

1997 ANNUAL REPORT



"Prudence and Trustworthiness lead to healthy growth"



BANK NISP

TABLE OF CONTENTS

1 EXECUTIVE SUMMARY 2 STOCK AND FINANCIAL HIGHLIGHTS 4 MESSAGE FROM THE CHAIRMAN
6 REPORT FROM THE PRESIDENT DIRECTOR 8 MANAGEMENT REVIEW 13 ORGANIZATION
16 INDEPENDENT AUDITOR'S REPORT

Bank NISP received the "Asian Banking Award 1998" for "Commercial Credit Program" and "Operational Efficiency Program" categories on March 27, 1998, whilst in 1997 Bank NISP also received the "Asian Banking Award" for "Credit Quality" category.

On October 1997, Bank NISP received a five-year loan amounted to US\$ 10 million from the International Finance Corporation (IFC), that designated NISP as the first Indonesian bank receiving a direct bilateral loan facility from IFC.

The bank has sound liquidity, which is reflected on its position as net lender. Loan to Deposit Ratio (LDR) was at 75.38%, far below the Central Bank's requirement of 110%.

Bank NISP issued Medium Term Notes (MTN) with a period of three years worth Rp 125 billion and bonds with a period of five years worth Rp 150 billion in the second quarter of 1997. The arrangements have strengthened the bank's funding structure.

Bank NISP recorded net profit of Rp 24.2 billion in 1997, an increase of 30% from Rp 18.6 billion in 1996.

Non-interest income posted an increase of 205%, as a result of the increasing foreign exchange transaction, corporate finance activities and the bank's cooperation with major insurance companies operating in Indonesia in selling bancassurance products.

Net interest income grew by 34%, and Net Interest Margin was 4.93%, above the average banking sector.

Cost to income ratio decreased significantly from 60% in 1996 to 52.3% in 1997. The decrease was even substantial compared to the average cost to income ratio of 65% for the period of 1992-96.

Net Open Position was at 13.95% in overbought position equal to Rp 31.1 billion of long position in US dollar.

CAR, ROAA and ROAE were at favorable levels of 13.69%, 2.34% and 22.56%, respectively.

The bank had a significant write-off amounted to Rp 5.5 billion in 1997 (or equivalent to 0.5% of the total loans) to anticipate the deterioration on its asset quality in 1998. Consequently, the non-performing loan decreased from 1.68% to 1.34%. Meanwhile, bank has increased its earning asset provisions from Rp 9.9 billion to Rp 19.2 billion. Thus, the ratio of earning asset provisions to total loans was at 1.64%.

Bank remains selective in giving out new loans, particularly for small and medium scale enterprises, in form of working capital loan and export loan.

Prudence



Prudent and conservative are our principles and commitments to achieve and maintain trustworthiness. Adequate liquidity and healthy asset quality are the fruit of hard work in implementing the principles.

STOCK TRADING ACTIVITIES OF BANK NISP

	1995	1996	1997
Shares volume (million shares)	1.6	22.6	126.5
Value traded (billion Rp)	3.3	46.8	151.4
Frequency (times)	57	1,637	6,932

SHARE PRICES

1997	High	Low	Close	1996 *)	High	Low	Close
Jan - Mar	1,450	804 *)	1,100	Jan - Mar	571	366	562
Apr - June	1,425	1,000	1,350	Apr - June	1,018	562	768
July - Sept	1,450	775	950	July - Sept	786	723	759
Oct - Dec	975	625	700	Oct - Dec	1,161	750	955

* adjusted for 2-for-5 bonus shares and stock split in 1997

CAPITAL STRUCTURE

as of December 31, 1997

Shareholders	Number of Shares	%
PT Udayawira Utama	58,555,000	33.46
PT Suryasono Sentosa	58,555,000	33.46
Karmaka Surjajudaja	140,000	0.08
Public	57,750,000	33.00
- Foreign : 83.41%		
- Local : 16.59%		
=====		
TOTAL	175,000,000	100

FINANCIAL HIGHLIGHTS

(in million Rupiah)	1997	1996	1995	1994	1993
Total assets	1,703,667	1,198,930	875,313	655,344	463,215
Loans (gross)	1,171,846	876,613	718,116	562,525	393,524
Loan loss provisions	(19,092)	(9,762)	(9,030)	(7,554)	(5,964)
Total third party deposits	909,609	922,388	639,914	500,216	406,666
Demand deposits	113,808	76,455	72,890	65,293	51,459
Saving deposits	171,422	172,714	133,310	123,862	102,229
Time deposits	624,379	673,219	433,714	311,061	252,978
Total funding	1,438,076	1,020,091	736,567	534,890	412,090
Stockholders' equity	173,076	128,066	115,679	102,277	25,255
Net interest income	72,813	54,395	53,254	38,932	25,041
Fee based income	31,316	10,275	8,373	5,682	2,817
Income before tax	33,975	25,791	23,022	16,118	5,680
Net income	24,182	18,637	16,528	13,521	4,535
=====					
RATIOS (%)					
Return on Average Assets (before tax)	2.34	2.49	3.01	2.88	1.34
Return on Average Equity (before tax)	22.56	21.16	21.13	25.28	24.71
Net Interest Margin	4.93	5.18	6.56	6.43	5.91
Loan to Deposit Ratio	75.38	79.20	87.54	88.36	90.13
Capital Adequacy Ratio	13.69	14.30	13.74	15.39	8.31
Cost to Income Ratio	52.29	59.99	61.75	55.74	70.78
Productivity (million Rp/person)	1,565.87	1,291.95	981.29	697.92	513.54
=====					
SHARE					
Number of shares (million)	175	62.5	62.5	62.5	6.1 **)
Earning per share (Rp)	138	106 *)	94 *)	77 *)	26 *)

* adjusted for 2-for-5 bonus shares and stock split in 1997

** restated at nominal value of Rp 1,000/share

Liquidity



Reliability enables us to sustain our liquidity which is reflected in our position as net lender during tight monetary condition

The year 1997 was full of challenges for the development of Indonesian economy. Savoring economic growth with approximately 7% during 1990-1996, the growth of the Indonesian economy eased about merely 4.65% last year. In fact, the growth was still promising until first half 1997, but speculation against Rupiah in the beginning of July 1997 forced Bank Indonesia to release the intervention band which brought Rupiah depreciated to more than 300%, a level that has never been imagined before. The situation finally led to an economic crisis.

In order to overcome the crisis, the government call upon the help of IMF on October 8, 1997. On November 1, 1997, the government liquidated 16 national private banks that triggered confidence crisis toward banking sector. Depositors frantically withdrew their money from their banks, anxious there will be another bank liquidation, eventhough Bank Indonesia had given its assurance.

Despite the crisis, Bank NISP was still able to record net profit of Rp 24.2 billion last year, a 30% increase compared to the year 1996. It was well supported by our policies that emphasize on prudence, conservative and consistency, all of which made the quality of service and the need of customers well maintained. Our vision to be one of the best financial institutions that was regional basis with international quality and services that has led us to receive Asian Banking Awards for the second time. Last year Bank NISP received an award for the category of Credit Quality. This year, from the total of 12 categories of the award, Bank NISP has been awarded for 2 categories, Commercial Loan Program and Operational Efficiency Program. The first award was given in regard to the ability of Bank NISP in giving customer a lower interest rate relative to the market as a result of our prudent strategy toward diversification, whilst the second was evaluated based on the implementation of the ISO 9000 Quality Circle Program, training and technology advancement.

Meanwhile, the transaction of our stocks in the Jakarta Stock Exchange has shown a significant progress in 1997. The stock split followed by 2-for-5 bonus shares in the beginning of 1997 has brought an increase in the number of shares from 62.5 million shares in 1996 to 175 million. Consequently, NISP's transaction volume in the JSX skyrocketed from only 22.6 million shares in 1996 to 126.5 million shares in 1997. Looking at the frequency of the transaction occurred, NISP's stocks have been traded 6,932 times during the year of 1997, compared to 1,637 times in 1996.

We realize the economic crisis is not over yet. The year 1998 will be another year full of challenges for the Indonesian economy. However, we do have a great faith in the government's efforts to deal with the crisis. The banking reform announced on January 27, 1998 has given a strong indication of the government's serious efforts in leading the banking sector back to the track. The government's guarantee on the deposits of national private banks has made our position similar to those of state-owned banks. The various banking regulations enacted by the government afterwards strengthened the indication of the government seriousness in dealing with the crisis. Thus, even if it means going through a rigorous time this year, we must believe that every clouds has a silver lining.

The great challenge will be coloring our way this year. The challenge is to meet the new paid-up capital requirement of Rp 250 billion (after taking into account provision for loan losses) by the end of this year. As of December 31 1997, our total equity was recorded at Rp 173.1 billion. Currently, we have some alternatives to cope with it. The first alternative is to invite foreign investors. Presently, we are having discussions with investors from US, Europe, Japan and Singapore. The second one is to merge with other national private banks, and the last is basically the combination of the two alternatives mentioned above.

Finally, on behalf of the board of commissioners, we would like to express our gratitude for rendering us the trust from time to time, and with the hope that we can pass this year and the following years together successfully. We also wish that together we take part in making a better path for our economic development in the future.



A handwritten signature in black ink.

Karmaka Surjaudaja
CHAIRMAN

A handwritten signature in black ink.

Peter Eko Sutioso, SH
DEPUTY CHAIRMAN

A handwritten signature in black ink.

Lelarati Lukman
MEMBER

A handwritten signature in black ink.

Anwary Surjaudaja
MEMBER

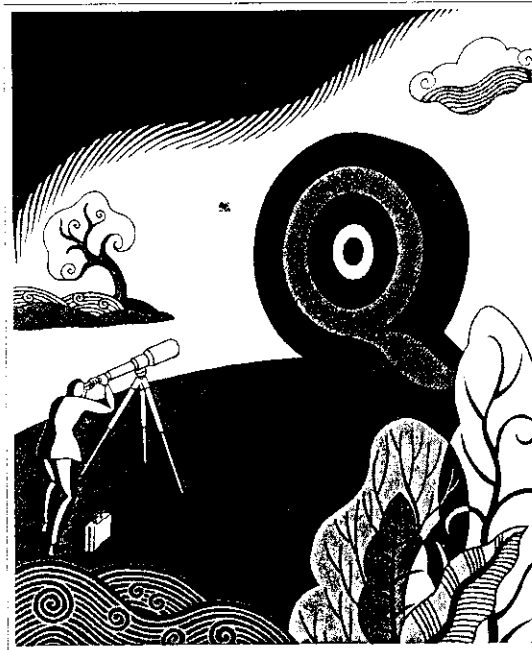
A handwritten signature in black ink.

dr. Pramana Surjaudaja, MBA
MEMBER

A handwritten signature in black ink.

