IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THEUNITED STATES. THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE ADDRESSEES OUTSIDE OF THE UNITED STATES.

IMPORTANT: You must read the following before continuing. The following applies to the preliminary offering circular following this page (the "**Offering Circular**"), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time any time you receive any information from us as a result of such access. You acknowledge that the access to the Offering Circular is intended for use by you and you agree you will not forward or otherwise provide access to any other person. None of the e-mail attaching this Offering Circular, this Offering Circular or anything contained in it or them shall form the basis of or be relied upon in connection with any contract or commitment whatsoever.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE NOTES DESCRIBED HEREIN HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND MAY NOT BE OFFERED, SOLD, RESOLD, TRANSFERRED OR DELIVERED, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN COMPLIANCE WITH ANY APPLICABLE STATE OR LOCAL SECURITIES LAWS. THIS OFFERING IS MADE SOLELY IN OFFSHORE TRANSACTIONS PURSUANT TO REGULATION S UNDER THE SECURITIES ACT.

THE FOLLOWING OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY US ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. ANY INVESTMENT DECISION SHOULD BE MADE ON THE BASIS OF THE FINAL TERMS AND CONDITIONS OF THE SECURITIES AND THE INFORMATION CONTAINED IN A FINAL OFFERING CIRCULAR THAT WILL BE DISTRIBUTED TO YOU ON OR PRIOR TO THE ISSUE DATE AND NOT ON THE BASIS OF THE ATTACHED OFFERING CIRCULAR. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

Confirmation of Your Representation: You have accessed the attached Offering Circular on the basis that you have confirmed your representation to Citigroup Global Markets Limited and Crédit Agricole Corporate and Investment Bank (together, the "**Joint Lead Managers**") and PT Bank Rakyat Indonesia (Persero) Tbk. ("**BRI**") that (1) you are outside the United States, its territories and possessions, the electronic mail address that you provided and to BRI and to which this electronic mail has been delivered is not located in the United States, its territories and possessions, and (2) that you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission. To the extent you purchase the securities described in the attached Offering Circular, you will be doing so in an offshore transaction as defined in regulations under the Securities Act in compliance with Regulation S thereunder.

You are reminded that the Offering Circular has been delivered to you on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Offering Circular to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

The materials relating to the offering of securities to which the Offering Circular relates do not constitute, and may not be used in connection with, an offer or solicitation in any place where such offer or solicitation is not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Lead Managers or any affiliate of the Joint Lead Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of the BRI in such jurisdiction.

Actions that You May Not Take: If you receive the Offering Circular by email, you should not reply by email to this electronic transmission, and you may not purchase any securities by doing so. Any reply email communications, including those that you generate by using the "Reply" function on your email software, will be ignored or rejected.

The Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Joint Lead Managers, BRI or any of their respective affiliates accepts any liability or responsibility whatsoever in respect of any such alteration or change to the Offering Circular distributed to you in electronic format.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

The information in this Preliminary Offering Circular is subject to completion and amendment in the final Offering Circular. This Preliminary Offering Circular is not an offer to sell or a solicitation of an offer to buy the securities in any jurisdiction where such offer or sale is not permitted.

PRELIMINARY OFFERING CIRCULAR DATED 18 MARCH 2019
SUBJECT TO COMPLETION

CONFIDENTIAL

BANK BRI

PT Bank Rakyat Indonesia (Persero) Tbk

(incorporated with limited liability in the Republic of Indonesia)

US$[●] [●] per cent. senior unsecured notes due [2024]

Issue Price: [●] per cent.

The US$[●] [●] per cent. senior unsecured notes due [2024] (the "**Notes**") are issued by PT Bank Rakyat Indonesia (Persero) Tbk (the "**Issuer**" or the "**Bank**" or "**BRI**").

The Notes will bear interest at the rate of [●] per cent. per annum payable semi-annually in arrear on [●] and [●] in each year, commencing on [●] [●] 2019.

The Notes will constitute, subject to Condition 4 (*Negative Pledge*) of the terms and conditions of the Notes (the "**Conditions**"), unsecured and unsubordinated obligations of the Issuer and shall at all times rank *pari passu* without any preference among themselves and (save for certain obligations to be preferred by law) equally with all other present and future outstanding unsecured and unsubordinated obligations of the Issuer but in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights. Payments on the Notes will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Republic of Indonesia ("**Indonesia**") or any political subdivision or any authority thereof or therein having power to tax. See Condition 8 *(Taxation)* of the Conditions.

Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed on [●] [2024], (the "**Maturity Date**") at their principal amount. The Notes are subject to redemption, in whole but not in part, at their principal amount, on any Interest Payment Date (as defined in the Conditions), at the option of the Issuer in the event of certain changes affecting taxes of Indonesia or any political subdivision or any authority thereof or therein having power to tax. See "*Redemption and Purchase — Redemption for Taxation Reasons*" in the Conditions. At any time following the occurrence of a Change of Control (as defined in the Conditions), the holder of any Note will have the right, at such holder's option, to require the Issuer to redeem all, but not some only, of that holder's Notes on the Change of Control Put Date (as defined in the Conditions) at a redemption price equal to 101 per cent. of their principal amount (together with interest accrued to but excluding the Change of Control Put Date (as defined in the Conditions)). See "*Redemption and Purchase — Redemption for Change of Control*" in the Conditions.

The Notes will be issued in registered form in the minimum denomination of US$200,000 and integral multiples of US$1,000 in excess thereof. The Notes will be represented by beneficial interests in a global registered note certificate (the "**Global Certificate**") which will be registered in the name of a nominee of, and deposited with, a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**", and together with Euroclear, the "**Clearing Systems**"). It is expected that delivery of the Global Certificate by the Issuer to such common depositary will be made on [●] 2019 or such later date as may be agreed (the "**Issue Date**") by the Issuer and Citigroup Global Markets Limited and Crédit Agricole Corporate and Investment Bank (together, the "**Joint Bookrunners**" or "**Joint Lead Managers**"). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, accounts at the Clearing Systems. Except as described in the Global Certificate, certificates for the Notes will not be issued in exchange for beneficial interests in the Global Certificate. See "*Transfers of Notes and Issue of Certificates*" in the Conditions.

Application will be made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for listing of, and quotation for, the Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Offering Circular. Admission to the Official List of the SGX-ST and quotation of the Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer or the Notes.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or the securities laws of any state or jurisdiction. The Notes may not be offered, sold, resold, transferred or delivered, directly or indirectly, within the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes are being offered only outside the United States in reliance on, and in compliance with, Regulation S under the Securities Act ("**Regulation S**"). For a description of certain restrictions on the resale or transfer of the Notes and the distribution of this Offering Circular, see "*Subscription and sale*". The Notes may not be offered or sold in Indonesia or to Indonesian citizen, whenever they are domiciled, or to Indonesian resident, in a manner which constitutes a public offer under Law Number 8 of 1995 regarding Capital Markets (the "**1995 Capital Market Law**").

This Offering Circular is an advertisement and is not a prospectus for the purposes of the EU Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU and to the extent applicable, Prospectus Regulation (EU) 2017/1129).

Investing in the Notes involves certain risks. See "*Risk factors*" beginning on page 23.

The Issuer expects that the Notes will on issue be ascribed a credit rating of "Baa2" by Moody's Investors Service, Inc. ("**Moody's**") and "BBB-" by Fitch Ratings Ltd. ("**Fitch**"). The rating ascribed to the Notes reflects only the views of Moody's and Fitch. A credit rating is not a recommendation to buy, sell or hold Notes and may be subject to revision, suspension or withdrawal at any time by Moody's and Fitch. A suspension, reduction or withdrawal of the rating assigned to the Notes may adversely affect the market price of the Notes.

Joint Lead Managers and Joint Bookrunners

Citigroup **Crédit Agricole CIB**

The date of this Offering Circular is [●] 2019

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NOTICE TO INVESTORS

The Issuer, having made all reasonable enquiries, confirms that (i) this Offering Circular contains all information with respect to the Issuer and the Notes, which is material in the context of the issue and offering of the Notes; (ii) all statements relating to the Issuer and the Notes contained in this Offering Circular are in every material respect true and accurate and not misleading, and that there are no other facts in relation to the Issuer or the Notes or the omission of which would in the context of the issue of the Notes make any statement in this Offering Circular misleading; (iii) the statements of intention, opinion, belief or expectation contained in this Offering Circular are honestly made or held and have been reached after considering all relevant circumstances and have been based on reasonable assumptions; and (iv) all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such statements. The Issuer accepts full responsibility for the accuracy of the information contained in this Offering Circular.

This Offering Circular has been prepared by the Issuer solely for use in connection with the proposed offering of the Notes described in this Offering Circular. The distribution of this Offering Circular and the offering and sale of the Notes in certain jurisdictions may be restricted by law. No representation is made by the Issuer or by the Joint Lead Managers that this Offering Circular may be lawfully distributed or that the Notes may be lawfully offered in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, and none of them assumes responsibility for facilitating any such distribution or offering or for a purchaser's failure to comply with applicable laws and regulations. The Issuer and the Joint Lead Managers require persons into whose possession this Offering Circular comes to inform themselves about and to observe any such restrictions. This Offering Circular does not constitute an offer of, or an invitation to purchase, the Notes in any jurisdiction in which such offer or sale would be unlawful. No one has taken any action that would permit a public offering to occur in any jurisdiction. There are restrictions on the offer and sale of the Notes and the circulation of documents relating thereto, in certain jurisdictions including the United States, Hong Kong, Japan, Singapore, Indonesia and the United Kingdom to persons connected therewith. For a description of certain restrictions on offers and sales of the Notes and distribution of this Offering Circular, see "*Subscription and sale*".

Each prospective purchaser of the Notes must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the Notes or possesses or distributes this Offering Circular and must obtain any consent, approval or permission required under any regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and none of the Issuer and the Joint Lead Managers shall have any responsibility therefor.

No person has been or is authorised to give any information or to make any representation concerning the Issuer or the Notes other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer or the Joint Lead Managers, the Trustee (as defined in the Conditions) or the Agents (as defined in the Conditions) or any of their respective affiliates, directors, officers, employees, representatives or agents or any person who controls any of them or any of their respective advisers.

This Offering Circular is intended solely for use in connection with the proposed offering of the Notes and does not purport to summarise all of the terms, conditions, covenants and other provisions contained in the Trust Deed and other transaction documents described herein. The information provided is not all-inclusive. The market information in this Offering Circular has been obtained by the Issuer from publicly available sources deemed by them to be reliable.

Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Notes shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer since the date hereof or create any implication that the information contained herein is correct as at any date subsequent to the date hereof.

Listing of the Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer or the Notes. In making an investment decision, potential purchasers must rely on their own examination of the Issuer and the terms of the offering of the Notes, including the merits and risks involved. See "*Risk factors*" for a discussion of certain factors to be considered in connection with an investment in the Notes. Each person receiving this Offering Circular acknowledges that such person has not relied on the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives or agents or any person who controls any of them or any of their respective advisers in connection with its investigation of the accuracy of such information or its investment decision.

This Offering Circular is personal to the prospective investors to whom it has been delivered by the Joint Lead Managers and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire securities. Investors may not reproduce or distribute this Offering Circular, in whole or in part, and investors may not disclose any of the contents of this Offering Circular or use any information herein for any purpose other than considering an investment in the Notes. Distribution of this Offering Circular to any other person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorised, and any disclosure of any of its contents, without prior written consent of the Issuer, is prohibited. By accepting delivery of this Offering Circular, the prospective investor agrees to the foregoing and to make no photocopies or other reproduction of this Offering Circular.

No representation or warranty, express or implied, is made or given by the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives or agents or any person who controls any of them or any of their respective advisers as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives or agents or any person who controls any of them or any of their respective advisers. None of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives or agents or any person who controls any of them or any of their respective advisers has independently verified any of the information contained in this Offering Circular and can give any assurance that this information is accurate, truthful or complete. This Offering Circular is not intended to provide the basis of any credit or other evaluation, nor should it be considered as a recommendation by the Issuer, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives or agents or any person who controls any of them or any of their respective advisers that any recipient of this Offering Circular should purchase the Notes. Each potential purchaser of the Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of the Notes should be based upon such investigations with its own tax, legal and business advisers as it deems necessary.

To the fullest extent permitted by law, none of the Joint Lead Managers, the Trustee or any Agent or any of their respective affiliates, directors, officers, employees, representatives or agents or any person who controls any of them or any of their respective advisers accepts any responsibility for the contents of this Offering Circular or for any statements made or purported to be made by any such person or on its behalf in connection with the Issuer or the issue and offering of the Notes. Each of the Joint Lead Managers, the Trustee and the Agents and their respective affiliates, directors, officers, employees, representatives and agents and any person who controls any of them and each of their respective advisers accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Circular or any such statement. None of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives or agents or any person who controls any of them or any of their respective advisers undertakes to review the Issuer's financial condition or affairs after the date of this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives or agents or any person who controls any of them or any of their respective advisers.

The Notes have not been and will not be registered under the Securities Act or any United States state securities laws and, unless so registered, may not be offered, sold or delivered within the United States (as defined under Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable United States state securities laws. The Notes are being offered only outside the United States in compliance with Regulation S. Each purchaser of the Notes in making its purchase will be required to make or will be deemed to have made certain acknowledgements, representations and agreements, as set out in "*Subscription and sale*".

The Notes may not be offered or sold in Indonesia or to Indonesian citizens, wherever they are domiciled, or to Indonesian residents, in a manner which constitutes a public offer under the 1995 Capital Market Law. The Financial Services Authority (*Otoritas Jasa Keuangan,* also known as "**OJK**") does not review or declare its approval or disapproval of the issue of the Notes, nor does it make any determination as to the accuracy or adequacy of this Offering Circular. Any statement to the contrary is a violation of Indonesian law.

Each purchaser of the Notes must comply with all applicable laws and regulations in force in each jurisdiction in which it purchases, offers or sells such Notes or possesses or distributes this Offering Circular and must obtain any consent, approval or permission required by it for the purchase, offer or sale by it of such Notes under the laws and regulations in force in any jurisdictions to which it is subject or in which it makes such purchases, offers or sales and none of the Issuer, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives or agents or any person who controls any of them or any of their respective advisers shall have any responsibility therefor.

Any purchase of the Notes is in all respects conditional on the satisfaction of certain conditions set out in the Subscription Agreement (as defined in "*Subscription and sale*") and the issue of the Notes by the Issuer pursuant to the Subscription Agreement. Any offer, invitation to offer or agreement made in connection with the purchase of the Notes or pursuant to this Offering Circular shall (without any liability or responsibility on the part of the Issuer, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives or agents or any person who controls any of them or any of their respective advisers) lapse and cease to have any effect if (for any reason whatsoever) the Notes are not issued by the Issuer pursuant to the Subscription Agreement.

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in S309A(1) of the SFA), that the Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

STABILISATION

In connection with the issue of the Notes, any of the Joint Lead Managers appointed and acting in its capacity as a stabilisation manager (the "**Stabilisation Manager**") (or persons acting on behalf of the Stabilisation Manager) may, subject to all applicable laws and directives, over-allot notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager (or persons acting on behalf of the Stabilisation Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the Issue Date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilisation Manager (or persons acting on behalf of the Stabilisation Manager) in accordance with applicable laws, rules and directives.

CONVENTIONS

Unless otherwise specified or the context requires, references in this Offering Circular to the "**Issuer**" or the "**Bank**" or "**BRI**" are to PT Bank Rakyat Indonesia (Persero) Tbk (including, where the context so requires, the Issuer and its subsidiary undertakings); references to "**Singapore dollars**" and "**S$**" are to the lawful currency of Republic of Singapore; references to "**US dollars**" or "**US$**" are to the lawful currency of the United States of America; and references to "**Rupiah**" and "**Rp**" are to the lawful currency of Indonesia; references to

"**Indonesia**" are to the Republic of Indonesia; references to "**€**" or "**EUR**" are to the lawful currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended; references to "**Hong Kong dollars**" or "**HK$**" are to the lawful currency of the Hong Kong SAR; and references to the "**Government**" are to the Government of the Republic of Indonesia.

MARKET DATA

Market data and certain industry forecasts used throughout this Offering Circular have been obtained based on internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified. While the Issuer has taken reasonable actions to ensure that the information is extracted accurately and in its proper context, none of the Issuer, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives or agents or any person who controls any of them or their respective advisers makes any representation as to the accuracy and completeness of that information. In addition, third party information providers may have obtained information from market participants and such information may not have been independently verified.

FINANCIAL DATA AND RATIOS

The consolidated financial statements of the Issuer as at and for the years ended 31 December 2016, 2017 and 2018 (the "**Issuer's Audited Consolidated Financial Statements**") included elsewhere in this Offering Circular have been audited by Purwantono, Sungkoro & Surja (the Indonesian member firm of Ernst & Young Global Limited), independent auditors, in accordance with Standards on Auditing established by Indonesian Institute of Certified Public Accountants ("**IICPA**") as stated in their audit report appearing herein. The Issuer's Audited Consolidated Financial Statements were prepared in accordance with Indonesian generally accepted accounting practices (Penyataan Standar Akuntansi Keuangan, or "**Indonesian Financial Accounting Standards**" or "**IFAS**").

Unless otherwise indicated, all financial information in this Offering Circular is presented on a consolidated basis. With regard to certain financial ratios and figures, information is presented on a standalone basis where the Issuer believes such presentation is a more accurate reflection of its underlying financial position and results of operations. For certain information concerning the Issuer's subsidiaries, which are one of the five operating segments into which the Issuer is organised for management purposes, see note 1f of the consolidated financial statements included elsewhere in this Offering Circular.

Certain financial ratios that are commonly used to analyse the banking industry in Indonesia are presented in this Offering Circular. These financial ratios may be defined or calculated in different ways by different issuers. Accordingly, set out below is the manner in which these ratios are defined and presented in this Offering Circular, which potential purchasers of the Notes should be aware may differ from the way other banks calculate these ratios:

- capital adequacy ratio ("**CAR**") is calculated pursuant to OJK Regulation No. 11/POJK.03/2016 as amended by OJK Regulation No. 34/POJK.03/2016, and is the ratio of total capital, which comprises core capital (Tier I) and supplementary capital (Tier II), to total risk-weighted assets for credit risk, operational risk and market risk per six-month period.
- Tier I CAR ratio is calculated pursuant to OJK Regulation No. 11/POJK/2016 as amended by OJK Regulation No. 34/POJK.03/2016, and is the ratio of core capital (Tier I) to total risk-weighted assets for credit risk, operational risk and market risk per six-month period;
- loan to deposit ratio ("**LDR**") on a standalone basis is calculated based on Bank Indonesia regulation and is the ratio of total gross loans to total deposits from customers at the end of the relevant year.

- non-performing loans ("**NPL**") gross ratio on a standalone basis is calculated as the ratio of gross loans categorised as substandard, doubtful and loss under Bank Indonesia regulations to total loans at the end of the relevant year. NPL gross ratio on a consolidated basis is calculated as the ratio of gross loans and sharia receivables and financing categorised as substandard, doubtful and loss under Bank Indonesia regulations to total loans and sharia receivables and financing at the end of the relevant year;
- NPL net ratio on a standalone basis is calculated as the ratio of total loans categorised as substandard, doubtful and loss under Bank Indonesia regulations, net of allowance for impairment losses, to total loans at the end of the relevant year. NPL net ratio on a consolidated basis is calculated as the ratio of total loans and sharia receivables and financing categorised as substandard, doubtful and loss under Bank Indonesia regulations, net of allowance for impairment losses, to total loans and sharia receivables and financing at the end of the relevant year;
- NPL coverage ratio is calculated as the ratio of allowance for impairment losses on loans to total gross non-performing loans at the end of the relevant year;
- return on assets ("**ROA**") is the ratio of income before tax for the relevant year divided by average total assets (with the average calculated based on the beginning and closing balances of the respective year);
- return on equity ("**ROE**") is the ratio of income for the relevant year divided by average total core capital (with the average calculated based on the beginning and closing balances of the respective year); and
- net interest margin ("**NIM**") is the ratio of net interest income for the year to average earning assets (with the average calculated based on the beginning and closing balances of the respective year). Net interest income is the difference between the total interest income and total interest expense. Earning assets, for the purpose of calculating NIM, consist of current accounts with other banks, placements with Bank Indonesia and other banks, securities, export bills and notes receivable, Government recapitalisation bonds, securities purchased under agreement to resell, derivatives receivable, loans, acceptances receivable and investment in associated entities and excluding commitments and contingencies. Please note that the definition of earning assets in this section applies only to NIM and does not apply to any other ratios appearing herein.

In this Offering Circular, where information has been presented in thousands of units or more, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding. References to information in billions of units are to the equivalent of a thousand million units.

EXCHANGE RATES

For convenience, certain Rupiah amounts have been translated into US dollar amounts, based on the exchange rate on 31 December 2018 of Rp14,481 = US$1.00, which is the middle exchange rate based on Bank Indonesia's published buying and selling rates on that date for Rupiah against US dollars. Such translations should not be construed as representations that the Rupiah or US dollar amounts referred to could have been, or could be, converted into Rupiah or US dollars, as the case may be, at that or any other rate or at all. See "*Exchange rates and exchange controls*" for further information regarding rates of exchange between Rupiah and US dollars.

FORWARD-LOOKING STATEMENTS

This Offering Circular contains "forward-looking statements" and information that is based on management's current expectations, assumptions, estimates and projections about the Issuer and its industry and information currently available to it. These forward-looking statements are identified by their use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "objectives", "outlook", "probably", "project", "will", "seek", "target" and similar terms and phrases and reflect management's current views with respect to future events and are subject to certain risks, uncertainties and assumptions. The Issuer's actual results may vary materially from those described in this document.

These forward-looking statements include, among others, statements concerning:

- the Issuer's retail, consumer and corporate banking services business, its advantages and its strategy for continuing to pursue its business;
- anticipated development and the launch of new services in the Issuer's business;
- anticipated dates on which the Issuer will begin providing certain services or reach specific milestones in the development and implementation of its business strategy;
- growth and recovery of the retail, consumer and corporate banking services industry;
- expectations as to the Issuer's future revenue, margins, expenses and capital requirements; and
- other statements of expectations, beliefs, future plans and strategies, anticipated developments, use of proceeds and other matters that are not historical facts.

These forward-looking statements are subject to risks and uncertainties, including financial, regulatory, environmental, industry growth and trend projections, that could cause actual events or results to differ materially from those expressed or implied by the statements. The most important factors that could prevent the Issuer from achieving its stated goals include, but are not limited to, failure to:

- continue to grow its loan portfolio;
- develop new services that meet customer demands and generate acceptable margins, such as microbanking and e-banking capabilities;
- prevent fraud and other breaches of information technology security;
- integrate strategic acquisitions and joint ventures with other financial institutions;
- attract and retain qualified management and other personnel; and
- meet all of the terms and conditions of its debt obligations and other contractual obligations.

Neither the Issuer nor any other person undertakes any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise. For further information regarding the risks and uncertainties that may affect the Issuer's future results, see "*Risk factors*".

Potential investors are cautioned not to place undue reliance on these forward-looking statements. which reflect the Issuer's perception and analysis only as at the date of this Offering Circular.

ENFORCEABILITY OF FOREIGN JUDGMENTS IN INDONESIA

The Notes and the agreements entered into with respect to the issue of the Notes are governed by the laws of England. The Bank is incorporated under the laws of Indonesia and all of the Bank's commissioners ("**Commissioners**") and all of the Bank's directors ("**Directors**") reside in Indonesia. Substantially all of the Bank's assets and the assets of such persons are located in Indonesia. As a result, it may be difficult for holders of the Notes ("**Noteholders**") to effect service of process outside of Indonesia upon the Bank or for such persons or to enforce against the Bank judgments obtained in courts outside Indonesia.

The Bank has been advised by its Indonesian legal adviser that judgments of courts outside Indonesia are not enforceable in Indonesian courts and, as a result, it may not be possible to enforce judgments obtained in non-Indonesian courts against the Bank. A foreign court judgment could be offered and accepted into non-conclusive evidence in a proceeding on the underlying claim in an Indonesian court and may be given such evidentiary weight as the Indonesian court may deem appropriate in its sole discretion. As a result, the Noteholders may be required to pursue claims related to the Notes in Indonesian courts under Indonesian law. Re-examination of the underlying claim before an Indonesian court may be required. There can be no assurance that the claims or remedies available under Indonesian law will be the same, or as extensive as those available in other jurisdictions. See "*Risk Factors — Risks Relating to the Notes — Purchasers of the Notes may not be able to enforce a judgment of a foreign court against the Bank.*"

REGULATION OF OFFSHORE BORROWINGS FOR INDONESIAN BANKS

Bank Indonesia Regulation No. 21/1/PBI/2019 on Offshore Borrowings for Bank and Bank's Other Liabilities in Foreign Currency, which start from 1 March 2019 has partially revoked Bank Indonesia Regulation No. 7/1/PBI/2005 on Offshore Borrowings for Banks, dated 10 January 2005 (as amended from time to time lastly by Bank Indonesia Regulation No. 16/7/PBI/2014 dated 7 April 2014) ("**Bank Indonesia Regulation No. 21/1/PBI/2019**") and Bank Indonesia Circular Letter No. 9/1/DInt, dated 15 February 2007 (as amended from time to time lastly by Bank Indonesia Circular Letter No. 16/4/DKEM dated 7 April 2014) stipulate that an Indonesian bank that intends to obtain long-term offshore borrowing must obtain prior approval from Bank Indonesia.

Bank Indonesia has granted its approval for the issuance of the Notes by the Issuer in Letter No. B03-ALM/01/2019 dated 14 March 2019. After the issuance of the Notes, the Issuer must submit periodic reports to Bank Indonesia in the manner set out below.

Under OJK Regulation No. 6/POJK.03/2016 as amended by OJK Regulation No. 17/POJK.03/2018 on Business Activities and Office Network Based on Bank Core Capital ("**OJK Regulation No. 6/2016**") and OJK Circular Letter No. 27/SEOJK.03/2016 on Business Activities Based on Bank Core Capital ("**OJK Circular Letter No. 27/2016**"), issuance of certain new products or activities requires prior approval from OJK. These new products or activities are those that do not constitute basic products or activities, or have high risk as well as complexity. Further, OJK Circular Letter No. 27/2016 provides that a fund-raising activity in the form of notes issuance falls into the category of this new product or activity which requires the prior approval from OJK. For this purpose, the Indonesian bank must apply for an approval from OJK at the latest 60 days before the issuance of the new product or the performance of the new activity. OJK has granted its approval for the issuance of the new product/performance of this new activity as evidenced in Letter No. S-30/PB.313/2019 dated 28 February 2019.

Bank Indonesia issued Bank Indonesia Regulation No. 16/22/PBI/2014 dated 31 December 2014 on Reporting of Foreign Exchange Activity and Reporting of Application of Prudential Principles in relation to Offshore Borrowing Management for Non-Bank Corporations, as partially, start from 1 March 2019, will be revoked by Bank Indonesia Regulation No. 21/2/PBI/2019 on Reporting of Foreign Exchange Activity ("**Bank Indonesia Regulation No. 21/2/PBI/2019**"). Bank Indonesia Regulation No. 21/2/PBI/2019 stipulates that banking institutions, along with other institutions, that perform activities that cause a movement in financial assets and liabilities between an Indonesian citizen and non-Indonesian citizen, including the movement of offshore financial assets and liabilities between Indonesian citizens also risk participation transactions, must submit foreign exchange activities report with respect to any foreign exchange activities to Bank Indonesia. The foreign exchange activities report is required to cover:

(a) trade activities in goods, services and other transactions between residents and non-residents of Indonesia;

(b) main information of foreign debt and/or risk participation transaction;

(c) any plan on withdrawal and/or payment of foreign debt and/or risk participation transaction;

(d) the realisation on withdrawal and/or payment of foreign debt and/or risk participation transaction;

(e) the position and changes in the balance of offshore financial assets, offshore financial liabilities and/or risk participation transaction; and/or

(f) any plan to incur foreign debt and/or alteration of such plan.

According to Bank Indonesia Regulation No. 21/2/PBI/2019, Indonesian banks only subject to report the information specified in paragraph b, c, d and e as above. The relevant foreign exchange activities reports must be submitted to Bank Indonesia on a monthly basis, by no later than the fifteenth day of the following month.

Under Bank Indonesia Regulation No. 18/10/PBI/2016 concerning the Monitoring of Foreign Exchange Activities of Bank issued in 29 June 2016 ("**Bank Indonesia Regulation No. 18/10/2016**"). Under Bank Indonesia Regulation No. 18/10/2016, the foreign exchange reports which must be reported by banks include (i) a "transaction report" that covers, among others, bank's transactions affecting offshore financial liabilities and assets of the relevant bank, and (ii) a "position report" that covers position and mutation of each account on the offshore financial liabilities and asset of the relevant bank. Under Bank Indonesia Regulation No. 18/10/PBI/2016, a monthly foreign exchange report must be submitted to Bank Indonesia no later than the 15th day of the following month. Under Bank Indonesia Regulation No. 18/19/PBI/2016 on Foreign Exchange Transaction to Rupiah between Banks and Foreign Parties ("**Bank Indonesia Regulation No. 18/19/2016**"), any conversion of Rupiah into foreign currency by way of call spread option involving a foreign party would require an underlying transaction. Similarly, any conversion of Rupiah into foreign currency by way of spot transaction and derivative transaction involving a foreign party, which exceeds certain thresholds, would require an underlying transaction. Such thresholds include: (i) the purchases of foreign currency against Rupiah of more than US$25,000 or its equivalent per month per foreign party for spot transactions; (ii) the purchases of foreign currency against Rupiah of more than US$1.0 million or its equivalent per month per foreign party or per outstanding sale or purchase per bank for derivative transactions; and (iii) the purchases of foreign currency against Rupiah of more than US$5.0 million or its equivalent per transaction per foreign party for forward transactions.

Under Bank Indonesia Regulation No. 18/19/2016, the underlying transactions include the following activities: (a) domestic and international trade of goods and services and/or (b) investments in the forms of foreign direct investment, portfolio investments, loans, capital and other investments inside and outside Indonesia. The underlying transactions in such activities also include income and expense estimation. The underlying transactions do not include (a) the use of Bank Indonesia Certificates for foreign currency derivative transactions against Rupiah; (b) placement of funds in banks (vostro) in the form of, among others, regular deposits, *giro*, term deposits and negotiable certificates of deposits; (c) undrawn credit facility in the form of, among others, standby loan and undisbursed loan; and (d) the use of Bank Indonesia Securities in foreign currency. Specifically for sales of foreign exchange against Rupiah through forward transactions by a foreign party to a bank and for transfer of Rupiah to an account owned by a foreign party, the underlying transactions also include the ownership of onshore and offshore foreign exchange funds, which could be in the form of, among others, regular deposits, *giro*, term deposits and negotiable certificates of deposits.

Under Bank Indonesia Regulation No. 18/18/PBI/2016 dated 5 September 2016 on Foreign Exchange Transactions Against Rupiah Between Banks and Domestic Parties ("**Bank Indonesia Regulation No. 18/18/2016**"), Indonesian companies purchasing foreign currencies from banks by way of spot transactions, derivative transactions, forward transactions and option transactions in excess of US$25,000, US$100,000, US$5,000,000 and US$1,000,000, respectively, will be required to submit certain supporting documents to the selling bank, including, among others, a duly stamped statement confirming that the underlying transaction document is valid and that the amount of foreign currency purchased is or will not exceed the amount stated in the underlying transaction document. For purchases of foreign currency not exceeding such threshold, such company must declare in a duly stamped letter that its aggregate foreign currency purchases do not exceed the relevant threshold in the Indonesian banking system.

Under Bank Indonesia Regulation No. 17/3/PBI/2015 dated 31 March 2015 on the Obligation to Use Rupiah in the Territory of Indonesia and Bank Indonesia Circular No. 17/11/DKSP dated 1 June 2015 governing the same ("**Bank Indonesia Regulation No. 17/3/2015**"), each party is required to use Rupiah for cash and non-cash transactions conducted within the territory of Indonesia, including (i) each transaction which has the purpose of payment; (ii) settlement of other obligations which must be satisfied with money; and/or (iii) other financial transactions (including deposits of Rupiah in various amount and types of Rupiah denomination from customers to banks). Subject to further requirements under Bank Indonesia Regulation No. 17/3/2015, the obligation to use Rupiah does not apply to (i) certain transactions relating to the implementation of state revenue and expenditure; (ii) the receipt or provision of grants either from or to an overseas source; (iii) international trade transactions, which includes (a) export and/or import of goods to or from outside Indonesian territory; and (b) activities relating to cross border trade in services; (iv) bank deposits denominated in foreign currencies; (v) international financing transactions; and (vi) transactions in foreign currency which are conducted in accordance with applicable laws, including, among others (a) a bank's business activities in foreign currency which is conducted based on applicable laws regarding conventional and sharia banks; (b) securities in foreign currency issued by the Indonesian government in primary or secondary markets based on applicable laws; and (c) other transactions in foreign currency conducted based on applicable laws, including the law regarding Bank Indonesia and the law regarding investment. Bank Indonesia Regulation No. 17/3/2015 took effect from 31 March 2015, and the requirement to use Rupiah for non-cash transactions became effective from 1 July 2015. Written agreements which were signed prior to 1 July 2015 that contain provisions for the payment or settlement of obligations in foreign currency for non-cash transactions will remain effective until the expiry of such agreements. However, any extension and/or amendment of such agreements must comply with Bank Indonesia Regulation No. 17/3/2015. A failure to comply with the obligation to use Rupiah in cash transactions will be subjected to criminal sanctions in the form of fines and imprisonment. A failure to comply with the obligation to use Rupiah in non-cash transactions will be subjected to administrative sanctions in the form of (i) written warning; (ii) fines; and/or (iii) prohibition from undertaking payment activities. Bank Indonesia may also recommend to the relevant authority to revoke the business licence or stop the business activities of the party which fails to comply with the obligation to use Rupiah in non-cash transactions.

LANGUAGE OF TRANSACTION DOCUMENTS

Pursuant to Article 31 of Law No. 24 of 2009 regarding Flag, Language, Coat of Arms, and National Anthem that was enacted on 9 July 2009 ("**Law No. 24/2009**"), agreements to which Indonesian parties are a party are required to be executed in Bahasa Indonesia, although, when a foreign entity is a party, a dual-language document in English or the national language of the relevant party is permitted. However, there exists substantial uncertainty on how Law No. 24/2009 will be interpreted and applied, and it is not certain that an Indonesian court would permit the English version to prevail or even consider the English version. The Issuer agrees, at its own cost, to procure and execute the bilingual versions of the Trust Deed, the Notes and other transaction documents. In the event of any conflict between the English version and the Bahasa Indonesia version, to the extent permitted by law, the English version will prevail and the Bahasa Indonesia version will be deemed as and read as amended to conform with the provisions of the English version. Some concepts in English may not have corresponding terms in Bahasa Indonesia and thus the exact meaning of the English version may not be fully captured by the Bahasa Indonesia version. If this occurs, the Issuer cannot give any assurance that the terms of the Notes, the Trust Deed and any other transaction documents will be as described in this Offering Circular or will be interpreted and enforced by the Indonesian courts as described in this Offering Circular. In connection with the provisions of Article 31 of Law No. 24/2009, the Minister of Law and Human Rights of the Republic of Indonesia issued Letter No. M.HH.UM 01-01-35, dated 28 December 2009, regarding Law No. 24/2009 (the "**MOLHR Clarification Letter**"), which clarifies the use of Bahasa Indonesia pursuant to Law No. 24/2009. The MOLHR Clarification Letter stipulates that, even though an agreement between Indonesian private entities (*lembaga swasta Indonesia*) is executed in English, it should not violate the provisions of Article 31 of Law No. 24/2009. However, this letter was issued only as an opinion and does not fall within the types and hierarchy as stipulated in Article 7 of Law No. 12 of 2014 regarding the Formation of Laws and Regulations to be considered as a law or regulation and therefore has no legal force and the Issuer cannot be certain that an Indonesian court would permit the English version to prevail or even consider the English version.

In addition, on 20 June 2013, the District Court of West Jakarta ruled in decision No. 451/Pdt.G/2012/PN.Jkt Bar (the "**June 2013 Decision**") that a loan agreement entered into between an Indonesian borrower, PT Bangun Karya Pratama Lestari, as plaintiff, and a non-Indonesian lender, Nine AM Ltd., as defendant, was null and void under Indonesian law. The agreement was governed by Indonesian law, and the agreement was written in the English language. The court ruled that the agreement had contravened Article 31(1) of Law No. 24/2009 and declared it to be invalid. In arriving at this conclusion, the court relied on Articles 1320, 1335 and 1337 of the Indonesian Civil Code, which, taken together, render an agreement void if, *inter alia*, it is tainted by illegality. The court held that as the agreement had not been drafted in the Indonesian language, as required by Article 31(1), it therefore failed to satisfy the 'lawful cause' (*sebab yang halal*) requirement and was void from the outset, meaning that a valid and binding agreement had never existed. On 7 May 2014, the Jakarta High Court released Decision No. 48/Pdt/2014/PT.DKI which rejected the appeal submitted by Nine AM Ltd. and affirmed the June 2013 Decision in its entirety. In its judgment, the Jakarta High Court considered the District Court of West Jakarta's judgment to have been correct and accurate. In addition, on 31 August 2015, the Supreme Court affirmed the decision of the Jakarta High Court in case No. 601 K/PDT/2015. As a consequence of the Supreme

Court's affirmation in case No. 601 K/PDT/2015, every agreement that falls under the provisions of Law No. 24/2009 must be executed in Bahasa Indonesia (although versions in other languages are also permitted).

Indonesian court decisions are generally not binding precedents and do not constitute a source of law at any level of the judicial hierarchy, as would typically be the case in common law jurisdictions such as the United States and the United Kingdom. However, the Issuer cannot give any assurances that an Indonesian court will not, in the future, issue a similar decision to the June 2013 Decision in relation to the validity and enforceability of agreements which are made in the English language.

On 7 July 2014, the Government issued Government Regulation No. 57 of 2014 ("**GR No. 57/2014**") on Development, Fostering and Protection of Language and Literature and Enhancement of the Function of Bahasa Indonesia to implement certain provisions of Law No. 24/2009. While GR No. 57/2014 focuses on the promotion and protection of the Indonesian language and literature and is silent on the question of contractual language, it reiterates that contracts involving Indonesian parties must be executed in Bahasa Indonesia (although versions in other languages are also permitted). In addition to this implementing regulation, the Minister of State-Owned Enterprises has also issued a Circular Letter No. SE-12/MBU/2009 dated 3 November 2009, which recommends that any state-owned enterprise must use Bahasa Indonesia in every memorandum of understanding or agreement to which such state-owned enterprise is a party. See "*Risk Factors — Risks Relating to Indonesia — There is uncertainty under Indonesian law as to the validity and enforceability of English language documents such as the Trust Deed governing the Notes.*"

Further, as Law No. 24/2009 does not specify any sanctions for non-compliance, the Issuer cannot predict how the implementation of Law No. 24/2009 (including its implementing regulation) will impact the validity and enforceability of the Notes in Indonesia, which creates uncertainty as to the ability of Noteholders to enforce the Notes in Indonesia.

See "*Risk Factors — Risks Relating to Indonesia — There is uncertainty under Indonesian law as to the validity and enforceability of English language documents such as the Trust Deed governing the Notes.*" The Issuer will execute dual English language and Bahasa Indonesia versions of all transaction agreements to which it is a party. All of these documents will provide that in the event of a discrepancy or an inconsistency, the parties intend that the English language version would prevail; however, the Issuer cannot give any assurance that an Indonesian court would hold that the English language version would prevail. Some concepts in the English language may not have a corresponding term in the Indonesian language and the exact meaning of the English text may not be fully captured by the Indonesian language version. If this occurs, there can be no assurance that the terms of the Notes, or the Trust Deed, will be as described in this Offering Circular, or will be interpreted and enforced by the Indonesian courts as intended.

SUMMARY

This summary does not contain all the information that may be important to prospective investors in deciding to invest in the Notes. Prospective investors should read the entirety of this Offering Circular, including "Risk factors" and the consolidated financial statements and related notes included elsewhere in this Offering Circular before making an investment decision.

Overview

BRI, the oldest commercial bank in Indonesia, was established on 16 December 1895 in Purwokerto, Central Java. Supported by over one hundred years of experience and robust capabilities in banking services, particularly in serving MSMEs, BRI is currently among the most profitable banks in Indonesia and is the largest Indonesian bank by assets, loans and deposits. In 2003, BRI undertook an initial public offering and listed its shares on the IDX. Following the initial public offering, the Government remained BRI's majority shareholder and as at 31 December 2018 held an equity interest of 56.75 per cent., with the general public holding the remaining 42.35 per cent. of which 81.17 per cent. is foreign-owned.

BRI is the leading bank serving Indonesian MSMEs, which BRI believes represent the backbone of the Indonesian economy. It commenced its micro-banking business in 1984. This market position, which is deeply rooted within Indonesian communities, is supported by BRI's long and successful history in the sector, strong brand recognition, extensive nationwide distribution network and large customer base. BRI is also internationally recognised, including by the World Bank, as one of the world's leading microfinance institutions due to the commercial viability of its micro finance business in providing financial services to a market segment that otherwise would have limited access to banking services. As at 31 December 2016, 2017 and 2018, loans and sharia receivables and financing to MSMEs through BRI's micro segment and retail segment (described below) represented 74.49 per cent., 75.75 per cent. and 76.46 per cent. of BRI's total loans and sharia receivables and financing, respectively. In addition to MSMEs, BRI also caters to retail customers, corporate customers and state-owned entities.

BRI has the largest branch services networks in Indonesia, with over 9,500 operating units as at 31 December 2018 throughout the Indonesian archipelago, linked on a real-time online basis. In addition to conventional operating units such as branches, ATMs, CDMs, EDCs and BRILink agents, BRI has e-banking offerings that give customers access to BRI's services through internet, telephone and SMS banking. BRI has the largest customer base in Indonesia, with over 112 million customer accounts as at 31 December 2018, giving it access to a source of low-cost funding.

BRI has been designated as a Domestic-Systematically Important Bank ("**D-SIB**") in Indonesia by the OJK and Bank Indonesia. BRI has consistently ensured that its capital exceeds the minimum capital requirements as stipulated by the OJK. As at 31 December 2016, 2017 and 2018, BRI's capital adequacy ratio ("**CAR**") on a standalone basis stood at 22.9 per cent., 23.0 per cent. and 21.2 per cent., respectively, well above the CAR requirement of between 8.0 and 14.0 per cent. and D-SIBs capital surcharge requirement of 2.5 per cent. under OJK regulations.

As at 31 December 2018, BRI had Rp1,296.9 trillion in total assets, Rp843.6 trillion in total loans and sharia receivables and financing and finance lease receivable (gross of allowance for impairment losses) and Rp944.3 trillion in total deposits from customers. BRI's interest and sharia income for the years ended 31 December 2016, 2017 and 2018 amounted to Rp94.0 trillion, Rp102.9 trillion and Rp111.6 trillion, respectively.

Strategy

BRI's long-term strategic objective is to become the most valuable bank by market capitalisation in Southeast Asia and attract the best talent. This, BRI believes, can be achieved by focusing on certain strategic objectives: growing and developing its micro business, becoming a leading SME bank in Indonesia and maintaining its market leadership in the consumer (salary based) loans segment. BRI also aims to improve its profitability from the corporate segment while increasing contributions from subsidiaries. BRI seeks to create optimum value for its stakeholders and relies on its strong capital structure and its extensive infrastructure to achieve sustainable growth. BRI plans to accomplish its strategic objective by pursuing the strategies set out below.

- ***Continue to grow its business with a focus on MSME business***
- ***Pursue inorganic growth opportunities***
- ***Create synergies by increasing cooperation across BRI's business segments and its subsidiaries***
- ***Maintain strong risk management practices***
- ***Strengthen IT infrastructure, leverage digital initiatives and continually enhance human capital resources***

Strengths

- ***Leading market position in high growth Indonesian market***
- ***Most extensive distribution network in Indonesia, with real-time online access***
- ***The Indonesian banking leader focusing on MSMEs***
- ***Large customer base and low cost of funding***
- ***Good quality loans and sound capital base***
- ***Diversified loan portfolio across various business segments***
- ***Strong brand recognition and loyalty***
- ***Experienced and professional management team with proven track record***

SUMMARY OF THE OFFERING

The following is only a summary description of the Notes, which are more fully described in the "*Terms and Conditions of the Notes*" included elsewhere in this Offering Circular. This summary is derived from and should be read in conjunction with the full text of the terms and conditions of the Notes (the "**Conditions**"). The Conditions prevail to the extent of any inconsistency with the terms set out in this section. Capitalised terms not defined in this summary have the meanings given to them in the Conditions.

Issuer	PT Bank Rakyat Indonesia (Persero) Tbk
Joint Bookrunners and Joint Lead Managers	Citigroup Global Markets Limited and Crédit Agricole Corporate and Investment Bank
The Notes	US$[●] [●] per cent. senior unsecured notes due [2024] (which also includes any further notes issued under Condition 16 of the Conditions and consolidated and forming a single series with the Notes).
Trustee	The Bank of New York Mellon, London Branch
Registrar and Transfer Agent	The Bank of New York Mellon SA/NV, Luxembourg Branch
Principal Paying Agent	The Bank of New York Mellon, London Branch
Issue Price	[●] per cent.
Interest	The Notes will bear interest from and including the Issue Date at the rate of [●] per cent. per annum payable semi-annually in arrear on [●] and [●] of each year, commencing on [●] [●] 2019.
Issue Date	[●] 2019
Maturity Date	[●] [2024]
Form and Denomination of the Notes	The Notes will be issued in registered form and in the minimum denomination of US$200,000 and integral multiples of US$1,000 in excess thereof.
Status of the Notes	The Notes constitute (subject to Condition 4 (*Negative Pledge*) of the Conditions) unsecured and unsubordinated obligations of the Issuer and shall at all times rank *pari passu* without any preference among themselves and (save for certain obligations to be preferred by law) equally with all other present and future outstanding unsecured and unsubordinated obligations of the Issuer but in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.
Negative Pledge	So long as any of the Notes remains outstanding, the Issuer will not, and the Issuer will procure that none of its Principal Subsidiaries will, create or permit to subsist any mortgage, charge, lien, pledge or other security interest ("**Security**") upon the whole or any part of the undertaking, assets or revenues present or future of the Issuer and/or any of its Principal Subsidiaries to secure any Relevant Debt (as defined in the Conditions), unless the Issuer, in the case of the creation of the Security, at the same time or prior thereto takes any

	and all action necessary to ensure that: (a) all amounts payable by it under the Notes and the Trust Deed are secured by the Security equally and rateably with the Relevant Debt to the satisfaction of the Trustee; or (b) such other security or other arrangement (whether or not it includes the giving of Security) is provided for the Notes either (i) as the Trustee may (but shall not be obliged to) in its absolute discretion deem to be not materially less beneficial to the interests of the Noteholders or (ii) as is approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders. See Condition 4 (*Negative Pledge*).
Final Redemption	Unless previously redeemed, or purchased and cancelled, the Issuer will redeem the Notes at their principal amount on the Maturity Date.
Redemption for Taxation Reasons	The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (as defined in the Conditions) in the event of certain changes in Indonesian tax law. See Condition 7.2 (*Redemption for Taxation Reasons*).
Redemption for Change of Control ...	At any time following the occurrence of a Change of Control, the holder of any Note will have the right, at such holder's option, to require the Issuer to redeem all, but not some only, of that holder's Notes on the Change of Control Put Date (as defined in the Conditions) at a redemption price equal to 101 per cent. of their principal amount (together with interest accrued to but excluding the Change of Control Put Date). See Condition 7.3 (*Redemption for Change of Control*).
Events of Default	The Notes contain certain events of default provisions as further described in Condition 9 (*Events of Default*).
Withholding Tax and Additional Amounts	All payments in respect of the Notes by or on behalf of the Issuer shall be made free from any restriction or condition and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed or levied by or on behalf of any of the Relevant Jurisdictions (as defined in the Conditions), unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders after the withholding or deduction shall equal the amounts which would have been received by them had no such withholding or deduction been required, subject to customary exceptions, as described in Condition 8 (*Taxation*).
Listing and Admission to Trading	Application will be made to the SGX-ST for the listing of, and quotation for, the Notes on the SGX-ST. The Notes will be traded on the SGX-ST in a minimum board lot size of US$200,000 (or its equivalent in other currencies) for so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require.
Credit Ratings	The Notes are expected to be assigned on issue a rating of "Baa2" by Moody's and "BBB-" by Fitch. A credit rating is not a

	recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Selling Restrictions	The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an available exemption from the registration requirements of the Securities Act. The Notes may be sold in other jurisdictions (including the United Kingdom, Hong Kong, Japan, Singapore and Indonesia) only in compliance with applicable laws and regulations. See "*Subscription and sale*".
Risk Factors	Investment in the Notes involves risks. See "*Risk factors*".
Further Issues	The Issuer may from time to time without the consent of the Noteholders create and issue further notes or bonds (whether in bearer or registered form) either (a) ranking *pari passu* in all respects (or in all respects save for the issue date and the first payment of interest thereon) and so that the same shall be consolidated and form a single series with the outstanding Notes constituted by the Trust Deed or any deed supplemental thereto deed or (b) upon such terms as to ranking, interest, conversion, redemption and otherwise as the Issuer may determine at the time of the issue. See Condition 16 (*Further Issues*).
Use of Proceeds	The net proceeds of the issue of the Notes will be used by the Issuer in compliance with the Sustainability Bond Framework towards financing or refinancing the Eligible Projects of the Issuer. See "*Use of proceeds*".
Governing Law	The Notes and any non-contractual obligations arising out of or in connection with them will be governed by, and shall be construed in accordance with, English law.
Clearing Systems	The Notes will be represented initially by beneficial interests in the Global Certificate, which will be registered in the name of a nominee of, and deposited on the Issue Date with, a common depositary for the Clearing Systems. Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through records maintained by the Clearing Systems. Except as described in the Global Certificate, certificates for the Notes in definitive form will not be issued in exchange for beneficial interests in the Global Certificate. The Common Code and ISIN for the Notes are 196353496 and XS1963534968, respectively. The legal entity identifier ("**LEI**") of the Issuer is 254900HB6S4B12GBNP64.

SELECTED FINANCIAL INFORMATION AND OPERATING DATA

The following tables set forth the Issuer's selected consolidated financial information as at and for the years ended 31 December 2016, 2017 and 2018. The selected financial information for the years ended 31 December 2016, 2017 and 2018 set forth below has been derived from the Issuer's Audited Consolidated Financial Statements. The Issuer's Audited Consolidated Financial Statements have been audited by Purwantono, Sungkoro & Surja (the Indonesian member firm of Ernst & Young Global Limited), independent auditors, in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants ("**IICPA**"), as stated in their audit report appearing elsewhere in this Offering Circular.

Consolidated statements of financial position

	As at 31 December,			
	2016	2017	2018	
	(Rp million)	(Rp million)	(Rp million)	(US$ million)
ASSETS				
Cash	25,212,226	24,798,037	27,421,625	1,893.63
Current accounts with Bank Indonesia	55,635,946	58,155,479	71,159,442	4,913.99
Current accounts with other banks	11,280,795	6,132,512	12,677,355	875.45
Placements with Bank Indonesia and other banks	78,248,833	55,156,762	87,018,051	6,009.12
Securities	132,086,758	186,939,596	184,284,810	12,725.97
Allowance for impairment losses	(758)	(758)	(758)	(0.05)
Export bills and notes receivables	11,580,175	10,654,353	27,442,690	1,895.08
Government Recapitalisation Bonds	3,318,434	3,317,840	1,505,273	103.95
Securities Purchased under Agreement to Resell	1,557,370	18,011,026	9,396,553	648.89
Derivatives receivable	103,907	162,912	485,810	33.55
Loans	643,470,975	718,982,668	820,010,157	56,626.63
Allowance for impairment losses	(22,184,296)	(29,423,380)	(35,017,982)	(2,418.20)
Sharia receivables and financing	17,748,943	17,864,869	20,178,401	1,393.44
Allowance for impairment losses	(492,156)	(577,257)	(497,141)	(34.33)
Finance Lease Receivables	2,200,300	2,488,983	3,409,846	235.47
Allowance for impairment losses	(130,000)	(103,500)	(88,000)	(6.08)
Acceptances receivable	5,692,583	5,693,425	11,643,003	804.02
Investment in associated entities	11,768	83,150	460,146	31.78
Allowance for impairment losses	(50)	(50)	(50)	(0.00)
Premises and equipments				
Cost	32,280,793	33,990,807	37,925,236	2,618.97
Accumulated depreciation	(7,756,660)	(9,238,772)	(11,010,377)	(760.33)
Net book value	24,524,133	24,752,035	26,914,859	1,858.63
Deferred tax assets — net	2,539,713	3,286,732	5,114,653	353.20
Other assets — net	12,396,074	21,072,055	23,379,549	1,614.50
TOTAL ASSETS	**1,004,801,673**	**1,127,447,489**	**1,296,898,292**	**89,558.61**
LIABILITIES AND EQUITY				
LIABILITIES				
Liabilities Due Immediately	5,410,313	6,584,201	8,462,958	584.42
Deposits From Customers				
Demand Deposits	141,419,020	145,529,168	178,097,981	12,298.73
Mudharabah Demand Deposits	—	139,535	293,264	20.25
Wadiah Demand Deposits	1,127,843	1,766,901	2,277,850	157.30
Saving Deposits	298,110,406	343,420,737	379,918,705	26,235.67
Wadiah Saving Deposits	4,176,761	4,749,652	5,601,811	386.84
Mudharabah Saving Deposits	983,121	1,270,484	1,659,109	114.57
Time Deposits	293,029,378	326,417,937	357,413,513	24,681.55

	As at 31 December,			
	2016	2017	2018	
	(Rp million)	(Rp million)	(Rp million)	(US$ million)
Mudharabah Time Deposits	15,679,845	18,362,036	19,006,504	1,312.51
Total Deposits from Customers	754,526,374	841,656,450	944,268,737	65,207.43
Deposits From Other Banks and Financial Institutions	2,229,538	5,593,367	9,131,158	630.56
Securities Sold Under Agreement to Repurchase	7,302,398	12,136,684	37,379,394	2,581.27
Derivatives payable	347,217	200,858	332,343	22.95
Acceptances payable	5,692,583	5,693,425	11,643,003	804.02
Taxes payable	956,553	569,016	153,833	10.62
Marketable Securities Issued	24,800,781	30,619,658	31,190,216	2,153.87
Fund Borrowings	35,013,680	29,408,694	40,457,429	2,793.83
Estimated Losses on Commitments and Contingencies	895	2,134	1,222	0.08
Liabilities for Employee Benefits	9,479,930	12,194,261	11,789,366	814.13
Other Liabilities	10,498,804	13,794,513	15,339,787	1,059.30
Subordinated Loans and Marketable Securities	1,008,510	986,450	1,473,515	101.76
TOTAL LIABILITIES	**857,267,576**	**959,439,711**	**1,111,622,961**	**76,764.24**
EQUITY				
Capital stock par value Rp 50 (full Rupiah) per share as of 31 December 2018 and 2017 and Rp 250 (full Rupiah) per share as of 31 December 2016				
Authorised capital — 300,000,000,000 shares (consisting of 1 Series A Dwiwarna share and 299,999,999,999 Series B shares) as of 31 December 2018 and 2017 and 60,000,000,000 shares (consisting of 1 Series A Dwiwarna share and 59,999,999,999 Series B shares) as of 31 December 2016				
Issued and fully paid capital — 123,345,810,000 shares (consisting of 1 Series A Dwiwarna 123,345,809,999 Series B shares) as of 31 December 2018 and 2017 and 24,669,162,000 shares (consisting of 1 Series A Dwiwarna share and 24,669,161,999 Series B shares) as of 31 December 2016	6,167,291	6,167,291	6,167,291	425.89
Additional paid-in capital	2,773,858	2,773,858	2,692,663	185.94
Revaluation surplus arising from premises and equipments — net of tax	13,824,692	13,824,692	13,824,692	954.68
Differences arising from the translation of foreign currency financial statements	23,490	54,199	49,850	3.44
Unrealised gain (loss) on available-for-sale securities and Government Recapitalisation bonds — net of deferred tax	75,618	1,813,625	(2,070,378)	(142.97)
Gain on remeasurement of defined benefit plans — net of deferred tax	665,870	706,403	1,154,343	79.71
Treasury Stock	(2,418,948)	(2,418,948)	(2,418,948)	(167.04)
Stock option	—	—	10,971	0.76
Provision for bonus shares compensation	—	—	426,670	29.46
Merging entities' equity	483,908	443,016	—	—
Retained earnings				
Appropriated	3,022,685	3,022,685	3,022,685	208.73
Unappropriated	122,286,786	140,805,012	160,107,704	11,056.40
Total retained earnings	125,309,471	143,827,697	163,130,389	11,265.13
Total equity attributable to Equity Holders of the Parent Entity	146,905,250	167,191,833	182,967,543	12,635.01
Non-controlling interest	628,847	815,945	2,307,788	159.37
TOTAL EQUITY	**147,534,097**	**168,007,778**	**185,275,331**	**12,794.37**
TOTAL LIABILITIES AND EQUITY	**1,004,801,673**	**1,127,447,489**	**1,296,898,292**	**89,558.61**

Consolidated statements of comprehensive income

	For the years ended 31 December,			
	2016	2017	2018	
	(Rp million)	(Rp million)	(Rp million)	(US$ million)
INCOME AND EXPENSES FROM OPERATIONS				
Interest and Sharia income				
Interest income	91,379,317	100,093,333	108,458,358	7,489.70
Sharia income	2,636,677	2,819,042	3,124,446	215.76
Total interest and sharia income	95,015,994	102,912,375	111,582,804	7,705.46
Interest and Sharia expense				
Interest expense	(27,541,302)	(28,652,691)	(32,541,395)	(2,247.18)
Sharia expense	(1,035,502)	(1,241,590)	(1,375,637)	(95.00)
Total interest and Sharia expense	(28,576,804)	(29,894,281)	(33,917,032)	(2,342.17)
Interest and Sharia income — net	77,665,772	73,018,094	77,665,772	5,363.29
Premium Income	3,038,864	3,788,965	4,178,213	288.53
Claim Expense	(2,760,154)	(3,403,551)	(3,232,491)	(223.22)
Premium Income — net	278,710	385,414	945,722	65.31
Other operating income				
Other fees and commissions	9,226,076	10,442,411	12,018,941	829.98
Recovery of assets written off	4,496,838	5,050,717	6,209,435	428.80
Gain on foreign exchange — net	—	184,077	951,009	65.67
Gain on sale of securities and Government Recapitalisation bonds — net	450,895	784,501	534,952	36.94
Unrealised gain on changes in fair value of securities — net	34,602	55,555	338,097	23.35
Others	3,079,446	2,754,026	3,372,996	232.93
Total other operating income	17,287,857	19,271,287	23,425,430	1,617.67
Provision for impairment losses on financial assets — net	(13,700,241)	(16,994,115)	(17,792,693)	(1,228.69)
Reversal of (provision for) allowance for estimated losses on commitments and contingencies — net	347	(1,239)	912	0.06
Provision for allowance on impairment losses of non-financial assets — net	(103,705)	(258,524)	(528,982)	(36.53)
Other Operating Expenses				
Salaries and employee benefits	(18,593,976)	(20,440,958)	(22,423,271)	(1,548.46)
General and administrative	(12,043,907)	(13,199,431)	(14,364,278)	(991.94)
Loss on foreign exchange — net	(274,109)	—	—	—
Others	(4,244,845)	(4,973,687)	(5,202,735)	(359.28)
Total Other Operating expenses	(35,156,837)	(38,614,076)	(41,990,284)	(2,899.68)
OPERATING INCOME	**34,045,321**	**36,806,841**	**41,725,877**	**2,881.42**
NON-OPERATING INCOME — NET	1,714	216,395	27,817	1.92
INCOME BEFORE TAX EXPENSE	34,047,035	37,023,236	41,753,694	2,883.34
TAX EXPENSE	(7,761,784)	(7,978,187)	(9,335,208)	(644.65)
INCOME FOR THE YEAR	**26,285,251**	**29,045,049**	**32,418,486**	**2,238.69**
Other comprehensive income:				
Items not to be reclassified to profit or loss				
Remeasurement of defined benefit plans	159,569	61,655	601,819	41.56
Revaluation surplus arising from premises and equipment	14,315,527	—	—	—
Income tax related to items not to be reclassified as profit and loss	(530,727)	(15,414)	(150,455)	(10.39)
Items to be reclassified to profit or loss				
Exchange rate differences on translation of foreign currency financial statements	(25,579)	30,709	(4,349)	(0.30)
Unrealised gain (loss) on available-for-sale securities and Government recapitalisation bonds	1,658,696	2,286,250	(5,141,381)	(355.04)
Income tax related to items to be reclassified to profit of loss	(416,966)	(527,459)	1,216,705	84.02
Other Comprehensive Income for the year After Taxes	**15,160,520**	**1,835,741**	**(3,477,661)**	**(240.15)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**41,445,771**	**30,880,790**	**28,940,825**	**1,998.54**

Consolidated statements of cash flows

	For the years ended 31 December,			
	2016	2017	2018	
	(Rp million)	(Rp million)	(Rp million)	(US$ million)
CASH FLOWS FROM OPERATING ACTIVITIES				
Income received				
Interest and investment income	91,595,203	100,171,404	102,362,129	7,068.72
Shariah income	2,636,677	2,819,042	3,124,446	215.76
Premium income	3,038,864	3,788,965	4,178,213	288.53
Expenses paid				
Interest expenses	(26,038,559)	(28,319,937)	(32,166,798)	(2,221.31)
Sharia expense	(1,035,502)	(1,241,591)	(1,375,637)	(95.00)
Claim expenses	(2,760,154)	(3,403,551)	(3,232,491)	(223.22)
Recoveries of assets written-off	4,511,717	5,050,713	6,209,437	428.80
Other operating income	9,789,533	13,720,663	16,764,733	1,157.71
Other operating expenses	(35,031,871)	(32,309,044)	(42,230,943)	(2,916.30)
Non-operating income — net	479	216,325	27,818	1.92
Payment of corporate income tax	(6,182,996)	(9,037,947)	(9,668,009)	(667.63)
Cash flows before changes in operating assets and liabilities	**40,523,391**	**51,455,042**	**43,992,898**	**3,037.97**
Changes in operating assets and liabilities:				
(Increase) decrease in operating assets:				
Placement with Bank Indonesia and other banks	100,000	(390,262)	190,262	13.14
Securities and Government Recapitalisation Bonds at fair value through profit or loss	231,711	(702,761)	(2,566,448)	(177.23)
Export bills and notes receivable	(3,713,521)	925,822	(16,788,338)	(1,159.34)
Securities purchased under agreement to resell	(712,245)	(16,453,656)	8,614,473	594.88
Loans	(87,463,887)	(85,060,312)	(113,206,894)	(7.817.62)
Sharia receivables and financing	(1,254,192)	(258,240)	(2,600,698)	(179.59)
Finance lease receivables	(2,214,946)	(305,667)	(949,203)	(65.55)
Other assets	265,580	(9,154,866)	4,631,594	319.84
Increase (decrease) in operating liabilities:				
Liabilities due immediately	264,342	1,153,159	1,878,757	129.74
Deposits:				
Demand Deposits	27,989,677	4,110,149	32,568,814	2,249.07
Wadiah demand deposits	190,098	639,058	510,949	35.28
Mudharabah demand deposits	—	139,535	153,729	10.62
Saving deposits	30,051,541	45,310,331	36,497,967	2,520.40
Wadiah saving deposits	460,832	572,891	852,159	58.85
Mudharabah saving deposits	286,923	287,363	388,625	26.84
Time deposits	25,144,974	33,388,560	30,995,577	2,140.43
Mudharabah time deposits	1,406,950	2,682,191	644,468	44.50
Deposits from other banks and financial institutions	(8,935,535)	3,363,829	3,537,792	244.31
Securities sold under agreement to repurchase	(4,075,560)	4,834,286	25,242,710	1,743.16
Other liabilities	3,632,605	2,530,874	2,673,187	184.60
Net Cash Provided by (used in) Operating activities	**22,178,738**	**39,067,326**	**57,262,380**	**3,954.31**
CASH FLOW FROM INVESTING ACTIVITIES				
Receipt of dividends	235	40	12,534	0.87
(Increase) Decrease in available for sale and held to maturity securities and Government Recapitalisation Bonds	328,455	(28,915,361)	(25,188,955)	(1,739.45)
Acquisition of premises and equipment	(3,654,340)	(2,006,347)	(1,822,703)	(125.87)
Net cash provided by (used in) investing activities	**(3,325,650)**	**(30,921,668)**	**(26,999,124)**	**(1,864.45)**

	For the years ended 31 December,			
	2016	2017	2018	
	(Rp million)	(Rp million)	(Rp million)	(US$ million)
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds of (Payments of) fund borrowings	(652,860)	(5,663,083)	10.829.393	747.83
Purchase of Treasury Stock	(132,573)	—	—	—
Dividends paid	(7,621,316)	(10,483,777)	(13,048,441)	(901.07)
Proceeds from (payment of) subordinated loans and marketable securities	952,042	(22,060)	487,065	33.63
Proceeds from marketable securities issued	15,510,825	10,242,963	9,600,185	662.95
Payments of marketable securities due	(980,000)	(4,921,000)	(8,939,750)	(617.34)
Net cash provided by (used in) financing activities	**7,076,118**	**(10,846,957)**	**(1,071,548)**	**(74.00)**
NET DECREASE (INCREASE) IN CASH AND CASH EQUIVALENTS	**25,929,206**	**(2,701,299)**	**29,191,708**	**2,015.86**
EFFECT OF EXCHANGE RATE CHANGES OF FOREIGN CURRENCIES	**1,279**	**(427)**	**(52,076)**	**(3.60)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**163,388,757**	**189,319,242**	**186,617,516**	**12,887.06**
CASH AND CASH EQUIVALENTS AT END OF YEAR	**189,319,242**	**186,617,516**	**215,757,148**	**14,899.33**
Cash and cash equivalents at end of year consist of:				
Cash	25,212,226	24,798,037	27,421,625	1,893.63
Current accounts with Bank Indonesia	55,635,946	58,155,479	71,159,442	4,913.99
Current accounts with other banks	11,280,795	6,132,512	12,677,355	875.45
Placement with Bank Indonesia and other banks — maturing within three months or less since the acquisition date	78,248,835	54,766,500	86,818,051	5,995.31
Bank Indonesia Certificate and Bank Indonesia deposit certificates Indonesia- maturing within three months or less since the acquisition date	18,941,440	42,764,988	17,680,675	1,220.96
Total cash and cash equivalents	**189,319,242**	**186,617,516**	**215,757,148**	**14,899.33**

Selected financial ratios

	As at and for the years ended 31 December(1)		
	2016	2017	2018
CAR for credit, operational and market risks(2)	22.91	22.96	21.21
Non-performing earning and non-earning assets to total earning and non-earning assets(3)	1.46	1.38	1.41
Non-performing earning assets to total earning assets(4)	1.61	1.59	1.62
Impairment loss reserve of financial assets to earning assets(5)	2.75	3.11	3.26
NPL gross(2)	2.03	2.10	2.14
NPL net(2)	1.09	0.88	0.92
ROA(2)	3.84	3.69	3.68
ROE(2)	23.08	20.03	20.49
NIM(2)	8.00	7.93	7.45
Operating expenses to operating income(6)	68.69	69.14	68.48
LDR(2)	87.77	88.13	89.57

Notes:

(1) BRI only. Excludes subsidiaries.

(2) As defined in "*Notice to investors — Financial data and ratios*" on pages 5 and 6 of this offering circular.

(3) Non-performing earning and non-earning assets to total earning and non-earning assets is the ratio of the total of non-performing earning assets and non-performing non-earning assets categorised as substandard, doubtful and loss under Bank Indonesia regulations, to the total of earning assets and non-earning assets. Earning assets, for the purpose of calculating non-performing earning and non-earning assets to total earning and non-earning assets, consist of current accounts with other banks, placements with Bank Indonesia and other banks, securities, export bills and note receivable, Government Recapitalisation Bonds, securities purchased under agreement to resell, derivatives receivable, loans, acceptances receivable and investment in associated entities and excluding commitments and contingencies. Please note that the definition of earning assets for this ratio calculation is different from the definition of different from the definition of earning assets in (4) below. Non-earning assets consist of foreclosed collaterals, abandoned properties, inter-branch accounts and suspense accounts

(4) Non-performing earning assets to total earning assets is the ratio of non-performing earning assets categorised as substandard, doubtful and loss under Bank Indonesia regulations, to the total earning assets. Earning assets, for the purpose of calculating non-performing earning assets to total earning assets, consist of current accounts with other banks, placements with Bank Indonesia and other banks, securities, export bills and notes receivables, Government Recapitalisation Bonds, securities purchased under agreement to resell, derivatives receivable, loans, acceptances receivable and investment in associated entities and excluding commitments and contingencies. Please note that the definition of earning assets for this ratio calculation is different from the definition of earning assets as defined in "*Notice to investors — financial data and ratios*" on page v of this offering circular and also different from the definition of earning assets in (3) above.

(5) Impairment loss reserves of financial assets to earning assets is the ratio of allowance for impairment losses on financial assets to total earning assets. Financial assets consist of cash, current accounts with Bank Indonesia, current accounts with other banks, placements with Bank Indonesia and other banks, securities, export bills and notes receivable, Government recapitalisation bonds, securities purchased under agreement to resell, derivatives receivable, loans, acceptances receivable, investment in associated entities with no significant influence and other assets (consisting of interest receivables and other receivables). Earning assets, for the purpose of calculating impairment loss reserve of financial assets to earning assets, is as defined in (4) above.

(6) Operating expenses to operating income is the ratio of total operating expenses to total operating income for the relevant year. For the purposes of this calculation: (i) total operating expenses includes interest expense, provision for impairment losses on financial assets, provision for impairment losses on non-financial assets, provision for estimated losses on commitments and contingencies, general and administrative expense, salaries and employee benefits expense, loss on sale of securities and Government Recapitalisation Bonds, unrealised loss on changes in fair value of securities and Government Recapitalisation Bonds, loss on foreign exchange and other operating expense — others: and (ii) total operating income includes interest income, fees, recovery of assets written off, other provision fees and commissions, gain on foreign exchange, gain on sale of securities and Government Recapitalisation Bonds, unrealised gain on changes in fair value of securities and Government Recapitalisation Bonds, reversal of allowance for impairment losses on financial assets, reversal of allowance for impairment losses on non-financial assets, reversal of allowance for estimated losses on commitments and contingencies and other operating income — others.

RISK FACTORS

An investment in the Notes involves risks. Prospective purchasers of the Notes should carefully consider all of the information in this Offering Circular and, in particular, the risks described below, prior to making an investment decision with respect to the Notes. If any of these risks were to occur, the Bank's business, financial condition and results of operations could be materially and adversely affected, and purchasers of the Notes could suffer the loss of their entire investment. The following information is not an exhaustive list of the risks associated with a purchase of the Notes. Additional risks and uncertainties that the Bank is unaware of, or that are currently deemed immaterial, could also have a material and adverse effect on the Bank's business, financial condition and results of operations. Prospective purchasers of the Notes must therefore reach their own views and rely on their own investigations prior to making any investment decision.

Risks relating to the Bank

The Bank has experienced significant growth in recent years. If the Bank is unable to maintain the quality of its loan portfolio or is otherwise unable to manage that growth effectively, its financial condition and results of operations will be adversely affected.

The Bank has experienced significant growth in recent years. The Bank has benefitted from increased customer deposits and other sources of funding, expanded loans and other earning assets and increased interest income and net profit. Most recently, for the year ended 31 December 2018, as compared to the year ended 31 December 2017, total assets increased by 15.03 per cent. to Rp1,296.90 trillion; loans, sharia receivables and financing (gross of allowance for impairment losses) increased by 14.02 per cent. to Rp840.19 trillion; interest and sharia income increased by 8.43 per cent. to Rp111.58 trillion and income for the year increased by 11.61 per cent. to Rp32.42 trillion. Meanwhile, gross NPL ratios increased to 2.14 per cent. on a standalone basis and 2.27 per cent. on a consolidated basis for the year ended 31 December 2018.

Extending loans is an important part of the Bank's business as a financial intermediary, and its results of operations are negatively impacted by provisions and/or losses related to NPLs. The sustainability of the Bank's growth depends largely upon its ability to effectively manage its credit risk and maintain the quality of its loan portfolio. Although the Bank actively manages and monitors its loan portfolio and constantly seeks to improve its credit risk management policies, procedures and systems, no assurance can be given that such policies, procedures and systems are free from any deficiency or will adequately mitigate the Bank's credit risk as it seeks to continue its growth. Moreover, no assurance can be given that the Bank will allocate sufficiently its provisions for NPLs. Failure of the Bank's credit risk management policies, procedures and systems may result in an increase in the level of NPLs and adversely affect the quality of the Bank's loan portfolio, which may also deteriorate due to various other reasons, including a slowdown or reverse in the level of growth in Indonesia and other factors beyond the Bank's control. If such deterioration occurs, it could materially and adversely affect the Bank's financial condition and results of operations.

The Bank is exposed to the risks related to high levels of customer default and the resulting increase in NPLs.

Any lending activity is exposed to credit risk arising from the risk of default by borrowers, which includes default or delays in repayment of principal and/or interest on the loans that the Bank provides to borrowers. Borrowers may default on their obligations due to various factors, including certain external factors, which may not be within the Bank's control, such as negative developments in the Indonesian and global economy, changes in interest rates and changes in regulations. Any negative trends or financial difficulties affecting the borrowers could increase the risk of their default. Borrowers could also be adversely affected by bankruptcy, lack of liquidity, lack of business and operational failure. If borrowers fail to repay loans in a timely manner or at all, the asset quality of the Bank's financing and receivables portfolio could be adversely affected. Any failure by the Bank to manage the growth of its loan portfolio or the credit quality of its borrowers with prudent risk parameters or to monitor and regulate the adequacy of its provisioning levels could materially and adversely affect the Bank's financial condition and results of operations.

NPLs can occur for various reasons, including changes in the levels of new NPLs, collection performance, the amount and nature of the Bank's cash loans and negative developments in the Indonesian economy. As at

31 December 2018, 2.27 per cent. of the Bank's total loan and sharia financing and receivables (gross of allowance for impairment losses) and 1.04 per cent. of total loan and sharia financing and receivables (net of allowance for impairment losses) were classified as NPLs.

The Bank has a high concentration of loans to MSME customers.

Financing MSMEs has been the core business of the Bank and will remain the focus of the Bank's business strategy. As at 31 December 2016, 2017 and 2018, loans to MSMEs through the Bank's micro segment and retail segment represented 71.81 per cent., 73.32 per cent. and 74.06 per cent. of the Bank's total loans and sharia receivables and financing, respectively.

Default on a substantial portion of these loans would expose the Bank to increased credit risk, and a significant increase in the Bank's NPL ratio. There can be no assurance that the percentage of NPLs that the Bank will be able to recover will be consistent with the Bank's past experience.

In addition, if a substantial portion of these loans were to become non-performing, the Bank's asset quality in general would be negatively affected, which could materially and adversely affect the Bank's financial condition and results of operations.

The value of the collateral used to back loans extended by the Bank may not be adequate and may decline in the future.

There can be no assurance that the Bank's loans are collateralised at adequate levels. The Bank's collateral may be overvalued and not accurately reflect its liquidation value, which is the maximum amount it is likely to recover from a sale of collateral, less expenses of such sale. In addition, some of the valuations in respect of its collateral may be out of date or may not accurately reflect the value of its collateral. In addition, since nearly all of the Bank's secured loans are secured by real property, inventory or other collateral located in Indonesia, the value of these assets is subject to prevailing political, economic and social conditions in Indonesia. Given this uncertainty in collateral values, the Bank's policy is not to deduct collateral values from required provisions for potential loan losses.

The Bank may be unable to recover the assessed value of its collateral when its borrowers default on their obligations, which may expose the Bank to potential losses.

The Bank may not be able to recover the value of any collateral or enforce any guarantee due, in part, to the difficulties involved in using the Indonesian legal system to enforce the Bank's rights. In order to foreclose on collateral or enforce a guarantee, absent an agreed solution between or amongst the involved parties, the Bank is required to submit a petition to an Indonesian court. Such a petition, when made, is subject to relatively burdensome procedural, administrative and bankruptcy law requirements. The resulting delays can last several years and could lead to deterioration in the physical condition and market value of the collateral, particularly where the collateral is in the form of inventory or receivables. In addition, such collateral may not be insured. In the past, these factors have exposed and continue to expose the Bank to legal liability while in possession of the collateral. This significantly reduces the Bank's ability to realise the value of its collateral and therefore the effectiveness of taking a secured position on the loans it makes. In addition, when the Bank restructures NPLs, it may agree with a borrower to release collateral once a portion of the outstanding amount due on the loan is repaid. There can be no assurance that the Bank will be able to realise the full value, or any value, of its collateral in a bankruptcy or foreclosure proceeding or otherwise.

The Bank is exposed to interest rate risk.

The Bank realises income from the margin between interest earned on its assets and interest paid on its liabilities. As some of its interest-earning assets and interest-bearing liabilities are re-priced at different times, the Bank is vulnerable to fluctuations in market interest rates. In a declining interest rate environment, this will tend to increase the Bank's interest rate spread. However, in an increasing interest rate environment, although the Bank will seek to re-price its assets as frequently or more frequently than its liabilities, the Bank is limited both in its ability to do so and in its ability to mitigate this risk since the Government bonds and other sovereign debt that it holds, which comprised 11.08 per cent. of its total assets as at 31 December 2018, either have fixed interest rates or variable interest rates which only re-price every three months. As long as Government bonds comprise a substantial portion of its assets, the Bank will be unable to completely mitigate this risk.

The Bank Indonesia benchmark seven day (reverse) repo rate has been raised six times since April 2018, leading to a total increase of 175 basis points to 6.00 per cent. from 4.25 per cent. in April 2018. There can be no assurance that interest rates will not change in the future.

The Indonesian banking and financial services industry is very competitive and the Bank's business strategy depends on its ability to compete effectively.

The Indonesian banking sector is very competitive. The Bank's primary competitors are major domestic banks operating in Indonesia. The Bank also faces competition for customers from a variety of financial services companies, such as multi-finance companies, which provide financing for trading, consumer loans and multipurpose loans, as well as entities owned by or affiliated with the Government that provide industrial development funding and export and import lending and services.

The Bank also may face increased competition in one or all of its product lines from financial institutions offering a wider array of commercial banking services and products than the Bank does and that have larger lending limits, greater financial resources and stronger balance sheets than the Bank does. Increased competition may result from:

(i) domestic banks entering into strategic alliances with foreign banks with significant financial and management resources;

(ii) financial services companies specialising in products which the Bank offers directly or through its subsidiaries or strategic alliances, such as automotive financing, insurance sales, leasing and rural development loans;

(iii) continued consolidation, both with and without Government assistance and policy changes, in the domestic and international banking sector; and

(iv) growth in smaller private domestic banks that are able to respond more quickly to market changes.

In addition, the Bank's consumer banking strategy will expose it to competition from Indonesian and foreign banks which may have significantly more experience in that market segment than the Bank does.

There can be no assurance that the Bank will be able to compete effectively and increased competition may make it difficult for the Bank to increase the size of its loan portfolio and deposit base, as well as cause increased pricing competition, which could materially and adversely affect the Bank's business, prospects, financial condition and results of operations.

Increasing competition in the Indonesian banking industry may make it difficult for the Bank to maintain current levels of operating performance in the future.

The Bank's NIM (on a standalone basis) for the years ended 31 December 2016, 2017 and 2018 was 8.00 per cent., 7.93 per cent. and 7.45 per cent., respectively. Furthermore, the Bank has been able to increase its loan portfolio and deposit base substantially in recent years by maintaining a stable NIM. While such performance is in part a result of the Bank's strong branch services network of over 9,500 BRI operating units throughout the country and deep knowledge of the communities it serves, it also may be evidence of, and partly attributable to, relatively low levels of competition in the Indonesian banking industry. Increased competition, particularly in the consumer segment, may come from Indonesian and foreign banks, other financial services firms, such as insurance and multi-finance companies, more vigorous Indonesian capital markets activity, alternative investment and savings vehicles and institutions affiliated with the Government that provide industrial development financing and export-import loans and services. Some of these competitors may have, or may develop, funding bases and scales of business that in some respect exceed those of the Bank. They also may have more efficient operating costs and may drive lending or deposit rates to levels at which the Bank's operations would become less profitable. In addition, the Bank may face competition from new and existing competitors with expertise in financial technology, which continues to play an increasingly important role in the financial sector. Even if the Bank's operations remain competitive or improve relative to other participants in the banking industry, a general increase in the level of competition may cause NIM to fall to levels more consistent with those seen in other countries. Any of these factors could materially and adversely affect the Bank's financial condition and results of operations.

The Bank may be unable to realise the anticipated benefits of its recent acquisitions.

On 20 December 2018, BRI acquired 97.6 per cent. of the outstanding share capital of PT BRI Ventura Investama ("**BRI Ventura**"), which is engaged in the venture capital financing business, for Rp3.1 billion. On the same date, BRI acquired 35 per cent. of the outstanding share capital of PT Danareksa Investment Management ("**Danareksa IM**"), which is engaged in the business of investment management. On 21 December 2018, BRI acquired 67.0 per cent. of the outstanding share capital of PT Danareksa Sekuritas ("**Danareksa Sekuritas**"), which is engaged in the business of underwriting and brokerage, for Rp446.9 billion.

These acquisitions were made in keeping with the Bank's strategy to pursue inorganic growth opportunities that will offer advantages across its businesses and that will allow it to expand its product and customer portfolio and provide a set of integrated financial products and services to its customers. The Bank has not yet consolidated the financial results of BRI Ventura, Danareksa IM or Danareksa Sekuritas given the timing of the acquisition. In future financial periods, it is expected that the operational and financial performance of these entities may have an impact on the results of operations of the Bank.

Moreover, the success of these acquisitions will depend, in part, on the Bank's ability to realise the anticipated growth opportunities and synergies from combining the business of these entities with itself. Integrating these companies into the Bank's operations may require substantial time, expense and effort. If the attention of the Bank's management is diverted or there are any difficulties associated with integrating these businesses, the Bank's results of operations could be materially and adversely affected. Any failure to realise the anticipated benefits on time, or at all, may materially and adversely affect the Bank's business, financial condition and results of operations.

The Bank may not be able to implement its business strategies on schedule or within budget or at all.

The Bank may not be able to fully implement its business strategies on schedule or within budget or at all. The Bank's strategies are subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the Bank's control and could delay or increase the costs of implementation. Such potential events include, but are not limited to, labour disputes, system upgrades, changes in costs or requirements related to compliance with applicable laws and regulations, delays in securing the necessary governmental approvals, a downturn in the economy and changes to plans for additional facilities necessitated by changes in market conditions.

Disruptions to the Bank's strategic plans could result in the loss or delayed receipt of revenue, an increase in financing costs, or a failure to meet profit and earnings projections, any of which may adversely affect the Bank's business, financial condition and results of operations.

Fluctuations in the value of the Rupiah may materially and adversely affect the Bank's financial condition and results of operations.

Historically, the Rupiah has been subject to significant depreciation and volatility against the US dollar and other foreign currencies. Depreciation or volatility of the Rupiah or changes in the Government's exchange rate policies may result in significantly higher domestic interest rates, liquidity, shortages, sovereign and corporate loan defaults, capital or exchange controls and withholding of further financial assistance by multilateral institutions. This could result in a reduction of economic activity, an economic recession, loan defaults and increases in the price of imports. These consequences could have a material adverse effect on the Indonesian economy and the Bank's financial condition and results of operations and ability to make payments on foreign currency denominated obligations, including the Notes.

The Rupiah has generally been freely convertible and transferable, except that Indonesian banks are restricted from transferring Rupiah to any bank account (offshore and onshore) for the benefit of non-residents, which includes foreign individuals, foreign legal entities, and Indonesian citizens with permanent resident status outside of Indonesia and Indonesian or foreign banks domiciled offshore. Although in 2016 Bank Indonesia introduced regulations that allow Indonesian banks to transfer Rupiah to non-residents to the extent that certain criteria are met, Bank Indonesia has intervened in the currency exchange markets in furtherance of its policies, either by selling Rupiah or by using its foreign currency reserves to purchase Rupiah from time to time. There can be no assurance that the current floating exchange rate policy of Bank Indonesia will not be modified, that additional depreciation of the Rupiah against other currencies, including the US dollar, will not occur, or that the Government will take additional action to stabilise, maintain or increase the value of the Rupiah, or that any of these actions, if taken, will be successful. As the Bank does not generate significant revenue in US dollar, a sustained and significant appreciation in the value of the US dollar against the Rupiah could have an adverse effect on its ability to make payments on foreign currency denominated obligations.

In addition, the Bank faces foreign exchange risk due to mismatches between its assets and liabilities. As at 31 December 2018, the Bank (on a standalone basis) had US dollar and other foreign currency-denominated deposits (including deposits from other banks) of Rp118.81 trillion and fund borrowings of Rp39.97 trillion. The Bank's foreign currency net open position ratio (calculated on a standalone basis as the ratio of the sum of absolute values of (i) the difference between the foreign currency denominated assets and the liabilities on its statement of financial position, and (ii) the difference between foreign currency denominated assets and liabilities which are commitments and contingencies, divided by total capital consisting of core and supplementary capital) was 3.74 per cent. as at 31 December 2018, which did not exceed the 20.0 per cent. limit set by Bank Indonesia regulations. If the Rupiah appreciates significantly at any time when the Bank has a significant net open position in foreign currency, such appreciation could cause the Bank to suffer losses, reduce its CAR and require it to seek additional capital or breach OJK capital adequacy regulations. There can be no assurance that any additional required capital would be available on acceptable terms or at all.

Liquidity stress could negatively affect the Bank's financial position, increase its costs of borrowing, and disrupt its operations.

The Bank depends on stable, liquid and well-functioning capital and credit markets to fund its operations. In 2007, credit markets in the United States began to experience difficult conditions and volatility that in turn affected worldwide financial markets. In 2008, liquidity and credit concerns and volatility in the global credit and financial markets increased significantly with the bankruptcy or acquisition of, and government assistance to, several major US and European financial institutions. These developments resulted in reduced liquidity and greater volatility in the United States and global credit and financial markets, including in Indonesia. Although this global financial and credit crisis did not generally affect the Bank's business and financial position as acutely as it affected banks and corporations in the United States and certain other countries, the global financial crisis affected certain sectors of Indonesia's economy, such as exporters and natural resources companies, and the stability of the Indonesian currency and financial markets. Any recurrence or subsequent after-effects of the financial and credit crisis could affect Indonesia more severely, for example by decreasing demand for export products in countries affected by the credit crisis or countries exporting to crisis-affected countries, which may create difficulties for the Bank's borrowers to refinance or repay loans to it. This may result in deterioration of the credit quality of the Bank's loan portfolio and may increase its level of NPLs.

Most of the Bank's funding requirements are met through short-term and medium-term funding sources, primarily in the form of time deposits and savings deposits. Many of the Bank's assets (such as many of its loans), however, have long-term maturities, creating potential for funding mismatches. The Bank has historically been able to roll over most of its deposits on maturity but there can be no assurance that this will continue in the future. Although the Bank has not experienced liquidity problems in the past, there can be no assurance that it will maintain sufficient liquidity to cover customer withdrawals in the future, especially in the event of a bank run or future economic crisis. If a substantial number of the Bank's depositors withdraw their deposits at any time or do not roll over deposited funds upon maturity, the Bank's liquidity position would be adversely affected and, at its extreme, the Bank may be unable to obtain sufficient funding to fulfil its payment obligations when due.

The Government is and likely will remain the Bank's controlling shareholder.

The Government had a 56.75 per cent. ownership interest in the Bank's issued and fully paid shares as at 31 December 2018 and is likely to continue to retain control over the Bank over the near and medium term.

The Government is analysing and reviewing a proposal to create a financial holding company for all state-owned financial institutions. If this plan is executed, there is a possibility that the Government ownership in the Bank would change from direct to indirect ownership through a holding company. However, the ultimate control of the Bank will likely remain with the Government and the change in the Government's ownership in the Bank from direct to indirect ownership will likely not trigger Condition 7.3 (*Redemption for Change of Control*) of the Conditions.

The Government has historically influenced, and to a certain extent is likely to continue to influence, the Bank's strategy and operations. The Government also has the ability to influence, through nominating board members or otherwise, other Government-related entities, some of which are the Bank's competitors, and to direct opportunities to the Bank's competitors or favour their interests over the Bank's.

There can be no assurance that the Government will exercise its control and influence for the Bank's commercial benefit or that of the Bank's minority shareholders. For example, the Bank could be pressured to enter into transactions or extend loans for other than purely commercial reasons, including making loans that are considered to serve the national interest. Furthermore, there can be no assurance that the Bank will become independent of its Government shareholder, or even if it does become independent, that it will be able to exercise any such independence effectively in making decisions concerning the Bank's business and prospects. If the Bank is required to act in the Government's interests and those interests differ from the Bank's interests, the Bank's ability to compete effectively and expand its business could be limited, and in turn adversely affect the Bank's financial condition, liquidity and results of operations.

The Government could lower its subsidy for KUR Micro loans.

The Bank offers government subsidised micro loans, known as KUR Micro, which are backed by a loan insurance guarantee from the Government through Jamkrindo & Askrindo, a state-owned insurance company. The Government pays the insurance premiums, and its guarantee of KUR Micro covers up to 70.0 per cent. of the principal amount of the loan. As at 31 December 2018, the Bank has a total of 3.87 million KUR Micro borrowers with total outstanding loans of Rp62.49 trillion (equivalent to 7.62 per cent. of its total outstanding loans).

If the Government were to lower or remove its subsidy of KUR Micro loans, it would have an impact on the profitability of such loans and in turn, may adversely affect the Bank's business, financial condition and results of operations.

If the Bank cannot comply with minimum capital adequacy requirements, it would need to raise additional capital, and its ability to do so could be limited.

OJK regulations require a minimum total CAR of at least (i) 8.0 per cent. of the risk-weighted assets (known as "*Aset Tertimbang Menurut Risiko*" or "**ATMR**") for banks with a risk profile of 1, (ii) 9.0 up to less than 10.0 per cent. of the ATMR for banks with a risk profile of 2, (iii) 10.0 up to less than 11.0 per cent. of the ATMR for banks with a risk profile of 3 and (iv) 11.0 up to 14.0 per cent. of the ATMR for banks with a risk profile of 4 or 5. Under OJK regulations, the risk profile assigned to a given bank depends on the valuation of inherent risks and quality of the implementation of the risk management in its operation, with the valuation done by every bank through an Internal Capital Adequacy Assessment Process ("**ICAAP**") mechanism, notwithstanding the supervisory review and evaluation process conducted by the OJK. The Bank currently falls under risk profile 2. For the Bank's Internal Capital Adequacy Assessment Process, see *"Supervision and regulation"*.

As at 31 December 2018, the Bank's total CAR and Tier 1 CAR, on a standalone basis, was 21.21 per cent. and 20.15 per cent., respectively, vis-à-vis a minimum total CAR requirement of 9.0 per cent. and a Tier 1 CAR requirement of 6.0 per cent. Although the Bank is currently in compliance with the capital adequacy requirements of OJK, there can be no assurance that it will continue to be able to comply with such requirements. If the Bank's CAR were to fall below 8.0 per cent., under OJK regulations, the Bank would be placed under "special surveillance" by OJK and may, among other things be prohibited from making payments of interest or principal in respect of any outstanding subordinated bonds. Furthermore, the Bank expects that capital adequacy standards established by OJK, as well as asset growth, will increase the amount of regulatory capital required by banks in Indonesia, including the Bank. OJK may also further increase the minimum CAR requirements in the future in order to bring Indonesia's minimum CAR requirements in line with international standards.

The following table provides a summary of the Bank's regulatory capital for the financial years ended 31 December 2016, 2017 and 2018.

	As at 31 December		
	2016	**2017**	**2018**
	(Rp billion)	**(Rp billion)**	**(Rp billion)**
Tier I Capital	136,670	154,669	164,924
Supplementary Capital	6,240	7,083	8,694
Total regulatory capital	**142,910**	**161,752**	**173,618**

The Bank has completed the adoption of the Capital Accord of the Basel Committee on Banking Supervision of the Bank for International Settlements in Basel, Switzerland ("**Basel II**"), as implemented in Indonesia, to meet the minimum capital adequacy requirements set out by OJK. The Bank is in the process of bringing its risk management practices in accordance with the Capital Accord of the Basel Committee on Banking Supervision agreed in 2010-2011 ("**Basel III**"). Basel III, which is being gradually implemented in Indonesia and will be in full effect from January 2022, differs from Basel II in several respects, including an increase in overall minimum CAR requirements, changes in composition of regulatory capital, an introduction of a capital conservation buffer and a countercyclical buffer and a strengthening of liquidity management requirements. The full implementation of Basel III would increase the Bank's capital requirement in order to correspond to its required level of additional loss absorbency, including by requiring the Bank to maintain a capital conservation buffer of 2.5 per cent. and a capital domestic systematically important bank ("**D-SIB**") capital surcharge 2.5 per cent. ("**Bucket 4**" level). Under Basel III, banks are assigned a score to measure systemic importance and potential social loss in case of default, and assigned a bucket (1-5) based on that score. Higher buckets indicate higher levels of systemic importance, and thus higher applicable D-SIB capital surcharge. As a Bucket 4 bank, a capital conservation buffer of 2.5 per cent. and a D-SIB capital surcharge of 2.5 per cent. are applicable to the Bank. The Bank's failure to comply with minimum capital adequacy requirements, under current or future regulations, would materially and adversely affect its business, prospects, financial condition and results of operations. If this were to occur, the Bank cannot give any assurance that any additional required capital would be available on acceptable terms, or at all.

