201,098)
	-----	-----
<b>CASH FLOWS FROM INVESTING ACTIVITIES :</b>		
Increase in investments in shares of stock	(1,193,200,000)	(12,397,255,160)
Purchases of fixed assets	(8,214,584,231)	(6,346,579,655)
Proceed of sale of fixed assets	291,727,750	799,940,000
	-----	-----
Net cash used for investing activities	(9,116,056,481)	(17,943,894,815)
	-----	-----

*The accompanying notes are an integral part of these financial statements*

PT BANK NISP STATEMENTS OF CASH FLOWS

For the years ended December 31, 1995 and 1994

	1 9 9 5	1 9 9 4
	Rp.	Rp.
<b>CASH FLOWS FROM FINANCING ACTIVITIES :</b>		
Increase (decrease) in Deposits :		
Demand deposits	7,596,742,332	13,834,117,325
Saving deposits	9,447,628,494	21,632,633,485
Time deposits	122,700,710,586	58,419,336,381
Certificate of deposits	(47,505,380)	(336,695,738)
Increase in borrowed funds	61,978,226,190	29,250,024,274
Decrease in obligations under capital leases	(328,095,264)	(310,353,878)
Decrease in subordinated loan		(10,550,000,000)
Capital stock		63,500,000,000
Payment of dividends and executive bonus	(3,579,000,000)	-
Payment of prior period taxes	(209,961,024)	-
	-----	-----
Net cash provided by financing activities	197,558,745,934	175,439,061,849
	-----	-----
Increase in cash and due from banks	4,084,385,444	6,546,965,936
Cash and due from banks at January 1	22,069,717,427	15,522,751,491
	-----	-----
Cash and due from banks at December 31,	26,154,102,871	22,069,717,427
	=====	=====

**SUPPLEMENTAL CASH FLOWS INFORMATION**

Cash paid for interest and income taxes during the year :

Interest	87,088,610,955	49,179,707,483
Income taxes	5,932,352,910	2,131,734,369

*The accompanying notes are an integral part of these financial statements*

## PT BANK NISP NOTES TO FINANCIAL STATEMENTS

December 31, 1995 and 1994

### 1. GENERAL

The company is domiciled in Bandung and incorporated based on the notarial deed of Theodoor Johan Indewey Gerling No. 6 dated April 4, 1941, named as NV. Nederlands Indische Spaar en Deposito Bank. Based on the notarial deed of Noezar, No. 65 dated December 12, 1957, the name of the company was changed to PT Bank Tabungan NISP and was published in the Government Gazette No. 83 dated October 17, 1958. Since 1967, the company changed status from savings bank to commercial bank and had gained approval from the Ministry of Finance in his letter No.D.15.6.2.27 dated July 20, 1967 under the name PT. Bank NISP. The amended Article of Association was published in Government Gazette No. 31 dated April 18, 1958 and Supplementary Gazette No. 297. The Articles of Association had been amended several times, the latest with the notarial deed of Betty Supartini, No. 10 dated August 1, 1994 and approved by the Ministry of Justice, reflected in his letter No. C-2-13398 HT.01.04.TH94 dated September 5, 1994.

Since August 1, 1990, the company is operating as Foreign Exchange Bank in compliance with Bank Indonesia approval letter No. Kep 23/9/Kep dated Mei 19, 1990.

44

On September 16, 1994 the company obtained a letter from the Capital Market Executive Agency No. S-1601/PM/1994 indicating that the registration statement become effective for the issuance of 12,500,000 shares with nominal value of Rp. 1,000,- per share through the Jakarta Stock Exchange. On October 20, 1994 the company has listed all its shares through company listing at Jakarta Stock Exchange.

To date, the Company has several branches, located in Bandung, Jakarta, Bogor, Surabaya, Semarang, Cimahi and Batam Island.

### 2. ACCOUNTING POLICIES

#### a. BASIS OF FINANCIAL STATEMENTS

Since 1993, the financial statements have been prepared in compliance with the Standard of Specialized Accounting for Banks (Financial Accounting Standard Statement No. 31). For comparative purposes, some accounts reflected in 1994 financial statements had been reclassified as to conform with the 1995 financial statements presentation.