Dra. Mariawati Halim
MEMBER

Asset Quality



**Prudent and consistent assessment policy toward quality of debtors
and sufficient provisions lead us to have good asset quality structure**

We praise the Lord for we could pass the difficult period in 1997 robustly. Net profit in 1997 recorded a noteworthy increase of 30%. The achievement was attained within our effort to maintain our good asset quality. Anticipating the deterioration on the asset quality due to unpredictable monetary condition, we initiated a significant write-off at amount of Rp 5.5 billion last year, much greater to the year 1996 at amount of Rp 715 million. As a result, we could reduce the non-performing loan level from 1.68% to 1.34%, with accumulated earning asset provisions increased from Rp 9.9 billion to Rp 19.2 billion. Thus, the ratio of earning asset provisions to total loans became 1.64%.

One of the greatest increase on net profit came from non-interest income, which increased by 205% compared to the year 1996. The increase was possible because of the increasing foreign exchange transaction and activities in merchant banking (as arranger for loan syndication or advisory services) and corporate banking. Apart of it, Bank NISP has also created and improved the cooperation with some major insurance companies operating in Indonesia which enabled us to gain

revenue of 30-45% from the total insurance premium sold. On the other hand, net interest income increased by 34% due to high involvement of Bank NISP in the money market as net lender. The position was possible because of well maintained liquidity in our bank. By the middle of the year 1997, we issued MTN with a period of 3 years valued Rp 125 billion and bonds with a period of 5 years valued Rp150 billion. Moreover, in 1997 we managed to get new loans, one of which was US\$ 10 million from IFC (International Finance Corporation), which designated us as the first Indonesian bank receiving direct bilateral loan facility from IFC. Eventually, all of these have a positive impact on Loan to Deposit Ratio which was at a sound level of 75.38%, far below Bank Indonesia requirement of 110%.

Despite the rising of net interest income, Net Interest Margin decreased from 5.18% to 4.93% due to time gap between receiving and placing the fund with respect to our prudent principle. Even so, the position of Net Interest Margin at 4.93% was in fact above the average of banking industry which was 3.5% to 4.0%.

Other aspect that delighted us in 1997 was the achievement of higher efficiency level. In 1997, our cost to income ratio was 52.3%, a decrease from 60% in 1996, reflecting our continuous process of efficiency improvement in Bank NISP. As of the year 1996, Bank NISP successfully completed ISO 9002 programs for every division at the head office, which then designated NISP as one of the first bank in Indonesia and among the first bank in Asia Pacific region to receive it. In addition, we have developed TQM (Total Quality Management) program that enable us to actuate cost efficiency program.

Other important note that we need to express was the enormous depreciation of rupiah which led to a significant increase in some of our posts. Our total assets, for instance, increased by 42%, greater than in 1996 which was 37%. The same case with total loans which increased by 34% compared to 22% in 1996.

Coping with challenges in 1998, we will mostly concentrate on maintaining our asset quality. As the economy is slowing down, while the interest rates keep on increasing, the possibility of higher non-performing loan becomes inevitable. It will likely lead to a deterioration on the asset quality. Thus, to anticipate the situation, we are actively monitoring at least 50 of our main debtors in each of our operational offices, pro-active assessing all accounts, anticipating potential problems, reassessing of corporate and financial institutions limits. The effort to maintain asset quality has been surely done without neglecting our liquidity position. Up to this time, we are still in a position as net lender in the inter-bank money market, as the result of our success in managing the diversification of sources of fund from time to time.

In line with the government's plan to have a thorough banking reform in Indonesia, Bank Indonesia will likely announce many new regulations in the near term. We view it as challenges. The new regulation on loan loss provisions, the ceiling on time deposit rate are mainly efforts to lead the Indonesian banking sector toward better condition. Meanwhile, from operational point of view, we realize the hurdles in gaining profit this year. The increase of deposit rates following the higher new SBI rates for instance will bring us to a more expensive cost of fund. On the other hand, efforts in giving out loans will stumble into difficulties if the interest rate is too high. Consequently, a decrease in Net Interest Margin is likely to occur this year. Moreover, the provision for loan losses need to be increased to maintain sound asset quality. We will do our best to have our provision level in line with the new Central Bank regulations on loan loss provisions. In the end, all of which mentioned above will have an impact on our profitability this year. Even so, we strongly believe that our prudent, conservative and consistent-but-dynamic policies will support us to grow well during the year and years to come.



A handwritten signature in black ink, appearing to read 'Pramukti'.

Pramukti Surjaudaja, MBA
PRESIDENT DIRECTOR

A handwritten signature in black ink, appearing to read 'Parwati'.

Parwati Surjaudaja, MBA
DEPUTY PRESIDENT DIRECTOR

A handwritten signature in black ink, appearing to read 'Ratna'.

Dra. Ratna Dewiyanti
DIRECTOR

A handwritten signature in black ink, appearing to read 'Kamsidin'.

Kamsidin Wiradikusumah
DIRECTOR

A handwritten signature in black ink, appearing to read 'Hardi'.

Hardi Juganda, SH.
DIRECTOR

Efficiency



Excellent efficiency is an ongoing process that accentuate our lifetime commitment, supported by structured operational system and qualified human resources.

BACKGROUND

Bank NISP was established in Bandung in 1941 and became a commercial bank in 1967. In 1972, Bank NISP entered into a joint financing and technical assistance agreement with Daiwa Bank of Japan through PT. Bank Daiwa Perdania which was the first joint venture bank in Indonesia. Bank NISP was granted a foreign exchange license in 1990 and became a publicly listed company in 1994. In 1995, Bank NISP successfully obtained the ISO 9002 certification for its Treasury and Financial Institution division. On the following year, the certificate was given to all divisions in Bank NISP's head office. In 1997, Bank NISP went hand in hand with OCBC Bank of Singapore to establish Bank OCBC-NISP.

Until 1997, Bank NISP had managed to run 56 branches with 64% of which located in West Java. The figure expanded from only 42 branches in 1996. Ten of NISP's offices are located in Jakarta. The expansion of branches, consequently, brought an increase in the number of employees from 928 people in 1996 to 1,088 people in 1997. Despite an increase in the number of employees, productivity ratio for Bank NISP showed a significant improvement for the last five years, increased from Rp 514 million/person in 1993 to Rp 1,566million/person in 1997.

The focus of Bank NISP is on providing financial support to small and medium scale businesses in a form of Small Business Development Loans (KUK). In running its activities, Bank NISP was granted loans from Export Import Bank of Japan and FMO (The Netherland Development bank) as well as some other well-known international financial institutions. The bank has also involved in USAID program and received GSM-102 facility in the Export Credit Guarantee Program from the Department of Agriculture USA.

Bank NISP offers standard banking products and services. The deposit taking products come in form of demand deposit, saving, time deposit, as well as certificate of deposit. The lending products comprise of professional loan, export loan, consumer loan and commercial loan. The corporate finance division is in charge of giving syndication loan and providing financial advisory service. Through fee-based income division, Bank NISP has made agreements with several notable insurance companies operating in Indonesia in a form of bancassurance.

FINANCIAL PERFORMANCE

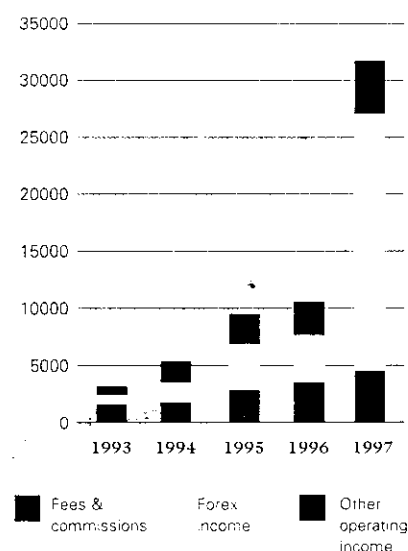
1. Net Interest Income

Bank NISP recorded an increase of 34% in net interest income from Rp 54 billion in 1996 to Rp 73 billion. The increase was higher than the previous year of 2%, as a result of high involvement in the inter-bank money market. Bank NISP positioned itself as net lender. The position was possible due to the issuance of Medium Term Notes worth Rp 125 billion and bonds worth Rp 150 billion in the second quarter of 1997.

2. Non-Interest Income

Bank NISP posted an increase of 205% in non-interest income from Rp 10 billion to Rp 31 billion. It was mostly contributed by the increase in the foreign exchange income from Rp 4 billion to Rp 23 billion. Besides, there was also an increase of 57% in fees and commissions (other than from loans), triggered by the increase in merchant banking and corporate banking activities, as well as the joint-cooperation with some major insurance companies operating in Indonesia.

NON-INTEREST INCOME
(million Rupiah)



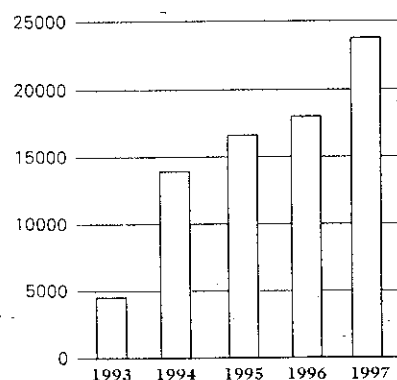
3. Operating Expenses

Operating expenses consisted mainly of allowance for loan losses, which increased substantially last year, general and administrative expenses increased by 53%, and personnel expenses increased by 12%. The increases were particularly caused by the opening of 2 new branch offices, 5 sub-branches and 4 payment offices. Besides, there was also a change in the status of 3 sub-branch offices to branch offices. Bank NISP recorded a substantial decrease in cost to income ratio from 60% in 1996 to 52.3% in 1997. The decrease was even significant compared to the average cost to income ratio of 65% for the period of 1992-96.