The Bank faces compliance risk from the multiple regulatory and supervisory authorities.

On 27 October 2011, Indonesia's parliament approved Law No. 21 of 2011 regarding the OJK. OJK took over the supervision of capital markets, insurance, pension funds, multi-finance and other financial institutions from 31 December 2012 and took over the supervision of banks, from 31 December 2013 from the MOF, the Capital Market and Financial Institution Supervisory Agency ("**Bapepam**") and Bank Indonesia as the case may be.

According to Law No. 21 of 2011, OJK has the authority to regulate and supervise Indonesian banks in relation to certain aspects, i.e., institution, soundness and prudence of Indonesian banks. Additionally, OJK also has the authority to conduct inspection of Indonesian banks. Although several banking aspects have been under the directive and supervision of OJK, Bank Indonesia maintains its authority in determining the monetary discretion and regulating the payment system. The existence of OJK's right to regulate and supervise certain aspects in the bank industry does not necessarily curtail Bank Indonesia's authority to regulate and supervise Indonesian banks. Bank Indonesia maintains its authority to regulate and supervise Indonesian banks in relation to the other aspects not regulated or supervised by OJK.

In addition to OJK regulations, the Bank is also subject to banking, corporate and other laws in effect in Indonesia, the requirement that the Bank be licensed to conduct its banking and financial services operations, the banking laws and regulations of other jurisdictions where the Bank has branches or subsidiaries and Indonesia Stock Exchange ("**IDX**") rules.

If the Bank is unable to comply with the rules and regulations applicable to it, including those of foreign jurisdictions, it could be subject to penalties, fines, loss of its required regulatory permits and damage to its business reputation, which could have a material adverse effect on the Bank's financial condition and results of operations. In addition, changes in rules and other regulations and actions by Bank Indonesia or OJK in the future may also significantly impact the Bank's industry in general and the Bank in particular in other ways. For a description of the regulatory framework the Bank is subject to, see "*Supervision and Regulation*".

The regulatory and legal framework governing the Bank differs in certain material respects from that in effect in the United States and other countries and may continue to change as the Indonesian economy and commercial and financial markets evolve. Any changes in laws, regulations or regulatory policies, including changes in the interpretation or application of such laws, regulations and regulatory policies, may restrict the Bank's business activities, adversely affect the products and services the Bank offers, the value of the Bank's assets or the Bank's business in general, and cause the Bank to incur increased expense and to devote considerable time to ensure compliance. Such changes may include changes with respect to capital requirements, solvency requirements, leverage and liquidity ratios, risk management, cross-border capital flows, local lending obligations, management compensation, consumer protection and risk management, among other areas. Changes in laws, regulations and regulatory policies, or the interpretation or application thereof will lead to greater regulatory oversight and scrutiny and increased compliance costs.

Significant security breaches in the Bank's or third parties' computer systems and network infrastructure, fraud, systems failures and calamities could adversely affect its business.

Cyber-criminals, hacktivists, insiders and nation-state-sponsored aggressors are among those that may target computer systems in financial institutions. The Bank's computer systems and network infrastructure may be susceptible to breaches even though the Bank employs security systems, firewalls and password encryption designed to minimise the risk of security breaches. The success of the Bank's business will depend, in part, on its ability to respond to new technological advances and emerging banking industry standards and practices on a cost-effective and timely basis. The development and implementation of such technology entails significant technical and business risks. There can be no assurance that the Bank will successfully implement new technologies or adapt its transaction processing systems to customer requirements or emerging industry standards.

The Bank is exposed to possible acts of fraud by its employees and third parties.

The Bank cannot be certain at this time whether there are instances of fraud as yet undetected or whether there are systemic weaknesses in its internal controls intended to prevent and detect fraudulent activities. Accordingly, the Bank could incur substantial additional losses from incidents of past or future fraud. Publicity arising from disclosure of fraud at other banks in Asia adversely affected the reputation of, customers' confidence in and the share price of banks. In March 2018, the Bank's ATMs were targeted by an ATM skimming scheme, which led the Bank to voluntarily make reimbursements to the victims of the scheme amounting to approximately Rp100.0 million. While the impact of the 2018 ATM skimming scheme was insignificant, measures have been taken to improve security generally, including through enhanced surveillance at the Bank's ATMs and by introduction of magnetic swipe cards to replace the existing chip cards held by customers, such instances may have an adverse impact on the Bank's reputation and in its customers' confidence in the Bank's security measures. As a result, fraudulent activities could materially and adversely affect the Bank's business, prospects, financial condition and results of operations.

If the Bank loses certain of its human resources network or if it is unable to attract and retain qualified personnel, its business and operations may suffer.

The Bank's business depends on its ability to attract and retain highly qualified personnel, including loan officers for its widespread network throughout Indonesia. The Bank competes for such personnel with banks and other institutions, and there can be no assurance that it will be successful in hiring or retaining such qualified personnel. In particular, the Bank depends on its senior management for their expertise in the banking industry. Departure of senior management or inability to hire or retain managers could materially and adversely affect the Bank's business, prospects, financial condition and results of operations.

Changes to accounting standards may negatively affect the Bank's financial results.

The Bank prepares its consolidated financial statements in IFAS. Changes to IFAS or interpretations thereof may cause the Bank's future reported results and financial position to differ from current expectations, or historical results to differ from those previously reported due to the adoption of accounting standards on a retrospective basis. Such changes may also affect the Bank's regulatory capital and ratios. For example, IFAS 71, "Financial Instruments", equivalent to IFRS 9 "Financial Instruments", will become effective in Indonesia from 1 January 2020, which regulate the classifications and measurements of financial instruments based on characteristics from the contractual cash flows and Bank's business model, expected credit loss method for impairment resulting in a more timely, relevant and understandable information by users of financial statements as well as accounting for hedges that reflects a better entity risk management. This IFAS implementation is generally expected to result in an increase in recognised credit loss allowances. As a result, the Bank's financial results may be adversely affected upon adoption of IFRS 9.

The Bank's results of operations may not be indicative of the Bank's future performance.

The Bank's results in the future are dependent upon many factors, including its ability to implement its business strategies, economic growth in Indonesia and global economic growth, and the Bank's loan portfolio and fluctuation in interest rates and exchange rates, among other factors. There can be no assurance that the Bank will remain profitable or will not incur operating losses in the future, which may be significant.

Risks relating to the Indonesian banking sector

Indonesian banks are generally exposed to higher credit risks and greater market volatility than banks in more developed countries.

Indonesian banks are subject to the credit risk that Indonesian borrowers may not make timely payment of principal and interest on loans and in particular that, upon such failure to pay, Indonesian banks may not be willing or able to enforce any security interest or guarantee they may have. The credit risk of Indonesian borrowers is, in many instances, significantly higher than that of borrowers in more developed countries due to the greater uncertainty associated with the Indonesian regulatory, political, legal and economic environment, the large foreign debt of the Government and corporations relative to Indonesia's gross domestic product and the greater volatility of interest rates and the Rupiah to US dollar exchange rate. Any significant political or economic event in Indonesia may result in a rapid deterioration in the credit quality of the Bank's loan portfolio and, as a consequence, a significantly higher percentage of NPLs than banks in more developed countries generally experience.

Higher credit risk impacts the quality of loan portfolios and exposes Indonesian banks, including the Bank, to greater potential losses and higher risks than banks in more developed countries. In addition, higher credit risk may make it more difficult or more expensive for the Bank to raise equity financing. Such losses and higher capital costs arising from this higher credit risk may materially and adversely affect the Bank's business, prospects, financial condition and results of operations.

Indonesian banks have limited independent information regarding the credit history and status of potential borrowers.

Banks in Indonesia have limited independent information regarding the credit history of potential borrowers in Indonesia, including repayment histories. Limited access to credit history information is a risk which Indonesian banks such as the Bank must consider when extending credit, since no third-party institution monitored credit histories in Indonesia prior to 1990. Currently, information regarding the credit repayment history of potential Indonesian borrowers is only provided by OJK. However, no information is currently available from any source regarding debt incurred by potential borrowers through other banks or financing sources. The lack of complete and detailed information regarding the credit history and status of potential borrowers makes it difficult to reliably assess the creditworthiness of potential borrowers.

Regulations for classification and provisioning of NPLs may result in inadequate provisions and are subject to change by Bank Indonesia.

From time to time, Bank Indonesia revises its asset classification, loss provisioning and credit restructuring regulations to facilitate more accurate estimates of the probability that debtors will be able to fulfil their future obligations for purposes of loan classification, rather than relying on historical performance alone. In the future, Bank Indonesia may review its current policies with regard to loan classification. Such reviews may affect the classification of the Bank's assets and provision requirements. Bank Indonesia Regulation No. 14/15/PBI/2012 on Assets Quality Valuation of Commercial Banks requires that Indonesian banks classify NPLs into three categories corresponding to their risk of non-payment: sub-standard, doubtful and loss. In addition, Indonesian banks are required to classify performing loans in two categories: current and special mention. Generally, classification depends on a combination of a number of quantitative factors as well as, to a lesser extent, qualitative factors relating to the business prospects of the borrower and its affiliates, financial performance of the borrower and the borrower's capacity for repayment. Loans delinquent for more than 90 days are considered to be non-performing. These requirements are subject to change by Bank Indonesia.

In addition, the Bank is required to assess its classifications of outstanding loans by considering loan classifications made by other banks in Indonesia for facilities that they have extended to the same borrower or that they have extended to finance the same project (where the other bank provides the majority of the financing to the borrower). To the extent that other banks in Indonesia have classified loans in a lower category than the Bank, the Bank is required to adjust its classifications accordingly and make additional loan loss allowances.

For loan classification, Bank Indonesia guidelines primarily focus on quantitative factors, such as the number of months a payment is in arrears and to a lesser degree, on qualitative factors such as the business prospects of the borrower and its affiliates. Moreover, Indonesian Financial Accounting Standards require that impaired loans be recorded at the present value of expected cash flows discounted by the loan's original effective interest rate.

The Bank's loan classification and provisioning policies have a significant impact on its results of operations. Although the Bank's loan classification and provisioning policies comply with current Bank Indonesia guidelines, there can be no assurance that its allowances are sufficient to reflect its actual future recovery on these loans or that the Bank will not have to make significant additional allowances for possible loan losses in future periods.

High levels of inflation and high interest rates in Indonesia could adversely affect the Bank's financial condition and results of operations.

Interest rates are affected by the rate of inflation. Historically, Indonesia has experienced periods of high inflation. The official inflation rate reported by *Badan Pusat Statistik*, also known as BPS-Statistics Indonesia, for the years ended 31 December 2016, 2017 and 2018 was 3.0 per cent., 3.6 per cent. and 3.1 per cent., respectively. Inflation can significantly increase the Bank's costs, including its cost of funds, employee compensation and other overhead expenses. Additionally, until the Bank makes appropriate adjustments, inflation causes the real value of the Bank's gross interest income to decrease, which would have a material adverse effect on its NIM, expense structure, cash flow, business, financial condition and results of operations.

Furthermore, high inflation rates could have an adverse effect on Indonesia's economy, business climate and consumer confidence. As a result, a high rate of inflation in Indonesia could have a material adverse effect on the Bank's financial condition and results of operations.

The Indonesian banking sector has faced significant financial and operating difficulties in the past, and there can be no assurance that it will not face financial and operating difficulties in the future.

The 1997 Asian financial crisis caused significant financial and operating difficulties for the Indonesian banking sector. These difficulties included interest rate volatility, liquidity constraints, low or negative interest margins, low deposit growth, deterioration of asset and credit quality, declining collateral values, substantial NPLs, low or negative loan growth and potential or actual under capitalisation. It also resulted in a substantial depreciation in the value of the Rupiah and depletion of Indonesia's foreign currency reserves as well as reliance on multilateral lenders and creditor groups to prevent sovereign debt defaults.

In 1998, the Government established the Indonesian Bank Restructuring Agency (the "**IBRA**") to restructure the banking system. In 1999, the Government, through Bank Indonesia and IBRA, undertook significant reforms, including closing, liquidating, selling interests in or merging a number of banks. Further disruptions in the Indonesian financial sector, or general economic conditions in Indonesia, may cause the Indonesian banking sector in general, and the Bank in particular, to experience any or all of the aforementioned challenges including substantial increases in NPLs, problems meeting capital adequacy requirements, liquidity problems and other challenges. There can be no assurance that the Government, acting through Bank Indonesia or otherwise, will not take additional actions in relation to Indonesian banks, including the Bank, including forced acquisitions or mergers, bank closures, increases in interest rates, increases in regulatory capital requirements or exchange controls.

Although the rate of growth in the Indonesian economy has increased in recent years, the Government still has a significant fiscal deficit as well as a high level of sovereign debt. Further, its foreign currency reserves are modest, the Rupiah continues to be volatile, and tax revenue shortfalls and higher domestic interest rates in Indonesia have resulted in the Government only having a small fiscal buffer. Inflation has also remained high, with an annual inflation rate of 3.4 per cent. in 2018, according to Bank Indonesia. There can be no assurance that the recent improvement in economic conditions will continue or that the previous adverse economic conditions in Indonesia and the rest of the Asia Pacific region will not occur in the future. In particular, a loss of investor confidence in the financial systems of emerging and other markets, or other factors, may cause volatility in the Indonesian financial markets and inhibit or reverse the growth of the Indonesian economy. Any such volatility, slowdown or negative growth could materially and adversely affect the Bank's businesses, financial condition, results of operations and prospects, and its ability to pay interest on, and repay the principal of, the Notes.

The Bank's payment obligations within Indonesia which are denominated in foreign currencies may be subject to sanctions.

On 28 June 2011, the Government enacted the Currency Law, which took immediate effect. The Currency Law requires an implementing regulation to be issued within one year of the date of its enactment. Article 21(1) of the Currency Law requires the mandatory use of the Rupiah (as the local currency) within the Indonesian territory for the following transactions:

(a) payment transactions;

(b) settlement of obligations in cash; and

(c) other financial transactions (e.g., money transfer from the customers to banks).

However, Article 21(2) of the Currency Law provides exemptions for:

(a) certain transactions related to the implementation of the State Budget;

(b) receipt or grant of offshore grants;

(c) international commercial transactions;

(d) bank deposits in foreign currency; and

(e) international financing transactions.

Article 23(2) of the Currency Law contains an additional exemption from the mandatory use of Rupiah where payments or settlements of obligations in foreign currencies have been agreed in writing.

Article 23 of the Currency Law prohibits any party from refusing to accept Rupiah as payment or in fulfilment of its obligations, which must be satisfied in Rupiah, and for other financial transactions in Indonesia except where there is doubt as to the authenticity of the Rupiah paid. Failure to comply with the Currency Law may result in imprisonment of up to one year and fines of up to Rp200 million, and if the violation is committed by a company, the sanction will be in the form of fines, which will be increased by one-third. In addition, an additional sanction in the form of business licence revocation may also be imposed on the company.

The Bank has payment obligations denominated in foreign currencies under certain agreements. If it is required by the Currency Law to make such payments in Rupiah, the Bank may be in breach of its payment obligations under these contracts. There is uncertainty regarding the enforcement and impact, including the implementation of Articles 21 and 23 because Article 21 forbids settlement in a currency other than the Rupiah, while Article 23 provides a very broad exception to the prohibition of the rejection of Rupiah. To address public concern, in December 2011, the Directorate General of Treasury at the Ministry of Finance issued the MOF Interpretation, i.e. a booklet of guidelines concerning how the rule applies to cash transactions (coins and banknotes) but excludes payments involving non-physical money transactions (cheques and letters of credit) and electronic payments. The MOF Interpretation also explains that the obligation to accept the Rupiah as a payment for transactions, as settlement for an obligation or for any other financial transaction as mentioned in Article 23 of the Currency Law can be avoided by contractual arrangement existing or entered into either before or after the enactment of the Currency Law. However, it should be noted that the MOF Interpretation is not legislation and may be subject to challenge. Furthermore, the monetary supervision function is carried out by Bank Indonesia. The Currency Law is implemented by Bank Indonesia Regulation No. 17/3/PBI/2015 on the Mandatory Use of Rupiah within the territory of the Republic of Indonesia and Bank Indonesia Circular Letter No.17/11/DKSP. Due to the inconsistency in the implementation of mandatory use of Rupiah, there can be no assurance that the Currency Law will not materially and adversely affect the Bank's contractual obligations, which are denominated in US dollars within Indonesia.

Risks relating to Indonesia

The Bank is subject to the political, economic, legal and regulatory environment in Indonesia and substantially all of its operations and assets are located in Indonesia. The Bank's business, financial condition and results of operations may be affected by changes in Government policies, laws and regulations. Investing in Indonesia and companies located in Indonesia involves many risks, including the following:

Negative changes in global, regional or Indonesian economic activity could adversely affect the Banks and its business, financial condition and results of operations.

Changes in the Indonesian, regional and global economies can affect the Bank's performance. Two significant events in the past that impacted Indonesia's economy were the Asian financial crisis of 1997 and the global economic crisis which started in 2008. The 1997 Asian financial crisis was characterised in Indonesia by, among others, currency depreciation, a significant decline in real gross domestic product, high interest rates, social unrest and extraordinary political developments, which led to a recessionary phase with relatively low and slower levels of growth between thereafter. In addition, the Government continues to have a modest fiscal deficit and a high level of sovereign debt, its foreign currency reserves are modest, the Rupiah continues to be volatile and has poor liquidity, and the banking sector is weak and suffers from high levels of non-performing loans. Accordingly, there is no assurance that the current Indonesian economic situation would not deteriorate, which could adversely affect the Bank's business, financial condition, results of operations and prospects.

While the global economic crisis that arose from the subprime mortgage crisis in the United States did not affect Indonesia's economy as severely as in 1997, it still put Indonesia's economy under pressure. The global financial markets have also experienced volatility as a result of expectations relating to monetary and interest rate policies of the United States, concerns over the debt crisis and financial support programmes in the Eurozone, and concerns over China's economic health, and economic protectionism.

In Asia and other emerging markets, some countries are expecting increasing inflationary pressure as a consequent of liberal monetary policy or excessive foreign fund inflow, or both. Adverse economic conditions could result in less business activity, less disposable income available for consumers to spend and reduced consumer purchasing power, which may reduce demand for communication services, including the Bank's services, which in turn could adversely affect the Bank's business, financial condition, results of operations and prospects. There is no assurance that there will not be a recurrence of economic instability in future, or that, should it occur, it will not have an impact on the performance of the Bank's business.

On 23 June 2016, the United Kingdom held a remain-or-leave referendum on its membership within the European Union, the result of which favoured the exit of the United Kingdom from the European Union ("**Brexit**"). A process of negotiation will determine the future terms of the United Kingdom's relationship with the European Union, as well as whether the United Kingdom will be able to continue to benefit from the European Union's free trade and similar agreements. Given the lack of precedent, it is unclear how Brexit would affect the fiscal, monetary and regulatory landscape within the United Kingdom, the European Union and globally. This event has resulted in a downgrade of the credit ratings of the United Kingdom and the uncertainty before, during and after the period of negotiation may also create a negative economic impact and increase volatility in global markets. There remains also significant uncertainty at this stage as to the impact of President Donald Trump's administration globally following the 2016 United States presidential election results, and in particular in relation to the Trump administration's recent trade policies. Since July 2018, the US government has imposed certain duties on certain Chinese goods, which was in turn met with retaliatory tariffs on US goods imposed by the PRC. There has been news of further tariffs to be imposed by both countries respectively in the coming months which could escalate into a Sino-US trade war. Global markets have reacted adversely as a result of these recent developments, and in the longer term, if the current global uncertainties become protracted, there can be no assurance that it will not materially adversely affect the wider global economy and Indonesia's economic growth, and consequently on the Bank's business, financial condition and results of operations.

Downgrades of credit ratings of Indonesia could adversely affect the Indonesian financial market and the Bank's ability to finance operations and grow.

Currently, Indonesia's sovereign foreign currency long-term debt is rated "Baa2" by Moody's (upgraded from "Baa3" on 13 April 2018), "BBB" by Fitch (affirmed on 3 September 2018) and "BBB-" by S&P (affirmed on 31 May 2018). These ratings reflect an assessment of the Government's overall financial capacity to pay its obligations and its ability or willingness to meet its financial commitments as they become due, and are an improvement over the sovereign rating granted by these international credit rating agencies to Indonesian following the Asian financial crisis of 1997.

Even though the recent trend in Indonesian sovereign ratings has been positive, there can be no assurance that Moody's, S&P, Fitch or any other international credit rating agency will not downgrade the credit ratings of Indonesia. Any such downgrade could have an adverse impact on liquidity in Indonesian financial markets, on the ability of the Government and Indonesian companies, including the Bank, to raise additional financing and on the interest rates and other commercial terms at which such additional financing is available. Any such downgrade could also result in the ratings assigned to the Bank and the Notes being reduced by the rating agencies. See "*Risks relating to the Notes*".

Labour activism and legislation could adversely affect the Bank, its customers and Indonesian companies in general, which in turn could affect the Bank's business, financial condition and results of operations.

Laws and regulations that facilitate the formation of labour unions, combined with weak economic conditions, have in the past resulted, and may in the future result, in labour unrest and activism in Indonesia. A labour union law passed in 2000 permits employees to form unions without intervention from their employers. A labour law, passed in 2003 (the "**Labour Law**"), increased the amount of mandatory severance, service and compensation payments payable to terminated employees. The Labour Law requires implementation of regulations that may substantially affect labour regulations in Indonesia. Under the Labour Law, employees who voluntarily resign are entitled to payments for unclaimed annual leave, relocation expenses (if any), severance pay and other expenses. The Labour Law requires bilateral forums consisting of both employers and employees, and the participation of more than half of a company's employees in negotiating collective labour agreements. The law also set up more permissive procedures for staging strikes. Although several labour unions challenged the Labour Law on constitutional grounds, the Indonesian Constitutional Court declared it valid, except for certain provisions, such as the procedures for terminating the employment of an employee who commits a serious mistake and criminal sanctions against an employee who instigates or participates in an illegal labour strike. As a result, the Bank may not be able to rely on certain provisions of the Labour Law.

Labour unrest and activism in Indonesia could disrupt the Bank's operations or those of its customers and could affect the financial condition of Indonesian companies in general, depressing the prices of Indonesian securities on the IDX and the value of the Rupiah relative to other currencies. Such events could materially and adversely affect the Bank's business, prospects, financial condition and results of operations.

Any national or regional inflation of wages will directly and indirectly increase the Bank's operating costs and thus decrease the Bank's profit margin. The Labour Law provides that the employer is not allowed to pay an employee wages below the minimum wage stipulated annually by the provincial or regional/city government. The minimum wage is set in accordance with the need for a decent standard of living and taking into consideration productivity and the growth of economy. However, as there are no specific provisions on how to determine the amount of a minimum wage increase, minimum wage increases can be unpredictable. Over the past ten years, the minimum wage in Indonesia has increased significantly. In addition to directly increasing wages for lower-level employees, these minimum wage increases indirectly apply upward pressure on the wages of higher-level employees over time. As a result, any significant increase in the minimum wage in Indonesia may increase the Bank's manpower costs and have a material adverse effect on the Bank's cash flows, business, financial condition, results of operations and prospects.

Furthermore, the recent change in the social security programme from "Jamsostek" to "BPJS" in accordance with Law No. 24 of 2011 on Social Security Administrator also increased the Bank's costs, and any further changes to social security arrangements could adversely affect the Bank's business, cash flows, financial condition and prospects.

Purchasers of the Notes may not be able to enforce a judgment of a foreign court against the Bank.

The Bank is a limited liability company incorporated under the laws of Indonesia. All of its Commissioners, Directors and executive officers reside in Indonesia. Substantially all of the Bank's assets and the assets of such persons are located in Indonesia. As a result, it may not be possible for investors to effect service of process upon the Bank or such persons outside of Indonesia or to enforce against the Bank or such persons judgments obtained in foreign courts, including judgments predicated upon the civil liability provisions of foreign securities laws.

Judgments of foreign courts, including judgments predicated upon the civil liability provisions of the foreign securities laws, are generally not enforceable in Indonesian courts, and there is doubt as to whether Indonesian courts will enter judgments in original actions brought in Indonesian courts predicated solely upon the civil liability provisions of foreign securities laws. As a result, Noteholders may be required to pursue claims against it in Indonesia under Indonesian law.

The claims and remedies available under Indonesian law may not be as extensive as those available in other jurisdictions. No assurance can be given that the Indonesian courts will protect the interests of investors in the same manner or to the same extent as would foreign courts. Indonesia's legal system is a civil law system based on written statutes, and decided legal cases do not constitute binding precedent. The administration of laws and regulations by courts and Government agencies may be subject to considerable discretion. In addition, because relatively few disputes relating to commercial matters and modern financial transactions and instruments are brought before Indonesia's courts, such courts do not necessarily have the experience of courts in other countries. There is no certainty as to how long it will take for proceedings in Indonesian courts to be concluded, and the outcome of proceedings in Indonesian courts may be more uncertain than that of similar proceedings in other jurisdictions. Accordingly, it may not be possible for investors to obtain timely and equitable enforcement of their legal rights.

There is uncertainty under Indonesian law as to the validity and enforceability of English language documents such as the Trust Deed governing the Notes.

On 9 July 2009, the Government of Indonesia enacted the 2009 Flag and Language Law. The 2009 Flag and Language Law requires an implementing regulation to be issued within two years of the date of its enactment. Article 31 of the 2009 Flag and Language Law obliges the use of Bahasa Indonesia in memoranda of understanding and agreements involving, among others, Indonesian private institutions or individuals. The elucidation of Article 31 of the 2009 Flag and Language Law states that an agreement in this context includes international agreements made within the framework of public international law. The 2009 Flag and Language Law does not specify whether: (i) the term "Indonesian private institutions" includes Indonesian companies or Indonesian branches of foreign companies; or (ii) the term "agreements" includes private commercial agreements.

Article 31 of the 2009 Flag and Language Law further states that if the agreements or memoranda of understanding involve foreign parties, the national language of those foreign parties and/or the English language can also be used. It is presumed that this ability to use the English Language is in addition to the requirement to use Bahasa Indonesia. The elucidation of Article 31 states that each version of an agreement executed in multiple languages is equally original.

However, the 2009 Flag and Language Law is silent on the governing language, if there is more than one language used in a single agreement. Article 40 of the 2009 Flag and Language Law states that further stipulation on the use of Bahasa Indonesia shall be regulated by Presidential Regulation to be issued within two years of the date of the enactment of the 2009 Flag and Language Law. The Government issued Government Regulation 57 of 2014 to give effect to certain provisions of the 2009 Flag and Language Law. Government Regulation 57 of 2014 focuses on the promotion and protection of the Indonesian language and literature and, while it is silent on the question of contractual language, it does serve as a timely reminder that contracts involving Indonesian parties must be executed in Bahasa Indonesia (although versions in other languages are also permitted). In addition to this implementing regulation, the Minister of State-Owned Enterprises has also issued a Circular Letter No. SE-12/MBU/2009 dated 3 November 2009, which recommends that any state-owned enterprise must use Bahasa Indonesia in every memorandum of understanding or agreement to which such state-owned enterprise is a party. The MOLHR has issued a clarification letter No. M.HH.UM.01.01-35 TAHUN 2009 dated 28 December 2009 regarding Clarification for Implication and Implementation of Law No. 24 of 2009 to clarify that the implementation of the 2009 Flag and Language Law is contingent upon the enactment of a Presidential Regulation and until such a Presidential Regulation is enacted, any agreement that is executed prior to the enactment of the Presidential Regulation in English without a Bahasa Indonesia version, is still legal and valid, and shall not violate the 2009 Flag and Language Law. However, this letter was issued only as an opinion and does not fall within the types and hierarchy as stipulated in Article 7 of Law No. 12 of 2014 regarding the Formation of Laws and Regulations to be considered as a law or regulation and therefore has no legal force and the Bank cannot be certain that an Indonesian court would permit the English version to prevail or even consider the English version. The Trust Deed and certain other documents entered into in connection with the Transaction will be prepared in English and in Bahasa Indonesia pursuant to the 2009 Flag and Language Law in bilingual documents.

If agreements related to the Bank's business or to the Notes, including the Trust Deed governing the Notes, are governed by their translations into Bahasa Indonesia, even if there is an English version available, the interpretation of those documents may differ from the interpretation that would normally be expected based on the English version. There can be no assurance that the English version will accurately reflect the meaning of the Bahasa Indonesia translation or that the Bahasa Indonesia translation will accurately reflect the meaning of the

English version. There can also be no assurance that, in the event of inconsistency between the Bahasa Indonesia and English language translations of these documents, an Indonesian court would hold that the English language version of such documents would prevail. Some concepts in the English language may not have a corresponding term in Bahasa Indonesia, or may not be fully captured by the Bahasa Indonesia translation. If this occurs, there can be no assurance that the terms of the Notes and the Trust Deed, and certain other documents entered into in connection with the issuance will be as described in this Offering Circular, or will be interpreted by the Indonesian court as intended.

In addition, on 20 June 2013, the District Court of West Jakarta ruled in a decision No. 451/Pdt.G/ 2012/PN.Jkt Bar (the "**June 2013 Decision**") that a loan agreement entered into between an Indonesian borrower, PT Bangun Karya Pratama Lestari, as plaintiff, and a non-Indonesian lender, Nine AM Ltd., as defendant, is null and void under Indonesian law. The governing law of the loan agreement was Indonesian law and the agreement was written in the English language. The court ruled that the agreement had contravened Article 31(1) of the 2009 Flag and Language Law and declared it to be invalid. In arriving at this conclusion, the court relied on Articles 1320, 1335 and 1337 of the Indonesian Civil Code, which taken together render an agreement void if, inter alia, it is tainted by illegality. The court held that as the agreement had not been drafted in the Indonesian language, as required by Article 31(1), it therefore failed to satisfy the "lawful cause" (*sebab yang halal*) requirement and was void from the outset, meaning that a valid and binding agreement had never existed. The June 2013 Decision Appeal was decided in favour of the plaintiff in Decision No. 48/PDT/2014/PT.DKI dated 12 February 2014. In addition, on 31 August 2015, the Supreme Court on the case registered No. 601 K/PDT/2015 affirmed a decision of the Jakarta High Court. As a consequence of the Supreme Court affirmation on the case registered No. 601 K/PDT/2015 every agreement that falls under the provisions of the 2009 Flag and Language Law must be executed in Bahasa Indonesia (although versions in other languages are also permitted). Indonesian court decisions are generally not binding precedents and do not constitute a source of law at any level of the judicial hierarchy, as would typically be the case in common law jurisdictions such as the United States and the United Kingdom. However, there can be no assurance that a court will not, in the future, issue a similar decision to the June 2013 Decision in relation to the validity and enforceability of agreements which are made in the English language.

Although the 2009 Flag and Language Law does not provide for sanctions for failure to comply, it is possible that future implementing regulations or court interpretations of existing law may invalidate or render null and void agreements that are not in compliance or could impose sanctions for failure to comply (which could include sanctions for entering into agreements that are not in the Indonesian language). Such invalidation or voiding of existing agreements or potential sanctions may materially adversely affect the Bank's business, financial condition, results of operations and prospects, as well as the ability of holders of the Notes to enforce their rights under the Notes.

Indonesian corporate and other disclosure and accounting standards differ from those in the United States, countries in the European Union and other jurisdictions.

The Bank is subject to corporate governance and reporting requirements in Indonesia that differ, in significant respects, from those applicable to companies in certain other countries. The amount of information made publicly available by issuers in Indonesia may be less than that made publicly available by comparable companies in other more developed countries, and certain statistical and financial information of a type typically published by companies in other more developed countries may not be available. As a result, investors may not have access to the same level and type of disclosure that may be available in other countries, and comparisons with other companies in other countries may not be possible in all respects.

The Bank's consolidated financial statements are prepared in accordance with IFAS, which differs in certain respects from US GAAP. As a result, its consolidated financial statements and reported earnings could be significantly different from those which would be reported under US GAAP. This Offering Circular does not contain a reconciliation of the Bank's consolidated financial statements to US GAAP, and there is no assurance that such a reconciliation would not reveal material differences.

The interpretation and implementation of legislation on governance in Indonesia is uncertain and may adversely affect the Bank.

During the administration of former President Soeharto, the central Government controlled almost all aspects of national and regional administration. Following the end of his administration in 1998, the Government enacted a number of laws to increase regional autonomy. Under these laws, regional governments have greater powers and responsibilities over the use of national assets to create a more balanced and equitable financial relationship with the central Government. Any new regulations, and the interpretation and implementation of those new regulations, may differ materially from the current legislative and regulatory framework and its current interpretation and implementation. The Bank may also face conflicting claims between the central Government and regional governments regarding, among other things, jurisdiction over the Bank's operations and new or increased local taxes. The regional governments where the Bank's operations are located could adopt regulations, or interpret or implement the regional autonomy laws in a manner that adversely affects the Bank's business operations and prospects. The Minister of Home Affairs of Indonesia has issued two Ministerial Instructions on 16 February 2016 and 4 April 2016, respectively, which mainly instruct all Governor and Mayor/Head of Regency in Indonesia to revoke/amend every regional regulation and decree issued by both the regional government and the Mayor/Head of Regency which impede investment bureaucracy and licences. The Bank's business and operations are located throughout Indonesia and may be adversely affected by conflicting or additional restrictions, taxes and levies that may be imposed by the applicable regional authorities.

The Bank faces legal and regulatory risks in the Republic of Indonesia.

As the Republic of Indonesia is a developing market, its legal and regulatory system may be less certain than those of more developed markets and may be subject to unforeseen changes. At times, the interpretation or application of laws and regulations may be unclear and the content of applicable laws and regulations may not be immediately available to the public. Under such circumstances, consultation with the relevant authority in Indonesia may be necessary to obtain better understanding or clarification of applicable laws and regulations. The legal system of Indonesia is evolving and in ways that may not always coincide with market developments, resulting in ambiguities, inconsistencies, and anomalies, and in investment risks that would not exist in more developed legal and judicial systems.

The Republic of Indonesia's legal system is a civil law system based on written statutes. Absent a binding precedent system, the rights of Noteholders under Indonesian law might not be as clearly evident as in some other jurisdictions. In addition, under Indonesian law, companies may have rights and defences to actions filed by Noteholders that these companies would not have in some other jurisdictions. Judicial decisions in the Republic of Indonesia, in particular those rendered by the Supreme Court, are persuasive. However, they are not necessarily used as a binding precedent.

The application of many Indonesian laws and regulations depends, in large part, upon subjective criteria such as the good faith of the parties to the transaction and principles of public policy. Indonesian judges operate in an inquisitorial legal system and Indonesian court decisions may omit express articulation of the legal and factual analysis of the issues presented in a case. As a result, administration and enforcement of laws and regulations by Indonesian courts and governmental agencies may be subject to uncertainty and considerable discretion. The Bank's businesses in the Republic of Indonesia are subject to various regulatory requirements of the Government and the Bank is also subject to certain licences, permits and approvals to operate its business. The breach of any law and regulations in the Republic of Indonesia by the Bank or an adverse application or interpretation of the relevant laws and regulations and requirements may materially and adversely affect the Bank's business. In the future, the Bank may be required to renew its licences, permits and approvals and/or obtain new licences, permits and approvals and there can be no assurance that the relevant authorities will issue any of such licences, permits or approvals (where such renewal is subject to discretion) in the timeframe the Bank anticipates or that such licences, permits and approvals as renewed will not be subject to conditions that are more stringent or restrictive than those currently imposed by the Bank's existing licences, permits and approvals. In addition, if the Bank is found to be in breach of any conditions of its licences, permits or approvals or if it does not hold the requisite licences, permits or approvals, it may be subject to penalties, fines, criminal or civil sanctions and the relevant licence, permit or approval may be suspended, cancelled or subject to additional conditions which could adversely affect the Bank's business, financial condition or results of operations.

Further, the principles and interpretation of Indonesian laws and regulations relating to matters such as corporate governance practices may be unclear and the application and enforcement of such corporate governance practices may be subject to uncertainty and considerable discretion. The lack of certainty in the interpretation, implementation and enforcement of the Indonesian laws and regulations may affect the Bank's business.

Certain other risks associated with the legal system in the Republic of Indonesia include: (i) the untested nature of judicial independence and the judiciary's insulation from economic, political or nationalistic influences; (ii) inconsistencies between and among laws; (iii) the possibility that laws coming into force in the future may have a retrospective effect; (iv) insufficient funding and staffing of courts compared to levels in developed countries; (v) difficulties in predicting or anticipating future developments in the legal system; (vi) cultural differences and differences in corporate governance practices; and (vii) the relative unfamiliarity of judges and courts with complex commercial or financial transactions.

Exchange control restrictions.

Currently, Indonesia has limited foreign exchange restrictions. The Rupiah is, in general, freely convertible. However, in an effort to maintain the stability of the Rupiah and to prevent non-residents from using Rupiah for speculative purposes, Bank Indonesia Regulations on the Purchase of Foreign Currency, restricts the movement of Rupiah from banks within Indonesia to offshore banks or to offshore branches or offices of Indonesian banks or any investment in Rupiah by foreign parties or Indonesian citizens domiciled or permanently residing outside Indonesia, without underlying trade or investment reasons, thereby limiting offshore trading to existing sources of liquidity. In addition, Bank Indonesia has the authority to request information and data concerning the foreign exchange activities of all people and legal entities that are domiciled, or who plan to reside, in Indonesia for at least one year. Bank Indonesia regulations also require resident banks and companies to report to Bank Indonesia all data concerning their foreign currency activities. See "*Exchange rates and exchange controls — Exchange controls*". Additionally, as the Notes are denominated in a foreign currency, the Bank remains susceptible to the risks of being subject to future imposition or modification of exchange controls by Bank Indonesia. Such risks are usually dependent on various economic and political events over which the Bank does not have any control. The risk of being subject to exchange control restrictions in the future means that the Bank's ability to fulfil its obligations under agreements with creditors outside of Indonesia or where the obligations are denominated in other currencies may be impaired. As a way to manage such potential risks, the Bank currently has a Net Open Position ("**NOP**") for exchange risk of 7% based on the policy set by the Asset and Liability Committee ("**ALCO**").

Volatility in oil prices could adversely affect the Indonesian economy.

Volatility in the cost of oil globally may negatively affect economic growth and stability of Indonesia. The economic and political conditions in Indonesia also make it difficult to predict whether oil will continue to be available at prices that will not harm economic growth and stability. For example, in October 2015, the Government implemented new policies, including a revocation in fuel subsidies, which resulted in significant political tension. In addition to the revocation of fuel subsidies, policies have been formulated to reduce reliance on the use of oil as the main source of energy and improve the supply of oil that can be produced domestically to allow Indonesia to become a net oil exporter. However, there can be no assurance that future volatility in oil prices in Indonesia will not lead to political, social and economic instability, which in turn could have a material adverse effect on the Bank's businesses, financial condition and results of operations.

In April 2008, the World Bank reported that global wheat and overall food prices had risen by 181 and 83 per cent., respectively, in the immediately preceding 36-month period, and the IMF released warnings regarding the impact of these price increases on developing countries. Also in April 2008, sabotage by militants of two key oil pipelines in Nigeria caused benchmark New York Mercantile Exchange oil futures prices to rise to record highs. Future volatility in oil and food prices resulting from similar events may negatively affect the economic growth and stability of Indonesia and which in turn could adversely affect business, financial condition and results of operation of the Bank.

Indonesia is located in a geologically active zone and is subject to the risk of significant geological and other natural disasters, which could lead to social and economic instability.

The Indonesian archipelago is one of the most volcanically active regions in the world. As it is located in the convergence zone of three major lithospheric plates, it is subject to significant seismic activity, which can lead to destructive earthquakes, volcanoes and tsunamis. For example, in December 2004 an underwater earthquake off the coast of Sumatra released a tsunami that devastated coastal communities in Southeast Asia. In Indonesia, more than 220,000 people died or were recorded as missing and the disaster caused widespread damage to infrastructure and communities. Indonesia is also prone to volcanic eruptions. In July 2015 and February 2018, Mount Raung and Mount Agung erupted, respectively. Although both eruptions left no damage, Mount Raung eruption in 2015 resulted in severe flight disruptions in the surrounding area.

In addition to geological events heavy rains cause severe flooding, in January 2009, torrential rain caused a colonial-era dam to burst outside Jakarta, sending a wall of muddy water crashing into a densely packed neighbourhood and killing at least 58 people. The flood also left scores missing and submerged hundreds of homes. In October 2010, at least 158 people died and 148 people were declared missing in a flash flood in Wasior district, West Papua. In January 2013 and January 2014, floods in Jakarta resulted in disruptions to businesses and extensive evacuations in the city.

There can be no assurance that future geological or meteorological occurrences will not significantly harm the Indonesian economy. A significant earthquake, other geological disturbance or weather-related natural disaster in any of Indonesia's more populated cities and financial centres could severely disrupt the Indonesian economy and undermine investor confidence, thereby materially and adversely affecting the Bank's business, financial condition and results of operations. Even where natural disasters do not have a significant impact on the Indonesian capital markets or the country's economic indicators, they may disproportionately affect the Bank's results of operations and financial condition given its presence across the Indonesian archipelago and exposure to individuals and small businesses throughout the country.

Additionally, any recovery and relief efforts necessary after a disaster may impose a strain on the Government's finances, and may impair its ability to meet its obligations on its sovereign debt. Any such failure on the part of the Government, or declaration by it of a moratorium on its sovereign debt, could trigger an event of default under numerous private-sector borrowings, thereby materially and adversely affecting the Bank's business, financial condition and results of operations.

Political instability in Indonesia, including as a result of terrorist activity, could adversely affect the economy, which in turn could affect the Bank's business, financial condition and results of operations.

From time to time in recent years, Indonesia has experienced instability and general social and civil unrest on several occasions. For example, there have been nationwide and regional instances of social protest and other forms of civil unrest in relation to matters such as fuel subsidy reductions, privatisation of state assets, anticorruption measures, decentralisation and provincial autonomy. There also have been separatist movements and clashes between religious and ethnic groups in certain parts of Indonesia.

Since 2002, several fatal terrorist attacks have taken place in Indonesia, including in Bali in October 2002 and October 2005 and at the JW Marriott Hotel and Ritz Carlton Hotel in Jakarta in July 2009. On 14 January 2016, multiple explosions and gunfire took place near the Sarinah shopping mall in Central Jakarta that killed eight people and injured 23 people. The Islamic State of Iraq and the Levant claimed responsibility. On 24 May 2017, two explosions occurred at a bus terminal in Kampung Melayu, East Jakarta. The bombings killed five civilians, three policemen and two attackers. Most recently, in May 2018 four separate terrorist attacks took place in Depok, Surabaya and Riau. Further terrorist acts may occur in the future. Terrorist acts could destabilise Indonesia and increase internal divisions within the Government as it evaluates responses to the instability and unrest.

Violent acts arising from, and leading to, social, civil and political instability and unrest have in the past had, and may continue to have, a material adverse effect on investment and confidence in, and the performance of, the Indonesian economy, and further such acts may result from the Indonesian presidential and parliamentary elections scheduled for 2014, which could have a material adverse effect on the Bank's business, financial condition and results of operations.

An outbreak of a contagious disease could adversely affect the Indonesian economy and the Bank.

An outbreak, or fear or perception of an outbreak, of a virus or another contagious disease, such as outbreak in 2003 of Severe Acute Respiratory Syndrome ("**SARS**"), the outbreak in 2004 and 2005 of Avian influenza or bird flu and the outbreak in 2009 of Influenza A ("**H1N1**"), in Asia, including Indonesia, or measures taken by the governments against a potential or actual outbreak, including travel restrictions or quarantines, could result in significantly lower of economic activity, runs on banks or otherwise interrupt the Bank's operations and the communities it serves, which could have a material adverse effect on the Bank's business, prospects, financial condition and results of operations.

Risks relating to the Notes

The Notes may not be a suitable investment for all investors.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Additionally, the investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) the Notes are legal investments for it, (b) the Notes can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

While the Notes being issued seek to comply with the ICMA Sustainability Bond Guidelines (as defined herein) and the ASEAN Sustainability Bond Standards (as defined herein) where relevant, they may not be suitable investment for all investors seeking exposure to green or social assets.

The Bank has prepared a framework (the "**Sustainability Bond Framework**") which is aligned with the voluntary process guidelines for issuance of green bonds, social bonds and sustainability bonds issued by the

International Capital Markets Association ("**ICMA**") and published in June 2018 (such guidelines, collectively, the "**ICMA Sustainability Bond Guidelines**", respectively), as well as the green bond, social bond and sustainability bond standards, each published in October 2018 by the ASEAN Capital Markets Forum ("**ACMF**", and such standards, collectively, the "**ASEAN Sustainability Bond Standards**"). Pursuant to the recommendation in the ICMA Sustainability Bond Guidelines that issuers use external assurance to confirm their alignment with the key features of the ICMA Sustainability Bond Guidelines, Sustainalytics has issued a framework overview and second party opinion dated 5 March 2019 (the "**Second Party Opinion**") in relation to the Notes.

Potential investors should note that the Second Party Opinion is not incorporated into, and does not form a part of, this Offering Circular. The Second Party Opinion will be made available to investors on the Bank's official website. The Second Party Opinion is not a recommendation to buy, sell or hold securities and is only current as at the date it was issued. The Second Party Opinion may not reflect the potential impact of all risks related to the Notes, their marketability, trading price or liquidity or any other factors that may affect the price or value of the Notes. Further, the Second Party Opinion is for information purposes only and the Bank does not accept any form of liability for the substance of its Second Party Opinion and/or any liability for loss arising from the use of its Second Party Opinion and the information provided therein.

The Bank has agreed to certain use of proceeds and reporting obligations as described under "*Use of Proceeds*"; however, it will not be an event of default under the Notes if: (a) the Bank fails to comply with such obligations or were to fail to use the proceeds in the manner specified in the Sustainability Bond Framework or this Offering Circular; or (b) the Second Party Opinion were to be withdrawn. Any failure to use the net proceeds from the issue of the Notes (the "Net Proceeds") in compliance with the ICMA Sustainability Bond Guidelines and/or a withdrawal of the Second Party Opinion may affect the value and/or trading price of the Notes and may have consequences for certain investors with portfolio mandates to invest in green, social or sustainability assets. In the event that the Notes are included in any dedicated "green", "environmental", "social", "sustainable" or other equivalently-labelled index, no representation or assurance is given by the Bank or any other person that such listing or admission, or inclusion in such index, satisfies any present or future investor expectations or requirements as regards to any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own constitutive documents or other governing rules or investment portfolio mandates.

Neither the Bank nor the Joint Lead Managers make any representations as to the suitability of the Second Party Opinion or whether the Notes will fulfil the relevant environmental and sustainability criteria. Each potential investor should determine for itself the relevance of the information contained in this Offering Circular regarding the use of proceeds and its purchase of the Notes should be based upon such investigation as it deems necessary.

The Notes are redeemable in the event of certain withholding taxes being applicable.

The Notes are redeemable at their principal amount, together with accrued interest, at the option of the Issuer on any Interest Payment Date (as defined in the Conditions) prior to maturity in the event of certain changes affecting taxes of Indonesia. The date on which the Issuer elects to redeem the Notes may not accord with the preference of individual Noteholders. This may be disadvantageous to the Noteholders in light of market conditions or the individual circumstances of the Noteholders. In addition, an investor may not be able to reinvest the redemption proceeds in a comparable debt instrument at an effective interest rate at the same level as that of the Notes.

Noteholders should be aware that a definitive Certificate which has a principal amount that is not an integral multiple of the minimum specified denomination may be illiquid and difficult to trade.

In relation to any Note which has a principal amount consisting of a minimum specified denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of the minimum specified denomination that are not integral multiples of such minimum specified denomination. In such a case a holder of the Note who, as a result of trading such amounts, holds a principal amount of less than the minimum specified denomination will not receive a definitive Certificate in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more specified denominations. If definitive Notes are issued, holders should be aware that a definitive Certificate which has a principal amount that is not an integral multiple of the minimum specified denomination may be illiquid and difficult to trade.

The ratings of the Notes may be downgraded or withdrawn entirely by rating agencies.

The Notes are expected to be rated "Baa2" by Moody's and "BBB-" by Fitch. These ratings of the Notes may be reviewed and changed at any time by one or more of these agencies, and they may be lowered or withdrawn entirely in the future. A suspension, reduction or withdrawal at any time of the rating assigned to the Notes may adversely affect the market price of the Notes.

The ratings represent the opinions of the rating agencies and their assessment of the Bank's ability to perform its obligations under the terms of the Notes and credit risks in determining the likelihood that payments will be made when due under the Notes. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. There can be no assurance that a rating of the Notes will remain for any given period of time or that a rating of the Notes will not be lowered or withdrawn entirely by the relevant rating agency if, in its judgment, circumstances in the future so warrant. The Bank is under no obligation to inform Noteholders of any such revision, downgrade or withdrawal. In addition, any downgrade, suspension or withdrawal of a rating of the Notes could adversely affect the market price of the Notes and the Bank's ability to access the debt capital markets, which may have a material adverse effect on its business, financial condition, results of operations and prospects.

There is no public market for the Notes and a market may not develop or, if a market develops, it may not be sustained; the liquidity and market price of the Notes following this offering may be volatile.

The Notes are a new issue of securities for which there is currently no trading market. Although the Joint Lead Managers have advised the Issuer that they currently intend to make a market in the Notes, they are not obligated to do so, and any market-making activity with respect to the Notes, if commenced, may be discontinued at any time without notice at their sole discretion. See *"Stabilisation"* and "*Subscription and sale*". An active trading market for the Notes may not develop or be sustained. If an active trading market for the Notes does not develop or is not maintained, the market price and liquidity of the Notes may be adversely affected. If such a market were to develop, the Notes could trade at prices lower than the price at which the Notes have been issued.

The price at which the Notes trade depends on many factors, including:

(a) prevailing interest rates and the markets for similar securities;

(b) the Bank's results of operations, financial condition, historical financial performance and prospects;

(c) political and economic developments in and affecting Indonesia and other countries in which the Issuer conducts business now or in the future;

(d) general economic conditions locally, regionally and globally;

(e) the prevailing price of the Issuer's US$500,000,000 4.625 per cent. senior unsecured notes due 2023 (the "**2023 Notes**");

(f) changes in the credit ratings of the Notes or the Issuer; and

(g) the financial condition and stability of the Indonesian or global financial sector.

If the Notes are allocated to a limited number of investors and/or a limited number of investors hold a significant proportion of the Notes, liquidity will be restricted and the development of a liquid trading market for the Notes may be adversely affected.

Application will be made to the SGX-ST for the listing of the Notes on the SGX-ST. The Issuer expects that the Notes will be traded on the SGX-ST in a minimum board lot size of U$200,000 or its equivalent in foreign currencies as long as the Notes are listed on the SGX-ST. However, there can be no assurance that it will be able to obtain or maintain such listing or that, if listed, a trading market will develop. The Issuer does not intend to apply for listing of the Notes on any securities exchange other than the SGX-ST. Lack of a liquid, active trading market for the Notes may adversely affect the price of the Notes or may otherwise impede a holder's ability to dispose of the Notes.

Noteholders are required to rely on the procedures of the Clearing Systems and their participants while the Notes are cleared through the clearing systems.

The Notes will be represented on issue by the Global Certificate to be deposited with a common depositary for the Clearing Systems. Except in the circumstances described in the Global Certificate, investors will not be entitled to receive Notes in definitive form. The relevant Clearing Systems and their respective direct and indirect participants will maintain records of the beneficial interests in each Global Certificate held through it. While the Notes are represented by a Global Certificate, investors will be able to trade their beneficial interests only through the relevant Clearing Systems and their respective participants.

While the Notes are represented by the Global Certificate, the Issuer will discharge its payment obligation under the Notes by making payments through the relevant Clearing Systems. A holder of a beneficial interest in the Global Certificate must rely on the procedures of the relevant Clearing System and its participants to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

Holders of beneficial interests in the Global Certificate will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System and its participants to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Certificate will not have a direct right thereunder to take enforcement action against the Issuer in the event of a default under the Notes but will have to rely upon their rights under the Trust Deed.

The transfer of the Notes is restricted, which may adversely affect their liquidity and the price at which they may be sold.

The Notes have not been registered under, and the Issuer is not obligated to register the Notes under the Securities Act or the securities laws of any other jurisdiction and, unless so registered, may not be offered or sold except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and any other applicable laws. See "*Subscription and sale*". The Issuer has not agreed to or otherwise undertaken to register the Notes (including by way of an exchange offer) with the United States Securities and Exchange Commission or the securities regulatory authority of any other jurisdiction, and the Issuer has no intention of doing so.

Noteholders may not be able to bring bankruptcy proceedings against the Bank in Indonesia or elsewhere.

Under Law No. 37 of 2004 on Bankruptcy and Suspension of Debt Payment Obligations, only OJK may bring any bankruptcy proceedings in Indonesia against entities such as the Bank. Accordingly, neither Noteholders nor the Trustee may be able to bring or threaten to bring any potential bankruptcy proceedings against the Bank and thus enforce the Bank's obligations under the Notes.

Noteholders also may not be able to bring bankruptcy proceedings against the Issuer in other jurisdictions where the Issuer has assets (i.e. jurisdictions where the Issuer's branches may be located), depending on the bankruptcy laws and regulations in the relevant jurisdiction. Even if such proceedings are successful, the Issuer may have limited assets in those jurisdictions outside Indonesia.

Noteholders are exposed to the risk of potential changes in law.

The Conditions of the Notes are based on English law in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Offering Circular.

Noteholders will be exposed to a legal system subject to considerable discretion and uncertainty and may have difficulty pursuing claims under the Notes.

Indonesian legal principles relating to the rights of debtors and creditors, or their practical implementation by Indonesian courts, may differ materially from those that would apply within the jurisdiction of the United States or European Union member states. Neither the rights of debtors nor the rights of creditors under Indonesian law are as clearly established or recognised as under legislation or judicial precedent in the United States and most European Union member states. In addition, under Indonesian law, debtors may have rights and defences to actions filed by creditors that such debtors would not have in jurisdictions with more established legal regimes such as those in the United States and European Union member states.

The Republic of Indonesia's legal system is a civil law system based on written statutes in which judicial and administrative decisions do not constitute binding precedent and are not systematically published. The Republic of Indonesia's commercial and civil laws, as well as rules on judicial process, were historically based on pre-independence Dutch law in effect prior to the Republic of Indonesia's independence in 1945 and some have not been revised to reflect the complexities of modern financial transactions and instruments. Indonesian courts are often unfamiliar with sophisticated commercial or financial transactions, leading in practice to uncertainty in the interpretation and application of Indonesian legal principles. The application of Indonesian laws depends, in large part, upon subjective criteria such as the good faith of the parties to the transaction and principles of public policy, the practical effect of which is difficult or impossible to predict. Indonesian judges operate in an inquisitorial legal system, have very broad fact-finding powers and a high level of discretion in relation to the manner in which those powers are exercised. In practice, Indonesian court decisions may omit, or may not be decided upon, a legal and factual analysis of the issues presented in a case, and as a result, the administration and enforcement of laws and regulations by Indonesian courts and governmental agencies may be subject to considerable discretion and uncertainty. Furthermore, corruption in the court system in the Republic of Indonesia has been publicly reported by certain international financial institutions, foreign governments or international organisations. There is also no assurance that Indonesian courts would enforce, or even consent to adjudicating agreements that are governed by non-Indonesian law.

As a result, it may be difficult for Noteholders to pursue a claim against the Bank in the Republic of Indonesia, which may adversely affect or eliminate entirely the Noteholders' ability to obtain and enforce an arbitral award against the Bank in the Republic of Indonesia or increase the Noteholders' costs of pursuing, and the time required to pursue, claims against the Bank.

Indonesian companies have filed suits in Indonesian courts to invalidate transactions involving offshore offering structures, and have brought legal actions against lenders and other transaction participants. Such legal action has resulted in judgments against defendants invalidating all obligations under the applicable debt instruments and in damages against defendants in excess of the amounts borrowed. In several cases in Indonesian courts, Indonesian companies which had defaulted on notes and other debt incurred through offshore financing entities using a structure involving a guarantee granted by an Indonesian company, have successfully sued creditors and other transaction participants obtaining, among other reliefs:

(i) a declaration that the entire debt obligation is null and void;

(ii) disgorgement of prior payments made to holders of the notes on the notes;

(iii) damages from lenders and other transaction participants in amounts exceeding the original proceeds of the debt issued; and

(iv) injunctions prohibiting holders of notes from enforcing rights under the transaction documents and trading in the notes.

Published reports, including those court decisions that are available, do not provide a clear factual basis or legal rationale for these judgments. In reaching these decisions, however, the courts have not appeared to follow the contractual selection of non-Indonesian law as the governing law. These courts have in certain instances barred the exercise of any remedies available to the investors anywhere in the world.

In September 2013, the holders of notes issued by BLD Investments Pte. Ltd and guaranteed by PT Bakrieland Development Tbk ("**Bakrieland**"), under a trust deed governed under English law, filed a suspension of debt payment petition with the Indonesian commercial court on grounds including that Bakrieland had failed to comply with its obligation to repay the principal amount of the notes when noteholders exercised their put option under the terms of the notes. The Indonesian commercial court ruled, among other things, that since the trust deed relating to the notes was governed by English law, all disputes arising out of or in connection with the trust deed must be settled by English courts and that accordingly, it did not have authority to examine and adjudicate this case.

On 8 December 2014, the Supervisory Judge in proceedings before the Commercial Court of the Central Jakarta District Court determined that certain holders of notes guaranteed by PT Bakrie Telecom Tbk ("**Bakrie Telecom**") were not creditors of Bakrie Telecom for purposes of its court-supervised debt restructuring (*penundaan kewajiban pembayaran utang or the "PKPU"*) (the "**Bakrie Telecom PKPU**"). Bakrie Telecom, an Indonesian telecommunications company, is the guarantor of US$380 million of senior notes issued in 2010 and 2011 by a Singapore-incorporated special purpose vehicle that is a subsidiary of Bakrie Telecom. The proceeds from the offering of the notes were on-lent to Bakrie Telecom pursuant to an intercompany loan agreement, which was assigned to the noteholders as collateral. In its decision affirming the composition plan, the Commercial Court accepted the Supervisory Judge's determination that the relevant creditor of Bakrie Telecom in respect of the US$380 million notes was the issuer's subsidiary, rather than the noteholders or the trustee, and gave no effect to the guarantee. As such, only the intercompany loan was recognised by the Commercial Court as indebtedness on which Bakrie Telecom was liable for purposes of the Bakrie Telecom PKPU. As a result, only the issuer's subsidiary had standing as a Bakrie Telecom creditor to vote in the Bakrie Telecom PKPU proceedings, which substantially altered the terms of the US dollar bonds and the guarantee.

Similar to the Bakrie Telecom PKPU, an Indonesian company, PT Trikomsel Oke Tbk. ("**Trikomsel**"), in early 2016 entered into a PKPU process. The PKPU administrators were reported to reject claims that arose from their two Singaporean dollar bonds and have taken the stance that the trustees do not have any standing to make claims on behalf of the bondholders. Further, they asserted that only individual noteholders that had filed claims on their own would be able to participate in the PKPU proceedings and to vote on the restructuring plan. However, such proceedings were settled on 28 September 2016, through the ratification of a composition plan (*rencana perdamaian*) by the Jakarta Commercial Court. Under the approved composition plan, Trikomsel's indebtedness under two Singapore dollar bonds is included as recognised claims and will be fully converted into equity in accordance with all applicable laws. Notwithstanding such settlement, the fact remains that during the PKPU process, the PKPU administrators rejected the trustees' claims, stating that the trustees do not have any legal standing to make claims on behalf of the bondholders and therefore do not have any voting rights in the creditors meeting.

Therefore, it may be difficult or impossible for holders of the Notes to enforce all of their rights against the Issuer, including but not limited to being able to vote in court-supervised debt restructuring or bankruptcy proceedings in Indonesia. Indonesia's legal system is a civil law system based on written statutes in which judicial and administrative decisions do not constitute binding precedent and are not systematically published and Indonesian judges have very broad fact-finding powers and a high level of discretion with respect to the manner in which those powers are exercised, and may be guided less by legal principles and precedent than would their counterparts in other jurisdictions. Moreover, depending on the recognition which non-Indonesian courts may grant to such Indonesian decisions, the holders of the Notes may also be disabled from enforcing any rights under the Notes or the other transaction documents, anywhere else in the world. In sum, the holders of the Notes may have no effective or practical recourse or any assets or legal process in Indonesia to enforce any rights against the Issuer.

In addition, the participation of a holder of a Note as a creditor in this transaction may expose it to affirmative judgments by Indonesian courts against it (beyond the value of the Notes such holder purchased). Moreover, affirmative relief granted against the holders of the Notes by Indonesian courts may be enforced by non-Indonesian courts against the assets of the holders of the Notes (or other transaction participants) located outside of Indonesia (and each holder of a Note should consult its own legal adviser in that regard). The Issuer may be subject to future bankruptcy, insolvency and similar proceedings in Indonesia or other jurisdictions, which may delay or prevent payment on the Notes.

The Issuer may be subject to future bankruptcy, insolvency and similar proceedings in Indonesia or other jurisdictions, which may delay or prevent payment on the Notes.

Any future defaults in amounts of interest, or principal of, and premium, if any, due on the Notes may, under the Conditions of the Notes pursuant to the Trust Deed, only be waived pursuant to an Extraordinary Resolution (as defined in the Trust Deed) of the relevant majority of the holders of the Notes. Should the Issuer launch an exchange offer and/or consent solicitation in the future to obtain such waiver, the Issuer cannot give any assurances that the relevant number of the holders of the Notes will waive such future defaults in amounts of interest on, principal of, and premium, if any, due on the Notes.

Although the Issuer expects that, upon completion of any exchange offer and/or consent solicitation, any composition plan that the Issuer enters into will bar holders of the Notes from bringing future bankruptcy, insolvency or similar proceedings in Indonesia, Indonesian principles of law relating to the rights of creditors have not been clearly or consistently applied by the Indonesian courts. In addition, the Issuer has not sought court protection from its creditors in Indonesia or where the Issuer has significant contractual obligations. As a result of the foregoing, the Issuer cannot give any assurances that the holders of the Notes will not in the future seek to file a petition for bankruptcy, insolvency or similar proceeding against the Issuer in Indonesia or other jurisdictions.

Under Indonesian bankruptcy law, a creditor that foresees its debtor would not be able to continue to pay its debts when they become due and payable, or a debtor which is unable, or predicts that it would be unable, to pay its debts when they become due and payable, may file for suspension of payment of debt with the Commercial Court. In addition, a debtor who has two or more creditors and who is unable to pay any of its debt may be declared bankrupt by virtue of a Commercial Court decision. Under the Indonesian bankruptcy law, a suspension of debt payment proceeding takes priority over a bankruptcy proceeding and must be decided first. As such, a suspension of debt payment proceeding will effectively postpone the bankruptcy proceeding. As a result, creditors are unlikely to receive any payment during the course of the suspension of debt payment proceeding (with the exception of secured creditors subject to certain conditions) and the bankruptcy estate is likely to be insufficient to fully settle their claims.

In addition, during the suspension of debt payment proceeding, the debtor may propose a composition plan to its creditors. Such composition, if approved at a creditors' meeting and ratified by the Commercial Court, will be binding on all unsecured creditors and on secured creditors that voted for the composition plan, and the suspension of debt payment proceeding ends. The debtor can then continue its business and service its debt in accordance with the composition plan proposed by the debtor and approved at the creditors' meeting and ratified by the court. The secured creditors that did not attend the creditors' meeting or vote on the plan are not bound by the plan and are entitled to enforce their security interests.

As a composition plan, if approved, is approved by a majority of the creditors on a collective basis, it may not be in the best interest of any particular creditor. If the Issuer becomes a debtor in a bankruptcy proceeding or a suspension of debt payment proceeding in Indonesia, the Issuer may file for suspension of debt payment with a proposed composition plan which may not be satisfactory to the Noteholders. If such composition plan is approved, it will be binding on the Noteholders.

The holders of the Notes may not be considered creditors and thus may not be given standing to vote in any bankruptcy or restructuring proceeding to enforce the Notes in Indonesia.

The insolvency laws of Indonesia may differ from those of any other jurisdiction with which holders of the Notes are familiar.

As the Bank is incorporated under the laws of Indonesia, an insolvency proceeding relating to the Bank, even if brought in other jurisdiction, would likely involve insolvency laws in Indonesia, the procedural and substantive provisions of which may differ from comparable provisions of insolvency law in other jurisdictions with which the holders of the Notes are familiar. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's laws should apply, adversely affect an investor's ability to enforce such rights under the Notes in the relevant jurisdictions or limit any amounts that the investor may receive. Investors should analyse the risks and uncertainties carefully before investing in the Notes.

Holders of the Notes will not have voting rights at shareholders' meetings.

Holders of the Notes do not have any right to vote at any of the Bank's shareholders' meetings. Consequently, holders of the Notes cannot influence any decision by the Issuer's Board of Commissioners or any decision by shareholders concerning the Issuer's capital structure, including the declaration of dividends in respect of the Issuer's ordinary shares.

Investors should pay attention to provisions relating to modification, waivers and substitution.

The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Trustee may request holders of the Notes to provide an indemnity and/or security and/or prefunding to its satisfaction.

In certain circumstances, including without limitation the giving of notice to the Issuer pursuant to Condition 9 (*Events of Default*) of the Conditions and taking enforcement and other steps and/or action pursuant to Condition 11 (*Enforcement*) of the Conditions, the Trustee may, at its sole discretion, request holders of the Notes to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes actions on behalf of holders of the Notes. The Trustee shall not be obliged to take any steps or such actions if not indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such steps or actions can be taken. The Trustee may not be able to take steps or actions, notwithstanding the provision of an indemnity or security or prefunding to it, in breach of the terms of the Trust Deed (as defined in the Conditions) or the Conditions and in such circumstances, or where there is uncertainty or dispute as to the applicable laws or regulations, to the extent permitted by the agreements and the applicable law, it will be for the holders of the Notes to take such actions directly.

Modification, waivers and substitution.

The Conditions and the Trust Deed contain provisions for calling meetings of holders of the Notes to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders of the Notes including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority. Furthermore, there is a risk that the decision of the majority of holders of the Notes may be adverse to the interests of individual Noteholders.

The Conditions also provide that the Trustee may, without the consent of holders of Notes, agree (i) to any modification of the Conditions, the Trust Deed and/or the Agency Agreement (other than in respect of certain reserved matters) which in the opinion of the Trustee will not be materially prejudicial to the interests of holders of Notes and (ii) to any modification of the Conditions, the Trust Deed and/or the Agency Agreement which in the opinion of the Trustee is of a formal, minor or technical nature or is to correct a manifest error or to comply with any mandatory provisions of applicable law.

In addition, the Trustee may, without the consent of the holders of Notes, authorise or waive any proposed breach or breach of the Notes, the Trust Deed (other than a proposed breach or breach relating to the subject of certain reserved matters) if, in the opinion of the Trustee, the interests of the holders of Notes will not be materially prejudiced thereby.

The Issuer may issue additional notes in the future.

The Issuer issued the 2023 Notes in 2018. The Issuer may, from time to time, and without prior consultation of the holders of the Notes, create and issue further securities having the same terms and conditions as the Notes in all respects (or in all respects except for the date of issue and the first payment of interest on them) or otherwise raise additional capital through such means and in such manner as it may consider necessary. There can be no assurance that such future issuance or capital raising activity will not adversely affect the market price of the Notes.

The Notes will be unsecured obligations of the Issuer and will be structurally subordinated to the claims of creditors of the Issuer's subsidiaries.

The claims of all existing and future third party creditors of the Issuer's subsidiaries as to the cash flows and assets of such companies will have priority over the claims of the shareholders of such subsidiaries, including the Issuer, and the creditors of such shareholders (such as holders of the Notes).

As at 31 December 2018, the Issuer's total indebtedness (consisting of fund borrowings and subordinated loans and marketable securities) amounted to Rp41,930.94 billion of which all was third party and related party debt of the Issuer. The Trust Deed governing the Notes will not contain any restrictions on the ability of the Issuer or its subsidiaries to incur additional indebtedness.

The Issuer may not have the ability to raise the funds necessary to redeem the Notes upon the occurrence of certain events constituting a Change of Control as required by the Trust Deed governing the Notes.

Upon the occurrence of certain events constituting a Change of Control (as defined in the Conditions) holders of the Notes may require the Issuer to redeem its Notes on the Change of Control Put Date (as defined in the Conditions) at a redemption price equal to 101 per cent. of their principal amount plus accrued and unpaid interest to but excluding the Change of Control Put Date (as defined in the Conditions). If any such event were to occur, the 2023 Notes may also become due and payable and the Issuer cannot make any assurance that it would have sufficient funds available at such time to pay the redemption price of the outstanding Notes of any series.

In addition, the Change of Control redemption provision contained in the Conditions may not necessarily afford the Noteholders protection in the event of certain important corporate events, including a reorganisation, restructuring, merger or other similar transaction involving the Issuer that may adversely affect the Noteholders, because such corporate events may not involve a change in ownership or control in accordance with the terms of the Trust Deed, and even if they do, may not constitute a "Change of Control" as defined in the Conditions. Except as described under "*Terms and Conditions of the Notes*", the Trust Deed does not contain provisions that require the Issuer to offer to repurchase or redeem the Notes in the event of a reorganisation, restructuring, merger, recapitalisation or similar transaction.

The Notes do not contain restrictive financial or operating covenants.

The Trust Deed governing the Notes will contain various covenants intended to benefit the interests of the holders of the Notes that limit the Issuer's ability to, among other things, incur liens under certain circumstances, consolidate or merge with or into, or sell substantially all of its assets to, another person. These covenants are subject to a number of important exceptions and qualifications. See "*Terms and Conditions of the Notes*."

The Trust Deed governing the Notes, however, will not contain restrictive financial or operating covenants or restrictions on the payments of dividends, the incurrence of indebtedness, the issuance or repurchase of securities by the Issuer, and the entry into sale and leaseback transactions. In addition, the Trust Deed will not contain any other covenants or provisions designed to afford holders of the Notes protection in the event of a highly-leveraged transaction involving the Issuer or in the event of a decline in the Issuer's credit rating or the rating of the Notes as the result of a takeover, recapitalisation, highly-leveraged transaction or similar restructuring involving the Issuer that could adversely affect such holders. Subject to the terms of the Issuer's existing corporate debt and other credit facilities, the Issuer may incur substantial additional indebtedness in the future.

Developments in other markets may adversely affect the market price of the Notes.

The market price of the Notes may be adversely affected by declines in the international financial markets and world economic conditions. The market for securities of Indonesian issuers is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including Indonesia. Since the global financial crisis of 2008 and 2009, the international financial markets have experienced significant volatility. If similar developments occur in the international financial markets in the future, the market price of the Notes could be adversely affected.

The secondary market generally.

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

Exchange rate risks and exchange controls may affect an investor's returns on the Notes.

The Bank will pay principal and interest on the Notes in US dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than US dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the US dollar or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the US dollar would decrease (i) the Investor's Currency-equivalent yield on the Notes; (ii) the Investor's Currency equivalent value of the principal payable on the Notes; and (iii) the Investor's Currency-equivalent market value of the Notes. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

In addition, offering of Notes is susceptible to foreign currency exchange risk. Accordingly, fluctuations in the exchange rate between the Rupiah and the US dollar will affect the value of the Notes. Exchange rate movements for the Rupiah against the US dollar are volatile and are the result of numerous factors specific to Indonesia and the United States, including the supply of, and the demand for, the Rupiah, as well as government policy, intervention or actions, but are also influenced significantly from time to time by political or economic developments, and by macroeconomic factors and speculative actions related to Indonesia and other regions. Changes in exchange rates result over time from the interaction of many factors directly or indirectly affecting economic and political conditions in Indonesia and related countries. Of particular importance to potential currency exchange risk are: (a) rates of inflation; (b) interest rate levels; (c) balance of payments; and (d) the extent of governmental surpluses or deficits in Indonesia and the United States. These factors are in turn sensitive to the monetary, fiscal and trade policies pursued by the governments of Indonesia and the United States and other countries important to international trade and finance. The weakening of the Rupiah relative to the US dollar may materially and adversely affect the value of the Notes and the return on an investment in the Notes. In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in the Notes.

Interest rate risks may affect the value of the Notes.

The Notes bear a fixed interest rate of [●] per cent. per annum. Subsequent changes in market interest rates may adversely affect the value of the Notes.

If the Bank is unable to comply with the restrictions and covenants in its debt agreements (if any), the 2023 Notes or the Notes, there could be a default under the terms of these agreements, the 2023 Notes or the Notes, which could cause repayment of the Bank's debt to be accelerated.

If the Bank is unable to comply with the restrictions and covenants in the Notes, the 2023 Notes or its current or future debt obligations and other agreements (if any), there could be a default under the terms of such debt securities or debt facilities. In the event of a default under the relevant debt securities or debt facilities, the holders of the debt could terminate their commitments to lend to the Bank, accelerate repayment of debt, declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Furthermore, the 2023 Notes and some of the debt agreements of the Bank, contain cross-default or cross-acceleration provisions. As a result, the default by the Bank under one debt agreement may cause the acceleration of repayment of debt, including the 2023 Notes and the Notes, or result in a default under its other debt agreements, including the 2023 Notes and the Notes. If any of these events occur, there can be no assurance that the Bank's assets and cash flows would be sufficient to repay in full all of the Bank's indebtedness, or that it would be able to find alternative financing. Even if the Bank could obtain alternative financing, there can be no assurance that it would be on terms that are favourable or acceptable to the Bank.

Singapore Taxation Risk.

The Notes are, pursuant to the Income Tax Act, Chapter 134 of Singapore (the "**Income Tax Act**") and the MAS Circular FDD Cir 11/2018 entitled "Extension of Tax Concessions for Promoting the Debt Market" issued by the Monetary Authority of Singapore ("**MAS**") on 31 May 2018, intended to be "qualifying debt securities" for the purposes of the ITA, subject to the fulfilment of certain conditions more particularly described in the section "*Taxation — Singapore Taxation*". However, there is no assurance that the Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws or MAS circulars be amended or revoked at any time.

Risks relating to this Offering Circular

The Bank cannot provide any assurance of the accuracy or comparability of facts, forecasts and statistics contained in this Offering Circular with respect to Indonesia, its economy or the Indonesian and global banking industries.

Facts, forecasts and statistics in this Offering Circular relating to Indonesia, the Indonesian economy and the Indonesian and global banking industries, including the Bank's market share information, are derived from various governmental sources which are generally believed to be reliable. However, the Bank cannot guarantee the quality and reliability of such material. In addition, these facts, forecasts and statistics have not been independently verified by the Bank and may not be consistent with information available from other sources, and may not be complete or up to date. The Bank has taken reasonable care in reproducing or extracting the information from such sources. However, because of potentially flawed methodologies, discrepancies in market practice and other problems, these facts, forecasts and other statistics may be inaccurate or may not be comparable from period to period or to facts, forecasts or statistics of other economies.

Risks relating to forward-looking statements.

The Bank has included certain statements in this Offering Circular which constitute "forward-looking statements". Please refer to the section entitled "*Forward-Looking Statements*" for further details. Actual results may differ materially from those suggested by the forward-looking statements due to certain risks or uncertainties associated with the Bank's expectations with respect to, but not limited to, its ability to successfully implement its strategy, its ability to integrate recent or future mergers or acquisitions into its operations, future levels of non-performing assets and restructured assets, its growth and expansion, the adequacy of its provision for credit and investment losses, technological changes, investment income, its ability to market new products, cash flow projections, the outcome of any legal or regulatory proceedings it is or becomes a party to, the future impact of new accounting standards, its ability to pay dividends, its ability to roll over its short-term funding sources, its exposure to operational, market, credit, interest rate and currency risks and the market acceptance of and demand for Internet banking services. Accordingly, undue reliance must not be placed on such forward-looking statements.

TERMS AND CONDITIONS OF THE NOTES

The following, subject to modification and other than the words in italics, is the text of the terms and conditions of the Notes which will appear on the reverse of each of the definitive certificates evidencing the Notes:

The issue of the US$[●] [●] per cent. senior unsecured notes due [2024] (the "**Notes**", which term shall include, unless the context requires otherwise, any further notes issued in accordance with Condition 16 and consolidated and forming a single series therewith) was authorised (i) on 13 November 2018 by the Board of Directors of PT Bank Rakyat Indonesia (Persero) Tbk (the "**Issuer**") through its minutes of Board of Directors meeting and Board of Directors Decree No. 899-DIR/AMK/11/2018, and (ii) on 27 November 2018 by the Board of Commissioners of the Issuer through its Board of Commissioners Decree No. R.76-KOM/11/2018. The Notes are constituted by a Trust Deed (as amended and/or supplemented from time to time, the "**Trust Deed**") dated [●] 2019 (the "**Issue Date**") between the Issuer and The Bank of New York Mellon, London Branch (the "**Trustee**" which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for itself and the holders of the Notes. These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Notes. Copies of the Trust Deed and of the Agency Agreement (as amended and/or supplemented from time to time, the "**Agency Agreement**") dated the Issue Date relating to the Notes between the Issuer, the Trustee, The Bank of New York Mellon, London Branch, as principal paying agent (the "**Principal Paying Agent**"), The Bank of New York Mellon SA/NV, Luxembourg Branch, as registrar (the "**Registrar**") and as transfer agent (the "**Transfer Agent**") and any other agents named in it, are available for inspection at all reasonable times during usual business hours (being between 9:00 a.m. and 3:00 p.m., Monday to Friday other than public holidays) at the principal office of the Trustee (being as at the Issue Date at One Canada Square, London E14 5AL, United Kingdom) following prior written request and proof of holding to the satisfaction of the Trustee. "**Paying Agents**" means any paying agents appointed from time to time pursuant to the Agency Agreement with respect to the Notes and includes the Principal Paying Agent, "**Transfer Agents**" means any transfer agents appointed from time to time pursuant to the Agency Agreement with respect to the Notes and includes the Transfer Agent, and "**Agents**" means the Principal Paying Agent, the Registrar, the Transfer Agents and any other agent or agents appointed from time to time with respect to the Notes. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

All capitalised terms that are not defined in these terms and conditions (the "**Conditions**") will have the meanings given to them in the Trust Deed.

1 FORM AND DENOMINATION

The Notes are issued in registered form in the minimum denomination of US$200,000 and integral multiples of US$1,000 in excess thereof (referred to as the "**principal amount**" of a Note). A note certificate (each a "**Certificate**") will be issued to each Noteholder in respect of its registered holding of Notes. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Noteholders which the Issuer will procure to be kept by the Registrar at its specified office and in accordance with the terms of the Agency Agreement.

In these Conditions, "**Noteholder**" and "**holder**" means the person in whose name a Note is registered.

Upon issue, the Notes will be represented by a Global Certificate deposited with, and registered in the name of a nominee of, the common depositary for Euroclear Bank SA/NV and Clearstream Banking S.A.. The Conditions are modified by certain provisions contained in the Global Certificate. See "Summary of Provisions Relating to the Notes in Global Form".

Except in the limited circumstances described in the Global Certificate, owners of interests in Notes represented by the Global Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of Notes. The Notes are not issuable in bearer form.

2 TRANSFERS OF NOTES AND ISSUE OF CERTIFICATES

2.1 Title

Title to the Notes passes only by registration of title in the register of Noteholders. The holder of any Note will (except as ordered by a court of competent jurisdiction or as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or the theft or loss of the Certificate issued in respect of it) and no person will be liable for so treating the holder.

2.2 Transfers

Subject to Conditions 2.5 and 2.6 and the terms of the Agency Agreement, a Note may be transferred by depositing the Certificate issued in respect of that Note, with the form of transfer on the back duly completed and signed at the specified office of the Registrar or any of the Transfer Agents. No transfer of title to a Note will be valid or effective unless and until entered on the Register.

Transfers of interests in the Notes evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.

2.3 Delivery of new Certificates

Each new Certificate to be issued upon transfer of Notes will, within seven business days of receipt by the Registrar or the relevant Transfer Agent of the duly completed and signed form of transfer endorsed on the relevant Certificate, be mailed by uninsured mail (and by airmail if overseas) at the risk of the holder entitled to the new Certificate to the address specified in the form of transfer or otherwise in writing, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. For the purposes of this Condition 2.3, "**business day**" shall mean a day on which banks are open for business in the city in which the specified office of the Transfer Agent or the Registrar (as the case may be) with whom a Certificate is deposited in connection with a transfer is located.

Where some but not all of the Notes in respect of which a Certificate is issued are to be transferred, a new Certificate in respect of the Notes not so transferred will, within seven business days of receipt by the Registrar or the relevant Transfer Agent of the original Certificate, be mailed by uninsured mail (or by airmail if overseas) at the risk of the holder of the Notes not so transferred to the address of such holder appearing on the register of Noteholders or as specified in the form of transfer or otherwise in writing, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify.

2.4 Formalities free of charge

Registration of transfer of Notes will be effected without charge by or on behalf of the Issuer or any Agent but upon (i) payment (or the giving of such indemnity and/or security and/or pre-funding as the Issuer or any Agent may require) in respect of any tax, duties or other governmental charges which may be levied or imposed in relation to such transfer, (ii) the Registrar or the relevant Transfer Agent (as the case may be) being satisfied in its absolute discretion with the documents of title or identity of the person making the application and (iii) the Registrar or the relevant Transfer Agent (as the case may be) being satisfied that the regulations concerning transfer of Notes have been complied with.

2.5 Closed Periods

No Noteholder may require the transfer of a Note to be registered during the period of 15 days ending on and including the due date for any payment of principal or interest on that Note.

2.6 Regulations

All transfers of Notes and entries on the register of Noteholders shall be made subject to the detailed regulations concerning transfer of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee, and by the Registrar with the prior written approval of the Trustee. A copy of the current regulations will be mailed (free of charge by the Registrar, and at the cost of the Issuer) to any Noteholder who requests one and provides proof of holding to the satisfaction of the Registrar.

3 STATUS

The Notes constitute (subject to Condition 4) unsecured and unsubordinated obligations of the Issuer and shall at all times rank *pari passu* without any preference among themselves and (save for certain obligations to be preferred by law) equally with all other present and future outstanding unsecured and unsubordinated obligations of the Issuer but in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

4 NEGATIVE PLEDGE

4.1 Restriction

So long as any of the Notes remains outstanding, the Issuer will not, and the Issuer will procure that none of its Principal Subsidiaries will, create or permit to subsist any mortgage, charge, lien, pledge or other security interest ("**Security**") upon the whole or any part of the undertaking, assets or revenues present or future of the Issuer and/or any of its Principal Subsidiaries to secure any Relevant Debt (as defined below in Condition 4.2.2), unless the Issuer, in the case of the creation of the Security, at the same time or prior thereto takes any and all action necessary to ensure that:

4.1.1 all amounts payable by it under the Notes and the Trust Deed are secured by the Security equally and rateably with the Relevant Debt to the satisfaction of the Trustee; or

4.1.2 such other security or other arrangement (whether or not it includes the giving of Security) is provided for the Notes either (i) as the Trustee may (but shall not be obliged to) in its absolute discretion deem to be not materially less beneficial to the interests of the Noteholders or (ii) as is approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

4.2 Interpretation

In these Conditions:

4.2.1 "**Principal Subsidiaries**" means at any time a Subsidiary:

(i) whose revenue or whose total assets represent in each case (or, in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, are equal to) not less than 5 per cent. of the consolidated revenue, or, as the case may be, consolidated total assets, of the Issuer and its Subsidiaries taken as a whole, all as calculated respectively by reference to the then latest audited accounts of such Subsidiary and the then latest audited consolidated accounts of the Issuer and its Subsidiaries, provided that in the case of a Subsidiary of the Issuer acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, the reference to the then latest audited consolidated accounts of the Issuer and its Subsidiaries for the purposes of the calculation above shall, until consolidated accounts for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first-mentioned accounts as if such Subsidiary had been shown in such accounts by reference to its then latest relevant audited accounts, adjusted as deemed appropriate by the Issuer;

(ii) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Issuer which immediately prior to such transfer is a Principal Subsidiary, provided that the transferor Subsidiary shall upon such transfer forthwith cease to be a Principal Subsidiary and the transferee Subsidiary shall become a Principal Subsidiary pursuant to this paragraph (ii) on the date on which the consolidated accounts of the Issuer and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited as aforesaid but so that such transferor Subsidiary or such transferee Subsidiary may be a Principal Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of paragraph (i) of this definition or, prior to or after such date, by virtue of any other applicable provision of this definition; or

(iii) to which is transferred an undertaking or assets which, taken together with the undertaking or assets of the transferee Subsidiary, generated (or, in the case of the transferee Subsidiary being acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, generate revenue equal to) not less than 5 per cent. of the consolidated revenue, or represent (or, in the case aforesaid, are equal to) not less than 5 per cent. of the consolidated total assets, of the Issuer and its Subsidiaries taken as a whole, all as calculated as referred to in paragraph (i) of this definition, provided that the transferor Subsidiary (if a Principal Subsidiary) shall upon such transfer forthwith cease to be a Principal Subsidiary unless immediately following such transfer its undertaking and assets generate (or, in the case aforesaid, generate revenue equal to) not less than 5 per cent. of the consolidated revenue, respectively, or its assets represent (or, in the case aforesaid, are equal to) not less than 5 per cent. of the consolidated total assets, of the Issuer and its Subsidiaries taken as a whole, all as calculated as referred to in paragraph (i) of this definition, and the transferee Subsidiary shall become a Principal Subsidiary pursuant to this paragraph (iii) on the date on which the consolidated accounts of the Issuer and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited but so that such transferor Subsidiary or such transferee Subsidiary may be a Principal Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of paragraph (i) of this definition or, prior to or after such date, by virtue of any other applicable provision of this definition;

4.2.2 "**Relevant Debt**" means (i) any present or future indebtedness (whether being premium, principal, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities which (a) are by their terms payable, or confer a right to receive payment, in any currency other than Rupiah and (b) are for the time being, or capable of being, quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market outside of Indonesia, and (ii) any guarantee or indemnity of any such indebtedness; and

4.2.3 "**Subsidiary**" means, in relation to the Issuer, any company (i) in which the Issuer holds a majority of the voting rights or (ii) of which the Issuer is a member and has the right to appoint or remove a majority of the board of directors or (iii) of which the Issuer is a member and controls a majority of the voting rights, and includes any company which is a Subsidiary of a Subsidiary of the Issuer.

5 INTEREST

5.1 Interest Rate and Interest Payment Dates

The Notes bear interest on their outstanding principal amount from and including the Issue Date at the rate of [●] per cent. per annum, payable semi-annually in arrear in equal instalments of US$[●] per US$1,000 in principal amount of the Notes (the "**Calculation Amount**") on [●] and [●] of each year (each an "**Interest Payment Date**"). The first payment (representing a full six month's interest) (for the period from and including the Issue Date to but excluding [●] 2019) will be made on [●] 2019. The last payment of interest (for the period from and including [●] [2024] to but excluding the Maturity Date) will be made on the Maturity Date.

5.2 Interest Accrual

Each Note will cease to bear interest from and including the due date for redemption unless, upon due presentation, payment of principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment. In such event, interest will continue to accrue as provided in the Trust Deed.

5.3 Calculation of Broken Interest

When interest is required to be calculated in respect of a complete Interest Period (as defined below), it will be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed. In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an "**Interest Period**". The amount of interest payable per Calculation Amount for any period shall, save as provided above in relation to equal instalments, be equal to the product of the rate of interest specified in Condition 5.1 above, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

6 PAYMENTS

6.1 Method of Payments

6.1.1 Payment of principal and interest will be made by transfer to the registered account of the Noteholder. Payments of principal and payments of interest due otherwise than on an Interest Payment Date will only be made against surrender of the relevant Certificate at the specified office of any of the Agents. Interest on Notes due on an Interest Payment Date will be paid to the holder shown on the register of Noteholders at the close of business on the date (the "**record date**") being the 15th day before the relevant Interest Payment Date.

6.1.2 For the purposes of this Condition 6.1, a Noteholder's registered account means the US dollar denominated account maintained by or on behalf of it with a bank that processes payments in US dollars, details of which appear on the register of Noteholders at the close of business, in the case of principal and interest due otherwise than on an Interest Payment Date, on the second business day (as defined below) before the relevant record date

So long as the Global Certificate is held on behalf of Euroclear Bank SA/NV and Clearstream Banking S.A. or any other clearing system, each payment in respect of the Global Certificate will be made to the person shown as the holder in the Register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where "Clearing System Business Day" means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.

Distributions of amounts with respect to book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent such amounts have been received by the Principal Paying Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

A record of each payment made will be endorsed on the appropriate schedule to the relevant Global Certificate by or on behalf of the Registrar and shall be prima facie evidence that payment has been made.

6.2 US Paying Agent

Payments in respect of Notes may only be made at the specified offices of Paying Agents outside the United States of America, except that they may be made at the specified office of a Paying Agent in

New York City if (i) the Issuer subject to the prior written approval of the Trustee has appointed Paying Agents with specified offices outside the United States of America with the reasonable expectation that such Paying Agents would be able to make payment at such offices of the full amount payable on the Notes in US dollars when due, (ii) payment of the full amount due in US dollars at all specified offices of the Paying Agents outside the United States of America is illegal or effectively precluded by exchange controls or other similar restrictions, and (iii) the relevant payment is permitted by applicable US law. If a Certificate representing a Note is presented for payment of principal at the specified office of any Paying Agent in the United States of America in circumstances where interest (if any is payable against presentation of the Certificate representing such Note) is not to be paid there, the relevant Paying Agent will annotate the Certificate with the record of the principal paid and return it to the holder for the obtaining of payment elsewhere.

6.3 Payments Subject to Applicable Laws

Payments in respect of principal and interest on Notes are subject in all cases to (i) any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the US Internal Revenue Code of 1986, as amended (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law, rules or practices implementing an intergovernmental approach thereto (any such withholding or deduction, a "**FATCA Withholding**"). For avoidance of doubt, neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding. No commissions or expenses shall be charged to the Noteholders in respect of any such payments.

6.4 Payment on Business Days

6.4.1 Where payment is to be made by transfer to a registered account, payment instructions will be initiated (for value the due date or, if that is not a Business Day (as defined below), for value the first following day which is a Business Day). In the case of a payment of principal or a payment of interest due otherwise than on an Interest Payment Date, payment will be made on the Business Day on which the relevant Certificate is surrendered at the specified office of an Agent.

6.4.2 Noteholders will not be entitled to interest or other payment for (i) any delay after the due date in receiving the amount due if the due date is not a Business Day, or (ii) if the Noteholder is late in surrendering its Certificate (if required to do so).

6.4.3 If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested in writing by the Issuer or a Noteholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of interest so paid.

6.4.4 In this Condition 6.4, "**Business Day**" means a day (other than a Saturday or Sunday or public holiday) on which commercial banks are open for business in London, New York, Jakarta, Singapore and, in the case of presentation of a Note Certificate, in the place in which the Note Certificate is presented.

6.5 Agents

The Principal Paying Agent, the Registrar, and the Transfer Agents initially appointed by the Issuer and their respective specified offices are listed below. The Principal Paying Agent, the Registrar and the Transfer Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder. The Issuer reserves the right, with the prior written approval of the Trustee and subject the terms of the Agency Agreement under which any Paying Agent is appointed, to vary or terminate the appointment of any Agent at any time and to appoint additional or other Agents provided that the Issuer shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar, (iii) a Transfer Agent, and (iv) such other agents as may be required by any other stock exchange on which the Notes may be listed, in each case, as approved in writing by the Trustee.

Notice of any termination or appointment and of any changes in the specified office of any Agent shall be given to the Noteholders promptly by the Issuer in accordance with Condition 13.

6.6 Interpretation

In these Conditions, references to "**principal**" shall include premium (if any) payable on redemption of the Notes.

7 REDEMPTION AND PURCHASE

7.1 Redemption at Maturity

Unless previously redeemed, or purchased and cancelled as provided below, the Issuer will redeem the Notes at their principal amount on [●] [2024].

7.2 Redemption for Taxation Reasons

7.2.1 The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time on any Interest Payment Date (as defined in Condition 5.1), on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 13 (which notice shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent at their principal amount, if the Issuer satisfies the Trustee immediately prior to the giving of such notice that (i) it has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 8.2.2), or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that:

(A) no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts where a payment in respect of the Notes then due; and

(B) where any additional amounts due pursuant to Condition 8 are in consequence of the laws or treaties of the Republic of Indonesia ("**Indonesia**"), this Condition 7.2.1 shall only have effect to permit the Notes to be redeemed in the event that the rate of withholding or deduction required by such law or treaty is in excess of 20.0 per cent. (the "**Minimum Withholding Level**").