The financial statements have been prepared on the historical cost basis of accounting. In 1994, the Statements of Changes of Financial Position is changed to Statements of Cash Flows. To meet the definition as cash and cash equivalent, the company do not consider any of their assets other than cash, current account with Bank Indonesia and current account with other Banks. The statements of cash flows are prepared using the indirect method.

#### b. TRANSACTIONS WITH AFFILIATES

The company has transactions with affiliates, where affiliates is defined in accordance with the Law No. 8, 1995 on Capital Market, as follows :

1. A family relation due to marriage and/or birth, up to second degree of the family line either vertical or horizontal;
2. Relation between parties and employees, directors or commissioners of such parties;
3. Relation between two companies where one or more of same directors or members of the board of commissioners;
4. Relation between company and parties who, direct or indirectly, managing or being managed by the company;
5. Relation between two companies which are directly or indirectly managed by the same parties;
6. Relation between company and the major shareholders.

#### c. PLACEMENTS IN OTHER BANKS

The placements are stated at the outstanding balances less the allowance for doubtful accounts.

#### d. TRADING ACCOUNT SECURITIES HELD

Trading account securities held consists of Certificates of Bank Indonesia traded in the money market, notes and money market commercial paper. Certificates of Bank Indonesia denominated in Rupiah are stated at cost adjusted for unamortized discount. Marketable securities are stated at the lower of aggregate cost or market value. An allowance for losses and decline in value are stated as reduction of trading account securities held.

45

#### e. LOANS

Loans are stated at their outstanding balances. The company provide an allowance to absorb probable losses based upon reviews of individual credits at year ends.

Loans are classified as non performing at the time if and when in the opinion of the management, the borrowers are unable to meet payments as they become due. Interest on loans which are doubtful are recognized as income when they are collected.

Loans deemed uncollectible are charged to the allowance. Allowance for loan losses and recoveries on loans previously charged off are added to the allowance.

#### f. ALLOWANCE FOR LOSSES ON EARNING ASSETS

The Bank provides allowance for losses from its earning assets which consists of placements with other banks, trading account securities held, loans, investments in shares of stock based on the review of collectibility of these assets at the end of the year.

Earning assets are written off against the respective allowances for losses when management believes that these are determined to be definitely uncollectible. The recovery of earning assets previously written off is recorded as an addition to the respective allowances for losses during the year.

#### g. INVESTMENTS IN SHARES OF STOCK

Investments in other companies less than 20 % ownership of voting stocks are stated at cost.

#### h. FIXED ASSETS

Fixed assets, except landright, used in operations and acquired up to September 12, 1986 were revalued as of January 1, 1987 in accordance with the Government Regulation No. 45, dated October 2, 1986, assets acquired after September 12, 1986 are not revalued and stated at cost.

Fixed assets are depreciated using a straight line method based on the useful lives of the assets as follows :

Buildings	20	years
Office equipment	4 - 8	years
Motor vehicles	4	years

The cost of maintenance and repair are charged to expense as incurred, significant renewals and 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 gains or losses are reflected as non - operating income/expense for the year.

#### i. LEASES

46

Lease transactions where in the Company act as a lessee, are accounted for under the capital lease method if the following criteria are met :

- The lessee has an option to purchase the leased assets at the end of the lease period at a price mutually agreed upon during the inception of the lease agreement.
- Total periodic payments plus residual value fully covers the acquisition cost of leased capital assets plus interest there on which is the lessor's profit (full payout lease).
- Lease period covers a minimum of two (2) years.

Leases that do not meet any of the aforementioned criteria are accounted for under the operating lease method.

Assets and obligations under capital leases are recorded at their present value of the lease payments and the residual value at the end of the lease period. The assets are depreciated over their estimated useful lives by the straight line method.

The company entered into a sale-leaseback arrangement. Under the arrangement, the company sold a building in 1991 and leased it back. The leaseback has been accounted for as a capital lease, the loss realized on this transaction has been deferred and amortized over the useful live of the assets using the straight line method.