4. Allowance for loan losses

The bank increased its allowance for loan losses substantially from Rp 117 million in 1997 to Rp 14.8 billion to anticipate further deterioration on its asset quality this year.

NET INCOME
(million Rupiah)



5. Net Income

Bank NISP recorded an increase of 32% in income before tax from Rp 26 billion in 1996 to Rp 34 billion in 1997. Overall, net income for the year 1997 was Rp 24.2 billion, a 30% increase from Rp 18.6 billion in 1996. The increase was higher than in 1996 which was 13% and above the net income projected for 1997. ROAA and ROAE stayed at favorable level of 2.34% and 22.56% respectively.

FINANCIAL POSITION

1. Stockholders' Equity

On February 3, 1997, the bank decided to make a stock split then followed by 2-for-5 bonus shares on February 27, 1997. As a result, paid-up capital increased from Rp 62.5 billion to Rp 87.5 billion. In total, stockholder's equity increased from Rp 128.1 billion in 1996 to Rp 173.1 billion in 1997 due to an increase in retained earnings from Rp 39.3 billion to Rp 57.4 billion. The bank had also increased its capital as a result of revaluation reserve of fixed assets amounted to Rp 27 billion last year. Capital Adequacy Ratio (CAR) was at a sound level of 13.69%, far exceeding the Central Bank's requirement of 9%.

2. Total Assets

In 1997 Bank NISP posted a 42% growth in total assets compared to 37% growth in 1996, partly caused by heavy depreciation of Rupiah. Excluding the foreign exchange translation, the total assets grew by approximately 23%.

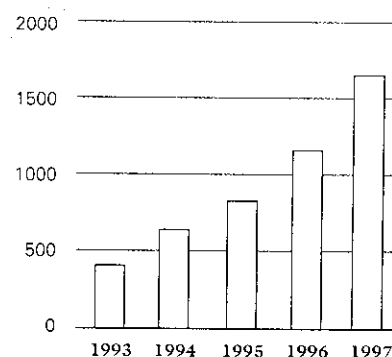
3. Earning Assets

The contribution of earning assets to total assets in 1997 was 86.7%, mainly consisted of loans (79.3%), trading accounts securities held (8.8%), and placement with other banks (8.1%).

4. Asset Quality

Anticipating the worsening asset quality, Bank NISP took a significant write-off amounted to Rp 5.5 billion last year. Therefore, non performing loan level decreased from 1.68% to 1.34%. Meanwhile, the accumulated earning asset provisions increased from Rp 9.9 billion to Rp 19.2 billion, thus the ratio of earning asset provisions to total loans was 1.64%. The bank had recorded a good loan recovery thus far. During the period of 1993 - 97, total net charge-off was positive at Rp 6.3 billion.

TOTAL ASSETS
(billion Rupiah)

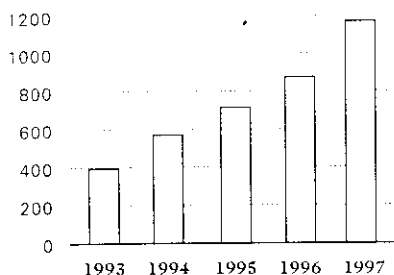


(in billion Rupiah)	1993	1994	1995	1996	1997
Write-off	0.3	3.0	0.2	0.7	5.5
Write-back / loan recovery	0.8	0.6	0.6	1.3	0.1
Net charge-off	(0.5)	2.4	(0.4)	(0.6)	5.4
Provision for possible losses on earning assets	6.0	8.0	9.1	9.9	19.2

5. Loan Portfolio

TOTAL LOANS

(billion Rupiah)

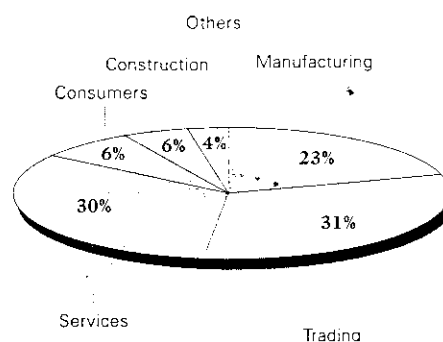


Total gross loans posted an increase of 34%, partly contributed by foreign exchange translation. Excluding foreign exchange translation, the total loans grew by 18%. In 1997, Bank NISP mainly focused its loans on 3 sectors, services (30%), trading (31%) and manufacturing (23%). Most of the total loans given to trading sector went to retail industry. Furthermore, 9.7% of the total loans were given to real-estate, mostly catered shop-houses and industrial estate projects.

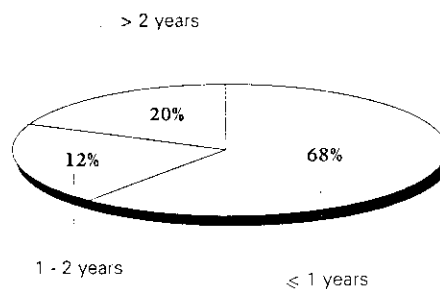
	1996 (%)	1997 (%)
Manufacturing	20.3	22.7
Trading	27.1	31.0
Services	31.4	30.3
Consumers	7.8	6.0
Construction	8.0	6.1
Others	5.4	3.9
Total	100	100

Looking at its usage, 80% of the total loans were given in form of working capital loans, 12% investment loans and the remaining were consumer loans. As a result, majority of the loans had time period of up to 1 year, 68% of the total loans. In term of size, around 39% of total loans outstanding were less than Rp 500 million, 39% between Rp 500 million to Rp 5 billion, and the remaining were above Rp 5 billion. In spite of recent increase on interest rates, Bank NISP is still giving out loans but very selective. Loans were given to small and medium scale businesses, in form of working capital loan and export loan.

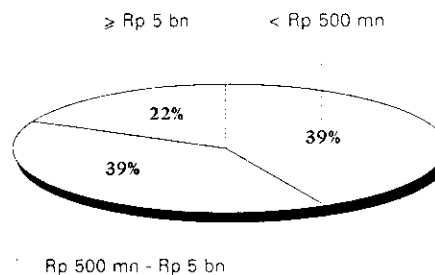
Loan Portfolio by SECTOR (%)



Loan Portfolio by MATURITIES (%)



Loan Portfolio by SIZE (%)



(as of December 31, 1997)

6. Funding

The Bank continues the efforts to have effective funding structure, mixed from third party deposits, bond and borrowings. In 1997, the bank recorded a decrease in third party deposits by 1.4% due to the withdrawal of its own time deposits amounted to Rp 150 billion. The fund was allocated in 1996 as paid-up capital for its new joint venture bank: OCBC-NISP. Excluding this transaction, total third party deposits grew by 19%.

Looking at the composition, time deposits still dominated third party deposits, although decrease from 73% in 1996 to 69% in 1997. Overall, the banking activities were not much affected, as the total funding actually increased from Rp 1 trillion to Rp 1.4 trillion, due to a 287% increase in borrowings. Rupiah borrowings increased from Rp 35 billion to Rp 188 billion, whereas offshore borrowings increased from Rp 62 billion to Rp 190 billion. In 1997, the bank received new offshore borrowings worth US\$ 21 million from several international financial institutions.

Moreover, in the middle of 1997, the bank issued a three-year Medium Term Notes (MTN) worth Rp 125 billion, with fixed interest rate of 15.5% and a five-year-bond worth Rp 150 billion, with fixed rate of 15.5% for the first year and floating rate of 1.25% above six month time deposit rate afterwards. This bond will due on June 16, 2002. The issuance of the MTN and the bond were intended to create diversification on the funding, so the risk from the volatility in one source of fund can be minimized. From the bank's point of view, diversification, that mainly focused on long-term fund, is important not only to maintain stability, but also to minimize cost of fund.

Medium and long-term funding in Bank NISP accounts for more than 30% of the total funding. The composition has put NISP in a better position relative to the other banks, particularly during the economic crisis. It enables Bank NISP to give lending rate below the market rate. Overall, the lower lending rate will reduce risk of default on loans.

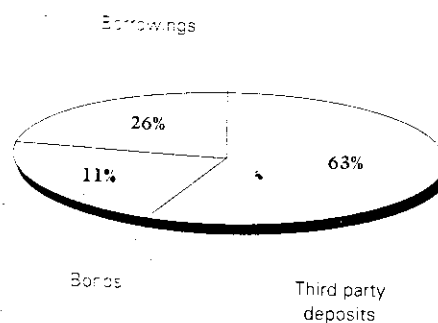
7. Liquidity

In an uncertain monetary situation, Bank NISP has to maintain the sound liquidity. Currently, NISP remains to be a net lender for other banks. As of December 31, 1997, the bank's liquid asset comprised mainly of cash, current accounts with Bank Indonesia and other banks as well as placement with other banks which amounted to Rp 216 billion, a 42% increase from the previous year. The ratio of liquid asset to total third party deposits increased from 16.5% in 1996 to 23.7%, indicating the improvement in the bank's liquidity. It is important to maintain the bank's ability in meeting its obligation to other parties, particularly during the implementation of the government's tight monetary policy in facing economic crisis.

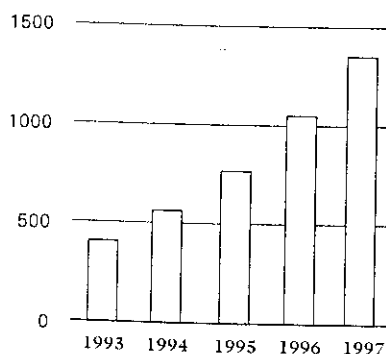
8. Net Open position

Net Open Position was at 13.95% in overbought position equal to Rp 31.1 billion of long position in US dollar.