7.2.2 Prior to the publication of any notice of redemption pursuant to Condition 7.2.1, the Issuer shall deliver to the Trustee:

(A) a certificate in English signed by two directors of the Issuer, each of whom are also Authorised Signatories (as defined in the Trust Deed) of the Issuer, stating that the obligation referred to in Condition 7.2.1 above cannot be avoided by the Issuer taking reasonable measures available to it;

(B) an opinion of legal counsel or written advice (in form and substance satisfactory to the Trustee) of a qualified tax expert, such legal counsel or tax expert being from an internationally recognised law or accountancy firm acceptable to the Trustee, that the Issuer has or will become obliged to pay additional amounts as a result of such change, amendment, application, interpretation or administration (and such certificate and opinion or advice shall be made available for inspection by the Noteholders at the principal office of the Trustee at such time following prior written request and proof of holding to the satisfaction of the Trustee); and

(C) in the case of a redemption where the Minimum Withholding Level has been exceeded, an opinion of legal counsel or written advice (in form and substance satisfactory to the Trustee) of a qualified tax expert of the standing set out in Condition 7.2.2(B) above, that the Issuer has or will become obliged to pay additional amounts and that the Minimum Withholding Level has been exceeded.

The Trustee shall be entitled to accept such certificate, opinion(s) and/or written advice as sufficient evidence of the satisfaction of the condition precedent set out in Condition 7.2.1 above without further enquiry and without liability to any Noteholder in which event the same shall be conclusive and binding on the Noteholders.

7.3 Redemption for Change of Control

At any time following the occurrence of a Change of Control, the holder of any Note will have the right, at such holder's option, to require the Issuer to redeem all, but not some only, of that holder's Note on the Change of Control Put Date (as defined below in this Condition 7.3) at a redemption price equal to 101 per cent. of their principal amount (together with interest accrued to but excluding the Change of Control Put Date). To exercise such right, the holder of the relevant Note must deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent (a "**Change of Control Put Exercise Notice**"), together with the Certificate evidencing the Notes to be redeemed, by not later than 45 days following a Change of Control or, if later, 45 days following the date upon which notice of the Change of Control is given to the Noteholders by the Issuer in accordance with Condition 13. The "**Change of Control Put Date**" shall be the fourteenth business day after the expiry of such period of 45 days as referred to above in this Condition 7.3.

A Change of Control Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Notes the subject of the Change of Control Put Exercise Notices delivered as aforesaid on the Change of Control Put Date.

The Issuer shall give notice to the Noteholders (in accordance with Condition 13) and to the Trustee and the Principal Paying Agent in writing by not later than ten business days following the first day on which it becomes aware of the occurrence of a Change of Control, which notice shall specify the procedure for exercise by Noteholders of their rights to require redemption of the Notes pursuant to this Condition 7.3.

Neither the Trustee nor the Agents shall be required to monitor or to take any steps to ascertain whether a Change of Control or any event which could lead to the occurrence of a Change of Control has occurred and none of them shall be liable to Noteholders, the Issuer or any other person for not doing so.

For the purposes of this Condition 7.3:

(i) a "**Change of Control**" occurs when (A) the Government of the Republic of Indonesia ceases to be the ultimate owner (either directly or indirectly) of (x) at least 51 per cent. of the Issuer's issued and paid-up share capital and/or (y) the Class A Dwiwarna Share (or other similar special share granting control over the Issuer) or (B) the rights and benefits attending to the Class A Dwiwarna Share as at the Issue Date are materially and adversely changed; and

(ii) a "**Class A Dwiwarna Share**" means the special share held by the Government of the Republic of Indonesia granting such rights as set out in the Issuer's constitutional documents as at the Issue Date.

7.4 Purchases

The Issuer or any of its Subsidiaries (as defined in Condition 4.2.3 above) may at any time purchase Notes in any manner and at any price. The Notes so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Noteholders and shall be deemed not to be outstanding for certain purposes, including without limitation for the purpose of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 9, 11 and 14.1.

7.5 Cancellations

All Notes which are (i) redeemed or (ii) purchased by or on behalf of the Issuer or any of its Subsidiaries will forthwith be cancelled, and accordingly may not be reissued or resold.

8 TAXATION

8.1 Payment without Withholding

All payments in respect of the Notes by or on behalf of the Issuer shall be made free from any restriction or condition and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed or levied by or on behalf of any of the Relevant Jurisdictions or any political subdivision or any authority thereof or therein having power to tax, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders after the withholding or deduction shall equal the amounts which would have been received by them had no such withholding or deduction been required, except that no additional amounts shall be payable in relation to any payment in respect of any Note:

8.1.1 held by or on behalf of a holder who is liable to the Taxes in respect of such Note by reason of his having some connection with any Relevant Jurisdiction other than the mere holding of the Note; or

8.1.2 presented for payment more than 30 days after the Relevant Date (as defined in Condition 8.2.1 below) except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming (whether or not such is in fact the case) that day to have been a Business Day (as defined in Condition 6)

8.2 Interpretation

In these Conditions:

8.2.1 "**Relevant Date**" in respect of any Note means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further surrender of the Certificate representing such Note being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such surrender; and

8.2.2 "**Relevant Jurisdiction**" means Indonesia or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Notes.

8.3 Additional Amounts

8.3.1 Any reference in these Conditions to any amounts in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition 8 or any undertaking given in addition to or in substitution for it under the Trust Deed.

8.3.2 Neither the Trustee nor the Agents shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 8 or for determining whether such amounts are payable or the amount thereof, and shall not be responsible or liable for any failure by the Issuer, the Noteholders or any other person to pay such tax, duty, charges, withholding or other payment.

9 EVENTS OF DEFAULT

9.1 Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least 25 per cent. in aggregate principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders, shall (subject in each case to being indemnified and/or secured and/or pre-funded to its satisfaction), give notice, in writing to the Issuer that the Notes are, and they shall immediately become, due and repayable at their principal amount, together (if applicable) with accrued interest as provided in these Conditions and the Trust Deed, if any of the following events occurs and is continuing ("**Events of Default**"):

9.1.1 **Non-payment:** If the Issuer fails to pay any principal or interest on any of the Notes when due and the default continues for a period of seven days in the case of principal or 14 days in the case of interest; or

9.1.2 **Breach of other obligations:** If the Issuer fails to perform or comply with any of its other obligations under these Conditions or the Trust Deed and (except where the failure is incapable of remedy, when no continuation or notice mentioned below will be required) the failure continues for the period of 30 days following the service by the Trustee on the Issuer of notice requiring the default to be remedied; or

9.1.3 **Cross default:** If (i) any Indebtedness (as defined in Condition 9.2 below) of the Issuer or any of its Principal Subsidiaries becomes capable of being declared due and repayable prior to its stated maturity by reason of an event of default; (ii) the Issuer or any of its Principal Subsidiaries fails to make any payment in respect of any Indebtedness on the due date for payment or, as the case may be, within any originally applicable grace period; (iii) any security given by the Issuer or any of its Principal Subsidiaries for any Indebtedness becomes enforceable; or (iv) default is made by the Issuer or any of its Principal Subsidiaries in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness of any other person, provided that no event described in this Condition 9.1.3, shall constitute an Event of Default unless the relevant amount of Indebtedness or other relative liability due and unpaid, either alone or when aggregated (without duplication) with other amounts of Indebtedness and/or other liabilities due and unpaid relative to all (if any) other events specified in (i) to (iv) above of this Condition 9.1.3, amounts to at least US$30,000,000 (or its equivalent in any other currency); or

9.1.4 **Winding-up:** If any order is made by any competent court or resolution is passed for the winding up or dissolution of the Issuer or any of its Principal Subsidiaries, save for the purposes of reorganisation on terms approved in writing by the Trustee acting on an Extraordinary Resolution of the Noteholders; or

9.1.5 **Cessation of business:** If the Issuer ceases or announces or threatens to cease to carry on the whole or a substantial part of its banking business, save for the purposes of reorganisation on terms approved by an Extraordinary Resolution of the Noteholders; or

9.1.6 **Insolvency:** The Issuer or any of its Principal Subsidiaries stops or threatens to stop payment of, or is unable to, or admits inability to, pay its debts (or any class of its debts) as they fall due or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or

9.1.7 **Liquidation and insolvency proceedings:** If (i) proceedings are initiated against the Issuer or any of its Principal Subsidiaries under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or any of its Principal Subsidiaries or, as the case may be, in relation to the whole or any of the undertaking or assets of any of them or an encumbrancer takes possession of the whole or any part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or any part of the undertaking or assets of any of them, and (ii) in any such case (other than the appointment of an administrator) unless initiated by the relevant company is not discharged within 90 days; or

9.1.8 **Creditors arrangement:** If the Issuer or any of its Principal Subsidiaries (or their respective directors or shareholders) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors); or

9.1.9 **Validity:** If the validity of the Notes is contested by the Issuer, or the Issuer denies any of the Issuer's obligations under the Notes or it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes and the Trust Deed or the Agency Agreement or any of such obligations are or become unenforceable or invalid; or

9.1.10 **Nationalisation:** Any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer or any of its Principal Subsidiaries; or

9.1.11 **Analogous event:** If any event occurs which, under the laws of any Relevant Jurisdiction, has, an analogous effect to any of the events referred to in Conditions 9.1.4 to 9.1.9 inclusive.

9.2 Interpretation

For the purposes of this Condition 9, "**Indebtedness**" means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

(i) obligations for such Person evidenced by notes, bonds, debentures or other similar instruments;

(ii) any borrowed money or any liability under or in respect of any acceptance or acceptance credit;

(iii) amounts raised under any other transaction having the commercial effect of a borrowing; and

(iv) (to the extent not included above) any other financing arrangement intended to comply with the principles of sharia, to the extent such other financing is recorded as financial indebtedness in accordance with the relevant accounting standard.

10 PRESCRIPTION

Claims in respect of principal and interest will become void unless presentation for payment is made as required by Condition 6 within 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date, as defined in Condition 8.

11 ENFORCEMENT

11.1 At any time after the Notes become due and payable, the Trustee may at any time, at its discretion and without notice, take or institute any proceedings or any other steps and/or actions (including commencing arbitration or other proceedings or lodging an appeal) against, in relation to or in connection with the Issuer as it thinks fit to enforce the provisions of the Trust Deed and the Notes or otherwise, but it is not bound to take or institute any such proceedings or steps or other action in relation to the Trust Deed or the Notes unless (i) it has been directed to do so by an Extraordinary Resolution of the Noteholders or requested to do so in writing by the holders of at least 25 per cent. in aggregate principal amount of the Notes then outstanding, and (ii) it has been indemnified and/or secured and/or pre-funded to its satisfaction.

11.2 No Noteholder will be entitled to take any steps, action or proceedings against the Issuer to (i) enforce any of the provisions of the Trust Deed or the Notes or (ii) take any proceedings (including the lodging of an appeal in respect of or concerning the Issuer), unless the Trustee, having become bound to do so itself, fails to do so within a reasonable period and the failure is continuing.

12 REPLACEMENT OF CERTIFICATES

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations, at the specified office of the Registrar or such other Transfer Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Noteholders, in each case upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer or the Registrar or the relevant Transfer Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

13 NOTICES

All notices to the Noteholders will be valid if mailed to them at their respective addresses in the register of Noteholders maintained by the Registrar and, in addition, for so long as any Notes are listed on a stock exchange and the rules of that stock exchange so require, such notice will be published in a daily newspaper of general circulation in the place or places required by the rules of that stock exchange in a manner which complies with the rules and regulations of the stock exchange or other relevant authority on which the Notes are for the time being listed and/or admitted to trading. Any notice shall be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing or on the date of publication or, if so published more than once or on different dates, on the date of the first publication. If publication as provided above is not, in the opinion of the Trustee, practicable, notice will be given in such other manner, and shall be deemed to be given on such date, as the Trustee may in its discretion approve.

So long as all the Notes are represented by a Global Certificate and such Global Certificate is held by or on behalf of Euroclear Bank SA/NV and Clearstream Banking S.A., any notice to Noteholders shall be validly given by the delivery of the relevant notice to Euroclear Bank SA/NV and Clearstream Banking S.A., for communication by it to entitled accountholders in substitution for notification as required by the Conditions and shall be deemed to have been given on the date of delivery to such clearing system.

14 MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND AUTHORISATION

14.1 Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of any of these Conditions or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Trustee if requested in writing to do so by Noteholders holding not less than 10 per cent. in aggregate principal amount of the Notes for the time being outstanding and subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing more than 50 per cent. in aggregate principal amount of the Notes for the time being outstanding, or at any adjourned such meeting two or more persons present whatever the principal amount of the Notes held or represented, except that, at any meeting the business of which includes the unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the maturity date of the Notes or the Interest Payment Dates, (ii) to reduce or cancel the principal amount of, or any premium payable on redemption of, or interest on, the Notes, (iii) to change the currency of payment of the Notes, or (iv) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, the necessary quorum for passing an Extraordinary Resolution will be two or more persons present holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., of the aggregate principal amount of the Notes for the time being outstanding. An Extraordinary Resolution duly passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they were present at the meeting at which such resolution was passed and whether or not they voted for such resolution.

The Trust Deed provides that (a) a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in aggregate principal face amount of the Notes outstanding (a "**Written Resolution**") or (b) where the Notes are held by or on behalf of a clearing system or clearing systems, approval of a resolution proposed by the Trustee or the Issuer (as the case may be) given by way of electronic consent communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent., in aggregate face principal amount of the Notes then outstanding (an "**Electronic Consent**"), shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a Written Resolution may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders. Such a Written Resolution and/or Electronic Consent will be binding on all Noteholders whether or not they participated in such Written Resolution or Electronic Consent and whether or not they approved such resolution.

14.2 Modification, Waiver, Authorisation and Determination

The Trustee may (but shall not be obliged to) agree, without the consent of the Noteholders, to modification of (i) any of the provisions of the Trust Deed (including these Conditions) or the Agency Agreement that is, in the opinion of the Trustee, of a formal, minor or technical nature or to correct a manifest error or to comply with any mandatory provisions of applicable law, or (ii) agree to any other modification (except as set out in the Trust Deed (including these Conditions) or the Agency Agreement), or agree to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed or the Agency Agreement, or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such provided, in any such case as is mentioned in paragraph (ii) of this Condition 14.2, that such modification, waiver, authorisation or determination is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders and not in contravention of any express direction by Extraordinary Resolution or request in writing by the holders of at least 25 per cent. of the aggregate principal amount of the Notes. Any such modification, authorisation or waiver shall be binding on the Noteholders and shall be notified to the Noteholders by the Issuer in accordance with Condition 13 as soon as practicable.

14.3 Substitution

The Trust Deed contains provisions permitting (but not obliging) the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders, to the substitution of any other company in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and the Notes. Under the Trust Deed, the Trustee may agree or require the Issuer to use all reasonable endeavours to procure the substitution as principal debtor under the Trust Deed and the Notes of a company incorporated in some other jurisdiction in the event of the Issuer becoming subject to any form of tax on its income or payments in respect of the Notes.

14.4 Trustee to have Regard to Interests of Noteholders as a Class

In connection with the performance and/or exercise by it of any of its functions, rights, power and/or discretions (including, without limitation, any modification, waiver, authorisation or determination), the Trustee shall have regard to the general interests of the Noteholders as a class and shall not have regard to any interests arising from circumstances particular to individual Noteholders (whatever their number) and, in particular, shall not have regard to the consequences of any such exercise for individual Noteholders (whatever their number) resulting from their being domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

15 INDEMNIFICATION OF THE TRUSTEE AND OTHER MATTERS

15.1 Indemnification and protection of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility and liability towards the Issuer, the Noteholders including without limitation provisions relieving it from taking action unless first indemnified and/or secured and/or pre-funded to its satisfaction. The Trust Deed provides that, when determining whether an indemnity or any security or pre-funding is satisfactory to it, the Trustee shall be entitled (i) to evaluate its risk in any given circumstance by considering the worst-case scenario and (ii) to require that any indemnity or security given to it by the Noteholders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security.

15.2 Trustee Contracting with the Issuer

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (i) to enter into business transactions with the Issuer and/or any of the Issuer's direct or indirect Subsidiaries and to act as trustee, agent, depositary and/or custodian for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any of the Issuer's Subsidiaries, (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders, and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

15.3 Exercise of Discretions, etc.

Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Agency Agreement or these Conditions to exercise any discretion or power, take any action, make any decision or give any direction, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision or giving any such direction, to seek directions from the Noteholders by way of Extraordinary Resolution, and the Trustee shall not be responsible for any loss or liability incurred by the Issuer, the Noteholders or any other person as a result of any delay in it exercising such discretion or power, taking such action, making such decision or giving such direction as a result of seeking such direction from the Noteholders or in the event that no direction is given to the Trustee by the Noteholders.

None of the Trustee or any Agent shall be liable to any Noteholder, the Issuer or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Noteholders.

The Trustee shall be entitled to rely on any direction, request or resolution of Noteholders given by Noteholders holding the requisite principal amount of Notes outstanding or passed at a meeting of Noteholders convened and held in accordance with the Trust Deed.

15.4 Reliance

The Trustee may rely without liability to Noteholders, the Issuer or any other person on any report, information, confirmation or certificate from or any opinion or advice of any accountants, auditors, lawyers, valuers, auctioneers, surveyors, brokers, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, information, confirmation, certificate, opinion or advice, in which case such report, information, confirmation, certificate, opinion or advice shall be binding on the Issuer and the Noteholders.

15.5 Not responsible

None of the Trustee or any of the Agents shall be responsible for the performance by the Issuer and any other person appointed by the Issuer in relation to the Notes of the duties and obligations on their part expressed in respect of the same and, unless it has express written notice from the Issuer to the contrary, the Trustee and each Agent shall be entitled to assume that the same are being duly performed.

The Trustee shall have no obligation to monitor whether an Event of Default or a Potential Event of Default has occurred, and shall not be liable to the Noteholders or any other person for not doing so.

Each Noteholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, and the Trustee shall not at any time have any responsibility for the same and each Noteholder shall not rely on the Trustee in respect thereof.

16 FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders create and issue further notes or bonds (whether in bearer or registered form) either (a) ranking *pari passu* in all respects (or in all respects save for the issue date and the first payment of interest thereon) and so that the same shall be consolidated and form a single series with the outstanding Notes constituted by the Trust Deed or any deed supplemental thereto or (b) upon such terms as to ranking, interest, conversion, redemption and otherwise as the Issuer may determine at the time of the issue. Any further notes which are to form a single series with the Notes constituted by the Trust Deed or any deed supplemental thereto shall be constituted by a deed supplemental to the Trust Deed.

17 GOVERNING LAW AND SUBMISSION TO JURISDICTION

17.1 Governing Law

The Trust Deed, the Agency Agreement and the Notes and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

17.2 Jurisdiction of English Courts

The Issuer has, in the Trust Deed, irrevocably agreed for the benefit of the Trustee and the Noteholders that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed or the Notes (including any dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed or the Notes) and accordingly has submitted to the exclusive jurisdiction of the English courts.

The Issuer has, in the Trust Deed, waived any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Trustee and the Noteholders may take any suit, action or proceeding arising out of or in connection with the Trust Deed or the Notes respectively (including any suit, action or proceedings relating to any non-contractual obligations arising out of or in connection with the Trust Deed or the Notes) (together referred to as "**Proceedings**") against the Issuer in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions

17.3 Appointment of Process Agent

The Issuer has, in the Trust Deed, irrevocably and unconditionally appointed Law Debenture Corporate Services Limited at Fifth Floor, 100 Wood Street, London EC2V 7EX as its agent for service of process in England in respect of any Proceedings and has undertaken that in the event of such agent ceasing so to act it will appoint another person as its agent for that purpose, as more particularly set out in the Trust Deed

17.4 Immunity

The Issuer waives generally all immunity it or its assets or revenues (present and subsequently acquired) may otherwise have or may acquire in any jurisdiction, including immunity in respect of:

(i) The giving of any relief by way of injunction or order for specific performance or for the recovery of assets or revenues;

(ii) the issue of any process against its assets or revenues for the enforcement of a judgment or, in an action in rem, for the arrest, detention or sale of any of its assets and revenues;

(iii) the jurisdiction of any court of competent jurisdiction and the service and pursuit of any proceedings in any such court;

(iv) the jurisdiction of any arbitral tribunal and the service and pursuit of any proceedings in that arbitral tribunal and any associated court proceedings;

(v) procedural privileges relating to the obligation to disclose documents or information; and

(vi) any set off, attachment, execution and/or enforcement of a judgment or arbitral award against its assets (including land and other properties) or revenues or, in an action in rem, for the arrest, detention or sale of any of its assets (including land and other properties) and revenues irrespective of the use or intended use thereof, whether commercial or otherwise, including without prejudice to the generality of sovereign property, any assets held on behalf of any central bank, diplomatic assets, tax revenues or other payments to the sovereign or cultural, historic or scientific collections.

17.5 Language

The Notes and the Trust Deed will be executed in both English and Bahasa Indonesia to comply with Law No. 24 of 2009 regarding National Flag, Language, Coat of Arms and National Anthem, and in the event of any inconsistency between the English and Bahasa Indonesia versions of these documents, the English version shall prevail.

18 RIGHTS OF THIRD PARTIES

Save as contemplated in these Conditions, no person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

*The Global Certificate contains the following provisions which apply to the Notes in respect of which they are issued whilst they are represented by the Global Certificate, some of which modify the effect of the Terms and Conditions of the Notes (the "**Conditions**"). The Conditions have the same meaning as in the paragraphs below. Terms defined in the Conditions have the same meaning in the paragraphs below. The following is a summary of certain of those provisions.*

The Notes will be represented by a Global Certificate which will be registered in the name of a nominee of, and deposited with, a common depositary on behalf of Euroclear and Clearstream, Luxembourg.

Under the Global Certificate, the Issuer, for value received, will promise to pay such principal, interest and premium (if any) on the Notes to the holder of the Notes on such date or dates as the same may become payable in accordance with the Conditions.

Owners of interests in the Notes in respect of which the Global Certificate is issued will be entitled to have title to the Notes registered in their names and to receive individual definitive Certificates if either Euroclear or Clearstream, Luxembourg or any other clearing system selected by the Issuer and approved in writing by the Trustee, the Principal Paying Agent and the Registrar through which the Notes are held (any such other clearing system being an **"Alternative Clearing System**") is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so. In such circumstances, the Issuer will cause sufficient individual definitive Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant holders of the Notes. A person with an interest in the Notes in respect of which the Global Certificate is issued must provide the Registrar not less than 30 days' notice at its specified office of such holder's intention to effect such exchange and a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual definitive Certificates.

In addition, the Global Certificate will contain provisions which modify the Conditions as they apply to the Notes evidenced by the Global Certificate. The following is a summary of certain of those provisions:

Payment

Each payment will be made to the person shown as the holder in the Register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where "**Clearing System Business Day**" means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.

Noteholder's Redemption

The Noteholder's redemption option in each of Conditions 7.3 and 7.4 may be exercised by the holder of the Global Certificate giving notice to the Principal Paying Agent of the principal amount of Notes in respect of which the option is exercised within the time limits specified in the relevant Condition.

Issuer's Redemption

The redemption option of the Issuer provided for in Condition 7.2 shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by that Condition.

Notices

For so long as all of the Notes are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear and/or Clearstream, Luxembourg or any Alternative Clearing System, notices to Noteholders may be given by delivery of the relevant notice to Euroclear or Clearstream, Luxembourg or such Alternative Clearing System, for communication to accountholders entitled to an interest in the Notes in substitution for notification as required by the Conditions of the Notes.

Meetings

For the purposes of any meeting of Noteholders, the holder of the Notes represented by the Global Certificate shall be treated as two persons for the purposes of any quorum requirements of a meeting of Noteholders and as being entitled to one vote in respect of each US$1,000 in principal amount of Notes for which the Global Certificate is issued.

Transfers

Transfers of interests in the Notes will be effected through the records of Euroclear and Clearstream, Luxembourg (or any Alternative Clearing System) and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (or any Alternative Clearing System) and their respective direct and indirect participants.

Cancellation

Cancellation of any Note represented by the Global Certificate by the Issuer following its redemption or purchase by the Issuer and its Subsidiaries will be effected by a reduction in the principal amount of the Notes in the register of Noteholders and the Global Certificate on its presentation to or to the order of the Registrar for annotation (for information only) in the schedule to the Global Certificate.

Trustee's Powers

In considering the interests of Noteholders while the Global Certificate is registered in the name of a nominee for a clearing system, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, but without being obligated to do so, (a) have regard to any information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of the Notes and (b) consider such interests on the basis that such accountholders were the holders of the Notes in respect of which the Global Certificate is issued.

EXCHANGE RATES AND EXCHANGE CONTROLS

Exchange rates

The following table shows the middle exchange rate of Rupiah for US dollars based on Bank Indonesia's published buying and selling rates during the periods indicated. Unless otherwise indicated, certain Rupiah amounts in this Offering Circular have been translated into US dollars at a rate of Rp14,481 = US$1.00, which is the middle exchange rate based on Bank Indonesia's published buying and selling rates on 31 December 2018. No representation is made that the Rupiah or US dollar amounts referred to herein could have been or could be converted into US dollars or Rupiah, as the case may be, at any particular rate or at all.

	End	Average	High	Low
	(1 US$ = Rp14,481)			
Period				
Year ended 31 December 2013	12,189	10,451	12,270	9,634
Year ended 31 December 2014	12,440	11,878	12,900	11,271
Year ended 31 December 2015	13,795	13,392	14,728	12,444
Year ended 31 December 2016	13,436	13,307	13,946	12,926
Year ended 31 December 2017	13,548	13,384	13,630	13,154
Year ended 31 December 2018	14,409	14,175	15,177	13,224
January 2019	14,002	14,092	14,402	13,961
February 2019	14,062	14,035	14,119	13,947
March 2019 (through 13 March 2019)	14,269	14,200	14,324	14,111

Source: Bank Indonesia (BI) Foreign Exchange Transaction Rates published by Bank Indonesia and available on the website of Bank Indonesia (www.bi.go.id).

Exchange controls

Law No. 24 of 1999, dated 17 May 1999 regarding the Flow of the Foreign Exchange System and Exchange Rate System provides that a person may hold and use foreign currency freely in the Republic of Indonesia. The transfer of foreign exchange to and from abroad and the status of the offshore asset or liability of an Indonesian company that falls under certain criteria, however, are subject to disclosure and reporting obligations to Bank Indonesia.

Currently Indonesia has limited foreign exchange controls. The Rupiah has been, and in general is, freely convertible. However, in order to maintain the stability of the Rupiah and prevent utilisation of the Rupiah for speculative purposes by non-residents, Bank Indonesia has introduced regulations to (i) restrict the movement of Rupiah from banks within Indonesia to offshore banks or to an offshore branch or office of an Indonesian bank or (ii) any investment denominated in Rupiah with foreign parties and/or Indonesian parties domiciled or permanently residing outside Indonesia (without underlying trade or investment reasons), both of which limit offshore trading to existing sources or liquidity. In addition, Bank Indonesia has the authority to request information and data concerning foreign currency activities of all people and legal entities that are domiciled or who plan to reside in Indonesia for at least one year. Bank Indonesia's regulations also require resident banks and companies with total assets or total annual gross revenue of Rp100 billion or more to report all data concerning their foreign currency activities to Bank Indonesia (for example, insurance companies, finance companies or venture capital companies). However, if the transaction is conducted through a domestic bank and/or domestic non-bank financial institution, the requirement to report to Bank Indonesia applies instead to the relevant domestic bank or non-banks financial institution that carried out the transaction. The transactions that must be reported include receipt and payment of funds through bank accounts outside Indonesia.

USE OF PROCEEDS

The Net Proceeds amounting to approximately US$[●] will be used by the Issuer towards financing and/or refinancing the Eligible Projects of the Issuer.

"**Eligible Projects**" are those assets of the Issuer which are eligible for financing connected with eligible categories, including: affordable basic infrastructure, access to essential services, affordable housing, employment generation, socioeconomic advancement and empowerment, renewable energy, green buildings, pollution prevention and control, environmentally sustainable management of living natural resources and land use, clean transportation and sustainable water and waste water management, as further set out in the Bank's Sustainability Bond Framework.

The Eligible Projects will be selected by the Issuer in accordance with its Sustainability Bond Framework, which is aligned with the ICMA Sustainability Bond Guidelines and the ASEAN Sustainability Bond Standards. Projects in all eligible categories shall attain at least the minimum environmental impact threshold required by relevant official standards recognised in the relevant jurisdiction.

The Issuer's Sustainability Bond Framework will be made available on the Issuer's official website.

CAPITALISATION

The following table sets forth the Issuer's consolidated capitalisation as at 31 December 2018 on an actual basis and on an adjusted basis after giving effect to this Offering (but without giving effect to the application of the proceeds thereof). The following table should be read in conjunction with the selected consolidated financial data and the audited consolidated financial statements and related notes of the Issuer included in this Offering Circular.

	As at 31 December 2018			
	Actual		As adjusted (unaudited)	
	(Rp million)	(US$ million)	(Rp million)	(US$ million)
Fund borrowings[1]	40,457,429	2,793.83	[●]	[●]
Subordinated loans and marketable securities[2]	1,473,515	101.76	[●]	[●]
Notes offered herein[3]	—	—	[●]	[●]
Total indebtedness	41,930,944	2,895.58	[●]	[●]
Equity				
Issued and fully paid capital	6,167,291	425.89	[●]	[●]
Additional paid-in capital	2,692,663	185.94	[●]	[●]
Revaluation surplus arising from Premises and Equipment net	13,824.692	954.68	[●]	[●]
Differences arising from the translation of foreign currency financial statements	49,850	3.44	[●]	[●]
Unrealised loss on available for sale Securities and Government Recapitalisation Bonds — net	(2,070,378)	(142.97)	[●]	[●]
Gain on remeasurement of defined benefit plans — net	1,154,343	79.71	[●]	[●]
Treasury Stock	(2,418,948)	(167.04)	[●]	[●]
Provision for Bonus Shares Compensation	426,670	29.46	[●]	[●]
Stock Option	10,971	0.76	[●]	[●]
Retained Earnings				
Appropriated	3,022,685	208.73	[●]	[●]
Unappropriated	160,107,704	11,056.40	[●]	[●]
Total Retained earnings	163,130,389	11,265.13	[●]	[●]
Total equity attributable to the equity holders of the parent entity	182,967,543	12,635.01	[●]	[●]
Non-controlling interest	2,307,788	159.37	[●]	[●]
Total equity	185,275,331	12,794.37	[●]	[●]
Total capitalisation	227,206,275	15,689.96	[●]	[●]

Notes:

(1) See note 26 in the consolidated financial statements included elsewhere in this Offering Circular for additional details, including maturity profile, of the Issuer's fund borrowings.

(2) See note 30 in the consolidated financial statements included elsewhere in this Offering Circular for additional details, including maturity profile, of the Issuer's subordinated loans.

(3) This amount is net of the offering discount, the underwriting commission, legal fees and other estimated transaction expenses relating to the issuance of the Notes, which will be deducted from the nominal amount of the Notes, consistent with the applicable accounting policy under IFAS.

OVERVIEW OF THE INDONESIAN BANKING INDUSTRY

The information in this section relating to the Indonesian banking industry has been derived or extracted from reports prepared by industry advisers or sources available in the public domain. The methodologies used for collecting the information and data presented in this section may differ from those of other sources, and does not reflect all or even necessarily a comprehensive set of the actual transactions occurring in the Indonesian banking industry. This information has not been independently verified by the Issuer, the Joint Lead Managers or their respective legal, financial or other advisors, and no representation is made as to the accuracy or completeness of this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured.

Structure of the industry

Prior to 1988, the Indonesian banking industry consisted of commercial banks, savings banks and development banks, with Bank Indonesia as the central bank. The modern banking industry consists of both commercial banks and small-holder credit banks (*bank perkreditan rakyat* or "**BPRs**"), further divided into Government-related banks, regional development banks, private national banks, joint venture banks, branches of foreign banks and BPRs. As at 30 November 2018, there are 4 state-owned banks, 27 regional development banks, 75 private national banks, 9 foreign-owned banks, and 1,609 BPRs with total assets of state-owned banks, regional development banks, private national banks, foreign-owned banks, and BPRs comprised 38.4 per cent., 8.6 per cent., 45.6 per cent., 5.7 per cent. and 1.7 per cent. of the Indonesian banking sector's total assets, respectively. *Source: Indonesia Banking Statistics November 2018 volume 16 No. 12 published by the OJK.*

Developments in the Indonesian banking industry

The following sections describe major developments in the Indonesian banking industry from 1983 to the present.

Deregulation: 1983-1991

In 1983, the Government began a programme of deregulation policies for the banking industry, designed to encourage a sound, efficient and strong banking system. These policies eliminated credit ceilings, reduced liquidity credit requirements, improved banks' autonomy to set interest rates on loans, savings and deposits and introduced money market instruments.

Prior to 1988, the banking industry consisted of commercial banks, savings banks and development banks. However, seven Government-related banks that provided over 60.0 per cent. of all outstanding credit remained dominant in the banking industry. In an effort to further deregulate the industry, mobilise domestic savings and encourage competition among banks, the Ministry of Finance introduced a package of deregulatory reforms in October 1988, including a more lenient standard of licensing for new banks. In the following years, a large number of new banks became licensed and consequently, deposits and loans grew rapidly from 1989 to 1990.

In February 1991, the Government introduced policies that further detailed and refined the October 1988 deregulation package. The new policies included an increase of CAR to a minimum requirement of 8.0 per cent. of risk-weighted assets, applicable to the entire industry.

Economic growth: 1991-1996

The increase of the minimum CAR requirement to 8.0 per cent. of risk-weighted assets was a form of monetary tightening that impacted the growth rate of the banking sector. From 1991 to 1993, deposits and loan growth rates declined and some consolidation occurred. During this period, some Government-related banks and many private banks experienced slower loan growth and raised additional capital in order to raise their CAR to the minimum level required by Bank Indonesia. In August 1994, the Government set a 25.0 per cent. limit on banks' foreign exchange net open position.

Most of 1992 and 1993 saw a gradual decline in deposit and loan interest rates, accompanied by a significant decline in asset quality and higher levels of NPLs. Beginning in early 1994, interest rates in Indonesia began to rise again, primarily in response to higher offshore interest rates resulting from the US Federal Reserve Board's increases in the discount rate and the US federal funds rate. After the reduction of the US federal funds rate in July 1995, however, interest rates in Indonesia stabilised somewhat and later declined slightly.

Economic crisis and recovery: 1997 to the present

The Asian financial crisis of 1997 resulted in serious liquidity problems for most of the Indonesian banks. During the economic crisis, liquidity difficulties emerged as a result of, among other causes, massive cash withdrawals from banks by depositors triggered by declining public confidence in the banking system. As an increasing number of banks failed to comply with the mandatory reserve requirements, the Government intervened by offering liquidity support, extended to the banks on strict terms, through loans and guarantees to banks. See "*Risk factors — Risks relating to the Indonesian Banking Sector*".

Indonesian Bank Restructuring Agency

IBRA was established by Presidential Decree No. 27/1998 dated 26 January 1998 on The Establishment of the Indonesian Bank Restructuring Agency as an autonomous agency of the Ministry of Finance in response to the economic crisis of 1997. IBRA's mandate was to: (i) handle administration of certain guarantees granted by the Government to commercial banks; (ii) monitor and restructure banks that had been declared unsound; and (iii) conduct all legal actions required within the framework of the restructuring of the banks. In short, the central mission of IBRA was to assist Indonesia's economic recovery through bank restructuring and corporate debt restructuring and to optimise the Government's return on funds loaned to banks as liquidity support and in the form of Government bonds in order to reduce the burden on the Government budget. See "*Risk factors — Risks relating to the Indonesian Banking Sector*".

IBRA was granted extraordinary powers such as the authority to supervise banks, to acquire, manage, transfer and sell bank assets and to restructure and rehabilitate banks under its supervision. Through IBRA, the Government executed various bank closures, recapitalisations, mergers and acquisitions to pursue the ultimate goal of having fewer but stronger commercial banks with extensive geographic coverage and offering a wide range of services.

Government guarantee programme and deposit insurance

In response to the economic crisis and to support the deteriorating Indonesian banking industry, the Government established Government guarantee and exchange offer programmes in 1998 to provide guarantees to bank depositors and creditors. In general, the obligations that were guaranteed under the Government guarantee programme included on-balance sheet and off-balance sheet obligations of Indonesian commercial banks (including overseas branches of such banks) owed to foreign and domestic depositors and creditors, including obligations denominated in Rupiah and foreign currencies, subject to certain limits.

The Government guarantee programme, which was implemented and administered by IBRA, was automatically extended every six months, subject to the authority of the Minister of Finance to announce that it did not intend to extend the programme prior to the end of any six-month term.

After IBRA was dissolved in early 2004, the Government guarantee programme was administered by a unit under the Ministry of Finance. The Government guarantee programme ended in September 2005, after the Indonesia Deposit Insurance Corporation (*Lembaga Penjamin Simpanan* or "**LPS**") was established under Law No. 24 of 2004 dated 22 September 2004, as amended by Perpu No. 3/2008 as stipulated by Law No. 7 of 2009 on Stipulation of Government Regulation in lieu of Law No. 3 of 2008 on Amendment to Law No. 24 of 2004 on Indonesia Deposit Insurance Corporation to Become Law,, and commenced insuring bank payment obligations (deposits).

The LPS insures third-party (non-bank) funds and interbank deposits which include current accounts, time deposits, certificate of deposits, savings accounts and/or other forms of deposits that are treated the same as those types of deposits. The amount of a deposit insured by the LPS is the balance of the deposit which consists of principal and accrued interest or return at the date of revocation of a bank's license. The insured amount for each depositor in one bank is the sum of all balances of accounts the depositor maintains at the bank, in single or joint accounts in a maximum amount of Rp100.0 million, effective 22 March 2007. The insured deposit balance for each depositor is a maximum of Rp2.0 billion effective from 13 October 2008.

Exchange offer programmes

The exchange offer programmes were established pursuant to two agreements reached between Bank Indonesia and creditors of certain Indonesian banks. The first exchange offer programme was introduced in late 1998 pursuant to an agreement reached on 18 August 1998. The second exchange offer programme was introduced the following year pursuant to an agreement reached on 25 May 1999. These Government-sponsored programmes sought to assist in the restructuring of loans by changing interest rates or tenors, among other terms. Under the exchange offer programmes, Bank Indonesia provided an unconditional and irrevocable guarantee of the obligations of the relevant Indonesian banks.

Under the 1998 exchange offer programme, "eligible debt" was exchanged for new loans which were divided into four tranches with final maturity dates of one, two, three and four years. Participants in the 1999 exchange offer programme exchanged eligible debt for new loans which were divided into four tranches with final maturity dates of three, four, five and six years.

For the purpose of the 1998 exchange offer programme, eligible debt was defined as outstanding non-Rupiah denominated (i) inter-bank deposit obligations and short-term debt of any obligor maturing prior to 1 April 1999 and (ii) current maturities of medium- and long-term debt of any obligor falling due prior to 1 April 1999. For the purpose of the 1999 exchange offer programme, eligible debt was defined as outstanding non-Rupiah denominated (i) inter-bank deposit obligations and other short-term debt of any obligor matured or maturing prior to 1 January 2002 and (ii) current maturities of medium- and long-term debt of any obligor falling due prior to 1 January 2002 (other than as a result of acceleration, unless such acceleration occurred prior to 15 March 1999 pursuant to an existing contractual right). "Obligors" were defined as Government-related commercial banks and private banks and their foreign banking subsidiaries and overseas branches and agencies. See "*Risk factors — Risks relating to the Notes*".

Bank recapitalisation programme

In February 1999, the Minister of Finance and the Governor of Bank Indonesia created, under joint decree, a bank recapitalisation programme (the "**Bank Recapitalisation Programme**") to increase the CAR of eligible banks to at least 4.0 per cent.

For banks participating in the Bank Recapitalisation Programme (except for Government-related banks, regional development banks and banks taken over by IBRA), controlling shareholders were obliged to inject cash equivalent to at least 20.0 per cent. of the capital shortfall required to reach a CAR of 4.0 per cent. The controlling shareholders could make the capital injection jointly with strategic investors or the entire amount could be made by strategic investors alone. For this purpose, "controlling shareholders" means parties owning 25.0 per cent. or more of the total issued voting shares of a commercial bank or parties owning less than 25.0 per cent. but who directly or indirectly control the bank. Within three years, any shareholder was entitled to buy back the shares owned by the Government pursuant to call options. Further, the Government could sell its shares to the public after first offering the shares to the bank's existing shareholders.

On 13 March 1999, the Government determined that 74 banks were sufficiently sound to continue to operate without participating in the Bank Recapitalisation Programme. Nine banks were allowed to continue provided they were recapitalised under the Bank Recapitalisation Programme. These institutions included Bank Niaga, Bank Lippo, Bank Internasional Indonesia, Bank Bali, Bank Universal, Bank Umum Koperasi Indonesia (Bukopin), Bank Prima Express, Bank Arta Media and Bank Patriot. In July and September 1999, respectively, Bank Niaga and Bank Bali opted out of the Bank Recapitalisation Programme and IBRA took over their control.

Under a Joint Decree of the Minister of Finance and Governor of Bank Indonesia No. 117/KMK.017/1999 and No. 31/15/KEP/GBI dated 26 March 1999 on the Realisation of Bank Recapitalisation Programme for Banks Taken Over, the Government acquired temporary investments in certain banks at the minimum amount to meet the minimum CAR of 4.0 per cent. The required temporary investment by the Government was determined based on the due diligence review of an independent party appointed by IBRA. Five Government-related banks were also merged and recapitalised in July 1999 to increase the CAR of the merged entity to at least 4.0 per cent.

In June 2000, the Government, through IBRA, merged eight banks it had taken over (namely Bank Duta, Bank Rama, Bank Tamara, Bank Tiara Asia, Bank Nusa Nasional, Bank Pos Nusantara, Jayabank International and Bank Risjad Salim) into Bank Danamon.

In December 2001, the Government, through IBRA, announced plans to merge five commercial banks, Bank Bali, Bank Universal, Bank Arta Media, Bank Prima Express and Bank Patriot. The legal merger of these banks became effective on 30 September 2002, the resulting merged entity being known as Bank Permata.

Bank consolidation

The Indonesian banking sector has continued to experience consolidation from 2000 until the present, in part as a result of Bank Indonesia Regulation No. 7/15/PBI/2005, as amended by Regulation No. 9/16/PBI/2007 on the Minimum Core Capital for Commercial Banks, which required commercial banks to meet a minimum core capital requirement of Rp80.0 billion by the end of 2007 and a minimum core capital requirement of Rp100.0 billion by end of 2010. Following the implementation of this regulation, the government merged Bank Bumi Daya, Bank Dagang Negara, Bank Ekspor Impor Indonesia and Bank Pembangunan Indonesia to create Bank Mandiri in 1999. Separately, PT Bank Artha Graha merged into PT Bank Inter-Pacific in 2005, PT Bank Hana purchased PT Bank Bintang Manunggal in 2007, PT Bank Commonwealth Indonesia merged with PT Bank Arta Niaga Kencana Tbk in 2007 and PT Bank Bukopin Tbk purchased PT Bank Persyarikatan Indonesia in 2008, among others.

Indonesian Financial Services Institutions

On 27 October 2011, the Indonesian parliament approved Law No. 21 of 2011 on the Financial Services Authority (*Otoritas Jasa Keuangan* – "**OJK**") (the "**FSA Law**"). Pursuant to the transition provision of the FSA Law, (i) effective from 31 December 2012, all authority with respect to regulation and supervision of the financial sector, including the insurance and multi finance sectors, will be transferred from the Ministry of Finance as performed by Bapepam-LK to OJK and (ii) effective from 31 December 2013, all authority with respect to regulation and supervision of the banking sector will pass from Bank Indonesia to OJK. As at 31 December 2013, OJK is the primary government entity overseeing Indonesian's banking system, with the following main rights: (i) licensing, (ii) regulatory; (iii) supervisory; (iv) sanction; and (v) investigation.

Committee of Financial System Stability

On 15 April 2016, the Government issued Law No. 9 of 2016 on Prevention and Management of the Financial System Crisis ("**Law No. 9/2016**"). Through Law No. 9/2016, the Government attempts to maintain the stability of the financial system. Resistance to external disruptions that may hit the financial system is one of the objectives of stability under this law. Law No. 9/2016 is an overarching law that encompasses the Government's major concerns in achieving the stability of the financial system, which are among others:

(a) prevention of crisis of the financial system through a coordinated surveillance and maintenance of the stability of the financial system;

(b) financial system crisis management; and

(c) management for systematic banks (i.e., the domestic systematically important banks).

Under Law No. 9/2016, the Committee of Financial System Stability (*Komite Stabilitas Sistem Keuangan* or "**KSSK**") is established to enhance the coordination between the Government, Bank Indonesia, OJK and LPS

Members of KSSK comprise: (i) the Ministry of Finance as the coordinator as well as a member with voting right, (ii) the Governor of Bank Indonesia as a member with voting right, (iii) the Head of Board of

Commissioner of OJK as a member with voting right, and (iv) the Head of Board of Commissioner of LPS as a member without voting right. KSSK is responsible for the prevention and the management of crisis suffered by the financial system. KSSK is required to prepare a set of criteria and indicators to determine the stability level of the financial system. The president of Indonesia (the "**President**") would determine if a crisis has arisen based on the recommendation provided by KSSK.

If the President determines that the financial system is in crisis, KSSK must come up with recommendations to manage the crisis. One of the recommendations that can be proposed to the President is a banking restructuring programme. LPS would be the institution in charge of the banking restructuring programme. Law No. 9/2016 further stipulates that funding for the banking restructuring programme may originate from:

(a) the relevant bank's shareholders or other parties in the form of capital increase or conversion of certain debts into capital;

(b) the result of the relevant bank's assets and liabilities management;

(c) contributions made by the banking industry; or

(d) loans obtained by LPS from other parties.

Foreign ownership

Historically, foreign banks were granted licenses only to operate as wholly-owned branches (with operating restrictions) and as joint venture banks or representative offices. In 1999, the Government pursuant to Government Regulation No. 29 of 1999 allowed banks with up to 99.0 per cent. foreign ownership to operate in Indonesia without any restrictions. As a result, ABN Amro Bank (now Royal Bank of Scotland Plc), American Express Bank Ltd (now closed), Bank of America, N.A., Bank of China Limited, Citibank N.A., Deutsche Bank AG, J.P. Morgan Chase Bank, N.A., Standard Chartered Bank, The Bangkok Bank Comp. Ltd., the Bank of Tokyo Mitsubishi UFJ Ltd and the Hongkong and Shanghai Banking Corporation have opened branches in Indonesia.

Since March 2002, foreign participation in the Indonesian banking sector has risen as major stakes in Indonesian banks have been sold to foreign investors. PT Bank Internasional Indonesia Tbk., PT Bank NISP Tbk., PT Bank Buana Tbk., PT Bank ICB Bumiputra Indonesia Tbk., PT Bank Permata Tbk., PT Bank Danamon Tbk. and PT Bank QNB Kesawan Tbk. are now majority owned by foreign investors. In addition, a number of other Indonesian banks are either majority or minority owned by foreign investors. Foreign banks have been granted licenses to operate wholly-owned branches (with operating restrictions) or representative offices and as joint venture banks in Indonesia.

On 9 December 2016, OJK issued Regulation No. 56/POJK.03/2016 on Share Ownership of Commercial Banks, which set out the following shareholding percentage requirements for Indonesian commercial banks:

(a) financial institutions (including banks, finance companies, insurance companies and pension funds), either local or foreign, may own only up to 40.0 per cent. of an Indonesian bank;

(b) non-financial institutions, special purpose vehicles and funds, either local or foreign, may own only up to 30.0 per cent. of an Indonesian bank; and

(c) individuals may own only up to 20.0 per cent. of an Indonesian bank.

With special approval from the OJK, financial institutions in the form of banks may own more than 40.0 per cent. of an Indonesian bank. The approval may be granted upon satisfaction of certain criteria by the financial institution and its shareholders. However, within five years of the financial institution owning more than 40.0 per cent of the Indonesian bank, public shareholders must own at least 20.0 per cent of that Indonesian bank's capital.

Single presence policy

In order to expedite the consolidation of the banking industry in Indonesia, in 2006 Bank Indonesia introduced a "single presence" policy, with the purpose of simplifying Bank Indonesia's control and risk assessment by allowing entities to be a controlling shareholder in only one Indonesian bank. Under the banking regulation, a controlling shareholder is a shareholder that (i) owns 25.0 per cent. or more of the total issued shares of a bank or (ii) owns less than 25.0 per cent. of the total issued shares of a bank but has actual control (whether directly or indirectly) over the bank.

OJK's single presence policy is regulated by OJK Regulation No. 39/POJK.03/2017 on Sole Ownership in Indonesian Bank ("**OJK Regulation No. 39/2017**") as supplemented by OJK Circular Letter No. 44/SEOJK.03/2017 dated 19 July 2017.

OJK Regulation No. 39/2017 provides that an entity may become a controlling shareholder in only one bank, with an exemption for (i) a controlling shareholder who becomes the controlling shareholder of two banks having business activities based on differing principles, for example, conventional and Sharia banking or (ii) a controlling shareholder who becomes the controlling shareholder of two banks and one of the banks is a joint venture bank.

A party which already controls more than one bank, or which acquires a bank which will result in that party controlling more than one bank, must comply with the single presence policy by:

(a) undertaking a merger or consolidation of the banks controlled by that party;

(b) forming a bank holding company (for this purpose, a bank holding company is defined as a legal entity incorporated in Indonesia which is formed and/or owned by the controlling shareholder for the purpose of consolidating and directly controlling all the activities of the banks which are its subsidiaries); or

(c) forming a holding function (for this purpose, holding function is defined as the function of a controlling shareholder (where the controlling shareholder in question is an Indonesian bank or the Government) of consolidating and directly controlling all the activities of the bank which are its subsidiaries).

The requirements for compliance with the single presence policy (i.e., requirement to undertake merger or consolidation, forming a bank holding company) must be carried out within one year of completion of a party's acquisition of shares in another bank, in the case where such acquisition results in such party becoming a controlling shareholder of more than one bank.

OJK Regulation No. 39/2017 describes exemptions for any controlling shareholder in two banks, as regards the implementation of the single presence policy. Specifically, shareholders are exempt from the policy under the following conditions: (i) if each controlled bank is being operated under different business principles (i.e. conventional and Sharia banking); and (ii) if one of the controlled banks is a joint-venture bank. The requirements for compliance with the single presence policy (i.e. requirement to undertake merger or consolidation, forming a bank holding company) must be carried out within one year of completion of the acquisition of the shares in another bank, in the case where such acquisition results in a party becoming a controlling shareholder of more than one bank.

The requirement for compliance with the single presence policy (i.e. requirement to forming a holding function) must be carried out within six months as at a party is already a controlling shareholder of more than one bank or such acquisition results in a party becoming a controlling shareholder of more than one bank (as the case may be).

The OJK may extend, in its discretion, the deadlines for compliance with the single presence policy as above, in circumstances where in the OJK's assessment the difficulties encountered by the controlling shareholder and/or the banks controlled by it are of such complexity that an extension is justified.

A controlling shareholder which fails to comply with the single presence policy is prohibited from controlling, and is prohibited from owning, more than 10.0 per cent. of voting shares in each of the relevant banks. Correspondingly, in a general meeting of shareholders, the banks in question can only register at most 10 per cent. of the total voting shares of the relevant bank as being held by the non-compliant controlling shareholder. Any shares above 10.0 per cent. held by the controlling shareholder will be treated as shares with no voting rights until such time as those shares are sold to another party. A bank which fails to comply with this requirement will be subject to a fine of IDR 500.0 million, and/or sanctions in the assessment of aspects of governance in the assessment of bank health level.

A non-compliant controlling shareholder which fails to comply with the single presence policy, must sell shares held by it in the bank, which are in excess of the permitted 10 per cent., to another party within one year of the deadline set out above. A non-compliant controlling shareholder which fails to do so, will be prohibited from becoming a controlling shareholder of any bank in Indonesia for 20 years. Note that this sanction does not nullify the obligation for controlling shareholders to transfer any excess shares, as previously outlined.

To encourage banking sector consolidation, OJK offers certain incentives for bank mergers. A bank which undertakes a merger or consolidation will be provided various incentives in the form of:

(a) time extension in relation to curing any legal lending limit requirement for banks which has been exceeded;

(b) ease of opening branches;

(c) temporary relaxation of application of corporate management of commercial banks; and/or

(d) other incentives, in accordance with the provisions of the regulations legislation on incentives for banking consolidation.

The above incentives will be granted by OJK in accordance with the existing Bank Indonesia Regulation No. 8/17/PBI/2006, as amended by Bank Indonesia Regulation No. 9/12/PBI/2007 on Incentives for Banking Consolidation.

A bank which is planning to merge or consolidate must submit its merger plan to OJK prior to the merger or consolidation in order to utilise this incentive programme. The application can be submitted by one of the participating banks in the merger or consolidation or jointly and must be signed by the president director of all participating banks. Furthermore, to implement the OJK Regulation No. 39/2017 and give clarification in connection with the fulfilment of the single presence policy as set out above. OJK, on 19 July 2017 issued OJK Circular Letter No. 44/SEOJK.03/2017 **("Circular Letter").** The Circular Letter clarified that in order to carry out a transfer of shares, it is necessary to observe the requirements and procedures relating to the merger, consolidation and acquisition of a commercial bank or requirements and procedures relating to the purchase of shares of a commercial bank, whichever is relevant. In the event of acquisition of a bank by a party which already become a controlling shareholder of one bank, the application for such acquisition approval to OJK shall be accompanied by the completion plan with relates to the satisfaction of the single presence policy obligation (e.g., undertaking merger or consolidation). Such acquisition plan shall become an integrated process with the merger and consolidation. The Circular Letter clarifies the procedure for fulfilling the single presence policy obligation in a merger or consolidation of a bank holding company and sets out the holding structure.

Basel II and Basel III Implementation

In 2008, Bank Indonesia commenced the implementation of Basel II in phases in order to encourage the Indonesian banking industry to meet international standards. Basel II requires the incorporation of additional market risk and operational risk considerations into the calculation of capital adequacy. The new capital adequacy requirements under Basel II were introduced in Indonesia on 1 January 2009 for banks with assets of more than Rp1.0 trillion. For other banks, the new capital adequacy requirements under Basel II were introduced in June 2009. Currently, Indonesia is gradually implementing Basel III in its regulations. For example, the elucidation of OJK Regulation No. 11/POJK.03/2016 (on the obligation to provide minimum capital for commercial banks) and OJK Regulation No. 32/POJK.03/2018 (on the maximum limit of credit and large exposure for commercial banks) briefly explain that the regulation was formulated in an attempt to, among other things, adopt the international standards being introduced in Basel III. Based on the official guideline on Indonesian Banks Overview that was published by OJK, Basel III has been implemented in the Indonesian banking sector since 2014, and is being phased in until its full implementation in 2022 for all commercial banks.

BUSINESS

OVERVIEW

BRI, the oldest commercial bank in Indonesia, was established on 16 December 1895 in Purwokerto, Central Java. Supported by over one hundred years of experience and robust capabilities in banking services, particularly in serving MSMEs, BRI is currently among the most profitable banks in Indonesia and is the largest Indonesian bank by assets, loans and deposits. In 2003, BRI undertook an initial public offering and listed its shares on the IDX. Following the initial public offering, the Government remained BRI's majority shareholder and as at 31 December 2018 held an equity interest of 56.75 per cent., with the general public holding the remaining 42.35 per cent. of which 81.17 per cent. is foreign-owned.

BRI is the leading bank serving Indonesian MSMEs, which BRI believes represent the backbone of the Indonesian economy. It commenced its micro-banking business in 1984. This market position, which is deeply rooted within Indonesian communities, is supported by BRI's long and successful history in the sector, strong brand recognition, extensive nationwide distribution network and large customer base. BRI is also internationally recognised, including by the World Bank, as one of the world's leading microfinance institutions due to the commercial viability of its micro finance business in providing financial services to a market segment that otherwise would have limited access to banking services. As at 31 December 2016, 2017 and 2018, loans and sharia receivables to MSMEs through BRI's micro segment and retail segment (described below) represented 74.49 per cent., 75.75 per cent. and 76.46 per cent. of BRI's total loans and sharia receivables and financing, respectively. In addition to MSMEs, BRI also caters to retail customers, corporate customers and state-owned entities.

BRI has the largest branch services networks in Indonesia, with over 9,500 operating units as at 31 December 2018 throughout the Indonesian archipelago, linked on a real-time online basis. In addition to conventional operating units such as branches, ATMs, CDMs, EDCs and BRILink agents, BRI has e-banking offerings that give customers access to BRI's services through internet, telephone and SMS banking. BRI has the largest customer base in Indonesia, with over 112 million customer accounts as at 31 December 2018, giving it access to a source of low-cost funding.

BRI has been designated as a Domestic-Systematically Important Bank ("**D-SIB**") in Indonesia by the OJK and Bank Indonesia. BRI has consistently ensured that its capital exceeds the minimum capital requirements as stipulated by the OJK. As at 31 December 2016, 2017 and 2018, BRI's capital adequacy ratio ("**CAR**") on a standalone basis stood at 22.9 per cent., 23.0 per cent. and 21.2 per cent., respectively, well above the CAR requirement of between 8.0 and 14.0 per cent. and D-SIBs capital surcharge requirement of 2.5 per cent. under OJK regulations.

As at 31 December 2018, BRI had Rp1,296.9 trillion in total assets, Rp843.6 trillion in total loans and sharia receivables and financing and finance lease receivable (gross of allowance for impairment losses) and Rp944.3 trillion in total deposits from customers. BRI's interest and sharia income for the years ended 31 December 2016, 2017 and 2018 amounted to Rp94.0 trillion, Rp102.9 trillion and Rp111.6 trillion, respectively.

STRATEGY

BRI's long-term strategic objective is to become the most valuable bank by market capitalisation in Southeast Asia and attract the best talent. This, BRI believes, can be achieved by focusing on certain strategic objectives: growing and developing its micro business, becoming a leading SME bank in Indonesia and maintaining its market leadership in the consumer (salary based) loans segment. BRI also aims to improve its profitability from the corporate segment while increasing contributions from subsidiaries. BRI seeks to create optimum value for its stakeholders and relies on its strong capital structure and its extensive infrastructure to achieve sustainable growth. BRI plans to accomplish its strategic objective by pursuing the strategies set out below.

Continue to grow its business with a focus on MSME business

BRI's core banking operation, the micro segment, remains an essential part of its business and has been the main driver of BRI's recent growth. A key focus of BRI's strategy is to strengthen its loan quality in order to maintain its market leadership in the micro segment, as well as achieving high growth in SME segment and increasing profitability in the corporate segment.

BRI intends to continue to focus on MSMEs as it believes they will continue to be a critical component of Indonesia's and BRI's long-term growth. MSMEs represent the backbone of Indonesian economy. Financing MSMEs has been the core business of BRI and will remain the focus of BRI's loan growth strategy. BRI's Sustainability Bond Framework could also include financing certain MSMEs which qualify as Eligible Projects.

BRI's micro growth strategy is two-pronged: firstly, BRI aims to improve the productivity of loan officers by targeting higher loan size and secondly, BRI strives to attract new customers in existing markets by offering simple, secure, accessible financing products and services while, at the same time, increasing the cross-selling of products to its existing customers.

BRI has continually strived to support financial inclusion for the currently unbanked segments in Indonesia by growing the BRILink network of branchless banking agents. As at 31 December 2018, BRI had 401,550 BRILink agents. Agent applications are carefully considered to maintain service quality as the agents represent BRI in their interaction with customers and their productivity is reflected in BRI's financial performance. From 2017 to 2018, total transactions booked by BRILink increased by 72.0 per cent., from Rp298.0 trillion to Rp512.0 trillion. BRILink agents are expected to continue to support BRI's operational efficiency and generating sustainable profitability.

BRI also aims to capture "value chain" business opportunities and develop cross-selling between the corporate segment on the one hand and the micro and retail segments, which focus on MSMEs, on the other. This will allow BRI to build long and enduring relationships with these customers, while providing BRI with a consistent source of revenue. BRI believes that its large and diverse client base, as well as its focus on forming long and enduring partnerships with its customers, will allow it to grow its core banking operations further and will enable it to meet its objective of increasing its current account and savings account ("**CASA**") ratio across all segments.

Pursue inorganic growth opportunities

BRI seeks to pursue inorganic growth opportunities that will offer advantages across its businesses and that will allow it to expand its product and customer portfolio and provide a range of integrated financial products and services to its customers. BRI recently undertook certain acquisitions in order to achieve these objectives.

On 20 December 2018, BRI signed a sale and purchase deed, pursuant to which BRI acquired 97.6 per cent. of the outstanding share capital of PT BRI Ventura Investama ("**BRI Ventura**") for Rp3.1 billion from PT Bahana Artha Ventura. BRI Ventura is engaged in the venture capital financing business.

After the acquisition, BRI Ventura will become Corporate Venture Capital. Corporate Venture Capital will focus on investments, especially in MSMEs and the field of financial technology (Fintech). BRI believes that it will be able to contribute to the growth of MSMEs to help them achieve financial inclusion through the use of technology. BRI Ventura will also be a vehicle for BRI to access new and innovative technologies and provide strategic partnerships with technology companies, which will help BRI and the BRI Group to develop products and services that will facilitate BRI's banking transactions.

On the same date, BRI acquired 35.0 per cent. of the outstanding share capital of PT Danareksa Investment Management ("**Danareksa IM**") for Rp371.96 billion. Danareksa IM is engaged in the business of investment management. Further, on 21 December 2018, BRI also signed a sale and purchase deed for the purchase of shares of PT Danareksa Sekuritas ("**Danareksa Sekuritas**"), pursuant to which BRI acquired 67.0 per cent. of the outstanding share capital of Danareksa Sekuritas for Rp446.9 billion. Danareksa Sekuritas is engaged in the business of underwriting and brokerage. BRI believes that the investment in Danareksa IM and the acquisition of Danareksa Sekuritas will help it to expand its product portfolio and provide access to customers for its capital market products. A complete suite of retail banking products will help BRI to diversify its sources of income and put BRI in a strong position to compete with the top retail banks in Indonesia and create integrated financial solutions for its customers.

Going forward, BRI intends to continue to pursue inorganic growth opportunities that meet its strategic objectives.

Create synergies by increasing cooperation across BRI's business segments and its subsidiaries

BRI seeks to improve its efficiency and productivity by promoting cooperation and strengthening synergies between BRI, different existing and newly acquired business segments of BRI, the existing and newly acquired subsidiaries of BRI and the domestic and overseas correspondent banks of BRI.

Over the past few years, BRI has made progress in this regard through, among other things, aligning individual key performance indicators ("**KPIs**") with unit KPIs and implementing the ATM and EDC integration programme. BRI aims to continue its effort in promoting and creating synergies by developing a system of co-sharing of outlets, human capital and IT systems between BRI, the existing and newly acquired subsidiaries of BRI and the domestic and overseas correspondent banks of BRI, which BRI believes will facilitate the cross selling of products and services across these different platforms.

Maintain strong risk management practices

BRI has implemented and will continue to implement prudent risk management practices in its operating system. BRI's objective in risk management is to optimise the risk return relationship. The Board of Directors and Board of Commissioners play key roles in the implementation and supervision of risk management practices and the Risk Management Committee meets regularly to discuss the risk profile of BRI. BRI also offers training and education programmes for senior staff, including the Board of Directors, and sales and support staff to develop its employees' competency in various aspects of risk management.

BRI will continue to analyse major risk factors which could affect its financial operations, and adjust its risk management practices, as necessary, to ensure adequate risk management systems and processes are in place. Business expansion will be scrutinised with the credit risk weighted calculation using the standardised approach in accordance Basel II standards and No. 11/POJK.03/2016 on Obligation to Provide Minimum Capital for Adequacy Requirement for Banks as amended by OJK Regulation No. 34/POJK.03/2016. Measures to maintain a robust capital structure are also taken, including the optimisation of loan portfolios by considering capital allocation efficiency, improving business processes and planning for optimum capital adequacy. BRI has implemented and continually updates and sets quantitative and qualitative requirements and methodology in its market risk internal model. BRI will also review and improve its stress testing model and methodology with respect to market risk, credit risk, operational risk, reputational risk, legal risk, strategic risk, liquidity risk and compliance risk. Its methodology of managing qualitative risks vary according to the particular type of risk: for reputational risk, the methodology would take into account customer complaints in the media (negative news); for legal risk, its methodology would be based on lawsuits filed against it; for strategic risk, its methodology would be based on the achievement of the target and for compliance risk, it would be based on consideration of the fine set by the regulator. Comparative studies will continue to be conducted for a number of risk management options based on different methodology and models to produce a comprehensive risk management framework.

Strengthen IT infrastructure, leverage digital initiatives and continually enhance human capital resources

BRI utilises IT to reinforce productivity and efficiency, as well as minimise operational risk. To increase the productivity of BRI's human capital, BRI has implemented the BRISPOT initiative, which digitalises the business process of BRI's micro segment and allows for credit decisions to be taken immediately. BRI plans on expanding the BRISPOT initiative to cover BRI's other business processes and segments, including credit scoring and the retail segments. BRI is also focusing on improving its digital banking business by developing support systems for business, public services and government. To improve effectiveness and efficiency of its business process, BRI launched the BRI Satellite in 2016 which provides the supporting infrastructure for BRI's digital services.

BRI views its employees as an asset capable of creating sustainable value for BRI and its stakeholders. BRI's corporate values consist of integrity, professionalism, customer satisfaction, leadership and respect for individuals. BRI will continue to instil a performance-driven and risk awareness culture in all of its employees and improve the service quality of every working unit. BRI also seeks to increase productivity of its staff in order to make faster loan decisions through leaner back office processes. BRI plans to maintain productivity-oriented strategies by optimising its use of digital technologies and data analytics capabilities.

STRENGTHS

Leading market position in high growth Indonesian market

BRI is the oldest and largest Indonesian bank by assets, loans and deposits. Based on information from the OJK's *Statistik Perbankan Indonesia*, as at 31 December 2018, BRI had market share of 15.3 per cent., 15.2 per cent. and 15.9 per cent. for assets, loans and deposits in Indonesia, respectively. BRI operates its business in Indonesia, a country which has enjoyed one of the strongest and most stable growth rates globally in the recent years. In 2018, Indonesia's GDP composition consisted of 54.2 per cent. household consumption, 33.0 per cent. investment, 7.9 per cent. Government expenditure, 0.8 per cent. net exports and 1.2 per cent. non-profit institution consumption (Source: *Ministry of Finance, Bank Indonesia*). In 2016, 2017 and 2018, Indonesia's gross domestic product ("**GDP**") grew by 5.0 per cent., 5.1 per cent. and 5.2 per cent. per annum, respectively, and its GDP per capita stood at US$3,603.5, US$3,877.7, and US$3,862.5, respectively (Source: *Ministry of Finance, Bank Indonesia*). As at 31 December 2016, 2017 and 2018, Indonesia's debt-to-GDP ratio was 28.3 per cent., 29.4 per cent. and 30.0 per cent., respectively (Source: *Ministry of Finance, Bank Indonesia*). In 2016, 2017 and 2018, Indonesia's workforce was 125.4 million, 128.1 million and 131.0 million, respectively, and Indonesia's unemployment rate was 5.6 per cent., 5.5 per cent. and 5.3 per cent., respectively (Source: *Ministry of Finance, Bank Indonesia*). BRI believes that its leading market position makes it well placed to benefit from sustained growth in Indonesia in the future.

The following table sets forth the Government's debt-to-GDP ratio and debt service-to-GDP ratio as at the dates indicated. Under the State Finances Law No. 17 of 2003, the Republic's debt-to-GDP ratio must remain below 60 per cent.

	As at 31 December		
	2016[5]	2017[5]	2018[6]
	(percentages, unless indicated otherwise)		
Debt-to-GDP ratio[1]	28.3	29.4	30.0
Debt Service Ratio[2] — Tier 1[3]	35.4	25.5	24.1
Total public debt of the central Government (in billion US$)[4]	261.6	294.7	306.8
— % in Loans	21.0	18.6	18.1
— % in Bonds	79.1	81.4	81.9

Source: Ministry of Finance, Bank Indonesia

(1) *Outstanding foreign currency debt was converted to Rupiah using the Bank Indonesia middle exchange rate as at each period indicated in the table.*

(2) *Debt Service Ratio is the ratio of repayments of external debt principal and interest to current account receipts.*

(3) *Total payment on external debt — Tier 1 covers repayment of principal and interest on long term external debt and payment of interest on short term external debt.*

(4) *The following exchange rates were used: Rp13,436 per US$ for 2016, Rp13,548 per US$ for 2017 and Rp 14,542 per US$ for 2018.*

(5) *Laporan Keuangan Pemerintah Pusat ("**LKPP**") (Audited).*

(6) *Preliminary.*

Most extensive distribution network in Indonesia, with real-time online access

BRI believes that it has the most extensive and geographically diverse distribution network among banks in Indonesia. As at 31 December 2018, the network included a total of 9,647 operating units comprising one head office, 19 regional offices, 468 branches, 609 sub-branches, 964 cash outlets, 5,381 BRI Units, 2,069 Teras BRI and 136 Teras BRI Mobile, all of which are linked on a real-time online basis. The 9,647 operating units, which includes 7,586 micro business outlets, are located throughout the Indonesian archipelago, stretching from Sabang to Merauke, from villages to cities and from traditional markets to modern superblock malls. In many of the villages served by BRI Units and Teras BRI, BRI is the only major Indonesian bank to offer banking services. In addition to conventional operating units, BRI has also developed e-banking services that give customers easy access to BRI's services 24/7 through internet, telephone, SMS, as well as through other e-channels such as ATMs, CDMs, EDCs and BRILink agents. As at 31 December 2018, BRI had 44.6 million ATM cardholders and 22,684 ATM units situated at strategic locations making it the largest ATM network in Indonesia. BRI believes that its extensive distribution network is a critical advantage in enabling it to compete successfully to meet the financing and deposit-taking needs of its customers.

The Indonesian banking leader focusing on MSMEs

With over one hundred years of experience, a successful operating history and a national footprint, BRI is the market leader in Indonesia in the microfinance market. BRI has been committed to developing its MSME business from the time of its establishment, as evidenced by the majority of BRI's loans and sharia receivables and financing historically being provided to MSMEs. As at 31 December 2016, 2017 and 2018, BRI had a total of 8.9 million, 9.4 million and 11.3 million MSME borrowers, respectively. As at 31 December 2016 and 2017, BRI's outstanding loans and sharia receivables and financing to MSMEs were Rp492.5 trillion and Rp558.2 trillion, respectively. As at 31 December 2018, BRI had a total of Rp642.4 trillion outstanding loans and sharia receivables and financing to MSMEs, which represented 76.46 per cent. of BRI's total loans and sharia receivables and financing outstanding. As at 31 December 2016, 2017 and 2018, BRI's MSME deposits were Rp498.8 trillion, Rp548.2 trillion and Rp613.0 trillion, respectively.

BRI's focus on serving MSMEs gives it a strong foothold at the grassroots of the domestic market and has brought, and is expected to continue to bring, sustainable growth and profitability to BRI. As at 31 December 2018, BRI's MSME loans portfolio was distributed across several sectors such as trading, hotels and restaurants (41.0 per cent), farming (10.3 per cent), industry (4.8 per cent), other service-oriented businesses (4.8 per cent), banks and other financial institutions (0.6 per cent), and others (38.5 per cent). In terms of geographical breakdown, BRI's MSME loans were spread across Indonesia as follows: the central and east region of Indonesia (28.5 per cent), Sumatera (18.9 per cent), Jakarta (18.4 per cent), central Java and Yogyakarta (13.2 per cent), east Java (12.6 per cent), west Java (8.4 per cent) and others (0.1 per cent).

As part of BRI's MSME business, BRI's micro segment serves the needs of a potential market size of 26 million businesses that underpin the Indonesia economy. This brings enormous potential for BRI's sustainable growth in the future. As the Indonesian economy is poised for further growth, supported by strong macroeconomic fundamentals and conducive demographics, BRI believes that it is well positioned for continued growth through its focus on the MSMEs at the core of the Indonesian economy.

BRI further believes in the sustainability of MSME based growth without compromising asset quality. BRI's net ratio for micro loans has been below 2.0 per cent. in each of the most recent five years. A substantial majority of BRI's total micro loans is fully secured by collateral, and the remaining loans in this segment are made through Government-guaranteed programmes. For microbanking, BRI's overhead cost to loan ratio for the years ended 31 December 2016, 2017 and 2018 was 6.89 per cent., 6.08 per cent and 5.9 per cent., respectively.

Large customer base and low cost of funding

BRI's nationwide branch network, the convenience of its e-banking services and its strong brand recognition in Indonesia gives it access to large and stable retail and institutional deposit customers. BRI has the largest customer base in Indonesia with more than 112 million customer accounts as at 31 December 2018 which brings BRI large deposits from customers and low cost of funding. BRI had Rp944.3 trillion in deposits from customers as at 31 December 2018, which was the largest among Indonesian banks. Its deposits from customers are dominated by low-cost funds. The ratio of current account and savings account to total deposits from customers was 59.1 per cent, 59.0 per cent. and 60.1 per cent. as at 31 December 2016, 2017 and 2018, respectively. For the years ended 31 December 2016, 2017 and 2018, BRI's average cost of funds was 3.8 per cent., 3.3 per cent. and

3.4 per cent, respectively. For the years ended 31 December 2016, 2017 and 2018, BRI's fee income was Rp9,226.1 billion, Rp10,442.4 billion and Rp12,018.9 billion, respectively. For the year ended 31 December 2018, 32.3 per cent, 26.9 per cent, 14.1 per cent, 12.1 per cent, 6.5 per cent, 2.6 per cent, 3.1 per cent and 2.3 per cent of BRI's fee income (standalone basis) was derived from deposit administration fee, e-channel related fee, loan administration fee, international business related fee, non e-channel related fee, credit card, insurance related fee and others, respectively. As at 31 December 2018, BRI's CASA ratio was 61.84 per cent. on a standalone basis and 60.14 per cent. on a consolidated basis. CASA ratio is calculated by dividing the amount of total current and savings account with the amount of total deposits.

Good quality loans and sound capital base

The number of BRI's loans has been increasing consistently throughout the years. As at 31 December 2016, 2017 and 2018, BRI had Rp663.42 trillion, Rp739.34 trillion and Rp843.60 trillion in total loans and sharia receivables and financing and finance lease receivables (gross of allowance for impairment of losses) and therefor, a year over year increase of 14 per cent. BRI has maintained its loan quality over recent years. As at 31 December 2016, 2017 and 2018, BRI had a gross NPL ratio (on a standalone basis) of 2.03 per cent., 2.10 per cent. and 2.14 per cent., respectively, and a net NPL ratio (on a standalone basis) of 1.09 per cent., 0.88 per cent. and 0.92 per cent., respectively.

The following chart shows BRI's gross NPL (on a standalone basis) by type of loan for the periods indicated below.

	Year Ended December		
	2016	2017	2018
Micro	1.00%	1.08%	1.01%
Consumer	1.18%	1.05%	1.03%
Small Commercial	2.95%	3.01%	3.14%
Medium	7.90%	5.45%	6.78%
SOE	—	—	1.05%
Corporate Non-SOE	5.40%	6.44%	5.48%

BRI has adopted a conservative approach to loan loss provisioning, with allowances for impairment losses of Rp22,184 billion, Rp29,423 billion and Rp35,018 billion and total NPLs of Rp13,117 billion, Rp15,147 billion and Rp17,681 billion, representing a NPL coverage ratio (total allowance for impairment losses divided by total NPL) of 169.12 per cent., 194.25 per cent. and 198.06 per cent. as at 31 December 2016, 2017 and 2018, respectively. BRI maintains strict internal processes regarding credit approval, including a standardised borrower-ratings model which analyses the strength of its customers across a range of financial and non-financial metrics. BRI has also integrated the accords of Basel II into its risk management strategy and framework, and is in the process of implementing Basel III in line with the implementation schedule set in Indonesia by the OJK. BRI believes its focus on enhanced internal controls and risk management systems, as well its ability to maintain strong asset quality and sufficient provision coverage will enable it to maintain the high quality of its loan portfolio in the future as it seeks to grow sustainably.

BRI benefits from a robust capital and funding base. As at 31 December 2016, 2017 and 2018, BRI's total CAR on a standalone basis stood at 22.9 per cent., 23.0 per cent. and 21.2 per cent., respectively, well above the minimum total CAR on a standalone basis requirement of between 8.0 and 14.0 per cent. set by OJK regulations. BRI's capital base comprises predominantly of Tier I capital that has been mainly derived from retention of its net profit, with BRI's Tier I CAR on a standalone basis amounting to 21.9 per cent., 22.0 per cent. and 20.2 per cent. as at 31 December 2016, 2017 and 2018, respectively.

Diversified loan portfolio across various business segments

BRI has a diversified loan portfolio across varied business segments. As at 31 December 2018, BRI had Rp106.5 trillion, Rp91.3 trillion, Rp18.4 trillion, Rp183.0 trillion, Rp130.8 trillion and Rp274.3 trillion of outstanding loans from SOE, corporate non-SOE, medium loans, small commercial loans, consumer loans and micro loans (each on a standalone basis), respectively, which represented 13.2 per cent, 11.3 per cent., 2.3 per cent., 22.7 per cent., 16.3 per cent. and 34.1 per cent. of BRI's total outstanding loans (on a standalone basis), respectively. As a result of such diversification, BRI has limited its exposure to any one particular business segment.

The following table provides a summary of the loan portfolio by business segment (on a standalone basis) for the financial years ended 31 December 2016, 2017 and 2018.

	As at 31 December		
	2016	**2017**	**2018**
	(Rp trillion)	**(Rp trillion)**	**(Rp trillion)**
Micro	211.5	239.5	274.3
Consumer	100.2	114.6	130.8
Small Commercial	135.5	153.9	183.0
Medium	18.1	19.9	18.4
SOE	92.8	97.1	106.5
Corporate Non-SOE	77.2	83.0	91.3
Total loans	**635.3**	**708.0**	**804.3**

The following table sets forth BRI's total Indonesian Rupiah loans and Foreign Currency loans as at the dates indicated.

	As at 31 December		
	2016	**2017**	**2018**
	(Rp trillion)	**(Rp trillion)**	**(Rp trillion)**
Indonesian Rupiah loans	585.2	647.6	732.3
Foreign currency loans	58.3	71.4	87.7

Strong brand recognition and loyalty

BRI believes that the BRI brand is well recognised and highly regarded by Indonesians across a wide spectrum of socio-economic classes. This gives BRI a powerful platform from which to expand the distribution of its products and services. BRI is the oldest bank in Indonesia with an operating history of more than 123 years. BRI also has the largest customer base in Indonesia, with over 112 million customer accounts as at 31 December 2018, served by more than 9,500 outlets, throughout Indonesia. BRI has received numerous awards over the years, including but not limited to, The World's Biggest Public Companies 2016 by Forbes Global 2000 in 2016, Best Domestic Bank Award in Indonesia by ASIA Money in 2016, Best of the Best Awards by Forbes Indonesia in 2017 and Most Powerful Company by Warta Ekonomi Magazine in 2017, Indonesia Green Company & Sri Kehati Award by Kehati in 2018, The Most Profitable State Owned Enterprises in Banking by Infobank in 2018, Best Bank Indonesia in Global Finance by Global Finance in 2018 and Best of the Best Forbes by Indonesia Forbes in 2018. BRI has also received the Best KUR 2018 Distributor award from the Coordinating Ministry for Economic Affairs of the Republic of Indonesia and the Best Bank For Supporting MSME For Bank award from Bank Indonesia in 2018. BRI continuously strives to increase customer loyalty and public awareness through a range of branded micro banking products and through various loyalty marketing programmes.

Experienced and professional management team with proven track record

BRI's 12 Directors have an average of over 25 years of experience in the banking industry. Most of BRI's senior executives also have extensive experience in the banking industry. Under the leadership of its management team, BRI has shown strong and consistent operating performance over the years. For over 13 years in a row BRI has successfully maintained its position as the Indonesian bank with one of the largest net profit and portfolio of total assets within the Indonesian banking industry. Management's ability to provide strategic direction and execute business initiatives in a competitive market is evidenced by BRI's strong position in the Indonesian banking industry. BRI believes its senior management team will continue to provide it with a critical advantage in an increasingly competitive industry.

DISTRIBUTION CHANNELS

BRI has an extensive and geographically diverse network of outlets throughout Indonesia which provides the foundation for BRI's business and is one of its key strengths. The following table sets forth details about BRI's distribution network as at the dates indicated:

	As at 31 December		
	2016	2017	2018
Head office	1	1	1
Regional offices	19	19	19
Branch offices	467**	468*	468
Sub-branch offices	609	610	609
Cash outlets	984	992	964
BRI Units	5,380	5,382	5,381
Teras BRI and Teras BRI Mobile	3,183	3,174	2,205
Total	**10,643**	**10,646**	**9,647**

* *Includes one special branch office and five overseas branches*

** *Includes one special branch office and four overseas branches*

BRI manages its network on a regional basis through its regional offices which are responsible for supervising the branch offices in their jurisdiction and BRI's branch offices are responsible for supervising the sub-branches and cash outlets. In addition to its distribution network, BRI also has 19 audit offices as at 31 December 2018 to conduct internal audit functions throughout Indonesia. BRI continuously evaluates the business activity in each of its branches and, through the branches, monitors the activities of its sub-branches, cash outlets, BRI Units and Teras BRI to ensure that it is focusing its efforts on the profitable areas.

In addition to conventional operating units, BRI offers e-banking services through the internet, telephone, SMS and other e-channel service such as ATMs, CRMs, EDCs, E-Buzz and BRILink agents. The following table sets forth details about BRI's e-channels as at the dates indicated:

	As at 31 December		
	2016	2017	2018
ATMs	24,292	24,684	22,684
CRMs	1,392	1,992	2,609
EDCs	257,712	302,921	284,425
E-Buzz	57	57	57
BRILink agents	84,550	279,750	401,550
Total	**368,003**	**609,404**	**711,325**

BRI serves communities in remote and rural areas through branchless BRILink agents, which allow such communities to enjoy banking services without the presence of conventional physical branches. As at 31 December 2016, 2017 and 2018, BRI had a total of 84,550, 279,750 and 401,550 BRILink agents, respectively, assisting communities across the Indonesian archipelago to carry out banking transactions.

ATMs are located in major cities and rural areas at BRI's branches, sub-branches, BRI Units, shopping centres, universities and other public areas.

LOANS AND SHARIA RECEIVABLES AND FINANCING PORTFOLIO

BRI had a total gross loans, sharia receivables and financing portfolio of Rp840.2 trillion as at 31 December 2018 and is the largest Indonesian bank by customer loans.

As at 31 December 2016, 2017 and 2018, BRI had total gross loans of Rp643.5 trillion, Rp719.0 trillion and Rp820.0 trillion, respectively. The following table sets forth BRI's loan portfolio by operating segment as at the dates indicated.

	As at 31 December		
	2016	**2017**	**2018**
	(Rp billion)	**(Rp billion)**	**(Rp billion)**
Retail segment	252,989.7	287,436.2	330,634.0
Micro segment	221,802.2	252,850.7	291,615.9
Corporate segment	168,679.1	178,695.8	197,760.3
Total loans	**643,471.0**	**718,982.7**	**820,010.2**

For further breakdowns of BRI's loan portfolio, please refer to the consolidated financial statements included elsewhere in this Offering Circular.

As at 31 December 2016, 2017 and 2018, BRI had total sharia receivables and financing of Rp17.7 trillion, Rp17.9 trillion and Rp20.2 trillion, respectively. Sharia receivables are receivables resulting from sale or purchase transactions based on *murabahah*, *istishna* and *ijarah* contracts. Sharia financing consists of *mudharabah* and *musyarakah* financing.

Murabahah is a sale or purchase contract between the customer and BRI's subsidiary, PT Bank BRISyariah Tbk ("**BRISyariah**"), whereby BRISyariah finances the consumption, investment and working capital needs of the customer that sold with a principal price plus a certain margin that is mutually informed and agreed. Repayment on this financing is made in instalments within a specified period of time.

Istishna is a sale contract between a buyer and a producer who also acts as seller. Based on the contract, the buyer orders the producer to make or produce ordered goods according to the specifications required by the buyer and to sell them at the agreed price.

Mudharabah financing is a joint financing contract made between BRISyariah, as the capital provider and the customer, who manages the business, during a certain period. The profit sharing from such project or business is distributed according to a predetermined ratio.

Musyarakah financing is an agreement between the investors (*musyarakah* partners) to combine their capital and conduct a joint business in a partnership with the profit or loss sharing based on an agreement or proportionate to the capital contribution.

CUSTOMER DEPOSIT BASE

BRI had total deposits from customers of Rp944 trillion as at 31 December 2018 and was the largest Indonesian bank by customer deposits as at that date. BRI's customer deposit base consists primarily of savings accounts and time deposits at its branches, sub-branches, BRI Units and Teras BRI. Current deposits and savings accounts constituted 60.1 per cent. of BRI's total deposits as at 31 December 2018. The remainder of BRI's deposit base is comprised of higher- cost time deposits.

The following table sets forth, by deposit type, BRI's customer deposits as at the dates indicated.

	As at 31 December		
	2016	**2017**	**2018**
	(Rp billion)	**(Rp billion)**	**(Rp billion)**
Demand deposits	142,547	147,435	180,669
Saving deposits	303,270	349,441	387,180
Time deposits	308,709	344,780	376,420
Total	**754,526**	**841,656**	**944,269**

For further breakdowns of BRI's customer deposit base, please refer to the consolidated financial statements included elsewhere in this Offering Circular.

OVERVIEW OF OPERATING SEGMENTS

BRI's core business comprises of five segments based on products in order to serve the varying needs of different categories of BRI's borrowers and depositors. These five segments are (i) the micro segment, catering to microcredit borrowers and offering and administering certain Government-sponsored programme loans, (ii) the retail segment, catering to consumers and also to small and medium enterprises ("**SMEs**"), (iii) the corporate segment, catering to larger businesses and to SOEs, (iv) the other segment, which offers trade financing, remittance transactions and treasury and capital markets services, among other services, and (v) BRI's subsidiaries segment, which offers sharia banking services, conventional banking services, life insurance, multifinance and Hong Kong remittances services.

The following table provides a summary of certain income, expenses and assets for BRI's five operating segments as at and for the year ended 31 December 2018.

Description	Micro	Retail	Corporate	Others	Subsidiaries	Total
	(Rp million)	(Rp million)	(Rp million)	(Rp million)	(Rp million)	(Rp million)
Interest and premium income — net	39,104,644	26,914,595	6,304,292	2,584,829	3,703,134	78,611,494
Other operating income	8,090,685	10,098,711	1,631,316	2,956,094	652,432	23,429,238
Total income	**47,195,329**	**37,013,306**	**7,935,608**	**5,540,923**	**4,355,566**	**102,040,732**
Other operating expenses	(17,223,314)	(17,338,436)	(3,443,732)	(1,460,548)	(2,528,062)	(41,994,092)
Provision for impairment losses	(7,920,968)	(6,011,336)	(3,509,445)	—	(879,014)	(18,320,763)
Total expenses	**(25,144,282)**	**(23,349,772)**	**(6,953,177)**	**(1,460,548)**	**(3,407,076)**	**(60,314,855)**
Non-operating income (expenses) — net	50,956	9,316	5,055	(44,650)	7,140	27,817
Income before income tax expense	**22,102,003**	**13,672,850**	**987,486**	**4,035,725**	**955,630**	**41,753,694**
Tax expense	(4,927,729)	(3,048,416)	(220,164)	(899,780)	(239,119)	(9,335,208)
Income for the year	**17,174,274**	**10,624,434**	**767,322**	**3,135,945**	**716,511**	**32,418,486**
Segment Assets						
Loans	291,615,907	320,045,884	192,676,641	—	39,259,972	843,598,404
Allowance for impairment losses	(13,835,533)	(4,894,052)	(15,840,295)	—	(1,033,243)	(35,603,123)
Non Loans	—	—	—	459,658,630	24,129,728	483,788,358
	277,780,374	**315,151,832**	**176,836,346**	**459,658,630**	**62,356,457**	**1,291,783,639**
Segment Liabilities						
Funding	271,646,940	341,329,004	285,056,620	—	46,236,173	944,268,737
Non funding	—	—	—	155,148,895	12,205,329	167,354,224
	271,646,940	**341,329,004**	**285,056,620**	**155,148,895**	**58,441,502**	**1,111,622,961**

The following table provides a summary of the Bank's total loan composition and cost of funds as at the dates set out below (on a standalone basis):

	As at 31 December		
	2016	2017	2018
	(Rp trillion)	(Rp trillion)	(Rp trillion)
Consumer	100.2	114.6	130.8
Small commercial loans	135.5	153.9	183.0
Medium Commercial Loans	18.1	19.9	18.4
Cost of Funds	3.83%	3.27%	3.43%

See "— *Retail segment — Consumer deposit products*" in this section for more information on other deposit products that BRI offers.

MICRO SEGMENT

Since its inception, individuals and micro enterprises have been the focus of BRI's business. BRI channels a substantial portion of its loans portfolio to the micro segment. Micro banking products include loan and savings products and banking services provided through BRI's micro outlets. These include commercial loans and Government-subsidised loans. Most of BRI's micro loans are disbursed through BRI's branches, sub-branches and micro outlets.

Microloan products.

BRI offers micro loans in the form of Kupedes and government-subsidised micro loans ("**KUR Micro**"). The average maturity of micro loans is between 18 and 24 months. Micro loans are offered only to individuals — whether as operators of small businesses or as individuals with regular income. BRI offers micro loans to commercial entrepreneurs with a minimum term of two years. The majority of micro borrowers are long-term customers of a BRI Unit and typically re-borrow upon repayment of existing loans. Additional micro borrowers are added on an ongoing basis by the BRI Units. As at 31 December 2016, 2017 and 2018, BRI's total outstanding loans in the micro segment amounted to Rp221.8 trillion, Rp252.9 trillion and Rp291.6 trillion, respectively.

Kupedes, BRI's micro loan with a loan ceiling of up to Rp250.0 million, is provided by BRI Units and Teras BRI. Kupedes is divided into working capital loans and consumer loans. Kupedes is fully secured by collateral. In addition, for each Kupedes borrower, BRI purchases life insurance and bears the insurance premiums. If a borrower dies before the loan is fully repaid, the insurance proceeds will be paid to BRI to be applied against the outstanding balance of the loan.

BRI has offered KUR Micro since 2008. KUR Micro is backed by a loan insurance guarantee from the Government through Jamkrindo & Askrindo, a state-owned insurance company. KUR Micro offers financing for start-up microentrepreneurs with a maximum loan amount of Rp25.0 million at an interest rate of 7.0 per cent.

The Government pays the insurance premiums, and its guarantee of KUR Micro covers up to 70.0 per cent. of the principal amount of the loan, which gives KUR Micro a reasonable risk profile and attractive returns for BRI. As at 31 December 2016, 2017 and 2018, BRI had a total of 4.1 million, 5.0 million and 5.5 million KUR Micro borrowers, respectively. Interest on micro loans is charged at a fixed rate determined at the time the loan is made. Interest is calculated based on the original principal amount and the payment terms are set so that a borrower pays equal instalments each month. Interest is set by BRI's Asset and Liability Committee based upon market conditions and the size of the loan. For the year ended 31 December 2018, the annual interest rate on micro loans ranged around 22 per cent.

Micro deposit products.

BRI offers demand deposits, savings deposits and time deposits through its BRI Units. As at 31 December 2016, and 2017, BRI's BRI Units had total deposits of Rp213.2 trillion, Rp243.8 trillion respectively. As at 31 December 2018, BRI's BRI Units had total deposits of Rp271.6 trillion held in approximately 88 million accounts. The BRI Unit savings deposits provide a stable, funding base for BRI's operations.

The primary saving product BRI offers the micro segment is Simpedes Savings, with a main target market comprising lower- and middle-income individuals in rural and suburban areas. Introduced in 1984, the Simpedes Savings product is designed to attract customers looking for a convenient and safe institution with which to deposit their savings. Simpedes Savings is of vital importance to the micro segment because it serves as the main source of funds for Kupedes disbursement. BRI is therefore continuously developing and innovating Simpedes Savings products to attract deposits.

Interest rates on Simpedes Savings are largely inelastic due to the nature of the customers and the lack of competition. BRI paid a maximum interest rate of 1.75 per cent. on its Simpedes Savings for the year ended 31 December 2018.

Simpedes Savings grew from Rp183.9 trillion to Rp205.7 trillion and further to Rp229.4 trillion in the years ended 31 December 2016, 2017 and 2018, respectively. As at 31 December 2018, Simpedes Savings had a total deposit of Rp229.4 trillion and accounting for 24.3 per cent. and 25.5 per cent. of BRI's total customer deposit on a consolidated basis and standalone basis, respectively.

The following table sets forth the composition of BRI's total deposit:

	As at 31 December 2018
	(per cent. of total deposits)
Time Deposits	39.9
Saving	41.0
Demand Deposits	19.1

Micro segment marketing strategy.