#### j. FOREIGN CURRENCY TRANSACTIONS AND BALANCES

The accounting record are kept in Rupiah. Transactions involving foreign currencies are recorded at the rates of exchange prevailing



at the time the transactions are made. At the balance sheet date, assets and liabilities denominated in foreign currencies, are stated at the middle rate fixed by Bank Indonesia. The resulting gains or losses credited or charged to operations of the current period.

#### k. CHATTEL PROPERTIES

Chattel properties acquired in settlement of loans are recorded at the lower of the market value and the agreed-upon price, which are included under "Other Assets" in the balance sheets. Any excess of the loan balance over the agreed-upon price which is not recoverable from the borrower is written off against the allowance for losses. Holding costs incurred subsequent to the foreclosure of the properties are charged to operations as incurred. The resulting gains or losses from the disposal of the chattel properties are reflected in income or expense for the year.

#### l. PREPAID EXPENSES

Prepaid expenses are amortized over their beneficial periods by using the straight line method.

#### m. DEFERRED CHARGES

Expenses incurred in connection with the offering of the Bank's shares to the public (Initial Public Offering), were deferred and are being amortized using the straight line method for 5 years. This accounts is included under "Other Assets".

#### n. INTEREST INCOME AND EXPENSES

The company recognize interest income and expenses on an accrual basis. Interest income on loans which are classified as non performing is not recognized in the accounts, except to the extent of cash collections received. Interest receivable on non performing assets is reported in the statements of commitments and contingencies.

#### o. FEES AND COMMISSIONS

Significant fees and commissions which are directly related to the granting of loans or for a specified period, are deferred and amortized based on the straight line method over the respective periods. The balance of fees and commissions relating to loans settled prior to maturity are recognized as revenue at settlement. Fees and commissions which are not directly related to the granting of loans or for a specified periods are recognized upon execution of the transactions.

#### p. INCOME TAX

Income tax as shown in the statements of income is determined on the basis of taxable income for the current year. No deferred tax is provided by the Company for the timing differences in the recognition of revenues and expenses for financial reporting and tax purposes.

#### q. OPERATING PROFIT AND EARNINGS PER SHARE

Operating profit and earnings per share, are computed based on the weighted average of the outstanding shares.

3. PLACEMENTS IN OTHER BANKS

	1 9 9 5	1 9 9 4
	Rp.	Rp.
RUPIAH		
Call money	9,950,000,000	3,500,000,000
Time deposits	9,000,000,000	1,495,000,000
Others	1,111,349,223	2,176,183,692
	-----	-----
	20,061,349,223	7,171,183,692
	-----	-----
FOREIGN CURRENCIES		
Call money	27,811,400,000	-
Time deposits	9,232,000,000	-
Interest charged in advance	(424,124,073)	-
	-----	-----
	36,619,275,927	-
	-----	-----
	56,680,625,150	7,171,183,692
Less allowance for doubtful accounts	(16,163,000)	(12,955,000)
	-----	-----
	56,664,462,150	7,158,228,692
	=====	=====

Placements in Rupiah earn interest ranging from 7 % to 21 % a year in 1995 and from 7 % to 20.4 % a year in 1994.

The management considers the existing allowance for doubtful accounts in placements in other banks as adequate to cover the possible losses arising from bad placements in other banks.

4. TRADING ACCOUNTS SECURITIES HELD

	1 9 9 5	1 9 9 4
	Rp.	Rp.
Rupiah	8,844,356,886	4,495,376,096
Foreign currency	3,540,501,403	11,091,380,892
	-----	-----
	12,384,858,289	15,586,756,988
Less allowance for decline in value	(95,000,000)	(391,182,970)
	-----	-----
	12,289,858,289	15,195,574,018
	=====	=====

Money market placements in Rupiah represent notes, commercial papers and Bank Indonesia certificates, while placements in foreign currency represent bills, traveller's cheques and US Dollar Money Market Portfolio. The management considers the existing allowance for decline in value as adequate to cover any possible losses.