FUNDING COMPOSITION (%)
(as of December 31, 1997)



TOTAL FUNDING
(billion Rupiah)



BOARD OF SUPERVISORS

KARMAKA SURJAUDAJA

Chairman

The Chairman of Bank NISP since April 1997, after being the President Director of Bank NISP since 1963 to April 1997. The Vice Chairman of Bank OCBC-NISP since 1997, and member of the Board of Supervisors in Daiwa Perdana Bank since 1992. Actively involved in social activities. Previously as Manager of NV Padasuka and Director of Dharmakusuma Textile & Trading Co since 1958 before joining Bank NISP.

ANWARY SURJAUDAJA

Member

Member since 1991. Formerly as member of the Board of Directors of Bank NISP (1985-91). Holding various positions in Bank NISP from 1971-85. The President Director of Hastin International Bank and member of the Board of Supervisors in Bank Century Intervest Corporation. The Vice President of Inter-Region Division at head quarter office of Indonesian Association (PERBANAS) and as Secretary of Banker's Club. Actively involved in sport and social activities. Attended SESPIBI XI held by Bank Indonesia (1984). Diploma in Economics, Jakarta

PETER EKO SUTIOSO, SH.

Deputy Chairman

Deputy Chairman of Bank NISP since June 1998, after being member since April 1997 to June 1998. Formerly as Director of Bank NISP (1972-April 1997). The Vice President of the Advisory Counsel at Indonesian Banking Association (PERBANAS) in West Java since 1988 and Second Vice President of BMPD West Java (1980-88). Actively involved in public services and education organizations. Bachelor Degree in Law from Padjajaran University-Bandung (1965).

dr. PRAMANA SURJAUDAJA, MBA

Member

Member since 1983. The President Director of PT Suryasono Sentosa since 1994. Public official (1985-88), was awarded as public figure for his contribution in developing public health, excellent doctor and distinguish public official. Actively involved in sport activities. Chairman of Pengda Perbasasi West Java. Project leader of Sea Games XIX - Jakarta. MBA from LPPM-Jakarta (1991) and medical doctor from Padjajaran University-Bandung (1985).

LELARATI LUKMAN

Member

Member since 1982. The President Director of PT Udayawira Utama since 1994. The Chairman of Bio-Test Medical Laboratories Agency in Bandung and Surabaya. Actively becoming an entrepreneur in care services since 1988 and in health services in 1980.

Dra. MARIAWATI HALIM

Member

Member since July 1997. Vice President of Bank of America (July 1985). President Director of PT First Indo-American Leasing Co (1991-95). Bachelor Degree in Economics from Universitas Kristen Indonesia (1967). Holding various positions and divisions in Bank of America, Jakarta since 1968. Various training i.e. in treasury, credit, and trade finance in Indonesia as well as abroad.

BOARD OF DIRECTORS

PRAMUKTI SURJAUDAJA, MBA

President Director

The President Director of Bank NISP since April 1997, after being member of the Board of Directors in Bank NISP (1989-April 1997). Member of the Board of Supervisors in Bank OCBC-NISP since 1997. Official of Indonesian Banking Association (PERBANAS) (1994-99) and in 1993 took the Executive Program at Stanford University and Massachusetts Institute of Technology-USA. Internship at Daiwa Bank Group of New York, London, Tokyo and Hong Kong (1987-89). Attended SESPIBI XVI held by Bank Indonesia (1991). MBA in Banking and Finance from Golden Gate University-USA (1986) and B.Sc. from San Francisco State University-USA (1985).

Dra. RATNA DEWIYANTI

Director

Director of Bank NISP since April 1997. Joined Bank NISP in 1981 with previous position as Head of Bandung Head Office Operational (1991-97). The Vice President of Indonesian Banking Association (PERBANAS)-West Java (1997-2000). Attended SESPIBANK - LPPI (1992). Bachelor Degree in Management and Accountancy from Parahyangan University-Bandung (1979). Various training i.e. in banking and language in Indonesia as well as abroad.

PARWATI SURJAUDAJA, MBA

Deputy President Director

The Deputy President Director of Bank NISP since June 1998, after being member of the Board of Directors in Bank NISP (1990-June 1998). MBA in Accounting from San Francisco State University-USA (1987, Cum Laude), Asia Pacific Banking Schools and various system schools from Arthur Andersen USA (1987-90). Attended SESPIBI XVII held by Bank Indonesia in 1992. Formerly as Senior Consultant at SGV Utomo/Arthur Andersen (1987-90). Various trainings in technology, HRD and finance in Indonesia as well as abroad.

HARDI JUGANDA, SH.

Director

Director of Bank NISP since 1997. Joined Bank NISP in 1985 with previous position as the Head of Asia Afrika Branch in Bandung (1991-97). Attended SESPIBANK-LPPI (1989). Bachelor degree in Law from Parahyangan University Bandung (1985). Various training i.e. marketing, credit, and language in Indonesia as well as abroad.

KAMSIDIN WIRADIKUSUMAH

Director

Director of Bank NISP since April 1997. Joined Bank NISP in 1968 with previous position as Head of Jakarta Main Branch Office (1994-97). Vice President of BMPD Bogor (1990-94). Used to join Faculty of Economics Parahyangan University-Bandung (1967-68). Various trainings i.e. in accounting, legal, and credit.

ORGANIZATION

Assistant to Board of Directors

Magda T. Eghbal
Yogadharna Ratnapalasarı

Head of Divisions

Andrijati Trisnadjaja	: Directorial Secretariat	Marsinta Alimuddin	: Internal Audit
Darmawati	: Settlement	Mustika Atmanari	: Human Resources Development
Edward Tambunan	: Dealing Room	Ogi Sugiat	: General Affairs
Filipus H. Suwarno	: Information & Technology System	Soegiono Naftali	: Loan Remedial & Collection
Hannar Yogia	: Information & Development System	Wahyu Dewanti	: Corporate Affairs
Hendi Koncara Gurnita	: Business Development	Wati Tatang Chim	: Financial Institution & Corporate Finance
Komala Sari Iskak	: Loan	Yoewanty Dirgantoro	: Quality Management
Levianty Rustan	: Legal	Natalina Setiawati	: Fee Based Center - Coordinator
Lie Ying Hong	: Administration & Operational		

Branches

Head Office Operational	: Daniel Prama Santoso	Main Branch Office	: Jap Chin Ping
Asia Afrika	: Jelianah Tansur	Tangerang	: Modesta Tuti Suprapti
Andir	: Hermawan Suwirya	Bekasi	: Sugiarto
Cimahi	: Agus Kapania Saloh	Surabaya	: Widjajanti Siswana
Bogor	: T. Andyani Pusparini	Ngagel	: Caroline G.S
Sukabumi	: Hasan Ichsan	Semarang	: Th. Maria Susanti
Batam	: Sutrisno Tedjo	Surakarta	: A. Wahyu Gunawan

Sub-Branches

Setiabudi	: Sri Haryaningsih	Jatinegara	: Dian Nastiti Ambarsari
Antapani	: Arman Sidharta	Kelapa Gading	: Erna Widjaja
Sumbersari	: Hindra Janitra	Mangga Dua	: Martha Thung
Kopo	: Irinawati Wangsa	Roxy Mas	: Ignatius Pudjiarto Sutigno
Cibadak	: Sitta Parulian Tampubolon	Kemang	: Sri Roosyana
Buah Batu	: Kadarnas S. Kusuma	Kwitang	: Nus Tedjawati
Ujung Berung	: F.X. Sari Indrajani L	Tendean	: Nita Silfianthi
Kebonjati	: Leliani Iskandar	Karawaci	: Dian Hadidjah Yusuf
Padalarang	: Enny Djulaeha	Soeprapto	: Indah Setyabudi Astuti
Cibinong	: R. Titi Endang Purwanti	Siliwangi	: B. Rosariani
Cicurug	: Dedi Setiadi	Ungaran	: Achmadi
Sukasari	: Irawati	Lingkungan Industri Kecil (LIK)	: Tanti Irianti
Kedung Badak	: Yudi Setiadi	Cibadak	: Surono

Payment Offices

Borromeous	: Agnes Dewi Maharsi	Cijerah	: H. Abdurrahman A.
Advent	: Dede Rifiyanti	Pasteur	: Rudi Rahmat
Unpar	: Rudy Syafrudin	Sekolah Kesatuan	: Setyati Satrya
Moh. Toha	: Kadarnas S. Kusuma	Cileungsi	: Guntoro
Kepatihan	: Henky Phoerdian	Semplak	: Hanny Chairani Akman
Pasar Baru	: Andi Liem	Pramuka	: Lilik Sudihardjo
Kopo Sayati	: Hartawan	Kartini	: G.M. Yvonne Susilawati
Kakap	: Nurtani Husein	Pasar Turi	: Sri Ratnasari Sutisna

INDEPENDENT AUDITOR'S REPORT

No. : NISP/34/PS/97

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

We have audited the accompanying balance sheets of PT. BANK NISP Tbk, as of December 31, 1997 and 1996 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 Tbk, as of December 31, 1997 and 1996 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

Lisence No. Si-713/MK.13/92

Jakarta, March 31, 1998

PT. BANK NISP TBK. BALANCE SHEETS

December 31, 1997 and 1996

ASSETS	Notes	1997 Rp.	1996 Rp.
CASH		16,686,374,658	14,776,301,354
CURRENT ACCOUNTS WITH BANK INDONESIA		65,098,623,630	33,589,346,146
CURRENT ACCOUNTS WITH OTHER BANKS		14,294,601,150	11,892,277,216
PLACEMENTS IN OTHER BANKS	2c,3		
Net of allowance for possible losses 1997 and 1996 : Rp. 2,963,000		119,750,285,100	91,498,030,616
TRADING ACCOUNTS SECURITIES HELD	2d,4		
Net of allowance for decline in value 1997 and 1996 : Rp. 92,500,000		130,466,963,235	53,174,593,848
LOANS :	2e,5		
Third parties		1,515,631,801,666	865,592,053,073
Related parties		20,214,959,000	11,021,130,616
less allowance for possible loan losses		(19,092,399,231)	(9,762,278,066)
Loans - net of allowance for loan losses		1,515,754,361,435	866,850,905,623
INVESTMENTS IN SHARES OF STOCK	2g,6	41,416,317,160	17,365,217,160
FIXED ASSETS :	2h,7,18		
Directly owned - net of accumulated depreciation 1997 : Rp. 12,842,794,910 1996 : Rp. 13,700,401,799		81,571,047,181	51,506,009,492
Leased Assets - net of accumulated depreciation 1997 Rp. 2,100,000,000 1996 Rp. 1,100,000,000	2i	3,900,000,000	4,200,000,000
Fixed assets - net of accumulated depreciation		85,471,047,181	55,706,009,492
OTHER ASSETS :	2j,k,l,m		
Chattel properties		15,563,830,362	13,135,161,648
Income receivable		23,645,825,584	8,373,879,109
Prepaid expenses & deferred charges		7,620,193,540	3,233,327,508
Advances for investment in shares of stock	8	-	22,500,000,000
Others		30,898,952,524	6,834,584,005
Total other assets		77,728,829,010	54,076,952,270
TOTAL ASSETS		1,703,667,402,221	1,198,929,633,725