BRI's marketing strategy for BRI Units is based on the following:

- *Product* — BRI constantly strives to maintain the simplicity of its products.
- *Price* — Each product involves simple pricing that is intended to be easy to understand.
- *Place* — BRI micro outlets consisting of BRI Units, Teras BRI, Teras BRI Mobile are spread across Indonesia and are located in centres of micro business activities, where the outlet's look and location are adapted to the surroundings and needs of the customers. BRILink agents are also able to provide branchless banking services to rural communities.
- *Promotion* — BRI's credit officers sell BRI products directly to customers and potential customers in the community. In addition, BRI advertises through newspapers, radio and television. The BRI Eid Mubarak Homecoming Programme for Kupedes and Simpedes customers is held annually. This event serves both as an appreciation from BRI to loyal Kupedes borrowers and Simpedes customers and also one of the activities of BRI Corporate Social Responsibility. To support the marketing of Simpedes, Kupedes and KUR Mikro, BRI has conducted Simpedes Folks Festival, BRI Care for traditional market and Simpedes Monthly Harvest Programme.

BRI serves its customers in the micro segment through its extensive network of BRI micro outlets located throughout Indonesia, in both rural and urban areas. BRI micro outlets consist of BRI Units, Teras BRI and Teras BRI Mobile. Teras BRI and Teras BRI Mobile operate as extensions of BRI Units. BRI had 5,381 BRI Units, 2,069 Teras BRI and 136 Teras BRI Mobile as at 31 December 2018. BRI's network is the largest in Indonesia in terms of both the number of operating units and geographical distribution. The growth in the number of the BRI Units and Teras BRI has been accompanied by the upgrading of information technology systems. Since 2009, all BRI Units have been migrated to the BRINets system and to BRI's core bank processing system and are fully integrated with BRI's centralised operating system. Each BRI Unit features a standardised setup across BRI's network. The basic unit staff consists of at least five employees with separate roles and responsibilities:

- a *unit manager* heads each BRI Unit, approves loans and is responsible for the unit's performance;
- a *credit officer*, referred to as a "Mantri" (an Indonesian language word derived from Sanskrit that refers to a type of advisor or guide), originates loans, analyses loan applications, performs field inspections of the enterprises of prospective borrowers, maintains regular contact with customers and collects loans which have fallen into arrear; The Mantri is also responsible for savings acquisition and customer retention;
- a *teller* serves customers carrying out cash transactions (mostly deposits, withdrawals, and loan payments);
- a *customer services representative* serves non-cash transactions and is responsible for bookkeeping at the BRI Unit; and
- a *BRILink agent officer*, who is responsible for improving the performance of BRILink agents and handles the day to day troubleshooting of BRILink.

BRI Unit managers and credit officers at each BRI Unit are responsible for loan approval and collection as well as business development, with oversight from the branch and regional offices. The financial performance of a BRI Unit determines a substantial part of the performance bonuses of its officers and employees. To ensure that each BRI Unit seeks to achieve its financial targets, all BRI Units must track their financial performance on a regular basis.

Teras BRI is usually staffed by three people, a credit officer, a teller and a customer service representative, and is open up to six days per week, depending on the volume of business. Teras BRI provides the same banking products and services as BRI Units. A Teras BRI which has a sufficiently large volume of business may be upgraded to a full BRI Unit.

Teras BRI Mobile, also known as Teras Keliling, uses a mini-van equipped with a remote real-time teller system connected to BRI Units to serve wet markets and other traditional markets. A Teras Keliling may serve several wet markets in a week, depending on the opening schedule of the markets, as in rural areas it is common to have wet markets that open only on Mondays or Thursdays.

To improve the efficiency in BRI's micro segment, BRI has also focused on the expansion of BRILink, BRI's branchless banking service, by increasing the number of BRILink agents, developing an android-based smartphone application that can be used by BRILink agents to serve the customers' needs for various banking transactions and improving the productivity of BRILink agents by providing them with promotion and agency-related education programmes. For the year ended 31 December 2018, the BRILink transaction volume was 378 million, which amounted to Rp512.7 trillion. As at 31 December 2018, BRI had 401,550 BRILink agents.

RETAIL SEGMENT

BRI's retail segment serves SMEs and consumers by developing banking products and services innovatively, creatively and practically to meet their needs. The retail segment also addresses the lending and deposit needs of consumers, with consumer banking products that are offered through the BRI service networks being broad and diverse, encompassing savings and deposits, consumer loan, the BRI Priority service and credit cards. The retail segment's SME products and marketing strategy are discussed below, followed by a discussion of the retail segment's consumer products and marketing strategy.

SME loan products.

BRI offers SMEs working capital and investment loans through its regional offices, branches and sub-branches. As at 31 December 2016 and 2017, BRI's total outstanding loans to SMEs (micro segment and retail segment) amounted to Rp474.8 trillion and Rp540.3 trillion, respectively. As at 31 December 2018, BRI's total outstanding loans to SMEs amounted to Rp622.2 trillion, accounting for 74.06 per cent. of its total loans and sharia receivables and financing and 47.98 per cent. of its total assets. BRI aims, through its focus on SMEs, to continue to increase market penetration and deepen its ties with the businesses that represent the backbone of the Indonesian economy and offer significant growth potential.

Loans made to SMEs can be further divided into small commercial loans and medium size loans. Small commercial loans range in maturity from one to five years in amounts of Rp100.0 million to Rp25.0 billion. For the year ended 31 December 2018, the annual interest rate on small commercial loans ranged from 12.5 to 15.5 per cent. It is the second largest loans portfolio of BRI, representing 35.56 per cent. of BRI's total loans as at 31 December 2018. Medium size loans range in maturity from one to five years in amounts of Rp25.0 billion to Rp200.0 billion. For the year ended 31 December 2018, the annual interest rate on medium size loans ranged between 12.0 and 14.3 per cent. Interest rates on the loans are set by BRI's Asset and Liability Committee taking into account a number of factors, including internal cost of funds, operating costs, market credit risk and the competitive environment. Interest rates are set at the time a loan is extended, but under the terms of the loan agreements BRI has the right to review and reset customer interest rates at any time the loan is outstanding.

SME loans are available in the form of working capital loans and investment loans. Working capital loans and investment loans are extended to SMEs in Rupiah and US dollars. BRI offers these loans to businesses operating primarily in the agribusiness and trading, industries, for both working capital and investment.

SME marketing strategy.

BRI markets its loans to SMEs through its dedicated relationship officers, customer visits, brochures, television advertising and its institutional/corporate relationship partners.

The marketing strategy also includes:

- *"Value Chain" opportunities from existing customers with a focus on corporate SOEs and their subsidiaries* — BRI markets its loans to SMEs through its alliances with medium and large Indonesian companies, SOEs, incubators of small and medium-sized businesses, as well as other institutions which have existing business relationships with the SMEs. These companies refer BRI's lending services to their distributors, suppliers and other companies with which they do business. BRI also targets employees of SOEs borrowers to become payroll loan borrowers.
- *Co-ordination among BRI Units and branches* — Managers in BRI's branches and sub-branches work with the BRI Units' credit officers to maintain relationships when customers move from their local BRI Units to the branches and sub-branches as their lending requirements become more sophisticated and the size of their loans increases.

Consumer loan products.

BRI's consumer loan products include salary-based loans, mortgage loans, vehicle loans and credit cards. BRI offers its consumer loan products through its network of branches and sub-branches throughout Indonesia. To broaden the customer base, BRI establishes partnerships with several major property developers to disburse mortgage and apartment loans, while also engaging in partnerships with automotive dealerships to support the disbursement of car and motorcycle loans. BRI also leverage its relationships with corporate customers by offering car ownership and home ownership loans to their employees.

Consumer loans are also available in the form of salary-based loans or payroll loans, which are provided to individuals employed by certain private SMEs, SOEs and Government institutions and, under BRI's BRIGUNA Karya dan Purna product, as pension loans to pensioners with regular pension income. Loans to individuals are made in Rupiah. The average size of these loans ranges from approximately Rp50.0 million to Rp100.0 million. The typical borrowers are civil servants, soldiers, army officers, police officers, employees of SOEs and employees of qualified private companies (which must receive credit approval from the branch in accordance with BRI's credit policy). Borrowers of pension loans are retirees who receive regular pension payments through a pension paying agent, such as the post office.

The following table sets forth the composition of BRI's consumer loans (on a standalone basis) by product as at the dates indicated:

	As at 31 December		
	2016	**2017**	**2018**
	(Rp trillion)	**(Rp trillion)**	**(Rp trillion)**
Salary based	78.2	88.0	97.8
Mortgage	18.2	22.1	27.1
Vehicle loan	2.2	2.6	3.7
Card and Others	1.6	1.8	2.3

Mortgages

BRI extends loans for the acquisition, construction or renovation of homes. The terms of the loans vary, with a maximum duration of 20 years and an average duration of 10 years. The amount of loan BRI grants typically ranges from 75.0 per cent. to 95.0 per cent. of the total costs of acquisition, construction or renovation in each case and the loans are secured by a mortgage over the property. BRI's mortgage loans offer a number of competitive features including flexible down payments and loan tenors, competitive interest rates, safety guaranteed ownership deeds and other services that provide added value for potential borrowers. As at 31 December 2016, 2017 and 2018, total outstanding BRI mortgage loans on a standalone basis amounted to Rp18.2 trillion, Rp22.1 trillion and Rp27.1 trillion, respectively.

Vehicle loans

BRI extends loans for financing purchases of new or used motor vehicles. The term of these loans typically ranges from one to five years, depending on the type of motor vehicle being purchased. The amount of the loan BRI grants is 75.0 per cent. of the purchase price of the motor vehicle. Interest on these loans is charged at either a flat rate or a variable rate determined at the time the loan is made. BRI cooperates with various automotive importers and dealerships to extend vehicle loans. In addition, BRI has entered into agreements with a number of multi-finance companies to administer these loans on its behalf. These multi-finance companies earn an administration fee and, in certain cases, guarantee the repayment of the loans. Total outstanding of BRI's vehicle loan portfolio on a standalone basis as at 31 December 2016, 2017 and 2018 on a standalone basis amounted to Rp2.2 trillion, Rp2.6 trillion and Rp3.7 trillion, respectively.

Consumer credit cards.

BRI has offered credit cards to customers since 2006. Each card account has a credit limit set on the basis of the credit history and income of the customer.

As at the date of this Offering Circular, BRI had issued credit cards based on the following categories:

- *Commercial*: this category targets executives and managers of corporations. Under this category, BRI issues BRI Business Credit Card and BRI Corporate Card.
- *Co-Branding*: BRI has also launched several co-branding credit cards such as Wonderful Indonesia, Visa Promoter and Visa Hana Bank.
- *Affluent market*: targeting the mass affluent and affluent market segment. Under this category, BRI issues BRI Visa Infinite and BRI World Access cards.
- *Mass market*: aimed at individuals in major Indonesian cities between 25 and 35 years of age. Under this category, BRI issues BRI Easy Card, Mastercard Platinum, JCB Platinum and BRI Visa Touch card.

As at and for the year ended 31 December 2018, BRI had issued a total of 299,486 cards, total transaction volume of BRI credit cards amounted to Rp7,470.26 billion transactions and total interest income amounted to Rp301.21 billion.

Consumer deposit products.

The deposit including sharia product that BRI offers include demand deposits, savings deposits, time deposits and certificates of deposit. As at 31 December 2016 and 2017 BRI had total deposits of Rp754.5 trillion, and Rp841.7 trillion, respectively. As at 31 December 2018, BRI had total deposits of Rp944.3 trillion, comprising 41.0 per cent. savings deposits, 19.1 per cent. demand deposits and 39.9 per cent. time deposits.

All deposits pay interest at rates which are reviewed monthly by the Asset and Liability Committee. Such reviews are carried out more frequently when there are changes in market conditions or applicable regulations. To date, BRI has maintained, and will seek to continue to maintain, its interest rates at or below the maximum interest rate for which the Government guarantee programme is applicable in order to remain eligible for such programme.

Savings deposits

Savings deposits are accounts on which interest is paid monthly and which may be withdrawn by passbook or by way of debit or ATM cards. As at 31 December 2018, BRI (on a standalone basis) had aggregate savings deposits of Rp378.9 trillion and a total of 44.6 million ATM cardholders. Savings deposits bear interest at variable rates. BRI offers two principal savings accounts through the BRI Units, Simpedes Savings (see "— *Micro segment — Micro deposit products*" above) and BritAma. BRI's principal savings account offered through the branches is the BritAma savings account. BRI also offers other specialised savings accounts including BRI Junio Savings (saving for children aged 17 and under) and Basic Savings Account (a Government product).

BritAma is a savings product that competes in the third party funds market in urban areas and is aimed at customers that require convenience and accessibility for their banking transactions. Available in Rupiah and US dollars and other foreign currency denominations, BritAma offers deposits and withdrawals that can be made at all times through BRI's on-line network of more than 9,500 operating units throughout Indonesia with unlimited withdrawal frequencies subject to prevailing terms and conditions. BritAma account holders are provided with the BRI Card that can be used for ATM transactions or debit purchases throughout the world, while also providing convenient access to e-banking transactions, BRI on-line transaction and other automated transaction facilities (automatic funds transfer, automatic grab fund, account sweep). BRI paid a maximum interest rate on BritAma of 0.84 per cent. for the year ended 31 December 2018. Outstanding deposits from customers through BritAma reached Rp139.5 trillion as at 31 December 2018.

Demand deposits

Interest is paid monthly on demand deposits. Demand deposits may be withdrawn at any time by cheque, or other orders of payment or transfer. Demand deposit customers may also access GIRO online, a facility that allows customers to make deposits and withdrawals by cheque or bank draft from other branches and sub-branches. For businesses, BRI offers demand deposits through internet banking, which permits high limit transfer privileges through the Real Time Gross Settlement ("**RTGS**"). For the year ended 31 December 2018, the average interest rate for Rupiah-denominated demand deposits was 2.44 per cent. and for foreign currency-denominated demand deposits was 0.20 per cent. As at 31 December 2018, BRI (on a standalone basis) had aggregate demand deposits of Rp176.4 trillion, constituting 19.6 per cent. of its total deposits from customers.

Time deposits

BRI also offers time deposits, which are deposits that may be withdrawn upon maturity, in one, three, six, twelve and more than twelve months maturities. At maturity, the principal amount, together with accrued interest, is payable by BRI to the customer. The customers also may elect to have interest paid monthly. BRI sets the interest rate on time deposits based on the range set by the Asset and Liability Committee, the size of the deposit and the client relationship. As at 31 December 2018, the average interest rate for Rupiah denominated time deposits was 6.17 per cent. and for foreign currency denominated time deposits 2.14 per cent. As at 31 December 2018, BRI (on a standalone basis) had aggregate time deposits of Rp342.7 trillion, constituting 38.2 per cent. of its total deposits from customers.

E-Banking facilities

BRI delivers advanced electronic banking facilities through electronically accessible banking services, such as internet banking and smartphone mobile access across platforms including Apple, Android and Blackberry. Internet Banking BRI is an easy, convenient and secure way for customers to access their bank accounts on-line 24 hours a day. Among the highlights of Internet Banking BRI is that it enables customers to conduct various business transactions with high transactional limits. For example, Internet Banking BRI offers high limit transfer privileges through RTGS, with a daily transactions limit up to Rp1.0 trillion. BRI Mobile is a smartphone application which makes available various e-banking services and features, most notably mobile banking and Internet Banking BRI.

Consumer BRI Priority banking.

BRI Priority is a suite of privileged banking services for high net worth individual customers, comprising of general banking services, investment and financial planning advisory services, *bancassurance* and pension plan. BRI Priority services focus on providing wealth transfer and capital accumulation and preservation in ways that are structured and measured. BRI Priority does not provide derivative product services.

BRI Priority services are facilitated through the BRI Priority services centres. Each BRI Priority service centre is equipped with organisational standard and built-in controls that are managed by experienced personnel who are certified in accordance with the competence standards determined by the OJK. This includes certification of mutual funds selling agents ("**WAPERD**"), certification of the life insurance association of Indonesia for the marketing of *bancassurance* products and certification of wealth management training. At the end of each period, customers are provided with an updated report on the position of their private savings and investments by the customer portfolio management system. BRI Priority lounge outlets are available in several major cities in Indonesia.

There are a variety of services provided for BRI Priority customers, which are personalised services from the BRI Priority personnel, money courier and collection services for funds of certain nominal amounts, phone banking transaction, special transaction rooms, business facilities and a private mini lounge, internet and e-banking corner, free meeting rooms, special car park section and 24-hour call centre service. Privileges provided to BRI Priority customers include free access to 36 airport executive lounges in Indonesia, personal travel assistance, travel insurance, private plane reservation, exclusive medical evaluation, Velvet & Satin Class CGV Megaplex, exclusive birthday gifts, invitations to BRI Prioritas updates and lifestyle event series, lifetime waiver of BRI Platinum credit card annual fees, free one-year subscription to the BRI Prioritas magazine, high-end merchant promotions, concierge services and privileges on an international scale in cooperation with the Mastercard International Debit programme.

As at 31 December 2018, BRI Priority banking had 61,054 customers and assets under management of Rp97.7 trillion.

Consumer marketing strategy.

BRI promotes its consumer products through television and other media advertisement. It also encourages referrals and makes incentive payments to the referring party in the case of consumer loans. BRI has an internal marketing programme to ensure product knowledge and training of all staff in the branches and sub-branches. All staff are subject to periodic monitoring and evaluation to ensure proper training.

BRI has developed institutional relationships with private companies, Government organisations and SOEs to provide payroll services for their employees throughout Indonesia. These entities make direct deposits to their employees' accounts established with BRI. BRI is also working with these entities to cross-sell its lending products to their employees.

CORPORATE SEGMENT

BRI's corporate segment caters to two main groups of customers, namely: (i) SOEs and (ii) private corporates and businesses, with loan sizes of above Rp200.0 billion. BRI's corporate segment has been becoming proportionately smaller compared to BRI's other segments in recent years due to BRI's focus on micro and SME customers. BRI believes this segment provides a potential source of future growth for SMEs and deposits and increased cross selling "value chain" business opportunities from the corporate segment to other segments. Seizing these opportunities will allow BRI to build enduring commercial relationships while providing it with a consistent source of revenue. Outstanding loans to SOE and non-SOE corporate loan borrowers accounted for 13.2 per cent. and 11.3 per cent., respectively, of BRI's total loans outstanding (on a standalone basis) as at 31 December 2018.

SOEs.

Through its relationships with SOEs, BRI aims to create a "value chain" business from SOEs for the benefit of MSMEs and BRI's core business.

This target market includes central and regional Government institutions, educational institutions, SOEs and their subsidiaries, and regional Government-owned enterprises, all of which require a customised, robust and accessible banking service system throughout Indonesia, including the provision of loan facilities and cash management and transactional banking services. As at 31 December 2016 and 2017, BRI had Rp92.8 trillion and Rp97.1 trillion, respectively, of outstanding loans (on a standalone basis) to SOEs. As at 31 December 2018, BRI provided regular cash loan and non-cash loan facilities to 114 SOEs (including their subsidiaries) with total outstanding loans (on a standalone basis) to SOEs of Rp106.5 trillion.

BRI's strategy is one of selective growth in the SOE business through maintaining existing premium SOE customers and adding new customers focusing on Government-guaranteed project financings.

Non-SOEs.

In developing its non-SOE commercial business, BRI focuses on enterprises which themselves serve or have a relationship with MSMEs, providing further "value chain" business opportunities for the Bank, such as agribusiness customers.

Loans above Rp200.0 billion up to the legal lending limit are offered by BRI to non-SOEs in two major categories: agribusiness loans and general business loans (non-agribusiness). As at 31 December 2016, 2017 and 2018, BRI had total outstanding loans (on a standalone basis) to Non-SOEs of Rp77.2 trillion, Rp83.0 trillion and Rp91.3 trillion, respectively.

Agribusiness loans

Agribusiness loans are provided to companies engaged in agriculture in its broad definition (agribusiness), from upstream to downstream, in on-farm and off-farm activities, including plantation, forestry, husbandry, fishery, trading and other services related to agribusiness.

Agribusiness loans provided by the corporate segment are for large- or corporate-scale agribusiness (more than Rp200.0 billion).

General business loan

In addition to agribusiness, BRI makes corporate loans to non-agribusiness companies and non-SOEs in trade, mining, business services, oil, gas and energy and other industries. Products include working capital loans, export/import working capital loans, investment loans, construction loans, and letters of credit ("**L/C**") and bank guarantees.

Corporate funds management and transactional banking services.

The development of BRI's corporate business is focused not only on increasing earning assets, but also on raising third party funds and offering transactional banking services in order to increase fee-based income.

State funds disbursement management

BRI has developed an institutional relation programme to provide SOEs and private customers the ability to coordinate, execute, monitor and evaluate the disbursement of funds from the national and regional state budgets to Government ministries, provincial governments, universities, pension plans and private corporations.

Cash management services

BRI provides a cash management service that offers considerable benefits to corporate customers that require prompt and accurate banking transaction services. The service is an internet-based banking transaction solution that allows corporate customers to monitor and undertake their transactions on-line at any time. BRI's cash management service provides convenience in obtaining account information at any time as well as security for on-line banking. Thus it will enable the customers to manage their financial activities promptly and accurately.

Additional transactional banking services

Additional transactional banking services that BRI provides for its client in the corporate segment include:

- treasury services for participants in Bank Indonesia Real Time Gross Settlement System and participants of the Bank Indonesia National Clearing System;
- a treasury national pooling system that monitors the position of consolidated balances of all government outflow treasury accounts in every BRI branch office, without having to transfer funds between accounts;

- on-line registration and tuition payment system for university fees;
- payroll services to credit payroll automatically from an individual or company account to the savings account of employees on stipulated dates;
- facilitating the payment of (i) vehicle registration fees, driver licence fees and other automotive fees and weapon registration fees to the national police; and (ii) visas on arrival at certain immigration checkpoints in Indonesia;
- facilitating the payment of insurance benefits offered by ASABRI (Indonesia's armed forces insurance); and
- the ability to use the electronic civil servant card for banking services (payroll and ATM services) throughout the BRI banking network.

OTHERS SEGMENT

Through the "others" segment, BRI offers trade finance, remittance business, bank notes business, correspondent banking business and other international banking products and services. This suite of services is aimed at serving the needs of export/import activities conducted by corporations in Indonesia, their overseas counterparts and international correspondent banks. Treasury and capital markets services are also included in this segment.

Trade finance

Trade finance creates business opportunities through the financing for BRI's existing and potential customers. It also creates opportunities for a short-term funding source that is essential to customers. Trade finance transactions support BRI's effort to increase non-interest income and can be used as a promotion tool in maintaining and improving BRI's profile amongst its customers.

Trade finance offered by BRI includes providing and advising on: L/C; post-shipment financing (negotiation and export bill discount); bill purchase; standby L/C, guarantees and counter guarantees; trust receipt; inward/outward remittance; inward/outward documentary collection (document against payment and document against acceptance); and inward/outward clean collection.

BRI's export-import transactions have continued to grow over the years. The aggregate amount of export-import transactions of the Bank for the years ended 31 December 2016, 2017 and 2018, were US$29.7 billion, US$37.1 billion and US$55.04 billion, respectively.

Remittance business

Through agreements with banks and non-bank financial institutions with extensive overseas networks, BRI is able to provide real-time remittance services that allow beneficiaries to receive money quickly at a competitive cost. Furthermore, to accommodate customer needs, BRI established co-operation with several reputable banking institutions, including opening Nostro accounts in various currencies. In order to improve its remittance business, BRI has developed BRIfast Remittance, which is a web-based remittance service. The advantage of BRIfast Remittance is the fast transaction processing time that allows overseas remittances to be received in Indonesia within several seconds.

The amount of nominal funds transferred using the BRI remittance products has consistently shown a growing trend over the years, both for inward and outward remittances. The total number of remittance transactions for the years ended 31 December 2016, 2017 and 2018 was 5.3 million, 6.9 million and 7.03 million, respectively. BRI's fee based income from remittances also increased accordingly with the increased number of transactions.

Correspondent banking

BRI has developed a cooperation relationship with more than 1,300 correspondent banks throughout the world. Through correspondent banking business, BRI undertakes acceptance, bilateral loan, club loan, L/C Refinancing, L/C confirmation, risk participation and issues local guarantees based on counter guarantee from correspondent banks. In addition, with the broad network of correspondent banks, BRI can easily get access to offshore funding to support the bank liquidity as well as to support business needs.

BRI has cooperated with correspondent banks in the business of export-import bank notes. This cooperation supports the development of BRI's money changer business, as well as ensuring the supply of Saudi Arabian Riyal notes for the Hajj pilgrims in 18 embarkation points in Indonesia.

Offshore operating units.

Trade finance services and other customer needs led to the establishment of BRI's overseas operating units, specifically (i) the BRI New York Agency (the "**BRINYA**"), (ii) the BRI Cayman Island Branch (the "**BRICIB**"), (iii) the BRI Hong Kong Representative Office (the "**BRI HKRO**"), (iv) the BRI Singapore Branch (the "**BRISG**") and (v) the BRI Timor-leste Branch (the "**BRITL**").

BRINYA provides trade finance, treasury, remittance, deposits and syndicated and direct loan services. The trade finance services that the BRINYA provides include L/C refinancing and bill rediscounting that constitutes redemption of usance export bills to help the cash flows of BRI customers. The BRINYA is also active in providing short term funding to customers for trade finance needs and to help with their working capital. The BRINYA undertakes syndicated loan financing for US and Indonesian multinational companies as part of its efforts to build up an earning asset portfolio. In addition, the BRINYA has financed the Government with an offshore loan scheme, as part of BRI's commitment to the programme of supporting the Government. These development efforts have had a positive impact on the performance of BRI.

BRI CIB has actively issued import L/C on behalf of non-resident customers. In addition, the branch also functions as a booking office for loans to institutional customers in need of export loans or to SOE or other Government importers.

BRI HKRO serves to coordinate business activities and collect information relevant to investments and business opportunities in the interest of bilateral trade relations between Hong Kong and Indonesia, and to promote export-import between the two markets.

BRISG is positioned to cater to mainly corporate clients, such as oil and gas companies, manufacturers and traders. The BRI Singapore branch allows for the expansion of its' international business by extending the BRI's trading activities and trade finance services for export and import transaction to the Singapore market.

BRITL, which has been in operation since March 2017, serves to offer full banking service products, in particular the MSME products, in Timor-leste. The BRI Timor-leste Branch also serves to accommodate business transaction between Indonesia and Timor-leste.

Treasury and capital market services.

BRI provides treasury and capital market services that are supported by professional personnel and agents.

BRI's treasury business is responsible for BRI's assets and liabilities management. BRI's treasury business also manages BRI's excess liquidity and foreign exchange positions.

In capital markets, BRI develops and offers competitive money market products and fixed income products. In addition, BRI's capital markets business also provide foreign exchange services to its customers such as foreign exchange advisory and transaction services and acts as an intermediary with regard to hedging products. Other services offered by BRI's capital markets business include trustee and custodian services, payment/escrow agent services, selling agent of mutual funds, customer funds account and the financial institution pension plan services.

SUBSIDIARIES SEGMENT

The subsidiaries segment comprises BRI's seven subsidiaries, namely BRISyariah, PT Bank Rakyat Indonesia Agroniaga Tbk., BRI Remittance Company Ltd., PT Asuransi BRI Life, PT BRI Multifinance Indonesia, PT BRI Ventura Investama and PT Danareksa Sekuritas.

The table below sets forth certain information of BRI's subsidiaries.

Subsidiary name	Type of Business	Initial investment date	BRI stake (as at 31 December 2018)	Start of operations
PT Bank BRI Syariah Tbk	Sharia commercial banking	19/12/2007	73.00 per cent.	16/10/2008
PT Bank Rakyat Indonesia Agroniaga Tbk.	Commercial banking	03/03/2011	87.10 per cent.	08/02/1990
BRI Remittance Co. Ltd	Remittance company	16/12/2011	100.00 per cent.	07/04/2005
PT Asuransi BRI Life	Insurance company	29/12/2015	91.00 per cent.	01/01/1989
PT BRI Multifinance Indonesia	Finance company	30/09/2016	99.00 per cent.	02/08/1983
PT BRI Ventura Investama	Venture capital business	20/12/2018	97.61 per cent.	22/01/1998
PT Danareksa Sekuritas	Capital markets activities	21/12/2018	67.00 per cent.	01/07/1992

PT Bank BRI Syariah Tbk.

With the emergence of sharia banking in Indonesia, BRI acquired PT Bank Jasa Arta on 19 December 2007. In 2008, PT Bank Jasa Arta was converted into BRISyariah. The acquisition transformed the core business of BRI, from a conventional bank to a sharia bank, as decreed in Deed No. 45, dated 22 April 2008, signed before Fathiah Helmi, S.H., notary in Jakarta, and the Decree Governor of Bank Indonesia No.10/67/KEP.GBI/DpG/2008, dated 16 October 2008. To improve the performance and to focus more on managing sharia banking, on 19 December 2008, the management of BRI decided to spinoff of its BRI Sharia Business Unit ("**UUS**") established in April 2002 and merged it with PT Bank BRISyariah, as decreed in Deed No. 27, signed before Fathiah Helmi, S.H., notary in Jakarta, effectively started on 1 January 2009. In May 2018, PT Bank BRISyariah undertook an initial public offering with a listing on the IDX, after which BRI's shareholding decreased to 73.0 per cent. from 99.9 per cent. BRISyariah offers products and services in accordance with the sharia principles, including funding, financing and e-banking services. Funding products are aimed at retail and institutional customers. They include BRIS Savings, retail current accounts, Hajj savings, time deposit and current accounts for institution legal bodies. BRISyariah provides its services and products through e-banking and other alternative channels as well as direct banking services.

As at 31 December 2018, BRISyariah's network in Indonesia consisted of one head office, 54 branch offices, 207 sub-branches, 11 cash outlets and 2,045 sharia service outlets located ("**Kantor Layanan Syariah**") at BRI offices. BRISyariah was supported by 2,941 employees as at the 31 December 2018. As at 31 December 2018, BRISyariah had total assets of Rp37.9 trillion, deposits from customers of Rp28.9 trillion, and Rp19.7 trillion in sharia financing. BRISyariah's income after tax for the year ended 31 December 2018 was Rp106.6 billion.

PT Bank Rakyat Indonesia Agroniaga Tbk.

PT Bank Rakyat Indonesia Agroniaga Tbk ("**BRI Agro**") was founded in Jakarta on 27 September 1989 by leading agribusiness figures from SOEs and the private sector. Until October 2012, BRI Agro was known as PT Bank Agroniaga Tbk. BRI Agro is one of the leading national banks in Indonesia with a focus on agribusiness financing. BRI Agro's network as at 31 December 2018 consisted of 18 branch offices, 20 sub-branches, and four cash outlets.

As at 31 December 2018, BRI Agro had total assets of Rp23.3 trillion, deposits from customers of Rp18.1 trillion, and Rp15.7 trillion in loans. BRI Agro's income after tax for the year ended 31 December 2018 was Rp203.1 billion.

BRI Remittance Co. Ltd.

BRI Remittance Co. Ltd. ("**BRC**") Hong Kong was established on 7 April 2005 in Hong Kong with paid-in capital of HK$1.9 million. Effective 16 December 2011, by way of an instrument of transfer entered into by BRI and BRIngin Jiwa Sejahtera, BRI acquired 100.0 per cent. share ownership in BRC.

BRI's main business is remitting funds from originator to beneficiary. To support its remittance business in Hong Kong, BRI currently uses the BRIfast system that has been implemented in BRC and integrated on-line to more than 9,500 working units of the Bank. The integration of BRC to the working units of BRI makes the remittance of funds from and to Hong Kong faster, and has become a competitive advantage of BRI.

As at 31 December 2018, BRC's total assets reached HK$3.7 million. For the year ended 31 December 2018, BRC's income after tax was HK$162,410.

PT Asuransi BRI Life.

PT Asuransi BRI Life ("**BRI Life**"), previously called PT Asuransi Jiwa Bringin Jiwa Sejahtera ("**BRIngin Life**"), was established by the BRI Pension Fund (known as *Dana Pensiun BRIRakyat Indonesia*) on 28 October 1987. On 29 December 2015, BRI acquired 91.0 per cent. share ownership in BRIngin Life and renamed it to BRI Life.

BRI Life's business focuses on offering various insurance products to BRI's customers who are mostly BRI's existing loan customers from BRI's micro segment. BRI Life's products include life and health insurance, personal accident insurance, pension fund programme and annuity and pension welfare. BRI Life had six regional offices with 34 sales offices spread across Indonesia as at 31 December 2018.

As at 31 December 2018, BRI Life's total assets reached Rp9.4 trillion. For the year ended 31 December 2018, BRI Life's income after tax was Rp600.7 billion.

PT BRI Multifinance Indonesia.

PT BRI Multifinance Indonesia ("**BRI Finance**") was incorporated under the name of PT Sari Usaha Leasing on 2 August 1983. On 30 September 2016, BRI and Yayasan Kesejahteraan Pekerja Bank Rakyat Indonesia acquired share ownership of 99.0 per cent. and 1.0 per cent., respectively in BRI Finance from the Bank of Tokyo-Mitsubishi UFJ Ltd, Japan. On 21 December 2018, BRI invested further capital into BRI Finance, increasing its interest to 99.65 per cent. of the share capital of BRI Finance.

BRI Finance focuses on working capital and investment financing. BRI Finance provides financial services across Indonesia to various industries and asset types. As at 31 December 2018, it had a head office in Jakarta with four branch offices. It also had 16 marketing offices spread across Indonesia as at 31 December 2018.

As at 31 December 2018, BRI Finance's total assets reached Rp3.6 trillion. For the year ended 31 December 2018, BRI Finance's income after tax was Rp61.0 billion.

PT BRI Ventura Investama

BRI Ventura was incorporated under the name of PT Sarana Nusa Tenggara Timur Ventura on 22 January 1998. On 20 December 2018, BRI acquired equity interest of 97.6 per cent. in BRI Ventura from PT Bahana Artha Ventura. BRI Ventura is engaged in the venture capital financing business. As at 31 December 2018, it had a head office in Jakarta with one branch office in Kupang.

As at 31 December 2018, BRI Ventura's total assets reached Rp7.2 billion. For the year ended 31 December 2018, BRI Ventura's income after tax was Rp0.5 billion.

PT Danareksa Sekuritas

Danareksa Sekuritas was incorporated on 1 July 1992. On 21 December 2018, BRI acquired equity interest of 67.0 per cent. in Danareksa Sekuritas from PT Danareksa (Persero). Danareksa Sekuritas focuses on capital markets activities, including underwriting and brokerage. As at 31 December 2018, it had a head office in Jakarta with 10 branch offices, 13 outlets and three partnership outlets across Indonesia.

As at 31 December 2018, Danareksa Sekuritas's total assets reached Rp869.1 billion. For the year ended 31 December 2018, Danareksa Sekuritas's loss after tax was Rp126.4 billion.

IT SYSTEMS

BRI believes that the upgrading and on-going improvement of its IT systems is essential to ensure its competitive position in the Indonesian banking sector, to provide seamless and uninterrupted services to its customers and to continue generating further cost efficiencies and to improve its internal controls and risk management systems. In 2017, BRI reviewed its IT process and upgraded its IT infrastructure to improve BRI's operational performance, ensure better customer satisfaction and support Digital Banking business strategies. To that end, BRI has, amongst others, implemented Integrated Service Management Phases I, II and III, performed a cybersecurity assessment and conducted an assessment for its disaster recovery policy. BRI has also undertaken several initiatives to develop future-ready technology platforms by taking into account factors such as technology, ease, convenience, and information security.

To maintain an adequate security system within the IT realms that continue to advance and evolve, BRI adopts and implements best practices in its IT security system, including the ISO 27001:2005. BRI complies with (i) OJK Regulation No. 38/POJK.03/2016 on Implementation of Risk Management in the Use of Information Technology by a Commercial Bank and (ii) OJK Circular Letter No. 21/SEOJK.03/2017 on Implementation of Risk Management in the Use of Information Technology by a Commercial Bank.

BRI's IT infrastructure is regularly evaluated and audited with the aim of mitigating the risk of vulnerability and weaknesses in its IT infrastructure. The security system is upgraded as needed to increase its security reliability against the trend of IT frauds. A security awareness programme is routinely carried out to enhance awareness and care for security in the use of IT at BRI.

In 2017, BRI added a new structure in digital banking to address business challenges in the digital era as the new trend in the financial industry including the New Internet Banking, which uses the Mobile Application Development Platform concept. BRI has identified three pillars of digital banking, namely (i) BRI Core Digitization, which aims to deliver end-to-end digitalisation of core customer experiences; (ii) Digital Ecosystem, which aims to build an ecosystem to offer products and services outside BRI's core services; and (iii) New Digital Propositions, which aims to create and launch an independent greenfield digital bank.

BRI has also developed supporting IT systems for public services and government, such as, Online Tax Payment, Social Assistance Channeling System, Online Driving Licence System and electronic traffic fine system e-Tilang. BRI is in the process of entering into arrangements with certain third party payment service providers, particularly with a focus on serving the requirements of a growing number of Chinese tourists visiting Indonesia.

SUSTAINABILITY FINANCING INITIATIVES

BRI is committed to support sustainable development goals and to the implementation of sustainable finance, and has been appointed as one of the "First Movers on Sustainable Banking" by the Financial Services Authority (OJK). In seeking to comply with its commitment as a first mover on sustainable banking, BRI has implemented policies to:

(i) grant credit to environmentally friendly businesses with environment analysis management certification;

(ii) manage efficient, hospitable and environmentally sound operations; and

(iii) participate in community development, education, training and empowerment in an effort to create a clean environment such as environmental conservation.

BRI intends to continue to focus on the achievement of sustainability performance in certain focus areas, which include, among others:

(i) social projects where BRI provides financing for basic infrastructure, affordable housing, essential services (such as healthcare or government services), MSMEs that adopt prudential banking principles and other projects that support socioeconomic advancement and empowerment;

(ii) employee capacity building through initiatives such as green banking workshop and sustainability report training;

(iii) implementation of sustainable finance roadmap through certain best practices such as responsible investment principles, sustainable business strategies and practices, social and environmental risk management and social inclusivity;

(iv) realisation of financial inclusion in Indonesia by focusing on MSMEs and on digital, technology-based financial inclusion;

(v) participation in community welfare and community development programmes; and

(vi) green projects (such as green information technology and green office buildings) where BRI implements environment friendly banking and operational policies.

COMPETITION

BRI faces competition in all of its lines of business. Its primary competitors consist of major Indonesian banks and foreign banks operating in Indonesia. It also faces indirect competition from a variety of other types of financial services companies and credit providers, such as cooperatives and leasing and financing companies. In addition, it faces competition from certain Government-related entities that provide industrial development funding and export-import financing and services.

The Government has removed most bank-related foreign ownership restrictions and permits foreign banks to open branch offices in Indonesia. Competition from existing and new entrant foreign banks may be in the form of joint ventures or investments in Indonesian banks. There have been a number of acquisitions of stakes in Indonesian banks by foreign banks in recent years. In the international markets, BRI competes with a variety of banks and financial institutions, many of which have more extensive worldwide operations and networks.

The following table sets forth, on a consolidated basis, the total assets, total liability, equity, interest income and net income for BRI and certain of its competitors, as at and for the year ended 31 December 2018.

	Comparative financial information as at and for the year ended 31 December 2018				
	Total assets	Total liability	Equity	Interest income	Net income
	(Rp trillion)	(Rp trillion)	(Rp trillion)	(Rp trillion)	(Rp trillion)
PT Bank Rakyat Indonesia (Persero) Tbk	1,296.9	1,111.6	185.3	108.5	32.4
PT Bank Mandiri (Persero) Tbk	1,202.3	1,017.3	185.0	81.0	25.9
PT Bank Central Asia Tbk	824.8	673.0	151.8	56.8	25.9
Bank Negara Indonesia	808.6	698.2	110.4	54.1	15.1

Source: Quarterly published financial statements of individual banks for Bank Indonesia disclosure purposes.

The following table sets forth the total number of physical outlets and ATMs for BRI and certain of its competitors as at 31 December 2018:

	Physical Outlets	ATMs
PT Bank Rakyat Indonesia (Persero) Tbk	9,647	22,684
PT Bank Mandiri (Persero) Tbk	5,634	18,291
PT Bank Central Asia Tbk	1,249	17,778
Bank Negara Indonesia	2,256	18,202

Source: Quarterly published financial statements of individual banks for Bank Indonesia disclosure purposes.

PROPERTIES

BRI's head office is located at BRI I Building, Jl. Jend. Sudirman No. 44-46, Jakarta, and BRI owns several other real properties in Indonesia. The net book value of these properties as at 31 December 2018 was Rp26.91 trillion. BRI leases certain operating properties, which are used as banking offices, branches, BRI Units, back offices and warehouses.

EMPLOYEES

As at 31 December 2016, 2017 and 2018, BRI had (on a standalone basis) a total of 58,885, 60,683 and 60,974 employees, respectively.

To support business development, the human resources management continuously undertakes development of BRI human resources through a series of integrated activities in the framework of the BRI human resources architecture. BRI believes that reliable and competent human capital is the key to the sustainable growth of BRI's business. BRI attaches great importance to recruiting, retaining, training and developing its employees.

In order to improve the competencies and capabilities of its employees, BRI has formulated a transformation plan for the period from 2018 to 2022. This plan includes specific policies aimed at improving performance management, recruitment, performance-based benefits and revitalising culture generally.

BRI offers a variety of training and development programmes for new and existing employees based on competency. In particular, employees are given trainings that support BRI's strategic goals. Examples include: (i) developing and implementing special education programmes dedicated to candidates of BRI future leaders through staff development programmes; (ii) sending selected staff to pursue advanced degrees at various top universities overseas; and (iii) equipping its marketing forces, namely Account Officers and Funding Officers with the appropriate skills and knowledge. To maintain its advantage in the micro business segment, courses are routinely carried out for employees at BRI Unit level in the regional learning centres, including training for the resident auditors of micro business, head of the BRI Units as well as the marketing forces of those units.

BRI uses advanced technology to create more effective and efficient education programmes, in terms of both educational facilities and the implementation of the training. The digitalisation and development of library materials, development of e-learning, development of the website of the BRI Education, the training centre and back office automation have been in progress in the recent years. For the years ended 31 December 2016, 2017 and 2018, BRI spent Rp593.7 billion, Rp557.2 billion and Rp633.8 billion in training and development, respectively.

Employees receive a compensation package which includes fixed compensation, variable compensation and employee benefits. The fixed compensation includes basic salary, position allowance and cost-of-living allowance, whereas variable compensations are closely tied to BRI's and each employee's individual performance. Employees also receive employment and post-employment benefits which include medical benefit, life insurance and pension plan. Senior level employees also received position-tied benefits such as housing benefits and car ownership plans. In compensating its employees, BRI maintains a competitive position against its peers to ensure that the compensation plan is sufficient to attract and retain employees. Following BRI's IPO in 2003 where 30% of the then outstanding shares were sold to the public, BRI initiated the Employee Stock Allocation ("**ESA**") and the Management Stock Option Plan ("**MSOP**"). The ESA consist of a bonus share plan, shares purchase at discount and additional share allocation, whereas MSOP was granted to Directors and employees of a certain level and position and consisted of three stages of allocation. The last stage of MSOP concluded in 2010. In 2017, our shareholders at the Annual General Meeting approved the bonus shares in order to provide long-term motivation for employees at BRI. Almost all of BRI's domestic employees are members of the workers' union. BRI has entered into a collective bargaining agreement with the workers' union. In 2017, BRI's management and the workers' union signed a new Collective Working Agreement, covering the period 2017 to 2019. BRI considers its relations with its employees and the workers' union to be satisfactory. BRI has never experienced a work stoppage or strike by its employees.

INSURANCE

BRI's policy is to adequately insure all of its properties against fire and other usual risks. As at the date of this Offering Circular, BRI had insured its premises (excluding land), vehicles and equipment against physical loss or damage. BRI also maintains insurance for operational risks such as the loss of cash or securities through loss or theft. BRI does not have business interruption insurance covering loss of revenue in the event that its operations are affected by unexpected events. It carries no third-party liability insurance for its properties. As at

31 December 2018, BRI had insured its premises (excluding land) and equipment against fire and theft for a total coverage amount of Rp13.2 trillion and US$224.0 million, respectively. The management of BRI believes that the level of insurance coverage is consistent with industry practice.

LEGAL PROCEEDINGS

BRI is currently involved in a number of legal proceedings in connection with its banking business. The management of BRI does not currently believe that these proceedings, if determined adversely to it, would have a material adverse effect on it business, financial condition or results of operations.

As at 31 December 2018, BRI had an outstanding provision of Rp1,060.30 billion in respect of on-going or pending legal proceedings against it. The management of BRI believes that the provision is adequate to cover possible losses arising from legal claims against BRI.

RISK MANAGEMENT AND COMPLIANCE

BRI is exposed to numerous risks relating to its lending, trading, deposit-taking and other businesses, as well as risks relating to its operating environment. BRI's objectives in risk management are to ensure that it understands, measures, monitors and controls the various risks that arise from its operations and to ensure that the organisation adheres, as much as reasonably and practicably possible, to the policies and procedures that it establishes to address those risks. The principal risks BRI face are credit risk, market risk, liquidity risk, interest rate risk, trading risk and foreign exchange risk, operational risk, reputational risk and compliance, strategic and legal risk.

BRI has developed its risk management systems based on OJK's guidance for the Implementation of Risk Management for Commercial Banks and other related documents from the Basel Committee on Banking Supervision. As part of an effort to achieve international best-in-class standards of risk management, BRI continuously develops and improves its risk management framework to implement an integrated and comprehensive risk management and internal control system as well as more advanced risk measurement and management methods to further improve its capital management practices and strengthen its corporate governance. BRI also strives to embed a risk awareness culture across all levels of its staff by providing continuing communications to employees about the risk aspects of their day-to-day job and through risk management certification programmes for officers.

BRI has integrated the accords of Basel III into its risk management strategy and framework. The purpose of Basel III is to strengthen regulation, monitoring and risk management through more comprehensive measurement review in the banking sector. Basel III differs from Basel II in several respects, including an increase in minimum capital requirements, changes to composition of regulatory capital, the introduction of capital conservation buffer and countercyclical buffer and the strengthening of liquidity management requirements. To determine the risk profile in accordance with OJK regulations and guidelines, BRI conducts a monthly self-assessment process, which is an assessment of the adequacy of BRI's risk control system. The process covers all pillars in risk management implementation by assessing the inherent risk, which is the embedded risk in BRI's business activities that could potentially affect the financial position and risk management quality.

BRI has set in place and enforces its Risk Management General Policy ("**KUMRBRI**") which constitutes BRI's primary set of internal risk management implementation rules and policies and is the highest rule in the implementation of risk management in all individual or integrated business activities of BRI (Decree of the BOD of BRI No: S.72-DIR/DMR/12/2016 regarding Risk Management General Policy of PT Bank Rakyat Indonesia (Persero) Tbk). The KUMRBRI includes general policy, risk management strategy, risk management organisation, risk management process, risk management information system, risk management implementation, internal control system and risk management implementation in using information technology and integrated risk management (Enterprise Risk Management) which includes managing risk profile, Business Continuity Management implementation, and management of new products and/or activities.

Based on the above the KUMRBRI, BRI applies the Guidance on the Application and Implementation of Risk Management ("**PPPMR**"), which is a series of technical guidelines that determine the stages in risk management process determined in KUMRBRI, such as risk identification, risk measurement, risk monitoring and risk control. BRI'sPPPMR consists of Guidelines on Operational Risk Management Implementation, Guidelines on Credit Risk Management Implementation, Guidelines on Market Risk Management Implementation, Guidelines on Liquidity Risk Management Implementation and Guidelines on Enterprise Risk Management Implementation.

BRI has implemented the concept of having in place three lines of defence. The first line of defence is ensuring that business and operational working units perform their functional activities in accordance with existing policies, limits and operational guidelines. The second line of defence is the risk management working unit which oversees compliance with and implementation of BRI's risk management policies, including risk tolerance as well as risk limits of independent business and operational working units independently. The third line of defence is the internal audit working unit, which functions in performing control through evaluation of the first and second lines of defence as well as reporting independently to the President Director and Commissioner.

Organisation

The Risk Management Committee ("**RMC**") holds meeting for discussing risks at the corporate level. The RMC consists of a majority of the Board of Director and the officers of one level below the Director. The RMC is independent from the operational working units.

The RMC reviews and approves proposals and recommendations in accordance with prevailing regulations submitted at a meeting. The proposals and recommendations cover, among others, the policy, strategy and procedure of risk management.

The duties and responsibilities of the RMC include:

- providing recommendations to the President Director in formulating the General Policies of Risk Management including implementation of risk management policies, strategy and contingency plans for abnormal conditions, as well as amendments, if necessary;
- providing recommendations to the President Director in formulating risk management measurement methodologies and amendments, if necessary;
- providing recommendations on risk limit determinations and amendments, if necessary; and
- submitting risk profile reports, results of risk monitoring and parameter profile reviews together with recommendations of amendments, if necessary.

Credit risk management

The implementation of credit risk management is intended not only to ensure BRI's compliance with regulations but also to fulfil management's obligation to implement a satisfactory credit risk management system in order to align BRI with best practice in the banking industry. Such policies in turn are expected to support BRI's business activities.

BRI has implemented several prudential banking principles in its loan policies, to encourage quality assessment and management in the loan decision process. Such policies include (i) separating loan officers' duties into the Relationship Management and the credit risk management functions, (ii) implementing the Four Eyes Principle, (iii) enforcing the Credit Risk Rating/Scoring ("**CRR**" and "**CRS**") systems, (iv) separating out NPL and (v) exercising healthy loan procedures through determination of the target market, acceptable risk criteria and the annual marketing plan.

Line Credit Officers ("**PKL**") are given an authorised limit on loan approvals based on each PKL's integrity, capability and experience in the loan business. Under the current regulations, the authorisation limit is given directly by each PKL's direct supervisor. Each PKL is required to be independent and should not influence or intervene with one another. As a result, the credit granting process is able to be carried out more objectively and comprehensively.

The credit analysis and approval process begins with an assessment of individual debtors' risk levels using either the CRR for commercial loans and CRS for consumer and micro loans. BRI has determined a cut-off threshold for a prospective debtor to be approved based on BRI's risk guidelines.

Loan distribution, performed by the business working unit, is conducted by taking into account credit risk from loan disbursement to loan settlement by controlling and monitoring loan quality to prevent non-performing loans.

Through the implementation of the Early Warning System ("**EWS**") in monitoring the condition of the debtor's business, effective credit risk management could minimise the risk of possible losses and optimise capital usage to obtain maximum income.

Through its credit risk management, BRI aims to minimise possible losses due to unsettled loans and other financial contracts, in the individual or overall portfolio level of loans as well as to meet the regulatory requirements of the OJK.

As a guideline for all personnel involved in the credit risk management, credit policies and procedures are stipulated in the PPPMR, the credit operation guidelines for each business segment, the procedures of credit risk limit determination, and other policies and procedures. The policies and procedures comprehensively stipulate in detail the credit risk management activities, beginning with loan application and analysis process, the decision and approval process, monitoring, documentation, controlling and rescuing/3R (Restructuring, Rescheduling and Reconditioning). In line with the adjustment of policies to current business development, review and improvement on policies and regulations are performed occasionally to ensure that loan expansion is on target.

Credit risk limits are set to ensure that BRI's loan activities are performed carefully by limiting the level of risk to a tolerable level so that potential credit risk related losses incurred can still be absorbed by the capital allocated to credit risk. BRI has set the limit of credit risks and its credit concentration limit by regions, business segments and economic sectors. BRI also regularly monitors its portfolio for each limit.

The development of credit risk management methodologies is conducted in stages and is in line with the framework set by OJK. Since January 2012, BRI assesses credit risk by using the Standardised Approach (Credit Risk), while preparing for the Internal Rating Based Approach methodology. BRI is still preparing a system to support the database that will be utilised for determining loan risk parameters, such as the probability of default and loss given default for each limit.

In preparation of the IRBA implementation, BRI has developed a loan approval system which functions as a medium to capture required loan data and conducts risk evaluation through the CRR/CRS in every loan processing, resulting in a more objective result with systematic and integrated calculations. The loan data from that system will support the IRBA implementation.

BRI conducts stress testing at least on a quarterly basis by considering events that may occur or any possible changes in economic conditions in the future and events of extreme conditions. Such testing is intended to determine the ability of BRI to adapt to extreme conditions that may cause an unfavourable effect on its credit exposure. The simulation results of stress testing are submitted to related divisions (i.e. business units, planning and strategic units), as well as the Board of Directors and Risk Monitoring Committee.

Liquidity risk management

BRI manages liquidity risk in order to maintain adequate and optimal liquidity levels and to match any financial liabilities that have been agreed upon in a timely manner.

BRI's liquidity management is conducted nationally by the Treasury Division. Liquidity management includes liquidity management for intraday, daily, short term, medium term, denominated in Rupiah or foreign currency. To support liquidity management, BRI has prepared a risk management policy in accordance with OJK Circular Letter No. 34/SEOJK.03/2016 on Implementation of Risk Management for Commercial Banks, which includes active supervision of the Boards of Commissioners and Directors, adequacy of identification, measurement, monitoring and control processes, liquidity risk management information systems, adequate policies and procedures on liquidity and limit as well as a comprehensive system of internal control.

Liquidity management policies include liquidity management, funding strategies, the EWS, establishment of liquidity limit, including management of high quality liquid assets and liquidity contingency plan. These policies aim to ensure sufficient daily funds in meeting its obligations during normal business conditions and during times of crisis, as well as ensuring the availability of high quality liquid assets. BRI's liquidity management policies are embodied in its Liquidity Risk Management Implementation Guidelines.

In an effort to properly control the exposure and the concentration of liquidity and manage the daily liquidity, BRI manages and reports its liquidity risk limit which are submitted to the Board of Directors through an Integrated Risk Profile report, ALCO and the RMC. BRI also implements measurement of its Liquidity Resilience by using the Basel III Approach: Liquidity Coverage Ratio & Net Stable Funding Ratio, in accordance with OJK No. 42/OJK.03/2015 concerning Obligation of Liquidity Coverage Ratio for Commercial Banks and OJK No. 50 /OJK.03/2017 on the Obligation of Fulfillment of Net Stable Funding Ratio for Commercial Banks. Since 2017, BRI has implemented and monitored the Liquidity Coverage Ratio (LCR) daily through the LCR Information System.

The liquidity risk limit is the concentration ratio of assets and liabilities (minimum Bank Indonesia Certificates, or "**SBI**", in the secondary reserve, concentration of 50 (fifty) core depositors and the concentration of funds among bank liabilities), liquid assets ratio <1 month towards liquid liabilities <1 month, maximum ratio of cash outflow, ratio of short-term and long-term cash flow mismatch, LDR, overnight lending limit and liquidity assets or total liabilities.

In order to determine its ability to meet liquidity needs in times of crisis, BRI conducts stress testing simulation with a series of scenarios that cover normal and crisis conditions, by using a specific scenario and general market stress. The results of stress testing are presented to the Board of Directors through RMC on a quarterly basis.

In addition, to manage liquidity, BRI conducts daily monitoring of possible withdrawals by customers, monitors maturing assets and liabilities, maintains sufficient liquid assets to meet its maturing obligations and maintains primary reserve in accordance with Bank Indonesia regulations and the secondary reserve according to the limit determined. BRI also optimises the determined cash ratio for regional offices and Branch Offices by taking into account the cash requirements of working units.

Potential liquidity risk faced by BRI in the future is measured through the liquidity gap analysis, which is a projection of the excess or shortage of liquidity based on the maturity of assets and liabilities, after taking into account business expansion needs. This information is also used as consideration for planning and managing BRI's liquidity, including its business expansion needs. Implementation of effective liquidity risk management is expected to minimise liquidity risk in BRI while enhancing the stability of the banking system as a whole.

Market risk management

Market risk is the risk of loss due to market factors such as interest rates and exchange rates that are against the position held by BRI, whether on the statements of financial position or administrative accounts. The position held pertains to those in the trading and banking books. In market risk management, BRI performs monitoring and restricting of losses by determining market risk limits through transaction limits which consist of dealer transactions limits, cut loss limits, stop loss limits and Value-at-Risk ("**VaR**") limits.

BRI manages market risk by the setting up of a middle office function, an independent unit from the front office, which monitors the trading activities undertaken by the dealers (front office) in the Treasury Division.

Market risk management in BRI is divided into three functions. First, the front office, whereby Treasury Division is a working unit that performs business activities/risk owner. Second, the middle office, whereby the Operational and Market Risk Management Division is a working unit that performs monitoring/market risk controller. Third, the back office, whereby Operational Centre Division is a working unit that performs market/ treasury transactions settlement/ treasury.

BRI has implemented an integrated treasury and market risk application system used by the front office, middle office and back office functions. Through this system, BRI is able to measure the market risk using internal model approach which integrates with the daily process transaction. Furthermore, BRI is able to monitor the exposure and minimise potential loss from market risk by imposing market risk limits for transactions, including dealer transaction limits, cut loss limits, stop loss limits and VaR limits. Monitoring is performed on a daily basis, to facilitate the process of market risk monitoring and accelerate the provision of information to management to support decision making in a timely manner.

In its reporting of market risk to Bank Indonesia, BRI uses the Standardised Approach (Market Risk) ("**SA(MR)**") in measuring potential losses resulting from activities that are exposed to market risk. Capital allocation using the SA(MR) covers interest rate risk on trading book portfolio as well as exchange rate risk on trading book and banking book portfolio.

With regard to the market risk and liquidity risk, BRI also performs stress testing periodically on market risk for the trading book and banking book portfolio to evaluate the impact of significant losses should there be any abnormal movements in the market factors. Stress testing is conducted by taking into account historical scenario of past crisis events.

Interest rate risk.

Financial instruments based on interest rates contain risk because potential changes in interest rates which will impact future cash flows. The Board of Directors and senior management are responsible for determining, managing and controlling the interest rate by weighing BRI's acceptable risk and targeted financial objectives, whereby the determination of interest rates is conducted at least once a month by the ALCO.

Exchange rate risk.

Exchange rate risk is the risk arising due to the gap of foreign exchange positions held by BRI which is reflected in BRI's Net Open Position ("**NOP**") both individually and at a consolidated level. Included in the foreign exchange positions are the trading book positions conducted to generate profit from short-term foreign exchange transactions and the banking book position in order to control the NOP. In accordance with Bank Indonesia regulation, the maximum NOP level is capped at 20.0 per cent. of capital.

Operational risk management

Management of BRI's operational risk exposures includes, but are not limited to, management of legal, reputational, compliance and strategic risk in all business processes and operational activities. BRI has an independent risk management task force at the main office and at each of its regional offices to implement the operational risk management framework, considering BRI's working units are located throughout the region with heterogeneous geographical characteristics.

Programmes to improve employees' understanding of risk management is focused on improving the culture of risk of BRI, improving the quality of risk control in every operational activity and risk management training to all of BRI's employees. Thus, the effectiveness of the working unit as the risk owner and the first line of defence in implementing risk management can be improved.

The implementation of risk management process in BRI's regional offices is supported by the operational risk assessors system which comprise of Risk and Control Self-Assessment ("**RCSA**") modules, Key Risk Indicators ("**KRIs**"), incident management and risk management and maturity forum. Each of BRI's operational working unit has a Risk Management Function ("**RMF**") as the first line of defence that is responsible for the implementation of risk management process in functional activities in each working unit starting from identification, measurement, monitoring, until risk control. The Risk Management Forum ("**RM Forum**") is held in headquarters (Division/Desk), regional offices, Special Branch Office ("**KCK**") and branch offices level and includes RM Forum in the operational line, marketing and the micro business. The Operational & Market Risk Management Division ("**MOP**"), as the second line of defence, has the responsibility to provide the implementation guidelines on risk management, to develop and implement the policies, procedures and methodologies and to monitor, assess and evaluate risk management process. Other important functions of the MOP are to prepare and monitor BRI's risk profile, assess the impact and risks of a new product and/or new activity and support the operational working unit/risk owner in developing a culture of risk awareness and compliance to risk management principles. Meanwhile, the Internal Auditor, as the third line of defence, has the responsibility to monitor the consistency of the implementation process and the adequacy of internal controls in risk management.

Risk and control self-assessment.

BRI implements the RCSA in all its working units which include the Division/Desk of headquarters of BRI, regional offices ("**Kanwil**"), KCK, branch offices ("**Kanca**") which represents Sub-branch Office ("**KCP**") and Units of BRI and BRI's Priority Service Centre ("**SLP**"). The RCSA is intended to support the working unit as the first line of defence in identifying and measuring operational risk independently of its functional activities, including monitoring and determining corrective actions and future plans. Identification of risk issues that are determined as critical point to be observed in the RCSA assessment is always updated quarterly in accordance with the development of BRI's business. Updating the risk issues is part of the follow-up monitoring which is conducted periodically to reflect changes in BRI's operational, legal, reputational, strategic and compliance due to the implementation of new products and/or activities, new market segments, changes in the internal and external policies and other changes that affect BRI's risk exposure.

Incident management and measurement of operational risk capital expenditure.

The implementation of incident management in BRI is conducted by using bottom-up model through the development of a loss event database in coordination with the operational and support working units in order to collect the loss incident data. The recording of loss data is performed for each type of loss that includes actual loss, potential loss and near-misses. Incident management has an objective to document the loss incident since the time of occurrence until declaration, including the corrective actions taken.

The incident management module allows BRI to analyse loss incident report based on the cause, functional activity, type of event and business lines. The information system can be used to prepare the preventive actions through the incident settlement process documenting the basis, on financial, loss recovery, litigation process and past incident settlement.

BRI's operational loss data, which is classified based on eight different business lines and seven types of incidents, is consistently and systematically arranged in a loss matrix database form. The matrix is used as the development method to calculate the operational capital expenditure simulation with Advance Measurement Approach ("**AMA**") methodology, which is using the Extreme Value Theory ("**EVT**") approach and Loss Distribution Approach.

Management and operational risk measurements are the part of implementation of good banking practice principles. Basel II states that BRI should calculate the operational risk in calculating capital adequacy, in addition to material credit risk and material market risk. Calculation of operational risk is required in order for BRI to run its business activities and the bank capital serves as a buffer in case of risk events that are unexpected loss. BRI has made calculations in accordance with the provisions of operational risk using the Basic Indicator Approach since 2010. BRI has also made the necessary preparations related to the implementation of Standardised Approach (Operational Risk) ("**SA(OR)**") and AMA for operational risk measurement. As a preparation for the adoption of SA(OR), BRI has identified and mapped of general ledger accounts and grouping gross income into eight relevant business lines. BRI has also conducted a simulation of operational risk capital charges calculation using the SA(OR) approach. In preparation for AMA implementation, BRI has performed calculation of operational risk charge using EVT models taking into consideration the risky events that can potentially result in severe financial loss for BRI.

KRI.

KRI is a tool which is useful in identifying an increase or decrease in risk (BRI's trend risk) and controlling effectiveness in order to provide prediction. This allows for the action plan related to arising operational risks to be determined before the occurrence of financial or non-financial loss. BRI has identified the KRIs for all types of risk and has set risk limits that reflect the conditions and acceptable risk by BRI. The identification of KRIs and the determination limits (threshold) are conducted by using expert judgment with the involvement of internal audit, risk owner and other related parties. BRI's KRI includes bank-wide risk profile and regional office risk profile which is reported monthly to the management.

RM Forum.

In relation to support the effectiveness of reliable risk management in every working unit, strong commitment and support from all employees of BRI is crucial for successful implementation of risk awareness policies. RM Forum is an event during which heads and subordinates of working units discuss issues and inherent risks in business or operational activities. The result of the forum is used as a source to update risk issue in the RCSA in the next period.

Maturity.

Risk exposure in BRI working unit is reflected in the risk profile. The readiness of risk management in BRI's working unit reflected at the maturity assessments performed by each working unit leader with certain parameters that have been set.

Business continuity management ("BCM")

BCM is intended to protect the security and safety of workers, customers and stakeholders. The main goal of BCM is to maintain continuity of critical activities, both business and operations and to protect the assets of BRI as well as providing adequate response in disaster situations.

The implementation of BCM in BRI includes all units which have to go through the testing and execution of the BCM exercises, and is performed at each branch office and regional office, as well as the Head Office Division. Improvements in BCM such as also include implementation of Business Impact Analysis (BIA), Business Continuity Plan (BCP) and Emergency Response Plan (ERP) within the Bank. BCM exercises are conducted every year. For example, the testing of evacuation and disaster management related to fire prevention are conducted at the levels of head office, regional offices and branch offices annually. The coordination of disaster management are carried out with involvement of the head office, regional office, inspection office and branch office (including sub-branch office and BRI Units) in the event of natural disasters, which among others, include the eruption of Mount Agung, KarangAsem in 2017.

In connection with the quality improvement of risk management, BRI has improved the policies and procedures of risk management in the implementation of functional activity of BRI. For example, in order to prevent BRI from being a target of crime, particularly money laundering and terrorism financing as well as to meet the regulations of Bank Indonesia and OJK, BRI has developed a risk-based approach that aims to segment customers based on their level of risk and the possibility of money laundering or terrorism financing. Risk identification is performed by determining the characteristics of the inherent risks specific to each customer via analysis of risk parameters such as the identity of customers, business location, customer profile, business activities, structure of ownership for enterprise customers, the number of transactions and other information that can be used to measure the level of customer risk. The results of the identification and measurement of customer risk profile are mandatory follow-up monitoring and control of individual risk profiles. Furthermore, BRI will document the customers who are politically exposed persons separately. Risk based approach business processes are summarised in the policy and the standard operational procedure application of the APU-related BRI PPT.

For the implementation of risk management related to bancassurance, BRI has developed relevant provisions for the risk management bancassurance. BRI has separated the risk-associated bank products from insurance products in agreements between banks and insurance companies and has clarified the rights and obligations of each party, so that the risks of each party can be identified, measured, monitored and controlled. In conducting its business, the Bank also aims to provide transparency to customers both orally and in writing.

In order to assess the adequacy of risk management for any new product or activity at BRI, each product or activity produced by BRI must go through the process of risk management based on BRI's internal regulations.

BRI assesses any kind of risk that may arise from the issuance of new products or activities, in order to establish adequate control over, and mitigation of such risks.

Recovery Plan Development

As one of the banks designated as D-SIB in Indonesia, BRI has an obligation to prepare a recovery plan document (the "**Action Plan**") as stipulated in OJK Regulation No. 14/ POJK.03/2017 on Recovery Plan for Systemic Banks ("**OJK Regulation 14/2017**"). BRI has constructed a recovery plan in accordance to OJK's provision. Action Plan document includes various mechanisms that are expected to prevent, recover and/or improve the financial condition of BRI as a result of financial crisis or other financial market disturbances that may endanger the business continuity of BRI as a systematically important bank.

BRI has conducted analysis on materiality and criticality to define the rankings of its business lines, office networks and subsidiaries. The analysis is performed by using a materiality scorecard based on quantitative and qualitative established indicators. This ranking is in accordance of priority in recovery actions; when a material and critical event occurs to BRI, subsidiaries will be given priority in order of their ranking in recovery actions.

For external business linkage, BRI performs analysis based on intra-financial system assets, intra-financial system liabilities, securities outstanding and top ten significant counterparts (Obligor, Depositor, Treasury Counterparties). For scenario analysis on systemic change impact, BRI performs Stress Testing activities using an idiosyncratic stress test scenario and market-wide stress test scenario. For BRI, the idiosyncratic scenario is developed to focus on credit quality, while the market-wide stress scenario is based on a scenario used in the Regulatory Stress Testing Financial Stress Assessment Programme as a representation of a possible systematic crisis condition. The purpose of these stress tests is to gather input to improve and develop recovery plans.

SUPERVISION AND REGULATION

The following information has been derived from various Indonesian laws and regulations, Government and other public sources and information provided by the Government and has not been independently verified by us, the Joint Lead Managers, the Trustee or the Agents.

Under Law No. 7 of 1992, dated 25 March 1992, as amended by Law No. 10 of 1998, dated 10 November 1998 on Banking ("**Banking Law**") and Law No. 23 of 1999 on Bank Indonesia, dated 17 May 1999 as amended by Law No. 3 of 2004, dated 15 January 2004 ("**BI Law**"), Bank Indonesia became the primary Government entity overseeing Indonesia's banking system. Prior to 1992, the Indonesian banking system was supervised both by Bank Indonesia and the Minister of Finance. In January 1998, in response to the economic crisis, the Government established IBRA in order to supervise banks in restructuring. The powers and authority given to IBRA as a temporary "special Government agency" are set out in Article 37A of the Banking Law, in conjunction with Government Regulation No. 17 of 1999 dated 27 February 1999 on IBRA and its amendments. On 27 February 2004, through the implementation of Presidential Decree No. 15 of 2004, the Government terminated IBRA. The Minister of Finance continues to play a role in Indonesia's banking system through the issuance of regulations relating to the administration of Government bonds issued under the Bank Recapitalisation Programme, by virtue of its responsibility for restructuring Government-related banks.

Under the BI Law, Bank Indonesia is technically an independent state institution, free from Government interference. Its objectives are to achieve and maintain the stability of the Rupiah. Bank Indonesia's principal functions are to: (i) stipulate and implement monetary policy; (ii) regulate and maintain the soundness of the payment systems; and (iii) regulate and supervise banks. To support its basic functions, Bank Indonesia is granted the sole authority to issue and control the circulation of the Rupiah. Bank Indonesia also provides guidelines and makes determinations regarding the efficiency of payment system and conducts inter-bank clearing and settlement.

The Banking Law and BI Law are the principal statutes governing bank licensing and regulation. These laws grant extensive enforcement and other powers to Bank Indonesia. In addition, Indonesian banks are subject to various regulations, decrees and guidelines issued by Bank Indonesia and the Minister of Finance. Banks in the form of public companies are also required by the Capital Market and Financial Institution Supervisory Agency ("**Bapepam-LK**") to comply with Law No. 8 of 1995 on Capital Market and various regulations issued by Bapepam-LK, which require banks that are public companies to meet, among others, more extensive corporate and disclosure standards. Administrative sanctions may be imposed on the banks that are public companies that fail to comply with the prevailing capital market laws and regulations.

On 22 November 2011, the Government enacted FSA Law, which created a new independent institution, the OJK. OJK took over the supervision and regulation of capital markets, insurance, pension fund and multi-finance companies from Bapepam-LK as at 31 December 2012, and took over the supervision and regulation of banks from Bank Indonesia as at 31 December 2013.

- In the banking sector, OJK took over the following micro prudential duties and authority previously held by Bank Indonesia: issuing permits and approvals relating to, among others, (i) establishment of banks, (ii) opening of a bank's offices, (iii) articles of association and business plans of banks, (iv) ownership, management and human resources of banks, (v) mergers, consolidation and acquisition of banks, and (vi) revocation of banking business licenses;
- regulating and supervising the business activities of banks;
- regulating and supervising the soundness level of banks (including the liquidity, solvability, assets quality, CAR and legal lending limits of banks);
- regulating and supervising the implementation of prudential principles by banks (including risk management, GCG and "know-your-customer" principles to prevent money laundering, funding for terrorism and banking crimes); and
- conducting audits on banks.

Although in principle OJK has the authority to conduct audits on banks, Bank Indonesia (with prior written notice to OJK) will remain entitled to directly conduct special audits on certain systematically important banks, if such audits are required by Bank Indonesia in the context of its macro prudential function and duties. However, Bank Indonesia is no longer authorised to assess the soundness level of a bank, as this authority has been granted solely to OJK. If audits by OJK reveal that a certain bank is having liquidity problems or experiencing a decline in its soundness level, OJK will inform Bank Indonesia to take the necessary actions in its role as a lender of last resort. In this circumstance, Bank Indonesia may conduct its own audit on the bank with prior written notice to OJK. Moreover, OJK must coordinate with Bank Indonesia to formulate regulations pertaining to supervision of the banking sector.

Licensing and limitation of business activities of banks

Under the Banking Law and BI Law, any party engaged in banking activities, which include deposit taking and the use of such deposits for lending, must obtain a license for such purpose from the OJK. OJK's approval is also required in order to open branch offices and overseas representative offices. Indonesian banks are subject to a number of restrictions on the operation of their business and the conduct of their corporate affairs. In particular, an Indonesian bank is prohibited from:

- (holding shares in other companies, with the following exceptions:
  - share participation in banks or other companies involved in the area of finance (which includes leasing, venture capital, securities and insurance companies and companies that offer clearing, settlement and custodian services);
  - shares taken up by the bank temporarily in connection with permitted restructuring; and
  - non-performing loans or failure in relation to a financing arrangement provided by the bank on the basis of sharia principles (as defined in the Banking Law).
- engaging in the insurance business (except for share or capital participation or the offering of third- party products); or
- engaging in any activity prohibited by the Banking Law, such as acting as underwriter for an issuance of commercial paper or participating in the trading of shares on a stock exchange.

Bank ownership

General Overview of Shares Ownership in Indonesian Banks

Under OJK Regulation No. 56/POJK.03/2016 on Share Ownership in Commercial Banks, the limitation of share ownership in an Indonesian bank is based on the "category of shareholders" and "relationship between shareholders". Based on the category of the shareholders, the ownership limitations are as follows:

(a) Banks and non-bank financial institutions, be they foreign or local legal entities, can only own shares up to 40 per cent of an Indonesian bank's paid-up capital. Note that banks can exceed the 40 per cent limitation if they meet certain requirements and OJK approves it.

(b) Non-financial institutions legal entities, be it a foreign or local legal entity, can only own shares up to 30 per cent of the paid-up capital of an Indonesian bank. Foreign funds are included in this category.

(c) Individuals (persons) can only own up to 20 per cent of shares of the paid-up capital of an Indonesian bank.

The ownership limitation based on "relationship between shareholders" is applicable if a shareholder has a relationship with another shareholder in an Indonesian bank. If the relationship is established, these shareholders will be deemed as one party. Any of the following are the relationships that will make the shareholders be regarded as one party:

(a) Relationships based on ownerships over the shareholders.

(b) Family relationship up to the second degree.

(c) There is cooperation or a mutual action to achieve a mutual goal when the shareholders control the bank (acting in concert) with or without a written agreement, due to which, together, they have an option or other rights to own the bank.

After being classified as one party, the above ownership limitation based on the "category of shareholders" will apply, both at the "party" level and at the individual shareholder level. The following mechanisms are applicable to determine the ownership limitation for a party:

(a) On the party level, the maximum ownership for a party is whichever is higher between the limitations applicable to each of the shareholders.

(b) On the individual shareholder level, the maximum ownership for each shareholder refers to the limitation based on the "category of shareholder".

Financial institutions in the form of banks may own more than 40.0 per cent of an Indonesian bank subject to approval from OJK and certain criteria which are applicable to the (bank) shareholder and the bank itself. The bank itself must go public with a minimum of 20.0 per cent public shareholders within five years and must obtain the requisite approvals to issue securities. The Government is exempt from these requirements.

Fit and Proper Test for Primary Parties of Indonesian Banks

A prospective controlling shareholder must pass a fit and proper test held by OJK before it can become a controlling shareholder of an Indonesian bank. Under OJK Regulation No. 27/POJK.03/2016 on Fit and Proper Test for Primary Parties of Financial Service Institutions ("**OJK FPT Regulation**"), a controlling shareholder is defined as a party that has 25 per cent or more shares in a bank or has less than 25 per cent but it is proven that the shareholder is exercising actual control over the management and policy of the bank. The approval of OJK under the fit and proper test is also required for any prospective controlling shareholder that purchases the bank's shares through the stock exchange.

Prior to the issuance of the OJK FPT Regulation, the fit and proper test for primary parties of Indonesian banks (i.e., prospective controlling shareholders, directors and commissioners) was regulated by Bank Indonesia Regulation No. 12/23/PBI/2010 dated 29 December 2010 concerning the Fit and Proper Test (the "**Bank Indonesia FPT Regulation**"). However, according to the OJK FPT Regulation, any sectoral-specific fit and proper test regulation, such as the Bank Indonesia FPT Regulation, will remain applicable as long as it does not conflict with the provisions under the OJK FPT Regulation. Further, on 13 September 2016, OJK issued OJK Circular Letter No. 39/SEOJK.03/2016 on Fit and Proper Test for Prospective Controlling Shareholders, Directors and Commissioners of Banks ("**OJK FPT Circular**"), as one of the implementing regulations of the OJK FPT Regulation.

OJK FPT Regulation, OJK FPT Circular and Bank Indonesia FPT Regulation regulate the consequences that will apply for any party who (i) has purchased shares of an Indonesian bank, and (ii) meets the criteria to become a controlling shareholder, but has not passed the fit and proper test:

(a) That party will be prohibited from acting as a shareholder.

(b) That party is not able to exercise its rights as a shareholder.

(c) The acquired shares will not be calculated in the quorum of the general meeting of shareholders of the bank.

(d) That party must transfer the shares to another party who otherwise meets the requirements to be a controlling shareholder of the bank. The transfer must be made within a year after the that party is determined as an "unfit" purchaser by OJK.

A re-test can be held anytime based on discovery of information or data that indicates any integrity or financial ability problem. If a party who has passed the fit and proper test is later found to be unfit, that person will be (a) prohibited to own shares in the banking industry in Indonesia for a period of 3 to 20 years, and (b) notified to OJK. Further, the payment of the dividends will be postponed until that party has made the required transfer of shares. The unfit shareholder must immediately transfer its shares within six months after it is determined as "unfit". If the required transfer is not made within this period, that shareholder must deliver a power of attorney to sell the shares to OJK with substitution rights or to any other parties appointed and approved by OJK within seven days after the end of the mandatory transfer period.

Regulatory Matters of Shares Ownership in Publicly-Listed Banks

Under Government Regulation No. 29 of 1999 on Purchase of Shares of Commercial Banks, a bank can only list a maximum of 99.0 per cent of its shares in the stock exchange and any of those shares may be purchased by foreign investors. The remaining 1.0 per cent must be held by Indonesian investors and cannot be listed.

The concept of "person" under the Bank Indonesia FPT Regulation includes natural persons and legal entities. Where a person purchases, directly or through a stock exchange, 5.0 per cent or more of the issued shares of a bank that is a public company, such person is required by OJK to report the purchase to OJK and the directors of the bank are required to report the purchase to Bank Indonesia within 10 days of the transaction. In addition to the persons who are direct shareholders, indirect shareholders are now required to submit reports to OJK when they come to hold more than 5.0 per cent of the paid up-capital of a bank that is a public company, and there is any change by at least 0.5 per cent of the paid-up capital of the bank that is a public company of their share ownership, either in a or series of transactions.

Bank management

Management of Indonesian Banks under Regulations in Banking Sector

In Indonesia, a commercial bank is managed by a board of directors ("**BOD**") under the supervision of a board of commissioners ("**BOC**"). Pursuant to OJK Regulation No. 55/POJK.03/2016 on Good Governance of Commercial Banks ("**OJK Regulation No. 55/2016**") the management composition of a commercial bank must include a minimum of three directors and a minimum of three commissioners, with the number of commissioners not exceeding the number of directors. Commercial banks with at least 25.0 per cent of their shares owned by foreign investors can have foreign citizens on their board of directors and board of commissioners, provided that at least 50 per cent of the members of the board of commissioners are Indonesian citizens and the majority of the members of the board of directors are Indonesian citizens. Under OJK Regulation No. 55/2016, at least 50 per cent of the board of commissioners comprises independent commissioners.

In performing the good corporate governance principle, the BOD must at least establish the following bodies:

(1) ***Internal Audit Workgroup***

The responsibilities of the Internal Audit Workgroup include:

(a) assisting the President Director and the BOC in conducting supervision by describing the audit result; and

(b) making analysis and evaluation in financial, operational, accounting and other activities through direct or indirect examination.

(2) ***Risk Management Workgroup and Risk Management Committee***

In implementing an effective risk management, the banks have the obligation to establish Risk Management Committee and Risk Management Workgroup.

The Risk Management Committee consists of at least the majority of the BOD. Risk Management Committee must provide recommendations to the President Director which include:

(a) setting up policies, strategies and guidelines for the implementation of risk management;

(b) improving the implementation of the risk management; and

(c) justifying irregularities of certain business decisions.

(3) ***Compliance Workgroup***

The Compliance Workgroup is a workgroup that assists the Compliance Director in implementing its function.

In order to support the performance of its duties, the BOC must at least establish the following committees:

(4) ***Audit Committee***

The Audit Committee must at least, consists of the following:

(a) an Independent Commissioner;

(b) an Independent Party having financial or accounting skills; and

(c) an Independent Party having legal or banking skills.

The number of Independent Commissioners or Independent Parties have to be more than 51.0 per cent of all members of the Audit Committee. No members of the BOD may become members of the Audit Committee.

The Audit Committee is responsible for the supervision and evaluation of plan and audit performance as well as the follow up of the audit result in order to assess the sufficiency of internal control including financial reporting process. In conducting its task, the Audit Committee must at least perform supervision and evaluation of:

(a) the work of the Internal Audit Workgroup;

(b) the conformity of audits conducted by the Public Accountant Firm with the prevailing standard of audit; and

(c) the conformity of the financial report with the prevailing accounting standards.

The Audit Committee will provide a recommendation to the BOC by conducting follow-up over findings made by the Internal Audit Workgroup, public accountants and the Financial Services Authority supervision team.

(5) ***Risk Monitoring Committee***

The Risk Monitoring Committee must consist of at least the following:

(a) an Independent Commissioner;

(b) an Independent Party having financial skills; and

(c) an Independent Party having risk management skills.

The number of Independent Commissioners or Independent Parties has to be more than 51.0 per cent of all members of the Risk Monitoring Committee. No members of the BOD may become members of the Risk Monitoring Committee.

The Risk Monitoring Committee is responsible to evaluate the conformity between the risk management policy and its implementation. It is also responsible for monitoring the conformity of the Risk Management Committee and the Risk Management Workgroup.

(6) ***Remuneration and Nomination Committee***

The Remuneration and Nomination Committee is responsible for the evaluation of remuneration policies and recommendations for the nomination of BOD or BOC members.

OJK Regulation No. 55/2016 further stipulates that the President Director must be independent from the controlling shareholders. The independence will be based on the relationship in the management, ownership, and/or financial relationship as well as family relationship with the controlling shareholder. With regards to the relationship between the President Director and the controlling shareholder, OJK elaborates that the President Director is not allowed to:

(a) receive remuneration, financial aid, or loan from the controlling shareholder;

(b) have position as members of the BOD, BOC or as an executive officer of the controlling shareholder;

(c) own shares of the controlling shareholders or together with the controlling shareholders, own shares of the bank (except for shares obtained from Management Shares Option Programme which shall not exceed from 5.0 per cent of the issued capital of the bank); and

(d) have family relationship up to the second degree with the controlling shareholder. If the controlling shareholder is a legal entity, the family relationship between the President Director and the controlling shareholder will be imposed up to the ultimate shareholder of the controlling shareholder.

Members of the BOD may not hold a concurrent position as a member of the BOC or the BOD, or as an executive officer of other banks, companies or other institutions, except as a commissioner to perform supervisory function in the bank's non-bank subsidiary. The members of the BOD may not hold shares in other companies with a value of more than 25.0 per cent of the company's issued capital. This restriction is applicable (i) whether the members of the BOD are holding the shares individually, or (ii) whether a member of the BOD is holding the shares together with other members of the BOD. Additionally, the majority members of the BOD may not have family relationship up to the second degree with other members of the BOD or members of the BOC.

Members of the BOC are only permitted to hold a concurrent position as (i) a member of the BOC or the BOD, or an executive officer of a non-financial institution or company; or (ii) a member of the BOC or the BOD, or an executive officer performing supervisory function in one non-bank subsidiary controlled by the bank. The majority members of the BOC must not have family relationships up to the second degree with the other members of the BOC or BOD.

Candidates for the BOC and the BOD must be approved by OJK under the OJK FPT Regulation before their appointments.

Under OJK Regulation No. 46/POJK.03/2017 on Implementation of Commercial Banks' Compliance Functions, each Indonesian bank must have a compliance director and form a compliance working unit. The compliance director is at least responsible for (i) formulating strategies to encourage the creation of a compliance culture, (ii) proposing compliance policies or principles of compliance to be determined by the BOD, (iii) establishing compliance system and procedure used to set the bank's internal rules and guidelines, (iv) ensuring that all policies, procedures and business activity undertaken or implemented by the bank are in conformity with the provision set out by OJK, as well as with the relevant prevailing laws and regulations, (v) minimising compliance risk, and (vi) taking precautions so that policies taken by the BOD of the bank or the heads of overseas branch offices are in conformity with the provision set out by OJK, as well as with the relevant prevailing laws and regulations.

Management of Publicly-Listed Banks under Regulations in Capital Markets Sector

The appointment of the members of the BOD and the BOC of a bank that is a public company must comply with Law No. 40 of 2007 on Company Law, the provisions of legislative regulations in the field of capital markets, e.g., OJK Regulation No. 33/POJK.04/2014 on BOD and BOC of Issuers or Public Companies ("**OJK Regulation No. 33/2014**") and Rule No. I-A on Listed Stock and Equity Securities other than Shares Issued by Listed Companies, as attached to Decision of the Board of Directors of IDX No. Kep-00183/BEI/12-2018 ("**IDX Rule No. I-A**").

Under OJK Regulation No. 33/2014, the BOD and the BOC of any bank that is a public company must have at least two members. One of the members of the BOD is to be appointed as the president director and one of the members of the BOC is to be appointed as the or president commissioner. The BOD and the BOC are prohibited from directly or indirectly falsely stating material information or failing to disclose material information so that statements are misleading with respect to the bank that is a public company's conditions. Otherwise, the BOD and the BOC will be jointly and severally liable for losses resulting from this violation.

OJK Regulation No. 33/2014 allows members of the BOD and the BOC of a bank that is a public company to hold dual positions under certain conditions. However, this is not applicable for the members of the BOD and the

BOC of a bank that is a public company as OJK Regulation No. 55/2016 specifically restricts or limits them to hold dual positions in other entities.

Further, the independent commissioners must make up at least 30.0 per cent of the total number of commissioners. OJK regulations also require a listed company to have an audit committee composed of three members including at least one independent commissioner and two external independent members, with one member having capabilities in the accounting or financial sector. The audit committee answers to the board of commissioners. In addition, each listed company is required to appoint a corporate secretary to monitor developments in capital market rules and regulations and serve as the principal contact to OJK, the IDX and the public.

Capital adequacy requirements

Under OJK Regulation No. 11/POJK.03/2016 on Obligation to Provide Minimum Capital for Commercial Banks as amended by OJK Regulation No. 34/POJK.03/2016 ("**OJK Regulation No. 11/2016**"), Indonesian banks are required to maintain minimum capital in accordance with their risk profile. The risk profile depends on the valuation of inherent risks and quality of the implementation of the risk management in the bank's operation. The valuation is done by every bank through the Internal Capital Adequacy Assessment Process ("**ICAAP**") mechanism. Each bank must apply ICAAP in accordance with the scale, characteristics and complexity of its business. The valuation through ICAAP must assess the adequacy of, at least:

- the active monitoring by the BOD and BOC;
- the capital positions;
- monitoring and reporting mechanisms; and
- the internal controls of the bank.

Upon completion of valuation, a bank will stipulate under which risk profile ranking it falls by taking into account (i) OJK Regulation No. 11/2016 and (ii) Circular Letter No. 26/SEOJK.03/2016 dated 14 July 2016. OJK then will evaluate the ranking through the Supervisory Review and Evaluation Process ("**SREP**"). In the event of any discrepancy between the ICAAP valuation and SREP result, the SREP result will apply.

Under OJK regulations, banks are required to maintain at the minimum a total capital level of at least:

- 8.0 per cent. of the risk-weighted assets for banks in the category of risk profile rank 1;
- 9.0 per cent. up to less than 10.0 per cent. of the risk-weighted assets for banks in the category of risk profile rank 2;
- 10.0 per cent. up to less than 11.0 per cent. of the risk-weighted assets for banks in the category of risk profile rank 3; and
- 11.0 per cent. up to 14.0 per cent. of the risk-weighted assets for banks in the category of risk profile rank 4 or 5.

OJK is also authorised to stipulate higher minimum capital requirements if it is of the view that the relevant bank is facing a potential loss which thereby requires greater amount of capital.

For banks having their head offices in Indonesia, regulatory capital consists of core Tier I capital (divided into common equity Tier I capital, which consists of paid-up capital and disclosed reserves, and additional Tier I capital) and supplementary Tier II capital, and should be calculated net of any goodwill, other intangible assets, external equity participation of the bank, shortfall of the risk-based capital of insurance companies owned and controlled by the relevant bank and exposure from securitization.

OJK Regulation No. 11/2016 further stipulates that the disclosed reserves may include, among other things:

(a) Other comprehensive income in a form of (i) positive margin from the financial statement, (ii) potential profit from the increase of asset value (available to be sold), and (iii) surplus of fixed assets revaluation.

(b) Other disclosed reserve in a form of (i) *agio* of the common equity Tier I capital, (ii) general reserve, (iii) profit from previous years, (iv) profit from the current year(v) capital reserve funds and (vi) other forms of reserve as approved by OJK.

These disclosed reserves should be reduced by, among other things;

(a) Other comprehensive income in a form of (i) negative margin from the financial statement, and (ii) potential loss from the increase of asset value (available to be sold).

(b) Other disclosed reserve in a form of (i) *disagio* of the common equity Tier I, (ii) loss from previous years, (iii) loss from the current year, (iv) negative margin between asset deletion over productive assets and value decrease loss reserve over the productive assets, and (v) negative margin between the adjustment value over the valuation report from financial instrument in the trading book and adjustment value based on accounting principles standard, (vi) non-productive asset deletion, and (vii) other reduced factors as agreed by the OJK.

Additional Tier I capital consists of, among other things:

(a) Debt instruments that have capital characteristic, are subordinated and are perpetual non-cumulative subordinated debt,

(b) Perpetual non-cumulative preference shares, either with or without call option,

(c) Perpetual and non-cumulative hybrid instruments, and

(d) Agio or disagio capital instruments in the form of shares or other capital instruments that satisfy the requirements of additional Tier 1 capital.

To be considered as additional Tier I capital, the following requirements must be satisfied:

(a) The capital instrument must be issued and paid up entirely,

(b) The capital instrument has no term and there is no requirement that obliges the bank to repay in the future,

(c) The repurchase or payment of the instrument principal shall be subject to the consent of the supervisor,

(d) The capital instrument does not have a step-up feature,

(e) The capital instrument can be converted into ordinary shares or written down if the bank has reached a point of non-viability, and such loss absorption feature must be stipulated in the issuance documentation or agreements,

(f) The capital is subordinated at the time of liquidation and it is stipulated in the issuance documentation or agreements,

(g) The amount or time of the yields cannot be determined and cannot be accumulated between periods and the bank has full access to cancel the payment of yields at the time the obligation to pay such yields arises,

(h) The capital instrument is not secured or guaranteed by the bank or by its subsidiaries,

(i) There is no agreement that can legally or economically improve the seniority of an instrument,

(j) The capital instrument does not have a dividend or profit payment feature that is sensitive to credit risks,

(k) If it is attached with a call option feature, the call option feature may only be executed at least five years after the capital instrument is issued and upon prior approval from OJK, with the documentation for the issuance of the capital instrument clearly stating this requirement. The relevant bank should also not give any expectation on the repurchase or perform any activity which may give an expectation of repurchase of the capital instrument,

(l) The capital instrument cannot be purchased by the issuing bank and/or its subsidiaries,

(m) The source of funding for the purchase of the capital instrument is not the issuing bank, whether directly or indirectly,

(n) The capital instrument has no feature that may impede the process of instrument issuance in the future,

(o) In certain cases, if an additional capital instrument is needed by way of instrument issuance by other entity outside the consolidation coverage, then the funds derived from the issuance must be assigned to the bank immediately, and

(p) The issuance of the capital instrument must be approved by OJK in order for its inclusion in the calculation of regulatory capital component.

Supplementary Tier II capital consists of, among other things:

(a) capital instruments in the form of shares or other capital instruments that satisfy the requirements of supplementary Tier II capital,

(b) *agio* or *disagio* which derived from the issuance of capital instruments categorised as a supplementary Tier II capital, and

(c) general reserve on loss of earning assets of a maximum 1.25 per cent of the risk-weighted assets for credit risk.

To be considered as supplementary Tier II capital, the following requirements must be satisfied:

(a) The capital instrument must be issued and paid up entirely,

(b) The capital instrument has a tenor of five years or more and only can be fully repaid after obtaining an approval from the OJK,

(c) The capital instrument can be converted into ordinary shares or written down if the bank has reached a point of non-viability, and such loss absorption feature must be stipulated in the issuance documentation or agreements,

(d) The capital is subordinated and it is stipulated in the issuance documentation or agreements,

(e) The payment of the capital instrument's principal or coupon(s) is deferred and accumulated cumulatively if such payment will cause the bank to breach its CAR requirement (on a standalone or consolidated basis),

(f) The capital instrument is not secured or guaranteed by the bank or by its subsidiaries,

(g) The capital instrument does not have a dividend or profit payment feature that is sensitive to credit risks,

(h) The capital instrument does not have a step-up feature,

(i) If it is attached with a call option feature, the call option feature may only be executed at least five years after the capital instrument is issued and upon prior approval from OJK, with the documentation for the issuance of the capital instrument clearly stating this requirement. The relevant bank should also not give any expectation on the repurchase or perform any activity which may give an expectation of repurchase of the capital instrument,

(j) The capital instrument does not have any requirements on the prepayment of interest or principal in the issuance documentation or agreements,

(k) The capital instrument cannot be purchased by the issuing bank and/or its subsidiaries,

(l) The source of funding for the purchase of the capital instrument is not the issuing bank, whether directly or indirectly,

(m) In certain cases, if an additional capital instrument is needed by way of instrument issuance by other entity outside the consolidation coverage, then the funds derived from the issuance must be assigned to the bank immediately, and

(n) The issuance of the capital instrument must be approved by OJK in order for its inclusion in the calculation of regulatory capital component.