5. LOANS

1 9 9 5	1 9 9 4
Rp.	Rp.

The components of loans are as follows :

5.1. TYPE OF LOANS

General credit (consists of demand loans, fixed loans and installments loans).	705,694,405,302	550,333,832,506
Government programs (consists of small investment loans, permanent working capital loans, investment loans and teachers loans).	660,395,327	1,413,835,108
Loans to Officers, employees & other affiliated	11,760,917,167	9,712,662,805
	-----	-----
	718,115,717,796	561,460,330,419
Less allowance for loan losses	(9,030,059,621)	(7,553,624,996)
	-----	-----
Total - net	709,085,658,175	553,906,705,423
	=====	=====

Informations regarding the loans are as follows :

- a. The interest rate for loans in Rupiah ranged from 19.8 % to 24 % a year in 1995 and from 17.5 % to 21.5 % a year in 1994.  
The interest rate for loans in United State Dollars ranged from 9.25 % to 13 % a year in 1995 and from 8 % to 10 % a year in 1994.
- b. Loans to employee will be collected by deducting a portion of their salary, bear interest ranging from 12. % to 14.5 % a year.
- c. The loans are secured by first mortgage or other acceptable collaterals.

5.2 ECONOMIC SECTORS

	1993 Rp. million	1994 Rp. million
Rupiah :		
Agriculture and mining	4,972	1,111
Industry	156,056	177,111
Construction	34,383	7,111
Trading	173,411	177,111
Services	112,675	103,444
Others	124,619	98,111
Total	716,116	562,000
Allowance for loan losses	(9,030)	(7,111)
Total - net	709,086	554,889

5.3 TERMS OF LOAN

50

Up to 1 year	562,476	411,111
More than 1 year to 2 years	38,260	111,111
More than 2 years	119,380	100,000
Total	716,116	562,000
Allowance for loan losses	(9,030)	(7,111)
Total - net	709,086	554,889

CHANGES IN ALLOWANCE FOR LOAN LOSSES

	1993 Rp.	1994 Rp.
Beginning balance	7,553,621	5,964,300
Allowance during the year	1,101,130	3,974,800
Loan losses	(2,111,490)	(2,964,100)
Recovery of written off loans	554,558	578,400
Ending balance	9,098,719	7,553,621

The management considers that the amount balance of allowance for loan losses as adequate to cover the loss which arise from uncollectable loans.

6. INVESTMENT IN SHARES OF STOCK

1 9 9 5			
Number of Shares	Par Value	% Ownership	Rp.
PT. Sarana Bersama Pembiayaan Indonesia	31	1,000,000	0.46 31,000,000
PT. Daiwa Perdania Bank (formerly PT. Bank Perdania) - affiliated	119,320	100,000	11.93 15,902,417,160
Total			----- 15,933,417,160 =====

1 9 9 4			
Number of Shares	Par Value	% Ownership	Rp.
PT. Sarana Bersama Pembiayaan Indonesia	31	1,000,000	0.46 31,000,000
PT. Daiwa Perdania Bank (formerly PT. Bank Perdania) - affiliated	107,388	100,000	11.93 14,709,217,160
Total			----- 14,740,217,160 =====

Cash dividend received from equity participation in PT Daiwa Perdania Bank amounted to Rp. 1,791,350,000 and Rp. 1,797,468,720 for the year ended December 31, 1995 and 1994, respectively.

## 7. FIXED ASSETS

Total fixed assets Rp. 36,287,117,285 in 1995 and Rp. 28,696,453,542 in 1994. Total accumulated depreciation Rp. 11,133,387,306 in 1995 and Rp. 9,053,290,244 in 1994. Depreciation expenses are Rp. 2,553,315,179 for the year ended December 31, 1995, Rp. 2,188,386,612 for the year ended December 31, 1994.