The accompanying notes are an integral part of these financial statements

PT. BANK NISP TBK. BALANCE SHEETS

December 31, 1997 and 1996

LIABILITIES AND STOCKHOLDER'S EQUITY	Notes	1 9 9 7 Rp.	1 9 9 6 Rp.
DEMAND DEPOSITS	9	113,808,182,627	76,454,813,800
SAVING DEPOSITS	10	171,421,594,145	172,714,107,947
TIME DEPOSITS :	11		
Third parties		607,412,015,048	653,938,578,602
Related parties		13,181,000,000	15,737,824,077
Total time deposits		620,593,015,048	669,676,402,679
CERTIFICATES OF DEPOSITS net of unearned interest			
1997 : Rp. 102,153,277			
1996 : Rp. 387,493,685		3,785,846,723	3,543,506,315
Total deposits		909,608,638,543	922,388,830,741
OTHER IMMEDIATE LIABILITIES		17,155,209,001	7,376,331,885
TAXES PAYABLE	2p	7,937,977,181	1,878,654,324
DEBENTURES	12	150,000,000,000	-
BORROWINGS :	13		
Third parties		373,466,831,115	97,703,220,002
Related parties		5,000,000,000	-
Total borrowings		378,466,831,115	97,703,220,002
OBLIGATIONS UNDER CAPITAL LEASES		6,816,078,252	4,200,180,575
OTHER LIABILITIES		17,826,434,660	9,911,580,879
SUBORDINATED TERM LOAN	14	42,780,000,000	27,404,500,000
Total liabilities		1,530,591,168,752	1,070,863,298,406
STOCKHOLDER'S EQUITY			
Capital Stock - Rp. 500 par value	16		
Authorized 700,000,000 shares			
Issued and fully paid 175,000,000 shares in 1997		87,500,000,000	-
Capital Stock - Rp. 1,000 par value			
Authorized 200,000,000 shares			
Issued and fully paid 62,500,000 shares in 1996		-	62,500,000,000
Capital paid in excess of par value	17	1,250,000,000	26,250,000,000
Revaluation reserve	18	26,952,979,580	
Retained earnings		57,373,253,889	39,316,335,319
Total stockholder's equity		173,076,233,469	128,066,335,319
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY		1,703,667,402,221	1,198,929,633,725

The accompanying notes are an integral part of these financial statements

PT. BANK NISP TBK. STATEMENTS OF COMMITMENTS AND CONTINGENCIES

December 31, 1997 and 1996

	1 9 9 7 Rp.	1 9 9 6 Rp
COMMITMENTS		
COMMITTED RECEIVABLE		
Unused borrowings facilities	465,000,000	238,300,000
Foreign currencies forward buying	4,066,924,430	-
Unsettled spot buying of foreign exchange	9,300,000,000	-
Total committed receivables	13,813,924,430	238,300,000
COMMITTED LIABILITIES		
Unused credit facilities	135,437,072,807	81,099,814,117
Revocable letters of credit outstanding	8,846,672,917	18,629,524,778
Foreign currencies forward sales	8,456,770,296	12,391,600,000
Unsettled spot sales of foreign exchange	10,250,000,000	-
Acceptance of drafts on the basis of import		
Advance letters of credit	8,952,205,831	255,240,360
Revocable local letters of credit outstanding	6,332,554,907	1,381,589,586
Total committed liabilities	178,275,276,758	113,757,768,841
TOTAL COMMITMENTS - NET	(164,443,352,328)	(113,519,468,841)
CONTINGENCIES		
CONTINGENT RECEIVABLES		
Interest income in process of remedial action	8,669,095,061	7,538,405,125
Total contingent receivables	8,669,095,061	7,538,405,125
CONTINGENT LIABILITIES		
Guarantees issued :		
Bank guarantees	12,538,089,226	22,302,787,890
Endorsement of promissory notes	27,675,000,000	1,000,000,000
Others	2,432,343,825	767,000,000
Total contingent liabilities	42,645,433,051	24,069,787,890
TOTAL CONTINGENCIES - NET	(33,976,337,990)	(16,531,382,765)

The accompanying notes are an integral part of these financial statements

PT. BANK NISP TBK. STATEMENTS OF INCOME

For the years ended December 31, 1997 and 1996

	Notes	1 9 9 7 Rp.	1 9 9 6 Rp.
OPERATING INCOME AND EXPENSES			
INTEREST INCOME			
Interest received	2n	238,664,663,019	163,602,051,367
Fees & commissions	* 2o	8,351,618,691	5,407,205,049
		<u>247,016,281,710</u>	<u>169,009,256,416</u>
INTEREST EXPENSE			
Interest expense	21	(172,969,777,907)	(114,057,772,948)
Fees & commissions		(1,233,271,955)	(556,233,249)
		<u>(174,203,049,862)</u>	<u>(114,614,006,197)</u>
INTEREST INCOME - NET		<u>72,813,231,848</u>	<u>54,395,250,219</u>
OTHER OPERATING INCOME (EXPENSES)			
Other fees and commissions received other than from loans		4,833,005,110	3,084,160,626
Other operating income		26,482,606,253	7,190,811,729
Other operating expenses		(9,113,305,882)	(3,763,560,975)
OVERHEAD EXPENSES			
General & administrative expenses		(23,286,195,724)	(15,220,372,101)
Allowance for loan losses	2e,f,5	(14,757,648,911)	(117,110,217)
Personnel expenses	22	(20,888,759,291)	(18,695,091,224)
Other operating expenses		(1,155,833,573)	(1,118,915,622)
Total overhead expenses		<u>(60,088,437,499)</u>	<u>(35,151,489,164)</u>
OTHER OPERATING EXPENSES - NET		<u>(37,886,132,018)</u>	<u>(28,640,077,784)</u>
OPERATING INCOME		<u>34,927,099,830</u>	<u>25,755,172,435</u>
NON OPERATING INCOME			
NON OPERATING INCOME		290,483,213	266,923,443
NON OPERATING EXPENSES		(1,242,376,473)	(231,380,371)
NON OPERATING INCOME - NET		<u>(951,893,260)</u>	<u>35,543,072</u>
INCOME BEFORE INCOME TAX		<u>33,975,206,570</u>	<u>25,790,715,507</u>
INCOME TAX		<u>(9,793,288,000)</u>	<u>(7,153,873,900)</u>
NET INCOME		<u>24,181,918,570</u>	<u>18,636,841,607</u>
OPERATING INCOME PER SHARE	2q	<u>200</u>	<u>147</u>
EARNINGS PER SHARE	2q	<u>138</u>	<u>106</u>

The accompanying notes are an integral part of these financial statements

PT. BANK NISP TBK. STATEMENTS OF RETAINED EARNINGS

For the years ended December 31, 1997 and 1996

	Notes	1 9 9 7	1 9 9 6
	*	Rp.	Rp.
Beginning balance		39,316,335,319	26,929,493,712
Dividends	15	(6,125,000,000)	(6,250,000,000)
		-----	-----
Net income		33,191,335,319	20,679,493,712
		24,181,918,570	* 18,636,841,607
		-----	-----
Ending balance		57,373,253,889	39,316,335,319
		=====	=====

The accompanying notes are an integral part of these financial statements

PT. BANK NISP TBK. STATEMENTS OF CASH FLOWS

For the years ended December 31, 1997 and 1996

INDIRECT METHOD

	1 9 9 7	1 9 9 6
	Rp.	Rp.
CASH FLOWS FROM OPERATING ACTIVITIES :		
Net income	24.181.918.570	18.636.841.607
Adjustments to reconcile net income to net cash used by operating activities :		
Provision for credit losses	14.757.648.910	132.810.217
Provision for losses (recoveries) of other earning assets	-	(15,700,000)
Recoveries of written off loans	107.369.835	1.314.207.038
Depreciation and amortization	4.800.541.961	3.995.404.115
Loans written off	(5,534,896,980)	(714,798,810)
Gain on sales of fixed assets	(254.010.990)	(218.884.066)
Foreign exchange conversion rates difference	70.818.223.114	-
Decrease in placements with other banks	1,969,175,268	7,950,049,882
Increase in trading accounts securities held	(77,292,369,447)	(40,882,235,559)
Increase in loans	(295,233,577,167)	(158,497,465,893)
Increase in other assets	(46,761,729,304)	(6,654,837,297)
Increase in other immediate liabilities	9,778,877,116	1,417,551,913
Increase (decrease) in other liabilities	7,914,853,781	(324,106,765)
Increase (decrease) in taxes payable	3,064,547,348	(295,704,969)
Net cash used for operating activities	(287,683,427,985)	(174,156,868,587)
CASH FLOWS FROM INVESTING ACTIVITIES :		
Increase in investment in shares of stock	(1,551,100,000)	(1,431,800,000)
Purchases of sale of fixed assets	(4,833,422,007)	(29,595,521,241)
Proceed of sale of fixed asstes	1,079,461,000	376,620,499
Advances for investment in shares of stock	-	(22,500,000,000)
Net cash used for investing activities	(5,305,061,007)	(53,150,700,742)

The accompanying notes are an integral part of these financial statements

PT. BANK NISP TBK. STATEMENTS OF CASH

December 31, 1997 and 1996

INDIRECT METHOD

1997

Rp.

1996

Rp.