The amount of the capital instrument that may be calculated as supplementary Tier II capital is the amount of supplementary Tier II minus amortization, calculated on a straight-line basis in the remaining five-year period of the instrument. Furthermore, for the purpose of calculating capital adequacy requirements for supplementary Tier II capital, the amount of Tier II capital recognised in regulatory capital must not exceed 100.0 per cent of Tier I capital.

All banks must include credit risk and operational risk in calculating their CAR and maintaining their capital adequacy requirement. However, certain banks meeting the criteria set out below must also include market risk in the calculation of CAR and maintenance of their capital adequacy requirement. The criteria are as follows:

(a) banks that individually meet one of the following criteria:

  (i) banks with total assets of Rp10.0 trillion or more, or

  (ii) banks with foreign exchange licenses ("**Foreign Exchange Banks**") that have trading positions in relation to commercial paper and derivative transactions of Rp20.0 billion or more, or

  (iii) non-Foreign Exchange Banks that have trading positions in relation to commercial paper and interest derivative transactions of Rp25.0 billion or more,

  and/or

(b) a bank which, when consolidated with its subsidiary, meets one of the following criteria:

  (i) It is a Foreign Exchange Bank that has trading positions in relation to commercial paper, including financial instruments which are being exposed to equity risk *(Risiko Ekuitas),* and/or through derivative transactions, and/or through financial instruments which are being exposed to commodity risk *(Risiko Komoditas)* in its trading book and/or banking book of Rp20.0 billion or more, or

  (ii) It is a non-Foreign Exchange Bank that has trading positions in relation to commercial paper, including financial instruments which are being exposed to equity risk *(Risiko Ekuitas),* and/or through derivative transactions, and/or financial instruments which are being exposed to commodity risk *(Risiko Komoditas)* in its trading book and/or banking book of Rp25.0 billion or more,

It is a bank that has an office network and/or subsidiary in other countries or branch offices of banks domiciled outside Indonesia.

BRI's has a risk profile rank 2 and is thus subject to a minimum CAR requirement of 9.75 per cent. of its credit, market and operational risk-weighted assets.

Under Bank Indonesia Regulation No. 5/13/PBI/2003 on Net Open Position for Commercial Banks, as last amended by Bank Indonesia Regulation No. 17/5/PBI/2015 ("**Bank Indonesia Regulation No. 5/2003**"), banks, including BRI, must maintain its net open position (calculated as the sum of the absolute values of (i) the net difference between the foreign exchange assets and the liabilities on its balance sheet and (ii) the total net difference between assets and liabilities which are commitment or contingent in an administrative account for each foreign exchange) at a maximum of 20.0 per cent of the bank's capital.

Core capital and banking business activities

On 26 December 2016, OJK Regulation No. 6/2016. was enacted, which was further amended in 2018 by OJK Regulation No. 17/POJK.03/2018 ("**OJK Regulation No. 6/2016**"). OJK Regulation No. 6/2016 is being implemented by circular letters issued by OJK, among others (i) OJK Circular Letter No. 14/SEOJK.03/2016 on Opening of Office Network of Commercial Banks Based on Core Capital, (ii) OJK Circular Letter No. 27/ 2016, and

(iii) OJK Circular Letter No. 28/SEOJK.03/2016 on Opening of Office Network of Sharia Banks and Sharia Working Units Based on Core Capital.

OJK Regulation No. 6/2016 is applicable not only to Indonesian commercial banks but also to Indonesian sharia banks. OJK Regulation No. 6/2016 categorises banks into 4 types by reference to the size of their core capital:

- Bank I is each bank whose core capital is less than Rpl.0 trillion.
- Bank II is each bank whose core capital is at least Rp1.0 trillion and less than Rp5.0 trillion.
- Bank III is each bank whose core capital is at least Rp5.0 trillion and less than Rp30.0 trillion.
- Bank IV is each bank whose core capital is at least Rp30.0 trillion.

Core capital is defined as (i) for banks which are established as Indonesian legal entities, core capital which consists of paid-in capital, disclosed reserves and innovative capital instrument; and (ii) for branch offices of offshore banks, business funds which have been allocated as Capital Equivalency Maintained Assets, both as further governed in the relevant capital adequacy ratio regulation.

The categorisation of banks for sharia business units is based on the core capital of their parent commercial banks.

BRI is classified as under Bank IV category.

OJK Regulation No. 6/2016 clearly points out the importance of core capital as it will determine what kind of banking business activities can be conducted by a bank and the restrictions on the opening of network offices.

Conduct of business activities in foreign currencies.

Banks under Bank I category can only engage in business activities in Rupiah (business in foreign currencies is not allowed). Other banks are free to conduct business in both Rupiah and foreign currencies.

Capital participation and productive business

Capital participation made offshore can only be conducted by banks under Bank III and Bank IV categories. Banks under Bank III category can only participate and invest in financial institutions in the Asia region, while banks under Bank IV category have no regional restrictions at all; and can participate and invest all over the world.

In addition, the core capital will also affect the banks' obligation to provide credit and financing to productive businesses (which include credit or financing for the purpose of investment or working capital either to micro and small-medium debtors or customers, or otherwise) ("**Productive Business Obligation**"). Banks under Bank IV category are required to channel at least 70.0 per cent of the total credit or financing for the Productive Business Obligation. This Productive Business Obligation does not apply to banks focusing on housing credit or financing if their total housing credit or financing is at least 75.0 per cent. of their total credit or financing.

Office network.

In general, banks wishing to open offices must satisfy the bank soundness level requirement (i.e. which must be 1, 2 or 3 for the prior year). Furthermore, they are required to fulfil the core capital allocation requirements in line with their locations and the type of their offices (theoretical capital). The calculation of the theoretical capital is further governed in OJK Circular Letter No. 14/SEOJK.03/2016 on Opening of Office Network of Commercial Banks Based on Core Capital.

Only Banks under Bank III and Bank IV categories can open offices offshore. Similar to the capital participation restriction, Banks under Bank III category may only open their offices offshore in the Asia region, while for Banks under Bank IV category, there are no regional restrictions at all.

Transitional period.

OJK Regulation No. 6/2016 significantly changes the banking business, and transitional periods have been introduced which require, among other things:

(a) by the end of June 2016, banks (except for government-owned banks) to have adjusted their banking business activity or increased their capital;

(b) by the end of June 2016, banks (except for government-owned banks) to have fulfilled the productive business obligations; or

(c) by the end of June 2018, government-owned banks to have

  (i) adjusted their banking business activity or increased their capital, and

  (ii) fulfilled the productive business obligations.

OJK Regulation No. 6/2016 also stipulates that branch offices, representative offices or other offices located outside of Asia, which are owned by the banks under the Bank III category before 27 December 2012, may continue to be operated.

Legal lending limits

Legal lending limits are applicable to commercial banks pursuant to (i) Bank Indonesia Regulation No. 7/3/PBI/2005 on Maximum Limit of Credit Provision for Commercial Banks as amended by Bank Indonesia Regulation No. 8/13/PBI/2006, (ii) Bank Indonesia Circular Letter No. 7/14/DPNP dated 18 April 2005 ("**BI Circular Letter No. 7/2005**") and (iii) OJK Regulation No. 32/POJK.03/2018 on Maximum Limit of Credit Lending and Provision of Big Fund for Commercial Banks ("**OJK Regulation 32/2018**). These regulations stipulate the ratio (being measured in percentage) of a bank's total capital that may be extended to affiliate or non-affiliate customers (including individual borrowers and groups of borrowers). The types of credit provision that these regulations specifically focus on are (i) loans, (ii) negotiable instruments, (iii) placements, (iv) reverse repurchase notes, (v) acceptance notes, (vi) credit derivatives, (vii) administrative account transactions, (viii) derivatives account, (ix) potential future credit exposure, (x) equity participations, (xi) temporary equity participation and (xii) other similar forms of funds allocation similar to those mentioned in (i) to (xi). OJK Regulation 32/2018 further expands the types of credit provision by including (i) guarantee, (ii) letter of credit, (iii) standby letter of credit, (iv) derivatives transaction other than credit derivatives and (v) claim rights on reverse repo. The ratios of lending limitation range from 10.0 per cent to 25.0 per cent depending on the party that receives the credit extension.

In April 2005, Bank Indonesia issued BI Circular Letter No. 7/2005 clarifying that control of a bank for purposes of legal lending limits is determined by examining both direct and indirect control relationships through to a bank's ultimate controlling persons and ultimate subsidiaries. Where a controlling person is an individual rather than a corporate body, both vertical and horizontal family relationships are also considered.

Bank Indonesia regulations also provide exemptions from legal lending limit requirements in the case of certain fund allocations, including the purchase of Government bonds or SBI, fund allocations unconditionally and irrevocably guaranteed by the Government, fund allocations fully secured by cash collateral, Government bonds or SBI, temporary capital participation (debt to equity swap), inter-bank placements in prime banks, placements guaranteed under the Government guarantee programme and equity participations in another bank, as long as the financial report of the bank is consolidated with the investee.

Bank Indonesia regulations also provide exemptions from legal lending limit requirements in the case of certain fund allocations, including the purchase of Government bonds or SBI, fund allocations unconditionally and irrevocably guaranteed by the Government, fund allocations fully secured by cash collateral. Government bonds or SBI, temporary capital participation (debt to equity swap), inter-bank placements in prime banks, placements guaranteed under the Government guarantee programme and equity participations in another bank, as long as the financial report of the bank is consolidated with the investee.

Banks are required to submit periodic reports to OJK, specifying any non-compliance with, or violations of, the legal lending limits and the amount of funds extended to Affiliates and Non-Affiliates. Any exceeding of the legal lending limit arising from (i) a change in exchange rates, (ii) decrease in capital in the bank, (iii) changes in reasonable value, (iv) business merger, changes in ownership or management structure which cause change in the Affiliates and/or the group structure of the borrower and (v) amendments to certain provisions including any changes to the parties categorised as affiliates or group of the borrower are not considered to be violations of the legal lending limits.

Statutory reserves and liquidity requirement

Under Bank Indonesia Regulation No. 20/3/PBI/2018 ("**Bank Indonesia Regulation No. 20/2018**") on Minimum Statutory Reserves in Rupiah and Foreign Exchange for Commercial Banks, BPRs and Sharia Business Units, Indonesian banks are required to meet the requirements of daily and average statutory reserves in Rupiah and foreign currency, on a daily basis and average basis, in the form of non-interest bearing deposits with Bank Indonesia. The statutory reserve in Rupiah is determined in average amount of 6.5 per cent of its deposits from customers in Rupiah in a certain period, which must be fulfilled as follows: (i) on a daily basis is 4.5 per cent, and (ii) on an average basis is 2.0 per cent. The statutory reserve in foreign currency is determined in average amount of 8 per cent of its deposits from customers in foreign currency in certain period, which must be fulfilled as follows: (i) on a daily basis is 6.0 per cent, and (ii) on an average basis is 2.0 per cent.

The penalty for a shortfall in statutory reserves denominated in Rupiah is that the bank shall be liable to a financial penalty of 125.0 per cent of the average overnight Jakarta Interbank Offer Rate on the day of the infringement, for each day of the infringement. The penalty for a shortfall in statutory reserves denominated in foreign currency is that the bank shall be liable to a penalty of 125.0 per cent per of the average overnight Jakarta Interbank Offer Rate which during two report periods, for each day during two report periods.

Liquidity coverage ratio and net stable funding ratio requirement

Requirements for liquidity coverage ratio ("**LCR**") is regulated under OJK Regulation No. 42/POJK.03/2015 on Obligation of Liquidity Coverage Ratio for Commercial Banks ("**OJK Regulation No. 42/2015**"). LCR is the ratio of high quality liquid asset ("**HQLA**") to net cash outflow that must be fulfilled by the banks. HQLA is cash or financial asset that can be easily converted into cash with little to no value depreciation to meet a bank's liquidity needs for 30 days liquidity stress scenario. Banks that fall into Bank III and IV categories and foreign banks must comply with this regulation.

The asset that can be regarded as HQLA is required to meet the following characteristics:

(a) Fundamental characteristics, namely:
   - (i) low risk
   - (ii) ease and certainty of valuation
   - (iii) low correlation with risky assets
   - (iv) listed on a recognised exchange

(b) Market-related characteristics, namely:
   - (i) active and sizable market
   - (ii) low volatility
   - (iii) flight to quality

Additionally, the asset that can be regarded as HQLA must also satisfy the operational and diversification requirements. The operational requirements are designed to ensure that HQLA is managed in a way that the bank can immediately use the stock of assets as a source of contingent funds that is available for the bank to convert into cash through outright sale or repo, to fill funding gaps between cash inflows and outflows at any time during the 30-day stress period, with no restriction on the use of the liquidity generated. Further, HQLA must be well diversified within the asset classes themselves (except for cash, sovereign bonds, SBI and reserves in Bank Indonesia). Banks must have policies and limits in place to avoid concentration with respect to asset types, issuers and currencies.

Calculation of LCR must be made in Rupiah denomination. Banks must maintain on LCR of at least 100 per cent. However, OJK is authorised to determine a higher threshold for the LCR if it deems that a certain bank so requires. Banks must calculate and report the LCR on daily, monthly and quarterly bases. The calculation and reporting obligations can be made either on an individual or a consolidated basis. The monthly report must be submitted to OJK at the latest 15 days after the end of the reporting month for individual LCR report and 30 days after the end of the reporting month for consolidated LCR report. Other than being calculated and reported, the quarterly report must also be published on the bank's website. Starting from 2019, banks must start publishing the quarterly report online and on a widely circulated newspaper at the same time.

Banks must notify OJK if it is unable or potentially unable to meet 100 per cent. LCR. In this case, banks must analyse its liquidity condition and report it to OJK. Further, banks must undertake necessary steps to recover its liquidity condition. OJK Regulation No. 42/2015 phases the LCR fulfilment steps. Banks in the Bank IV category must fulfil 70 per cent. LCR since 31 December 2015, 80 per cent. LCR since 31 December 2016, 90 per cent. LCR since 31 December 2017 and 100 per cent. LCR by 31 December 2018.

Requirements for net stable funding ratio ("**NSFR**") are regulated by OJK Regulation No. 50/POJK.03/2017 on Obligation to Fulfil NSFR for Commercial Banks ("**OJK Regulation No. 50/2017**"). NSFR is defined as the amount of available stable funding relative ("**ASF**") to the amount of required stable funding ("**RSF**"). This ratio should be equal to at least 100 per cent. on an on-going basis. ASF is defined as the portion of capital and liabilities expected to be stable for one year to fund banks' activities. However, OJK is authorised to determine a higher threshold for the NSFR. Banks that fall into Bank III and IV categories and foreign banks must comply with this regulation.

Under OJK Regulation No. 50/2017, Banks must have supervised their NSFR fulfilments monthly and submit the NSFR calculation reports either on an individual or a consolidated basis. In supervising the NSFR, banks must make their NSFR working papers to be submitted on quarterly basis to OJK. Banks must also submit NSFR reports per end of month position. The report must be submitted to OJK at the latest 15 days after the end of the reporting month for individual NSFR report and 30 days after the end of the reporting month for consolidated NSFR report. The report must at least contain NSFR calculation and NSFR development analysis.

If a bank's NSFR falls below 100 per cent., it must prepare an action plan to meet the minimum required NSFR that outlines the recovery actions, difficulties in implementing the recovery actions and timeline for recovery implementation. In this case, the bank must submit its NSFR working paper, NSFR report and action plan to OJK. Banks must also publish their quarterly NSFR report through their websites and at least one widely circulated newspaper, as well as publishing their quarterly NSFR report online.

Commercial paper

Under Bank Indonesia Regulation No. 19/9/PBI/2017 on the Issuance and Transaction of Commercial Paper in Money Market, Bank Indonesia regulates the issuance and trading of commercial paper. Under this regulation, a bank is required to report its commercial paper transaction to Bank Indonesia.

A bank is allowed to act as supporting institution for commercial paper issuance and settlement provided that it has the function as an issuance arranger and custodian. In order to conduct such activities, such bank must be registered with Bank Indonesia. Bank Indonesia will grant its approval based on assessment on (i) validity of the institution aspect of the relevant bank; and (ii) capability of the relevant bank in performing its functions.

A bank is also allowed to provide guarantee to certain non-corporation bank for the purpose of commercial paper issuance by that non-bank corporation that fulfills certain requirements, among other things, non-listed company with equity at least Rp50.0 billion.

Limits on offshore borrowing

Bank Indonesia Regulation No. 21/1/PBI/2019 requires an Indonesian bank to obtain an approval from Bank Indonesia before it issues long-term offshore borrowing. The issuance of long-term offshore borrowing must have been included in the bank's business plan. An application to issue long-term offshore borrowing must be submitted to Bank Indonesia at the latest one month before the proposed date of the issuance. Bank Indonesia will consider the amount of the long-term offshore borrowing that is detailed in the bank's business plan, terms and conditions of the Notes, onshore and offshore market conditions, onshore monetary condition and the bank's Risk Profile. The amount that the Indonesian bank may receive from the long-term offshore borrowing may not exceed the amount that has been approved by Bank Indonesia. The issuing bank must submit a report to Bank Indonesia within seven days following the date of issuance. Any discrepancy between the terms and conditions that have been stated in the application for approval and those that are reflected in the executed transaction documents must be elaborated in the post-report. In this context, discrepancy of the terms and conditions may include changes to, among other things, the form of the loan, currency, amount of the loans, interest rate and maturity profile.

Under Bank Indonesia Regulation No. 21/1/PBI/2019, Bank Indonesia has the authority to determine the maximum amount of the long-term offshore borrowing upon the consideration of debt sustainability analysis, payment balance, monetary condition and foreign exchange sufficiency. An Indonesian bank that receives any long-term offshore borrowing that is higher than the approved amount would be subject to a fine of 2 per mile (2%) of the exceeding long-term offshore borrowing amount, with a minimum amount of IDR100,000,000 and maximum amount of IDR 5,000,000,000. If any Indonesian bank receives any long-term offshore borrowing that is higher than the approved amount twice in a one year period, it would be subject to the above administrative sanction with an additional of restriction to submit a market entry approval within 1 (one) year period.

BRI has received approval from Bank Indonesia for the issuance of the Notes.

Limits on foreign exchange exposure

Bank Indonesia Regulation No. 5/2003 limits a commercial bank's net open position, both the total and the balance sheet position, to a maximum of 20.0 per cent of its capital at the end of each working day. Each bank is responsible to manage the information to support the supervision of net open position. For example, each bank must report to Bank Indonesia when that 20.0 per cent threshold is crossed. Under Bank Indonesia Regulation No. 5/2003, net open position is defined as the sum of the absolute values of (i) the net differences between asset and liabilities balances for each foreign currency, and (ii) the net differences between claims and liabilities in the form of both commitments and contingencies in administrative accounts for each foreign currency, all of which are denominated in Rupiah.

Interest rate regulation

Bank Indonesia does not formally regulate the interest rates charged by banks on credits or paid on deposits. It does, however, indirectly monitor interest rates being charged and paid by Indonesian banks on an informal basis to help ensure that changes in rates offered by the banks are not likely to frustrate the Government's monetary policies and are consistent with an environment of healthy competition among banks.

Bank rating

OJK Regulation No. 4/POJK.03/2016 on Assessment of Soundness Level of Commercial Banks requires banks to conduct business on the basis of prudential principles with the objective of maintaining or improving their bank rating and to conduct a bank rating self-assessment on a semi-annual basis. A bank rating takes into account various aspects affecting the condition or performance of a bank by means of quantitative and/or qualitative ratings of the following factors:

(a) risk profile;

(b) good corporate governance;

(c) earnings; and

(d) capital

The rating of the risk factors mentioned above constitutes the assessment to the inherent risks and the quality of the risk management implementation in a bank's operational activity. The assessment will be conducted against the following:

(a) credit risk;

(b) market risk;

(c) liquidity risk;

(d) operational risk;

(e) legal risk;

(f) strategy risk;

(g) compliance risk; and

(h) reputation risk.

The rating is also affected by the degree to which a bank complies with the various regulatory requirements. The composite rating is determined by rating each of the factors above. There are five composite ratings:

(a) Composite rating 1, indicating that the bank is in excellent condition and able to withstand significant negative changes from business conditions and other external conditions;

(b) Composite rating 2, indicating that the bank is in sound condition and able to withstand significant negative changes from business conditions and other external factors;

(c) Composite rating 3, indicating that the bank is in fairly sound condition and able to withstand significant negative changes from business conditions and other external factors;

(d) Composite rating 4, indicating that the bank is in poor condition and not able to withstand significant negative changes from business conditions and other external factors; and

(e) Composite rating 5, indicating that the bank is in unsound condition and not able to withstand significant negative changes from business conditions and other external factors.

The result of the bank rating self-assessment conducted by a bank must be reported to the OJK.

For the purpose of bank supervision, the OJK is required to conduct a bank rating on a semi-annual basis. Similar to the bank rating self-assessment, OJK will rate each Indonesian bank to assess whether a bank is being managed in line with prudent banking principles and in accordance with the regulations. The bank rating will be conducted by examining the periodic reports submitted by the bank and/or other information in the public domain. If the result of the bank rating conducted by OJK differs from the result of the bank rating conducted by the bank, the result of the bank rating conducted by OJK will prevail.

On the basis of the bank rating, the OJK may request the board of directors, board of commissioners and/or controlling shareholders to submit an action plan stating the corrective action that must be implemented by the bank with regard to any significant problems, including timeframes for resolution over a specific period. If necessary, the OJK may request the bank to make adjustments to this action plan. Banks are required to submit an action plan implementation report no later than (i) 10 working days after the estimated completion date of the action plan's finalisation or (ii) 10 working days after the end of every month which is conducted on a monthly basis, should there be significant problems interrupting the completion of the action plan's finalisation. OJK is also entitled to assess the implementation of the action plan.

Periodic reports

Reporting Obligations under Regulations in Banking Sector

OJK regulations require Indonesian banks to file quarterly financial statements and annual audited financial statements with OJK and publish their financial reports in a newspaper. Banks are also required to submit monthly reports to OJK on the results of their operations and financial position and weekly reports on their financial and liquidity positions.

Reporting Obligations under Regulations in Capital Markets Sector

Publicly-listed companies are also required by OJK regulations to periodically submit financial reports. In addition, the IDX requires publicly-listed companies to submit quarterly financial statements. Under Law No. 40 of 2007, the board of directors must submit an annual report to a General Meeting of Shareholders. Publicly-listed companies are required to report to the OJK and the IDX and are required to announce any material public information or events that may affect the price of securities or investors' decisions to the public, no later than two working days after the event has occurred. Such events include mergers and changes in control or a significant change in management.

Audits and inspections

The OJK conducts periodic audits of all Indonesian banks and is entitled to conduct inspections and investigations and to request additional information to ensure compliance with its regulations or obtain information it may need for enforcement purposes. Bank Indonesia may also direct special audits on certain systemically important banks and/or other banks (in the context of its macro prudential function and duties), by submitting prior notice to the OJK, and the result report of any inspections must be submitted to the OJK within a month after the issuance of such report.

Deposit guarantee programme

In 1998, the Government, in response to the economic crisis and to support the deteriorating Indonesian banking industry, established a Government guarantee programme and an exchange offer programme to provide guarantees to bank depositors and creditors.

On 22 September 2004, the Government issued Law No. 24 of 2004 on the Indonesia Deposit Insurance Corporation, which came into effect on 22 September 2005 and was amended by Government Regulation in lieu of Law No. 3 of 2008, dated 13 October 2008, which was later enacted as Law No. 7 of 2009, dated 13 January 2009 (the "**IDIC Law**"). The enactment of the IDIC Law terminated the Government guarantee programme and replaced it with a deposit guarantee programme.

Pursuant to the IDIC Law, the LPS manages and administers the Government guarantee programme. This institution is a separate legal entity that is directly responsible to the President of the Republic of Indonesia. The deposit guarantee obligation is limited to the savings of customers in the form of current accounts, time deposits, deposits certificates, savings and/or other similar forms. The value of the guarantee per customer in one bank was previously limited to Rp100.0 million, but the value was then increased to Rp2.0 billion with the enactment of Government Regulation No. 66 of 2008, dated 13 October 2008, on the Value of Deposits Guaranteed by the LPS. The premium for the guarantee is to be paid by a bank twice each year (no later than 31 January for the first half of the year and no later than 31 July for the second half of the year) amounting to 0.1 per cent of the average monthly balance of the total deposits of each preceding period. No later than 90 days after the revocation of a bank's license, LPS is obliged to pay the claim of the guarantee to the depositing customers of such bank, after conducting reconciliation and verification of the data. The payment will be in Rupiah and may be made in cash and/or in another form equivalent to it. The claim under the guarantee will not be paid if, pursuant to reconciliation and verification, (i) the data on the customer's deposits is not recorded at the bank; (ii) the depositing customer is a party that gains an unfair benefit; or (iii) the depositing customer contributed to the insolvency of the bank.

All banks, including commercial banks and BPRs, are obliged to participate in the Government's deposit guarantee programme. Failure to comply with the provisions regulated under the IDIC Law will result in a bank being charged with administrative penalties and penal sanctions.

Trading of Government recapitalisation bonds

Pursuant to Bank Indonesia Regulation No. 1/10/PBI/1999 as amended by Bank Indonesia Regulation No. 2/10/PBI/2000 on Government Obligation Portfolio for Commercial Banks Member of Recapitalisation

Programme, banks holding Government recapitalisation bonds issued as part of the Bank Recapitalisation Programme may trade up to 10.0 per cent of their holding of such bonds in the secondary market. Only bonds which are eligible to be traded may be used as security. In accordance with these regulations, any such bond trade must be reported to OJK.

Anti-money laundering legislation and "Know Your Customer" principles

In October 2010, Indonesia issued Law No. 8 of 2010 on Prevention and Eradication of Money Laundering Criminal Act which sets out several elements of money laundering, any of which may constitute money laundering. In short, any person (individual person or corporation) who places, transfers, assigns, spends, pays with, grants, deposits, brings abroad, transforms, exchanges with foreign currency or negotiable paper, or conducts any act over certain assets which have been (or are suspected to have been) derived from a crime (e.g., terrorism, corruption, smuggling), in which the person intends to conceal the origin of the assets, may be considered to commit money laundering. Further, under the legislation, money laundering also encompasses any act of receiving, the placement of, transfer, payment, grant, contribution, exchange of, or benefiting from certain assets which have been (or are suspected to have been) derived from a crime.

The legislation requires financial service providers, such as banks, to report any suspicious financial transactions to the Indonesian Financial Transaction Reports and Analysis Centre (*Pusat Pelaporan dan Analisis Transaksi Keuangan*, or "**PPATK**"). Suspicious financial transactions include:

(a) those which deviate in profile, characteristics or usual transaction patterns of the customer concerned;

(b) financial transactions by customers that can be reasonably suspected to be conducted in order to avoid transaction reporting by the financial services provider which would be required by law;

(c) financial transactions, whether or not completed, using assets that are reasonably suspected to constitute the proceeds of crime; and

(d) financial transactions which can be requested by PPATK to be reported based on suspicions that they derive from the proceeds of crime.

The legislation broadens the concept of money laundering by including any suspicious transactions from Indonesia sent abroad and requiring such transactions to be reported to PPATK. There are different reporting requirements set out for each type of suspicious financial transactions. The legislation requires any suspicious (conventional) financial transaction to be reported in no later than 3 business days after the financial services provider knows that there is an element of suspicion. For cash financial transactions, the reporting requirement becomes applicable for any cash financial transaction with a cumulative value of at least Rp500 million, or its equivalent, which is conducted in one or several transactions within one working day. In the case of cash financial transaction, a report must be made in no later than 14 business days since a transaction is made. The reporting deadline is the same for financial transactions carried out on a cross-border basis. In fulfilling these anti-money laundering requirements, banks are exempted from any otherwise applicable rules providing for banking confidentiality.

Furthermore, under OJK Regulation No. 12/POJK.01/2017 on Implementation of Anti Money Laundering Programme and Prevention of Terrorism Funding in Financial Services Sector, banks are required to implement the anti-money laundering programme and prevention of terrorism financing programme ("**AML and Counter-Terrorism Programme**").

The implementation of the AML and Counter-Terrorism Programme constitutes part of the Bank's risk management. The implementation of the AML and Counter-Terrorism Programme consists, at a minimum, of the following measures:

(a) the compliance of the banks' Board of Directors and Board of Commissioners with prevailing regulations;

(b) policies and procedures to mitigate the risks of money laundering and/or terrorism financing;

(c) effective internal control systems;

(d) an information management system capable of identifying, analysing, monitoring and producing reports on the characteristics of customers' transactions; and

(e) human resources (pre-employment screening procedures) and training.

Customer relations

OJK has issued OJK Regulation No. 18/POJK.03/2017 on Reporting and Requesting Borrowers' Information through the Service System Financial Information, which regulates the central credit bureau intended to maintain comprehensive information on individual and corporate credit card holders and other borrowers. Under the regulation, banks and credit card providers are required to report regularly to OJK information about borrowers, funds facility, collateral, guarantor, management and owners, and borrower's financial reports.

OJK regulations also require Indonesian banks to provide their customers with complete and accurate information on their product offerings. In addition, any publication of a customer's personal data must receive the prior approval of the customer concerned. Indonesian banks are also required to establish and maintain a system for monitoring and resolving customer complaints. Banks are required to resolve complaints addressed by the customers within 20 working days of receipt. This period may be extended for an additional period of 20 working days.

Further Supervision by OJK

A bank facing liquidity or other problems that jeopardise its business activities may face further supervision by OJK. Under OJK Regulation No. 15/POJK.03/2017 on Determination of Status and Further Supervision for Banks ("**OJK Regulation No. 15/2017**"), a systematic bank is defined as a bank that may cause partial or total failure of other banks or the financial services sector, either operationally or financially, if that bank experiences disruption or failure due to (i) the size of its assets, capital and liabilities, (ii) its network width or banking transaction complexity, and (iii) relations with other financial services sectors. Furthermore, OJK is responsible for determining the supervision status for banks, which comprise normal supervision, intensive supervision or special supervision. In relation to these levels of supervision, OJK Regulation No. 15/2017 authorises OJK, among other things, to:

(a) require the bank to change the members of its board of directors or board of commissioners;

(b) require the bank to write off its bad loans and absorb its losses with its capital;

(c) require the merger or consolidation of the bank with another bank;

(d) require that the bank be purchased by a third party that is willing to assume the bank's liabilities;

(e) require the bank to hand over the management of all or part of the bank's activities to another party;

(f) require the bank to sell part, or all, of its assets and/or liabilities to another bank or party;

(g) prohibit the bank from distributing some funds;

(h) prohibit the bank from engaging in certain transactions with related parties or other parties stipulated by OJK;

(i) restrict the growth of the bank's assets, participation, new funds limitation;

(j) restrict the payment of the salary, remuneration, or any similar form of payment to the members of the board of commissioners or board of directors of the bank, or compensation to the related parties, unless with prior consent from OJK; and/or

(k) restrict the bank from making distributions on subordinated loans or debts.

A bank will be put under intensive supervision if the bank has a potential problem that may endanger the continuation of its business, which includes, among others:

(a) having its CAR below a certain percentage stipulated by OJK;

(b) having a high-risk rating pursuant to the result of the assessment of all risks;

(c) having a composite rating 4 or 5; and/or

(d) having non-performing loans/financing of more than 5.0 per cent net of the total credit.

OJK will require the bank to implement the recovery action plans that have been prepared by the relevant bank in such circumstances. The level of supervision will further be elevated to "special supervision" if during OJK's intensive supervision, any of the following things happen:

(a) the bank's CAR falls below 8.0 per cent; or

(b) the bank's statutory reserves ratio in Rupiah is less than the ratio stipulated by OJK (and based on OJK's assessment, the bank has a principal liquidity problem or bad development in the short-term period); or

(c) the intensive supervision period of the bank has lapsed.

A bank placed under special supervision is required to increase its capital to satisfy the CAR or statutory reserves requirement within three months after the receipt of OJK's notification. In relation to the special supervision, OJK is entitled to, among other things:

(a) prohibit the bank from selling or decreasing assets or increasing the commitment and contingencies except for SBI, GIRO, at Bank Indonesia, inter-bank collection and Government bonds;

(b) instruct the bank to report any change of its shareholding composition which is less than 10.0 per cent; and

(c) prohibit any change of shareholding composition of the bank for its (i) shareholders having shares equal to or more than 10.0 per cent of the issued capital, and/or (ii) controlling shareholders, including all related parties controlling the bank, unless with prior consent from OJK.

Furthermore, OJK may suspend certain activities of a bank that is placed under special supervision for a maximum period of one month during the special supervision period if (i) OJK considers that the bank's financial condition does not improve, and (ii) there is a violation of banking provision performed by the bank's board of directors, board of commissioners or controlling shareholder. OJK shall notify LPS of its determination of a bank being under special supervision. At the latest three days after being under special supervision, the bank must submit the following reports to OJK:

(a) its latest financial statements including the balance sheet, profit and loss statement and the administrative accounts;

(b) its latest details of the productive assets, classified based on the quality;

(c) its latest composite rating;

(d) information and documentation on the (i) latest list of its aggregate customers savings, (ii) detailed list of its receivables and liabilities to related parties, and (iii) other information required by OJK;

(e) latest financial statement from its subsidiary companies (other than temporary capital participation in terms of debt restructuring);

(f) its latest group structure, including its direct owner and ultimate shareholders; and

(g) a cash flow projection report for a period of the next one month, broken down on a daily basis or based on the frequency and reporting period stipulated by OJK.

If, under special supervision, the bank's (i) CAR falls below 4.0 per cent and cannot be increased to 8.0 per cent and/or, (ii) its statutory reserves in Rupiah are less than zero, or (iii) its special supervision period has lapsed, OJK will declare that the bank cannot be restructured by a written notification. In light of this, OJK will cooperate with Bank Indonesia to decide whether or not failure of the bank will be classified to have systemic impact. In case such failure is declared to have systemic impact, OJK will ask the LPS to prepare for further steps that need to be taken by the bank for its restructuring. Otherwise, if failure of such bank is declared not to have systemic impact, OJK will notify and ask LPS to decide whether or not it will rescue the bank.

If LPS decides not to rescue the bank (which has been declared not capable of being restructured), OJK may revoke the bank's license after having been informed by LPS. Under Government Regulation No. 25 of 1999 dated 3 May 1999 concerning Revocation of Business Licenses, Dissolution and Liquidation of Banks, if a bank's license is revoked, the Board of Directors of the bank is obliged to hold a general meeting of shareholders of the bank to approve the dissolution of the bank and to establish a liquidation committee. If the directors do not hold such a meeting. OJK can have the bank dissolved and appoint the liquidation team based on a court order.

In the event a bank fails to comply with regulations issued by OJK, OJK has the authority to (i) impose administrative sanctions on such bank and (ii) revoke the license of such bank. Sanctions against a bank may include (i) the imposition of monetary penalties, (ii) a decrease in the rating of the bank (which may prevent the bank from opening new branches), (iii) restrictions on participation in clearing activities, (iv) suspension of all or part of the activities of the bank, (v) dismissal of the bank's management or (vi) listing the members of management, employees of the bank and shareholders in the list of persons who are not fit and proper persons to act in the field of banking.

OJK Regulation 14/2017 requires systemically important banks to submit a recovery plan. The recovery plan must be approved by the shareholders in a general meeting of shareholders and the BOC of the relevant systemically important bank. Further, the President Director, the President Commissioner and the controlling shareholder of the relevant systemically important bank must sign the recovery plan. The recovery plan must contain a recovery option where the controlling shareholder or the ultimate shareholder is required to increase the capital and amend the type of loan of certain investment to a capital of the relevant systematic bank if the bank faces capitalisation problems, by conducting:

(a) capital deposit;

(b) postpone the dividend distribution;

(c) distribution of stock dividend;

(d) calculating the accumulation of loss suffered by a shareholder in accordance to its responsibility based on type of owned shares;

(e) conversion of loans or investment instruments which have a capital characteristic owned by the shareholders to an ordinary share; and/or

(f) write-down of loans or investment instruments which have a capital characteristic owned by the shareholders.

After the systematic bank prioritises the recovery options to be done by the controlling shareholder, the bank may then involve third parties to, among others:

(a) conduct a rights issue;

(b) conduct a private placement (issuing of shares not through an initial public offering);

(c) convert the debt instruments or investments with capital characteristics owned by third parties into ordinary shares; and/or

(d) conduct a write-down of debt instruments or investments with capital characteristics owned by third parties.

The recovery plan must be submitted to the OJK for its review and approval. As at 29 December 2017, banks that have been determined as systemically important banks by the OJK must have submitted their recovery plans to OJK. After 7 April 2018, if a bank is determined as a systemically important bank by the OJK, that bank must submit its recovery plan to OJK at the latest six months after its determination date.

Systemically important banks must update their recovery plans annually. Along with the update, the said banks must also conduct stress testing to their recovery plans. An updated recovery plan must be submitted to the OJK periodically before the end of November.

Capital Market Regulation

On 28 November 2011, Bapepam-LK issued Regulation No. IX.E.2 on Material Transactions and Change of Main Business Activities as attached to Decree of Chairman of Bapepam-LK No. 614/BL/2011 (the "**Material Transactions Regulation**") which is applicable to public companies in Indonesia and their consolidated subsidiaries that are not public companies. Pursuant to the Material Transactions Regulation, each borrowing and lending in one transaction or a series of related transactions for a particular purpose or activity having a transaction value of 20 per cent to 50 per cent of the public company's equity, as determined by the latest audited annual financial statements, semi-annual limited reviewed financial statements or audited interim financial statements (if any), must be announced to the public and the listed company must also prepare an appraisal report, subject to certain exemptions available under the Material Transactions Regulation. The announcement relating to the material transaction must be made to the public in at least one Indonesian language daily newspaper having national circulation no later than the end of the second business day after the date of execution of the agreement(s) related to the Material Transaction. The announcement is required to include a summary of the transaction, an explanation of the considerations and reasons for such material transaction and the effect of the transaction on the company's financial condition, a summary of the appraisal report (including its purpose, the object, the parties involved, the assumptions, qualifications and methodology used in the appraisal report, the conclusion on the value of the transaction, and the fairness opinion on the transaction), which must not be dated more than six months prior to the date of the material transaction, the amount borrowed or lent, and a summary of the terms and conditions of the borrowing or lending. Publicly-listed companies must submit evidence of an announcement as referred to above, including the independent appraisal report to OJK at the latest by the end of the second business day after the date of execution of the agreement(s) related to the Material Transaction.

Subject to certain exceptions under the Material Transactions Regulation, a material transaction (in this case, borrowing and lending) with a value in excess of 50 per cent of a company's equity must be approved by shareholders holding more than half of all shares with valid voting rights who are present or represented, and more than half of such shareholders present or represented approve the transaction, in addition to fulfilling the appraisal disclosure requirements.

Publicly-listed companies are required to submit periodic financial reports, including annual financial statements and semi-annual financial statements to OJK in accordance with Bapepam-LK Regulation No. X.K.2 on Obligation to Submit Periodic Financial Statements. In addition, the IDX requires publicly-listed companies to submit annual and interim (quarterly) financial statements under IDX Regulation No. I-E on Obligations of Information Submission ("**IDX Regulation No. I-E**").

Under OJK Regulation No. 31/POJK.04/2015 on Disclosure on Material Information or Facts by Issuers or Public Companies ("**OJK Regulation No. 31 of 2015**") and IDX Regulation No. I-E, publicly-listed companies are required to report to OJK and IDX and are required to announce to the public any material public information or facts that may affect the price of securities or investors' decisions, no later than two business days after the event has occurred.

In addition, under OJK Regulation No. 31 of 2015, the announcements must include:

(a) the date of the event;

(b) the types of material information;

(c) a description of the material information; and

(d) the impact caused by that material information.

Public companies are also required to submit an annual report to OJK and IDX consisting of a summary of material financial data, information on shares (if any), the reports of the BOD and the BOC, company profile, management analysis and discussion, corporate governance, corporate social and environmental responsibility, audited annual financial statements and statement letter on the responsibilities of the BOD and the BOC in relation to the content in the annual report pursuant to OJK Regulation No. 29/POJK.04/2016 on Annual Report of Issuers or Public Companies and IDX Regulation No. I-E. The annual report must be submitted to OJK and IDX within four months of the end of the relevant financial year of that publicly-listed company.

MANAGEMENT

In accordance with Indonesian law, the Bank has a Board of Commissioners and a Board of Directors. The two boards are separate and no individual may be a member of both boards.

Board of Commissioners

The principal function of the Board of Commissioners is to give advice to, and supervise the policies of, the Board of Directors. The Board of Commissioners is required to consist of at least three members, including the President Commissioner. Each Commissioner serves a term that ends at the close of the fifth annual general meeting following the date of the Commissioner's appointment. In carrying out its supervisory activities, the Board of Commissioners represents the interests of the shareholders and is accountable to the shareholders. The affirmative vote of Ministry of State-Owned Enterprises (the "**MSOE**"), as holder of the Special Share, is required to elect or remove Commissioners. Shareholders at a general meeting of shareholders have the power to nominate, elect and remove members of the Board of Commissioners by means of shareholder resolution, with the approval of the holder of the Special Share. Under the OJK regulations, at least 50.0 per cent. of all members of the Board of Commissioners of banks must be Independent Commissioners.

The current members of the Board of Commissioners are as follows:

Commissioner	Position	Appointment date	Age
Andrinof Achir Chaniago	President Commissioner/Independent Commissioner	15 March 2017	56
Gatot Trihargo	Vice President Commissioner	19 March 2015	58
A. Fuad Rahmany	Independent Commissioner	19 March 2015	64
A. Sonny Keraf	Independent Commissioner	19 March 2015	60
Mahmud	Independent Commissioner	15 March 2016	60
Rofikoh Rokhim	Independent Commissioner	18 October 2017	47
Nicolaus Teguh Budi Harjanto	Commissioner	15 March 2017	46
Hadiyanto	Commissioner	22 March 2018	56

Andrinof Achir Chaniago, President Commissioner/Independent Commissioner

Andrinof Achir Chaniago was born in Padang, Indonesia in 1962. He was appointed as President Commissioner of BRI on 15 March 2017. Currently, he is a lecturer at The Political Science Department, Universitas Indonesia. Previously, he was President Commissioner at Angkasa Pura I (2015-2016), the Minister of National Development Planning, The Working Cabinet from (2014-2015) and the Executive Director of CIRUS Surveyors Group (2008 - 2014).

Andrinof Achir Chaniago obtained a bachelor's degree in Political Science in 1990 from Universitas Indonesia as well as a master's degree in Public Planning and Policies from Universitas Indonesia in 2004.

Gatot Trihargo, Vice President Commissioner

Gatot Trihargo was born in Yogyakarta, Indonesia in 1960. He was appointed as Vice President Commissioner of BRI on 19 March 2015. He also currently serves as Deputy of Financial Services to The Ministry of State Owned Enterprises. Previously, he served as Commissioner of several Indonesian companies: PT Pertamina (Persero) (2014 - 2015), PT Telekomunikasi Indonesia (Persero) Tbk (2013 - 2014), PT Jiwasraya (Persero) (2008 - 2012) and PT Adhi Karya (Persero) Tbk (2007 - 2012).

Trihargo obtained a bachelor's degree in Accounting in 1989 from the National Accounting Institute (STAN), Jakarta as well as a master's degree in Accounting and Financial Information Systems in 1993 from Cleveland State University, Ohio, USA and a doctorate degree in Strategic Management in 2016 from the University of Padjadjaran, Bandung.

A. Fuad Rahmany, Independent Commissioner

A. Fuad Rahmany was born in Singapore in 1954. He was appointed as an Independent Commissioner of BRI on 19 March 2015. Previously, he was Director General of Taxation, The Ministry of Finance (2011 - 2014), Commissioner ex-officio, The Deposit Insurance Agency (LPS) (2009 - 2014), Non-Executive Member Board of Commissioners, Lembaga Pembiayaan Ekspor Indonesia (2013 - 2014), Head of The Capital Market and Financial Institutions Supervisory Agency (Bapepam-LK) (2006 - 2011), Commissioner of PT Danareksa (Persero) Tbk (2001 - 2006) and Head of Management of State Bonds, Ministry of Finance (2001 - 2004).

Rahmany obtained a bachelor's degree in Economics in 1981 from the University of Indonesia, as well as a master's degree in Master of Arts in 1987 from Duke University, North Carolina, USA and a doctorate degree in Economics in 1997 from Vanderbilt University, Tennessee, USA.

A. Sonny Keraf, Independent Commissioner

Keraf was born in Lembata, East Flores, Indonesia in 1958. He was appointed as an Independent Commissioner of BRI on 19 March 2015. Currently, he is also a member of The National Energy Council and is a lecturer at Atmajaya Catholic University. Previously, he was an adjunct lecturer of the Doctoral Degree Program, Environmental Studies, Universitas Indonesia (2001 - 2014), a Member of The People's Representative Council (2004 - 2009) and had served as the Minister of Environment (1999 - 2001).

Keraf obtained a bachelor's degree in Philosophy from the Institute of Philosophy Driyarkara, as well as a master's degree in Philosophy and a doctorate degree in Philosophy, both from The Higher Institute of Philosophy, Katholieke Universiteit Leuven, Belgium in 1992 and 1995, respectively.

Mahmud, Independent Commissioner

Mahmud was born in Salatiga, Indonesia in 1958. He was appointed as an Independent Commissioner of BRI on 23 March 2016. Previously, he was the Senior Advisor, Strategic Support Group to the Board of Commissioners, OJK (2016), the Head of The Department of Bank Supervision I, OJK (2013 - 2016) and the Head of The Department of Bank Supervision I, Bank Indonesia (2013).

Mahmud obtained a bachelor's degree in Economics from University of Diponegoro, Semarang in 1982 and a master's degree in Finance Management from University of Padjajaran, Bandung in 2003.

Rofikoh Rokhim, Independent Commissioner

Rokhim was born in Klaten, Indonesia in 1971. She was appointed as an Independent Commissioner of BRI on 27 October 2017. Currently, she is also an active lecturer and researcher at the Economics Faculty of the University of Indonesia. Previously, she served as President Commissioner of PT Hotel Natour (Persero) (2015 - 2017), Service Committee and Membership & Organisational Performance and HR Committee at BPJS Employment (2015 - 2017), Task Force of Municipality, Transmigration and Underdeveloped Regions Ministry (2016 - 2017), Task Force of Energy and Mineral Resources Ministry (2014 - 2015), audit committee and risk committee at PT POS Indonesia (2012 - 2015) and Business Head of Indonesia Intelligence Unit (2018 - 2013).

Rokhim obtained a bachelor's degree in Political Science from the University of Gadjah Mada, Yogyakarta in 1990 and a bachelor's degree in Economics from the University of Islam Indonesia, Yogyakarta in 1993. Rokhim obtained a master's degree in Public Finance from French Prime Minister, Institute International d' Administration Publique (IIAP) — Ecole National d' Administration (ENA) in 2000. She also obtained a doctorate degree in Corporate Finance and a Ph.D degree in Economics, both from Université Paris 1 Panthéon-Sorbonne, France in 2002 and 2005, respectively.

Nicolaus Teguh Budi Harjanto, Commissioner

Harjanto was born in Yogyakarta, Indonesia in 1972. He was appointed as Commissioner of BRI on 27 October 2017. Currently, he holds the position of Expert Staff of the State Secretary Political and Institutional

Communication, is a Commissioner of PT Permodalan Nasional Madani (Persero) and a lecturer at Universitas Paramadina Jakarta. Previously, he served as a researcher at the Centre for Strategic and International Studies (1996 - 2012).

Harjanto obtained a bachelor's degree in International Relations in 1996 from the University of Gadjah Mada, Yogyakarta as well as a master's degree in Political Science in 2003 from Ohio University, Ohio, USA, and a doctorate degree in Political Science in 2010 from Northern Illinois University, USA.

Hadiyanto, Commissioner

Hadiyanto was born in Ciamis, Indonesia in 1962. He was appointed as Commissioner of BRI on 22 March 2018. Previously, he served as Secretary General of the Ministry of Finance (2015 - 2018), Director General of State Assets (2006 - 2015) and Head of Bureau of Law — General Secretariat (2006).

Hadiyanto obtained a bachelor's degree in Law in 1986 from Padjadjaran University, Bandung as well as a master's degree in Law in 1993 from Harvard University, USA, and a doctorate degree in Law in 2012 from Padjadjaran University, Bandung.

Board of Directors

The Bank is managed on a day-to-day basis by its Board of Directors. Under the Bank's articles of association (the "**Articles of Association**"), the Board of Directors is required to consist of at least three members, one of whom is the President Director. Members of the Bank's Board of Directors are nominated, elected and removed by shareholder resolution in a general meeting of shareholders. The affirmative vote of MSOE, as holder of the Special Share, is required to elect or remove Directors. Each Director serves a term that ends on the close of the fifth annual general meeting of shareholders following the date of the Director's appointment.

The current members of the Board of Directors are as follows:

Director	Position	Date of appointment	Age
Suprajarto	President Director	15 March 2017	62
Sunarso	Vice President Director	3 January 2019	57
Sis Apik Wijayanto	Director of Institutional Relations	23 March 2016	57
Mohammad Irfan	Director of Risk Management	19 March 2015	59
Haru Koesmahargyo	Director of Finance	19 March 2015	52
Priyastomo	Director of Micro and Small Business	23 March 2016	55
Indra Utoyo	Director of Information Technology and Operations	15 March 2017	67
R. Sophia Alizsa	Director of Human Capital	18 October 2017	60
Handayani	Director of Consumer Business	18 October 2017	53
Supari	Director of Retail and Medium Business	22 March 2018	52
Osbal Saragi Rumahorbo	Director of Network and Services	22 March 2018	53
A. Solichin Lutfiyanto*	Director of Compliance	22 March 2018	48

* Effective upon the approval of OJK.

Suprajarto, President Director

Suprajarto was born in Yogyakarta, Indonesia in 1956. He was appointed as President Director of BRI since 15 March 2017. He has been with BRI since 2006 and prior to holding the position of President Director, he had held other positions with BRI: Managing Director of Network and Services (2007-2015), the Head of Regional Office in Jakarta (2006 - 2007) and Corporate Secretary (2005 - 2006). He was also the Deputy President Director at PT BNI (2015 - 2017).

Suprajarto obtained a bachelor's degree in Economics in 1982 from Universitas Pembangunan Nasional, as well as a master's degree in Marketing Management in 2001 and a doctorate degree in Business Management in 2014, both from Universitas Padjajaran.

Sunarso, Vice President Director

Sunarso was born in Pasuruan, Indonesia in 1963. He was appointed as Vice President Director of BRI on 3 January 2019. He previously served BRI as Vice President Director (2015 - 2017). He was also a President Director of PT Pegadaian (Persero) (2017 - 2018).

Sunarso obtained a bachelor's degree in Agronomy from Institute of Agriculture, Bogor in 1988 and a master's degree in Business Administration from University of Indonesia, Jakarta in 2002.

Sis Apik Wijayanto, Director of Institutional Relations

Wijayanto was born in Blitar, Indonesia in 1961. He was appointed as Director of Institutional Relations on 23 March 2016. He has been with BRI since 2010, serving in various positions: Director of Consumer Business, (2016 - 2017), Head of The Regional Office, Jakarta II (2015), Head of The Regional Office, Banjarmasin, (2015), General Manager of The Special Branch (2012 - 2014) and Deputy GM of BRI Regional Office of Yogyakarta (2010 - 2012). He was also Director of Funding & Distribution of PT Bank Tabungan Negara (Persero) Tbk (2015 - 2016).

Wijayanto obtained a bachelor's degree in Business Administration from The Universitas Brawijaya, Malang, Semarang in 1988 and a master's degree in Management from Airlangga University, Surabaya in 2007.

Mohammad Irfan, Director of Risk Management

Irfan was born in Pemalang, Indonesia in 1959. He was appointed as Director of Risk Management of BRI on 19 March 2015. He has been with BRI since 2003, serving in various positions: Director of Corporate Business (2017), Director of Micro Business (2015 - 2017), Head of The Regional Office, Jakarta I (2010 - 2015), Head of The Regional Office, Semarang (2009 - 2010), Head of The Regional Office, Padang (2006 - 2009) and Head of the Information Systems Technology Division (2003 - 2006).

Irfan obtained a bachelor's degree in Fisheries from the Institute of Agriculture, Bogor in 1982, and a master's degree in Management from LPPM, Jakarta in 1998.

Haru Koesmahargyo, Director of Finance

Koesmahargyo was born in Jakarta in 1966. He was appointed as Director of Finance of BRI on 19 March 2015. He has been with BRI since 2009, serving in various positions: Director of Strategy & Finance (2017), Director of Finance (2015 - 2017), Head of The Treasury Division (2014 - 2015), General Manager, New York Branch (2011 - 2014) and Head of Investor Relations Desk (2009 - 2011). He was also President Commissioner of PT BTMU BRI Finance (2014 - 2015).

He obtained a bachelor's degree in Technology of Agriculture Industry from the University of Brawijaya, Malang in 1989, and a master's degree in Business Administration, Investment Banking from Emory University, USA in 2000.

Priyastomo, Director of Micro and Small Business

Priyastomo was born in Surabaya, Indonesia in 1963. He was appointed as Director of Micro and Small Business on 23 March 2016. He has been with BRI since 2012 and has held several posts with the Bank prior to becoming Director of Micro and Small Business: Director of Human Capital (2017), Director of Compliance (2016), Head of The Regional Office, Bandung (2016), Head of The Regional Office, Yogyakarta (2015), Head of The Retail and Medium Business Division (2014 - 2015) and Head of The Regional Office, Jayapura (2012 - 2014).

Priyastomo obtained a bachelor's degree in Animal Husbandry in 2008 and a master's degree in International Management in 1987 from the Universitas Gadjah Mada, Yogyakarta.

Indra Utoyo, Director of Information Technology and Operations

Utoyo was born in Bandung, Indonesia in 1962. He was appointed as Director of Information Technology and Operations on 15 March 2017. Previously, he held several positions with companies in the information technology sector: Director of Digital & Strategic Portfolio, Telkom Group of PT Telkom (2016 - 2017), CEO CFU Digital Service, Telkom Group, PT Telkom (2016 - 2017), President Commissioner of PT Metra Digital Innovation (Telkom MDI) (2016 - 2017) and President Commissioner of PT Multimedia Nusantara (Telkom Metra) (2009 - 2016).

Utoyo obtained a bachelor's degree in Electrical Engineering and Telecommunications from the Institut of Technology Bandung, Bandung in 1985 as well as a master's degree in Communication & Signal Processing from Imperial College, University of London, UK in 1984. He is currently pursuing a doctorate degree in Strategic Management from the University of Indonesia, Jakarta.

R. Sophia Alizsa, Director of Human Capital

Alizsa was born in Pamekasan, Indonesia in 1959. She was appointed as a Director of Human Capital of BRI on 27 October 2017, re-joining BRI from her position as Director of Operations and Network of Perum Jamkrindo (2015 - 2017). She was previously with BRI as General Manager of The Special Branch (2014 - 2015) and Head of The Retail Business Networks Division (2011 - 2014).

Alizsa obtained a bachelor's degree in Economics from the University of Jember, Jember in 1983 and a master's degree in Agribusiness from the Institut Pertanian Bogor in 2004.

Handayani, Director of Consumer Business

Handayani was born in Surabaya, Indonesia in 1965. She was appointed as Director of Consumer Business on 27 October 2017. Prior to joining BRI she was Director of PT Bank Tabungan Negara (Persero) Tbk (2016 - 2017), Director of Commercial Business of PT Garuda Indonesia Tbk (2014 - 2016) and Director of Marketing & Alternate Distribution of PT AXA Mandiri (2013 -2014).

Handayani obtained a bachelor's degree in Dentistry from the University of Airlangga, Surabaya in 1988 and a master's degree in Management from the University of Padjadjaran, Bandung in 2001.

Supari, Director of Retail and Medium Business

Supari was born in Ngawi, Indonesia in 1966. He was appointed as Director of Retail and Medium Business on 22 March 2018. He has been with BRI since 1990, serving in various positions: Senior Executive Vice President of SME & Consumer Business (2016 - 2018), Head of Makassar Regional Office (2015 - 2016), Head of Padang Regional Office (2014 - 2015) and Deputy Chief of Business Officer of Jakarta Regional Office 1 (2012 - 2014).

Supari obtained a bachelor's degree in Arts from the Agricultural Technology Universitas Brawijaya, Malang in 1989, and a master's degree in Agribusiness from the University of Gadjah Mada, Yogyakarta in 2005.

Osbal Saragi Rumahorbo, Director of Network and Services

Rumahorbo was born in Saribulawan, Indonesia in 1965. He was appointed as Director of Network and Services on 22 March 2018. Prior to his appointment as Director of Network and Services, Rumahorbo also served various positions in BRI as the Head of Jakarta Regional Office 2 (2016 - 2018), Head of Jakarta Regional Office 3 (2016), Head of Bandar Lampung Regional Office (2015 - 2016) and Head of Manado Regional Office (2012 -2015).

Rumahorbo obtained a bachelor's degree in Agricultural Social Economy from Padjajaran University, Bandung in 1989 and a master's degree in Accounting from University of North Sumatra, in 2001.

A. Solichin Lutfiyanto, Director of Compliance

Lutfiyanto was born in Malang, Indonesia in 1970. He was appointed as Director of Compliance on 22 March 2018. Prior to his appointment as Director of Compliance, Lutfiyanto was head of Human Capital Division in BRI (2017 - 2018) and Head of Transaction Banking Division (2016 - 2017).

Lutfiyanto obtained a bachelor's degree in Agricultural Technology from Jember University in 1990 and a master's degree from UGM & Agder College University, Norway in 2000.

Compliance director

OJK requires the Bank to appoint one of the members of its Board of Directors as the compliance director, whose duties and responsibilities are to ensure that the Bank has complied with all of OJK's regulations and other regulations and legislation applicable to the implementation of prudential banking principles; to monitor its business activities and ensure they do not violate prevailing regulations; and to monitor its compliance with all of its agreements and commitments to OJK and other authorised supervisory authorities.

Ahmad Solichin Lutfiyanto has been appointed as the Bank's Director of Compliance since 22 March 2018. The compliance director is responsible for ensuring that all decisions of the Bank's various executive and management committees have complied with all applicable OJK regulations and laws and for producing reports regarding policies made by the committees and any deviations from OJK regulations and/or applicable rules.

Executive and management committees

Audit committee

The establishment of BRI's audit committee (the "**Audit Committee**") is based upon OJK Regulation No. 55/POJK.04/2015 on Establishment and Guidelines of the Implementation of Audit Committees; Decision of Minister of State-Owned Enterprises No. Per-01/MBU/2011 dated 1 August 2011 on the Implementation of GCG in State-Owned Enterprise; OJK Regulation No. 55/2016; Law No. 19 of 2003 dated 19 June 2003 on State-Owned Enterprise; and audit committee charter dated 20 December 2017 (the "**Audit Committee Charter**"). The Audit Committee was established with the aim of assisting the Board of Commissioners in its duties and supervisory function, as well as in providing advice to the Board of Directors on matters related to financial information, internal control systems, effectiveness of external and internal auditors, effectiveness in implementation of risk management policies and compliance with prevailing laws and regulations.

According to the Audit Committee Charter, the Audit Committee was established by the Board of Commissioners with the aim to support the effectiveness of the Board of Commissioners in discharging its duties and responsibilities, especially with regard to its supervision function to increase public trust towards management of the Bank. In 2018, the Audit Committee has fulfilled its duties and responsibilities in accordance with the Audit Committee Charter. In fulfilling its duties and responsibilities, the Audit Committee is authorised by the Board of Commissioners to:

- access BRI's documents, data and information concerning employees, funds, assets and corporate resources;
- communicate directly with employees, including the Board of Directors and parties performing internal audit, risk management and accountant functions related to the Audit Committee's duties and responsibilities;
- involve independent parties outside the members of the Audit Committee as required to assist in the execution of their duties (if necessary); and
- to exercise other authorities granted by the Board of Commissioners.

Risk management supervisory committee

BRI's risk management supervisory committee (the "**Risk Management Supervisory Committee**") was established pursuant to Minister of State-Owned Enterprise Regulation No. PER-1/MBU/2011 on Implementation of Good Corporate Governance in State-Owned Enterprises, as amended by Minister of State-Owned Enterprise Regulation No. PER-9/MBU/2012. The establishment of the Risk Management Supervisory Committee is also subject to OJK Regulation No. 55/2016.

According to the working guide of the Risk Management Supervisory Committee, the Risk Management Supervisory Committee helps the Board of Commissioners in the discharge of its duties and responsibilities and to evaluate potential risks to the Bank and oversees implementation of the Bank's risk management policies. The Risk Management Supervisory Committee helps to ensure that the Bank's activities are within manageable and acceptable level and within profitable limits.

Nomination and remuneration committee

BRI's nomination and remuneration committee (the "**Nomination and Remuneration Committee**") was established based on decree of the Minister of State-Owned Enterprise No. Per-01/MBU/2011 dated 1 August 2011 regarding the implementation of Good Corporate Governance in State-Owned Enterprise; OJK Regulation No. 55/2016; OJK Regulation No. 34/POJK.04/2014 on Nomination Committee and Remuneration Committee of Issuers or Public Companies and Law No. 19 of 2003 dated 19 June 2003 regarding State-Owned Enterprise. At BRI, there is no separation between the Nomination Committee and the Remuneration Committee.

Based on the charter of the Nomination and Remuneration Committee dated 20 December 2017, the Nomination and Remuneration Committee was established by the Board of Commissioners to support the effectiveness of the Board of Commissioners' duties and responsibilities, especially those related to nomination and remuneration policies.

Remuneration

Salary, honorarium and tantiem for members of the Board of Commissioners and the Board of Directors is decided by annual general meeting of Shareholders (the "**AGMS**"). The Board of Commissioners submits the proposal of the salary, honorarium and tantiem for members of the Board of Commissioners and the Board of Directors to the Series A Dwiwarna shareholders for further approval by the AGMS. The proposal is made according to recommendations provided by the Nomination and Remuneration Committee after considering market practice, economic conditions, prevailing rules and regulations, and the Bank's performance.

Other facilities and benefits for members of the Board of Commissioners and the Board of Directors are decided by the Board of Commissioners pursuant to the Articles of Association. The Board of Commissioners formulates and stipulates other facilities and benefits for members of the Board of Commissioners and the Board of Directors in a Remuneration Policy based on recommendation from the Nomination and Remuneration Committee. Review of remuneration is done annually by the Nomination and Remuneration Committee according to its duty and function.

RELATIONSHIP WITH THE GOVERNMENT AND RELATED PARTY TRANSACTIONS

The Issuer and its subsidiaries have entered into a range of transactions with the Government and Government-related enterprises. The Issuer expects that it will continue to enter into such transactions in the future. Transactions between the Issuer (including its subsidiaries) and the Government and Government-related enterprises are not considered to be related party transactions under Indonesian Financial Accounting Standards and have not been disclosed as transactions with related parties in the Issuer's consolidated financial statements included elsewhere in this Offering Circular.

Relationship with Government

Government as shareholder

As at 31 December 2018, the Government held 56.75 per cent. of the Issuer's issued and outstanding ordinary shares through the MSOE. Additionally, the Government's ownership of the single Series A Dwiwarna share gives the Government preferential rights to approve the appointment or dismissal of the Issuer's Commissioners and Directors, make changes to the Issuer's Articles of Association, approve the Issuer's merger, dissolution, acquisition or separation and to submit a request for bankruptcy and liquidation of the Issuer. Accordingly, the Government will have effective control of these matters even if its ownership of the Issuer's common shares were to decline to less than a majority.

Although it does not involve itself in the Issuer's daily management, as the Issuer's controlling shareholder, the Government is interested in the Issuer's performance both in terms of the benefits it provides to the Government, such as the Issuer's ability to provide a return on the Government's investment in it, as well as the Issuer's ability to operate on a commercial basis.

The Issuer's policy is to not enter into transactions with affiliates, including other Government-related entities, unless the terms are no less favourable to the Issuer than those that could be obtained by the Issuer on an arm's length basis from an unaffiliated third party. The MSOE has advised the Issuer that the Government, in its capacity as the Issuer's controlling shareholder, will not cause it to enter into transactions with other entities under the control of the Government unless the terms are consistent with the Bank's policy. Although the Issuer lends to some Government-related entities on an unsecured basis depending on the credit quality of the borrower and certain other factors, the Issuer believes that this is consistent with commercial arm's length terms, based on its risk assessment of such entities and similarity to terms extended by other Indonesian Government-related banks to Government-related entities.

Under OJK regulations, any transaction in which there is a conflict of interest (as defined below) must be approved by a majority of the shareholders who do not have a conflict of interest in the proposed transaction. A "conflict of interest" is defined in OJK regulations to mean the difference between a company's economic interests and the personal economic interests of any member of its Board of Commissioners, Board of Directors or substantial shareholders (a holder of 20 per cent. or more of the Bank's total issued shares) that may cause losses to the company. The OJK has power to enforce this rule and the Issuer's shareholders may also be entitled to seek enforcement or bring enforcement actions based on this rule.

Transactions between the Issuer and other Government-related entities could constitute "conflict of interest" transactions under the OJK regulations and the approval of disinterested shareholders would have to be obtained if a conflict of interest were to exist. The Issuer believes that many transactions conducted with Government-related entities in the ordinary course between the Government and the Issuer are on an arm's length, commercial basis and do not constitute "conflict of interest" transactions for which a disinterested shareholder vote would be required. Such transactions might include the extension of credit by the Issuer to Government-related entities or deposits with the Issuer by Government-related entities.

Government as customer

Many of the Issuer's customers are Government-related enterprises, and from time to time the Issuer extends loans to and accepts deposits from Government-related enterprises. The Issuer deals with the various departments and agencies of the Government as separate customers. See *"Business"*.

Government as regulator

The Government regulates the operational aspects of the banking sector through Bank Indonesia and OJK. In particular, Bank Indonesia has the authority to issue decrees implementing laws relating to the monetary system. Meanwhile, OJK has the authority to regulate and supervise the institutional, soundness and prudential aspects in the banking sector. Further, OJK also defines the scope of the Bank's activities, operations and financial condition. See "*Supervision and Regulation*".

Transactions with the Government and Bank Indonesia

Recapitalisation programme

Beginning in 1999, the Government implemented a recapitalisation programme for the Indonesian banking sector following the Asian financial crisis. In connection with the recapitalisation programme, the Bank received bonds issued by the Government at a nominal amount of Rp29,149,000 in two tranches at nominal amounts of Rp20,404,300 on 25 July 2000 and Rp8,744,700 on 31 October 2000, all of which earned interest at a fixed interest rate. The final amount needed for the Bank's recapitalisation was determined at Rp29,063,531, therefore the recapitalisation excess was returned to the Government and the Issuer did not earn interest income on such bonds.

As at 31 December 2018, the Bank held Rp1,505.27 billion of Government recapitalisation bonds, which represented 0.12 per cent. of its assets.

Current accounts

As at 31 December 2018, the Bank held Rp71,159.44 billion in current accounts with Bank Indonesia to comply with Bank Indonesia's minimum legal reserve requirements (*Giro Wajib Minimum*).

Placements

As at 31 December 2018, the Bank held Rp68.34 trillion in deposit facilities, term deposits and sharia deposit facilities with Bank Indonesia.

Securities

As at 31 December 2018, the Bank held Rp160,671.2 billion securities issued directly or indirectly by the Government and Bank Indonesia.

Other related party transactions

From time to time, the Bank enters into transactions with other parties that are related to it by virtue of having common members of key management or of which the Bank is a minority shareholder. See note 44 of the consolidated financial statements included elsewhere in this Offering Circular for a description of such related party transactions.

The Bank has also entered into related party transactions with certain companies affiliated with it due to common shareholding relationships under the Government.

SHAREHOLDERS

The following table depicts the holders of the Issuer's issued and fully-paid ordinary shares as at 31 December 2018.

Issued and fully paid ordinary shares	Number of shares	Nominal value per share (Rp)	Value of shares (Rp)	Ownership (per cent.)
Republic of Indonesia				
Series A Dwiwarna share	1	50	50	0.00
Series B ordinary shares	69,999,999,999	50	3,499,999,999,950	56.75
Public[(1)]				
Series B ordinary shares	52,237,220,000	50	2,611,861,000,000	42.35
Total issued and fully paid capital stock	**122,237,220,000**		**6,111,861,000,000**	**99.10**
Treasury Stock	1,108,590,000		55,429,500,000	0.90
Total	**123,345,810,000**		**6,167,290,500,000**	**100.00**

(1) Proportion of publicly owned shares held by non-Indonesians is 81.17%. Public Shares include the shareholding of Directors and Commissioners of the Bank: Suprajarto, Kuswiyoto, Priyastomo, Handayani, Osbal Saragi Rumahorbo, Haru Koesmahargyo, Indra Utoyo, Sis Apik Wijayanto, R. Sophia Alizsa, Mohammad Irfan, Achmad Solichin Lutfiyanto, Gatot Trihargo, Nicolaus Teguh Budi Harjanto and Jeffry W. Wurangian.

As at 31 December 2018, the Government held 56.75 per cent. of the Issuer's issued and outstanding ordinary shares through the MSOE. No other party holds more than 5.0 per cent. of the issued and outstanding ordinary shares of the Issuer.

The Government's ownership of the single Series A Dwiwarna share gives the Government preferential rights to approve the appointment or dismissal of the Commissioners and Directors, make changes to the Issuer's Articles of Association, approve the Issuer's merger, dissolution, acquisition or separation and to submit a request for bankruptcy and liquidation of the Issuer.

For more information about the Government as the Issuer's controlling shareholder, see "*Relationship with the Government and Related Party Transactions*".

TAXATION

The following summary of certain Indonesia, Singapore and EU tax consequences of the purchase, ownership and disposition of the Notes is based upon applicable laws, regulations, rulings and decisions in effect as at the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect) and could affect the tax consequences to Noteholders. This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Persons considering the purchase of the Notes should consult their own tax advisers concerning the tax consequences of the purchase, ownership and disposition of the Notes. Prospective investors should consult their professional advisers on the possible tax consequences of buying, holding or selling any Notes under the laws of their country of citizenship, residence or domicile.

Indonesia

The following is a summary of the principal Indonesian tax consequences relevant to prospective Noteholders based on Indonesian tax laws and regulations in force as at the date of this Offering Circular. The summary does not address any laws other than the tax laws of the Republic of Indonesia. It is not a comprehensive description of all tax considerations which may be relevant to make a decision to purchase Notes.

General

Resident tax payers, individual or corporate, are subject to income tax in Indonesia. In general, an individual is considered to be a non-resident of Indonesia if the individual does not reside in Indonesia or does not intend to stay in Indonesia for more than 183 days within a 12-month period. A corporation will be considered a non-resident of Indonesia if it is not established or domiciled in Indonesia. In determining the residency and tax status of an individual or a corporation, consideration will also be given to the provision of any applicable tax treaties which Indonesia has entered into with other countries.

Subject to the provisions of any applicable tax treaty, non-resident taxpayers, namely individuals or corporations not domiciled or established in Indonesia, which derive income sourced in Indonesia from interest, dividends or royalties from Indonesia, are subject to final withholding tax on that income at the rate of 20 per cent., as long as the income is not effectively connected with a Permanent Establishment ("**P.E.**") in Indonesia.

If the income is effectively connected with a P.E. in Indonesia, such income shall be considered as income earned by the P.E., which is subject to 25.0 per cent. corporate income tax. In addition, branch profit tax of 20.0 per cent. will be imposed on the net profit after corporate income tax.

Tax treaties

Indonesia has concluded double taxation treaties with a number of countries, among others: Australia, Belgium, Canada, France, Germany, Japan, Luxembourg, the Netherlands, Singapore, Thailand, Malaysia, Sweden, Switzerland, United Kingdom, Republic of China, Hong Kong and the United States. The relevant tax treaty may also affect the definition of non-resident taxpayers.

Taxation on interest

The tax exposure of the interest received by Noteholders who are non-resident for Indonesian Taxation purposes is set out below:

The withholding tax rate on interest due by the Issuer to a non-resident taxpayer is 20.0 per cent. The tax rate can be reduced under an applicable tax treaty. Application of the reduced withholding tax rate under a tax treaty to a non-resident taxpayer who resides in the tax treaty country is subject to satisfaction of eligibility and reporting requirements for the relevant tax treaty and domestic tax regulations. To obtain the benefit of an applicable tax treaty, all of the following requirements must be met:

(a) The income recipient is not an Indonesian tax resident.

(b) The income recipient is an individual or corporate that is a resident of the tax treaty partner country.

(c) There is no misuse of tax treaty.

(d) The income recipient is the beneficial owner (if it is required under the applicable tax treaty).

To benefit from the protections under the applicable tax treaty, the non-resident taxpayer should obtain a certificate of domicile letter from its competent tax authority using a Form DGT that is valid for a 12 month period.

The Issuer is obliged to withhold 20.0 per cent. income tax from the gross amount of interest and any additional amounts (which in general are also treated as interest) that it pays to a non-resident tax payer and must provide withholding tax payment receipts to the recipient. If the Notes are held and owned by a P.E. in Indonesia, the Issuer should withhold 15.0 per cent. withholding tax from the gross interest it pays. However, if the P.E. in Indonesia is a branch of foreign bank, any interest payment on the Notes will be taxed at the ordinary Indonesian income tax rate.

Additional amounts

Under the terms and conditions of the Notes all payments in respect of the Notes by or on behalf of the Issuer shall be made free from any restriction or condition and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of any of the tax jurisdictions, unless the withholding or deduction is required by law.

In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders after the withholding or deduction shall equal the amounts which would have been received by them had no such withholding or deduction been required, subject to customary exceptions, as described in the Conditions.

Taxation of disposition of Notes

Repayments of the principal of the Notes by the Issuer are not subject to Indonesian tax. However, under Government Regulation No. 16/2009 as amended by Government Regulation No. 100/2013 which took effect on 31 December 2013, any amount due by the Issuer attributable to interest, premium or discount (which in general are also treated as interest) payable on the Notes will be subject to a final withholding tax in Indonesia.

In general, any gain resulting from sale or other disposition of the Notes by a non-resident tax payer is not subject to income tax, withholding tax or capital gains tax unless the Notes are held and owned through a P.E. in Indonesia.

Stamp duty and other Indonesian taxes

According to Government Regulation No. 24/2000, any document issued relating to the sale of the Notes is subject to stamp duty. The nominal amount of Indonesian stamp duty is Rp6,000, for transactions having a value of more than Rp1,000,000, and Rp3,000, for transactions having a value of up to a maximum of Rp1,000,000. The stamp duty is due at the time the document is executed.

There are no other Indonesian taxes (namely estate tax, inheritance tax, succession tax or gift taxes) applicable to acquisition, ownership or disposition of the Notes. There are no other material Indonesian issues, registration or similar taxes or duties payable by the Noteholders as a result of holding the Notes.

Taxation outside Indonesia

The tax treatment of non-resident Noteholders in jurisdiction outside Indonesia may vary depending on the tax laws applicable to such holder by reason of domicile or business activities and such holder's particular situation. This Offering Circular does not discuss the tax considerations on such non-resident holders under laws other than those of Indonesia.

Singapore

Singapore Taxation

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by the Inland Revenue Authority ("**IRAS**") of Singapore and the MAS in force as at the date of this Offering Circular, and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which could be made on a retroactive basis. These laws, guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Offering Circular are intended or are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements below do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Prospective holders of the Notes are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership or disposal of the Notes, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuer, the Joint Lead Managers or any other persons involved in the issuance of the Notes accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Notes.

Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the Income Tax Act, the following payments are deemed to be derived from Singapore:

(a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or

(b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15 per cent. final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17 per cent. The applicable rate for non-resident individuals is currently 22 per cent. However, if the payment is derived by a person not resident in Singapore from sources other than from its trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15 per cent. The rate of 15 per cent. may be reduced by applicable tax treaties.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

(a) interest from debt securities derived on or after 1 January 2004;

(b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and

(c) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession in Singapore.

In addition, as Citigroup Global Markets Limited and Crédit Agricole Corporate and Investment Bank are Financial Sector Incentive (Capital Market) Companies, Financial Sector Incentive (Standard Tier) Companies or Financial Sector Incentive (Bond Market) Companies (each as defined in the Income Tax Act) and the Notes are issued during the period from 1 January 2014 to 31 December 2023, such Notes (the "**Relevant Notes**") would be "qualifying debt securities" pursuant to the Income Tax Act and the MAS Circular FDD Cir 11/2018 entitled "Extension of Tax Concessions for Promoting the Debt Market" issued by the MAS on 31 May 2018 (the "**MAS Circular**"), to which the following treatments shall apply:

(a) subject to certain prescribed conditions having been fulfilled (including the submission to the MAS of a return on debt securities in respect of the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require, and the inclusion by the Issuer in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Notes is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Notes using funds from that person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "**Qualifying Income**") from the Relevant Notes, derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore, but the funds used by that person to acquire the Relevant Notes are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore tax;

(b) subject to certain conditions having been fulfilled (including the submission to the MAS of a return on debt securities in respect of the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require), Qualifying Income from the Relevant Notes derived by any company or body of persons (as defined in the Income Tax Act) in Singapore is subject to income tax at a concessionary rate of 10 per cent. (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and

(c) subject to:

    (i) the Issuer including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the Income Tax Act; and

    (ii) the submission to the MAS of a return on debt securities in respect of the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require,

payments of Qualifying Income derived from the Relevant Notes are not subject to withholding of tax by the Issuer.

However, notwithstanding the foregoing:

(a) if during the primary launch of any tranche of the Relevant Notes, the Relevant Notes of such tranche are issued to less than four persons and 50 per cent. or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Relevant Notes would not qualify as "qualifying debt securities"; and

(b) even though a particular tranche of Relevant Notes are "qualifying debt securities", if, at any time during the tenure of such tranche of Relevant Notes, 50 per cent. or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from such Relevant Notes held by:

   (i) any related party of the Issuer; or

   (ii) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term "**related party**", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms "**break cost**", "**prepayment fee**" and "**redemption premium**" are defined in the Income Tax Act as follows:

"**break cost**", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

"**prepayment fee**", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

"**redemption premium**", in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

References to "break cost", "prepayment fee" and "redemption premium" in this Singapore tax disclosure have the same meaning as defined in the Income Tax Act.

Where interest, discount income, prepayment fee, redemption premium and break cost (i.e. the Qualifying Income) is derived from any of the Relevant Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities under the Income Tax Act (as mentioned above) shall not apply if such person acquires such Relevant Notes using the funds and profits of such person's operations through a permanent establishment in Singapore.

Capital Gains.

Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Notes who apply or are required to apply Singapore Financial Reporting Standards 39 ("**FRS 39**") or 109 ("**FRS 109**") may for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 39 or FRS 109 (as modified by the applicable provisions of Singapore income tax law). Please see the section below on "*Adoption of FRS 39 and FRS 109 Treatment for Singapore Income Tax Purposes*".

Adoption of FRS 39 and FRS 109 Treatment for Singapore Income Tax Purposes.

Section 34A of the ITA provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and "opt-out" provisions) to taxpayers who are required to comply with FRS 39 for financial reporting purposes. The IRAS has also issued a circular entitled "Income Tax Implications Arising from the Adoption of FRS 39 — Financial Instruments: Recognition and Measurement".

FRS 109 is mandatorily effective for annual periods beginning on or after 1 January 2018, replacing FRS 39. Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109, subject to certain exceptions. The IRAS has also issued a circular entitled "Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 — Financial Instruments".

Holders of the Notes who may be subject to the tax treatment under the Sections 34A or 34AA of the ITA should consult their own tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

Estate Duty.

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

The Proposed Financial Transactions Tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (each other than Estonia, the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

Subscription Agreement

The Issuer has entered into a subscription agreement with the Joint Lead Managers dated [●] 2019 (the "**Subscription Agreement**") pursuant to which and subject to certain conditions contained in the Subscription Agreement, the Issuer has agreed to sell to the Joint Lead Managers, and the Joint Lead Managers have severally and not jointly agreed, to subscribe and pay for, or to procure subscribers and pay for, the respective principal amount of Notes set out opposite its name below:

Name of Joint Lead Manager	Amount of the Notes to be subscribed
	(US$)
Citigroup Global Markets Limited	[●]
Crédit Agricole Corporate and Investment Bank	[●]
Total	[●]

The Subscription Agreement provides that the Issuer has agreed to indemnify the Joint Lead Managers in respect of certain matters set out in the Subscription Agreement. The Subscription Agreement provides that the obligations of the Joint Lead Managers are subject to certain conditions precedent and entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer in respect of the Notes. Any subsequent offering and sale of the Notes may be at a price different from the Issue Price.

The Joint Lead Managers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities ("**Banking Services or Transactions**"). Some of the Joint Lead Managers and their respective affiliates have, from time to time, performed, and may in the future perform, various Banking Services or Transactions for the Issuer, for which they received or may in the future receive customary fees, expenses and commissions.

The Joint Lead Managers and their respective affiliates may purchase the Notes and allocate the Notes for asset management and/or proprietary purposes but not with a view to distribution. Such entities may hold or sell such Notes or purchase further Notes for their own account in the secondary market or deal in any other securities of the Issuer, and therefore, they may offer or sell the Notes or other securities otherwise than in connection with the offering of the Notes. Accordingly, references herein to the Notes being "offered" should be read as including any offering of the Notes to the Joint Lead Managers and/or their respective affiliates, or affiliates of the Issuer for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any legal or regulatory obligation to do so. Furthermore, it is possible that only a limited number of investors may subscribe for a significant proportion of the Notes. If this is the case, liquidity of trading in the Notes may be constrained. The Issuer and the Joint Lead Managers are under no obligation to disclose the extent of the distribution of the Notes amongst individual investors.

In the ordinary course of their various business activities, the Joint Lead Managers and their respective affiliates make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer, including the Notes. Certain of the Joint Lead Managers or their respective affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, the Joint Lead Managers and their respective affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer's securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The Joint Lead Managers and their respective affiliates may make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the

Notes or other financial instruments of the Issuer, and may recommend to their clients that they acquire long and/or short positions in the Notes or other financial instruments.

In connection with the issue of the Notes, any Joint Lead Manager appointed and acting in its capacity as a stabilisation manager (a "**Stabilisation Manager**") may, to the extent permitted by applicable laws, rules and directives, over-allot the Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail, but in so doing, such Stabilisation Manager or any person acting on behalf of such Stabilisation Manager shall act as principal and not as agent of the Issuer. However, there is no assurance that any Stabilisation Manager will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the Issue Date and 60 days after the date of the allotment of the Notes. Any loss or profit sustained as a consequence of any such overallotment or stabilisation shall be for the account of the relevant Stabilisation Manager.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Lead Managers or any of its affiliates is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by it or such affiliate on behalf of the Issuer in such jurisdiction.

Selling restrictions

United States.

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold only outside the United States in offshore transactions in reliance on, and in compliance with, Regulation S.

Each Joint Lead Manager has represented and agreed that it has offered and sold, and agrees that it will offer and sell, the Notes only in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, no Joint Lead Manager nor their respective affiliates, nor any persons acting on its or their behalf, have engaged or will engage in any directed selling efforts (as defined in Regulation S) with respect to the Notes, and each Joint Lead Manager, its respective affiliates and all persons acting on its or their behalf have complied and will comply with the offering restrictions requirement of Regulation S.

Terms used in the above paragraphs have the meanings given to them by Regulation S under the Securities Act.

Singapore.

Each Joint Lead Manager has acknowledged that this Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented, warranted and agreed that it has not offered or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, the Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to any persons in Singapore other than (i) to an institutional investor (as defined in the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275 (1) of the SFA, or any person pursuant to Section 275 (1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

This Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Notes may not be circulated or distributed, nor may any Notes be offered or sold, or be made the subject of an invitation for subscription or purchase whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275 (1) of the SFA, or any person pursuant to Section 275 (1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275 (1A) or Section 276 (4) (i) (B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018**.**

Singapore SFA Product Classification: In connection with Section 309B of the SFA and the CMP Regulations 2018, the Issuer has determined, and hereby notifies all relevant persons (as defined in S309A(1) of the SFA), that the Notes are the classification of the Notes as 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Indonesia.

Each Joint Lead Manager has represented and agreed that the offer of the Notes shall not constitute a public offering under Law No. 8 of 1995 regarding Capital Markets. Under Indonesian law, the public offering means the offer of securities in Indonesia or to Indonesian citizens through mass media or to more than 100 Indonesian parties in Indonesia (foreign and/or Indonesian parties) or sale of securities to more than 50 Indonesian parties in Indonesia (foreign and/or Indonesian parties) within certain values and period of time and the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the Republic of Indonesia, except as permitted by the Capital Markets Law.

United Kingdom.

Each Joint Lead Manager has represented, warranted and agreed that:

(i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**") received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

(ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Japan.

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**"). Accordingly, each of the Joint Lead Managers represents and agrees that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act, ministerial guidelines and other relevant laws and regulations of Japan.

Hong Kong.

Each Joint Lead Manager has represented and agreed that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to "**professional investors**" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "**prospectus**" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**CWUMPO**") or which do not constitute an offer to the public within the meaning of the CWUMPO; and

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "**professional investors**" as defined in the SFO and any rules made under the SFO.

General.

Neither this Offering Circular nor any other document or information (or any part thereof) delivered or supplied under or in relation to the issue of the Notes may be used in connection with an offer or solicitation by any person in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. The distribution and publication of this Offering Circular or any such other document or information and the offer of the Notes in certain jurisdictions may be restricted by law. Persons who distribute or publish this Offering Circular or any such other document or information or into whose possession this Offering Circular or any such other document or information comes are required to inform themselves about and to observe any such restrictions and all applicable laws, orders, rules and regulations.

Each of the Joint Lead Managers has acknowledged that no action has been or will be taken that would permit a public offering of the Notes, or possession or distribution of this Offering Circular or any other offering or publicity material relating to the Notes, in any jurisdiction where action for that purpose is required. Each Joint Lead Manager has agreed to comply with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Notes or has in its possession or distributes this Offering Circular or any such other material.

GENERAL INFORMATION

Authorisation

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Notes, the Trust Deed and the Agency Agreement.

Listing

Application will be made to the SGX-ST for the listing of, and quotation for, the Notes. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Offering Circular. Admission to the Official List of the SGX-ST and quotation of the Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer or the Notes. The Notes will be traded on the SGX-ST in a minimum board lot size of US$200,000 for so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require.

So long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer will appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that the Global Certificate is exchanged for Notes in definitive form. In addition, in the event that the Global Certificate is exchanged for Notes in definitive form, an announcement of such exchange shall be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the Notes in definitive form, including details of the paying agent in Singapore.

Clearing systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN for the Notes is XS1963534968 and the Common Code is 196353496.

Legal Entity Identifier

The legal entity identifier ("**LEI**") of the Issuer is 254900HB6S4B12GBNP64.

No significant change

There has been no significant change in the financial position or prospects of the Issuer since 31 December 2018, and no material adverse change in the financial position or prospects of the Issuer since 31 December 2018.

Litigation and other matters

The Issuer is not involved in any legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer is aware), whether as a plaintiff or defendant, which in the opinion of the Issuer has had or is reasonably likely to have a significant effect on the financial position of the Issuer.

Documents

So long as any of the Notes remain outstanding, copies of the following documents will be available for inspection from the registered office of the Issuer and, in the case of the documents referred to in the third bullet point below, at all reasonable times during usual business hours (being between 9:00 a.m. and 3:00 p.m., Monday to Friday other than public holidays) at the principal office of the Trustee (being as at the date of this Offering Circular at One Canada Square, London E14 5AL, United Kingdom) following prior written request and proof of holding to the satisfaction of the Trustee:

- memorandum and Articles of Association of the Issuer;
- the consolidated audited financial statements of the Issuer and its subsidiaries in respect of the years ended 31 December 2016, 2017 and 2018; and
- the Agency Agreement and the Trust Deed.

Consolidated Financial Statements

The Issuer's Audited Consolidated Financial Statements have been audited by Purwantono, Sungkoro & Surja (the Indonesian member firm of Ernst & Young Global Limited), independent auditors, in accordance with Standards on Auditing established by the IICPA, as stated in their audit report herein.

DEFINITIONS, GLOSSARY OF TECHNICAL TERMS AND ABBREVIATIONS

In this Offering Circular, unless the context otherwise requires, the following terms shall have the meaning set out below.

Terms related to the Issuer and its business operations

"**AGMS**"	Annual general meeting of BRI's shareholders
"**ALCO**"	Asset and liability committee
"**Articles of Association**"	BRI's articles of association
"**Audit Committee**"	BRI's audit committee
"**Audit Committee Charter**"	BRI's audit committee charter dated 20 December 2017
"**Board of Directors**" or "**Board**"	Board of Directors of BRI
"**BCM**"	BRI's Business Continuity Management
"**BRI**" or "**the Issuer**" or the "**Bank**"	PT Bank Rakyat Indonesia (Persero) Tbk
"**BRI Agro**"	PT Bank Rakyat Indonesia Agroniaga Tbk
"**BRC**"	BRI Remittance Co. Ltd.
"**BRI CIB**"	BRI Cayman Island Branch
"**BRI Life**"	PT Asuransi BRI Life
"**BRI Finance**"	PT BRI Multifinance
"**BRI HKRO**"	BRI Hong Kong Representative Office
"**BRIngin Life**"	PT Asuransi Jiwa Bringin Jiwa Sejahtera
"**BRINYA**"	BRI New York Agency
"**BRIsat**"	BRI satellite
"**BRI SG**"	BRI Singapore Branch
"**BRISyariah Tbk**"	PT Bank BRISyariah Tbk
"**BRITL**"	BRI Timor-leste Branch
"**Commissioner**"	BRI's commissioners
"**CRM**"	Credit risk management
"**CRMC**"	BRI's credit risk management committee
"**CRR**" and "**CRS**"	Credit risk rating/scoring
"**Directors**"	BRI's directors
"**DMR**"	BRI's risk management division
"**ESA**"	Employee Stock Allocation, which was initiated by BRI in 2003
"**EWS**"	BRI's early warning system
"**e-Tilang**"	An electronic traffic fine system developed by BRI
"**Investor's Currency**"	The currency in which investor's financial activities are principally denominated.