## 8. DEMAND DEPOSITS

Total demand deposits in Rupiah and foreign currencies Rp. 72,890,133,617 in 1995 and Rp. 65,293,391,285 in 1994. The interest rate of demand deposits in Rupiah ranged from 4.8 % to 10.8 % a year for the year ended December 31, 1995 and 1994. Interest rate of demand deposits in foreign currencies is 4.8 % a year.

## 9. SAVING DEPOSITS

The savings Rp. 133,309,810,616 in 1995 and Rp. 123,862,182,122 in 1994. The interest rate of savings ranged from 11 % to 15 % a year in 1995 and from 10 % to 13 % a year in 1994.

## 10. TIME DEPOSITS

	1 9 9 5	1 9 9 4
	Rp.	Rp.
1 month	72,466,776,035	66,362,858,397
3 months	87,139,348,122	63,615,188,702
6 months	99,067,445,120	72,859,642,163
12 months	122,112,413,830	90,933,611,072
24 months	11,876,825,245	13,341,750,501
Time deposits in other bank	37,500,000,000	
Time deposits in portfolio	430,162,808,352	307,113,050,835
Due	585,000,000	934,016,932
Total	430,747,808,352	308,047,067,767

The interest rate of time deposits in Rupiah ranged from 13 % to 17.5 % a year in 1995 and from 10 % to 14.5 % a year in 1994. The interest rate of time deposits in foreign currencies ranged from 5 % to 8 % a year in 1995 and from 5 % to 7 % a year in 1994. Time deposits pledged as collateral for credit facilities provided by PT. Bank NISP Rp. 13,414,456,481 in 1995 and Rp. 25,299,760,661 in 1994.

11. BORROWINGS

	1 9 9 5	1 9 9 4
	Rp.	Rp.
Bank Indonesia (liquidity)	1,503,380,258	1,242,642,079
Bank Indonesia (two-step loan)	10,733,925,000	10,733,925,000
Money market notes (small scale business)	-	5,000,000,000
Money market commercial papers	-	10,000,000,000
Others	15,226,077,500	5,911,375,000
	-----	-----
	27,463,382,758	32,887,942,079
Interest on money market notes	-	(193,552,893)
Borrowed funds in foreign currencies	69,189,232,618	1,980,000,000
	-----	-----
Total	96,652,615,376	34,674,389,186
	=====	=====

Loan obtained from Bank Indonesia and Export Import Bank of Japan through Bank Indonesia were used as permanent working capital loan, small scale investment loan and investment loan. The interest rates ranged from 3 % to 9.6 % a year which is reviewed every 6 month. The loans range from 1 year to 20 years.

53

Money Market Commercial Papers are placements by other banks, maturing 181 day for the year ended December 31, 1994, bearing interest 16 % a year.

Other loans were loans obtained from Nederlandse Financiering Maatschappij Voor Ontwikkelingslanden N.V. (FMO) amounting to Rp. 15,226,077,500 and Rp. 5,911,375,000 for the year ended December 31, 1995 and 1994.

Loans in foreign currencies were obtained from :

- Daiwa Bank Limited with a maximum of US\$ 900,000 for the years ended December 31, 1995 and 1994. The loan is due on November 30, 1996.
- Based on Note Purchase Agreement between the Company with PT. Bank Niaga as the agent and the following investors :

	US \$
- NV. De Indonesische Overzeese Bank	6,000,000
- NV. Internationale Nederlanden Bank	6,000,000
- American Express Bank Ltd.	5,000,000
- Pan Indonesia Bank	2,000,000
	-----
Total	19,000,000
	=====

Floating Rate Note mentioned above is issued on April 6, 1995 and will be due on April 6, 1998, without collaterals and transferable.

In 1995 PT. Bank NISP obtained Term Loan Facility to meet its working capital requirements from :

	US \$
- Bank of Hawaii	3,000,000
- West Merchant Bank Limited	2,000,000
- Asean Finance Corporation Limited	3,000,000
- PT. Bank Ekspor Impor Indonesia	2,000,000
	-----
	10,000,000
	=====

54

12. In compliance with the stockholders annual general meeting on June 7, 1995 as covered by Notarial deed No. 63 dated June 7, 1995 of Lien Tanudirdja SH, the stockholders approved the distribution of dividend amounting to Rp. 3,125,000,000 or Rp. 50 per share and payable to stockholders of record as at July 6, 1995.