CASH FLOWS FROM FINANCING ACTIVITIES :

Increase (decrease) in deposits :		
Demand deposits	37,353,368,333	
Saving deposits	(1,292,513,392)	
Time deposits	(49,083,387,633)	3,564,680,183
Certificate of deposits	242,340,411	39,404,297,331
		238,928,624,326
Increase in borrowings	264,705,914,100	577,405,785
Proceed of bonds issue	150,000,000,000	
Repayments of borrowings	(29,055,602,811)	1,050,604,626
Decrease in obligations under capital leases	(1,014,775,411)	
Subordinated loan	(6,698,750,000)	(498,302,729)
Payment of cash dividend	(6,125,000,000)	27,404,500,000
		(6,250,000,000)
Net cash provided by financing activities	359,031,593,400	304,181,809,522
Increase in cash and cash equivalents	66,043,104,400	
Cash and cash equivalents at January 1	149,789,743,000	16,874,240,193
		12,915,502,871
Cash and cash equivalents at December 31,	215,832,847,600	149,789,743,064
	=====	=====
Cash and cash equivalents consists of :		
Cash	16,686,374,000	
Current accounts with Bank Indonesia	65,098,623,000	14,776,301,354
Current accounts with other banks	14,294,601,100	33,589,346,146
Placements with other banks	119,753,248,100	11,892,277,216
		89,531,818,348
	215,832,847,600	149,789,743,064
	=====	=====

SUPPLEMENTAL DISCLOSURES ON CASH FLOWS INFORMATION

Cash paid for interest and income taxes during the year :		
Interest	166,770,425,900	
Income taxes	6,995,352,900	112,247,303,882
		7,918,155,930
Supplemental schedule of non cash investing and financing activities :		
Increase in investment in shares of stock, transferred from advances	22.500.000.000	
Increase in subordinated term loans resulting from exchange rate differences	22.074.250.000	
Increase in borrowing due to exchange rate differences	45.113.300.000	
Increase in lease obligations due to exchange rate differences	3.630.673.114	
Increase in fixed assets due to assets revaluation	29.947.755.080	
Decrease in revaluation increment due to tax deducted on revaluation amount	2.994.775.500	
Capitalization of capital paid in excess of par value	25.000.000.000	

The accompanying notes are an integral part of these financial statements

December 31, 1997 and 1996

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 status was upgraded from savings bank to commercial bank and had gained approval from the Minister 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.

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.

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 in connection with the initial public offering becomes effective for the issuance of 12,500,000 shares with nominal value of Rp. 1,000,00 per share through the Jakarta Stock Exchange.

Pursuant to article 13 Paragraph 3 of the Law No. 1, year 1995 on Limited Liabilities Company, the word "Tbk" had been added to the Company's name and further, the Articles of Association was amended, all of which was covered by the notarial deed of Poerbaningsih Adi Warsito SH. No. 138 dated September 25, 1996 and was later approved by the Minister of Justice, whose approval was stated in his letter No. C2-10.675.HT.01.04.TH.96 of November 29, 1996.

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

2. Accounting policies

a. Basis of financial statements

The financial statements have been prepared on the historical cost basis of accounting, and presented in compliance with the Financial Accounting Standard, Statement No. 31, and adopts the statement of Cash Flows (Financial Accounting Standard Statement No. 2). The Statements of Cash Flows are prepared using the indirect method to meet the definition of cash equivalents, the company do not consider any of their assets other than cash, current accounts with Bank Indonesia and Other Banks, placements with other banks (call money, time deposits, certificates of deposits) with original maturities of less than 3 months. The financial statements represent the combined financial statements of the head office with all the branches.

b. Transactions with related parties

The company has transactions with related parties. According to the Financial Accounting Standard Statement No. 7, related parties are defined as follows:

- i. Enterprises that, through one or more intermediaries, control, are controlled by, or are under common control with the reporting enterprise (including holding companies, subsidiaries and fellow subsidiaries); or
- ii. Associated enterprises; or
- iii. Individuals owning, directly or indirectly, an interest in the voting power of reporting enterprise that gives them significant influence the enterprise, and close members of the family of the such individual (close members of

- a family are defined as those members who are able to exercise influence or can be influenced by such as individuals, in conjunction with their transactions with the reporting enterprise); or
- iv. Key management personnel, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the reporting enterprise, including commissioners, directors and managers of enterprises and close members of the families of such as individual; or.
 - v. Enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (iii) or (iv) or over which such a person is able to exercise significant influence. This includes enterprises owned by directors or major stockholders of the reporting enterprises that have a member of key management in common with the reporting enterprise. The relationship with the related parties are reflected in the accounts loans and time deposits.

c. Placements with 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 Bonds, Commercial Papers and Certificates of Bank Indonesia traded in the money market are denominated in rupiah and stated at cost adjusted for unamortized discount.

e. Loans

Loans are stated at their balances less the allowances for possible loan losses. The company provide an allowance to absorb probable losses based upon reviews of individual credits at year end. 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 of 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. This allowance is provided in compliance with the Decree of Bank Indonesia No. 26/22/KEP/DIR/ of May 29, 1993 and No. 26/167/KEP Dir of March 29, 1994.

The method to determine the adequacy of the allowance is based on the followings: :

Loan rating	%	of allowance
Current	0,5	-
Substandard loans	10	net of collateral value
Doubtful loans	50	net of collateral value
Bad debts	100	net of collateral value

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

DIRECTLY OWNED

Fixed assets, except landright and fixed assets grouped as group I, used in operations and acquired up to 1992 were revalued at December 31, 1997 by virtue of the Finance Minister decree No. 507/ KMK.04/1996 dated August 13, 1996. assets acquired after 1992 are not revalued and stated at cost. The resultant revaluation amount is Rp. 29. 947. 755.089.

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

Fixed assets are first depreciated in the year of purchase.

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.

Building Under Construction, fixed assets under constructions are stated at the accumulated construction costs. The total costs accumulated during the construction period is transferred to respective fixed assets account when the fixed assets are ready for use.

LEASES

Lease transactions where in the Company act as a lessee, under Financial Accounting Standard, Statement No. 30, 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 all of the 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.

i. Foreign currency transactions and balances

The accounting record are kept in Rupiah. Transactions involving foreign exchange 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 exchange, are stated at the middle rate fixed by Bank Indonesia. The resulting gains or losses credited or charged to operations of the current period.

Forward foreign exchange contract is contractual commitment between a customer and the bank whereby each agree to deliver at a specified future date a certain amount in one currency in exchange for a certain amount in another currency at an agreed rate of exchange. The differences between contracted forward rate and the spot rate is recognized as gain or loss of foreign exchange transactions at the end of the contract period in the case of forward foreign transactions for trading purposes.

j. 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 on the disposal of the chattel properties are reflected in income or expense for the year, while expenses incurred for possessing foreclosed assets are charged to the value of the assets.

k. Prepaid expenses

Prepaid expenses are amortized over their beneficial periods by using the Straight Line Method.

l. 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 over 5 years.

m. Bonds offering expenses

Expenses incurred in connection with the offering of bonds to the public (presented in the account other assets) are deferred and amortized using the Straight Line Method.

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. The accrual of interest on non performing assets is reported in the statements of commitments and contingencies, commencing on the fourth month after the borrower is unable to meet payments in areas.

Earnings assets are considered as non performing when there are arrears in the payment of the principal and interest and no outstanding overdraft.

o. Fees and commissions

Fees and commissions which are directly related to the granting of loans are deferred and amortized based on the Straight Line Method over the respective periods. Fees and commissions which are indirectly related to the granting of loan are recognised at transaction date. Fees and commissions which are indirectly related to the granting of loans but related to a specified periods are deferred and amortized over the respective period.

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 after retroactive recognition to the distribution of bonus shares and stock splits that took place in 1997. As denominator used in the computation of the operating profit and earnings per share in the years 1997 and 1996 is 175,000,000 shares.

3. Placements with other banks

	1 9 9 7 Rp.	1 9 9 6 Rp.
RUPIAH		
Call money	78,000,000,000	1,000,000,000
Less unearned interest	(96,751,900)	-
Time deposits	-	69,000,000,000
Certificates Deposit	-	21,000,000,000
Less unearned interest	-	(471,436,954)
Others	-	972,430,570
	<hr/>	<hr/>
	77,903,248,100	91,500,993,616
	<hr/>	<hr/>
FOREIGN CURRENCIES		
Call money	41,850,000,000	-
	<hr/>	<hr/>
	41,850,000,000	-
	<hr/>	<hr/>
Less allowance for possible losses	119,753,248,100 (2,963,000)	91,500,993,616 (2,963,000)
	<hr/>	<hr/>
TOTAL	119,750,285,100	91,498,030,616
	<hr/> <hr/>	<hr/> <hr/>

Rupiah call money for 3 days in 1997 and 1996 earned average interest of 31.73% and 13.45% respectively.

Time deposits in rupiah for 30 days to 92 days in 1996, earned average interest of 17.10% in 1996.

Certificates of deposits for 1 month earned average interest of 16.67% in 1996.

Placements with other bank for 10 years earned average interest of 8% in 1996.

Call money in foreign exchange for 7 to 14 days in 1997 earned average interest of 14.92%.

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

4. Trading account securities held

	1 9 9 7 Rp.	1 9 9 6 Rp.
RUPIAH	5,535,332,952	22,481,505,369
FOREIGN CURRENCIES	125,024,130,343	30,785,588,479
	<hr/>	<hr/>
Less allowance for decline in value	130,559,463,295 (92,500,000)	53,267,093,848 (92,500,000)
	<hr/>	<hr/>
TOTAL	130,466,963,295	53,174,593,848
	<hr/> <hr/>	<hr/> <hr/>

The management considers the allowance for the decline in value as adequate to cover the potential losses. As at December 31, 1996, the market value of the money market portfolio (unit Reksadana) is Rp. 12,000,229,639 which is higher than the book value.