"**Issuer's Audited Consolidated Financial Statements**"	The consolidated financial statements of the Issuer as at and for the years ended 31 December 2016, 2017 and 2018
"**Kantor Layanan Syariah**"	BRI's sharia service outlet
"**KCK**"	Special branch office
"**KPIs**"	BRI's key performance indicators
"**KRI**"	BRI's key risk indicator
"**KUMR BRI**"	BRI's Risk Management General Policy
"**KUR**"	Kredit Usaha Rakyat, one of BRI's loan scheme, which is subsidised by the government and is covered by credit insurance of state-owned insurance companies
"**Maturity Date**"	The date on which the Notes will be redeemed, unless previously redeemed or purchased and cancelled
"**MESOP**"	Management Employee Stock Option Plant which was approved by BRI's shareholder during the Annual General Meeting in 2017
"**MRMC**"	BRI's market risk management committee
"**MSOP**"	Management Stock Option Plan, which was initiated by BRI in 2003
"**Nomination and Remuneration Committee**"	Nomination and remuneration committee of BRI
"**Noteholders**"	Registered holders of the Notes
"**Offering Circular**"	The offering circular dated [●] 2019
"**ORMC**"	BRI's operation risk management committee
"**RMC**"	BRI's risk management committee
"**RMF**"	Risk management function
"**PKL**"	BRI's line credit officers
"**RCSA**"	Risk and control self-assessment
"**Risk Management Supervisory Committee**"	Risk management supervisory committee of BRI
"**RM**"	Relationship management
"**RM Forum**"	Risk management forum
"**RTGS**"	Real Time Gross Settlement
"**shareholder(s)**"	The shareholder(s) of BRI
"**Stabilisation Manager**"	Any Joint Lead Manager appointed and acting in its capacity as a stabilisation manager in connection with the issue of the Notes
"**Subscription Agreement**"	Subscription agreement entered into between BRI and the Joint Lead Managers
"**Trustee**"	The Bank of New York Mellon, London Branch
"**UUS**"	BRI Sharia Business Unit

"**WAPERD**"	Certification of mutual funds selling agents

Industry related and technical terms

"**Action Plan**"	Recovery plan of BRI as stipulated in OJK Regulation No. 14/POJK.03/2017 on Recovery Plan for Systemic Banks
"**AMA**"	Advance measurement approach for measurement of market risk
"**ASEAN**"	Association of Southeast Asian Nations
"**ATMR**"	Aset Tertimbang Menurut Risiko, risk weighted assets
"**Bank Indonesia FPT Regulation**"	Bank Indonesia Regulation No. 12/23/PBI/2010 on Fit and Proper Test
"**Bank Indonesia Regulation 18/10/PBI/2016**"	Bank Indonesia Regulation No. 18/10/PBI/2016 on Monitoring of Foreign Exchange Activities of Bank
"**Bank Indonesia Regulation No. 5/2003**"	Bank Indonesia Regulation No. 5/13/PBI/2003 on Net Open Position for Commercial banks, as lastly amended by Bank Indonesia Regulation No. 17/5/PBI/2015
"**Bank Indonesia Regulation 21/2/PBI/2019**"	Bank Indonesia Regulation No. 21/2/PBI 2019 on Reporting of Foreign Exchange Activity.
"**Bank Indonesia Regulation No. 21/1/PBI/2019**"	Bank Indonesia Regulation No. 21/1/PBI/2019 on Offshore Borrowings and Other Bank's Liabilities in Foreign Currency
"**Bank Indonesia Regulation No. 17/3/2015**"	Bank Indonesia Regulation No. 17/3/PBI/2015 on Obligation to Use Rupiah in the Territory of Indonesia
"**Bank Indonesia Regulation 18/18/2016**"	Bank Indonesia Regulation No. 18/18/PBI/2016 on Foreign Exchange Transactions Against Rupiah Between Banks and Domestic Parties
"**Bank Indonesia Regulation No. 18/19/2016**"	Bank Indonesia Regulation No. 18/19/PBI/2016 on Foreign Exchange Transactions to Rupiah Between Banks and Foreign Parties
"**Bank Indonesia Regulations on the Purchase of Foreign Currency**"	PBI 18/18/2016 together with PBI 18/19/2016
"**Basel II**"	Capital Accord of the Basel Committee on Banking Supervision of the Bank for International Settlements in Basel, Switzerland
"**Basel III**"	Capital Accord of the Basel Committee on Banking Supervision agreed in 2010-2011
"**CAR**"	Capital adequacy ratio
"**Circular Letter**"	OJK Circular Letter No. 44/SEOJK.03/2017 on Sole Ownership in Indonesian Banks
"**D-SIB**"	Domestic-Systematically Important Banks

"**EVT**" — Extreme value theory

"**Foreign Exchange Banks**" — Banks with foreign exchange licenses

"**ICAAP**" — Internal capital adequacy assessment process

"**IDX Regulation No. I-E**" — Decision of the Board of Directors of IDX No. Kep-306/BEJ/07-2004 on Obligations of Information Submission

"**IDX Rule No. I-A**" — Decision of the Board of Directors of IDX No. Kep-00001/BEI/01-2014 on Listed Stock and Equity Securities other than Shares Issued by Listed Companies

"**IRBA**" — Internal Rating Based Approach for measurement of credit risk

"**L/C**" — Letter of Credit

"**LDR**" — Loan to deposit ratio

"**Material Transactions Regulation**" — Head of Bapepam-LK Decree No. Kep-614/BL/2011 on Material Transactions and Change of Main Business Activities

"**MSME**" — Micro, small and medium enterprises

"**NIM**" — Net interest margin

"**NOP**" — Net open position

"**NPL**" — Non-performing loans

"**NSFR**" — Net stable funding ratio

"**OJK Circular Letter No. 27/2016**" — OJK Circular Letter No. 27/SEOJK.03/2016 on Business Activities Based on Bank Core Capital

"**OJK FPT Circular**" — OJK Circular Letter No. 39/SEOJK.03/2016 on Fit and Proper Test for Prospective Controlling Shareholders, Directors and Commissioners of Banks

"**OJK FPT Regulation**" — OJK Regulation No. 27/POJK.03/2016 on Fit and Proper Test for Primary Parties of Financial Services Institutions

"**OJK Regulation No. 39/2017**" — OJK Regulation No. 39/POJK.03/2017 on Sole Ownership in Indonesian Bank

"**OJK Regulation No. 6/2016**" — OJK Regulation No. 6/POJK.03/2016 on Business Activities and Office Network Based on Bank Core Capital

"**OJK Regulation No. 11/2016**" — OJK Regulation No. 11/2016 on Obligation to Provide Minimum Capital for Commercial Banks as amended by OJK Regulation No. 34/POJK.03/2016

"**OJK Regulation 14/2017**" — OJK Regulation No. 14/POJK.03/2017 on Recovery Plan for Systemic Banks

"**OJK Regulation No. 15/2017**" — OJK Regulation No. 15/POJK.03/2017 on Determination of Status and Further Supervision for Banks

"**OJK Regulation No. 31 of 2015**" — OJK Regulation No. 31/POJK.04/2015 on Disclosure on Material Information or Facts by Issuers or Public Companies

"**OJK Regulation No. 33/2014**" — OJK Regulation No. 33/POJK.04/2014 on Directors and Commissioners of Issuers or Public Companies

“**OJK Regulation No. 42/2015**” ...... OJK Regulation No. 42/POJK.03/2015 on Obligation of Liquidity Coverage Ratio for Commercial Banks

“**OJK Regulation No. 50/2017**” ...... OJK Regulation No. 50/POJK.03/2017 on Obligation to Fulfil Net Stable Funding Ratio for Commercial Bank

“**OJK Regulation No. 55/2016**” ...... OJK Regulation No. 55/POJK.03/2016 on Good Governance for Commercial Bank

“**PBI 19/2017**” .... Bank Indonesia Regulation No. 19/9/PBI/2017 on Issuance and Transaction of Commercial Paper in Money Market, dated 19 July 2017

“**Productive Business Obligation**” .... Bank’s obligation to provide credit and financing to productive businesses (which include credit or financing for the purpose of investment or working capital either to micro and small-medium debtors or customers, or otherwise)

“**ROA**” .... Return on assets

“**ROE**” .... Return on equity

“**SA(CR)**” .... Standardised approach on measurement of credit risk

“**SA(OR)**” .... Standardised approach on measurement of operational risk

“**SME**” .... Small and medium enterprises

“**SOE**” .... State-owned enterprises

“**SREP**” .... Supervisory review and evaluation process

“**ULN**” .... Utang Luar Negeri, offshore loans

Other definitions and abbreviations

“**1995 Capital Market Law**” .... Law No. 8 of 1995 on Capital Markets

“**AML and Counter-Terrorism Programme**” .... Anti-money laundering programme and prevention of terrorism financing programme implemented pursuant to OJK Regulation No. 12/POJK.01/2017

“**Bakrieland**” .... PT Bakrieland Development Tbk

“**Bakrie Telecom**” .... PT Bakrie Telecom Tbk

“**Bakrie Telecom PKPU**” .... Bakrie Telecom’s court-supervised debt restructuring

“**Banking Law**” .... Law No. 7 of 1992 on Banking, as amended by Law No. 10 of 1998

“**Banking Services or Transactions**” .. Various activities engaged by a full service financial institution, including securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities

“**Bank Recapitalisation Programme**” .... A bank recapitalisation programme created by the Minister of Finance and the Governor of Bank Indonesia in February 1999

“**Bapepam-LK**” .... The Capital Market and Financial Institution Supervisory Agency

"**BI Law**"	Law No. 23 of 1999 on Bank Indonesia as amended by Law No. 3 of 2004
"**BPRs**"	Small-holder credit banks
"**BPS-Statistics**"	Badan Pusat Statistik
"**CAGR**"	Compound annual growth rate
"**Commission's Proposal**"	Proposal published by the European Commission on 14 February 2013
"**Currency Law**"	Law No. 7 of 2011 on Currency
"**CWUMPO**"	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 31) of Hong Kong.
"**Financial Instruments and Exchange Act**"	Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended)
"**Fitch**"	Fitch Ratings Ltd., a credit rating agency
"**FSA Law**"	Law No. 21 of 2011 on Financial Services Authority
"**FSMA**"	Financial Services and Markets Act 2000.
"**FTT**"	Financial transactions tax
"**GDP**"	Gross domestic product
"**Government**"	Government of the Republic of Indonesia
"**GR No. 57 of 2014**"	Government Regulation No. 57 of 2014 on Development, Fostering and Protection of Language and Literature Enhancement of the Function of Bahasa Indonesia
"**Hong Kong SAR**"	Hong Kong Special Administrative Region
"**IBRA**"	Indonesian Bank Restructuring Agency
"**IDX**"	Bursa Efek Indonesia, Indonesia Stock Exchange
"**H1N1**"	Influenza A
"**IDIC Law**"	Stipulation of Government Regulation in Lieu of Law No. 3 of 2008 on Amendment to Law No. 24 of 2004 on Indonesia Deposit Insurance Corporation
"**Indonesia Financial Accounting Standards**" or "**IFAS**"	Penyataan Standar Akuntansi Keuangan, Indonesian financial accounting standards
"**IICPA**"	Indonesian Institute of Certified Public Accountants
"**Indonesia**"	Republic of Indonesia
"**June 2013 Decision**"	The District Court of West Jakarta Decision No. 451/Pdt.G/2012/PN.Jkt Bar
"**KKP**"	Kementrian Kelautan dan Perikanan, the Indonesian Ministry of Maritime Affairs and Fisheries
"**KKPA**"	Kredit Koperasi Primer Anggota, member's primary credit-cooperative

"**KSSK**"	Komite Stabilitas Sistem Keuangan, Committee of Financial System Stability.
"**Labour Law**"	Indonesian labour law, which was passed in 2003
"**Law No. 9/2016**"	Law No. 9 of 2016 on Prevention and Management of the Financial System Crisis
"**Law No. 24/2009**"	Law No. 24 of 2009, on Flag, Language, Coat of Arms and National Anthem
"**LEI**"	Legal identity identifier
"**Listing Rules**"	The rules governing the listing of securities on SEHK, as amended from time to time
"**MOLHR**"	The Indonesian Ministry of Law and Human Rights
"**MOLHR Clarification Letter**"	MOLHR Letter No. M.HH.UM 01-01-35 on Law No. 24/2009
"**MSOE**"	The Indonesian Ministry of State-Owned Enterprises
"**OJK**"	Otoritas Jasa Keuangan, Indonesian Financial Services Authority
"**participating Member States**"	Belgium, Germany, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia
"**PPATK**"	Pusat Pelaporan dan Analisis Transaksi Keuangan, the Indonesian Financial Transaction Reports and Analysis Centre
"**PPPMR**"	Guidance on the Application and Implementation of Risk Management
"**professional investors**"	Professional investors as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance
"**prospectus**"	Prospectus as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong
"**SARS**"	Severe Acute Respiratory Syndrome
"**SBI**"	Bank Indonesia Certificates
"**Securities Act**"	The United States Securities Act of 1933, as amended
"**SFA**"	Securities and Futures Act, Chapter 289 of Singapore, as modified or amended from time to time
"**SFO**"	Securities and Futures Ordinance (Cap. 571) of Hong Kong
"**Standard & Poor's**"	Standard & Poor's Financial Services LLC, a credit rating agency
"**Trikomsel**"	PT Trikomsel Oke Tbk, an Indonesian company
"**United States**" or the "**US**"	The United States of America, its territories and possessions (including Puerto Rico, the US Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands) and the District of Columbia
"**US GAAP**"	The generally accepted accounting principles

INDEX TO FINANCIAL INFORMATION

PT Bank Rakyat Indonesia (Persero) Tbk and its subsidiaries consolidated financial statements as of and for the years ended 31 December 2018, 2017 and 2016

PT Bank Rakyat Indonesia (Persero) Tbk
and its Subsidiaries

Consolidated financial statements
as of December 31, 2018, 2017 and 2016
and for the years then ended
with independent auditors' report

Model 54

PT BANK RAKYAT INDONESIA (PERSERO)Tbk.

KANTOR PUSAT

Jalan Jenderal Sudirman No. 44 - 46 Tromol Pos 1094/1000 Jakarta 10210
Telepon: 021 2510244, 2510254, 2510264, 2510269, 2510279
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BOARD OF DIRECTORS' STATEMENT
REGARDING
THE RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2018; 2017 AND 2016
AND FOR THE PERIOD THEN ENDED
AS DECEMBER 31, 2018; 2017 AND 2016
PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND SUBSIDIARIES

We, the undersigned:

1. Name : Suprajarto
   Office Address : Jl. Jenderal Sudirman No.44-46 Jakarta 10210
   Residential Address : Jl. Sumenep No. 11 Menteng, Jakarta Pusat
   Telephone : 021 -575 1705
   Title : President Director

2. Name : Haru Koesmahargyo
   Office Address : Jl. Jenderal Sudirman No. 44-46 Jakarta 10210
   Residential Address : Jl. MPR III / 09 Cilandak, Jakarta Selatan
   Telephone : 021 - 575 1751
   Title : Director

Declare that:

1. We are responsible for the preparation and the presentation of the consolidated financial statements of PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries;
2. PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries' consolidated financial statements have been prepared and presented in accordance with Indonesian Financial Accounting Standards;
3. a. All information in the consolidated financial statements of PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries has been disclosed in a complete and truthful manner;
   b. PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries' consolidated financial statements do not contain any incorrect material information or facts, nor do they omit material information or facts;
4. We are responsible for PT Bank Rakyat Indonesia (Persero) Tbk and Subsidiaries' internal control system.

This statement has been made truthfully.

Jakarta, March 13, 2019
For and on behalf of the Board of Directors

METERAI TEMPEL
6000

Suprajarto	Haru Koesmahargyo
President Director	Director

Integrity, Profesionalism, Trust, Innovation, Costumer Centric

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2018, 2017 AND 2016 AND FOR THE YEARS THEN ENDED
WITH INDEPENDENT AUDITORS' REPORT

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This report is originally issued in the Indonesian language.

Independent Auditors' Report

Report No. 00182/2.1032/AU.1/07/1008 2/1/III/2019

The Shareholders, Boards of Commissioners and Directors
PT Bank Rakyat Indonesia (Persero) Tbk

We have audited the accompanying consolidated financial statements of PT Bank Rakyat Indonesia (Persero) Tbk ("BRI") and its subsidiaries (collectively referred to the "Group"), which comprise the consolidated statement of financial position as of December 31, 2018, 2017, and 2016, and the consolidated statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of such consolidated financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on such consolidated financial statements based on our audits. We conducted our audits in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether such consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

This report is originally issued in the Indonesian language.

Independent Auditors' Report (continued)

Report No. 00182/2.1032/AU.1/07/1008-2/1/III/2019 (continued)

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of PT Bank Rakyat Indonesia (Persero) Tbk and its subsidiaries as of December 31, 2018, 2017, and 2016 and their consolidated financial performance and cash flows for the years then ended, in accordance with Indonesian Financial Accounting Standards.

Other matters

Our audits of the accompanying consolidated financial statements of the Group as of December 31, 2018, 2017, and 2016, and for the years then ended was performed for the purpose of forming an opinion on such consolidated financial statements taken as a whole. The accompanying financial information of BRI (parent entity), which comprises the statement of financial position as of December 31, 2018, 2017, and 2016, and the statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information (collectively referred to as the "Financial Information of the Parent Entity"), which is presented as a supplementary information to the accompanying consolidated financial statements, is presented for the purpose of additional analysis and is not a required part of the accompanying consolidated financial statements under Indonesian Financial Accounting Standards. The Financial Information of the Parent Entity is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the accompanying consolidated financial statements. The Financial Information of the Parent Entity has been subjected to the auditing procedures applied in the audit of the accompanying consolidated financial statements in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. In our opinion, the Financial Information of the Parent Entity is fairly stated, in all material respects, in relation to the accompanying consolidated financial statements as a whole.

This report is originally issued in the Indonesian language

Independent Auditors' Report (continued)

Report No. 00162/2.1032/AU.1/07/1008-2/1/III/2019 (continued)

Other matters (continued)

This report has been prepared solely for inclusion in the offering document in connection with the proposed offering of the debt securities of BRI outside of the United States of America in reliance on Regulation S under the United States Securities Act of 1933, and is not intended to be, and should not be, used for any other purposes.

Purwantono, Sungkoro & Surja

Danil Setiadi Handaja, CPA
Public Accountant Registration No. AP.1008

March 13, 2019

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of December 31, 2018, 2017 and 2016
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	December 31, 2018	2017*)	2016*)
ASSETS				
Cash	2a,2c,3	27,421,625	24,798,037	25,212,226
Current Accounts with Bank Indonesia	2a,2c,2f,4	71,159,442	58,155,479	55,635,946
Current Accounts with Other Banks	2a,2c,2d,2e, 2f,5,44	12,677,355	6,132,512	11,280,795
Placements with Bank Indonesia and Other Banks	2a,2c,2d,2e, 2g,6,44	87,018,051	55,156,762	78,248,833
Securities	2a,2c,2d,2e,	184,284,810	186,939,596	132,086,758
Allowance for impairment losses	2h,7,44	(758)	(758)	(758)
		184,284,052	186,938,838	132,086,000
Export Bills and Notes Receivable	2c,2d,2e,2i, 8,44	27,442,690	10,654,353	11,580,175
Government Recapitalization Bonds	2c,2d,2h, 9,44	1,505,273	3,317,840	3,318,434
Securities Purchased Under Agreement to Resell	2c,2d,2u, 10,44	9,396,553	18,011,026	1,557,370
Derivatives Receivable	2c,2e,2ak,11	485,810	162,912	103,907
Loans	2c,2d,2e,2j,	820,010,157	718,982,668	643,470,975
Allowance for impairment losses	12,44	(35,017,982)	(29,423,380)	(22,184,296)
		784,992,175	689,559,288	621,286,679
Sharia Receivables and Financing	2c,2d,2e,2k,	20,178,401	17,864,869	17,748,943
Allowance for impairment losses	13,44	(497,141)	(577,257)	(492,156)
		19,681,260	17,287,612	17,256,787

*) As restated (Note 50)

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As of December 31, 2018, 2017 and 2016
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	December 31, 2018	2017*)	2016*)
ASSETS (continued)				
Finance Lease Receivables	2c,2e,2*l*,	3,409,846	2,488,983	2,200,300
Allowance for impairment losses	14	(88,000)	(103,500)	(130,000)
		3,321,846	2,385,483	2,070,300
Acceptances Receivable	2c,2d,2e,2m, 15,44	11,643,003	5,693,425	5,692,583
Investment in Associated Entities	2c,2d,2e,2n,	460,146	83,150	11,768
Allowance for impairment losses	16,44	(50)	(50)	(50)
		460,096	83,100	11,718
Premises and Equipments	2d,2o,2p,			
Cost	17,44	37,925,236	33,990,807	32,280,793
Accumulated depreciation		(11,010,377)	(9,238,772)	(7,756,660)
Book value - net		26,914,859	24,752,035	24,524,133
Deferred Tax Assets - net	2al,38c	5,114,653	3,286,732	2,539,713
Other Assets - net	2c,2e,2p, 2q,2r,18	23,379,549	21,072,055	12,396,074
TOTAL ASSETS		**1,296,898,292**	**1,127,447,489**	**1,004,801,673**

*) As restated (Note 50)

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As of December 31, 2018, 2017 and 2016
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	December 31, 2018	2017*)	2016*)
LIABILITIES AND EQUITY				
LIABILITIES				
Liabilities Due Immediately	2c,2s,19	8,462,958	6,584,201	5,410,313
Deposits From Customers	2c,2d,2t,44			
Demand Deposits	20	178,097,981	145,529,168	141,419,020
Wadiah Demand Deposits		2,277,850	1,766,901	1,127,843
Mudharabah Demand Deposits		293,264	139,535	-
Saving Deposits	21	379,918,705	343,420,737	298,110,406
Wadiah Saving Deposits		5,601,811	4,749,652	4,176,761
Mudharabah Saving Deposits		1,659,109	1,270,484	983,121
Time Deposits	22	357,413,513	326,417,937	293,029,378
Mudharabah Time Deposits		19,006,504	18,362,036	15,679,845
Total Deposits From Customers		944,268,737	841,656,450	754,526,374
Deposits From Other Banks and Financial Institutions	2c,2d,2t, 23,44	9,131,158	5,593,367	2,229,538
Securities Sold Under Agreement to Repurchase	2c,2d,2u, 7,24,44	37,379,394	12,136,684	7,302,398
Derivatives Payable	2c,2ak,11	332,343	200,858	347,217
Acceptances Payable	2c,2d,2m, 15,44	11,643,003	5,693,425	5,692,583
Taxes Payable	2al,38a	153,833	569,016	956,553
Marketable Securities Issued	2c,2v,25	31,190,216	30,619,658	24,800,781
Fund Borrowings	2c,2d,2w, 26,44	40,457,429	29,408,694	35,013,680
Estimated Losses on Commitments and Contingencies	2d,2e,2ao, 27,44	1,222	2,134	895
Liabilities for Employee Benefits	2d,2af, 28,42,44	11,789,366	12,194,261	9,479,930
Other Liabilities	2c,2y,2z, 2ae,29,45b	15,339,787	13,794,513	10,498,804
Subordinated Loans and Marketable Securities	2c,2x,30	1,473,515	986,450	1,008,510
TOTAL LIABILITIES		**1,111,622,961**	**959,439,711**	**857,267,576**

*) As restated (Note 50)

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As of December 31, 2018, 2017 and 2016
(Expressed in millions of Rupiah, unless otherwise stated)

		December 31,		
	Notes	**2018**	**2017*)**	**2016*)**
LIABILITIES AND EQUITY (continued)				
EQUITY				
Capital Stock - par value Rp50 (full Rupiah) per share as of December 31, 2018 and 2017, Rp250 (full Rupiah) per share as of December 31, 2016 Authorized capital - 300,000,000,000 shares (consisting of 1 Series A Dwiwarna shares and 299,999,999,999 Series B shares) as of December 31, 2018 and 2017 and 60,000,000,000 shares (consisting of 1 Series A Dwiwarna and 59,999,999,999 Series B shares) as of December 31, 2016 Issued and fully paid capital - 123,345,810,000 shares (consisting of 1 Series A Dwiwarna shares and 123,345,809,999 Series B shares) as of December 31, 2018 and 2017 and 24,669,162,000 shares (consisting of 1 Series A Dwiwarna and 24,669,161,999 Series B shares) as of December 31, 2016	1,31a	6,167,291	6,167,291	6,167,291
Additional paid-in capital	31b	2,692,663	2,773,858	2,773,858
Revaluation surplus arising from premises and equipments - net of tax	2o,17	13,824,692	13,824,692	13,824,692
Differences arising from the translation of foreign currency financial statements	2aj,31c	49,850	54,199	23,490
Unrealized (loss) gain on available-for-sale securities and Government Recapitalization Bonds - net of deferred tax	2h	(2,070,378)	1,813,625	75,618
Gain on remeasurement of defined benefit plans - net of deferred tax	2af	1,154,343	706,403	665,870
Treasury Stock	1d	(2,418,948)	(2,418,948)	(2,418,948)
Stock Option		10,971	-	-
Provision for Bonus Shares Compensation	31f	426,670	-	-
Merging Entities' Equity		-	443,016	483,908
Retained Earnings	31d,31e			
Appropriated		3,022,685	3,022,685	3,022,685
Unappropriated		160,107,704	140,805,012	122,286,786
Total Retained Earnings		163,130,389	143,827,697	125,309,471
Total Equity Attributable to Equity Holders of the Parent Entity		182,967,543	167,191,833	146,905,250
Non-controlling Interest	2b	2,307,788	815,945	628,847
TOTAL EQUITY		**185,275,331**	**168,007,778**	**147,534,097**
TOTAL LIABILITIES AND EQUITY		**1,296,898,292**	**1,127,447,489**	**1,004,801,673**

*) As restated (Note 50)

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the Years Ended December 31, 2018, 2017 and 2016
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Year Ended December 31, 2018	2017*)	2016*)
Interest and Sharia Income	32			
Interest income	2aa	108,458,358	100,093,333	91,379,317
Sharia income	2k,2ac	3,124,446	2,819,042	2,636,677
Total Interest and Sharia Income		111,582,804	102,912,375	94,015,994
Interest and Sharia Expense	33			
Interest expense	2aa	(32,541,395)	(28,652,691)	(27,541,302)
Sharia expense	2ac	(1,375,637)	(1,241,590)	(1,035,502)
Total Interest and Sharia Expense		(33,917,032)	(29,894,281)	(28,576,804)
Interest and Sharia Income - net		77,665,772	73,018,094	65,439,190
Premium income	2ad	4,178,213	3,788,965	3,038,864
Claim expense	2ad	(3,232,491)	(3,403,551)	(2,760,154)
Premium income - net		945,722	385,414	278,710
Other Operating Income				
Other fees and commissions	2ab	12,018,941	10,442,411	9,226,076
Recoveries of assets written-off		6,209,435	5,050,717	4,496,838
Gain on sale of securities and Government Recapitalization Bonds - net	2h,7,9	534,952	784,501	450,895
Gain on foreign exchange - net	2ai,2aj	951,009	184,077	-
Unrealized gain on changes in fair value of securities	2h,7	338,097	55,555	34,602
Others		3,372,996	2,754,026	3,079,446
Total Other Operating Income		23,425,430	19,271,287	17,287,857
Provision for allowance for impairment losses on financial assets - net	2e,34	(17,792,693)	(16,994,115)	(13,700,241)
Reversal of (provision for) allowance for estimated losses on commitments and contingencies - net	2ao,27b	912	(1,239)	347
Provision for allowance for impairment losses on non-financial assets - net	2p	(528,982)	(258,524)	(103,705)

*) As restated (Note 50)

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (continued)
For the Years Ended December 31, 2018, 2017 and 2016
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Year Ended December 31, 2018	2017*)	2016*)
Other Operating Expenses				
Salaries and employee benefits	2d,2af,35, 42,44	(22,423,271)	(20,440,958)	(18,593,976)
General and administrative	2o,36	(14,364,278)	(13,199,431)	(12,043,907)
Loss on foreign exchange - net	2ai,2aj	-	-	(274,109)
Others		(5,202,735)	(4,973,687)	(4,244,845)
Total Other Operating Expenses		(41,990,284)	(38,614,076)	(35,156,837)
OPERATING INCOME		**41,725,877**	**36,806,841**	**34,045,321**
NON OPERATING INCOME - NET	37	27,817	216,395	1,714
INCOME BEFORE TAX EXPENSE		41,753,694	37,023,236	34,047,035
TAX EXPENSE	2al,38b,38c	(9,335,208)	(7,978,187)	(7,761,784)
INCOME FOR THE YEAR		32,418,486	29,045,049	26,285,251
Other comprehensive income:				
Items not to be reclassified to profit or loss				
Remeasurement of defined benefit plans		601,819	61,655	159,569
Income tax related to item not to be reclassified to profit or loss		(150,455)	(15,414)	(530,727)
Revaluation surplus arising from premises and equipments	17	-	-	14,315,527
Items to be reclassified to profit or loss				
Differences arising from the translation of foreign currency financial statements	2aj	(4,349)	30,709	(25,579)
Unrealized (loss) gain on available-for-sale securities and Government Recapitalization Bonds	2h	(5,141,381)	2,286,250	1,658,696
Income tax related to items to be reclassified to profit or loss		1,216,705	(527,459)	(416,966)
Other Comprehensive Income For the Year - After Tax		**(3,477,661)**	**1,835,741**	**15,160,520**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**28,940,825**	**30,880,790**	**41,445,771**

*) As restated (Note 50)

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (continued)
For the Years Ended December 31, 2018, 2017 and 2016
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Year Ended December 31, 2018	2017*)	2016*)
INCOME FOR THE YEAR ATTRIBUTABLE TO:				
Equity holders of the Parent Entity		32,351,133	28,997,141	26,234,256
Non-controlling interest		67,353	47,908	50,995
TOTAL		**32,418,486**	**29,045,049**	**26,285,251**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:				
Equity holders of the Parent Entity		28,910,721	30,808,443	41,384,558
Non-controlling interest		30,104	72,347	61,213
TOTAL		**28,940,825**	**30,880,790**	**41,445,771**
BASIC EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT ENTITY (full Rupiah)	2ah,49	**264.66**	**236.93**	**214.04**

*) As restated (Note 50)

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Years Ended December 31, 2018, 2017 and 2016
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Issued and Fully Paid Capital	Merging Entities' Equity	Additional Paid-in Capital	Differences Arising from the Translation of Foreign Currency Financial Statements	Unrealized Loss on Available-for-Sale Securities and Government Recapitalization Bonds - Net of Deferred Tax	Gain on Remeasurement of Defined Benefit Plans - Net of Deferred Tax	Treasury Stock	Revaluation Surplus Arising from Premises and Equipments - Net of Tax	Retained Earnings - Appropriated	Retained Earnings - Unappropriated	Total Equity Attributable to Equity Holders of the Parent Entity	Non-controlling Interest	Total Equity
Balance as of December 31, 2015 (as previously reported)		**6,167,291**	**-**	**2,773,858**	**49,069**	**(1,145,471)**	**541,468**	**(2,286,375)**	**-**	**18,115,741**	**88,617,280**	**112,832,861**	**294,318**	**113,127,179**
Merging entities' equity		-	483,276	-	-	-	-	-	-	-	-	483,276	237,467	720,743
Balance as of December 31, 2015 (as restated)		**6,167,291**	**483,276**	**2,773,858**	**49,069**	**(1,145,471)**	**541,468**	**(2,286,375)**	**-**	**18,115,741**	**88,617,280**	**113,316,137**	**531,785**	**113,847,922**
Income for the year		-	38,484	-	-	-	-	-	-	-	26,195,772	26,234,256	50,995	26,285,251
Other comprehensive income	2h,2aj	-	5,698	-	(25,579)	1,221,089	124,402	-	13,824,692	-	-	15,150,302	10,218	15,160,520
Total comprehensive income for the year		-	44,182	-	(25,579)	1,221,089	124,402	-	13,824,692	-	26,195,772	41,384,558	61,213	41,445,771
Distribution of income Dividend	31d	-	(43,550)	-	-	-	-	-	-	-	(7,619,322)	(7,662,872)	(23,444)	(7,686,316)
Reclassification of appropriated retained earnings	31e	-	-	-	-	-	-	-	-	(15,093,056)	15,093,056	-	-	-
Capital contribution from non-controlling interest		-	-	-	-	-	-	-	-	-	-	-	63,698	63,698
Treasury stock	1d	-	-	-	-	-	-	(132,573)	-	-	-	(132,573)	-	(132,573)
Changes in non-controlling interest in subsidiaries		-	-	-	-	-	-	-	-	-	-	-	(4,405)	(4,405)
Balance as of December 31, 2016 (as restated)		**6,167,291**	**483,908**	**2,773,858**	**23,490**	**75,618**	**665,870**	**(2,418,948)**	**13,824,692**	**3,022,685**	**122,286,786**	**146,905,250**	**628,847**	**147,534,097**

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
For the Years Ended December 31, 2018, 2017 and 2016
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Issued and Fully Paid Capital	Merging Entities' Equity	Additional Paid-in Capital	Differences Arising from the Translation of Foreign Currency Financial Statements	Unrealized Loss on Available-for-Sale Securities and Government Recapitalization Bonds - Net of Deferred Tax	Gain on Remeasurement of Defined Benefit Plans - Net of Deferred Tax	Treasury Stock	Revaluation Surplus Arising from Premises and Equipments - Net of Tax	Retained Earnings - Appropriated	Retained Earnings - Unappropriated	Total Equity Attributable to Equity Holders of the Parent Entity	Non-controlling Interest	Total Equity
Balance as of December 31, 2016 (as restated)		**6,167,291**	**483,908**	**2,773,858**	**23,490**	**75,618**	**665,870**	**(2,418,948)**	**13,824,692**	**3,022,685**	**122,286,786**	**146,905,250**	**628,847**	**147,534,097**
Income for the year		-	606	-	-	-	-	-	-	-	28,996,535	28,997,141	47,908	29,045,049
Other comprehensive income	2h,2aj	-	2,053	-	30,709	1,738,007	40,533	-	-	-	-	1,811,302	24,439	1,835,741
Total comprehensive income for the year		-	2,659	-	30,709	1,738,007	40,533	-	-	-	28,996,535	30,808,443	72,347	30,880,790
Distribution of income Dividend	31d	-	(43,551)	-	-	-	-	-	-	-	(10,478,309)	(10,521,860)	(26,920)	(10,548,780)
Capital contribution from non-controlling interest		-	-	-	-	-	-	-	-	-	-	-	133,613	133,613
Changes in non-controlling interest in subsidiaries		-	-	-	-	-	-	-	-	-	-	-	8,058	8,058
Balance as of December 31, 2017 (as restated)		**6,167,291**	**443,016**	**2,773,858**	**54,199**	**1,813,625**	**706,403**	**(2,418,948)**	**13,824,692**	**3,022,685**	**140,805,012**	**167,191,833**	**815,945**	**168,007,778**

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

These consolidated financial statements are originally issued in the Indonesian language.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
For the Years Ended December 31, 2018, 2017 and 2016
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Issued and Fully Paid Capital	Merging Entities' Equity	Additional Paid-in Capital	Differences Arising from the Translation of Foreign Currency Financial Statements	Unrealized Loss on Available-for-Sale Securities and Government Recapitalization Bonds - Net of Deferred Tax	Gain on Remeasurement of Defined Benefit Plans - Net of Deferred Tax	Treasury Stock	Provision for Bonus Shares Compensation	Revaluation Surplus Arising from Premises and Equipments - Net of Tax	Stock Option	Retained Earnings		Total Equity Attributable to Equity Holders of the Parent Entity	Non-controlling Interest	Total Equity
												Appropriated	Unappropriated			
Balance as of December 31, 2017 (as restated)		**6,167,291**	**443,016**	**2,773,858**	**54,199**	**1,813,625**	**706,403**	**(2,418,948)**	**-**	**13,824,692**	**-**	**3,022,685**	**140,805,012**	**167,191,833**	**815,945**	**168,007,778**
Income for the year		-	-	-	-	-	-	-	-	-	-	-	32,351,133	32,351,133	67,353	32,418,486
Other comprehensive income	2h,2aj	-	-	-	(4,349)	(3,884,003)	447,940	-	-	-	-	-	-	(3,440,412)	(37,249)	(3,477,661)
Total comprehensive income for the year		-	-	-	(4,349)	(3,884,003)	447,940	-	-	-	-	-	32,351,133	28,910,721	30,104	28,940,825
Distribution of income Dividend	31d	-	-	-	-	-	-	-	-	-	-	-	(13,048,441)	(13,048,441)	(21,655)	(13,070,096)
Bonus Shares	31f	-	-	-	-	-	-	-	426,670	-	-	-	-	426,670	3,157	429,827
Stock Option		-	-	-	-	-	-	-	-	-	10,971	-	-	10,971	1,286	12,257
Changes in non-controlling interest in subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	-	166,550	166,550
Non-controlling interest due to acquisition of subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	-	55,548	55,548
Capital contribution from non-controlling interest		-	-	-	-	-	-	-	-	-	-	-	-	-	1,474,122	1,474,122
Reversal of entities under common control's equity		-	(443,016)	-	-	-	-	-	-	-	-	-	-	(443,016)	(217,269)	(660,285)
Acquisition transaction of entities under common control	31b	-	-	(81,195)	-	-	-	-	-	-	-	-	-	(81,195)	-	(81,195)
Balance as of December 31, 2018		**6,167,291**	**-**	**2,692,663**	**49,850**	**(2,070,378)**	**1,154,343**	**(2,418,948)**	**426,670**	**13,824,692**	**10,971**	**3,022,685**	**160,107,704**	**182,967,543**	**2,307,788**	**185,275,331**

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Years Ended December 31, 2018, 2017 and 2016
(Expressed in millions of Rupiah, unless otherwise stated)

		Year Ended December 31,		
	Notes	**2018**	**2017*)**	**2016*)**
CASH FLOWS FROM OPERATING ACTIVITIES				
Income received				
Interest and investment income		102,362,129	100,171,404	91,595,203
Sharia income		3,124,446	2,819,042	2,636,677
Premium income		4,178,213	3,788,965	3,038,864
Expenses paid				
Interest expenses		(32,166,798)	(28,319,937)	(26,038,559)
Sharia expenses		(1,375,637)	(1,241,591)	(1,035,502)
Claim expenses		(3,232,491)	(3,403,551)	(2,760,154)
Recoveries of assets written-off		6,209,437	5,050,713	4,511,717
Other operating income		16,764,733	13,720,663	9,789,533
Other operating expenses		(42,230,943)	(32,309,044)	(35,031,871)
Non operating income - net		27,818	216,325	479
Payment of corporate income tax		(9,668,009)	(9,037,947)	(6,182,996)
Cash flows before changes in operating assets and liabilities		**43,992,898**	**51,455,042**	**40,523,391**
Changes in operating assets and liabilities:				
Decrease (increase) in operating assets:				
Placements with Bank Indonesia and other banks		190,262	(390,262)	100,000
Securities and Government Recapitalization Bonds at fair value through profit or loss		(2,566,448)	(702,761)	231,711
Export bills and notes receivable		(16,788,338)	925,822	(3,713,521)
Securities purchased under agreement to resell		8,614,473	(16,453,656)	(712,245)
Loans		(113,206,894)	(85,060,312)	(87,463,887)
Sharia receivables and financing		(2,600,698)	(258,240)	(1,254,192)
Finance lease receivables		(949,203)	(305,667)	(2,214,946)
Other assets		4,631,594	(9,154,866)	265,580
Increase (decrease) in operating liabilities:				
Liabilities due immediately		1,878,757	1,153,159	264,342
Deposits:				
Demand deposits		32,568,814	4,110,149	27,989,677
Wadiah demand deposits		510,949	639,058	190,098
Mudharabah demand deposits		153,729	139,535	-
Saving deposits		36,497,967	45,310,331	30,051,541
Wadiah saving deposits		852,159	572,891	460,832
Mudharabah saving deposits		388,625	287,363	286,923
Time deposits		30,995,577	33,388,560	25,144,974
Mudharabah time deposits		644,468	2,682,191	1,406,950
Deposits from other banks and financial institutions		3,537,792	3,363,829	(8,935,535)
Securities sold under agreement to repurchase		25,242,710	4,834,286	(4,075,560)
Other liabilities		2,673,187	2,530,874	3,632,605
Net Cash Provided by Operating Activities		**57,262,380**	**39,067,326**	**22,178,738**

*) As restated (Note 50)

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements taken as a whole.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the Years Ended December 31, 2018, 2017 and 2016
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	Year Ended December 31, 2018	2017*)	2016*)
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipt of dividends	16	12,534	40	235
Acquisition of premises and equipments	17	(1,822,703)	(2,006,347)	(3,654,340)
(Increase) decrease in available-for-sale and held-to-maturity securities and Government Recapitalization Bonds		(25,188,955)	(28,915,361)	328,455
Net Cash Used in Investing Activities		**(26,999,124)**	**(30,921,668)**	**(3,325,650)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from (payments of) fund borrowings		10,829,393	(5,663,083)	(652,860)
Repurchase of treasury stock	1d	-	-	(132,573)
Dividends paid		(13,048,441)	(10,483,777)	(7,621,316)
Proceeds from (payments of) subordinated loans and marketable securities		487,065	(22,060)	952,042
Proceeds from marketable securities issued	25	9,600,185	10,242,963	15,510,825
Payments of marketable securities due	25	(8,939,750)	(4,921,000)	(980,000)
Net Cash (Used in) Provided by Investing Activities		**(1,071,548)**	**(10,846,957)**	**7,076,118**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**29,191,708**	**(2,701,299)**	**25,929,206**
EFFECT OF EXCHANGE RATE CHANGES ON FOREIGN CURRENCIES		(52,076)	(427)	1,279
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR		186,617,516	189,319,242	163,388,757
CASH AND CASH EQUIVALENTS AT THE END OF YEAR		**215,757,148**	**186,617,516**	**189,319,242**
Cash and cash equivalents at the end of year consist of:	2a			
Cash	3	27,421,625	24,798,037	25,212,226
Current accounts with Bank Indonesia	4	71,159,442	58,155,479	55,635,946
Current accounts with other banks	5	12,677,355	6,132,512	11,280,795
Placements with Bank Indonesia and other banks - maturing within three months or less since the acquisition date	6	86,818,051	54,766,500	78,248,835
Bank Indonesia Certificates and Bank Indonesia Deposit Certificates - maturing within three months or less since the acquisition date	7	17,680,675	42,764,988	18,941,440
Total Cash and Cash Equivalents		**215,757,148**	**186,617,516**	**189,319,242**

*) As restated (Note 50)

1. GENERAL

a. Establishment

PT Bank Rakyat Indonesia (Persero) Tbk (hereinafter referred to as “BRI”) was established on and started its commercial operations on December 18, 1968 based on Law No. 21 Year 1968. On April 29, 1992, based on Government of the Republic of Indonesia (the “Government”) Regulation No. 21 Year 1992, the legal status of BRI was changed to a limited liability corporation (Persero). The change into a limited liability corporation was documented by Notarial Deed No. 133 dated July 31, 1992 of Notary Muhani Salim, S.H., approved by the Minister of Justice of the Republic of Indonesia in its Decision Letter No. C2-6584.HT.01.01.TH.92 dated August 12, 1992 and published in Supplement No. 3A of the Republic of Indonesia State Gazette No. 73 dated September 11, 1992. BRI’s Articles of Association was then amended by Notarial Deed No. 7 dated September 4, 1998 of Notary Imas Fatimah, S.H., pertaining to Article 2 on “Term of Corporate Establishment” and Article 3 on “Purpose, Objectives and Business Activities” to comply with the provisions of Law No. 1 Year 1995 on “Limited Liability Company”, approved by the Ministry of Justice of the Republic of Indonesia in its Decision Letter No. C2-24930.HT.01.04.TH.98 dated November 13, 1998 and published in Supplement No. 7216 of the Republic of Indonesia State Gazette No. 86 dated October 26, 1999 and notarial deed No. 7 dated October 3, 2003 of Notary Imas Fatimah, S.H., among others, regarding BRI’s status and compliance with the Capital Market Laws approved by the Minister of Justice and Human Rights of the Republic of Indonesia in its Decision Letter No. C-23726 HT.01.04.TH.2003 dated October 6, 2003 and published in Supplement No. 11053 of the Republic of Indonesia State Gazette No. 88 dated November 4, 2003.

Based on Bank Indonesia’s Decision Letter No. 5/117/DPwB2/PWPwB24 dated October 15, 2003, regarding "SK appointment of BRI as a foreign exchange commercial bank", BRI has been designated as a foreign exchange bank through Letter of Monetary Board No. SEKR/BRI/328 dated September 25, 1956.

Based on Notarial Deed No. 51 dated May 26, 2008 of Notary Fathiah Helmi, S.H., BRI amended its Articles of Association, among others, to comply with the provisions of Law No. 40 Year 2007 on “Limited Liability Company” and Capital Market and Financial Institution Supervisory Agency’s (“Bapepam-LK”) Regulation, whose function has been transferred to the Financial Services Authority (“OJK”) since January 1, 2013, No. IX.J.I on “The Main Principles of the Articles of Association of a Company that Conduct Public Offering of Shares and Public Company”, which was approved by the Minister of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-48353.AH.01.02.Year 2008, dated August 6, 2008 and was published in Supplement No. 23079 of the Republic of Indonesia State Gazette No. 68 dated August 25, 2009.

Subsequently, BRI's Articles of Association has been amended several times, the latest amendment was documented in Notarial Deed No. 5 dated December 3, 2018, of Notary Fathiah Helmi, S.H., regarding the changes of some provisions in BRI’s Articles of Association, which has been approved by the Minister of Law and Human Rights of the Republic of Indonesia’s Decision Letter No. AHU-0028948.AH.01.02.Year 2018 dated December 6, 2018.

According to Article 3 of the BRI’s Articles of Association, BRI's scope of business is to conduct business in the banking sector and optimize the utilization of BRI’s resources to produce high quality and highly competitive services to gain benefits in order to increase company value by implementing the principles of limited liability company.

BRI is owned by the Government of the Republic of Indonesia as the majority shareholder.

1. GENERAL (continued)

b. Recapitalization Program

As a realization of the Recapitalization Program for Commercial Banks, set forth in Government Regulation No. 52 Year 1999, regarding the Addition of Capital Investment by the Republic of Indonesia in State-Owned Banks, BRI received in full the recapitalization with a nominal amount of Rp29,149,000 in the form of Government Recapitalization Bonds issued in 2 (two) stages at their nominal amounts of Rp20,404,300 on July 25, 2000 and Rp8,744,700 on October 31, 2000 (Note 9).

Furthermore, as stated in the Management Contract dated February 28, 2001 between the Republic of Indonesia represented by the Government through the Minister of Finance and BRI, the Government determined that in order to achieve a Minimum Capital Adequacy Liability of 4%, BRI's recapitalization requirement is Rp29,063,531. Therefore, BRI has returned the excess recapitalization of Rp85,469 in the form of Government Recapitalization Bonds to the Republic of Indonesia on November 5, 2001.

On September 30, 2003, the Minister of Finance issued Decision Letter No. 427/KMK.02/2003 dated September 30, 2003 regarding the final amount and implementation of Government's rights, which arose as a result of the addition in capital investment during the Recapitalization Program for Commercial Banks. Based on the Decision Letter, the Minister of Finance determined the final amount of BRI's recapitalization requirement is Rp29,063,531.

c. Initial Public Offering of Shares and Stock Split

In relation to BRI's Initial Public Offering (IPO), based on the registration statement dated October 31, 2003, the Government, through the Minister of State-Owned Enterprises agreed to conduct an IPO of 3,811,765,000 Series B common shares of BRI, consisting of 2,047,060,000 Series B common shares owned by the Republic of Indonesia (divestment) and 1,764,705,000 new Series B common shares, alongside over-subscription option and over-allotment option.

The IPO consists of the international public offering (under Rule 144A of the Securities Act and "S" Regulation) and the Indonesian public offering. BRI submitted its registration to Bapepam-LK and the registration statement became effective based on the Chairman of Bapepam-LK Letter No. S-2646/PM/2003 dated October 31, 2003.

BRI's IPO consists of 3,811,765,000 shares with a nominal value of Rp500 (full Rupiah) per share and a sale price of Rp875 (full Rupiah) per share. Subsequently, over-subscription option of 381,176,000 shares and over-allotment option of 571,764,000 shares were exercised at Rp875 (full Rupiah) per share on November 10, 2003 and December 3, 2003, respectively. After BRI's IPO and the underwriters' exercise of the over-subscription option and the over-allotment option, the Republic of Indonesia owns 59.50% of BRI shares. On November 10, 2003, the offered shares started to be traded on Jakarta and Surabaya Stock Exchanges (currently the Indonesia Stock Exchange). At the same time, all BRI shares were also listed (Note 31b).

Based on Notarial Deed No. 38 dated November 24, 2010 of Notary Fathiah Helmi, S.H., stock split was performed from a nominal value of Rp500 (full Rupiah) per share to Rp250 (full Rupiah) per share. The deed had been received and recorded in the Legal Entity Administration System database in accordance with the Ministry of Law and Human Rights of the Republic of Indonesia Letter No. AHU.AH.01.10-33481 dated December 29, 2010. The stock split was performed in 2011 and BRI scheduled the last day on which shares with a nominal value of Rp 500 (full Rupiah) would be traded in Regular Market and Negotiated Market was January 10, 2011 and the date of commencement of legitimate trade for shares with new nominal value of Rp250 (full Rupiah) was January 11, 2011.

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

c. Initial Public Offering of Shares and Stock Split (continued)

Based on Notarial Deed No. 54 dated October 27, 2017 of Notary Fathiah Helmi, S.H., stock split was performed from a nominal value of Rp250 (full Rupiah) per share to Rp50 (full Rupiah) per share. The deed had been received and recorded in the Legal Entity Administration System database in accordance with the Ministry of Law and Human Rights of the Republic of Indonesia Letter No. AHU.AH.01.03-0187521 dated November 3, 2017. The stock split was performed in 2017 and BRI scheduled the last day on which shares with a nominal value of Rp 250 (full Rupiah) would be traded in Regular Market and Negotiated Market was November 9, 2017 and the date of commencement of legitimate trade for shares with new nominal value of Rp50 (full Rupiah) was November 10, 2017.

d. Treasury Stock

BRI, through its letter No. R.224-DIR/DIS/09/2015 dated September 25, 2015, submitted a request for OJK's approval on BRI's shares buyback for as many as Rp5,000,000, and it was approved by OJK through its letter No. S-101/PB.31/2015 dated October 6, 2015. Furthermore, BRI conveyed its information disclosure to the Indonesia Stock Exchange in regards to the buyback plan for shares previously issued and listed on the Stock Exchange for as many as Rp2,500,000 through its letter No. B.696-DIR/SKP/10/2015 dated October 9, 2015. The buyback is carried out within a period of 3 months between October 12, 2015 until January 12, 2016. As of January 12, 2016, BRI repurchased 221,718,000 shares (nominal value of Rp250 (full Rupiah) per share) with acquisition cost of Rp2,418,498.

e. Structure and Management

BRI's head office is located in BRI I Building, Jl. Jenderal Sudirman Kav. 44-46, Jakarta.

As of December 31, 2018, 2017 and 2016, BRI has the following networks of work unit (unaudited):

	December 31,		
	2018	**2017**	**2016**
Regional Offices	19	19	19
Head Internal Audit Office	1	1	1
Regional Internal Audit Offices	19	19	19
Domestic Branch Offices	462	462	462
Special Branch Office	1	1	1
Overseas Branch/Representative Offices	5	5	4
Sub-branch Offices	609	610	609
Cash Offices	964	992	984
BRI Unit	5,381	5,382	5,380
Teras and Teras Mobile	2,202	3,171	3,180
Floating Teras	3	3	3

As of December 31, 2018, BRI has 3 (three) overseas branch offices located in the Cayman Islands, Singapore and Timor Leste, 2 (two) overseas representative offices located in New York and Hong Kong, and 7 (seven) subsidiaries, which are PT Bank BRIsyariah Tbk, PT Bank Rakyat Indonesia Agroniaga Tbk, BRI Remittance Co. Ltd., Hong Kong, PT Asuransi BRI Life, PT BRI Multifinance Indonesia, PT Danareksa Sekuritas and PT BRI Ventura Investama.

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

e. Structure and Management (continued)

As of December 31, 2017, BRI has 3 (three) overseas branch offices located in the Cayman Islands, Singapore and Timor Leste, 2 (two) overseas representative offices located in New York and Hong Kong, and 5 (five) subsidiaries, which are PT Bank BRISyariah, PT Bank Rakyat Indonesia Agroniaga Tbk, BRI Remittance Co. Ltd., Hong Kong, PT Asuransi BRI Life and PT BRI Multifinance Indonesia.

As of December 31, 2016, BRI has 2 (two) overseas branch offices located in the Cayman Islands and Singapore, 2 (two) overseas representative offices located in New York and Hong Kong, and 5 (five) subsidiaries, which are PT Bank BRISyariah , PT Bank Rakyat Indonesia Agroniaga Tbk, BRI Remittance Co. Ltd., Hong Kong, PT Asuransi Jiwa Bringin Jiwa Sejahtera and PT BRI Multifinance Indonesia.

Based on the accounting policies of BRI, the coverage of BRI's key management are members of boards of commissioners, boards of directors, senior executive vice president, audit committee, remuneration committee, head of divisions, head of internal audit work units and inspectors, head of regional offices, head of special branch and head of branches. The number of BRI's employees as of December 31, 2018, 2017 and 2016 are 60,553, 60,683 and 58,885 (unaudited), respectively.

The composition of the Board of Commissioners of BRI as of December 31, 2018 as appointed based on BRI's Extraordinary and Annual General Meeting of Shareholders as stated in the Notarial Deed No. 4 of Notary Fathiah Helmi, S.H., dated December 3, 2018, as of December 31, 2017 as appointed based on BRI's Annual and Extraordinary General Meeting of Shareholders as stated in the Notarial Deed No. 55 of Notary Fathiah Helmi, S.H., dated October 27, 2017, and as of December 31, 2016 as appointed based on BRI's Annual General Meeting of Shareholders held on March 23, 2016, as stated in the Notarial Deed No. 1 of Notary Fathiah Helmi, S. H., are as follows:

		December 31,		
		2018	**2017**	**2016**
President/Independent Commissioner	:	Andrinof A. Chaniago	Andrinof A. Chaniago	Mustafa Abubakar
Vice President Commissioner	:	Gatot Trihargo	Gatot Trihargo	Gatot Trihargo
Independent Commissioner	:	Mahmud	Mahmud	Ahmad Fuad
Independent Commissioner	:	A. Fuad Rahmany	A. Fuad Rahmany	A. Fuad Rahmany
Independent Commissioner	:	A. Sonny Keraf	A. Sonny Keraf	A. Sonny Keraf
Independent Commissioner	:	Rofikoh Rokhim	Rofikoh Rokhim	Adhyaksa Dault
Commissioner	:	Jeffry J. Wurangian	Jeffry J. Wurangian	Jeffry J. Wurangian
Commissioner	:	Nicolaus Teguh Budi Harjanto	Nicolaus Teguh Budi Harjanto	Mahmud
Commissioner	:	Hadiyanto	Vincentius Sonny Loho	Vincentius Sonny Loho

The composition of the Board of Directors of BRI as of December 31, 2018 as appointed based on BRI's Extraordinary and Annual General Meeting of Shareholders as stated in the Notarial Deed No. 4 of Notary Fathiah Helmi, S.H. dated December 3, 2018, as of December 31, 2017 as appointed based on BRI's Annual and Extraordinary General Meeting of Shareholders as stated in the Notarial Deed No. 55 dated 27 October 2017 of Notary Fathiah Helmi, S.H., and as of December 31, 2016 as appointed based on BRI's Annual General Meeting of Shareholders

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

e. Structure and Management (continued)

held on March 23, 2016 as stated in the Notarial Deed No. 1 of Notary Fathiah Helmi, S.H., are as follows:

		December 31,		
		2018	2017	2016
President Director	:	Suprajarto	Suprajarto	Asmawi Syam
Vice President Director	:	-*)	-*)	Sunarso
Director	:	Haru Koesmahargyo	Haru Koesmahargyo	Haru Koesmahargyo
Director	:	Kuswiyoto	Susy Liestiowaty	Susy Liestiowaty
Director	:	Mohammad Irfan	Kuswiyoto	Kuswiyoto
Director	:	Sis Apik Wijayanto	Donsuwan Simatupang	Donsuwan Simatupang
Director	:	Priyastomo	Mohammad Irfan	Mohammad Irfan
Director	:	Indra Utoyo	Sis Apik Wijayanto	Sis Apik Wijayanto
Director	:	R. Sophia Alizsa	Priyastomo	Priyastomo
Director	:	Handayani	Indra Utoyo	Zulhelfi Abidin
Director	:	Supari	R. Sophia Alizsa	Randi Anto
Director	:	Osbal Saragi Rumahorbo	Handayani	-
Director	:	Ahmad Solichin Lutfiyanto	-	-

*) The position of Vice President Director was dispensed (change of position nomenclature) in accordance with the Notarial Deed No. 55 of Notary Fathiah Helmi, S.H

The composition of BRI's Audit Committee as of December 31, 2018 and 2017 as appointed based on Directors' Decision Letter No. Kep. 1101-DIR/KHC/12/2017 dated December 20, 2017 and Commissioners' Decision Letter No. R.58-KOM/11/2017 dated November 15, 2017, and as of December 31, 2016 as appointed based on Directors' Decision Letter No. Kep. 1059-DIR/KPS/12/2016 dated December 6, 2016 and Commissioners' Decision Letter No. R.57-KOM/11/2016 dated November 22, 2016, are as follows:

		December 31,		
		2018	2017	2016
Chairman	:	A. Fuad Rahmany	A. Fuad Rahmany	A. Fuad Rahmany
Member	:	A. Sonny Keraf	A. Sonny Keraf	A. Sonny Keraf
Member	:	Rofikoh Rokhim	Rofikoh Rokhim	Adhyaksa Dault
Member	:	Pamuji Gesang Raharjo	Pamuji Gesang Raharjo	Pamuji Gesang Raharjo
Member	:	I Gde Yadnya Kusuma	I Gde Yadnya Kusuma	I Gde Yadnya Kusuma
Member	:	Sunuaji Noor Widiyanto	Sunuaji Noor Widiyanto	Sunuaji Noor Widiyanto

As of December 31, 2018, the Corporate Secretary of BRI was Bambang Tribaroto as appointed based on Directors' Decision Letter No. R.13-DIR/KHC/01/2018 dated January 5, 2018, whereas, as of December 31, 2017 and 2016, the Corporate Secretary of BRI was Hari Siaga Amijarso as appointed based on Directors' Decision Letter No. Kep. 887-DIR/KPS/12/2015 dated December 21, 2015.

As of December 31, 2018 and 2017, the Head of Internal Audit Unit was Tri Wintarto as appointed based on Directors' Decision Letter No. Kep. 427-DIR/KPS/05/2017 dated May 24, 2017. The Heads of Internal Audit Unit as of December 31, 2016 were Adi Setyanto and Bardiyono Wiyatmojo, who were appointed as subtitute heads based on Directors' Decision Letter No. Kep. S.147.e-DIR/KPS/12/2016 dated December 7, 2016.

1. GENERAL (continued)

f. Subsidiaries

PT Bank BRIsyariah Tbk (BRIS)

On June 29, 2007, BRI entered into a Sale and Purchase of Shares Agreement with the shareholders of PT Bank Jasa Arta (“BJA”) to acquire 100% of BJA’s shares at a purchase price of Rp61 billion. Based on BRI’s Extraordinary General Meeting of Shareholders, as stated in the Notarial Deed No. 3 dated September 5, 2007 of Notary Imas Fatimah, S.H., the shareholders approved the acquisition of BJA’s shares and BRI have obtained the approval of Bank Indonesia based on letters No. 9/188/GBI/DPIP/Rahasia dated December 18, 2007 and No. 9/1326/DPIP/Prz dated December 28, 2007. The acquisition was completed on December 19, 2007 based on Acquisition Deed No. 61 of Notary Imas Fatimah, S.H., in which BRI acquired 99.99875% of the total shares issued by BJA and 0.00125% of the shares was granted to BRI’s Employee Welfare Foundation (Yayasan Kesejahteraan Pekerja BRI).

Based on Notarial Deed No. 45 dated April 22, 2008 of Notary Fathiah Helmi, S.H., the name BJA was changed into PT Bank Syariah BRI (“BSB”). Based on the Governor of Bank Indonesia’s Decision Letter No. 10/67/KEP.GBI/DpG/2008 dated October 16, 2008, BSB obtained the approval to change its business activities from a conventional commercial bank into a commercial bank that conducts business activities based on sharia principles. Within 60 (sixty) days from the decision letter date, BSB was obliged to perform its business activities based on sharia principles and within a maximum of 360 (three hundred sixty) days from the decision letter date, BSB was obliged to settle all its loans and liabilities to debtors or customers from the previous conventional banking activities.

On December 19, 2008, through “the Spin-off Agreement of BRI’s Sharia Business Unit” No. 27 dated December 19, 2008 of Notary Fathiah Helmi, S.H., BRI agreed to spin-off BRI’s Sharia Business Unit (“UUS BRI”) into BSB effective from January 1, 2009. The spin-off, as of the effective date, resulted in the following:
1. All assets and liabilities of UUS BRI owned by BRI, through legal transfer, were to become the rights or property of, liabilities of or expenditures to be fulfilled by BSB, the receiving entity.
2. All UUS BRI’s operations, business and activities were legally transferred to and thus were operated for the benefit of, at the risks of loss of and under the responsibility of BSB.
3. All UUS BRI’s rights, claims, authorities and liabilities arising from any agreements, actions or events present, made, performed, or occurred on or before the effective spin-off date including but not limited to the stated list of assets and liabilities of UUS BRI and all legal relations between UUS BRI and other parties were legally transferred to and thus were operated for the benefit of, at the risks of loss of and under the responsibility of BSB.

Based on the Deed of Declaration on BSB Shareholders Decision No. 18 of Notary Fathiah Helmi, S.H., dated April 14, 2009, the name of PT Bank Syariah BRI was changed into PT Bank BRISyariah (“BRIS” or “BRISyariah”), and approved by Bank Indonesia based on Governor of Bank Indonesia’s Decision Letter No. 11/63/KEP.GBI/DpG/2009 dated December 15, 2009.

Based on the Deed of Declaration on the Extraordinary General Meeting of PT Bank BRISyariah’s Shareholders No. 8 dated January 8, 2018 of Fathiah Helmi, S.H., a Notary in Jakarta, the Articles of Association of BRIS has been amended regarding the increase in the authorized capital of BRIS to Rp7.5 trillion, consisting of 15 billion shares with a nominal value of Rp500 (full Rupiah) per share, and change of name from PT Bank BRISyariah to PT Bank BRIsyariah Tbk. The amendment has been accepted and recorded in the Legal Entity Administration System in accordance with the Minister of Law and Human Rights of the Republic of

1. GENERAL (continued)

f. Subsidiaries (continued)

PT Bank BRIsyariah Tbk (BRIS) (continued)

Indonesia’s Letter No. AHU-AH.01.03-0009250 dated January 10, 2018. The Deed also includes shareholders' approval on several other matters, which are:
1. BRIS’ plan to raise funds from the public through Initial Public Offering (IPO).
2. Amendment to BRIS' Articles of Association, in order to become a Public Company, in accordance with laws and regulations in the Capital Market including Regulation No. IX.J.1, Regulation of the Financial Services Authority (POJK) No. 32/POJK.04/2014 with its amendments and POJK No. 33/POJK.04/2014.
3. The issuance of new shares in the course of the management and employees stock options program, maximum of 3% (three percent) of the issued and paid-up capital after the IPO is completed.

Based on Letter of Financial Service Authority (OJK) No. S.37/D.04/2018 dated April 30, 2018 regarding effective notification of PT Bank BRISyariah’s IPO registration statement pursuant to the lastest letter submitted to OJK No. S.B.147-PDR/04-2018 dated April 24, 2018, OJK does not require any additional information and has no further responses and the registration statement becomes effective.

BRIS’ IPO (including Employee Stock Allocation) consists of 2,623,350,600 new shares, with a nominal value of Rp500 (full Rupiah) per share and a sale price of Rp510 (full Rupiah) per share. The offered shares started to be listed and traded on the Indonesian Stock Exchange on May 9, 2018. According to Government Regulations No. 29 Year 1999 regarding Commercial Bank Stock Purchase Article 4 Paragraphs 2 and 3, which stipulated that BRIS can only list its shares in the Stock Exchange at most 99% from its total shares, thus 97,161,135 of BRIS’ shares owned by BRI is not listed on the Stock Exchange, therefore, BRIS’ shares listed on the Stock Exchange totaled 9,618,952,363 shares. After BRIS’ IPO, according to Letter No. DE/V/18-2545 dated May 24, 2018 from PT Datindo Entrycom, as Corporate Securities Administration Bureau, BRI owned 73.00% of BRIS’ shares.

BRIS’ Articles of Association has been amended several times. The latest amendment was documented in the Deed of Declaration on PT Bank BRISyariah Extraordinary General Meeting of Shareholders No. 92 dated May 31, 2018, of Fathiah Helmi, S.H., a Notary in Jakarta, regarding the increase in issued and paid-up capital resulting from the Initial Public Offering (after considering the increase in issued and paid-up capital through the capitalization of unappropriated retained earnings up to December 31, 2017 and BRI’s cash deposit of Rp1 trillion as stated in the Deed of Declaration on BRIS Annual General Meeting of Shareholders Decisions No. 2 dated March 2, 2018 of Notary Fathiah Helmi, S.H.) from 7,092,762,898 shares or equivalent to Rp3,546,381,449,000 (full Rupiah) to 9,716,113,498 shares or equivalent to Rp4,858,056,749,000 (full Rupiah). The amendment has been accepted and recorded in the Legal Entity Administration System in accordance with the Minister of Law and Human Rights of the Republic of Indonesia’s Letter No. AHU-AH.01.03-0211334 dated May 31, 2018.

BRIS’ shares ownership structure as of December 31, 2018 consisted of BRI owning 73.00%, DPLK Bank Rakyat Indonesia-Sharia Shares owning 8.67%, and the public owning 18.33%.

According to Article 3 of BRIS’ latest Articles of Association, the scope of BRIS’ business is to conduct banking activities based on the sharia principles.

1. GENERAL (continued)

f. Subsidiaries (continued)

PT Bank BRIsyariah Tbk (BRIS) (continued)

Total assets of BRIS as of December 31, 2018, 2017 and 2016 amounted to Rp37,926,776, Rp31,543,384 and Rp27,687,188 or 2.92%, 2.80%, and 2.76%, respectively, of the consolidated total assets. Total fund management income for the years ended December 31, 2018, 2017 and 2016, amounted to Rp3,120,416, Rp2,816,524 and Rp2,634,201 or 2.70%, 2,64%, 2.71%, respectively, of the consolidated total income from interest, sharia and premium.

BRIS has 2,941, 3,048 and 3,091 employees (unaudited) as of December 31, 2018, 2017 and 2016, respectively.

BRIS' head office is located in Jl. Abdul Muis No. 2-4, Central Jakarta and has 54 domestic branch offices and 207 sub-branch offices.

PT Bank Rakyat Indonesia Agroniaga Tbk (BRI Agro)

On August 19, 2010, BRI entered into a Sale and Purchase of Shares Agreement (PPJB) with Agricultural Estate Pension Fund (Dapenbun), which holds 95.96% of PT Bank Agroniaga Tbk ("Bank Agro") shares, to acquire Bank Agro's shares at a total nominal value of Rp330,296 for 3,030,239,023 shares, with a price of Rp109 (full Rupiah) per share. After the acquisition, the composition of shareholders would be 76% owned by BRI, 14% owned by Dapenbun and 10% owned by the public.

According to BRI's Extraordinary General Meeting of Shareholders, in accordance with Notarial Deed No. 37 dated November 24, 2010 of Notary Fathiah Helmi, S.H., shareholders approved the acquisition of Bank Agro. Bank Indonesia, in its Letter No. 13/19/GBI/DPIP/Rahasia dated February 16, 2011, also granted its approval for the acquisition of Bank Agro. The acquisition was completed on March 3, 2011 based on the Notarial Deed No. 14 of Notary Fathiah Helmi, S.H., from which BRI owned 88.65% of Bank Agro's total issued and fully paid shares, as stated in Notarial Deed No. 68 dated December 29, 2009, of Notary Rusnaldy, S.H. The above mentioned matter also considered the effects of Warrants Series I which are exercisable up to May 25, 2011.

In compliance with Bapepam-LK's Regulation No. IX.H.1, Appendix to the Chairman of Bapepam-LK Decision Letter No. Kep-259/BL/2008 dated June 30, 2008 regarding the "Takeover of Public Company", BRI, as the new controlling shareholder of Bank Agro, had the obligation to execute Tender Offer on the remaining Bank Agro's shares which are owned by the public. The Tender Offer statement became effective on May 4, 2011 based on Chairman of Bapepam-LK's Letter No. S-4985/BL/2011 and was announced on May 5, 2011, in two daily newspapers, Bisnis Indonesia and Investor Daily. The Tender Offer period commenced on May 5, 2011 and concluded on May 24, 2011. At the end of the Tender Offer, BRI purchased 113,326,500 shares (3.15% of the total shares of Bank Agro) at an offer price of Rp182 (full Rupiah) per share.

On July 1, 2011, Dapenbun exercised its option to buy 256,375,502 shares at a price of Rp109 (full Rupiah) per share. Based on Bapepam-LK's Regulation No. IX.H.1, the payback period of Tender Offer is within 2 (two) years. However, specifically for Bank Agro, BRI had the obligation to meet minimum public shareholding of 10% at no later than May 24, 2013. This is to comply with the Letter from the Indonesia Stock Exchange No. S-06472/BEI.PPJ/09-2011 dated September 23, 2011. As of December 31, 2011, 500,000 of Bank Agro shares have been successfully sold back to the public resulting in BRI's ownership of 79.78% and Dapenbun's of 14%. While there was no sale of shares during the year 2012 and 2013, 130,000 shares were sold in 2014. Thus, as of December 31, 2014, BRI was unable to meet the requirement of Indonesia Stock Exchange stated on its letter No. S-06472/BEI.PPJ/09-2011 dated September 23, 2011, to have a minimum public shareholding of 10% by May 24, 2013 due to the inactivity of Bank Agro's share price in the capital market.

1. GENERAL (continued)

f. Subsidiaries (continued)

PT Bank Rakyat Indonesia Agroniaga Tbk (BRI Agro) (continued)

Based on the Notarial Deed of Meeting Decision Statement No. 30 dated May 16, 2012 of Notary Rusnaldy, S.H., the name PT Bank Agroniaga Tbk was changed into PT Bank Rakyat Indonesia Agroniaga Tbk ("BRI Agro"). This change has been approved by Bank Indonesia in its Governor's Decision Letter No. 14/72/KEP.GBI/2012 dated October 10, 2012.

On May 10, 2013, BRI Agro submitted Registration Statement of Limited Public Offering IV ("PUT IV") to the Board of Commissioners of OJK in connection with the issuance of Preemptive Rights of 3,846,035,599 Common Shares with nominal value of Rp100 (full Rupiah) per share. On June 26, 2013, the Board of Commissioners of OJK through its letter No. S-186/D.04/2013, approved the Registration Statement of Limited Public Offering IV, thus increasing the number of its issued capital stock by 3,832,685,599 shares.

As a result of PUT IV, BRI Agro's Articles of Association was amended as stated in Deed of Meeting Decision Statement No. 107 dated July 30, 2013, of Notary M. Nova Faisal, S.H., M.Kn, regarding the increase in issued and fully paid capital, increasing BRI's ownership to 80.43%, Dapenbun's to 14.02% and public's to 5.55%. This amendment was approved by the Minister of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-0074249.AH.01.09.Year 2013 dated August 1, 2013.

On May 11, 2015, BRI Agro submitted Registration Statement of Limited Public Offering V ("PUT V") to the Board of Commissioners of OJK in connection with the issuance of Preemptive Rights of 5,588,085,883 Common Shares with nominal value of Rp100 (full Rupiah) per share. On June 17, 2015, the Board of Commissioners of OJK through its letter No. S-259/D.04/2015 notified BRI Agro that its Registration Statement of Limited Public Offering V has become effective, thus increasing the number of its issued capital stock by 4,028,934,521 shares.

As a result of PUT V, BRI Agro's Articles of Association was amended as stated in Notarial Deed of Decision Meeting Statement and Amendment of Articles of Association No. 68 dated July 14, 2015 of Notary M. Nova Faisal, S.H., M.Kn, regarding the increase in issued and fully paid capital, increasing BRI's ownership to 87.23%, Dapenbun's to 9.10% and public's to 3.67%. This amendment was accepted and recorded in the Legal Entity Administration System by the Minister of Law and Human Rights of the Republic of Indonesia in its Acceptance Letter of PT Bank Rakyat Indonesia Agroniaga Tbk Articles of Association Amendment Notice No. AHU-AH.01.03-0951264 dated July 14, 2015.

On October 17, 2016, BRI Agro submitted Registration Statement of Limited Public Offering VI ("PUT VI") to the Board of Commissioners of OJK in connection with the issuance of Additional Capital with Preemptive Rights of 3,845,996,122 Common Shares at most with nominal value of Rp100 (full Rupiah) per share and the issuance of Warrants Series II of 616,908,103. On November 25, 2016, the Board of Commissioners of OJK through its letter No. S-695/D.04/2016 notified BRI Agro that its Registration Statement of Limited Public Offering VI has become effective, thus increasing the number of its issued capital stock by 3,845,996,122 shares. The period to convert Warrants Series II into BRI Agro shares at Rp130 (full Rupiah) per share is from June 9, 2017 until June 11, 2018.

As a result of PUT VI, BRI Agro's Articles of Association was amended as stated in Notarial Deed of Decision Meeting Statement No. 58 dated December 27, 2016, of Notary M. Nova Faisal, S.H., M.Kn, regarding the increase in issued and fully paid capital, resulting in BRI's ownership to be at 87.23%, Dapenbun's to be at 7.08% and public's to be at 5.69%. This amendment was accepted and recorded in the Legal Entity Administration System by the Minister of Law and Human Rights of the Republic of Indonesia in its Acceptance Letter of PT Bank Rakyat Indonesia Agroniaga Tbk Articles of Association Amendment Notice No. AHU-AH.01.03-0112637 dated December 27, 2016.

1. GENERAL (continued)

f. Subsidiaries (continued)

PT Bank Rakyat Indonesia Agroniaga Tbk (BRI Agro) (continued)

Up to June 11, 2018 (the ending period of warrants conversion), total warrants converted into shares are 612,937,654 shares, thereby increasing BRI Agro's capital stock by Rp61,294.

On May 2, 2017, BRI Agro submitted Registration Statement of Limited Public Offering VII ("PUT VII") to the Board of Commissioners of OJK in connection with the issuance of Additional Capital with Preemptive Rights of 2,515,555,707 common shares at most with nominal value of Rp100 (full Rupiah) per share. On June 12, 2017, the Board of Commissioners of OJK through its letter No. S-293/D.04/2017 notified BRI Agro that its Registration Statement of Limited Public Offering VII has become effective, thus increasing the number of its issued capital stock by 2,515,555,707 shares.

As a result of PUT VII, BRI Agro's Articles of Association was amended as stated in Notarial Deed of Decision Meeting Statement No. 19 dated July 27, 2017, of Notary M. Nova Faisal, S.H., M.Kn, regarding the increase in issued and fully paid capital, resulting in BRI's ownership to be at 87.16%, Dapenbun's to be at 6.44% and the public's to be at 6.39%. This amendment was accepted and recorded in the Legal Entity Administration System by the Minister of Law and Human Rights of the Republic of Indonesia in its Acceptance Letter of PT Bank Rakyat Indonesia Agroniaga Tbk Articles of Association Amendment Notice No. AHU-AH.01.03-0154825 dated July 21, 2017.

On July 16, 2018, BRI Agro submitted Registration Statement of Limited Public Offering VIII ("PUT VIII") to the Board of Commissioners of OJK in connection with the issuance of Additional Capital with Preemptive Rights of 5,001,089,604 common shares at most with nominal value of Rp100 (full Rupiah) per share. On August 30, 2018, the Board of Commissioners of OJK through its letter No. S-113/D.04/2018 notified BRI Agro that its Registration Statement of Limited Public Offering VIII has become effective, thus increasing the number of its issued capital stock by 2,889,085,049 shares.

As a result of PUT VIII, BRI Agro's Articles of Association was amended as stated in Notarial Deed of Decision Meeting Statement No. 1 dated October 2, 2018, of Notary M. Nova Faisal, S.H., M.Kn, regarding the increase in issued and fully paid capital. This amendment was accepted and recorded in the Legal Entity Administration System by the Minister of Law and Human Rights of the Republic of Indonesia in its Acceptance Letter of PT Bank Rakyat Indonesia Agroniaga Tbk Articles of Association Amendment Notice No. AHU-AH.01.03-0249178 dated October 4, 2018.

The share conversion of Warrants Series II and the result of BRI Agro PUT VIII resulted in BRI's shareholding of BRI Agro as of December 31, 2018 to be 87.10%, Dapenbun's at 6.33% and the public's at 6.57%.

BRI Agro's Articles of Association has been amended several times. The latest amendment was documented in Notarial Deed of Decision Meeting Statement No. 1 dated October 2, 2018 of Notary M. Nova Faisal, S.H., M.Kn, regarding the increase in issued and fully paid capital. This amendment has been accepted and recorded in the Legal Entity Administration System by the Minister of Law and Human Rights of the Republic of Indonesia in its Acceptance Letter of PT Bank Rakyat Indonesia Agroniaga Tbk's Articles of Association Amendment Notice No. AHU-AH.01.03-0249178 dated October 4, 2018.

Total assets of BRI Agro as of December 31, 2018, 2017 and 2016 amounted to Rp23,327,019, Rp16,325,247 and Rp11,377,960 or 1.80%, 1.45%, and 1.13%, respectively, of the consolidated total assets. Total interest income for the years ended December 31, 2018, 2017 and 2016 amounted to Rp1,660,449, Rp1,252,069 and Rp965,085 or 1.43%, 1.17% and 0.99%, respectively, of the consolidated total income from interest, sharia and premium.

1. GENERAL (continued)

f. Subsidiaries (continued)

PT Bank Rakyat Indonesia Agroniaga Tbk (BRI Agro) (continued)

In accordance with Article 3 of its Articles of Association, BRI Agro's scope of business is to conduct commercial banking activities. BRI Agro has obtained its license as a commercial bank based on Bank Indonesia Letter No. 22/1037/UUps/Ps6D dated December 26, 1989.

BRI Agro has 515, 499 and 444 employees (unaudited) as of December 31, 2018, 2017 and 2016, respectively.

BRI Agro's head office is located in BRI Agro Building, Jl. Warung Jati Barat No. 139, Jakarta, and has 18 branch offices and 20 sub-branch offices.

BRI Remittance Co. Limited Hong Kong (BRI Remittance)

On December 16, 2011, BRI signed the 'Instrument of Transfer' and the 'Bought and Sold Notes' to acquire BRIngin Remittance Co. Ltd. (BRC) Hong Kong in full (equivalent to 1,600,000 shares) at a purchase price of HKD1,911,270. This acquisition was legalized by the Hong Kong Inland Revenue Department (IRD) with stamp duty dated December 28, 2011 and approved by Bank Indonesia in its letter No. 13/32/DPB1/TPB1-3/Rahasia dated December 1, 2011.

According to the Annual General Meeting of BRIngin Remittance Co. Ltd. dated July 2, 2012, and the issuance of a Certificate of Change of Name No. 961091 dated October 11, 2012 by the Registrar of Companies Hong Kong Special Administrative Region, the name BRIngin Remittance Co. Ltd. was officially changed to BRI Remittance Co. Limited Hong Kong.

Total assets of BRI Remittance as of December 31, 2018, 2017 and 2016 amounted to Rp6,865, Rp8,370 and Rp5,952 or 0.0005%, 0.0007%, and 0.0006%, respectively, of the consolidated total assets.

BRI Remittance's scope of business is to conduct remittance services for Indonesian migrant workers and other operational services related to BRI's accounts owned by BRI customers domiciled in Hong Kong in accordance with stipulations permited by Hong Kong authorities.

BRI Remittance has 6 employees (unaudited) as of December 31, 2018, 2017 and 2016.

BRI Remittance's head office is located in Shop 3 G/F, 24-26 Causeway Road, Causeway Bay, Hong Kong.

PT Asuransi BRI Life (BRI Life)

On October 6, 2015, BRI signed a Sale and Purchase of Shares Agreement with the shareholders of PT Asuransi Jiwa Bringin Jiwa Sejahtera ("BRI Life") to acquire 91.001% shares of BRI Life at a purchase price of Rp1,627 billion. Based on BRI's Extraordinary General Meeting of Shareholders in accordance with Deed No. 14 dated December 14, 2015 of Notary Fathiah Helmi, S.H., the shareholders have approved the acquisition of BRI Life and has also received approval from OJK through its letter No. S-151/PB.31/2015 dated December 23, 2015. The acquisition was completed on December 29, 2015 based on Acquisition of PT Asuransi Jiwa Bringin Jiwa Sejahtera Shares Deed No. 41 of Notary Fathiah Helmi, S.H., whereby BRI has 91.001% of BRI Life issued shares and 8.999% of it was granted to the BRI Employee Welfare Foundation.

Based on Notarial Deed No. 31 dated February 23, 2017, of Notary Dahlia, S.H., surrogate of Fathiah Helmi, S.H., a notary in Jakarta, the name of PT Asuransi Jiwa Bringin Jiwa Sejahtera was changed into PT Asuransi BRI Life and according to the Decision of the Board of Commissioners of OJK No. KEP-140/NB.11/2017 dated March 20, 2017, BRI Life obtained the business license in life insurance in relation to the change of company name.

1. GENERAL (continued)

f. Subsidiaries (continued)

PT Asuransi BRI Life (BRI Life) (continued)

BRI Life's Articles of Association has been amended several times. The latest amendment was documented in the Notarial Deed No. 31 dated February 23, 2017, of Notary Dahlia, S.H., surrogate of Fathiah Helmi, S.H., Notary in Jakarta, regarding the changes on the types of shares which are Series A shares of 1 share and Series B shares of 2,199,999 shares (full amount). This amendment has been approved by the Minister of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-0004875.AH.01.02.Year 2017 dated February 27, 2017.

According to Article 3 of BRI Life's latest Articles of Association, the scope of BRI Life's business is to conduct business in the insurance sector.

BRI Life started its operation on January 1, 1989 based on the Decision Letter of the Minister of Finance of the Republic of Indonesia No. KEP-181/KMK.13/1988 dated October 10, 1988.

BRI Life obtained its license to open its branches and sharia-principled units based on the Minister of Finance Decision Letter No. KEP-007/KM/6/20013 dated January 21, 2003.

Total assets of BRI Life as of December 31, 2018, 2017 and 2016 amounted to Rp9,384,976, Rp8,162,961 and Rp6,176,329 or 0.72%, 0,72% and 0.61%, respectively, of the consolidated total assets. Total premium income for the years ended December 31, 2018, 2017 and 2016, amounted to Rp4,380,817, Rp3,797,723 and Rp3,027,256 or 3.74%, 3.56% and 3.12%, respectively, of the consolidated total income from interest, sharia and premium.

BRI Life has 530, 489 and 422 employees (unaudited) as of December 31, 2018, 2017 and 2016, respectively.

BRI Life's head office is located in Graha Irama Building 15th floor, Jl. H.R Rasuna Said Blok X-1 Kav. 1 and 2, Jakarta, and it has 6 regional offices with 34 sales offices.

PT BRI Multifinance Indonesia (BRI Finance)

On July 12, 2016, BRI signed a Conditional Shares Sale and Purchase Agreement (PPJB) with The Bank of Tokyo-Mitsubishi UFJ, Ltd. ("BTMU") to increase BRI's share ownership in PT BTMU-BRI Finance ("BBF") from 45% to 99%. The transaction was executed with a purchase price of Rp378,548. The agreement has been approved by OJK in its letter No. S-102/PB.31/2016 dated September 21, 2016. This transfer of shares was completed on September 30, 2016 as stated in Notarial Deed No. 75, of Fathiah Helmi, S.H., a notary in Jakarta, where BRI owned 99% of the total shares issued by PT BRI Multifinance Indonesia (BRI Finance) and BRI's Employee Welfare Foundation (Yayasan Kesejahteraan Pekerja BRI) owned the remaining 1%. As a result of the acquisition of BRI Finance, BRI recorded goodwill amounting to Rp51,915 in "Other Assets".

Based on the Notarial Deed 'Statement of Decision Outside of the Annual General Meeting of Shareholders No. 67', dated September 15, 2016, of I Gede Buda Gunamanta, S.H., a notary in Jakarta, the name PT BTMU-BRI Finance was changed into PT BRI Multifinance Indonesia. In accordance with Board of Commissioners of OJK Decision No. KEP-771/NB.11/2016 dated October 17, 2016, with regards to the change of name, BRI Finance obtained the business license in financing industry for the Business License previously granted to PT Sanwa-BRI Finance, which then changed its name to PT UFJ-BRI Finance and PT BTMU-BRI Finance.

1. GENERAL (continued)

f. Subsidiaries (continued)

PT BRI Multifinance Indonesia (BRI Finance) (continued)

BRI Finance's Articles of Association has been amended several times. The latest amendment was documented in the Deed of PT BRI Multifinance General Meeting of Shareholders Decision No.117 dated December 20, 2018, of I Gede Buda Gunamanta, S.H., a notary in Jakarta, regarding the amendment of the stipulations of Article 4 paragraph 2 and Article 28 of BRI Finance's Articles of Association in connection with the increase in issued and paid-up capital through BRI's cash deposit amounting to Rp100 billion. This amendment has been approved and recorded in the Legal Entity Administration System by the Minister of Law and Human Rights of the Republic of Indonesia in accordance with the Acceptance Letter of PT BRI Multifinance Indonesia's Articles of Association Amendment Notice No. AHU-AH.01.03-0279579 dated December 24, 2018.

According to Article 3 of its Articles of Association, BRI Finance's scope of business is to conduct financing activities.

Total assets of BRI Finance as of December 31, 2018, 2017 and 2016 amounted to Rp3,626,760, Rp2,607,098 and Rp2,399,828 or 0.28%, 0.23% and 0.24%, respectively, of the consolidated total assets. Total interest income for the years ended December 31, 2018, 2017 and 2016, amounted to Rp298,737, Rp206,304 and Rp101,345 or 0.26%, 0.19% and 0.10%, respectively, of the consolidated total income from interest, sharia and premium.

BRI Finance has 262, 157 and 137 employees (unaudited) as of December 31, 2018, 2017 and 2016, respectively.

BRI Finance's head office is located in Wisma 46 Building, 10th floor, BNI City, Jl. Jenderal Sudirman Kav.1, Central Jakarta, and has 4 branches located in Bandung, Surabaya, Samarinda and Medan, as well as 16 marketing offices located in Bekasi, Jakarta, Balikpapan, Solo, Palembang, Makassar, Denpasar, Semarang, Pekanbaru, Banjarmasin, Lampung, Depok, Tangerang, Malang, Cirebon and Banyuwangi.

PT BRI Ventura Investama (BRI Ventura)

On June 29, 2018, BRI signed the Conditional Sale and Purchase of Shares Agreement of PT Sarana Nusa Tenggara Timur Ventura ("Sarana NTT Ventura") with PT Bahana Artha Ventura ("BAV") to takeover all BAV's share ownership of Sarana NTT Ventura so BRI's share ownership is 97.61% with a purchase price of Rp3,090, and have obtained the approval of the Board of Commisioners of BRI as the representative of the shareholders through its Letter No. R. 67-KOM/09/2018, dated September 26, 2018, and of OJK through its Letter No. S-112/PB.31/2018 dated September 25, 2018. The shares takeover was effective on December 20, 2018 as stated in the Deed Sale and Purchase of Shares No. 70, of Ashoya Ratam, S.H., M.Kn, a notary in South Jakarta, where BRI owned 97.61% of the total shares issued by PT BRI Ventura Investama (formerly known as Sarana NTT Ventura).

Based on the Deed of Declaration on the Extraordinary General Meeting of Shareholders Decision No. 74, dated November 14, 2018, of Zantje Mathilda Voss Tomasowa, S.H., M.Kn, a Notary in Kupang, the name of PT Sarana Nusa Tenggara Timur Ventura was changed into PT BRI Ventura Investama ("BRI Ventura"), along with the change of Company's domicile from Kupang to Jakarta. This amendment has been approved by the Ministry of Laws and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-00030398.AH.01.02 Year 2018, dated December 14, 2018. In relation to the change in the company name, BRI Ventura is in the process of obtaining the enactment of business license in venture capital business previously granted to PT Sarana Nusa Tenggara Timur Ventura with business license No. 75/KMK.017/1998, dated February 19, 1998.

1. GENERAL (continued)

f. Subsidiaries (continued)

PT BRI Ventura Investama (BRI Ventura) (continued)

BRI Ventura's Articles of Association has been amended several times. The latest amendment was documented in the Deed No. 71 dated December 20, 2018, of Notary Ashoya Ratam, S.H., M.Kn, a notary in South Jakarta, regarding the amendment of the Company's Shares Transition. The amendment has been accepted and recorded in the Legal Entity Administration System by the Minister of Law and Human Rights of the Republic of Indonesia in its Acceptance Letter of BRI Ventura's Articles of Association Amendment Notice No. AHU-AH.01.03-0278583 dated December 20, 2018.

According to Article 3 of its Articles of Association, BRI Ventura's scope of business is to conduct venture capital activities including management of venture funds, fee based service activities and other business activities with OJK's approval, and venture capital activities in the form of equity capital in a business partner and or debtor who has productive business and/or ideas for productive business development.

Total assets of BRI Ventura as of December 31, 2018, 2017 and 2016 amounted to Rp7,204, Rp7,834 and Rp7,182 or 0.0006%, 0.0007% and 0.0007%, respectively, of the consolidated total assets.

BRI Ventura has 8, 7 and 7 employees (unaudited) as of December 31, 2018, 2017 and 2016, respectively.

BRI Ventura's head office is located in AD Premier Building, 6th floor, Jl. TB Simatupang No. 5, Ragunan, Pasar Minggu, South Jakarta.

PT Danareksa Sekuritas

On September 27, 2018, BRI signed a Conditional Sale and Purchase of Shares Agreement with PT Danareksa (Persero) to takeover part of the shares ownership of PT Danareksa Sekuritas ("Danareksa Sekuritas") from PT Danareksa (Persero) and to gain 67% ownership, with a purchase price of Rp446,888, and have obtained the approval from OJK based on its Letter No. S-1496/PM.21/2018 dated December 21, 2018. The takeover was effective on December 21, 2018, as stated in the Deed of Shares Takeover No. 53, of Masjuki S.H., surrogate of M. Nova Faisal, S.H., M.Kn, a notary in Jakarta, where BRI owned 67% and PT Danareksa (Persero) owned 33% of Danareksa Sekuritas' total shares.

Danareksa Sekuritas' Articles of Association has been amended several times. The amendment adjusting its Articles of Association with Law No. 40 year 2007 regarding the Limited Liability Company and the increase in authorized capital and issued and paid-up capital of Danareka Sekuritas, was stated in the Notarial Deed No. 91 dated August 12, 2008, of Notary Imas Fatimah, S.H. This amendment has been approved by the Minister of Law and Human Rights of the Republic of Indonesia through its Decision Letter No. AHU-83282.AH.01.02.Th.2008, dated November 10, 2008 and has been published in Supplement No. 9870 of the Republic of Indonesia State Gazette No. 28, dated April 7, 2009.

In 2017, there were amendments to the purposes and objectives of Danareksa Sekuritas in accordance with Article 3 of the Articles of Association as stated in the Notarial Deed No. 1, dated July 5, 2017 of Fifidiana, S.H., S.S., M.Kn. This amendment had been approved by the Minister of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-0013998.AH.01.02.Year 2017 dated July 7, 2017.

1. GENERAL (continued)

f. Subsidiaries (continued)

PT Danareksa Sekuritas (continued)

The latest amendment was documented in Deed No. 52 dated December 21, 2018, of Masjuki, S.H., surrogate of M. Nova Faisal, S.H., M.Kn, a notary in Jakarta, regarding the amendment of in Share Ownership Transition and Change in Danareksa Sekuritas' Shareholders. This amendment has been accepted and recorded in the Legal Entity Administration System by the Minister of Law and Human Rights of the Republic of Indonesia in its Acceptance Letter of Corporate Data Amendment Notice No. AHU-AH.01.03-0279737 dated December 26, 2018.

In accordance with Article 3 of Danareksa Sekuritas' Articles of Association, the scope of its activities comprises underwriting, securities brokerage, and other supporting business activities determined and/or approved by OJK.

Danareksa Sekuritas obtained its business license as a securities broker and an underwriter from the Chairman of the Capital Market Supervisory Agency in accordance with its Decision Letters No. KEP-291/PM/1992 dated October 16, 1992 and No. KEP-292/PM/1992 dated October 16, 1992.

As part of its licensing, Danareksa Sekuritas has obtained approval of supporting business activities as Arranger of Medium-Term Notes, Negotiable Certificates of Deposit, Hybrid Product as Perpetuity Notes, syndicated loans, Global Medium Term Note, Global Bonds and Financial Advisory from Financial Services Authority (OJK) based on its Letter No. S-143/PM.21/2017 dated March 16, 2017.

Total assets of Danareksa Sekuritas as of December 31, 2018, 2017 and 2016 amounted to Rp869,102, Rp1,191,212 and Rp1,150,064 or 0.07%, 0.11% and 0.11%, respectively, of the consolidated total assets.

Danareksa Sekuritas has 197, 192 and 202 employees (unaudited) as of December 31, 2018, 2017 and 2016, respectively.

Danareksa Sekuritas' head office is located in Danareksa Building, Jl. Medan Merdeka Selatan No. 14, Jakarta, and it has 10 branches, 13 outlets and 3 partnerships.

2. SUMMARY OF ACCOUNTING POLICIES

a. Basis of preparation of the consolidated financial statements

The consolidated financial statements as of and for the years ended December 31, 2018, 2017 and 2016, are prepared and presented in accordance with Indonesian Financial Accounting Standards, which includes the Statements and Interpretations issued by the Financial Accounting Standards Board of the Indonesian Institute of Accountants and Bapepam-LK's Regulation No. VIII.G.7, Appendix of the Decision of the Chairman of Bapepam-LK No. KEP-347/BL/2012 dated June 25, 2012 regarding the "Guidelines on Financial Statements Presentations and Disclosures for Issuers or Public Companies".

The consolidated financial statements have been prepared in accordance with Statements of Financial Accounting Standards (SFAS) No. 1 (2015 Amendment), "Presentation of Financial Statements about Disclosures Initiative".

2. SUMMARY OF ACCOUNTING POLICIES (continued)

a. Basis of preparation of the consolidated financial statements (continued)

BRIS (subsidiary), which is engaged in banking activities based on sharia principles, presents its financial statements in accordance with SFAS No. 101 (Revised 2016) on “Sharia Financial Statements Presentation”, SFAS No. 102 (Revised 2016) on “Accounting for *Murabahah*”, SFAS No. 104 on “Accounting for *Istishna*”, SFAS No. 105 on “Accounting for *Mudharabah*”, SFAS No. 106 (Revised 2016) on “Accounting for *Musyarakah*” and SFAS No. 107 on “Accounting for *Ijarah*”, which supersede SFAS No. 59 on “Accounting for Sharia Banking” associated with recognition, measurement, presentation and disclosure for the respective topics, SFAS No. 110 (Revised 2015) on “Accounting for Sukuk”, SFAS No. 111 on “Accounting for *Wa'd*” and the Indonesia Sharia Banking Accounting Guidelines (PAPSI Revised 2013) issued by Bank Indonesia and Indonesian Institute of Accountants (IAI).