### 13. CAPITAL STOCK

a. Based on the extra ordinary general shareholders meeting as stated in the notarial deed of Widyawati Witjaksana SH., No. 19, dated June 1, 1994, the shareholders approved to increase the authorized capital from Rp. 12,000,000,000 to Rp. 200,000,000,000 consisting of 200,000,000 shares with Rp. 1,000 par. The change of authorized capital has been approved by the Minister of Justice in his decision letter No. C-2-9290.HT.01.04 TH 1994 dated June 16, 1994.

b. During 1994, the company made an initial public offering (IPO) of 12,500,000 common stock with a par value Rp. 1,000 per share.



The details of stock ownership are as follows :

Shareholders	Number of Shares	% Ownership	Total Rp.
Mr. Karmaka Surjaudaja	50,000	0.08	50,000,000
PT. Suryasono Sentosa	24,975,000	39.96	24,975,000,000
PT. Udayawira Utama	24,975,000	39.96	24,975,000,000
Public	12,500,000	20.00	12,500,000,000
	62,500,000	100.00	62,500,000,000

Since October 20, 1994 all of the company's paid up capital had been listed in the Jakarta Stock Exchange.

#### 14. RECLASSIFICATION OF ACCOUNTS

Certain accounts in the 1994 financial statements have been reclassified to conform with the 1995 financial statements presentation.

**HEAD OFFICE :**

Jl. Asia Afrika No. 100, Bandung 40261  
 Phone : 022-4209933, 4209966, 4201600  
 Fax : 022- 433302, 4201401  
 Telex : 28191 NISPAA IA

**INTERNATIONAL BANKING OFFICE & CORPORATE AFFAIRS :**

Jl. Gunung Sahari No. 38, Jakarta 10720  
 Phone : 021-6009037- 38,6492262  
 Fax : 021-6006507, 6492264  
 Telex : 41467, 41287 NISPJK IA

Contact Person : Pricella Gunawan, Bcom : Correspondent Banking Head  
 Ir. Wahyu Dewanti : Corporate Affairs Head

**BRANCHES :****BANDUNG**

Jl. Taman Cibeunying Selatan No 31,  
 Bandung 40114  
 Phone : 022-4200651(Hunting),  
 707042 (Hunting)  
 Fax : 022-773959  
 Telex : 28269, 28386 NISPBD IA  
 Office Manager : Dra. Ratna Dewiyanti

Jl. Asia Afrika No. 100, Bandung 40261  
 Phone : 022-433864, 4209111  
 Fax : 022-444980  
 Telex : 28191 NISPAA IA  
 Office Manager : Hardi Juganda, SH

Jl. Rajawali Timur No 27B  
 Komp. Rajawali Plaza No. 18 GHI,  
 Bandung 40182  
 Phone : 022-638157, 638158, 677150 (Hunting)  
 Fax : 022-638159  
 Telex : 24151 NISPKK IA  
 Office Manager : Djunyanto Thriyana, SH

**JAKARTA**

Jl. Gunung Sahari No. 38, Jakarta 10720  
 Phone : 021-6006767(Hunting),  
 6391696, 6291471  
 Fax : 021-6390248  
 Telex : 41467, 41287 NISPJK IA  
 Office Manager : Kamsidin Wiradikusumah

**BOGOR**

Jl. Ir. H. Juanda No. 12, Bogor 16121  
 Phone : 0251-312695 (Hunting)  
 Fax : 0251-312698  
 Telex : 48349 NISPBG IA  
 Office Manager : T. Andyani Pusparini, BBA

**SEMARANG**

Jl. Brig.Jend Katamso No. 5 - 5A,  
 Semarang 50242  
 Phone : 024-411041, 414402  
 Fax : 024-415405  
 Telex : 22255 NISPSM IA  
 Office Manager : Drs. Hermawan Suwirya, MBA