5. Loans

The components of loans are as follows:

	1 9 9 7 Rp.	1 9 9 6 Rp.
5.1. Type of loans		
General credit (consists of demand loans, fixed loans and installments loans).	1,179,201,511,726	865,303,371,974
Government programs (consists of small investment loans, permanent working capital loans, investment loans and teachers loans)	105,290,130	288,681,099
Loans to officers, employees & other affiliated	20,214,959,000	11,021,130,616
	<hr/>	<hr/>
	1,199,521,760,856	876,613,183,689
Less allowance for loan losses	(19,092,399,831)	(9,762,278,066)
Sale of customer's promissory notes	(27,675,000,000)	-
	<hr/>	<hr/>
TOTAL	1,152,754,361,025	866,850,905,623
	=====	=====

Informations regarding the loans are as follows:

- a. The average interest rate for loans in Rupiah is 23.86% and 21.17% per year in 1997 and 1996 respectively, except for employees. The average interest rate for loans in United State Dollars is 10.00% and 10.31% in 1997 and 1996 respectively.
- b. The general credit in foreign exchange consists of overdrafts, acceptance loans, syndicated loans and commercial papers, amounting to USD 61,291,964.35 or equivalent Rp. 285,007,634,228 and USD 64,628,467.16 or equivalent to Rp. 154,009,637,243 in 1997 and 1996 respectively.
- c. The repayment of loans to employees is collected through monthly deduction from their salary, at 12% to 18.5% interest per year.
- d. The interest rate and method of repayment of loans as applied to third parties is also applicable to related parties.
- e. The loans are secured by first mortgage or other acceptable forms of collaterals.

5.2. Loans by economic sectors

	1 9 9 7 Rp. million	1 9 9 6 Rp. million
Agriculture and mining	8,580	5,363
Industry	265,704	177,567
Constructions	72,057	70,002
Trading	362,945	237,244
Services	354,912	275,400
Others	107,648	111,037
	<hr/>	<hr/>
Total	1,171,846	876,613
Allowance for loan losses	(19,092)	(9,762)
	<hr/>	<hr/>
TOTAL	1,152,754	866,851
	=====	=====

5.3 *Maturity*

	1997 Rp. million	1996 Rp. million
Up to 12 months	792,718	689,170
12 to 24 months	138,867	50,152
24 months or over	240,261	137,291
Total	1,171,846	876,613
Allowance for loan losses	(19,092)	(9,762)
TOTAL	1,152,754	866,851

CHANGES IN ALLOWANCE FOR LOAN LOSSES

	1997 Rp.	1996 Rp.
Beginning balance	9,762,278,066	9,030,059,621
Allowance during the year	14,757,648,910	132,810,217
Loans written-off	(5,534,896,980)	(714,798,811)
Reversals of written off loans	107,369,835	1,314,207,039
Ending balance	19,092,399,831	9,762,278,066

The management consider the amount of allowance for loan losses as adequate to cover the potential loss arising from bad loans.

6. *Investment in shares of stock*

December 31, 1997

	Number of Shares	Par Value	% Ownership	Rp.
PT. Sainia Bersama Pembiayaan Indonesia	31	1,000,000	0.46	31,000,000
PT. Dalwa Perdania Bank formerly PT. Bank Perdania (related party)	149,149	100,000	11.93	18,885,317,160
PT. Bank OCBC-NISP (related party)	22,500	1,000,000	15.00	22,500,000,000
TOTAL				41,416,317,160

December 31, 1996

	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) (related party)	133,638	100,000	11.93	17,334,217,160
TOTAL				17,365,217,160

Cash dividend received from PT Daiwa Perdania Bank amounting to Rp. 2,276,000,705 and Rp. 2,088,100,000 for the years ended December 31, 1997 and 1996, respectively.

7. Fixed assets

Directly owned assets. The appraisal reports on revaluation of land and buildings No. IUP/PV/030.40/98 of March 23, 1998, and on revaluation of assets grouped No. IUP/PV/030.40/98 of March 23, 1998, and on revaluation of assets grouped as group 2 No. IUP/PV/03044/98 of March 26, 1998, which reports are issued by PT Inti Utama Penilai, discloses the fair values of assets as at December 31, 1997.

The resultant revaluation amounts are as follows:

	Book Value Rp.	Fair Value Rp.	Resultant Revaluation Amounts Rp.
Land	3,317,925,000	30,346,300,000	27,028,375,000
Buildings	8,527,725,561	10,970,075,000	2,442,349,439
Office equipments, group 2	155,528,350	632,559,000	477,030,650
	12,001,178,911	41,948,934,000	29,947,755,089

The final income tax tariff applied on the resultant revaluation amounts is 10%, amounting to Rp. 2,994,775,509,- which is paid on March 25, 1998. Revalued assets transferred or sold in anyone year within 5 years from the revaluation date, additional 15% final income tax will be imposed. The resultant revaluation amounts can be capitalized as equity capital.

8. Advances for investment in shares of stocks

PT BANK NISP Tbk. and Overseas Chinese Banking Corporation Limited, Singapore established a joint venture Bank that has been approved in principles by the Minister of Finance, which approval is stated in his letter No. S-533/MK.17/1996 of May 2, 1996. The joint venture bank operates under the name PT BANK OCBC - NISP, domiciled in Jakarta and is incorporated by virtue of the Notarial deed No. 2 of Agus Hashim Ahmad SH., dated July 4, 1996.

The authorized capital of PT OCBC - NISP is Rp. 250.000.000.000 divided into 250.000 shares with Rp. 1.000.000 par value per share. 150.000 shares or Rp. 150.000.000.000 has been issued of which 22.500 shares or Rp. 22.500.000.000 or 15% from the issued shares has been allocated to PT BANK NISP. Prior to obtaining the operating license for PT BANK OCBC-NISP PT BANK NISP Tbk. deposits the amount of Rp. 22.500.000.000 with Bank Indonesia for the account of the Minister of Finance of the Republic of Indonesia qq. PT BANK NISP Tbk. On the day PT Bank OCBC - NISP obtain the operating license, the deposit will be liquidated and becomes the equity share of PT BANK NISP Tbk. in PT BANK OCBC - NISP.

9. Demand deposits

Total demand deposits in Rupiah and foreign currencies Rp 113,808,182,627 in 1997 and Rp 76,454,813,800 in 1996. The average interest rate on demand deposits in rupiah is 5,54 % and 5,79 in 1997 and 1996 respectively . Average interest rate on demand deposit in foreign currencies is 4,95 % and 3,03 % in 1997 and 1996 respectively.

10. Saving deposits

The saving amounted to Rp.171,421,594,145 in 1997 and Rp 172,714,107,947 in 1996. The average interest rate on savings is 15.38% a year in 1997 and 13.65% in year in 1996

11. Time deposits

	1 9 9 7	1 9 9 6
	Rp.	Rp.
1 month	304,568,708,670	246,981,882,899
3 months	145,945,787,184	108,750,574,920
6 months	65,298,814,391	118,706,773,333
12 months	72,832,857,849	107,947,687,273
24 months	13,164,681,204	53,501,660,254
Time deposits place by other bank	18,000,000,000	33,000,000,000
	<hr/>	<hr/>
Time deposits in portfolio	619,810,849,298	668,888,578,679
Due	782,165,750	787,824,000
	<hr/>	<hr/>
TOTAL	620,593,015,048	669,676,402,679
	=====	=====

Some of the time deposits are placed by related parties, amounting to Rp. 8,361,000,000 and Rp 15,737,824,077 at December 31, 1997 and 1996 respectively. The average interest rate of time deposits in Rupiah is 17.81% a year in 1997, 17.10% a year in 1996. The average interest rate of time deposits in foreign exchange is 7.47% a year in 1997, 7.53% a year in 1996. Time deposits pledged by debtors as collateral for loans provided by PT BANK NISP is Rp. 24,846,443,125 in 1997 and Rp.74,845,323,088 in 1996.

12. Debentures

On May 29, 1997 the Bank offered debentures (bonds) through public offering worth Rp. 150,000,000,000 maturing on June 16, 2002, with the following breakdowns:

Par value Rp.	Quantity	Total Rp.
50,000,000	100	5,000,000,000
100,000,000	100	10,000,000,000
500,000,000	100	50,000,000,000
1,000,000,000	85	85,000,000,000
		150,000,000,000
		=====

The coupon rate is 15.50% for the first year, while the coupon rate for the subsequent years is floated based on the semi annual average interest rate of six banks: PT Bank Bali, PT Bank Niaga Tbk, PT Bank Lippo Tbk, PT Bank Ekspor Impor (Persero), PT Bank Negara Indonesia (Persero) Tbk, and PT Bank Rakyat Indonesia (Persero), plus fixed premium of 1.25% per year. The payments of coupons are on quarterly basis.

13. Borrowings

	1 9 9 7 Rp.	1 9 9 6 Rp.
Bank Indonesia (credit program)	788,805,615	1,266,616,817
Bank Indonesia (two-step loan)	46,597,178,000	9,541,264,000
Other borrowings	10,895,847,500	14,654,300,000
Fixed borrowings	-	10,000,000,000
Medium Term Note 1 1997	125,000,000,000	-
Call money PT Bank OCBC - NISP (Related Party)	5,000,000,000	-
	188,281,831,115	35,462,180,817
Borrowed funds in foreign exchange	190,185,000,000	62,241,039,185
	378,466,831,115	97,703,220,002
	=====	=====
TOTAL		

Borrowings obtained from Bank Indonesia for credit program and Export Import Bank of Japan through Bank Indonesia (two step loans) are within the loan relocation program in the form of the permanent working capital loans and small investment loans. The average interest rate on permanent working capital loans and small investment loans is 5.2% per year in 1997 and 1996, the average interest rate on investment loans is 3% a year in 1997 and 1996 and the average interest rate on two step loans is 14.42% a year in 1997 and 1996. The credit facilities have a term of 1 to 20 years.

Other borrowings obtained from Nederlandsche Financiering Maatschappij Voor Ontwikkelingslanden NV amounting to Rp. 10,895,847,500 and Rp. 14,654,300,000 in 1997 and 1996, bear interest at 17% and 16.73% average in 1997 and 1996 respectively. A 182 days fixed borrowings amounting to Rp. 10,000,000,000 is obtained from PT Bank Ekspor Impor Indonesia, bear interest 15.88% a year, due on June 19, 1997.