The consolidated financial statements have been presented on a historical cost basis, except for some accounts that were assessed using another measurement basis as explained in the accounting policies of the account. The consolidated financial statements have been prepared on accrual basis, except for the revenue from *istishna* and the profit sharing from the *mudharabah* and *musyarakah* financing and the consolidated statement of cash flows.

The consolidated statement of cash flows has been prepared using the direct method by classifying cash flows into operating, investing and financing activities. For the purposes of the consolidated statement of cash flows, cash and cash equivalents consists of cash, current accounts with Bank Indonesia and current accounts with other banks, placements with Bank Indonesia and other banks, Bank Indonesia Certificates and Bank Indonesia Deposit Certificates maturing within 3 (three) months from the date of acquisition, provided they are neither pledged as collateral for fund borrowings nor restricted.

The presentation currency used in the consolidated financial statements is the Indonesian Rupiah (Rp). Unless otherwise stated, all figures presented in the consolidated financial statements are rounded off to millions of Rupiah.

b. Principles of Consolidation

The consolidated financial statements includes the financial statements of BRI and its subsidiaries whose majority of shares are owned or controlled by BRI.

When control over a subsidiary began or ceased during the period, the results of operations of a subsidiary are included in the consolidated financial statements only limited to the results from the date that control was acquired or up to the date that control has ceased.

Control is acquired when BRI is exposed, or has the rights of variable returns from its involvement in a subsidiary and has the ability to affect those returns through its power over the subsidiary.

BRI controls a subsidiary if, and only if, BRI has the following:

a) Power over a subsidiary (existing rights that provide the current ability to direct the relevant activities that significantly affect the returns of a subsidiary).
b) Exposure or right of variable returns from its involvement in a subsidiary.
c) The ability to use its power over the subsidiary to affect BRI’s returns.

Business combination transaction between entities under common control are recorded based on SFAS No. 38 (Revised 2012) ”Business Combination of Entities Under Common Control”, in which the difference between the acquisition cost paid and the carrying value of net assets acquired is recorded in additional paid-in capital in equity. Based on SFAS No. 38 (Revised 2012), the elements of the financial statement of the merging entities, for the period the business combination of entities under common control occurred and for the presented comparative periods, are

2. SUMMARY OF ACCOUNTING POLICIES (continued)

b. Principles of Consolidation (continued)

presented as if the business combination had occurred from the beginning of the period the entities are under common control. The business combination of entities under common control occuring in 2018 is explained in Note 50.

All significant intercompany balances and transactions, including unrealized gain or loss, are eliminated to reflect the financial position and results of BRI and subsidiaries' operations as a single entity.

The consolidated financial statements are prepared using uniform accounting policies for similar events and transactions in identical circumstances. If the subsidiaries' financial statements use accounting policies that are different from those adopted in the consolidated financial statements, then appropriate adjustments are made to the subsidiaries' financial statements.

The non-controlling interest are stated at the non-controlling shareholders' proportionate share in the net income and equity of the subsidiaries based on the percentage of ownership of the non-controlling shareholders in the subsidiaries.

c. Financial assets and financial liabilities

Financial assets consist of cash, current accounts with Bank Indonesia, current accounts with other banks, placements with Bank Indonesia and other banks, securities, export bills and notes receivable, Government Recapitalization Bonds, securities purchased under agreement to resell, derivatives receivable, loans, sharia receivables and financing, finance lease receivables, acceptances receivable, investment in associated entities at cost method and other assets.

Financial liabilities consist of liabilities due immediately, deposits from customers, deposits from other banks and financial institutions, securities sold under agreement to repurchase, derivatives payable, acceptances payable, marketable securities issued, fund borrowings, other liabilities and subordinated loans and marketable securities.

(i) Classification

BRI classifies its financial assets into the following categories at initial recognition:
- Financial assets at fair value through profit or loss, which has 2 (two) sub-classifications, i.e. financial assets designated as such upon initial recognition and financial assets classified as held for trading;
- Loans and receivables;
- Held-to-maturity investments;
- Available-for-sale investments.

Financial liabilities are classified into the following categories at initial recognition:
- Fair value through profit or loss, which has 2 (two) sub-classifications, i.e. financial liabilities designated as such upon initial recognition and financial liabilities classified as held for trading;
- Other financial liabilities that are not classified as financial liabilities at fair value through profit or loss are categorized and measured at amortized cost.

Classes of financial assets and liabilities measured at fair value through profit or loss consist of financial assets and liabilities held for trading which BRI acquired or owned especially for the purpose of sale or repurchase in the near future, or holds as part of a certain financial instrument portfolio that is managed together to obtain short-term profit or position taking.

2. SUMMARY OF ACCOUNTING POLICIES (continued)

c. Financial assets and financial liabilities (continued)

(i) Classification (continued)

Loans and receivables are non-derivatives financial assets with fixed or determined payments that are not quoted in an active market, except:
- Those that BRI intends to sell immediately in the near future, which are classified as held for trading and those upon initial recognition designated as fair value through profit or loss;
- Those upon initial recognition designated as available-for-sale investments; or
- In the event that BRI may not recover substantially all of its initial investment, except due to loans and receivables deterioration, which are classified as available-for-sale.

Held-to-maturity investments consist of non-derivatives financial assets with fixed or determined payments and fixed maturity that BRI has the positive intention and ability to hold this financial assets to maturity. Investments intended to be held for an undetermined period are not included in this classification.

Available-for-sale investments consists of non-derivatives financial assets that are designated as available-for-sale or are not classified as one of the other categories of financial assets.

After initial recognition, available-for-sale investments are measured at fair value with gains or losses recognized as part of equity until the investment is derecognized or until the investment is determined to be impaired, at which time the cumulative gains or losses previously reported in equity is included in the consolidated statement of profit or loss and other comprehensive income. The effective yield and (where applicable) results of foreign exchange are restated for available-for-sale investments and reported in the consolidated statement of profit or loss and other comprehensive income.

Other financial liabilities pertain to financial liabilities that are neither held for trading nor designated at fair value through profit or loss upon recognition of the liabilities.

(ii) Initial recognition

a. Purchase or sale of financial assets that requires transfer of assets within a time frame specified by regulations or conventions in the market (regular purchases) is recognized on the settlement date.
b. Financial assets and financial liabilities are initially recognized at fair value. For those financial assets or financial liabilities not measured at fair value through profit or loss, the fair value includes directly attributable transaction costs. The subsequent measurement of financial assets and financial liabilities depends on their classification.

Transaction costs only include costs that are directly attributable to the acquisition of a financial asset or issuance of a financial liability and is an additional cost that would not occur if the financial instrument is not acquired or issued. For financial assets, transaction costs are added to the amount recognized in the initial recognition of the asset, while for financial liabilities, transaction costs are deducted from the amount of debt recognized in the initial recognition of a liability. These transaction costs are amortized over the life of the instrument based on the effective interest rate method and recorded as part of interest income for transaction costs related to the financial asset or as part of interest expense for transaction costs related to financial liabilities.

2. SUMMARY OF ACCOUNTING POLICIES (continued)

c. Financial assets and financial liabilities (continued)

(ii) Initial recognition (continued)

BRI, upon initial recognition, may designate certain financial assets as fair value through profit or loss (fair value option). The fair value option can only be applied when the following conditions are met:

- The determination as a fair value option reduces or eliminates an accounting mismatch that would arise; or
- The financial assets are part of a financial instruments portfolio that the risk are managed and reported to key management on a fair value basis; or
- The financial assets consist of a host contract and embedded derivatives that must be bifurcated.

The fair value option is applied to certain loans and receivables that are hedged with credit derivatives or interest rate swap, but does not meet the criteria for hedge accounting. Otherwise, the loans would be recorded at amortized cost, while the derivatives are measured at fair value through profit or loss.

The fair value option is also applied to investment funds that are part of a portfolio managed on a fair value basis. The fair value option is also applied to structured investments that include embedded derivatives.

(iii) Subsequent measurement

Available-for-sale financial assets and financial assets and financial liabilities measured at fair value through profit or loss are subsequently measured at fair value.

Loans and receivables, held-to-maturity investments and financial liabilities measured at amortized cost are measured at amortized cost using the effective interest rate method.

(iv) Derecognition

a. Financial assets are derecognized when:
   - The contractual rights to receive cash flows arising from the financial assets have expired; or
   - BRI has transferred its rights to receive cash flows arising from the financial assets or has assumed an obligation to pay the cash flows received in full without significant delay to a third party under a “pass-through” arrangement; and either (a) BRI has substantially transferred all the risks and rewards of the assets, or (b) BRI has neither transferred nor retained substantially all the risks and rewards of the assets, but has transferred control of the assets.

   When BRI has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset or not transferred the control of the asset, the asset is recognized to the extent of BRI’s continuing involvement in the asset.

   Loans are written off when there is no longer a realistic prospect of repayment or the normal relationship between BRI and the debtors has ended. These uncollectible loans, are written off against the related allowance for impairment losses.

2. SUMMARY OF ACCOUNTING POLICIES (continued)

c. Financial assets and financial liabilities (continued)

(iv) Derecognition (continued)

b. Financial liabilities are derecognized when they end, i.e. when the liabilities under the contract is discharged, cancelled or expired.

When an existing financial liability is replaced by another from the same creditor on a substantially different terms, or the terms of an existing liability are substantially modified, then the exchange or modification is treated as derecognition of the initial liability and the recognition of a new liability and the difference in the respective carrying amounts is recognized in the consolidated statement of profit or loss and other comprehensive income.

(v) Income and expense recognition

a. Interest income and expense on available-for-sale assets and financial assets and financial liabilities measured at amortized cost, are recognized in the consolidated statement of profit or loss and other comprehensive income using the effective interest rate method.
b. Gains and losses arising from changes in the fair value of the financial assets and financial liabilities measured at fair value through profit or loss are recognized in the consolidated statement of profit or loss and other comprehensive income.
c. Gains and losses arising from changes in the fair value of financial assets classified as available-for-sale are recognized directly in equity, except for gains or losses due to changes in the exchange rate of monetary items, derecognition or impairment of the financial asset.

When a financial asset is derecognized or impaired, the cumulative gains or losses previously recognized in equity should be recognized in the consolidated statement of profit or loss and other comprehensive income.

(vi) Reclassification of financial assets

BRI is not allowed to reclassify any financial instrument from measured at fair value through profit or loss category, if upon initial recognition it was designated by BRI as measured at fair value through profit or loss.

BRI is not allowed to classify any financial assets as held-to-maturity investments, if BRI, during the current period or during the 2 (two) preceding years, has sold or reclassified more than an insignificant amount of held-to-maturity investments before maturity (more than an insignificant amount compared to the total amount of held-to-maturity investments) except these sales or reclassifications:

a. Done when the financial asset is nearing maturity or the financial asset’s repurchase date that changes in the interest rate would not significantly affect the financial asset’s fair value;
b. Occured after BRI has obtained substantially all of the principal amount of the financial assets in accordance with the repayment schedule or BRI has obtained an accelerated settlement; or
c. Are attributable to certain events that are beyond BRI’s control, are non-recurring and can not be reasonably anticipated by BRI.

2. SUMMARY OF ACCOUNTING POLICIES (continued)

c. Financial assets and financial liabilities (continued)

(vii) Offsetting

Financial assets and liabilities are offset and the net amount is presented in the consolidated statement of financial position if and only if, BRI has a legal right to offset the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business, event of default, or bankruptcy of the entity over all the counterparties.

Income and expenses are presented on a net basis only when permitted by the Financial Accounting Standards.

(viii) Amortized cost measurement

The amortized cost of a financial asset or financial liability is the amount of the financial asset or financial liability measured at initial recognition, less principal repayments, plus or minus the cumulative amortization using the effective interest rate method calculated from the difference between the amount at initial recognition and the amount at maturity, less any impairment.

(ix) Fair value measurement

Fair value is the price that would be accepted to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the assumption that the transaction to sell an asset or to transfer a liability takes place either:

- In the principal market for the assets and liabilities; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when determining the price of the asset and liability assuming that market participants act in their own best economic interest.

The fair value measurement of non-financial assets considers the market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to other market participants that would use the asset in its highest and best use.

BRI and subsidiaries uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are classified within a fair value hierarchy, based on the lowest input level significant to the overall fair value measurement:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date.
- Level 2: inputs other than quoted prices included in level 1 for the assets and liabilities, which is directly or indirectly observable.
- Level 3: unobservable inputs for the assets and liabilities.

2. SUMMARY OF ACCOUNTING POLICIES (continued)

c. Financial assets and financial liabilities (continued)

(ix) Fair value measurement (continued)

For assets and liabilities recognized in the consolidated financial statements on a recurring basis, BRI determines whether transfers have occured between levels in the hierarchy by re-assessing the categories (based on the lowest input level significant to the fair value measurement) at the end of each reporting period.

For the fair value disclosures purposes, BRI has determined the classes of assets and liabilities based on the nature, characteristics, risks of the asset and liability, and the level of the fair value hierarchy (Note 40).

(x) Sukuk Financial Assets

In accordance with SFAS No.110 (Revised 2015), BRI determines investment in sukuk *ijarah* and *mudharabah* as follows:

a. Measured at acquisition cost

- The investment is held in a business model whereby the primary purpose is to obtain contractual cash flows and there are contractual terms in determining the specific date of principal payments and or the results.
- Sukuk acquisition cost includes transaction cost and the difference between the acquisition cost and the nominal value is amortized on a straight-line basis over the period of the sukuk and is recognized in profit or loss.

b. Measured at fair value through other comprehensive income

- The investment is held in a business model whereby the primary purpose is to obtain contractual cash flows and to sell the sukuk, and there are contractual terms in determining the specific date of principal payments and or the results.
- Sukuk acquisition cost includes transaction cost and the difference between the acquisition cost and the nominal value is amortized on a straight-line basis over the period of the sukuk and is recognized in profit or loss.
- Gains or losses from changes in the fair value is recognized in other comprehensive income after considering the difference between acquisition cost and unamortized nominal value and accumulated gain or loss of fair value previously recognized in other comprehensive income. When sukuk investment is derecognized, the accumulated gain or loss previously recognized in other comprehensive income is reclassified to profit or loss.

b. Measured at fair value through profit or loss

Sukuk acquisition cost excludes transaction cost and the difference between the fair value and the carrying amount is recognized in profit or loss.

d. Transactions with related parties

BRI and subsidiaries engage in transactions with related parties as defined in SFAS No. 7 (Revised 2010) on "Related Party Disclosures".

A party is considered a related party to BRI and subsidiaries if:

1) directly or indirectly, through one or more intermediaries, a party (i) controls, or controlled by, or under common control with BRI and subsidiaries; (ii) has an interest in BRI and subsidiaries that provides significant influence on BRI and subsidiaries; or (iii) has joint control over BRI and subsidiaries;

2. SUMMARY OF ACCOUNTING POLICIES (continued)

d. Transactions with related parties (continued)

A party is considered a related party to BRI and subsidiaries if (continued):

2) it is a related entity with BRI and subsidiaries;
3) it is a joint venture in which BRI and subsidiaries have ventured in;
4) it is a member of key management personnel in BRI and subsidiaries or the parent entity;
5) it is a close family member of the individual described in clause (1) or (4);
6) it is an entity that is controlled, jointly controlled or significantly influenced by or for whom has significant voting rights in several entities, directly or indirectly, by the individual described in clause (4) or (5); and
7) it is a post-employment benefit plan for the employees benefit of either BRI and subsidiaries or entities related to BRI and subsidiaries.

Transactions with related parties are made on the same terms and conditions as those transactions with third parties. All transaction done by BRI have complied with Capital Market and Financial Institution Supervisory Agency Regulation No. IX.E.1 regarding "The Affiliate Transactions and Conflict of Interest of Certain Transactions", at the time the transaction were made. All material transactions and balances with related parties are disclosed in the relevant notes to the consolidated financial statements and the details have been presented in Note 44 of the consolidated financial statements. Furthermore, material transactions and balances between BRI and subsidiaries and the Government of the Republic of Indonesia and other entities related to the Government of the Republic of Indonesia are also disclosed in Note 44.

e. Allowance for impairment losses on financial assets

On each statement of financial position reporting date, BRI assesses whether there is an objective evidence that financial assets not meassured at fair value through profit or loss are impaired.

Financial assets are impaired when an objective evidence shows that a loss event has occurred after the initial recognition of the financial asset and that the loss event has an impact on the future cash flows of the financial asset that can be estimated reliably.

The criterias used by the entity to determine objective evidence of impairment loss are as follows:

a) Significant financial difficulty of the issuer or obligor;
b) A breach of contract, such as a the occurance of default or arrears of principal or interest payments;
c) The creditor, for economic or legal reasons related to the debtor's financial difficulties, grants concession to the debtor that is unlikely granted if the debtor doesn't experience such difficulties;
d) It becomes probable that the debtor will be declared bankrupt or carry out other financial reorganization;
e) The disappearance of an active market for the financial asset because of financial difficulties; or
f) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
    1) Adverse changes in the payment status of debtors in the portfolio; and
    2) National or local economic conditions that correlated with the defaults on the assets in the portfolio.

The estimated period between the occurrence of the event and the identification of loss is determined by management for each identified portfolio. In general, the period used vary between 3 (three) months and 12 (twelve) months, in certain cases, a longer period is required.

2. SUMMARY OF ACCOUNTING POLICIES (continued)

e. Allowance for impairment losses on financial assets (continued)

BRI first assesses whether an objective evidence of impairment exists individually, for financial assets that are individually significant, or collectively, for financial assets that are not individually significant. If BRI determines that no objective evidence of impairment exists for an individually assessed financial asset, regardless of whether the financial asset is significant or not, then BRI includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses the group for impairment. Financial assets that are individually assessed for impairment and for which an impairment loss has been or continues to be recognized, are not included in the collective assessment of impairment.

BRI determines the loans to be evaluated for impairment individually if one of the following criteria is met:

1. Loans which individually have significant value and there is an objective evidence of impairment;
2. Restructured loans which individually have significant value.

Based on the above criteria, BRI performs individual assessment for: (a) Loans that have significant value in accordance with BRI’s policy with collectibility classification of substandard, doubtful and loss; or (b) Restructured loans that have significant value in accordance with BRI’s policy.

BRI determines loans to be evaluated for impairment collectively if one of the following criteria is met:

1. Loans which individually have significant value but there is no objective evidence of impairment;
2. Loans which individually have insignificant value;
3. Restructured loans which individually have insignificant value.

Based on the above criteria, BRI performs collective assessment for: (a) Loans that have significant value in accordance with BRI’s policy with collectibility classification of current and special mention which have never been restructured; or (b) Loans that have insignificant value in accordance with BRI’s policy.

The calculation of allowance for impairment losses on financial assets assessed collectively is grouped based on similar credit risk characteristics and taking into account the loan segmentation based on historical loss experience and the probability of default. For loans that have historical loss data and information that is categorized as disaster prone areas by the Government of the Republic of Indonesia and supported by internal policies of BRI, the calculation of allowance for impairment losses is done by calculating the overall loss rate which include the actual loss rate plus the relevant associated risk factors based on the survey conducted periodically to external parties and BRI’s internal parties.

BRI uses the migration analysis method, which is a statistical analysis method to collectively assess allowance for impairment losses on loans. BRI uses moving average from a minimum of 3 (three) years historical data in computing the Probability of Default (PD) and the Loss of Given Default (LGD).

2. SUMMARY OF ACCOUNTING POLICIES (continued)

e. Allowance for impairment losses on financial assets (continued)

BRI uses the fair value of collateral as the basis for future cash flow if one of the following conditions is met:

1. Loans are collateral dependent, i.e. if the source of loans repayment is only from the collateral;
2. Foreclosure of collateral is most likely to occur and supported by legally binding collateral agreement.

Impairment losses on financial assets carried at amortized cost are measured as the difference between the carrying amount of the financial assets and the present value of estimated future cash flows discounted using the financial assets initial effective interest rate. If loans or held-to-maturity securities and Government Recapitalization Bonds have variable interest rate, the discount rate used to measure any impairment loss is the prevailing effective interest rate determined under the contract.

As a practical guideline, BRI may measure impairment based on the instrument's fair value by using an observable market price, the calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure of collateral less costs for obtaining and selling the collateral, regardless of whether the foreclosure is likely to occur or not.

Losses that occurred are recognized in the consolidated statement of profit or loss and other comprehensive income and recorded in allowance for impairment losses account as a deduction to the financial assets carried at amortized cost.

Interest income of the impaired financial assets continues to be recognized using the rate of interest used to discount the future cash flows in measuring the impairment loss. When an event subsequent to the impairment causes the amount of impairment loss to decrease, the impairment loss previously recognized must be recovered and the recovery is recognized in the consolidated statement of profit or loss and other comprehensive income.

For financial assets classified as available-for-sale, BRI assesses on each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A significant or prolonged decline in the fair value of the investment in the equity instrument below its acquisition cost is an objective evidence of impairment and resulting in the recognition of an impairment loss.

Impairment losses on available-for-sale securities are recognized by transferring the cumulative loss that has been recognized directly in equity to the consolidated statement of profit or loss and other comprehensive income. The cumulative loss transferred from equity and recognized in the consolidated statement of profit or loss and other comprehensive income is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any financial asset's impairment loss previously recognized in the consolidated statement of profit or loss and other comprehensive income.

Impairment losses recognized in the consolidated statement of profit or loss and other comprehensive income on equity instrument investments classified as available-for-sale should not be recovered through a reversal of a previously recognized impairment loss in the current period consolidated statement of profit or loss and other comprehensive income.

If in the subsequent period, the fair value of debt instrument classified as available-for-sale increases and the increase can be objectively related to an event that occured after the impairment loss was recognized in the consolidated statement of profit or loss and other comprehensive income, the impairment loss has to be recovered in the consolidated statement of profit or loss and other comprehensive income.

2. SUMMARY OF ACCOUNTING POLICIES (continued)

e. Allowance for impairment losses on financial assets (continued)

If the terms of the loans, receivables or held-to-maturity securities are renegotiated or modified because of financial difficulties of the debtor or issuer, then the impairment is measured using the initial effective interest rate before the modification of terms.

If in the subsequent period, the amount of impairment losses is decreased and the decrease can be objectively related to an event that occurred after the recognition of the impairment losses (e.g. debtor's or issuer's collectibility upgrade), the impairment loss that was previously recognized has to be recovered, by adjusting the allowance account. The recovered amount of financial assets is recognized in the current period consolidated statement of profit or loss and other comprehensive income.

The recoveries of written-off financial assets in the current year are credited by adjusting the allowance for impairment losses accounts. The recoveries of written-off financial assets from previous years are recorded as operating income other than interest income.

The minimum allowance to be provided in accordance with Bank Indonesia (OJK) Regulation are as follows:

a) 1% of earning assets classified as Current, excluding placements with Bank Indonesia, Government Bonds, other debt instruments issued by the Government of the Republic of Indonesia and earning assets secured by cash collateral;
b) 5% of earning assets classified as Special Mention, net of deductible collateral;
c) 15% of earning assets classified as Sub-standard, net of deductible collateral;
d) 50% of earning assets classified as Doubtful, net of deductible collateral; and
e) 100% of earning assets classified as Loss, net of deductible collateral.

The criteria for assessing the deductible collateral value in calculating the allowance for impairment losses are in accordance with Bank Indonesia (OJK) Regulations.

f. Current accounts with Bank Indonesia and other banks

Current accounts with Bank Indonesia and other banks are stated at amortized cost using the effective interest rate method less allowance for impairment losses. The current accounts with Bank Indonesia and other banks are classified as loans and receivables.

g. Placements with Bank Indonesia and other banks

Placements with Bank Indonesia and other banks consist of fund placements in Bank Indonesia are Deposit Facility, Term Deposit and Sharia Deposit Facility whereas fund placements with other banks represent placements of funds in the form of placements in money market (inter-bank call money), time deposits and banker's acceptance.

Placements with Bank Indonesia and other banks are stated at amortized cost using the effective interest rate method less allowance for impairment losses. Placements with Bank Indonesia and other banks are classified as loans and receivables.

h. Securities and Government Recapitalization Bonds

Securities consist of securities traded in the money and capital market such as Bank Indonesia Certificates, Bank Indonesia Deposit Certificates, Sharia Bank Indonesia Certificates, Government bonds, promissory notes, subordinated bonds, mutual fund units, Medium-Term Notes, U.S Treasury Bonds, Singapore Government Securities, Negotiable Certificates of Deposit, Monetary Authority of Singapore (MAS) bills and bonds traded in the stock exchange.

2. SUMMARY OF ACCOUNTING POLICIES (continued)

h. Securities and Government Recapitalization Bonds (continued)

Securities include bonds issued by the Government that are not related with the recapitalization program such as Government Debentures (Surat Utang Negara or SUN), Government Treasury Bills (Surat Perbendaharaan Negara or SPN) and Government bonds in foreign currencies obtained from primary and secondary markets.

Government Recapitalization Bonds are bonds issued by the Government in connection with the recapitalization program for commercial banks which consist of bonds related to BRI's recapitalization and Government Recapitalization Bonds purchased from the secondary market.

Securities and Government Recapitalization Bonds are initially presented at fair value. After the initial recognition, the securities and Government Recapitalization Bonds are recorded according to their category, i.e. as held-to-maturity, fair value through profit or loss or available-for-sale.

The valuation of securities and Government Recapitalization Bonds is based on the classification as follows:

1) Held-to-maturity securities and Government Recapitalization Bonds are recorded at amortized cost using the effective interest rate method. BRI does not classify securities and Government Recapitalization Bonds as held-to-maturity financial assets if BRI, during the current year or during the 2 (two) preceding years, has sold or reclassified more than an insignificant amount of held-to-maturity securities or Government Recapitalization Bonds before maturity other than sales or reclassifications that are defined in SFAS No. 55 (Revised 2014) which is applicable in the relevant period.

2) Securities and Government Recapitalization Bonds classified as trading (fair value through profit or loss) are stated at fair value. Gains and losses arising from changes in fair value of securities and Government Recapitalization Bonds are recognized in the consolidated statement of profit or loss and other comprehensive income.

3) Securities and Government Recapitalization Bonds classified as available-for-sale investments are stated at fair value. Interest income is recognized in the consolidated statement of profit or loss and other comprehensive income using the effective interest rate method. Foreign exchange gains or losses on available-for-sale securities and Government Recapitalization Bonds are recognized in the consolidated statement of profit or loss and other comprehensive income. Other fair value changes are recognized directly in equity until the securities and Government Recapitalization Bonds are sold or impaired, whereby the cumulative gains and losses previously recognized in equity must be recognized in the consolidated statement of profit or loss and other comprehensive income.

i. Export bills and notes receivables

Export bills represent export bills negotiated on a discounted basis and pledged by other banks, while notes receivable are bills or billing documents in the form of drafts/bills of exchange to the collectible parties/drawee on the basis of discount or a certain financing. Export bills and notes receivable are stated at amortized cost less allowance for impairment losses. Export bills and notes receivable are classified as loans and receivables.

j. Loans

Loans represent the granting of money or other similar form of receivables under agreements or borrowing and lending commitments with debtors, whereby the debtors are required to repay their debts after a specified period of time in return for interest.

2. SUMMARY OF ACCOUNTING POLICIES (continued)

j. Loans (continued)

Loans are initially measured at fair value plus transaction costs that are directly attributable and is the additional costs to obtain the financial assets and after the initial recognition, are measured at amortized cost using the effective interest rate method less allowance for impairment losses.

Loans are classified as loans and receivables.

Syndicated loans are stated at the loans' principal amount to the extent of the risks borne by BRI.

Restructured loans are stated at the lower of the loans' carrying amount on the restructuring date or the present value of future cash receipts after the restructuring. Losses due to the difference between the loans' carrying amount on the restructuring date and the present value of future cash receipts after the restructuring are recognized in the consolidated statement of profit or loss and other comprehensive income.

After the restructuring, all future cash receipts specified in the new terms are recorded as a principal payment of loans and interest income in accordance with the restructuring terms.

Loans are written-off when there is no realistic prospect of collections in the future and all collateral have been sought to be realized or foreclosed. The uncollectible loans are written-off against the allowance for impairment losses. Subsequent payment of loans that was writtten-off are credited to the allowance for impairment losses in the consolidated statement of financial position.

k. Sharia receivables and financing

Financing/receivables based on sharia principles is provision of money or other similar form of receivables arising from transactions based on sale or purchase arrangements and profit sharing between BRIS and other parties for a certain period of time. These receivables consist of *murabahah* receivables, *istishna* receivables and *qardh*, and for financing consists of *mudharabah* financing and *musyarakah* financing.

Murabahah is a sale and purchase contract between the customer and BRIS, whereby BRIS finances the consumption, investment and working capital needs of the customers that are sold with a principle price plus a given margin that is mutually informed and agreed. Payments on this financing is made in installments for a specified period of time.

Murabahah receivables are initially measured at fair value plus directly attributable transaction costs and is the additional cost to obtain the financial assets and after the initial recognition, are measured at amortized cost using the effective margin method less allowance for impairment losses.

Mudharabah is a joint financing contract between BRIS as the owner of the funds (*shahibul maal*) and the customer as a business executor (*mudharib*) for a certain period of time. The profit sharing from the project or business is determined in accordance with the mutually agreed *nisbah* (pre-determined ratio). On the statement of financial position date, *mudharabah* financing is stated at the outstanding financing balance less allowance for impairment losses which is provided based on the management's review of the existing financing quality.

Musyarakah is a partnership contract among capital owners (*musyarakah* partners) to joint the capital and conduct a business on a joint basis through partnership with an agreed profit-sharing *nisbah*, while the losses are borne proportional to the capital contribution. On the statement of financial position date, *musyarakah* financing is stated at the outstanding financing balance less allowance for impairment losses which is provided based on the management's review on the existing financing quality.

2. SUMMARY OF ACCOUNTING POLICIES (continued)

k. Sharia receivables and financing (continued)

Istishna is a sale and purchase contract between *al-mustashni* (buyer) and *al-shani* (manufacturer who also act as the seller). Based on the contract, the buyer orders the manufacturer to produce or to supply *al-mashnu* (goods ordered) according to the specifications required by the buyer and sell them at the agreed price. *Istishna* receivables are stated at outstanding term billings to final buyer less allowance for impairment losses. Deferred *istishna* margin are stated as contra account of *istishna* receivables.

Qardh is the granting of funds or other similar form of receivables based on an agreement or deal between the borrower and the lender that requires the borrower to repay the debts after a certain period of time. *Qardh* financing are stated at outstanding financing balance less allowance for impairment losses based on the management's review on the existing financing quality.

l. Finance lease receivables

Determining whether an arrangement is a lease agreement or an agreement containing leases is based on the substance of the agreement at lease inception date and whether the fulfillment of the agreement depends on the use of an asset and the agreement provides a right to use the asset.

Leases are classified as finance leases if the lease transfer substantially all the risks and rewards related to the ownership of the asset. A lease is classified as operating lease if the lease does not transfer substantially all the risks and rewards that related to the ownership of the asset.

Finance lease receivables are recognized at the net investment which is the fair value less administrative income and plus transaction cost (if any) that directly attributable and subsequently measured at amortized cost using the effective interest rate method.

At initial recognition, the fair value of net investment in finance lease is finance lease receivables plus the residual value which will be received at the end of the lease term less deferred finance lease income and collateral deposit. The difference between the gross receivable amount and the present value of finance lease receivables are recognized as unrecognized finance lease income. Unrecognized finance lease income is allocated as current year income using the effective interest rate.

m. Acceptances receivable and payable

Acceptances receivable and payable represent letters of credit (L/C) transactions that are accepted by the accepting banks.

Acceptances receivable and payable are stated at amortized cost. Acceptances receivable are presented net of allowance for impairment losses.

Acceptances receivable are classified as loans and receivables. Acceptances payable are classified as financial liabilities measured at amortized cost.

n. Investment in associated entities

BRI's investments in its associated entities are measured using the equity method. An associated entity is an entity in which BRI has significant influence or share ownership more than 20% of the voting rights. The initial recognition of investments in associated entities are recognized at acquisition cost and the carrying amount is added or deducted to recognize BRI's portion of profit or loss of the associated entities after the acquisition date. BRI's portion of profit or loss of the associated entities are recognized in profit or loss of BRI. Receipt of distributions from associated entities reduces the carrying amount of the investment.

2. SUMMARY OF ACCOUNTING POLICIES (continued)

n. Investment in associated entities (continued)

The consolidated statement of profit or loss and other comprehensive income reflects the share of the results of operations of the associated entities. If there is any change recognized directly in the equity of the associated entities, BRI recognizes its share of these changes and discloses this, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between BRI and the associated entities are eliminated to the extent of BRI's interest in the associated entities.

After applying the equity method, BRI determines whether it is necessary to recognize additional impairment loss on BRI's investment in its associated entities. BRI determines at each reporting date whether there is any objective evidence that indicating the investment in the associated entities is impaired. In this case, BRI calculates the amount of impairment as the difference between the recoverable amount of the investment in the associated entities and its carrying value, and recognizes it in the consolidated statement of profit or loss and other comprehensive income.

BRI's investment in its associated entities with no significant influence or share ownership under 20% are recorded in accordance with SFAS No. 55 (Revised 2014) less allowance for impairment losses.

o. Premises and equipments

Premises and equipments are initially recognized at acquisition cost, which comprises its purchase price and additional costs directly attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. Subsequent to initial recognition, premises and equipments (excluding landrights) are stated at acquisition cost less accumulated depreciation and impairment losses.

Premises and equipments acquired in exchange for a non-monetary asset or a combination of monetary and non-monetary assets are measured at fair values, unless:

(i) the exchange transaction lacks commercial substance, or
(ii) the fair value of the assets received or the assets given up can not be measured reliably.

Depreciation of an asset begins when it is ready for its intended and is calculated using the straight-line method based on the estimated economic useful lives of the assets as follows:

	Years
Buildings	15
Motor vehicles	5
Computers and machineries	3 - 5
Furniture and fixtures	5
Satellite	15

Premises and equipments valuation is carried out on the impairment and possible impairment of the fair value of asset if an event or change in circumstances indicates that the carrying amount may not be fully realized.

2. SUMMARY OF ACCOUNTING POLICIES (continued)

o. Premises and equipments (continued)

The carrying amount of an item of premises and equipments is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the derecognition is recognized in the profit or loss for the year of the derecognition.

The residual values, useful lives and depreciation methods are evaluated at the end of each year and adjusted prospectively if necessary.

Land are initially stated at acquisition cost and not depreciated. Subsequent to initial recognition, land is measured at fair value at the revaluation date less any accumulated impairment losses after the revaluation date. Valuation of land is performed by appraisers with professional qualifications, and is conducted periodically to ensure that the carrying amount does not differ materially from its fair value at the end of the reporting period (Note 17).

If the fair value of the revalued asset experiences significant and fluctuating changes, it has to be revalued annually, whereas if the fair value of the revalued asset does not experience significant and fluctuating changes, it has to be revalued once every 3 (three) years.

Increase in the carrying amount arising from revaluation is recorded in “Revaluation Surplus arising from Premises and Equipments” and presented in other comprehensive income. However, the increase are recognized in profit or loss, to the extent of the amount of impairment of the same assets due to revaluation previously recognized profit or loss. A decrease in the carrying amount arising from the revaluation is recognized in profit or loss.

Maintenance and repair expenses are charged to profit or loss when incurred. Restoration and addition expenses in significant amounts are capitalized to the carrying amount of the related premises and equipments when it is probable that the future economic benefits exceeded the predefined intial performance standard and are depreciated over the remaining useful life of the related premises and equipments.

Assets under construction are stated at cost, including capitalized borrowing costs and other costs incurred regarding the financing of the assets under constructions. The accumulated costs will be reclassified to the appropriate “Premises and Equipments” account when the construction is completed and the assets are ready for their intended use. Assets under construction are not depreciated as these are not yet available for use.

The legal cost of landrights in the form of Business Usage Rights (“Hak Guna Usaha” or “HGU”), Building Usage Right (“Hak Guna Bangunan” or “HGB”) and Usage Rights (“Hak Pakai” or “HP”) when the land was initially acquired are recognized as part of the acquisition cost of the land under the “Premises and Equipments” account. The legal extension or renewal costs of landrights are recognized as intangible assets and amortized over life of the legal rights or the economic life of the land, whichever is shorter.

p. Impairment of Non-Financial Assets

BRI assesses, at the end of each reporting period, whether there is an indication that an asset may be impaired. If any such indication exists, or when the testing at the reporting date, impairment is required for a certain asset (i.e. an intangible asset with an indefinite useful life, an intangible asset not yet available for use, or goodwill acquired in a business combination), then BRI will make an estimate of the asset’s recoverable amount.

2. SUMMARY OF ACCOUNTING POLICIES (continued)

p. Impairment of Non-Financial Assets (continued)

The specified recoverable amount for an individual asset is the higher amount between an asset's or Cash Generating Unit's (CGU) fair value less costs of disposal, and its value in use, unless the asset does not generate cash inflows that are largely independent from other assets or groups of assets. If the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and the asset's carrying amount is reduced to its recoverable amount. Impairment losses from continuing operations are recognized in the consolidated statement of profit or loss and other comprehensive income as "impairment losses". In assessing the value in use, the estimated net future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset.

In determining the fair value less costs of disposal, refer to SFAS No. 68, "Fair Value Measurements" (Note 2c).

Impairment losses from continuing operations, if any, are recognized in the consolidated statement of profit or loss and other comprehensive income in accordance with expense categories that are consistent with the functions of the impaired assets.

q. Foreclosed collaterals

Foreclosed collaterals regarding the settlement of loans (presented in "Other Assets") are recognized at net realizable values or the carrying amount of the loans, whichever is lower. Net realizable value is the fair value of the collateral after deducting the estimated costs of disposal. The excess in loan balances, which has not been paid by debtors over the value of foreclosed collaterals, is charged as provisions for allowance for possible losses on loans in the current year. The difference between the value of the foreclosed collateral and the proceeds from the sale are recognized as a gain or loss at the time of sale of the collateral.

BRI evaluates the value of foreclosed collaterals periodically. The allowance for losses on foreclosed collaterals is assessed based on the impairment of the foreclosed collaterals.

Reconditioning costs arising after the foreclosure of the collateral are capitalized in the accounts of the foreclosed collaterals.

r. Prepaid expenses

Prepaid expenses are amortized over the useful lives using the straight-line method.

s. Liabilities due immediately

Liabilities due immediately represent the liability of BRI to external parties which by nature should be paid immediately in accordance with the requirements in the agreement which have been previously determined. Liabilities due immediately is classified as financial liabilities and measured at amortized cost.

t. Deposits from customers and other banks and financial institutions

Demand deposits are funds deposited by customers whereby the withdrawal can be done at any time using a check, or through transfer with a bank draft or other forms of payment order. Demand deposits are stated at the amount due to the account holder.

Wadiah demand deposits are third party fund deposits available for returns at any time and earn bonus based on BRIS' policy. *Wadiah* demand deposits are stated at the amount due to the account holder of the deposit in BRIS.

2. SUMMARY OF ACCOUNTING POLICIES (continued)

t. Deposits from customers and other banks and financial institutions (continued)

Mudharabah demand deposits are customer funds investment that can be withdrawn in accordance with the agreed payment order method. *Mudharabah* demand deposits are recorded at BRIS' liabilities.

Saving deposits are the funds deposited by customers which can only be withdrawn under certain agreed conditions. Saving deposits are stated at the amount due to the account holders.

Wadiah saving deposits are funds deposited by customers in BRIS, which is entrusted and can be withdrawn at any time and for the deposits, BRIS are not required to give rewards unless in the form of voluntary bonus. *Wadiah* saving deposits are stated at BRIS' liabilities.

Mudharabah saving deposits are funds deposited by third parties which earn a share of BRIS' profits for the management of funds based on a predetermined and pre-agreed *nisbah*. *Mudharabah* saving deposits are recordeat the customers' deposit balance.

Time deposits are funds deposited by customers that can be withdrawn only at a certain time as agreed by the depositor and BRI and BRI Agro. Time deposits are stated at the nominal amount stated in the certificates of deposit or at the amount stated in the agreement.

Mudharabah time deposits are third party deposits which can only be withdrawn at a certain time as agreed by the *mudharabah* time deposit holder and BRIS. *Mudharabah* time deposits are stated at the nominal amount as agreed by the time deposit holders and BRIS.

Deposits from other banks and financial institutions consist of liabilities to other banks, either domestic or overseas, in the form of demand deposits, saving deposits, time deposits and inter-bank call money with promissory notes with a term of up to 90 (ninety) days and stated at the amount due to other banks and financial institutions.

Deposits from customers and other banks and financial institutions are classified as financial liabilities measured at amortized cost using effective interest rate except deposits and temporary *syirkah* funds which are stated at the BRI and its subsidiaries' liability amount to customers. Additional costs directly attributable to the acquisition of deposits from customers are deducted from the amount of the deposits received.

u. Securities purchased under agreement to resell and securities sold under agreement to repurchase

Securities purchased under agreement to resell

Securities purchased under agreement to resell are presented as financial assets in the consolidated statement of financial position, at the resale amount less any unamortized interest and allowance for impairment losses. The difference between the purchase price and the resale price is treated as deferred interest income (unamortized) and recognized as income over the period starting from when those securities are purchased until they are resold using effective interest rate.

Securities purchased under agreement to resell are classified as loans and receivables measured at amortized cost.

2. SUMMARY OF ACCOUNTING POLICIES (continued)

u. Securities purchased under agreement to resell and securities sold under agreement to repurchase (continued)

Securities sold under agreement to repurchase

Securities sold under agreement to repurchase are presented as financial liabilities in the consolidated statement of financial position, at the repurchase amount less any unamortized prepaid interest. The difference between the sale price and the repurchase price is treated as prepaid expense and recognized as expense over the period starting from when those securities are sold until they are repurchased using effective interest rate.

Securities sold under agreement to repurchase are classified as financial liabilities measured at amortized cost.

v. Marketable securities issued

Marketable securities issued by BRI consist of Bonds and Medium-Term Notes (MTN).

The marketable securities issued are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate (EIR) method. The amortized cost is calculated by taking into account any discount or premium related to the initial recognition and transaction costs that are an integral part of the effective interest rate.

w. Fund borrowings

Fund borrowings represent funds received from other banks, Bank Indonesia or other parties with a repayment obligation in accordance with the terms of the borrowing agreements.

Fund borrowings are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate (EIR) method. The amortized cost is calculated by taking into account any discount or premium related to the initial recognition and transaction costs that are an integral part of the effective interest rate.

x. Subordinated loans and marketable securities

Subordinated loans and marketable securities are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate (EIR) method, while for BRIS (subsidiary) measures the amortized cost using the straight line method. The amortized cost is calculated by taking into account any discount or premium related to the initial recognition and transaction costs that are an integral part of the effective interest rate.

y. Provisions

Provisions are recognized when BRI and subsidiaries have a current obligation (both legal or constructive) that, as a result of past events, the settlement of these obligations will likely result in an outflow of resources that contain economic benefits and a reliable estimation of the amount of the obligation can be made.

Provisions are reviewed at each reporting date and adjusted to reflect the most current best estimation. If the outflow of resources to settle the obligation is unlikely to occur, the provision is reversed.

2. SUMMARY OF ACCOUNTING POLICIES (continued)

z. Provision and timely interest payment in BRI Unit

Timely Interest Payment ("Pembayaran Bunga Tepat Waktu" or "PBTW") is an incentive given to General Rural Loans ("Kredit Umum Pedesaan" or "Kupedes") debtors who settled their loans by repaying the loans in accordance to the mutually agreed installment schedules. The amount of PBTW is 25% of the interest received from either Working Capital Kupedes or Investment Kupedes. PBTW is presented as a deduction from interest income of loans. BRI provided Allowance for Timely Interest Payment (CPBTW) for the PBTW and presented in "Other Liabilities" account (Note 29).

aa. Interest income and interest expense

Interest income and expense for all interest bearing financial instruments are recognized in the consolidated statement of profit or loss and other comprehensive income using the effective interest rate method. The effective interest rate is the interest rate that precisely discounts the estimated future cash payments or receipts during the expected life of the financial asset or financial liability (or, if more precise, a shorter period) to obtain the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, BRI and subsidiaries estimate the future cash flows by considering all contractual terms in the financial instruments except the future credit losses.

This calculation includes all commissions, fees and other forms received by the parties in the contract that are inseparable from the effective interest rate, transaction costs and all other premiums or discounts.

If a financial asset or group of similar financial assets has been impaired as a result of impairment losses, then the interest income subsequently obtained is recognized based on the interest rate used to discount the future cash flows in calculating the impairment losses.

ab. Fees and commissions income

Fees and commissions income directly related to lending activities, or fees and commissions income related to a specific period of time, are amortized over the term of the contract using the effective interest rate and classified as part of interest income in the consolidated statement of profit or loss and other comprehensive income.

Fees and commissions income not related to the lending activities or a specific period of time and/or related to provision of a service, are recognized as income at the time of the transaction occurred and recorded in other operating income account.

ac. Sharia income and expense

Sharia income consists of income from *murabahah, istishna* and *ijarah* receivables transactions and profit sharing from *mudharabah* and *musyarakah* financing.

Income from *ijarah* transactions is recognized using the accrual method. Income from *istishna* transactions and profit sharing from *mudharabah* and *musyarakah* financing are recognized when the cash installments are received. Expenses based on sharia principles consist of *mudharabah* profit sharing expense and *wadiah* bonus expense.

2. SUMMARY OF ACCOUNTING POLICIES (continued)

ac. Sharia income and expense (continued)

Income from *murabahah* receivables is recognized using the effective margin method. Effective margin is the margin that precisely discounts the estimated future cash payments or receipts through the expected life of the *murabahah* receivables. When calculating the effective margin, BRIS estimates the future cash flows by considering all contractual terms in the financial instrument, except the future credit losses. This calculation includes all commissions, fees and other forms received by the parties in the contract that are an inseparable from the effective margin, transaction costs and all other premiums or discounts.

Mudharabah and *musyarakah* profit sharing income are recognized upon receipt or in a period when the right of profit sharing occurred in accordance with the agreed profit-sharing portion (nisbah).

ad. Premium income and claim expense

Premiums of short-term insurance contracts are recognized as income within the contract period in accordance with the proportion of the amount of the insurance protection provided. Premiums of non short-term insurance contracts are recognized as income when due from the policyholders. Premiums received prior to the issuance of insurance policies or premium due date is recorded as premium deposit.

Premiums related to investment contract and the amount of financial risk component of insurance contract are recorded as deposit through the consolidated statement of financial position as an adjustment to the investment contract liabilities accounts.

Gross reinsurance premiums are recognized as expenses when paid or on the date when the policy becomes effective.

Insurance claims and benefits are approved claims. These claims and benefits are recognized as expense when the liabilities to cover the claims are incurred. A portion of claims from the reinsurers is recognized and recorded as reinsurance claim in the same period as the recognition of claim expenses.

Insurance claims and benefits related to investment contract and the amount of financial risk component of insurance contract are recorded as withdrawal through the consolidated statement of financial position as an adjustment to the investment contract liabilities accounts.

ae. Insurance and investment contract liabilities and reinsurance

Insurance contract liabilities

a. Liabilities for future policy benefits

Liabilities for future policy benefits represent the present value of estimated payments of all the agreed benefits including all the available options, the estimated present value of all costs incurred and also considering the future premium receipt. Liabilities for future policy benefits represent liabilities of non short-term insurance contracts.

The increase in liability for future policy benefits is recognized as expense in the profit or loss for the year, while the decrease in liability for future policy benefits is recognized as income in the profit or loss for the year. The liabilities are derecognized when the contract expires, discharged or cancelled.

2. SUMMARY OF ACCOUNTING POLICIES (continued)

ae. Insurance and investment contract liabilities and reinsurance (continued)

Insurance contract liabilities (continued)

b. Estimated claim liabilities

Estimated claim liabilities represents claims in the settlement process which are determined based on the estimated loss from claims that are still in settlement process at the consolidated statement of financial position date, including claims that have incurred but not reported (“IBNR”).

The changes in estimated claim liabilities are recognized in the profit or loss for the year. The liabilities are derecognized when the contract expires, discharged or cancelled.

c. Unearned premium

Unearned premium represents part of the premiums that already received but not yet earned, because the insurance coverage period not yet due at the end of the year. Unearned premium represents liabilities of short-term insurance contract.

Unearned premium is calculated individually from each coverage, where the amount determined proportionally to the amount of protection provided during the coverage period or risk period, consistent with the recognition of short-term insurance premium income.

The increase in unearned premium is recognized as expense in the profit or loss for the year, while the decrease in unearned premium is recognized as income in the profit or loss for the year. The liabilities are derecognized when the contract expires, discharged or cancelled.

Investment contract liabilities

Investment contract liabilities represent liabilities that calculated on investment contract (including the amount of financial risk component in separated insurance contract) using the valuation principle in accordance with SFAS No.55 (Revised 2014). Deposits and withdrawals related to the investment contract (including the amount of financial risk component in separated insurance contract) are recorded directly as an adjustment to the investment contract liabilities in the consolidated financial statement and are not recorded as premium income in the profit or loss. Except for deposits and withdrawals, all changes in investment contract liabilities are recognized in the profit or loss for the year. The liabilities are derecognized when the contract expires, discharged or cancelled.

Reinsurance

BRI Life (subsidiary) cedes insurance risk in the normal course of business for each of its business lines.

The benefits of BRI Life on reinsurance contracts owned are recognized as reinsurance assets. These assets consist of receivables that depend on the expected claims and benefits arising under the related reinsurance contracts. As required by SFAS No. 62, reinsurance assets are not offset against the related insurance contract liabilities.

Reinsurance receivables are estimated consistently with approved claims related to the reinsurer’s policies and in accordance with the related reinsurance contract.

2. SUMMARY OF ACCOUNTING POLICIES (continued)

ae. Insurance and investment contract liabilities and reinsurance (continued)

Reinsurance (continued)

BRI Life reinsures a portion of risk of the expectation of obtained coverage to other insurance and reinsurance companies. The amount of the premium paid or the premium portion of the prospective reinsurance transaction are recognized as reinsurance premium over the reinsurance contract period proportional to the protection provided. Payment or obligation for retrospective reinsurance transaction are recognized as reinsurance receivable in the equivalent amount to the recorded liability related to the reinsurance contract.

Reinsurance assets include balances expected to be paid by the reinsurance companies for ceded liability for future policy benefits, ceded estimated claim liabilities, and ceded unearned premium. The amounts of benefits borne by the reinsurers are estimated consistently with the liability associated with the reinsurance policy.

BRI Life presents reinsurance assets separately as assets of future policy benefit liabilities, unearned premium, and estimated claim liabilities.

Reinsurance asset is impaired if there is objective evidence, as a result of an event that occurred after initial recognition of the reinsurance asset, that BRI Life may not receive the whole amount because it is under the terms of the contract, and the impact of the amount to be received from the reinsurer can be measured reliably.

If the reinsurance asset is impaired, BRI Life reduces the carrying amount and recognizes the impairment loss in the profit or loss for the year.

Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expired or when the contract is transferred to other party.

af. Employee benefits

Short-term employee benefits

Short-term employee benefits such as salaries, social security contributions, short-term leaves, bonuses and other non-monetary benefits are recognized during the period when the services are rendered. Short-term benefits are calculated using undiscounted amounts.

Defined contribution pension plan

Defined contribution pension plan is the contribution to pension fund at a certain percentage of salaries of employees who are participants of BRI’s defined contribution pension plan. The contribution is accrued and recognized as expense when services have been rendered by the qualified employees and actual payments are deducted from the contribution payable. Contribution payable is measured using undiscounted amounts.

Defined benefit plan and other long-term employee benefits

The post-employment benefits and other long-term employee benefits such as gratuity for services, grand leaves and BPJS post-employment health program are accrued and recognized as expense when services have been rendered by these employees. The benefits are determined based on BRI’s policy and the minimum requirements of Labor Law No. 13/2003.

The post-employment benefits and other long-term employee benefits are determined using the Projected Unit Credit Method by an actuary.

2. SUMMARY OF ACCOUNTING POLICIES (continued)

af. Employee benefits (continued)

Defined benefit plan and other long-term employee benefits (continued)

Remeasurement of net defined benefit liabilities (assets), which is recognized as other comprehensive income, consist of:

(i) Actuarial gains and losses.
(ii) Return on plan assets, excluding amounts that are included in the net interest on liabilities (assets).
(iii) Any change in the impact of the asset limit, excluding amounts that are included in the net interest on the liabilities (assets).

Remeasurement of net defined benefit liabilities (assets) is recognized as other comprehensive income which is not reclassified to profit or loss in the subsequent period.

For other long-term employee benefits, the current service cost, the net interest expense on net defined benefit liabilities (assets), and the remeasurement of net defined benefit liabilities (assets) are recognized immediately in the current period consolidated statement of profit or loss and other comprehensive income.

Past service costs are recognized as expense at the earlier date between the amendment or curtailment program occurs and when the restructuring or severance costs are recognized, therefore, unvested past service cost can no longer be deferred and recognized over the future vesting period.

ag. Stock option

The stock compensation cost at the issuance date is calculated based on the fair value of the stock options and recognized in “Salaries and Employee Benefits Expense” based on the cliff-vesting scheme using the straight-line method over the vesting period. The accumulation of stock compensation cost is recognized as “Stock Option” in equity.

The fair values of the stock options are assesed using the Black-Scholes option pricing model.

ah. Earnings per share

Basic earnings per share is calculated by dividing the income for the year attributable to the Parent Entity (BRI) with the weighted average number of issued and fully paid shares during the related year.

ai. Foreign currency transactions and balances

BRI and its subsidiaries maintain their accounting records in Indonesian Rupiah. Transactions involving foreign currencies are recorded at the prevailing exchange rates at the time of the transactions. As of December 31, 2018, 2017 and 2016, all foreign currency denominated monetary assets and liabilities are translated into Rupiah using the Reuters spot rates at 4.00 p.m. WIB (Western Indonesian Time). The resulting gains or losses are recognized in the consolidated statement of profit or loss and other comprehensive income.

(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

ai. Foreign currency transactions and balances (continued)

The exchange rates used in the translation of foreign currency amounts into Rupiah are as follows (full Rupiah):

	December 31,		
	2018	2017	2016
1 United States Dollar	14,380.00	13,567.50	13,472.50
1 Great Britain Pound Sterling	18,311.50	18,325.62	16,555.01
1 Japanese Yen	130.62	120.52	115.07
1 European Euro	16,440.66	16,236.23	14,175.77
1 Hong Kong Dollar	1,836.28	1,736.21	1,737.34
1 Saudi Arabian Riyal	3,833.50	3,617.71	3,591.90
1 Singaporean Dollar	10,554.91	10,154.56	9,311.93
1 Malaysian Ringgit	3,476.79	3,352.07	3,003.23
1 Australian Dollar	10,162.35	10,594.19	9,723.11
1 Renminbi	2,090.57	2,083.64	1,939.19
1 Thailand Baht	443.62	416.31	376.12
1 Swiss Franc	14,595.28	13,901.13	13,208.98
1 Canadian Dollar	10,560.72	10,821.97	9,986.29
1 Bruneian Dollar	10,453.24	10,083.61	9,311.29
1 Danish Krone	2,201.84	2,180.78	1,906.86
1 South Korean Won	12.92	12.74	11.20
1 New Zealand Dollar	9,659.05	9,650.57	9,362.72
1 Papua New Guinean Kina	4,270.90	4,219.51	4,243.86
1 United Arab Emirates Dirham	3,914.90	3,693.95	3,667.98
1 Swedish Krone	1,605.04	1,650.05	1,482.52
1 Norwegian Krone	1,653.52	1,649.87	1,560.42
1 Indian Rupee	206.12	212.49	198.40
1 Philipine Peso	273.85	272.13	271.63
1 Pakistani Rupee	1.99	1.99	1.99
1 Taiwanese Dollar	471.51	457.19	416.86
1 Vietnamese Dong	0.62	0.60	0.59

aj. Translation of the financial statements of Overseas Branch and Representative Offices

BRI has 1 (one) Subsidiary in Hong Kong, 3 (three) branch offices in Cayman Islands, Singapore and Timor Leste and 2 (two) representative offices in New York and Hong Kong which are considered as separate foreign entities.

For consolidated financial statements purposes, all accounts of subsidiary, overseas branch and representative offices are translated into Rupiah with the following exchange rates:

- Assets and liabilities, as well as commitments and contingencies - use Reuters spot rates at 4.00 p.m. WIB on the statement of financial position date.
- Income, expenses, gains and losses - use the average middle rate prevailing in the related month. The year-end balances is the sum of the monthly balances of income, expenses, gains and losses during the year.
- Equity - Capital Stock and Additional Paid-in Capital use historical rates.
- Statement of cash flows - using the Reuters spot rates at 4.00 p.m. WIB on the statement of financial position date, except for the profit and loss accounts which use middle rates and equity accounts which use historical rates.

The difference arising from the translation process of the financial statements are presented in equity as “Differences Arising from The Translation of Foreign Currency Financial Statements”.

2. SUMMARY OF ACCOUNTING POLICIES (continued)

ak. Derivatives Instruments

Derivatives financial instruments are assesed and recognized in the consolidated statement of financial position at fair value. Each derivatives contract is recorded as asset when the fair value is positive and as liability when the fair value is negative.

Derivatives receivable and payable are classified as financial assets and liabilities measured at fair value through profit or loss.

Gains or losses resulting from fair value changes are recognized in the consolidated statement of profit or loss and other comprehensive income.

The fair value of derivatives instruments are determined based on discounted cash flows and pricing models or quoted prices from the brokers of other instruments with similar characteristics, which refers to SFAS No. 68: "Fair Value Measurement" (Note 2c).

al. Taxation

Current tax expense is determined based on the estimated taxable income for the current year. Deferred tax assets and liabilities are recognized for temporary differences between the commercial and the fiscal reporting of assets and liabilities at each reporting date.

Deferred tax assets are recognized for all deductible temporary differences and uncompensated tax loss balance to the extent that it is probable for the temporary differences and uncompensated tax loss balance to be utilized to deduct the future taxable profit.

The carrying value of deferred tax assets is reviewed at each financial position date and is reduced if there is no longer probable that sufficient taxable profits will be available to compensate part or all of the benefit of the deferred tax assets.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply on the year when the asset is realized or the liability is settled based on the tax regulations that have been enacted or substantively enacted at the statement of financial position date. The tax effect related to the provisions for and/or reversals of all temporary differences during the year, including the effect of change in tax rates, are recognized as “Income Tax Benefit (Expense), Deferred” and included in the net income or loss for the year, except for transactions previously charged or credited directly to equity.

Amendments to tax obligations are recorded when the tax assessment is received or, if an appeal is submitted, when the decision on the appeal is determined.

For each of the consolidated entity, the tax effects on temporary differences and accumulated tax loss, which can be either asset or liability, are presented in the net amounts for each of the entity.

Assets and liabilities on deferred tax and current tax can be offset if there is a legal enforceable right to offset.

am. Segment information

A segment is a distinguishable component of the Business Group engaged either in providing certain products (operational segment), or in providing products within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

2. SUMMARY OF ACCOUNTING POLICIES (continued)

am. Segment information (continued)

The segment income, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a appropriate basis to that segment. The segment items are determined before intercompany balances and transactions are eliminated as part of consolidation process.

BRI and subsidiaries present operational segments based on the internal consolidated report that is presented to the Board of Directors as the operational decision maker.

BRI has identified and disclosed financial information based on main business (operational segments) classified into micro, retail, corporate and others as well as subsidiaries, and based on geographical segments.

The geographical segment includes provision of products or services within a particular economic environment with different risks and returns compared to other operating segments in other economic environments. BRI's geographical segments are Indonesia, United States of America, Hong Kong, Singapore and Timor Leste.

an. Use of significant accounting judgments, estimates and assumptions

The preparation of the consolidated financial statements for BRI and subsidiaries requires management to make judgments, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. Uncertainty about these assumptions and estimates could result in material adjustments to the carrying amounts of the assets and liabilities in the subsequent reporting periods.

Judgments

The following judgments are made by management in applying BRI and subsidiaries' accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements for BRI and subsidiaries, as follows:

Going concern

BRI's management has assessed the ability of BRI and subsidiaries to continue as going concerns and believes that BRI and subsidiaries have the resources to continue their businesses in the future. Furthermore, BRI's management is not aware of any material uncertainties that may cast significant doubt to the ability of BRI and subsidiaries to continue as a going concern. Therefore, the consolidated financial statements have been prepared on a going concern basis.

Classification of financial assets and liabilities

BRI and subsidiaries' management determines the classifications of certain assets and liabilities as financial assets and financial liabilities by considering if they meet the definition set forth in SFAS No. 55 (Revised 2014). Accordingly, the financial assets and financial liabilities are recognized in accordance with BRI and subsidiaries' accounting policies disclosed in Note 2c.

2. SUMMARY OF ACCOUNTING POLICIES (continued)

an. Use of significant accounting judgments, estimates and assumptions (continued)

Judgments (continued)

Fair value of financial instruments

All assets and liabilities in which fair value is measured or disclosed in the consolidated financial statements are classified within fair value hierarchy, based on the lowest level of input that is significant to the overall fair value measurement:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date.
- Level 2: inputs other than quoted prices included in level 1 for the assets and liabilities, which is directly or indirectly observable.
- Level 3: unobservable inputs for the assets and liabilities.

Held-to-maturity investment

Securities under held-to-maturity classification requires significant judgment. In making this judgment, BRI and subsidiaries evaluate their intention and ability to hold the investments to maturity. If BRI and subsidiaries fail to hold these investments to maturity other than in certain circumstances, for example, selling an insignificant amount close to maturity, BRI and subsidiaries will be required to reclassify the entire portfolio as available-for-sale securities. The available-for-sale securities would be measured at fair value and not at amortized cost.

Contingencies

The management of BRI and subsidiaries are currently involved in legal proceedings. The estimates of the probable cost for the settlement of claims have been developed through consultation with the aid of the legal consultant of BRI and subsidiaries and are based on the analysis of potential results. BRI and subsidiaries' management does not believe that the outcome of this matter will affect the results of operations. It is probable, however, that future results of operations could be materially affected by changes in the estimates or effectiveness of the strategies related to these proceedings.

Estimates and Assumptions

The key assumptions concerning the future and other key sources for estimating uncertainty at the reporting date that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities for the subsequent year disclosed below. BRI and subsidiaries based its assumptions and estimates used on the parameters available when the consolidated financial statements were prepared.

Assumptions and circumstances regarding future developments may change due to market changes or circumstances arising beyond the control of BRI and subsidiaries. These changes are reflected in the assumptions used when they occur.

Allowance for impairment losses on loans, sharia receivables and financing and finance lease receivables

The management of BRI and subsidiaries review its loans, sharia receivables and financing and finance lease receivables portfolio to assess impairment on an annual basis by updating the allowance for impairment losses formed during the required period based on the continuing analysis and monitoring of individual accounts by the loan officers.

2. SUMMARY OF ACCOUNTING POLICIES (continued)

an. Use of significant accounting judgments, estimates and assumptions (continued)

Estimates and Assumptions (continued)

Allowance for impairment losses on loans, sharia receivables and financing, and finance lease receivables (continued)

In determining whether impairment loss should be formed in the consolidated statement of profit or loss and other comprehensive income, BRI and subsidiaries assess for any observable data indicating the existence of measurable decrease in the estimated future cash flows from loan portfolio before the decrease could be individually identified in the portfolio.

This evidence may include observable data indicating that there has been adverse change in the payment status of the borrower group, or national or local economic conditions that correlate with the default on assets in the group. BRI and subsidiaries use estimates in determining the amount and timing of future cash flows when determining the level of allowance for impairment losses required. These estimates are based on assumptions of several factors and actual results may differ, resulting im changes in the amount of allowance for impairment losses in the future.

Impairment of securities

The management of BRI determines that securities are impaired based on the same criteria as the financial assets recorded at amortized cost.

Useful lives of premises and equipments

The management of BRI estimates the useful lives of premises and equipments based on the period in which the assets are expected to be available for use. The estimated useful lives of premises and equipments are reviewed periodically and updated if it has different expectations from previous estimates due to physical and technical damage or commercial or legal obsolescence or other limitations on the use of these assets. In addition, the estimation of useful lives of premises and equipments is based on the collective assessment using industry practice, internal technical evaluation and experience with the similar assets. It is possible, however, that future results could be materially affected by changes in estimates caused by changes in the aforementioned factors. The amounts and timing of recording expenses for each period will be affected by changes of those factors and circumstances at the time of recording. Reduction in the estimated useful lives of premises and equipments would increase the operating expenses.

Impairment of non-financial assets

BRI and subsidiaries evaluates impairment of non-financial assets whenever events or changes in circumstances indicate that the carrying amount of non-financial asset may not be recoverable. The factors that considered important which may lead to impairment assessment are as follow:

a) Significant underperformance against historical expectation or projection of operating results in the future;
b) Significant changes in the assets' manner of use or the overall business strategy; and
c) Significant negative industry or economic trends.

The management of BRI and subsidiaries recognizes an impairment loss if the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher amount between the fair value less the costs of disposal and the use of asset value (or cash-generating unit). The recoverable amounts are estimated for individual assets or, if not possible, for the cash-generating unit to which the asset belongs.

2. SUMMARY OF ACCOUNTING POLICIES (continued)

an. Use of significant accounting judgments, estimates and assumptions (continued)

Estimates and Assumptions (continued)

Recognition of deferred tax assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that the taxable income will be available to be compensated against the losses that can be used. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, in accordance with the timing and amount of future taxable income in line with tax planning strategies.

BRI reviews its deferred tax assets at each statement of financial position date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable income will be available to compensate part or all of the deferred tax assets.

Present value of employee benefits

The cost of defined pension plan and other post employment benefits is determined using actuarial valuations. The actuarial valuation involves the use of assumptions regarding discount rates, expected rates of return on assets, future salary increases, mortality rates and disability rates. Due to the long-term nature of these plans, then the estimates are subject to significant uncertainty.

Estimated claim liability

Estimated claims liability is liability set aside to provide the incurred and still in the settlement process claims liability arising from insurance policies in force. BRI’s management judgment is required to determine the recognizable amount of estimated claims liability.

Liabilities for future policy benefits

BRI records long-term insurance contract liabilities using the present value method of estimated payment for all agreed benefits including all the available options plus the present value of all estimated expenses that will be incurred and considering the future receipt of premium. The main assumption underlying this method is the past claim experience and discount rate.

ao. Allowance for impairment losses on non-earning assets and commitments and contingencies

In accordance with Letter of Bank Indonesia (BI) No. 13/658/DPNP/IDPnP dated December 23, 2011, BRI and BRI Agro are no longer required to provide allowance for impairment losses on non-earning assets and administrative accounts transactions (commitments and contingencies), but the management of BRI is required to continue calculating the allowance for impairment losses in accordance with the applicable accounting standards.

For non-earning assets, the management of BRI and BRI Agro determine the impairment losses at the lower amount between the carrying amount and the fair value after deducting the cost of disposal.

For commitments and contingencies with credit risk, BRI and BRI Agro determine the allowance for impairment losses based on the difference between the carrying amount and the present value of the payment obligations that are expected to occur (when payment for the guarantee becomes probable).

2. SUMMARY OF ACCOUNTING POLICIES (continued)

ap. Changes in accounting policies and disclosures

BRI and its subsidiaries have applied the following accounting standards starting January 1, 2018, which are considered relevant to the consolidated financial statements, specifically:

a. SFAS No. 2 (2016 Amendment), "Disclosure Initiative on Statement of Cash Flow", requires the entity to provide disclosures that enable users of Financial Statements to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and as well as non-cash changes.

b. SFAS No. 46 (2016 Amendment), "Recognition of Deferred Tax Assets for Unrealized Losses on Income Tax", clarifies:
   - the temporary difference may be deducted when the carrying amount of the debt instrument assets measured at fair value and the fair value is less than its tax base, regardless of whether the entity estimates to recover the carrying amount of the debt instrument through sale or use,
   - to determine whether the taxable profit will be available so that the deductible temporary differences can be utilized, then the valuation of the deductible temporary differences shall be made in accordance with the tax regulations,
   - tax deductions arising from the reversal of deferred tax assets are excluded from future estimated taxable income. Then the entity compares the deductible temporary differences with the estimated future taxable income that does not include the tax deductions resulting from the reversal of the deferred tax asset,
   - some of the entity's assets exceed the carrying amount if there is sufficient evidence that it is probable that the entity will achieve it.

c. SFAS No. 15 (2017 Adjustment), "Investments in Associates and Joint Ventures", at initial recognition, the entity may choose to measure its investee at fair value on an investment-by-investment basis.

d. SFAS No. 67 (2017 Adjustment), "Disclosure of Interests in Other Entities", disclosure requirements in SFAS No. 67, other than those described in paragraphs PP 10 - PP 16, are also applied to any interest in an entity classified in accordance with SFAS No. 58 "Non-current Assets Held for Trading and Discontinued Operations".

e. SFAS No. 13 (2017 Amendment), "Investment Property", amends paragraph 57 to reflect the principle that the usage change includes the assessment on whether the property meets, or stops meeting, the definition of investment property and the supporting evidence that the change of utility has occurred. Moreover, the amendment of SFAS No. 13 regarding the Diversion of Investment Property also recharacterized the list of conditions in paragraph 57(a)-(d) as an incomprehensive list of examples.

f. SFAS No. 53 (2017 Amendment), "Share-Based Payment, Classification and Measurement of Share-Based Payment Transactions", aims to clarify the accounting treatment regarding the classification and measurement of share-based payment transactions.

g. SFAS No. 111, "Accounting for *Wa'd*", regulates the entity that give or receive *wa'd* not recognizing assets and liabilities that may happen from *wa'd* when the contract occurs. The SFAS No. 111 is complemented with examples of *wa'd* application on sharia hedging and repo transactions.

The application of the above SFAS does not result in significant changes to financial reporting and disclosures in the consolidated financial statements.

(Expressed in millions of Rupiah, unless otherwise stated)

3. CASH

	December 31, 2018		December 31, 2017*)		December 31, 2016*)	
	Notional Amount Foreign Currency (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency (Full Amount)	Rupiah Equivalent
Rupiah		26,155,113		23,780,462		24,499,705
Foreign Currencies						
United States Dollar	34,541,940	496,713	24,518,731	332,658	25,130,556	338,571
Saudi Arabian Riyal	82,420,172	315,958	44,538,523	161,128	27,860,774	100,072
Singaporean Dollar	17,361,429	183,248	12,426,367	126,185	8,179,992	76,171
Australian Dollar	9,900,880	100,616	9,523,110	100,890	4,901,050	47,653
European Euro	3,460,220	56,888	5,057,112	82,108	3,703,923	52,506
Renminbi	14,311,263	29,919	8,298,458	17,291	7,706,154	14,944
Malaysian Ringgit	4,810,352	16,725	21,343,230	71,544	5,869,535	17,628
Japanese Yen	126,504,293	16,524	107,417,978	12,945	113,550,640	13,066
United Arab Emirates Dirham	2,735,641	10,694	2,264,530	8,365	1,805,500	6,623
Papua New Guinean Kina	2,424,145	10,353	20,351,860	85,875	6,273,700	26,625
Great Britain Pound Sterling	312,286	5,718	279,611	5,124	324,900	5,379
New Zealand Dollar	585,883	5,659	143,509	1,385	109,491	1,025
Bruneian Dollar	436,918	4,567	196,065	1,977	237,922	2,215
Swiss Franc	242,859	3,545	165,269	2,297	130,200	1,720
Hong Kong Dollar	1,665,711	3,059	2,558,587	4,442	2,981,757	5,180
Thailand Baht	4,042,015	1,793	3,624,785	1,509	5,394,605	2,029
Canadian Dollar	160,735	1,698	140,265	1,518	72,670	726
Philippine Peso	5,247,730	1,437		-		-
Taiwanese Dollar	1,572,870	742		-		-
South Korean Won	31,093,164	402	25,910,970	330	34,316,799	384
Vietnamese Dong	361,623,064	224		-		-
Indian Rupee	146,077	30	19,307	4	19,307	4
		1,266,512		1,017,575		712,521
Total		**27,421,625**		**24,798,037**		**25,212,226**

As of December 31, 2018, 2017 and 2016, cash balance includes cash in ATMs (Automated Teller Machines) amounted to Rp7,701,794, Rp8,572,694 and Rp9,148,888, respectively, and USD960,269 (full amount), USD187,828 (full amount) and USDNil, respectively.

4. CURRENT ACCOUNTS WITH BANK INDONESIA

Current accounts with Bank Indonesia consist of:

	December 31, 2018		December 31, 2017		December 31, 2016	
	Notional Amount Foreign Currency (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency (Full Amount)	Rupiah Equivalent
Rupiah		57,318,490		47,081,113		44,066,637
United States Dollar	962,513,784	13,840,952	816,242,160	11,074,366	858,735,147	11,569,309
Total		**71,159,442**		**58,155,479**		**55,635,946**

As of December 31, 2018, 2017 and 2016, current accounts with Bank Indonesia based on Sharia banking principles amounted to Rp1,498,333, Rp1,797,626 and Rp1,201,177, respectively.

Current accounts with Bank Indonesia are maintained to comply with Bank Indonesia's Minimum Legal Reserve Requirements (GWM).

*) As restated (Note 50)

(Expressed in millions of Rupiah, unless otherwise stated)

4. CURRENT ACCOUNTS WITH BANK INDONESIA (continued)

As of December 31, 2018, 2017 and 2016, the GWM ratios of BRI (Parent Entity) (unaudited) are as follows:

	December 31,		
	2018	**2017**	**2016**
GWM - Rupiah	7.16%	6.52%	6.94%
GWM - Foreign Currency	8.01	8.15	8.03
Secondary GWM - Rupiah	-	15.09	9.96
PLM	10.31	-	-

The calculation of GWM ratios as of December 31, 2018 is based on Bank Indonesia Regulation (PBI) No. 20/3/PBI/2018 dated March 29, 2018, regarding "GWM in Rupiah and Foreign Currency for Conventional Commercial Bank, Sharia Commercial Bank and Sharia Business Units" applicable since July 16, 2018, whereas the calculation of Macroprudential Liquidity Buffer ratio (Penyangga Likuiditas Makroprudensial or PLM) is calculated based on PBI No. 20/4/PBI/2018 dated March 29, 2018, regarding "Macroprudential Intermediation Ratio and Macroprudential Liquidity Buffer for Conventional Commercial Bank, Sharia Commercial Bank and Sharia Business Units", which regulates the changes in the terms from secondary GWM to PLM and from GWM Loan to Funding (LFR) to Macroprudential Intermediation Ratio (Rasio Intermediasi Makroprudensial or RIM).

The calculation of GWM ratios as of December 31, 2017 is based on PBI No. 19/6/PBI/2017 dated April 17, 2017, regarding "Fifth Amendment to Bank Indonesia Regulation No. 15/15/PBI/2013 on GWM of Commercial Banks in Rupiah and Foreign Currency for Conventional Commercial Bank".

The calculation of GWM ratios as of December 31, 2016 is based on PBI No. 18/3/PBI/2016 dated March 10, 2016, regarding "Third Amendment to Bank Indonesia Regulation No. 15/15/PBI/2013 on GWM of Commercial Banks in Rupiah and Foreign Currency for Conventional Commercial Bank".

As of December 31, 2018, 2017 and 2016 based on Bank Indonesia regulation mentioned above, BRI is required to maintain minimum GWM of 6.5% in Rupiah, of 8% in foreign currencies, and secondary GWM and PLM of 4% in Rupiah.

As of December 31, 2018, 2017 and 2016, BRI must also maintain its RIM and GWM LFR, if the RIM and GWM LFR of BRI is less than the Bank Indonesia (BI) lower limit of 80% or exceeds the BI upper limit of 92% and BRI's Capital Adequacy Ratio (CAR) is lower than BI CAR incentives of 14%.

BRI has complied with Bank Indonesia regulation regarding the Minimum Legal Reserve Requirement as of December 31, 2018, 2017 and 2016.

5. CURRENT ACCOUNTS WITH OTHER BANKS

a) By Currency:

	December 31, 2018		December 31, 2017*)		December 31, 2016*)	
	Notional Amount Foreign Currency (Full Amount)	**Rupiah Equivalent**	**Notional Amount Foreign Currency (Full Amount)**	**Rupiah Equivalent**	**Notional Amount Foreign Currency (Full Amount)**	**Rupiah Equivalent**
<u>Third parties</u>						
<u>Rupiah</u>		154,669		172,765		235,413

*) As restated (Note 50)

(Expressed in millions of Rupiah, unless otherwise stated)

5. CURRENT ACCOUNTS WITH OTHER BANKS (continued)

a) By Currency (continued):

	December 31, 2018		December 31, 2017*)		December 31, 2016*)	
	Notional Amount Foreign Currency (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency (Full Amount)	Rupiah Equivalent
Third parties (continued)						
Foreign currencies						
United States Dollar	674,135,360	9,694,067	241,576,730	3,277,592	442,035,654	5,955,324
European Euro	45,049,368	740,641	30,492,030	495,075	216,459,901	3,068,485
Renminbi	348,797,098	729,185	368,054,977	766,894	289,301,367	561,010
Japanese Yen	3,005,682,949	392,602	2,640,107,545	318,173	1,850,099,200	212,882
Singaporean Dollar	28,114,685	296,748	32,967,208	334,767	44,289,848	412,424
Australian Dollar	25,707,794	261,252	5,448,385	57,721	14,336,181	139,392
Swiss Franc	8,192,718	119,575	3,707,809	51,543	2,559,185	33,804
Hong Kong Dollar	39,110,165	71,817	186,764,137	324,261	91,641,803	159,213
Great Britain Pound Sterling	4,135,264	75,723	3,124,408	57,257	9,564,477	158,340
Saudi Arabian Riyal	3,737,692	14,328	33,258,310	120,319	13,268,872	47,660
United Arab Emirates Dirham	2,642,819	10,346	3,057,362	11,294	26,818,881	98,371
Canadian Dollar	827,592	8,740	527,067	5,704	1,152,637	11,511
New Zealand Dollar	850,227	8,212	1,624,150	15,674	1,349,992	12,640
Norwegian Krone	2,493,816	4,124	3,170,148	5,230	4,765,927	7,437
Swedish Krone	1,038,835	1,667	439,543	725	2,249,280	3,335
Malaysian Ringgit	250,179	870		-		-
Thailand Baht	838,250	372		-		-
		12,430,269		5,842,229		10,881,828
		12,584,938		6,014,994		11,117,241
Related parties (Note 44)						
Rupiah		68,348		100,720		149,390
Foreign currenices						
Hong Kong Dollar	8,754,394	16,075	5,669,667	9,844	5,273,792	9,162
United States Dollar	555,894	7,994	512,577	6,954	371,230	5,002
		24,069		16,798		14,164
		92,417		117,518		163,554
		12,677,355		**6,132,512**		**11,280,795**

b) By Bank:

	December 31,		
	2018	2017*)	2016*)
Third parties			
Rupiah			
PT Bank CIMB Niaga Tbk	71,142	85,742	102,839
PT Bank Central Asia Tbk	54,561	57,458	43,033
BPR Warga Dani Bringin Dana Sejahtera	6,747	6,587	6,431
PT Bank Permata Tbk	6,712	4,019	4,868
PT Bank Danamon Indonesia Tbk	5,426	7,442	9,560
Others	10,081	11,517	68,682
	154,669	172,765	235,413

*) As restated (Note 50)

(Expressed in millions of Rupiah, unless otherwise stated)

5. CURRENT ACCOUNTS WITH OTHER BANKS (continued)

b) By Bank (continued):

	December 31,		
	2018	**2017*)**	**2016*)**
Third parties (continued)			
Foreign currencies			
JP Morgan Chase Bank, N.A.	6,693,664	1,647,615	5,344,626
Citibank, N.A.	1,350,672	176,120	31,620
Standard Chartered Bank	841,259	785,300	863,323
Bank of China, Ltd.	714,754	705,571	490,368
Bank of America, N.A.	572,241	243,081	446,363
Others	2,257,679	2,284,542	3,705,528
	12,430,269	5,842,229	10,881,828
	12,584,938	6,014,994	11,117,241
Related parties (Note 44)			
Rupiah			
PT Bank Mandiri (Persero) Tbk	55,425	89,673	142,311
PT Bank Negara Indonesia (Persero) Tbk	9,067	6,953	6,926
PT Bank Tabungan Negara (Persero) Tbk	3,809	3,982	5
PT Bank Syariah Mandiri	44	33	74
PT Bank BNI Syariah	3	79	74
	68,348	100,720	149,390
Foreign currencies			
PT Bank Negara Indonesia (Persero) Tbk	17,224	10,476	9,627
PT Bank Mandiri (Persero) Tbk	6,845	6,322	4,537
	24,069	16,798	14,164
	92,417	117,518	163,554
Total	**12,677,355**	**6,132,512**	**11,280,795**

c) By Collectibility:

All current accounts with other banks as of December 31, 2018, 2017 and 2016 are classified as "Current".

d) Average annual interest rate:

	December 31,		
	2018	**2017**	**2016**
Rupiah	0.18%	0.37%	0.27%
Foreign currencies	1.52	0.35	0.26

e) BRI assessed allowance for impairment losses on current accounts with other banks individually based on whether objective evidence of impairment exists.

Management believes that no allowance for impairment losses is necessary as of December 31, 2018, 2017 and 2016, because management believes that current accounts with other banks are fully collectible.

As of December 31, 2018, 2017 and 2016, there are no current accounts with other banks which are used as collateral.

*) As restated (Note 50)

(Expressed in millions of Rupiah, unless otherwise stated)

6. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS

a) By Currency and Type:

	December 31, 2018		December 31, 2017*)		December 31, 2016*)	
	Notional Amount Foreign Currency (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency (Full Amount)	Rupiah Equivalent
Third parties						
Rupiah						
Bank Indonesia						
Term Deposit		42,987,847		12,997,000		5,997,961
Deposit Facility		4,398,775		11,087,984		52,359,589
Sharia Deposit Facility		3,132,000		1,968,000		963,000
		50,518,622		26,052,984		59,320,550
Inter-bank call money						
PT Bank Mega Tbk		500,000		100,000		-
PT BPD Jawa Barat dan Banten Tbk		439,000		110,000		245,000
PT Bank DKI		350,000		-		-
PT Bank Riau Kepri		250,000		150,000		25,000
Citibank, N.A.		200,000		-		-
PT Bank Aceh Syariah		200,000		200,000		200,000
PT Bank Danamon Indonesia Tbk		200,000		400,000		70,000
PT Bank HSBC Indonesia		200,000		-		-
PT Bank OCBC NISP Tbk		200,000		300,000		80,000
PT Bank Sumitomo Mitsui Indonesia		200,000		180,000		250,000
PT BPD Sumatera Selatan		150,000		-		-
PT BPD Kalimantan Timur dan Kalimantan Utara		130,000		85,000		-
PT Bank Maybank Indonesia Tbk		125,000		-		20,000
PT Bank Nasionalnobu Tbk		100,000		-		-
PT BPD Jawa Tengah		100,000		20,000		50,000
PT BPD Sulawesi Tengah		100,000		50,000		50,000
PT Bank KEB Hana Indonesia		80,000		30,000		-
PT Bank Victoria International Tbk		80,000		-		30,000
The Bank of Tokyo-Mitsubishi UFJ Ltd.		70,000		-		-
PT Bank Woori Saudara Indonesia Tbk		60,000		-		-
PT BPD Maluku dan Maluku Utara		50,000		-		50,000
PT Trimegah Sekuritas Indonesia Tbk		50,000		-		-
PT BPD Sulawesi Tenggara		47,000		75,000		-
PT Bank Yudha Bhakti Tbk		40,000		-		-
PT Bank CIMB Niaga Tbk		20,000		50,000		70,000
PT Bank Sinarmas Tbk		20,000		-		80,000

*) As restated (Note 50)

(Expressed in millions of Rupiah, unless otherwise stated)

6. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS (continued)

a) By Currency and Type (continued):

	December 31, 2018		December 31, 2017*)		December 31, 2016*)	
	Notional Amount Foreign Currency (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency (Full Amount)	Rupiah Equivalent
Third parties (continued)						
Rupiah (continued)						
Inter-bank call money (continued)						
PT Bank Pan Indonesia Tbk		-		300,000		60,000
PT BPD Jambi		-		100,000		50,000
PT BPD Jawa Timur Tbk		-		100,000		50,000
PT Bank ANZ Indonesia		-		100,000		-
PT Bank ICBC Indonesia		-		100,000		-
J.P. Morgan Chase Bank N.A.		-		100,000		100,000
PT Bank Tabungan Pensiunan Nasional Tbk		-		75,000		-
PT Bank CTBC Indonesia		-		50,000		-
Standard Chartered Bank Indonesia		-		-		200,000
PT Bank Bukopin Tbk		-		-		80,000
PT Bank Panin Dubai Syariah Tbk		-		-		70,000
PT BPD Lampung		-		-		50,000
PT Bank DBS Indonesia		-		-		20,000
PT Bank Victoria Syariah		-		-		20,000
PT Bank Kesejahteraan Ekonomi		-		-		20,000
		3,961,000		2,675,000		1,940,000
Time Deposits						
PT BPD Sumatera Selatan		45,000		-		-
PT Bank Pan Indonesia Tbk		45,000		-		-
PT Bank OCBC NISP Tbk		45,000		-		-
PT Bank CIMB Niaga Tbk		45,000		-		-
PT BPD Sulselbar		41,000		-		-
PT BPD Sumatera Utara		36,000		-		-
PT Bank DKI		36,000		-		-
PT BPD Jambi		27,000		-		-
PT BPD Sulutgo		20,000		-		-
PT Bank Permata Tbk		9,650		-		-
PT Bank Capital Indonesia Tbk		5,000		-		-
PT Bank Sahabat Sampoerna		2,000		2,000		2,000
PT Bank Bukopin Tbk		750		9,250		3,300
PT Bank Artha Graha Internasional Tbk		330		-		-
PT Bank Danamon Syariah		150		-		-

*) As restated (Note 50)

(Expressed in millions of Rupiah, unless otherwise stated)

6. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS (continued)

a) By Currency and Type (continued):

	December 31, 2018		December 31, 2017*)		December 31, 2016*)	
	Notional Amount Foreign Currency (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency (Full Amount)	Rupiah Equivalent
Third parties (continued)						
Rupiah (continued)						
Time Deposits (continued)						
PT Bank Ganesha Tbk		-		4,800		-
PT Bank Muamalat Indonesia Tbk		-		4,800		-
PT Bank Danamon Indonesia Tbk		-		2,200		-
PT Bank Mayapada Internasional Tbk		-		1,700		-
PT BPD Jawa Barat dan Banten Tbk		-		1,300		-
PT Bank Artha Graha Internasional Tbk		-		825		1,850
PT Bank Riau Kepri		-		300		-
PT Bank Bukopin Tbk		-		250		1,000
PT Bank HSBC Indonesia		-		200		-
		357,880		27,625		8,150
Deposits on call						
PT BPD Jawa Barat dan Banten Tbk		50,000		-		50,000
PT Bank Maybank Indonesia Tbk		-		50,000		-
PT Bank MNC Internasional		-		-		40,000
PT Bank Bukopin Tbk		-		-		230
		50,000		50,000		90,230
Other Placements (Banker's Acceptance)						
PT Bank Sumitomo Mitsui Indonesia		-		400,000		-
PT Bank KEB Hana Indonesia		-		-		130,000
		-		400,000		130,000
		54,887,502		29,205,609		61,488,930

*) As restated (Note 50)

(Expressed in millions of Rupiah, unless otherwise stated)

6. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS (continued)

a) By Currency and Type (continued):

	December 31, 2018		December 31, 2017*)		December 31, 2016*)	
	Notional Amount Foreign Currency (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency (Full Amount)	Rupiah Equivalent
Third parties (continued)						
United States Dollar						
Bank Indonesia						
Term Deposit	1,239,449,071	17,823,278	1,399,887,185	18,992,969	999,961,670	13,471,984
Inter-bank call money						
Wells Fargo Bank, N.A.	400,700,000	5,762,066	261,100,000	3,542,474	70,300,000	947,117
Citibank, N.A.	184,320,000	2,650,521	27,530,000	373,513	29,940,000	403,367
Federal Reserve Bank	104,507,840	1,502,823	101,662,902	1,379,311	62,352,096	840,039
The Bank of New York Mellon Corporation	34,200,000	491,796	52,900,000	717,721	33,700,000	454,023
The Bank of Tokyo-Mitsubishi UFJ Ltd.	17,000,000	244,460		-		-
The Hongkong and Shanghai Banking Corporation Limited	11,792,260	169,573		-		-
PT Bank ICBC Indonesia	10,017,618	144,053		-		-
PT Bank Commonwealth	7,000,000	100,660		-		-
PT Bank CTBC Indonesia	5,000,000	71,900		-		-
PT BPD Kalimantan Timur dan Kalimantan Utara	4,000,000	57,520		-		-
PT Bank Pan Indonesia Tbk	3,000,000	43,140		-		-
ING Bank N.V.	2,530,000	36,381		-		-
PT Bank BNP Paribas Indonesia	911,420	13,106		-	1,310,193	17,651
JP Morgan Chase Bank, N.A.	660,000	9,491		-		-
TD Bank, N.A.	29,799	429	119,787	1,625	627,068	8,448
		11,297,919		6,014,644		2,670,645
Time Deposits						
U.S. Bank	35,802,938	514,846	9,776,443	132,643	228,828	3,083
TD Bank, N.A.	56,040	806	260,475	3,534	511,630	6,893
		515,652		136,177		9,976
Other placements (Banker's Acceptance)						
PT Bank Maybank Indonesia Tbk	10,000,000	143,800	25,000,000	339,188		-
PT Bank Mega Tbk		-	10,000,000	135,675	9,996,546	134,678
		143,800		474,863		134,678
		29,780,649		25,618,653		16,287,283
		84,668,151		54,824,262		77,776,213

*) As restated (Note 50)

(Expressed in millions of Rupiah, unless otherwise stated)

6. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS (continued)

a) By Currency and Type (continued):

	December 31, 2018		December 31, 2017*)		December 31, 2016*)	
	Notional Amount Foreign Currency (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency (Full Amount)	Rupiah Equivalent
Related parties (Note 44)						
Rupiah						
Inter-bank call-money						
Lembaga Pembiayaan Ekspor Indonesia		1,200,000		-		200,000
PT BNI Multifinance		100,000		-		-
PT Mandiri Utama Finance		200,000		-		-
PT Sarana Multigriya Finansial		100,000		-		-
PT Bank Mandiri (Persero) Tbk		-		-		40,000
PT Bank Negara Indonesia (Persero) Tbk		-		-		200,000
		1,600,000		-		440,000
Deposits on call						
PT Bank Mandiri (Persero) Tbk		-		-		13,000
Time deposits						
PT Bank Mandiri Syariah		36,000		-		-
PT BTN Syariah		30,200		8,550		4,000
PT Bank Tabungan Negara (Persero) Tbk		29,500		7,200		8,220
PT Bank Mandiri (Persero) Tbk		3,100		43,400		5,400
PT Bank BNI Syariah		2,000		2,000		2,000
PT Bank Negara Indonesia (Persero) Tbk		2,000		-		-
		102,800		61,150		19,620
		1,702,800		61,150		472,620
United States Dollar						
Inter-bank call-money						
PT Bank Mandiri (Persero) Tbk	45,000,000	647,100		-		-
Other placements (Banker's Acceptance)						
Lembaga Pembiayaan Ekspor Indonesia		-	10,000,000	135,675		-
PT Bank Negara Indonesia (Persero) Tbk		-	10,000,000	135,675		-
		647,100		271,350		-
		2,349,900		332,500		472,620
Total		**87,018,051**		**55,156,762**		**78,248,833**

*) As restated (Note 50)

(Expressed in millions of Rupiah, unless otherwise stated)

6. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS (continued)

b) By Time Period:

The classifications of placements based on their remaining period to maturity are as follows:

	December 31,		
	2018	**2017*)**	**2016*)**
Third parties			
Rupiah			
≤ 1 month	54,865,502	28,575,609	61,358,930
> 1 month - 3 months	22,000	630,000	130,000
	54,887,502	29,205,609	61,488,930
United States Dollar			
≤ 1 month	28,205,442	25,008,603	16,287,283
> 1 month - 3 months	1,575,207	270,863	-
> 3 months - 1 year	-	339,187	-
	29,780,649	25,618,653	16,287,283
	84,668,151	54,824,262	77,776,213
Related parties (Note 44)			
Rupiah			
≤ 1 month	1,365,600	61,150	472,620
> 1 month - 3 months	115,000	-	-
> 3 months - 1 year	222,200	-	-
	1,702,800	61,150	472,620
United States Dollar			
≤ 1 month	647,100	-	-
> 1 month - 3 months	-	271,350	-
	647,100	271,350	-
	2,349,900	332,500	472,620
Total	**87,018,051**	**55,156,762**	**78,248,833**

c) By Collectibility:

All placements with Bank Indonesia and other banks were classified as "Current" as of December 31, 2018, 2017 and 2016.

d) The average interest rates:

	December 31,		
	2018	**2017**	**2016**
Rupiah			
Placements with Bank Indonesia	5.58%	3.83%	4.35%
Placements with other banks	7.75	5.13	6.56
Foreign Currencies			
Placements with Bank Indonesia	2.50%	0.69%	0.44%
Placements with other banks	2.71	1.40	0.62

*) As restated (Note 50)

(Expressed in millions of Rupiah, unless otherwise stated)

6. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS (continued)

BRI assessed allowance for impairment losses on placements with Bank Indonesia and other banks individually based on whether objective evidence of impairment exists.