**SURABAYA**

Jl. Pemuda No. 104-106,  
 Surabaya 60246  
 Phone : 031-521594, 520572, 520578, 40973  
 Fax : 031-520571  
 Telex : 32705 NISPSB IA  
 Office Manager : Widjajanti Siswana, SH

**CIMAH**

Jl.Gatot Subroto No. 8,  
 Cimahi 40523  
 Phone : 022-652808, 652888, 654176, 656198  
 Fax : 022-652846  
 Telex : 28758 NISPCM IA  
 Office Manager : Drs. Agus Kapania Saloh

**BATAM**

Jl. Teuku Umar,  
 Kompleks Regency Park Blok I No. 4-5,  
 Batam 29432  
 Phone : 0778-421461, 421471, 421481  
 Fax : 0778-421441  
 Telex : 58148 NISPBM IA  
 Office Manager : Sugiarto

**SUB-BRANCHES & PAYMENT OFFICES :**

**BANDUNG**

Jl. Seriabudi No.170 E, Bandung 40141  
Phone : 022-233480, 235354, 234065  
Fax : 022-235354  
Office Manager : Sri Haryaningsih

Jl. Gatot Subroto No. 389, Bandung 40274  
Phone : 022-300870, 312003  
Fax : 022-312003  
Office Manager : Darmi Slamet

Jl. Sumber Sari Indah Kav T - 5, Bandung 40222  
Phone : 022-613164, 673103, 673105  
Fax : 022-673104  
Office Manager : Hidra Janitra, BSC

Kompleks Kopo Permai Estate  
Blok 6 AR No. 21, Bandung 40227  
Phone : 022-5401761  
Fax : 022-5401805  
Office Manager : Dra. Irinawati Wangsa

Jl. Cibadak No. 168 B  
(Jl. Astana Anyar No. 21), Bandung 40241  
Phone : 022-441523  
Fax : 002-441523  
Office Manager : Sita Parulian, T

Jl. Ir. H. Juanda No. 100  
RS Santo Borromeus, Bandung 40132  
Phone : 022-2506828, 2506841  
Office Manager : Agnes Dewi Maharsi

Jl. Cihampelas No. 161, RS. Advent,  
Bandung 40171  
Phone : 022-235929 235520  
Office Manager : Dede Rifiyanti

Jl. Moh. Toha No. 76, Bandung 40243  
Phone : 022- 507571  
Office Manager : Heryanti

Jl. Dalem Kaum No. 40 (Jl. Kepatihan No 11-17),  
Kings Shopping Centre Lt. 1, Blok NK-FF,  
Bandung 40251  
Phone : 022-4202997, 4202998, 4208117  
Fax: 022-4202997  
Office Manager : Henky Poerdian

Jl. Kakap No. G2-G3, Bandung 40182  
Phone : 022-615473  
Fax : 022-612442  
Office Manager : Nurtani Husein

Jl. Ciumbeuleuit 94, Univ. Parahyangan,  
Bandung 40141  
Phone : 022- 233881, 233882, 233886  
Office Manager : Dra. Michiko Andriani

Jl. Otista , Kompleks Pasar Baru  
Basement Los A 19-20, Bandung 40181  
Phone : 022- 4202970  
Office Manager : Henky Phoerdian

Jl. Bojong Raya No. 99 Cijerah,  
Bandung 40212  
Phone : 022-672223-5  
Office Manager : Drs. H. Abdurrahman

**PADALARANG**

Jl. Raya Purwakarta No. 95, Padalarang 40553  
Phone : 022-6008161, 6809714  
Office Manager : Asep Juhaendi

**JAKARTA**

Jl. Jatinegara Timur No. 46 B, Jakarta 13310  
Phone : 021-8193574, 8191930;  
Fax : 021-8191930  
Office Manager : Sentot Triatmodjo, SE

Jl. Kelapa Gading Boulevard,  
Blok LB 1 No. 4-5, Jakarta 14240  
Phone : 021-4500515, 4500516  
Fax : 021-4501643  
Office Manager : Erna Widjaja