On April 8, 1997, the bank issued Medium Term Notes I of 1997, where PT Mesana Investama Utama was arranger, agent of placement and underwriter. The Medium Term Notes have a term of 3 years at 15.5% for tranche I and on agreed interest rate for tranche II. Interest is paid on a quarterly basis. The current and future net assets of the bank is pledged as collaterals on a pari pasu basis and without preferential right opted to other creditors. All the Medium Term Notes I of 1997 have been acquired by PT Bank Bali. The Medium Term Notes are issued without any specific collaterals.

A 63 days Call Money borrowed from PT Bank OCBC - NISP, amounting to Rp. 5,000,000,000,- is due on January 26, 1998 and bear 21.5% interest a year.

Borrowing in foreign exchange is obtained from :

	1 9 9 7	1 9 9 6
	USD	USD
The Daiwa Bank Limited	900,000.00	900,000.00
Indover Bank Hamburg	-	4,200,000.00
Medium Term Notes	19,000,000.00	19,000,000.00
Royal Bank of Canada	-	2,000,000.00
M.M. Warburg Kommandit Gesellschaft und Aktien, Hamburg	1,000,000.00	-
Dresdner (South East Asia) Ltd	5,000,000.00	-
Credit balance of bank account	-	18,774.31
International Finance Corporation	10,000,000.00	-
Bank Brussels Lambert	5,000,000.00	-
	-----	-----
TOTAL	40,900,000.00	26,118,774.31
	=====	=====

- Borrowings from Daiwa Bank Limited amounting to USD 900,000 with a maximum facility of USD 1,000,000 for the years ended December 31, 1997 and 1996. The loans is due on November 30, 1998, at 6.50% in 1997 and 6.25% in 1996.
- Borrowings from Indover Bank Hamburg amounting to US\$ 4,200,000 at 6.5% in 1996. The funds was borrowed in November 1996 and due on May 1997.
- Borrowings based on Notes Purchase Agreement between the company and PT Bank Niaga as the agent and with the following investors :

	USD
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
	=====

The Medium Term Notes was issued on April 6, 1995 and due on April 6, 1998, without collaterals and transferable, at 6.50% average in 1997 and 7.56% average in 1996.

- Borrowings obtained from Royal Bank of Canada, amounting to USD 2,000,000, due on February and November 1997, at 6.45% average in 1996.
- On January 28, 1997 the Bank obtained USD 1,000,000 borrowing for general funding purposes from M.M Warburg Kommandit Gesellschaft Und Aktien Hamburg, bear interest as fixed by the creditor, maturing within one year since the date of drawdown.
- Loan obtained from Dresdner (South East Asia) limited amounting to USD 5,000,000 at 6.3% a year, maturing on January 1999.
- Credit balances of current accounts with other banks in the amount of USD 18,774.31 in 1996.
- On October 16, 1997 the bank entered into USD 10,000,000 credit agreement with International Finance Corporation, at 7.20% a year end maturing on October 15, 2002.
- On August 1, 1997, the bank obtained a 24 months term loan facility form Bank Brussels Lambert, consisting of USD 2,000,000 at Sibar and USD 3,000,000 at 0.8% above SIBOR. The average interest rate is 6.30%

14. Subordinated term loans

Based on agreement of December 5, 1996, PT BANK NISP Tbk, obtained subordinated term loan from PT Udayawira Utama and PT Suryasono Sertosa for a period of 5 years at 6 months SIBOR plus 2% interest. The total amount of the loan is USD 11,500,000 for 1996 and USD 9,200,000 for 1997.

15. Dividends

In compliance with the resolution of the stockholders annual general meeting held on April 15, 1997 as covered by Notarial deed No. 68 of Ny. Poerbaningsih Adiwersito SH., the stockholders approved the distribution of dividend in the amount of Rp. 6,125,000,000 or Rp.35 per share and is payable to stockholders of record as at May 16, 1997, and pays annual bonus to the Commissioners and Directors amountings to Rp. 561,000,000.

In compliance with the resolution of the stockholders annual general meeting held on May 22, 1996 as covered by Notarial deed No. 35 of Lien Tanudirdja SH., the stockholders approved the distribution of the dividend amounting to Rp. 6,250,000,000 or Rp. 100 per share and is payable to stockholders of record as at June 20, 1996 and distribute annual bonus to the Commissioners and Directors of the company in the amount of Rp. 561,000,000.

16. Capital stock

The resolution of the extra ordinary general shareholders meetings as stated in the notarial deed No. 138 of Poerbaningsih Adi Warsito SH., dated September 25, 1996, that is connected with the stock split an issuance of bonus shares with the ratio of 2 new shares for each 5 outstandings, has been approved by the Minister of Justice of the Republic of Indonesia as indicated in his letter No. C2-10675.HT.01.04.TH.96 of November 29, 1996, and is further registered in the Company Register under No. 10111800142, dated December 26, 1996 and published in Government Gazette No. 24 on March 25, 1997.

The capital structure after such amendment is as follows:

- The authorized capital is Rp. 350,000,000,000 divided into 700,000,000 shares with Rp. 500 per value.
- The issued and paid up capital is Rp. 87,500,000,000 divided into 175,000,000 shares.
- The stock split and the issuance of bonus shares took place on February 3, 1997 and February 27, 1997, respectively.

December 31, 1997

Shareholders	Number of Shares	Total Rp.	% Ownership
Karmaka Surjaudaja	140,000	70,000,000	0.08
PT. Suryasono Sentosa	58,555,000	29,277,500,000	33.46
PT. Udayawira Utama	58,555,000	29,277,500,000	33.46
Public	57,750,000	28,875,000,000	33.00
TOTAL	175,000,000	87,500,000,000	100,00

December 31, 1996

Shareholders	Number of Shares	Total Rp.	% Ownership
Karmaka Surjaudaja	50,000	50,000,000	0.08
PT. Suryasono Sentosa	20,912,500	20,912,500,000	33.46
PT. Udayawira Utama	20,912,500	20,912,500,000	33.46
Public	20,625,000	20,625,000,000	33.00
TOTAL	62,500,000	62,500,000,000	100,00

17. Capital paid in excess of par value

This account represents the difference between the par value of the common stock and the IPO price of 12,500,000 shares x (Rp. 3,100 - Rp. 1,000) = Rp. 26, 250,000,000.

18. Revaluation reserve

The Revaluation reserve net after final income tax is as follows :

	Rp
Resultant of revaluation	29,947,755,089
Less 10% final income tax	(2,994,775,509)
	<hr/>
Revaluation reserve	26,952,979,580
	<hr/> <hr/>

The amount is still pending approval from the tax authority

19. Forward foreign exchange transaction

The outstanding balances of forward transactions as at December 31, are as follows:

	1997	1996
Forward buying :		
USD	112,473.00	
DEM	400,000.00	
JPY	70,000,000.00	

The term of contract is 43 days to 183 days. The estimated loss on this outstanding forward buying contract is Rp. 699,924,775.

	1997	1996
Forward Selling :		
USD	1,056,525.87	5,200,000.00
DEM	400,000.00	
JPY	70,000,000.00	

20. Interest income

	1997	1996
	Rp.	Rp.
Bank Indonesia certificate	208,306,308	397,421,251
Other banks	18,899,664,388	5,791,415,056
Non banks	192,780,156,081	141,655,834,113
Foreign exchange	26,776,536,242	15,757,380,947
	<hr/>	<hr/>
TOTAL	238,664,663,019	163,602,051,367
	<hr/> <hr/>	<hr/> <hr/>

21. Interest charges

	1 9 9 7	1 9 9 6
	Rp.	Rp.
Bank Indonesia (credit program)	6,517,860	21,567,239
Bank Indonesia (two step loan)	3,375,156,955	1,526,095,437
Other banks	22,926,420,411	13,494,068,362
Money market commercial papers	1,480,410,718	380,943,592
Borrowed funds	1,152,828,966	7,355,464,228
Demand deposits	4,868,469,370	3,991,003,974
Time deposits	93,720,651,723	66,051,453,579
Certificates of deposit	2,335,380,204	418,344,145
Savings	25,869,792,443	20,385,405,056
Interest on lease obligations	414,576,520	384,939,860
Interest on subordinated term loan	15,151,393,748	-
Other interest charges	1,668,178,989	48,487,476
	<hr/>	<hr/>
TOTAL	172,969,777,907	114,057,772,948
	=====	=====

22. Personnel expenses

	1 9 9 7	1 9 9 6
	Rp.	Rp.
Salary	11,455,498,808	10,458,727,902
Bonus	2,650,064,160	2,953,503,256
Honorarium	1,872,469,862	1,348,861,392
Executive bonus	561,000,000	561,000,000
Training and development	1,218,308,766	1,083,212,372
Others	3,131,417,695	2,289,786,302
	<hr/>	<hr/>
TOTAL	20,888,759,291	18,695,091,224
	=====	=====

23. Reclassification of accounts

Certain accounts in the 1996 financial statements have been reclassified to conform with the 1997 financial statements presentation.

Stock Market

The common stock of PT Bank NISP Tbk is listed on the Jakarta Stock Exchange (Bursa Efek Jakarta)

Bond Market

Bank NISP T Bond is listed on the Surabaya Stock Exchange (Bursa Efek Surabaya)

Securities Administration Bureau

PT Sirca Datapro Perdana

Jl. Johar No. 18, Menteng, Jakarta 10340

Phone : (021) 3140032, 3900645, 3905920 (hunting)

Fax : (021) 3900652, 3140182

Independent Public Accountant

Drs. Robert Yogi

Jl. Majapahit No. 20, Blok B 103-104, Jakarta

Phone : (021) 3807530-31

Fax : (021) 3807560

Head Office

Jl. Asia Afrika No. 100, Bandung 40261, Indonesia

Phone : (022) 4201600 (hunting)

Fax : (022) 4201401, 433302

E-mail : nisp@banknisp.com

Financial Institutions & Corporate Affairs

Jl. Gunung Sahari No. 38, Jakarta 10720, Indonesia

Phone : (021) 6009037 - 38, 6492262, 6396675

Fax : (021) 6006507, 6492264

E-mail : statang@ub.net.id (financial institutions)

wahyu@banknisp.com (corporate affairs)

Telex : 41467, 41287, 41572, 41463 NISPJK IA