Jl. Pasar Minggu Raya, Proyek Pasar Minggu  
Blok F Lt. 1 No. 2, Jakarta Selatan  
Phone : 021-7811423, 7811425  
Fax : 021-7811424  
Office Manager : Ferry Haposan, SE

Jl. Pramuka Raya Blok A, Lt. 1,  
Los AKS No. 022-025  
Kompleks Pasar Pramuka, Jakarta 13140  
Phone : 021- 8500323, 8580992  
Office Manager : Lilik Sudihardjo

Jl. Merdeka No. 92 A-B, Tangerang 15113  
Phone : 0219-5525024, 5525062, 5525084  
Fax : 0219-5525040  
Office Manager : Yanti Agustini

Komplek Dusit Mangga Dua, Ruko No. 1  
Jl. Mangga Dua Raya, Jakarta  
Phone : 021-6127611, 6127615  
Fax : 021-6127610  
Office Manager : Jap Ching Ping

**BOGOR**

Jl. Perum Taman Rezeki,  
Kiara Payung No. 1, Cibinong  
Phone : 021-8753571, 8756713

Fax : 021-8753572  
Telex : 45946 NISPC IA  
Office Manager : R. Titik Endang P

Jl. Siliwangi No. 8, Cicurug 43159  
Phone : 0266-71165, 71167  
Fax : 0266-732559  
Office Manager : N. Setiaty Satriya

Jl. Rangka Gading No. 1,  
Sekolah Kesatuan, Bogor  
Phone : 0251-320037  
Office Manager : Yudi Setiadi

**SEMARANG**

Jl. Let Jend. Suprpto No 3,  
Semarang 50121  
Phone : 024-518303, 20421  
Fax : 024-548947  
Office Manager : Th. Maria Susanti

Jl. Jend. Sudirman 189,  
Kompleks Siliwangi Plaza Blok C1,  
Semarang 50149  
Phone : 024-605680, 606380  
Fax : 024-608205  
Office Manager : Tanti Iriani, BA

Jl. Jend. Gatot Subroto No 76,  
Ungaran 50517  
Phone : 024-921313, 921389  
Fax : 024-921389  
Office Manager : Akvilina Indah S.

**SURABAYA**

Jl. Ngagel Jaya Selatan No 123,  
Surabaya 60283  
Phone : 031-586308, 583322, 589412, 574048  
Fax : 031-5662209  
Office Manager : Ir. Caroline G.S.

Jl. Sikatan No 17, Surabaya 60175  
Phone : 031-23287, 24577, 26402  
Fax : 031-24576  
Telex : 31412 NISPSB IA  
Office Manager : GM. Yvonne Susilawati

**BATAM**

Jl. Imam Bonjol Blok B 4-5-6  
Kompleks Batama, Nagoya - Batam  
Phone : 0778-457075, 457272  
Fax : 0778-452675  
Telex : 58148 NISPBMI IA  
Office Manager : Nona

A STRONG LINK BETWEEN STAKEHOLDERS AND THE BANK  
IS NURTURED BY CONTINUOUS ATTENTION,  
AT ALL TIMES.

ANNUAL PUBLIC MEETING

P.T. Bank NISP's shareholders annual meeting will be held at  
Ramayana B Room, Grand Hotel Preanger on Jl. Asia Afrika  
No.81, Bandung on Wednesday, May 22, 1996 at 10.30 a.m.  
local time.

STOCK MARKET

The common stock of P.T. Bank NISP is listed on the  
Jakarta Stock Exchange (P.T. Bursa Efek Jakarta)

INDEPENDENT PUBLIC ACCOUNTANTS

Drs. Robert Yogi  
Jl. Majapahit No. 20, Blok B 103 - 104, Jakarta  
Phone : 3807530 - 31  
Fax : 3807560

SECURITIES ADMINISTRATION BUREAU

P.T. Sirca Datapro Perdana  
Wisma Sirca, Jl. Johar No. 18  
Menteng, Jakarta 10340  
Phone : 3140032, 3900645, 3905920 (hunting)  
Fax : 3900652, 3140185