As of December 31, 2018, 2017 and 2016, there are no placements with Bank Indonesia and other banks which are impaired or restricted.

Management believes that no allowance for impairment losses is necessary as of December 31, 2018, 2017 and 2016, because management believes that placements with Bank Indonesia and other banks are fully collectible.

7. SECURITIES

a) By Purpose, Currency and Type:

	December 31, 2018		December 31, 2017*)		December 31, 2016*)	
	Notional amount foreign currency (Full amount)	Rupiah Equivalent	Notional amount foreign currency (Full amount)	Rupiah Equivalent	Notional amount foreign currency (Full amount)	Rupiah Equivalent
Fair value through Profit or loss						
Third parties						
Rupiah						
Mutual funds		1,228,656		812,205		273,602
Bank Indonesia Certificates		569,017		-		-
Bank Indonesia Deposit Certificates		99,272		385,040		-
Subordinated bonds		55,957		50,976		45,880
Bonds		26,213		35,833		54,416
Others		125,672		134,493		111,525
		2,104,787		1,418,547		485,423
United States Dollar						
Mutual funds	538,620	7,745	542,921	7,366		-
Related parties (Note 44)						
Rupiah						
Government bonds		1,453,780		169,425		85,722
Bonds		102,556		35,545		10,329
Mutual funds		14,699		21,264		19,786
Others		77,980		82,796		72,988
		1,649,015		309,030		188,825
United States Dollar						
Government bonds	49,313	709	1,989,302	26,990		-
Mutual funds		-	154,753	2,100	147,263	1,984
		709		29,090		1,984
		3,762,256		1,764,033		676,232
Available-for-sale						
Third parties						
Rupiah						
Bank Indonesia Certificates		12,020,153		-		8,895,833
Bank Indonesia Deposit Certificates		3,557,671		35,482,251		6,023,957
Bonds		3,369,218		2,994,315		2,141,239
Mutual funds		1,669,202		1,086,590		552,481
Negotiable Certificates of Deposit		1,007,337		686,354		-

*) As restated (Note 50)

(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

a) By Purpose, Currency and Type (continued):

	December 31, 2018		December 31, 2017*)		December 31, 2016*)	
	Notional amount foreign currency (Full amount)	Rupiah Equivalent	Notional amount foreign currency (Full amount)	Rupiah Equivalent	Notional amount foreign currency (Full amount)	Rupiah Equivalent
Available-for-sale (continued)						
Third parties (continued)						
Rupiah (continued)						
Subordinated bonds		723,860		796,981		812,649
Medium-Term Notes		14,163		-		40,000
Others		132,255		121,918		104,186
		22,493,859		41,168,409		18,570,345
United States Dollar						
Bank Indonesia Certificates	99,760,983	1,434,563	445,640,048	6,046,221	276,240,564	3,721,651
Bonds	24,482,413	352,057	32,756,717	444,427	59,913,082	807,179
U.S. Treasury Bonds	18,728,295	269,313	17,316,502	234,941	25,822,008	347,887
		2,055,933		6,725,589		4,876,717
Singaporean Dollar						
Monetary Authority of Singapore (MAS) Bills	69,855,211	737,315	42,460,236	431,165	35,000,048	325,918
Singapore Government Securities (SIGB)	18,154,080	191,615	18,167,760	184,486	21,338,863	198,706
		928,930		615,651		524,624
Related parties (Note 44)						
Rupiah						
Government bonds		72,339,882		50,412,771		21,158,568
Bonds		6,603,043		6,078,903		2,408,561
Negotiable Certificates of Deposit		496,120		77,807		-
Medium-Term Notes		402,114		207,000		155,074
Mutual funds		151,369		418,278		373,303
Others		241,911		102,264		77,508
		80,234,439		57,297,023		24,173,014
United States Dollar						
Government bonds	1,566,688,576	22,528,982	1,739,665,407	23,602,910	1,441,010,726	19,414,017
Bonds	63,674,426	915,638	53,137,755	720,946	106,060,345	1,428,898
		23,444,620		24,323,856		20,842,915
European Euro						
Government bonds	48,235,752	793,027	50,205,906	815,155	37,108,474	526,041
		129,950,808		130,945,683		69,513,656
Held-to-maturity						
Third parties						
Rupiah						
Sharia Bank Indonesia Certificates (SBIS)		1,200,000		250,000		1,650,000
Bonds		754,432		1,182,953		1,444,330

*) As restated (Note 50)

(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

a) By Purpose, Currency and Type (continued):

	December 31, 2018		December 31, 2017*)		December 31, 2016*)	
	Notional amount foreign currency (Full amount)	Rupiah Equivalent	Notional amount foreign currency (Full amount)	Rupiah Equivalent	Notional amount foreign currency (Full amount)	Rupiah Equivalent
Held-to-maturity (continued)						
Third parties (continued)						
Rupiah (continued)						
Bank Indonesia Sukuk		100,000		-		-
Medium-Term Notes		100,000		150,000		150,000
Subordinated bonds		56,847		20,000		60,000
Bank Indonesia Deposit Certificates		21,671		597,476		-
Negotiable Certificates of Deposit		9,678		106,968		660,243
Bank Indonesia Certificates		-		-		2,009,192
		2,242,628		2,307,397		5,973,765
United States Dollar						
Promissory Notes		-		-	2,000,000	26,945
Others	29,931,920	430,421	37,463,410	508,285	43,108,406	580,778
		430,421		508,285		607,723
Related parties (Note 44)						
Rupiah						
Government bonds		30,275,259		30,170,232		32,185,729
Bonds		2,785,335		3,027,090		2,567,989
Negotiable Certificates of Deposit		190,975		155,453		808,282
Medium-Term Notes		-		-		99,710
		33,251,569		33,352,775		35,661,710
United States Dollar						
Government bonds	979,170,928	14,080,478	1,302,517,859	17,671,911	1,391,260,144	18,743,752
Bonds	25,724,245	369,915	14,344,879	194,624	54,871,034	739,250
		14,450,393		17,866,535		19,483,002
European Euro						
Government bonds	11,966,390	196,735	12,003,295	194,888	12,039,541	170,670
		50,571,746		54,229,880		61,896,870
Total		184,284,810		186,939,596		132,086,758
Less allowance for Impairment losses		(758)		(758)		(758)
Net		**184,284,052**		**186,938,838**		**132,086,000**

b) By Collectibility:

As of December 31, 2018, 2017 and 2016, all securities are classified as “Current”, except Bonds I Year 2003 issued by PT Great River International is classified as “Loss”, which is held by BRI Life (subsidiary), that has already matured on October 13, 2008, amounting to Rp758.

*) As restated (Note 50)

(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

b) By Collectibility (continued):

For that matter, BRI Life's management has formed allowance for impairment losses amounting to Rp758 as of December 31, 2018, 2017 and 2016.

c) By Remaining Period to Maturity:

The classifications of securities based on their remaining period to maturity are as follows:

	December 31,		
	2018	**2017*)**	**2016*)**
Third parties			
Rupiah			
≤ 1 month	25,069,700	43,057,941	19,441,393
> 1 month - 3 months	500,000	782,535	308,968
> 3 months - 1 year	760,778	437,140	4,168,321
> 1 year	510,796	616,737	1,110,851
	26,841,274	44,894,353	25,029,533
Foreign currencies			
≤ 1 month	3,133,047	7,507,182	5,401,340
> 1 month - 3 month	255,470	206,371	267,955
> 3 month - 1 year	34,512	143,338	339,769
	3,423,029	7,856,891	6,009,064
	30,264,303	52,751,244	31,038,597
Related parties (Note 44)			
Rupiah			
≤ 1 month	81,389,780	57,984,198	25,395,119
> 1 month - 3 month	2,351,524	4,557,673	4,151,328
> 3 month - 1 year	7,062,989	2,091,387	3,685,462
> 1 year	24,330,730	26,325,570	26,791,640
	115,135,023	90,958,828	60,023,549
Foreign currencies			
≤ 1 month	24,180,301	26,127,056	21,362,145
> 1 month - 3 months	4,361,996	-	504,355
> 3 months - 1 year	159,264	3,161,410	996,873
> 1 year	10,183,923	13,941,058	18,161,239
	38,885,484	43,229,524	41,024,612
	154,020,507	134,188,352	101,048,161
Total	184,284,810	186,939,596	132,086,758
Less allowance for impairment losses	(758)	(758)	(758)
Net	**184,284,052**	**186,938,838**	**132,086,000**

*) As restated (Note 50)

(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

d) By Type and Issuer:

d.1. Government Bonds

Government bonds represent bonds issued by the government of a country in connection with the management of Government debentures portfolio, such as Government Debentures (SUN), Government Treasury Bills (SPN) and Government bonds issued in foreign currencies which are obtained from the primary and secondary markets, including U.S. Treasury Bonds and Singapore Government Securities. The details of Government bonds are as follows:

	Fair Value/Carrying Value		
	December 31, 2018	**December 31, 2017**	**December 31, 2016**
Fair value through profit or loss			
Rupiah			
Sukuk Government Bonds	604,270	44,439	21,498
Republic of Indonesia Bonds	332,962	54,568	462
Government Treasury Bills	241,770	-	-
Fixed Rate Government Bonds	224,861	70,418	63,762
Sharia Government Treasury Bills	49,917	-	-
	1,453,780	169,425	85,722
Foreign currencies			
Republic of Indonesia Bonds	709	26,990	-
	709	26,990	-
	1,454,489	196,415	85,722
Available-for-sale			
Rupiah			
Fixed Rate Government Bonds	38,397,808	31,565,767	16,299,512
Sukuk Government Bonds	16,286,957	9,383,086	3,249,526
Government Treasury Bills	15,379,111	8,568,221	888,536
Sharia Government Treasury Bills	1,283,799	-	-
Republic of Indonesia Bonds	992,207	895,697	720,994
	72,339,882	50,412,771	21,158,568
Foreign currencies			
United States Dollar Fixed Rate Government Bonds	18,744,013	19,407,161	14,539,987
Sukuk Government Bonds	3,784,969	4,195,749	4,874,030
European Euro Government Bonds	793,027	815,155	526,041
U.S. Treasury Bonds	269,313	234,941	347,887
Singapore Government Securities (SIGB)	191,615	184,486	198,706
	23,782,937	24,837,492	20,486,651
	96,122,819	75,250,263	41,645,219
Held-to-maturity			
Rupiah			
Fixed Rate Government Bonds	17,901,317	15,772,583	14,005,826
Sukuk Government Bonds	11,746,682	12,676,512	14,933,145
Sharia Government Treasury Bills	626,126	-	-
Republic of Indonesia Bonds	1,134	133,719	918,949
Government Treasury Bills	-	1,587,418	2,327,809
	30,275,259	30,170,232	32,185,729

(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.1. Government Bonds (continued)

	Fair Value/Carrying Value		
	December 31, 2018	**December 31, 2017**	**December 31, 2016**
Held-to-maturity (continued)			
Foreign currencies			
Sukuk Government Bonds	8,706,260	11,524,572	11,579,660
United States Dollar Fixed Rate Government Bonds	5,374,218	6,147,339	7,164,092
European Euro Government Bonds	196,735	194,888	170,670
	14,277,213	17,866,799	18,914,422
	44,552,472	48,037,031	51,100,151
Total	**142,129,780**	**123,483,709**	**92,831,092**

Information regarding interest rates and maturity dates are as follows:

	Annual Interest Rate (%)		
	December 31, 2018	**December 31, 2017**	**December 31, 2016**
Fair value through profit or loss			
Rupiah			
Sukuk Government Bonds			
IFR0006	10.25	10.25	10.25
PBS005	6.75	6.75	6.75
PBS006	8.25	8.25	8.25
PBS011	8.75	8.75	8.75
PBS012	8.88	8.88	8.88
PBS013	6.25	6.25	6.25
PBS015	8.00	-	-
PBS016	6.25	-	-
SR008	8.30	8.30	8.30
SR009	6.90	6.90	-
SR010	5.90	-	-
Republic of Indonesia Bonds			
ORI012	-	9.00	-
ORI013	6.60	-	-
ORI014	5.85	5.85	-
ORI015	8.25	-	-
Government Treasury Bills	Various	-	-
Fixed Rate			
FR0053	8.25	-	-
FR0061	7.00	7.00	-
FR0064	6.13	6.13	6.13
FR0065	6.63	6.63	6.63
FR0068	8.38	-	-
FR0069	7.88	-	-
FR0072	8.25	-	-
FR0074	7.50	7.50	-
FR0075	7.50	7.50	-
FR0077	8.13	-	-
Sharia Government Treasury Bills	Various	-	-
Foreign currencies			
Republic of Indonesia Bonds			
RI0123	-	2.95	-
RI0827	4.35	-	-

(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.1. Government Bonds (continued)

Information regarding interest rates and maturity dates are as follows (continued):

	Annual Interest Rate (%)		
	December 31, 2018	**December 31, 2017**	**December 31, 2016**
Available-for-sale			
Rupiah			
Fixed Rate			
FR0035	12.90	12.90	12.90
FR0052	10.50	10.50	10.50
FR0053	8.25	8.25	8.25
FR0059	7.00	7.00	7.00
FR0061	7.00	7.00	7.00
FR0063	5.63	5.63	5.63
FR0064	6.13	6.13	6.13
FR0065	6.63	6.63	6.63
FR0069	7.88	7.88	7.88
FR0074	7.50	7.50	7.50
Sukuk Government Bonds			
PBS004	6.10	6.10	6.10
PBS006	8.25	8.25	8.25
PBS011	8.75	8.75	8.75
PBS012	8.88	8.88	8.88
PBS013	6.25	6.25	6.25
PBS014	6.50	6.50	6.50
PBS016	6.25	-	-
PBS017	6.13	-	-
SR008	8.30	8.30	8.30
SR009	6.90	6.90	6.90
Government Treasury Bills	Various	Various	Various
Sharia Government Treasury Bills	Various	Various	Various
Republic of Indonesia Bonds			
ORI013	6.60	6.60	6.60
ORI014	5.85	5.85	5.85
Foreign currencies			
United States Dollar Fixed Rate			
RI0125	4.13	4.13	4.13
RI0126	4.75	4.75	4.75
RI0320	5.88	5.88	5.88
RI0319	11.63	11.63	11.63
RI0422	3.75	3.75	3.75
RI0423	3.38	3.38	3.38
RI0521	4.88	4.88	4.88
RI0822	-	3.70	3.70
RI1023	5.38	5.38	5.38
RI1320	5.88	5.88	5.88
Sukuk Government Bonds			
INDOIS 18	-	4.00	4.00
INDOIS 19	6.13	6.13	6.13
INDOIS 21	3.40	3.40	3.40
INDOIS 21A	3.40	3.40	3.40
INDOIS 22	3.40	3.40	3.40
INDOIS 22 SL	3.40	3.30	3.30
INDOIS 24	4.35	4.35	4.35
INDOIS 25	4.35	4.33	4.33
INDOIS 26	4.55	4.55	4.55
INDOIS 27 SL	4.15	-	-

(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.1. Government Bonds (continued)

Information regarding interest rates and maturity dates are as follows (continued):

	Annual Interest Rate (%)		
	December 31, 2018	**December 31, 2017**	**December 31, 2016**
Available-for-sale (continued)			
Foreign currencies (continued)			
European Euro Government Bonds			
RIEUR0623	2.63	2.63	2.63
RIEUR0721	2.88	2.88	2.88
RIEUR0724	2.15	2.15	-
RIEUR0725	3.38	2.15	-
RIEUR0275	-	3.38	3.38
U.S. Treasury Bonds	Various	Various	Various
Singapore Government Securities			
SIGB 060126	2.13	2.13	2.13
Held-to-maturity			
Rupiah			
Fixed Rate			
FR0034	12.80	12.80	12.80
FR0039	11.75	11.75	11.75
FR0040	11.00	11.00	11.00
FR0042	10.25	10.25	10.25
FR0043	10.25	10.25	10.25
FR0044	10.00	10.00	10.00
FR0045	9.75	9.75	9.75
FR0046	9.50	9.50	9.50
FR0047	10.00	10.00	10.00
FR0038	-	11.60	11.60
Sukuk Government Bonds			
SR008	8.30	8.30	8.30
PBS004	6.10	6.10	6.10
PBS005	6.75	6.75	6.75
PBS006	8.25	8.25	8.25
PBS007	9.00	9.00	9.00
PBS011	8.75	8.75	8.75
PBS014	6.50	6.50	6.50
IFR0006	10.25	10.25	10.25
IFR0007	10.25	10.25	10.25
IFR0010	10.00	10.00	10.00
Sharia Government Treasury Bills	Various	Various	Various
Republic of Indonesia Bonds			
ORI013	6.60	6.60	6.60
ORI012	-	9.00	9.00
Government Treasury Bills	Various	Various	Various
Foreign currencies			
Sukuk Government Bonds			
INDOIS 19	6.13	6.13	6.13
INDOIS 19S	6.13	6.13	6.13
INDOIS 21	3.40	3.40	3.40
INDOIS 21A	3.40	3.40	3.40
INDOIS 22	3.40	3.40	3.40
INDOIS 24	4.35	4.35	4.35
INDOIS 25	4.33	4.33	4.33
INDOIS 26	4.55	4.55	4.55
INDOIS 18	-	4.00	4.00

(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.1. Government Bonds (continued)

Information regarding interest rates and maturity dates are as follows (continued):

	Annual Interest Rate (%)		
	December 31, 2018	**December 31, 2017**	**December 31, 2016**
Held-to-maturity (continued)			
Foreign currencies (continued)			
United States Dollar Fixed Rate			
RI0124	5.88	5.88	5.88
RI0125	4.12	4.12	4.12
RI0126	4.75	4.75	4.75
RI0237	6.63	6.63	6.63
RI0319	11.63	11.63	-
RI0320	5.88	5.88	5.88
RI0422	3.75	3.75	3.75
RI0521	4.88	4.88	4.88
RI1023	5.38	5.38	5.38
RI190304	11.63	11.63	11.63
USDFR0002	4.05	4.05	4.05
European Euro Government Bonds			
RIEUR0623	2.62	2.62	2.62
RIEUR0721	2.87	2.87	2.87
RIEUR0725	3.37	3.37	3.37

	Maturity Date		
	December 31, 2018	**December 31, 2017**	**December 31, 2016**
Fair value through profit or loss			
Rupiah			
Sukuk Government Bonds			
IFR0006	March 15, 2030	March 15, 2030	March 15, 2030
PBS005	April 15, 2043	April 15, 2043	April 15, 2043
PBS006	September 15, 2020	September 15, 2020	September 15, 2020
PBS011	August 15, 2023	August 15, 2023	August 15, 2023
PBS012	November 15, 2031	November 15, 2031	November 15, 2031
PBS013	May 15, 2019	May 15, 2019	May 15, 2019
PBS015	July 15, 2047	-	-
PBS016	March 15, 2020	-	-
SR008	March 10, 2019	March 10, 2019	March 10, 2019
SR009	March 10, 2020	March 10, 2020	-
SR010	March 10, 2021	-	-
Republic of Indonesia Bonds			
ORI013	October 15, 2019	-	-
ORI014	October 15, 2020	October 15, 2020	-
ORI015	October 15, 2021	-	-
ORI012	-	October 15, 2018	-
Government Treasury Bills	Various	-	-
Fixed Rate			
FR0053	July 15, 2021	-	-
FR0061	May 15, 2022	May 15, 2022	-
FR0064	May 15, 2028	May 15, 2028	May 15, 2028
FR0065	May 15, 2033	May 15, 2033	May 15, 2033
FR0068	March 15, 2034	-	-
FR0069	April 15, 2019	-	-
FR0072	May 15, 2036	-	-
FR0074	August 15, 2032	August 15, 2032	-
FR0075	May 15, 2038	May 15, 2038	-
FR0077	May 15, 2024	-	-

(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.1. Government Bonds (continued)

Information regarding interest rates and maturity dates are as follows (continued):

	Maturity Date		
	December 31, 2018	**December 31, 2017**	**December 31, 2016**
Fair value through profit or loss (continued)			
Rupiah (continued)			
Sharia Government Treasury Bills	Various	-	-
Foreign currencies			
Republic of Indonesia Bonds			
RI0827	January 8, 2027	-	-
RI0123	-	January 11, 2023	-
Available-for-sale			
Rupiah			
Fixed Rate			
FR0035	June 15, 2022	June 15, 2022	June 15, 2022
FR0052	August 15, 2030	August 15, 2030	August 15, 2030
FR0053	July 15, 2021	July 15, 2021	July 15, 2021
FR0059	May 15, 2027	May 15, 2027	May 15, 2027
FR0061	May 15, 2022	May 15, 2022	May 15, 2022
FR0063	May 15, 2023	May 15, 2023	May 15, 2023
FR0064	May 15, 2028	May 15, 2028	May 15, 2028
FR0065	May 15, 2033	May 15, 2033	May 15, 2033
FR0069	April 15, 2019	April 15, 2019	April 15, 2019
FR0074	August 15, 2032	August 15, 2032	August 15, 2032
Sukuk Government Bonds			
PBS004	February 15, 2037	February 15, 2037	February 15, 2037
PBS006	September 15, 2020	September 15, 2020	September 15, 2020
PBS011	August 15, 2023	August 15, 2023	August 15, 2023
PBS012	November 15, 2031	November 15, 2031	November 15, 2031
PBS013	May 15, 2019	May 15, 2019	May 15, 2019
PBS014	May 15, 2021	May 15, 2021	May 15, 2021
PBS016	March 15, 2020	-	-
PBS017	October 15, 2025	-	-
SR008	March 10, 2019	March 10, 2019	March 10, 2019
SR009	March 10, 2020	March 10, 2020	March 10, 2020
Government Treasury Bills	Various	Various	Various
Sharia Government Treasury Bills	Various	Various	Various
Republic of Indonesia Bonds			
ORI013	October 15, 2019	October 15, 2019	October 15, 2019
ORI014	October 15, 2020	October 15, 2020	October 15, 2020
Foreign currencies			
United States Dollar Fixed Rate			
RI0125	January 15, 2025	January 15, 2025	January 15, 2025
RI0126	January 8, 2026	January 8, 2026	January 8, 2026
RI0319	March 4, 2019	March 4, 2019	March 4, 2019
RI0320	March 13, 2020	March 13, 2020	March 13, 2020
RI0422	April 25, 2022	April 25, 2022	April 25, 2022
RI0423	April 15, 2023	April 15, 2023	April 15, 2023
RI0521	May 5, 2021	May 5, 2021	May 5, 2021
RI1023	October 17, 2023	October 17, 2023	October 17, 2023
RI0822	-	January 8, 2022	January 8, 2022
RI1320	-	March 13, 2020	March 13, 2020

(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.1. Government Bonds (continued)

Information regarding interest rates and maturity dates are as follows (continued):

	Maturity Date		
	December 31, 2018	**December 31, 2017**	**December 31, 2016**
Availble-for-sale (continued)			
Foreign currencies (continued)			
Sukuk Government Bonds			
INDOIS 19S	March 15, 2019	March 15, 2019	March 15, 2019
INDOIS 21	March 31, 2021	March 31, 2021	March 31, 2021
INDOIS 21A	March 29, 2021	March 29, 2021	March 29, 2021
INDOIS 22	March 29, 2022	March 29, 2022	March 29, 2022
INDOIS 22 SL	November 21, 2022	November 21, 2022	November 21, 2022
INDOIS 24	September 10, 2024	September 10, 2024	September 10, 2024
INDOIS 25	May 28, 2025	May 28, 2025	May 28, 2025
INDOIS 26	March 29, 2026	March 29, 2026	March 29, 2026
INDOIS 27 SL	March 29, 2027	-	-
INDOIS 18	-	November 21, 2018	November 21, 2018
European Euro Government Bonds			
RIEUR0721	July 8, 2021	July 8, 2021	July 8, 2021
RIEUR0724	July 18, 2024	July 18, 2024	-
RIEUR0725	July 30, 2025	July 30, 2025	July 30, 2025
RIEUR0623	-	June 14, 2023	June 14, 2023
U.S. Treasury Bonds	Various	Various	Various
Singapore Government Securities			
SIGB 060126	June 1, 2026	June 1, 2026	June 1, 2026
Held-to-maturity			
Rupiah			
Fixed Rate			
FR0034	June 15, 2021	June 15, 2021	June 15, 2021
FR0039	August 15, 2023	August 15, 2023	August 15, 2023
FR0040	September 15, 2025	September 15, 2025	September 15, 2025
FR0042	July 15, 2027	July 15, 2027	July 15, 2027
FR0043	July 15, 2022	July 15, 2022	July 15, 2022
FR0044	September 15, 2024	September 15, 2024	September 15, 2024
FR0045	May 15, 2037	May 15, 2037	May 15, 2037
FR0046	July 15, 2023	July 15, 2023	July 15, 2023
FR0047	February 15, 2028	February 15, 2028	February 15, 2028
FR0038	-	August 15, 2018	August 15, 2018
Sukuk Government Bonds			
SR008	March 10, 2019	March 10, 2019	March 10, 2019
PBS004	February 15, 2037	February 15, 2037	February 15, 2037
PBS005	April 15, 2043	April 15, 2043	April 15, 2043
PBS006	September 15, 2020	September 15, 2020	September 15, 2020
PBS007	September 15, 2040	September 15, 2040	September 15, 2040
PBS011	August 15, 2023	August 15, 2023	August 15, 2023
PBS014	May 15, 2021	May 15, 2021	May 15, 2021
IFR0006	March 15, 2030	March 15, 2030	March 15, 2030
IFR0007	January 15, 2025	January 15, 2025	January 15, 2025
IFR0010	February 15, 2036	February 15, 2036	February 15, 2036
Sharia Government Treasury Bills	Various	Various	Various
Republic of Indonesia Bonds			
ORI013	October 15, 2019	October 15, 2019	October 15, 2019
ORI012	-	October 15, 2018	October 15, 2018

(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.1. Government Bonds (continued)

Information regarding interest rates and maturity dates are as follows (continued):

	Maturity Date		
	December 31, 2018	**December 31, 2017**	**December 31, 2016**
Held-to-maturity (continued)			
Foreign currencies			
Sukuk Government Bonds			
INDOIS 19	March 15, 2019	March 15, 2019	March 15, 2019
INDOIS 19S	March 15, 2019	March 15, 2019	March 15, 2019
INDOIS 21	March 31, 2021	March 31, 2021	March 31, 2021
INDOIS 21A	March 29, 2021	March 29, 2021	March 29, 2021
INDOIS 22	November 21, 2022	November 21, 2022	November 21, 2022
INDOIS 24	September 10, 2024	September 10, 2024	September 10, 2024
INDOIS 25	May 28, 2025	May 28, 2025	May 28, 2025
INDOIS 26	March 29, 2026	March 29, 2026	March 29, 2026
INDOIS 18	-	November 21, 2018	November 21, 2018
United States Dollar Fixed Rate			
RI0124	January 15, 2024	January 15, 2024	January 15, 2024
RI0125	January 15, 2025	January 15, 2025	January 15, 2025
RI0126	January 8, 2026	January 8, 2026	January 8, 2026
RI0237	February 17, 2037	February 17, 2037	February 17, 2037
RI0319	March 4, 2019	March 4, 2019	-
RI0320	March 13, 2020	March 13, 2020	March 13, 2020
RI0422	April 25, 2022	April 25, 2022	April 25, 2022
RI0521	May 5, 2021	May 5, 2021	May 5, 2021
RI1023	October 17, 2023	October 17, 2023	October 17, 2023
RI190304	March 4, 2019	March 4, 2019	March 4, 2019
USDFR0002	June 24, 2026	June 24, 2026	June 24, 2026
European Euro Government Bonds			
RIEUR0721	July 8, 2021	July 8, 2021	July 8, 2021
RIEUR0725	July 30, 2025	July 30, 2025	July 30, 2025
RIEUR0623	June 14, 2023	June 14, 2023	June 14, 2023

The market values of Government bonds classified as “Fair Value through Profit or Loss” and “Available-for-Sale” ranged from 91.60% to 134.25%, 84.99% to 149.63% and 74.48% to 135.63% as of December 31, 2018, 2017 and 2016, respectively.

(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.2. Bonds

	Fair Value/Carrying Value		
	December 31, 2018	December 31, 2017	December 31, 2016
Fair value through profit or loss			
Third parties			
Rupiah			
PT Indosat Tbk	12,018	3,120	5,103
PT Medco Energi Internasional Tbk	7,139	7,491	10,160
PT XL Axiata Tbk	5,020	-	-
PT Summarecon Agung Tbk	2,036	2,639	2,597
Others	-	22,583	36,556
	26,213	35,833	54,416
Related parties (Note 44)			
Rupiah			
PT Sarana Multigriya Finansial (Persero)	68,315	-	-
PT Pegadaian (Persero)	19,742	-	-
Lembaga Pembiayaan Ekspor Indonesia	9,870	-	-
PT Perusahaan Listrik Negara (Persero)	4,629	4,912	1,812
Others	-	30,633	8,517
	102,556	35,545	10,329
	128,769	71,378	64,745
Available-for-sale			
Third parties			
Rupiah			
PT Adira Dinamika Multi Finance Tbk	463,748	294,642	106,133
PT Bank OCBC NISP Tbk	382,478	404,543	246,165
PT Bank Pan Indonesia Tbk	337,141	264,344	243,247
PT Indosat Tbk	264,262	-	51,673
PT Bank CIMB Niaga Tbk	243,432	274,488	129,375
PT Astra Sedaya Finance	191,414	232,123	365,786
PT Bank Maybank Indonesia Tbk	163,428	76,516	146,727
PT BFI Finance Indonesia Tbk	144,083	-	-
PT Bank UOB Indonesia	125,656	156,774	132,589
PT Maybank Indonesia Finance	119,362	187,393	35,581
Others	934,214	1,103,492	683,963
	3,369,218	2,994,315	2,141,239
Foreign currencies			
Alibaba Group Holding Ltd.	70,490	69,971	66,622
Oversea-Chinese Banking Corporation	58,120	56,307	54,283
Xerox Corporation	35,200	40,117	38,655
Province of Ontario	15,704	12,987	12,978
Citigroup Inc.	12,117	10,164	9,792
Bank of America	10,457	10,245	9,786
Wells Fargo & Company	10,071	9,774	9,669
The Federal Home Loan Mortgage Corporation	8,822	8,436	28,859
JP Morgan Chase Bank, N.A.	8,695	80,834	105,320
Verizon	7,924	8,034	6,857
Others	114,457	137,558	464,358
	352,057	444,427	807,179

(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.2. Bonds (continued)

	Fair Value/Carrying Value		
	December 31, 2018	**December 31, 2017**	**December 31, 2016**
Available-for-sale (continued)			
Related parties (Note 44)			
Rupiah			
Lembaga Pembiayaan Ekspor Indonesia	1,360,765	1,126,131	535,518
PT Bank Tabungan Negara (Persero) Tbk	746,852	783,305	349,854
PT Sarana Multigriya Finansial (Persero)	744,313	450,181	157,814
PT Bank Mandiri (Persero) Tbk	707,878	682,133	48,979
PT Bank Negara Indonesia (Persero) Tbk	426,530	461,890	-
PT Pegadaian (Persero)	360,295	299,507	105,224
PT Perusahaan Listrik Negara (Persero)	339,471	280,192	144,717
PT Indonesia Power	313,101	383,547	-
PT Waskita Karya (Persero) Tbk	298,701	202,223	287,893
PT Mandiri Tunas Finance	234,795	187,700	139,510
Others	1,070,342	1,222,094	639,052
	6,603,043	6,078,903	2,408,561
Foreign currencies			
PT Perusahaan Listrik Negara (Persero)	363,151	237,779	146,181
PT Pertamina (Persero)	354,250	352,610	257,029
PT Pelabuhan Indonesia III (Persero)	105,965	36,918	100,613
PT Perusahaan Gas Negara (Persero) Tbk	78,719	79,766	100,658
PT Pelabuhan Indonesia II (Persero)	13,553	13,873	209,527
Others	-	-	614,890
	915,638	720,946	1,428,898
	11,239,956	10,238,591	6,785,877
Held-to-maturity			
Third parties			
Rupiah			
PT Bank Pan Indonesia Tbk	185,339	185,441	147,385
PT Bank Maybank Indonesia Tbk	125,000	75,000	199,713
PT Indosat Tbk	110,304	114,009	118,855
PT Bank OCBC NISP Tbk	85,008	145,046	145,157
PT Indonesia Infrastructure Finance	50,000	49,998	50,000
PT Bank UOB Indonesia	40,114	85,242	85,369
PT Toyota Astra Financial Services	33,000	32,998	33,000
PT Global Mediacom Tbk	26,888	-	-
PT BPD Jawa Tengah	25,000	-	-
PT Astra Sedaya Finance	24,000	28,020	39,221
Others	49,779	467,199	625,630
	754,432	1,182,953	1,444,330
Related parties (Note 44)			
Rupiah			
PT Pupuk Indonesia (Persero)	940,084	940,237	116,011
PT Bank Tabungan Negara (Persero) Tbk	471,344	506,341	506,239
Lembaga Pembiayaan Ekspor Indonesia	315,112	260,186	308,272
PT Pegadaian (Persero)	254,092	328,125	464,436
PT Telekomunikasi Indonesia (Persero) Tbk	236,899	237,256	231,282
PT Angkasa Pura I (Persero)	100,000	100,000	100,000
PT Sarana Multigriya Finansial (Persero)	100,000	30,000	138,766
PT Jasa Marga (Persero) Tbk	98,474	58,331	172,418
PT Aneka Tambang (Persero) Tbk	75,000	95,000	95,000
PT Perusahaan Listrik Negara (Persero)	53,859	66,947	105,008
Others	140,471	404,667	330,557
	2,785,335	3,027,090	2,567,989

(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.2. Bonds (continued)

	Fair Value/Carrying Value		
	December 31, 2018	**December 31, 2017**	**December 31, 2016**
Held-to-maturity (continued)			
Related parties (Note 44) (continued)			
Foreign currencies			
PT Perusahaan Listrik Negara (Persero)	221,739	55,314	62,902
PT Perusahaan Gas Negara (Persero) Tbk	57,081	53,727	52,148
PT Pelabuhan Indonesia II (Persero)	37,495	35,126	33,863
PT Pertamina (Persero)	30,571	28,646	34,514
PT Pelabuhan Indonesia III (Persero)	23,029	21,811	21,353
Others	-	-	534,470
	369,915	194,624	739,250
	3,909,682	4,404,667	4,751,569
Total	**15,278,407**	**14,714,636**	**11,602,191**

Information regarding interest rates, maturity dates and ratings are as follows:

	Annual Interest Rate (%)		
	December 31, 2018	**December 31, 2017**	**December 31, 2016**
Fair value through profit and loss			
Third Parties			
Rupiah			
PT Indosat Tbk			
Berkelanjutan I Phase I Year 2014 Series B	10.30	10.30	-
Berkelanjutan II Phase III Year 2018 Series E	8.70	-	-
PT Medco Energi Internasional Tbk			
Berkelanjutan II Phase I Year 2016 Series B	11.30	11.30	11.30
PT XL Axiata Tbk			
Sukuk *Ijarah Berkelanjutan* II Phase I Year 2018 Series A	8.25	-	-
PT Summarecon Agung Tbk			
Sukuk *Ijarah Berkelanjutan* I Phase II Year 2014	11.50	11.50	11.50
Related Parties (Note 44)			
Rupiah			
PT Sarana Multigriya Finansial (Persero)			
Berkelanjutan III Phase VI Year 2016	8.60	-	-
Berkelanjutan IV Phase III Year 2018 Series B	6.85	-	-
PT Pegadaian (Persero)			
Berkelanjutan III Phase I Year 2017 Series B	7.40	-	-
Lembaga Pembiayaan Ekspor Indonesia			
Berkelanjutan III Phase V Year 2017 Series A	7.60	-	-
PT Perusahaan Listrik Negara (Persero)			
Sukuk *Ijarah* V Year 2010 Series B	10.40	10.40	10.40
Sukuk *Ijarah Berkelanjutan* I Phase I Year 2013	8.00	8.00	8.00
Sukuk *Ijarah Berkelanjutan* II Phase II Year 2017 Series C	8.70	8.70	-

(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.2. Bonds (continued)

Information regarding interest rates, maturity dates and ratings are as follows (continued):

	Annual Interest Rate (%)		
	December 31, 2018	**December 31, 2017**	**December 31, 2016**
Available-for-sale			
Third Parties			
Rupiah			
PT Adira Dinamika Multi Finance Tbk			
Berkelanjutan III Phase I Year 2015 Series B	10.25	10.25	10.25
Berkelanjutan III Phase II Year 2015 Series C	10.25	10.25	10.25
Berkelanjutan III Phase IV Year 2016 Series B	8.75	8.75	8.75
Berkelanjutan III Phase V Year 2017 Series B	8.60	8.60	-
Berkelanjutan III Phase V Year 2017 Series C	8.90	8.90	-
Berkelanjutan III Phase VI Year 2017 Series B	8.10	8.10	-
Berkelanjutan III Phase VI Year 2017 Series C	8.40	-	-
Berkelanjutan IV Phase I Year 2017 Series B	7.45	-	-
Berkelanjutan IV Phase I Year 2017 Series C	7.55	7.55	-
Berkelanjutan IV Phase II Year 2018 Series D	7.50	-	-
Berkelanjutan IV Phase III Year 2018 Series C	8.50	-	-
Berkelanjutan IV Phase III Year 2018 Series D	9.00	-	-
PT Bank OCBC NISP Tbk			
Berkelanjutan II Phase I Year 2016 Series C	8.25	8.25	8.25
Berkelanjutan II Phase II Year 2017 Series C	7.70	7.70	-
Berkelanjutan II Phase IV Year 2018 Series A	6.00	-	-
Berkelanjutan II Phase IV Year 2018 Series B	6.90	-	-
PT Bank Pan Indonesia Tbk			
Berkelanjutan II Phase I Year 2016	9.15	9.15	9.15
Berkelanjutan II Phase II Year 2016	8.75	8.75	8.75
Berkelanjutan II Phase III Year 2018	7.60	-	-
PT Indosat Tbk			
Indosat VIII Year 2012 Series A	8.63	8.63	-
Indosat VIII Year 2012 Series B	8.88	8.88	8.88
Berkelanjutan I Phase I Year 2014 Series B	10.30	10.30	-
Berkelanjutan I Phase III Year 2015 Series B	10.25	-	-
Berkelanjutan I Phase III Year 2015 Series D	11.20	11.20	11.20
Berkelanjutan II Phase II Year 2017 Series E	8.65	-	-
Berkelanjutan II Phase III Year 2018 Series C	7.65	-	-
Berkelanjutan II Phase III Year 2018 Series E	8.70	-	-
Sukuk *Ijarah Berkelanjutan* I Phase I Year 2014 Series B	10.30	10.30	10.30
Sukuk *Ijarah Berkelanjutan* I Phase I Year 2014 Series C	10.50	10.50	10.50
PT Bank CIMB Niaga Tbk			
Berkelanjutan II Phase I Year 2016 Series C	8.25	8.25	8.25
Berkelanjutan II Phase II Year 2017 Series B	7.70	7.70	-
Berkelanjutan II Phase II Year 2017 Series C	8.15	8.15	-
Berkelanjutan II Phase III Year 2017 Series C	7.75	7.75	-
Sukuk *Mudharabah Berkelanjutan* I Phase I Year 2018 Series B	9.25	-	-
PT Astra Sedaya Finance			
Berkelanjutan III Phase I Year 2016 Series B	8.50	8.50	8.50
Berkelanjutan III Phase II Year 2016 Series B	7.95	7.95	-
Berkelanjutan III Phase III Year 2017 Series B	8.50	8.50	-
Berkelanjutan III Phase III Year 2017 Series C	8.75	8.75	-
Berkelanjutan III Phase IV Year 2017 Series B	7.50	7.50	-
Berkelanjutan IV Phase I Year 2018 Series B	7.50	-	-

(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.2. Bonds (continued)

Information regarding interest rates, maturity dates and ratings are as follows (continued):

	Annual Interest Rate (%)		
	December 31, 2018	**December 31, 2017**	**December 31, 2016**
Available-for-sale (continued)			
Third parties (continued)			
Rupiah (continued)			
PT Bank Maybank Indonesia Tbk			
Sukuk *Mudharabah Berkelanjutan* I Phase II Year 2016	8.25	-	8.25
Berkelanjutan II Phase II Year 2017 Series A	8.00	-	-
Berkelanjutan II Phase II Year 2018	7.15	-	-
PT BFI Finance Indonesia			
Berkelanjutan III Phase III Year 2017 Series B	7.25	-	-
Berkelanjutan IV Phase I Year 2018 Series B	7.75	-	-
PT Bank UOB Indonesia			
Phase I Year 2015 Series C	9.60	9.60	9.60
Berkelanjutan I Phase I Year 2016 Series B	8.00	8.00	-
Berkelanjutan I Phase I Year 2016 Series C	8.25	8.25	8.25
Berkelanjutan I Phase II Year 2018 Series A	6.15	-	-
PT Maybank Indonesia Finance			
Berkelanjutan I Phase II Year 2016 Series A	9.10	-	-
Berkelanjutan I Phase III Year 2016 Series A	8.30	8.30	-
Berkelanjutan II Phase IV Year 2017 Series B	7.90	-	-
Berkelanjutan II Phase I Year 2018 Series A	7.75	-	-
Foreign currencies			
Alibaba Group Holding Ltd.	3.60	3.60	3.60
Oversea-Chinese Banking Corporation	4.25	4.25	4.25
Xerox Corporation	3.80	3.80	3.80
Province of Ontario	4.40	4.40	4.40
Citigroup Inc.			
Citigroup Inc.	3.52	-	-
Citigroup Inc.	2.65	2.65	2.65
Citigroup Inc.	3.75	3.75	3.75
Bank of America			
Bank of America	3.30	3.30	3.30
Bank of America	3.00	3.00	3.00
Bank of America	3.50	3.50	3.50
Wells Fargo & Company			
Wells Fargo & Company	2.60	2.60	2.60
Wells Fargo & Company	3.50	3.50	3.50
The Federal Home Loan Mortgage Corporation	2.38	2.38	2.38
JP Morgan Chase Bank, N.A.			
JP Morgan Chase Bank, N.A.	4.95	4.95	-
JP Morgan Chase Bank, N.A.	3.20	3.20	-
Verizon			
Verizon	3.38	3.38	3.38
Verizon	4.33	4.33	4.33

(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.2. Bonds (continued)

Information regarding interest rates, maturity dates and ratings are as follows (continued):

	Annual Interest Rate (%)		
	December 31, 2018	**December 31, 2017**	**December 31, 2016**
Available-for-sale (continued)			
Related Parties (Note 44)			
Rupiah			
Lembaga Pembiayaan Ekspor Indonesia			
Berkelanjutan II Phase I Year 2014 Series D	9.75	9.75	9.75
Berkelanjutan II Phase V Year 2015 Series C	9.50	9.50	9.50
Berkelanjutan II Phase VI Year 2015 Series C	9.50	9.50	9.50
Berkelanjutan II Phase VII Year 2016 Series B	9.25	9.25	9.25
Berkelanjutan II Phase VII Year 2016 Series C	9.60	9.60	9.60
Berkelanjutan III Phase I Year 2016 Series B	8.20	8.20	8.20
Berkelanjutan III Phase I Year 2016 Series C	8.70	8.70	8.70
Berkelanjutan III Phase II Year 2016 Series B	7.95	7.95	-
Berkelanjutan III Phase III Year 2016 Series B	7.85	7.85	-
Berkelanjutan III Phase III Year 2016 Series C	8.20	8.20	-
Berkelanjutan III Phase III Year 2016 Series D	8.50	8.50	8.50
Berkelanjutan III Phase IV Year 2017 Series B	8.40	8.40	-
Berkelanjutan III Phase IV Year 2017 Series C	8.90	8.90	-
Berkelanjutan III Phase V Year 2017 Series B	7.90	-	-
Berkelanjutan III Phase V Year 2017 Series C	8.25	8.25	-
Berkelanjutan III Phase VI Year 2018 Series B	6.70	-	-
Berkelanjutan IV Phase II Year 2018 Series A	7.00	-	-
Berkelanjutan IV Phase III Year 2018 Series A	8.25	-	-
Berkelanjutan IV Phase II Year 2018 Series B	7.50	-	-
Berkelanjutan IV Phase II Year 2018 Series C	8.40	-	-
Sukuk *Mudharabah Berkelanjutan* I Phase II Year 2018 Series B	8.75	-	-
PT Bank Tabungan Negara (Persero) Tbk			
Phase XIV Year 2010	10.25	10.25	10.25
Phase XV Year 2011	9.50	-	-
Berkelanjutan I Phase II Year 2013	7.90	7.90	7.90
Berkelanjutan II Phase I Year 2015 Series B	9.88	9.88	9.88
Berkelanjutan II Phase I Year 2015 Series C	10.00	10.00	10.00
Berkelanjutan II Phase II Year 2016 Series A	8.20	8.20	8.20
Berkelanjutan II Phase II Year 2016 Series B	8.75	8.75	8.75
Berkelanjutan III Phase I Year 2017 Series A	8.30	8.30	-
Berkelanjutan III Phase I Year 2017 Series B	8.50	8.50	-
PT Sarana Multigriya Finansial (Persero)			
Berkelanjutan III Phase IV Year 2016 Series B	9.13	-	9.13
Berkelanjutan III Phase V Year 2016 Series B	8.20	-	8.20
Berkelanjutan III Phase VI Year 2016	8.60	8.60	8.60
Berkelanjutan III Phase VII Year 2017 Series B	8.40	8.40	-
Berkelanjutan IV Phase I Year 2017 Series B	7.80	7.80	-
Berkelanjutan IV Phase II Year 2017 Series B	7.25	-	-
Berkelanjutan IV Phase III Year 2018 Series B	6.85	-	-
Berkelanjutan IV Phase IV Year 2018 Series B	6.95	-	-
Berkelanjutan IV Phase VI Year 2018 Series A	8.25	-	-
PT Bank Mandiri (Persero) Tbk			
Berkelanjutan I Phase I Year 2016 Series A	7.95	7.95	7.95
Berkelanjutan I Phase II Year 2017 Series A	8.00	8.00	-
Berkelanjutan I Phase II Year 2017 Series B	8.50	8.50	-
Berkelanjutan I Phase III Year 2018 Series A	8.50	-	-
PT Bank Negara Indonesia (Persero) Tbk			
Berkelanjutan I Phase I Year 2017	8.00	8.00	-

(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.2. Bonds (continued)

Information regarding interest rates, maturity dates and ratings are as follows (continued):

	Annual Interest Rate (%)		
	December 31, 2018	**December 31, 2017**	**December 31, 2016**
Available-for-sale (continued)			
Related Parties (Note 44) (continued)			
Rupiah (continued)			
PT Pegadaian (Persero)			
Berkelanjutan I Phase I Year 2011 Series C	9.00	-	-
Berkelanjutan I Phase II Year 2012 Series D	7.75	7.75	7.75
Berkelanjutan II Phase I Year 2013 Series D	8.00	8.00	8.00
Berkelanjutan II Phase III Year 2015 Series C	9.50	9.50	9.50
Berkelanjutan III Phase I Year 2017 Series B	7.40	7.40	-
Berkelanjutan III Phase I Year 2017 Series C	7.70	7.70	-
Berkelanjutan III Phase II Year 2018 Series B	6.90	-	-
Berkelanjutan III Phase II Year 2018 Series C	7.10	-	-
PT Perusahaan Listrik Negara (Persero)			
Phase XI Year 2010 Series B	12.55	-	12.55
Phase XII Year 2010 Series B	10.40	-	10.40
Berkelanjutan I Phase I Year 2013 Series A	8.00	-	8.00
Berkelanjutan I Phase I Year 2013 Series B	8.25	-	-
Berkelanjutan I Phase II Year 2013 Series B	9.60	-	9.60
Berkelanjutan II Phase II Year 2017 Series C	8.20	8.20	-
Berkelanjutan II Phase II Year 2017 Series D	8.70	-	-
Berkelanjutan II Phase III Year 2018 Series C	7.25	-	-
Berkelanjutan II Phase III Year 2018 Series E	8.75	-	-
Berkelanjutan III Phase II Year 2018 Series B	9.00	-	-
Sukuk *Ijarah Berkelanjutan* I Phase I Year 2013	8.00	-	8.00
Sukuk *Ijarah Berkelanjutan* I Phase II Year 2013 Series B	9.60	-	9.60
Sukuk *Ijarah Berkelanjutan* II Phase I Year 2017 Series A	7.70	-	-
Sukuk *Ijarah Berkelanjutan* II Phase III Year 2018 Series B	7.25	-	-
Sukuk *Ijarah Berkelanjutan* III Phase II Year 2018 Series B	9.00	-	-
PT Indonesia Power			
Eba Danareksa I Year 2017 Kelas A	8.02	8.02	-
PT Waskita Karya (Persero) Tbk			
Berkelanjutan I Phase II Year 2015 Series B	11.10	-	-
Berkelanjutan II Phase I Year 2016	9.25	-	-
Berkelanjutan II Phase II Year 2016	8.50	-	-
Berkelanjutan II Phase III Year 2017 Series B	9.00	-	-
Berkelanjutan III Phase I Year 2017 Series A	8.00	-	-
Berkelanjutan III Phase I Year 2017 Series B	8.50	-	-
PT Mandiri Tunas Finance			
Berkelanjutan II Phase II Year 2016 Series A	8.95	8.95	8.95
Berkelanjutan II Phase II Year 2016 Series B	9.25	9.25	9.25
Berkelanjutan III Phase I Year 2016 Series A	8.20	-	-
Berkelanjutan III Phase II Year 2017 Series A	8.50	8.50	8.50
Foreign currencies			
PT Perusahaan Listrik Negara (Persero)			
Year 2021	5.50	5.50	5.50
Year 2027	4.13	4.13	-
Year 2028	5.45	-	-
PT Pertamina (Persero)			
Year 2021	5.25	5.25	5.25
Year 2022	4.88	4.88	4.88
Year 2023	5.25	5.25	5.25

(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.2. Bonds (continued)

Information regarding interest rates, maturity dates and ratings are as follows (continued):

	Annual Interest Rate (%)		
	December 31, 2018	**December 31, 2017**	**December 31, 2016**
Available-for-sale (continued)			
Related Parties (Note 44) (continued)			
Foreign currencies (currencies)			
PT Pelabuhan Indonesia III (Persero)			
Year 2023	4.50	-	-
Year 2024	4.88	4.88	4.88
PT Perusahaan Gas Negara (Persero) Tbk			
Year 2024	5.13	5.13	5.13
PT Pelabuhan Indonesia II (Persero)			
Year 2025	4.25	4.25	4.25
Held-to-maturity			
Third parties			
Rupiah			
PT Bank Pan Indonesia Tbk			
Berkelanjutan II Phase I Year 2016	9.15	9.15	9.15
Berkelanjutan II Phase II Year 2016	8.75	8.75	-
PT Bank Maybank Indonesia Tbk			
Sukuk *Mudharabah Berkelanjutan* I Phase II Year 2016	8.25	8.25	8.25
PT Indosat Tbk			
Phase VIII Year 2012 Series B	8.88	8.88	8.88
Sukuk *Ijarah* Indosat V Year 2012	8.63	8.63	8.63
Sukuk *Ijarah Berkelanjutan* I Phase I Year 2014 Series C	10.50	10.50	10.50
Sukuk *Ijarah Berkelanjutan* I Phase III Year 2015 Series B	11.20	11.20	11.20
PT Bank OCBC NISP Tbk			
Berkelanjutan II Phase I Year 2016 Series C	8.25	8.25	8.25
PT Indonesia Infrastructure Finance			
Phase I Year 2016 Series B	8.70	8.70	8.70
PT Bank UOB Indonesia			
Phase I Year 2015 Series C	9.60	9.60	9.60
Berkelanjutan I Phase I Year 2016 Series B	8.00	8.00	8.00
PT Toyota Astra Financial Services			
Berkelanjutan II Phase I Year 2016 Series B	8.40	8.40	8.40
PT Global Mediacom Tbk			
Year 2017 Series A	11.50	-	-
Berkelanjutan Phase II Year 2017	9.95	-	-
PT BPD Jawa Tengah			
Year 2017	8.05	-	-
PT Astra Sedaya Finance			
Berkelanjutan III Phase I Year 2016 Series B	8.50	8.50	8.50
Related parties (Note 44)			
Rupiah			
PT Pupuk Indonesia (Persero)			
Berkelanjutan I Phase II Year 2017 Series A	7.50	7.50	-
Phase I Year 2014 Series B	9.95	9.95	9.95

(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.2. Bonds (continued)

Information regarding interest rates, maturity dates and ratings are as follows (continued):

	Annual Interest Rate (%)		
	December 31, 2018	**December 31, 2017**	**December 31, 2016**
Held-to-maturity (continued)			
Related parties (Note 44) (continued)			
Rupiah (continued)			
PT Bank Tabungan Negara (Persero) Tbk			
Phase XIV Year 2010	10.25	10.25	10.25
Phase XV Year 2011	9.50	9.50	9.50
Berkelanjutan I Phase I Year 2012	7.90	7.90	7.90
Berkelanjutan I Phase II Year 2013	7.90	7.90	7.90
Berkelanjutan II Phase I Year 2015 Series B	9.88	9.88	9.88
Berkelanjutan II Phase I Year 2015 Series C	10.00	10.00	10.00
Berkelanjutan II Phase II Year 2016 Series A	8.20	8.20	8.20
Berkelanjutan II Phase II Year 2016 Series B	8.75	8.75	8.75
Lembaga Pembiayaan Ekspor Indonesia			
Berkelanjutan II Phase III Year 2014 Series C	9.75	9.75	9.75
Berkelanjutan II Phase VI Year 2015 Series C	9.50	9.50	9.50
Berkelanjutan II Phase V Year 2015 Series C	9.50	9.50	9.50
Berkelanjutan III Phase VI Year 2018 Series C	6.90	-	-
Berkelanjutan IV Phase III Year 2018 Series A	8.25	-	-
Berkelanjutan IV Phase III Year 2018 Series B	8.75	-	-
PT Pegadaian (Persero)			
Berkelanjutan I Phase I Year 2011 Series C	9.00	9.00	9.00
Berkelanjutan I Phase II Year 2012 Series D	7.75	7.75	7.75
Berkelanjutan II Phase II Year 2014 Series C	9.75	9.75	9.75
Berkelanjutan II Phase III Year 2015 Series C	9.50	9.50	9.50
Obligasi XIII Year 2009 Series C	12.88	12.88	12.88
PT Telekomunikasi Indonesia (Persero) Tbk			
Berkelanjutan I Phase I Year 2015 Series A	9.93	9.93	9.93
Berkelanjutan I Phase I Year 2015 Series D	11.00	11.00	11.00
Obligasi II Year 2010 Series B	10.00	10.20	10.20
PT Angkasa Pura I (Persero)			
Sukuk *Ijarah* Angkasa Pura I Year 2016 Series A	8.10	8.10	8.10
PT Sarana Multigriya Finansial (Persero)			
Year 2017	7.50	-	-
PT Jasa Marga (Persero) Tbk			
Berkelanjutan I Phase II Year 2014 Series T	9.85	-	-
Phase XIV Year 2010 Series JM-10	9.35	-	-
PT Aneka Tambang (Persero) Tbk			
Berkelanjutan I Year 2011 Series B	9.05	9.05	9.05
PT Perusahaan Listrik Negara (Persero)			
Berkelanjutan I Phase I Year 2013 Series B	8.25	8.25	8.25
Phase VIII Year 2006 Series B	13.75	13.75	13.75
Phase IX Year 2007 Series B	10.90	10.90	10.90
Phase XI Year 2010 Series B	12.55	12.55	12.55
Phase XII Year 2010 Series B	10.40	10.40	10.40
Sukuk *Ijarah* Phase IV	12.55	12.55	12.55
Sukuk *Ijarah* Phase V Year 2010 Series B	10.40	10.40	10.40
Sukuk *Ijarah Berkelanjutan* I Phase I Year 2013	8.00	8.00	8.00
Sukuk *Ijarah Berkelanjutan* I Phase II Year 2013 Series B	9.60	9.60	9.60
Sukuk *Ijarah Berkelanjutan* II Phase I Year 2017 Series B	8.50	8.50	-
Sukuk *Ijarah Berkelanjutan* II Phase III Year 2018 Series A	6.50	-	-
Sukuk *Ijarah Berkelanjutan* III Phase II Year 2018 Series B	9.00	-	-

(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.2. Bonds (continued)

Information regarding interest rates, maturity dates and ratings are as follows (continued):

	Annual Interest Rate (%)		
	December 31, 2018	**December 31, 2017**	**December 31, 2016**
Held-to-maturity (continued)			
Related parties (Note 44) (continued)			
Foreign currencies			
PT Perusahaan Listrik Negara (Persero)			
Year 2020	7.75	7.75	7.75
Year 2021	5.50	5.50	5.50
Year 2029	5.38	-	-
PT Perusahaan Gas Negara (Persero) Tbk			
Year 2024	5.13	5.13	5.13
PT Pelabuhan Indonesia II (Persero)			
Year 2025	4.25	4.25	4.25
PT Pertamina (Persero)			
Year 2023	4.30	4.30	4.30
PT Pelabuhan Indonesia III (Persero)			
Year 2024	4.88	4.88	4.88

	Maturity Date		
	December 31, 2018	**December 31, 2017**	**December 31, 2016**
Fair value through profit and loss			
Third Parties			
Rupiah			
PT Indosat Tbk			
Berkelanjutan I Phase I Year 2014 Series B	December 12, 2019	December 12, 2019	-
Berkelanjutan II Phase III Year 2018 Series E	May 3, 2028	-	-
PT Medco Energi International Tbk			
Berkelanjutan II Phase I Year 2016 Series B	July 15, 2021	July 15, 2021	July 15, 2021
PT XL Axiata Tbk			
Sukuk Ijarah *Berkelanjutan* II Phase I Year 2018 Series A	October 26, 2019	-	-
PT Summarecon Agung Tbk			
Sukuk *Ijarah Berkelanjutan* I Phase II Year 2014	October 10, 2019	October 10, 2019	October 10, 2019
Related parties (Note 44)			
Rupiah			
PT Sarana Multigriya Finansial (Persero)			
Berkelanjutan III Phase VI Year 2016	September 27, 2021	-	-
Berkelanjutan IV Phase III Year 2018 Series B	February 20, 2021	-	-
PT Pegadaian (Persero)			
Berkelanjutan III Phase I Year 2017 Series B	October 3, 2020	-	-
Lembaga Pembiayaan Ekspor Indonesia			
Berkelanjutan III Phase V Year 2017 Series A	August 15, 2020	-	-
PT Perusahaan Listrik Negara (Persero)			
Sukuk *Ijarah* V Year 2010 Series B	July 8, 2022	July 8, 2022	July 8, 2022
Sukuk *Ijarah Berkelanjutan* I Phase I Year 2013	July 5, 2020	July 5, 2020	July 5, 2020
Sukuk *Ijarah Berkelanjutan* II Phase II Year 2017 Series C	November 3, 2032	-	-

(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.2. Bonds (continued)

Information regarding interest rates, maturity dates and ratings are as follows (continued):

	Maturity Date		
	December 31, 2018	**December 31, 2017**	**December 31, 2016**
Available-for-sale			
Third parties			
Rupiah			
PT Adira Dinamika Multi Finance Tbk			
Berkelanjutan III Phase I Year 2015 Series B	June 30, 2020	June 30, 2020	June 30, 2020
Berkelanjutan III Phase II Year 2015 Series C	August 25, 2020	August 25, 2020	August 25, 2020
Berkelanjutan III Phase IV Year 2016 Series B	July 26, 2019	July 26, 2019	July 26, 2019
Berkelanjutan III Phase V Year 2017 Series B	March 22, 2020	March 22, 2020	-
Berkelanjutan III Phase V Year 2017 Series C	March 22, 2022	March 22, 2022	-
Berkelanjutan III Phase VI Year 2017 Series B	July 14, 2020	July 14, 2020	-
Berkelanjutan III Phase VI Year 2017 Series C	July 14, 2022	-	-
Berkelanjutan IV Phase I Year 2017 Series B	December 12, 2020	-	-
Berkelanjutan IV Phase I Year 2017 Series C	December 12, 2022	December 12, 2022	-
Berkelanjutan IV Phase II Year 2018 Series D	March 21, 2023	-	-
Berkelanjutan IV Phase III Year 2018 Series C	August 16, 2021	-	-
Berkelanjutan IV Phase III Year 2018 Series D	August 16, 2022	-	-
PT Bank OCBC NISP Tbk			
Berkelanjutan II Phase I Year 2016 Series C	May 11, 2019	May 11, 2019	May 11, 2019
Berkelanjutan II Phase II Year 2017 Series C	August 22, 2020	August 22, 2020	-
Berkelanjutan II Phase IV Year 2018 Series A	April 20, 2019	-	-
Berkelanjutan II Phase IV Year 2018 Series B	April 10, 2021	-	-
PT Bank Pan Indonesia Tbk			
Berkelanjutan II Phase I Year 2016	June 28, 2021	June 28, 2021	June 28, 2021
Berkelanjutan II Phase II Year 2016	October 27, 2021	October 27, 2021	October 27, 2021
Berkelanjutan II Phase III Year 2018	February 27, 2023	-	-
PT Indosat Tbk			
Phase VIII Year 2012 Series A	June 27, 2019	June 27, 2019	-
Phase VIII Year 2012 Series B	June 27, 2022	June 27, 2022	June 27, 2022
Berkelanjutan I Phase I Year 2014 Series B	December 12, 2019	December 12, 2019	-
Berkelanjutan I Phase III Year 2015 Series B	December 8, 2020	-	-
Berkelanjutan I Phase III Year 2015 Series D	December 8, 2025	December 8, 2025	December 8, 2025
Berkelanjutan II Phase II Year 2017 Series E	November 9, 2027	-	-
Berkelanjutan II Phase III Year 2018 Series C	May 3, 2023	-	-
Berkelanjutan II Phase III Year 2018 Series E	May 3, 2028	-	-
Sukuk Ijarah *Berkelanjutan* I Phase I Year 2014 Series B	December 12, 2019	December 12, 2019	December 12, 2019
Sukuk Ijarah *Berkelanjutan* I Phase I Year 2014 Series C	December 12, 2021	December 12, 2021	December 12, 2021
PT Bank CIMB Niaga Tbk			
Berkelanjutan II Phase I Year 2016 Series C	November 3, 2021	November 3, 2021	November 3, 2021
Berkelanjutan II Phase II Year 2017 Series B	August 23, 2020	August 23, 2020	-
Berkelanjutan II Phase II Year 2017 Series C	August 23, 2022	August 23, 2022	-
Berkelanjutan II Phase III Year 2017 Series C	November 2, 2022	November 2, 2022	-
Sukuk *Mudharabah Berkelanjutan* I Phase I Year 2018 Series B	November 15, 2021	-	-
PT Astra Sedaya Finance			
Berkelanjutan III Phase I Year 2016 Series B	May, 11 2019	May, 11 2019	May 11, 2019
Berkelanjutan III Phase II Year 2016 Series B	October, 18 2019	October, 18 2019	-
Berkelanjutan III Phase III Year 2017 Series B	March, 3 2020	March, 3 2020	-
Berkelanjutan III Phase III Year 2017 Series C	March, 3 2022	March, 3 2022	-
Berkelanjutan III Phase IV Year 2017 Series B	November, 2 2020	November, 2 2020	-
Berkelanjutan IV Phase I Year 2018 Series B	May, 25 2021	-	-

(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.2. Bonds (continued)

Information regarding interest rates, maturity dates and ratings are as follows (continued):

	Maturity Date		
	December 31, 2018	**December 31, 2017**	**December 31, 2016**
Available-for-sale (continued)			
Third parties (continued)			
Rupiah (continued)			
PT Bank Maybank Indonesia Tbk			
Sukuk *Mudharabah Berkelanjutan* I Phase II Year 2016	June 10, 2019	-	June 10, 2019
Berkelanjutan II Phase II Year 2017 Series A	July 11, 2022	-	-
Berkelanjutan II Phase II Year 2018	March 15, 2023	-	-
PT BFI Finance Indonesia Tbk			
Berkelanjutan III Phase III Year 2017 Series B	November 9, 2019	-	-
Berkelanjutan IV Phase I Year 2018 Series B	June 26, 2021	-	-
PT Bank UOB Indonesia			
Phase I Year 2015 Series C	April 1, 2020	April 1, 2020	April 1, 2020
Berkelanjutan I Phase I Year 2016 Series B	November 25, 2019	November 25, 2019	-
Berkelanjutan I Phase I Year 2016 Series C	June 30, 2021	June 30, 2021	June 30, 2021
Berkelanjutan I Phase II Year 2018 Series A	June 3, 2019	-	-
PT Maybank Indonesia Finance			
Berkelanjutan I Phase II Year 2016 Series A	April 13, 2019	-	-
Berkelanjutan I Phase III Year 2016 Series A	November 3, 2019	November 3, 2019	-
Berkelanjutan I Phase IV Year 2017 Series B	November 15, 2022	-	-
Berkelanjutan II Phase I Year 2018 Series A	May 17, 2021	-	-
Foreign currencies			
Alibaba Group Holding Ltd.			
Alibaba Group Holding Ltd.	November 28, 2024	November 28, 2024	November 28, 2024
Oversea-Chinese Banking Corporation			
OCBCSP 061924	June 19, 2024	June 19, 2024	June 19, 2024
Xerox Corporation			
Xerox Corporation	May 15, 2024	May 15, 2024	May 15, 2024
Province of Ontario			
Province of Ontario	April 14, 2020	April 14, 2020	April 14, 2020
Citigroup Inc.			
Citigroup Inc.	October 27, 2028	-	-
Citigroup Inc.	October 26, 2020	October 26, 2020	October 26, 2020
Citigroup Inc.	June 16, 2024	June 16, 2024	June 16, 2024
Bank of America			
Bank of America	January 11, 2023	January 11, 2023	January 11, 2023
Bank of America	December 20, 2023	December 20, 2023	December 20, 2023
Bank of America	April 19, 2026	April 19, 2026	April 19, 2026
Wells Fargo & Company			
Wells Fargo & Company	July 22, 2020	July 22, 2020	July 22, 2020
Wells Fargo & Company	March 8, 2022	March 8, 2022	March 8, 2022
The Federal Home Loan Mortgage Corporation	January 13, 2022	January 13, 2022	January 13, 2022
JP Morgan Chase Bank, N.A.			
JP Morgan Chase Bank, N.A.	March 25, 2020	March 25, 2020	-
JP Morgan Chase Bank, N.A.	June 15, 2026	June 15, 2026	-
Verizon			
Verizon	February 15, 2025	February 15, 2025	February 15, 2025
Verizon	September 21, 2028	September 21, 2028	September 21, 2028

(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.2. Bonds (continued)

Information regarding interest rates, maturity dates and ratings are as follows (continued):

	Maturity Date		
	December 31, 2018	December 31, 2017	December 31, 2016
Available-for-sale (continued)			
Related parties (Note 44)			
Rupiah			
Lembaga Pembiayaan Ekspor Indonesia			
Berkelanjutan II Phase I Year 2014 Series D	June 5,2019	June 5,2019	June 5,2019
Berkelanjutan II Phase V Year 2015 Series C	March 13, 2020	March 13, 2020	March 13, 2020
Berkelanjutan II Phase VI Year 2015 Series C	September 16, 2020	September 16, 2020	September 16, 2020
Berkelanjutan II Phase VII Year 2016 Series B	February 19, 2019	February 19, 2019	February 19, 2019
Berkelanjutan II Phase VII Year 2016 Series C	February 19, 2021	February 19, 2021	February 19, 2021
Berkelanjutan III Phase I Year 2016 Series B	June 8, 2019	June 8, 2019	June 8, 2019
Berkelanjutan III Phase I Year 2016 Series C	June 8, 2021	June 8, 2021	June 8, 2021
Berkelanjutan III Phase II Year 2016 Series B	August 25, 2019	August 25, 2019	-
Berkelanjutan III Phase III Year 2016 Series B	November 22, 2019	November 22, 2019	-
Berkelanjutan III Phase III Year 2016 Series C	November 22, 2021	November 22, 2021	-
Berkelanjutan III Phase III Year 2016 Series D	November 22, 2023	November 22, 2023	November 22, 2023
Berkelanjutan III Phase IV Year 2017 Series B	February 23, 2020	February 23, 2020	-
Berkelanjutan III Phase IV Year 2017 Series C	February 23, 2022	February 23, 2022	-
Berkelanjutan III Phase V Year 2017 Series B	August 15, 2022	-	-
Berkelanjutan III Phase V Year 2017 Series C	August 15, 2024	August 15, 2024	-
Berkelanjutan III Phase VI Year 2018 Series B	February 14, 2023	-	-
Berkelanjutan IV Phase II Year 2018 Series A	September 15, 2019	-	-
Berkelanjutan IV Phase III Year 2018 Series A	November 18, 2019	-	-
Berkelanjutan IV Phase II Year 2018 Series B	September 5, 2021	-	-
Berkelanjutan IV Phase II Year 2018 Series C	September 5, 2023	-	-
Sukuk *Mudharabah Berkelanjutan* I Phase II Year 2018 Series B	November 8, 2021	-	-
PT Bank Tabungan Negara (Persero) Tbk			
Phase XIV Year 2010	June 11, 2020	June 11, 2020	June 11, 2020
Phase XV Year 2011	June 28, 2021	-	-
Berkelanjutan I Phase II Year 2013	March 27, 2023	March 27, 2023	March 27, 2023
Berkelanjutan II Phase I Year 2015 Series B	July 8, 2020	July 8, 2020	July 8, 2020
Berkelanjutan II Phase I Year 2015 Series C	July 8, 2022	July 8, 2022	July 8, 2022
Berkelanjutan II Phase II Year 2016 Series A	August 30, 2019	August 30, 2019	August 30, 2019
Berkelanjutan II Phase II Year 2016 Series B	August 30, 2021	August 30, 2021	August 30, 2021
Berkelanjutan III Phase I Year 2017 Series A	July 13, 2020	July 13, 2020	-
Berkelanjutan III Phase I Year 2017 Series B	July 13, 2022	July 13, 2022	-
PT Sarana Multigriya Finansial (Persero)			
Berkelanjutan III Phase IV Year 2016 Series B	March 11, 2019	-	March 11, 2019
Berkelanjutan III Phase V Year 2016 Series B	June 17, 2019	-	June 17, 2019
Berkelanjutan III Phase VI Year 2016	September 27, 2021	September 27, 2021	September 27, 2021
Berkelanjutan III Phase VII Year 2017 Series B	March 2, 2020	March 2, 2020	-
Berkelanjutan IV Phase I Year 2017 Series B	June 20, 2020	June 20, 2020	-
Berkelanjutan IV Phase II Year 2017 Series B	October 13, 2020	-	-
Berkelanjutan IV Phase III Year 2018 Series B	February 20, 2021	-	-
Berkelanjutan IV Phase III Year 2018 Series C	February 20, 2023	-	-
Berkelanjutan IV Phase VI Year 2018 Series A	October 29, 2019	-	-
Berkelanjutan IV Phase VI Year 2018 Series B	May 28, 2021	-	-
PT Bank Mandiri (Persero) Tbk			
Berkelanjutan I Phase I Year 2016 Series A	September 30, 2021	September 30, 2021	September 30, 2021
Berkelanjutan I Phase II Year 2017 Series A	June 15, 2022	June 15, 2022	-
Berkelanjutan I Phase II Year 2017 Series B	June 15, 2024	June 15, 2024	-
Berkelanjutan I Phase III Year 2018 Series A	September 21, 2023	-	-
PT Bank Negara Indonesia (Persero) Tbk			
Berkelanjutan I Phase I Year 2017	July 11, 2022	July 11, 2022	-

(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.2. Bonds (continued)

Information regarding interest rates, maturity dates and ratings are as follows (continued):

	Maturity Date		
	December 31, 2018	**December 31, 2017**	**December 31, 2016**
Available-for-sale (continued)			
Related parties (Note 44)			
Rupiah			
PT Pegadaian (Persero)			
Berkelanjutan I Phase I Year 2011 Series C	October 11,2021	-	-
Berkelanjutan I Phase II Year 2012 Series D	February 14,2019	February 14,2019	February 14,2019
Berkelanjutan II Phase I Year 2013 Series D	July 9, 2020	July 9, 2020	July 9, 2020
Berkelanjutan II Phase III Year 2015 Series C	May 7, 2020	May 7, 2020	May 7, 2020
Berkelanjutan III Phase I Year 2017 Series B	October 3, 2020	October 3, 2020	-
Berkelanjutan III Phase I Year 2017 Series C	October 3, 2022	October 3, 2022	-
Berkelanjutan III Phase II Year 2018 Series B	March 16, 2021	-	-
Berkelanjutan III Phase II Year 2018 Series C	March 16, 2023	-	-
PT Perusahaan Listrik Negara (Persero)			
Phase XI Year 2010 Series B	January 12, 2020	-	January 12, 2020
Phase XII Year 2010 Series B	July 8, 2022	-	July 8, 2022
Berkelanjutan I Phase I Year 2013 Series A	July 5, 2020	-	July 5, 2020
Berkelanjutan I Phase I Year 2013 Series B	July 5, 2023	-	-
Berkelanjutan I Phase II Year 2013 Series B	December 10, 2023	-	December 10, 2023
Berkelanjutan II Phase II Year 2017 Series C	November 3, 2027	November 3, 2027	-
Berkelanjutan II Phase II Year 2017 Series D	November 3, 2032	-	-
Berkelanjutan II Phase III Year 2018 Series C	February 22, 2028	-	-
Berkelanjutan II Phase III Year 2018 Series E	February 22, 2038	-	-
Berkelanjutan III Phase II Year 2018 Series B	October 10, 2025	-	-
Sukuk *Ijarah Berkelanjutan* I Phase I Year 2013	July 5, 2020	-	July 5, 2020
Sukuk *Ijarah Berkelanjutan* I Phase II Year 2013 Series B	December 10, 2023	-	December 10, 2023
Sukuk *Ijarah Berkelanjutan* II Phase I Year 2017 Series A	July 11, 2022	-	-
Sukuk *Ijarah Berkelanjutan* II Phase III Year 2018 Series B	February 22, 2028	-	-
Sukuk *Ijarah Berkelanjutan* III Phase II Year 2018 Series B	October 10, 2025	-	-
PT Indonesia Power			
Eba Danareksa I Year 2017 Kelas A	September 19, 2022	September 19, 2022	-
PT Waskita Karya (Persero) Tbk			
Berkelanjutan I Phase II Year 2015 Series B	October 16, 2020	October 16, 2020	October 16, 2020
Berkelanjutan II Phase I Year 2016	June 10, 2019	June 10, 2019	June 10, 2019
Berkelanjutan II Phase II Year 2016	September 28, 2021	September 28, 2021	September 28, 2021
Berkelanjutan II Phase III Year 2017 Series B	February 21, 2022	-	-
Berkelanjutan III Phase I Year 2017 Series A	October 6, 2020	-	-
Berkelanjutan III Phase I Year 2017 Series B	October 6, 2022	-	-
PT Mandiri Tunas Finance			
Berkelanjutan II Phase II Year 2016 Series A	June 1, 2019	June 1, 2021	June 1, 2019
Berkelanjutan II Phase II Year 2016 Series B	June 1, 2021	June 1, 2021	June 1, 2021
Berkelanjutan III Phase I Year 2016 Series A	October 7, 2019	-	-
Berkelanjutan III Phase II Year 2017 Series A	June 6, 2020	June 6, 2020	June 6, 2020
United State Dollar			
PT Perusahaan Listrik Negara (Persero)			
Year 2021	November 22, 2021	November 22, 2021	November 22, 2021
Year 2027	May 15, 2027	May 15, 2027	-
Year 2028	May 21, 2028	-	-
PT Pertamina (Persero)			
Year 2021	May 23, 2021	May 23, 2021	May 23, 2021
Year 2022	May 3, 2022	May 3, 2022	May 3, 2022
Year 2023	May 20, 2023	May 20, 2023	May 20, 2023

(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.2. Bonds (continued)

Information regarding interest rates, maturity dates and ratings are as follows (continued):

	Maturity Date		
	December 31, 2018	**December 31, 2017**	**December 31, 2016**
Available-for-sale (continued)			
Related parties (Note 44)(continued)			
United State Dollar			
PT Pelabuhan Indonesia III (Persero)			
Year 2023	May 2, 2023	-	-
Year 2024	October 1, 2024	October 1, 2024	October 1, 2024
PT Perusahaan Gas Negara (Persero) Tbk			
Year 2024	May 16, 2024	May 16, 2024	May 16, 2024
PT Pelabuhan Indonesia II (Persero)			
Year 2025	May 5, 2025	May 5, 2025	May 5, 2025
Held-to-maturity			
Third parties			
Rupiah			
PT Bank Pan Indonesia Tbk			
Berkelanjutan II Phase I Year 2016	June 28, 2021	June 28, 2021	June 28, 2021
Berkelanjutan II Phase II Year 2016	October 27, 2021	October 27, 2021	-
PT Bank Maybank Indonesia Tbk			
Sukuk *Mudharabah Berkelanjutan* I Phase II Year 2016	June 10, 2019	June 10, 2019	June 10, 2019
PT Indosat Tbk			
Phase VIII Year 2012 Series B	June 27, 2022	June 27, 2022	June 27, 2022
Sukuk *Ijarah* Indosat V Year 2012	June 27, 2019	June 27, 2019	June 27, 2019
Sukuk *Ijarah Berkelanjutan* I Phase I Year 2014 Series C	December 12, 2021	December 12, 2021	December 12, 2021
Sukuk *Ijarah Berkelanjutan* I Phase III Year 2015 Series B	December 8, 2025	December 8, 2025	December 8, 2025
PT Bank OCBC NISP Tbk			
Berkelanjutan II Phase I Year 2016 Series C	May 11, 2019	May 11, 2019	May 11, 2019
PT Indonesia Infrastructure Finance			
Phase I Year 2016 Series B	July 19, 2021	July 19, 2021	July 19, 2021
PT Bank UOB Indonesia			
Phase I Year 2015 Series C	April 1, 2020	April 1, 2020	April 1, 2020
Berkelanjutan I Phase I Year 2016 Series B	November 25, 2019	November 25, 2019	November 25, 2019
PT Toyota Astra Financial Services			
Berkelanjutan II Phase I Year 2016 Series B	June 1, 2019	June 1, 2019	June 1, 2019
PT Global Mediacom Tbk			
Year 2017 Series A	July 7, 2022	-	-
Berkelanjutan Phase II Year 2017	September 19, 2020	-	-
PT BPD Jawa Tengah			
Year 2017	December 12, 2020	-	-
PT Astra Sedaya Finance			
Berkelanjutan III Phase I Year 2016 Series B	May 11, 2019	May 11, 2019	May 11, 2019
Related parties (Note 44)			
Rupiah			
PT Pupuk Indonesia (Persero)			
Berkelanjutan I Phase II Year 2017 Series A	November 9, 2020	November 9, 2020	-
Phase I Year 2014 Series B	July 8, 2019	July 8, 2019	July 8, 2019

(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.2. Bonds (continued)

Information regarding interest rates, maturity dates and ratings are as follows (continued):

	Maturity Date		
	December 31, 2018	**December 31, 2017**	**December 31, 2016**
Held-to-maturity (continued)			
Related parties (Note 44)			
Rupiah			
PT Bank Tabungan Negara (Persero) Tbk			
Phase XIV Year 2010	June 11, 2020	June 11, 2020	June 11, 2020
Phase XV Year 2011	June 28, 2021	June 28, 2021	June 28, 2021
Berkelanjutan I Phase I Year 2012	June 5, 2022	June 5, 2022	June 5, 2022
Berkelanjutan I Phase II Year 2013	March 27, 2023	March 27, 2023	March 27, 2023
Berkelanjutan II Phase I Year 2015 Series B	July 8, 2020	July 8, 2020	July 8, 2020
Berkelanjutan II Phase I Year 2015 Series C	July 8, 2022	July 8, 2022	July 8, 2022
Berkelanjutan II Phase II Year 2016 Series A	August 30, 2019	August 30, 2019	August 30, 2019
Berkelanjutan II Phase II Year 2016 Series B	August 30, 2021	August 30, 2021	August 30, 2021
Lembaga Pembiayaan Ekspor Indonesia			
Berkelanjutan II Phase III Year 2014 Series C	October 16, 2019	October 16, 2019	October 16, 2019
Berkelanjutan II Phase VI Year 2015 Series C	September 16, 2020	September 16, 2020	September 16, 2020
Berkelanjutan II Phase V Year 2015 Series C	March 13, 2020	March 13, 2020	March 13, 2020
Berkelanjutan III Phase VI Year 2018 Series C	February 14, 2025	-	-
Berkelanjutan IV Phase III Year 2018 Series A	November 18, 2019	-	-
Berkelanjutan IV Phase III Year 2018 Series B	November 8, 2021	-	-
PT Pegadaian (Persero)			
Berkelanjutan I Phase I Year 2011 Series C	October 11, 2021	October 11, 2021	October 11, 2021
Berkelanjutan I Phase II Year 2012 Series D	February 14, 2019	February 14, 2019	February 14, 2019
Berkelanjutan II Phase II Year 2014 Series C	July 11, 2019	July 11, 2019	July 11, 2019
Berkelanjutan II Phase III Year 2015 Series C	May 7, 2020	May 7, 2020	May 7, 2020
Obligasi XII Year 2009 Series C	July 1, 2019	July 1, 2019	July 1, 2019
PT Telekomunikasi Indonesia (Persero) Tbk			
Berkelanjutan I Phase I Year 2015 Series A	June 23, 2022	June 23, 2022	June 23, 2022
Berkelanjutan I Phase I Year 2015 Series D	June 23, 2045	June 23, 2045	June 23, 2045
Obligasi II Year 2010 Series B	July 6, 2020	July 6, 2020	July 6, 2020
PT Angkasa Pura I (Persero)			
Sukuk *Ijarah* Angkasa Pura I Year 2016 Year 2016 Series A	November 22, 2021	November 22, 2021	November 22, 2021
PT Sarana Multigriya Finansial (Persero)			
Year 2017	June 16, 2019	-	-
PT Jasa Marga (Persero) Tbk			
Berkelanjutan I Phase II Year 2014 Series T	September 19, 2019	-	-
Phase XIV Year 2010 Series JM-10	October 12, 2020	-	-
PT Aneka Tambang (Persero) Tbk			
Berkelanjutan I Year 2011 Series B	December 14, 2021	December 14, 2021	December 14, 2021
PT Perusahaan Listrik Negara (Persero)			
Berkelanjutan I Phase I Year 2013 Series B	July 5, 2023	July 5, 2023	July 5, 2023
Phase VIII Year 2006 Series B	June 21, 2021	June 21, 2021	June 21, 2021
Phase IX Year 2007 Series B	July 10, 2022	July 10, 2022	July 10, 2022
Phase XI Year 2010 Series B	January 12, 2020	January 12, 2020	January 12, 2020
Phase XII Year 2010 Series B	July 8, 2022	July 8, 2022	July 8, 2022
Sukuk *Ijarah* Phase IV	January 12, 2020	January 12, 2020	January 12, 2020
Sukuk *Ijarah* Phase V Year 2010 Series B	July 8, 2022	July 8, 2022	July 8, 2022
Sukuk *Ijarah Berkelanjutan* I Phase I Year 2013	July 5, 2020	July 5, 2020	July 5, 2020
Sukuk *Ijarah Berkelanjutan* I Phase II Year 2013 Series B	December 10, 2023	December 10, 2023	December 10, 2023
Sukuk *Ijarah Berkelanjutan* II Phase I Year 2017 Series B	July 11, 2027	July 11, 2027	-
Sukuk *Ijarah Berkelanjutan* II Phase III Year 2018 Series A	February 23, 2023	-	-
Sukuk Ijarah *Berkelanjutan* III Phase II Year 2018 Series B	October 10, 2025	-	-

(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.2. Bonds (continued)

Information regarding interest rates, maturity dates and ratings are as follows (continued):

	Maturity Date		
	December 31, 2018	**December 31, 2017**	**December 31, 2016**
Held-to-maturity (continued)			
Related parties (Note 44) (continued)			
Foreign currencies			
PT Perusahaan Listrik Negara (Persero)			
Year 2020	January 20, 2020	January 20, 2020	January 20, 2020
Year 2021	November 22, 2021	November 22, 2021	November 22, 2021
Year 2029	January 25, 2029	-	-
PT Perusahaan Gas Negara (Persero) Tbk			
Year 2024	May 16, 2024	May 16, 2024	May 16, 2024
PT Pelabuhan Indonesia II (Persero)			
Year 2025	May 5, 2025	May 5, 2025	May 5, 2025
PT Pertamina (Persero)			
Year 2023	May 20, 2023	May 20, 2023	May 20, 2023
PT Pelabuhan Indonesia III (Persero)			
Year 2024	October 1, 2024	October 1, 2024	October 1, 2024

	Rating(*)		
	December 31, 2018	**December 31, 2017**	**December 31, 2016**
Fair value through profit or loss			
Third parties			
Rupiah			
PT Indosat Tbk			
Berkelanjutan I Phase I Year 2014 Series B	idAAA	idAAA	-
Berkelanjutan II Phase III Year 2018 Series E	idAAA	-	-
PT Medco Energi Internasional Tbk			
Berkelanjutan II Phase I Year 2016 Series B	idA+	idA+	idAA-
PT XL Axiata Tbk			
Sukuk *Ijarah Berkelanjutan* II Phase I Year 2018 Series A	AAA(idn)	-	-
PT Summarecon Agung Tbk			
Sukuk *Ijarah Berkelanjutan* I Phase II Year 2014	idA(sy)	idA+(sy)	idA+(sy)
Related parties (Note 44)			
Rupiah			
PT Sarana Multigriya Finansial (Persero)			
Berkelanjutan III Phase VI Year 2016	idAAA	-	-
Berkelanjutan IV Phase III Year 2018 Series B	idAAA	-	-
PT Pegadaian (Persero)			
Berkelanjutan III Phase I Year 2017 Series B	idAAA	-	-
Lembaga Pembiayaan Ekspor Indonesia			
Berkelanjutan III Phase V Year 2017 Series A	idAAA	-	-
PT Perusahaan Listrik Negara (Persero)			
Sukuk *Ijarah* V Year 2010 Series B	idAAA(sy)	idAAA(sy)	idAAA(sy)
Sukuk *Ijarah Berkelanjutan* I Phase I Year 2013	idAAA(sy)	idAAA(sy)	idAAA(sy)
Sukuk *Ijarah Berkelanjutan* II Phase II Year 2017 Series C	idAAA(sy)	idAAA(sy)	-

*) Based on ratings issued by PT Pemeringkat Efek Indonesia (Pefindo)
**) Based on ratings issued by Moody's
***) Based on ratings issued by Fitch Ratings
****) Based on ratings issued by Standard & Poor

(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.2. Bonds (continued)

Information regarding interest rates, maturity dates and ratings are as follows (continued):

	Rating(*)		
	December 31, 2018	**December 31, 2017**	**December 31, 2016**
Available-for-sale			
Third parties			
Rupiah			
PT Adira Dinamika Multi Finance Tbk			
Berkelanjutan III Phase I Year 2015 Series B	idAAA	idAAA	idAAA
Berkelanjutan III Phase II Year 2015 Series C	idAAA	idAAA	idAAA
Berkelanjutan III Phase IV Year 2016 Series B	idAAA	idAAA	idAAA
Berkelanjutan III Phase V Year 2017 Series B	idAAA	idAAA	-
Berkelanjutan III Phase V Year 2017 Series C	idAAA	idAAA	-
Berkelanjutan III Phase VI Year 2017 Series B	idAAA	idAAA	-
Berkelanjutan III Phase VI Year 2017 Series C	idAAA	-	-
Berkelanjutan IV Phase I Year 2017 Series B	idAAA	-	-
Berkelanjutan IV Phase I Year 2017 Series C	idAAA	idAAA	-
Berkelanjutan IV Phase II Year 2018 Series D	idAAA	-	-
Berkelanjutan IV Phase III Year 2018 Series C	idAAA	-	-
Berkelanjutan IV Phase III Year 2018 Series D	idAAA	-	-
PT Bank OCBC NISP Tbk			
Berkelanjutan II Phase I Year 2016 Series C	idAAA	idAAA	idAAA
Berkelanjutan II Phase II Year 2017 Series C	idAAA	idAAA	-
Berkelanjutan II Phase IV Year 2018 Series A	idAAA	-	-
Berkelanjutan II Phase IV Year 2018 Series B	idAAA	-	-
PT Bank Pan Indonesia Tbk			
Berkelanjutan II Phase I Year 2016	idAA	idAA	idAA
Berkelanjutan II Phase II Year 2016	idA+	idAA	idAA
Berkelanjutan II Phase III Year 2018	idAA	-	-
PT Indosat Tbk			
Phase VIII Year 2012 Series A	idAAA	idAAA	-
Phase VIII Year 2012 Series B	idAAA	idAAA	-
Berkelanjutan I Phase I Year 2014 Series B	idAAA	idAAA	-
Berkelanjutan I Phase III Year 2015 Series B	idAAA	-	-
Berkelanjutan I Phase III Year 2015 Series D	idAAA	idAAA	idAAA
Berkelanjutan II Phase II Year 2017 Series E	idAAA	-	-
Berkelanjutan II Phase III Year 2018 Series C	idAAA	-	-
Berkelanjutan II Phase III Year 2018 Series E	idAAA	-	-
Sukuk *Ijarah Berkelanjutan* I Phase I Year 2014 Series A	idAAA	idAAA	idAAA
Sukuk *Ijarah Berkelanjutan* I Phase I Year 2014 Series B	idAAA	idAAA	idAAA
PT Bank CIMB Niaga Tbk			
Berkelanjutan II Phase I Year 2016 Series C	idAAA	idAAA	idAAA
Berkelanjutan II Phase II Year 2017 Series B	idAAA	idAAA	-
Berkelanjutan II Phase II Year 2017 Series C	idAAA	idAAA	-
Berkelanjutan II Phase III Year 2017 Series C	idAAA	idAAA	-
Sukuk *Mudharabah Berkelanjutan* I Phase I Year 2018 Series B	idAAA(sy)	-	-
PT Astra Sedaya Finance			
Berkelanjutan III Phase I Year 2016 Series B	idAAA	idAAA	AAA***)
Berkelanjutan III Phase II Year 2016 Series B	idAAA	idAAA	-
Berkelanjutan III Phase III Year 2017 Series B	idAAA	idAAA	-
Berkelanjutan III Phase III Year 2017 Series C	idAAA	idAAA	-
Berkelanjutan III Phase IV Year 2017 Series B	idAAA	idAAA	-
Berkelanjutan IV Phase I Year 2018 Series B	idAAA	-	-

*) Based on ratings issued by PT Pemeringkat Efek Indonesia (Pefindo)
**) Based on ratings issued by Moody's
***) Based on ratings issued by Fitch Ratings
****) Based on ratings issued by Standard & Poor

(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.2. Bonds (continued)

Information regarding interest rates, maturity dates and ratings are as follows (continued):

	Rating(*)		
	December 31, 2018	**December 31, 2017**	**December 31, 2016**
Available-for-sale (continued)			
Third parties (continued)			
Rupiah (continued)			
PT Bank Maybank Indonesia Tbk			
Sukuk *Mudharabah Berkelanjutan* I Phase II Year 2016	idAAA	-	idAAA
Berkelanjutan II Phase II Year 2017 Series A	idAAA	-	-
Berkelanjutan II Phase II Year 2018	idAAA	-	-
PT BFI Finance Indonesia Tbk			
Berkelanjutan III Phase III Year 2017 Series B	idAAA	-	-
Berkelanjutan IV Phase I Year 2018 Series B	idA-	-	-
PT Bank UOB Indonesia			
Phase I Year 2015 Series C	idAA	AAA***)	AAA***)
Berkelanjutan I Phase I Year 2016 Series B	idAA+	AAA***)	-
Berkelanjutan I Phase I Year 2016 Series C	idAAA	AAA***)	AAA***)
Berkelanjutan I Phase II Year 2018 Series A	idAAA	-	-
PT Maybank Indonesia Finance			
Berkelanjutan I Phase II Year 2016 Series A	idAAA	-	-
Berkelanjutan I Phase III Year 2016 Series A	idAAA	idAA+*)	-
Berkelanjutan I Phase IV Year 2017 Series	idAAA	-	-
Berkelanjutan II Phase I Year 2018 Series A	idAAA	-	-
Foreign currencies			
Alibaba Group Holding Ltd.			
Alibaba Group Holding Ltd.	A1**)	A1**)	A1**)
Oversea-Chinese Banking Corporation			
OCBCSP 061924	-	Aaa***)	AA-***)
Xerox Corporation			
Xerox Corporation	Ba1**)	Baa3**)	Baa2**)
Province of Ontario			
Province of Ontario	Aa3	Aa2**)	Aa2**)
Citigroup Inc.			
Citigroup Inc.	Baa1**)	-	-
Citigroup Inc.	Baa1**)	Baa1**)	Baa1**)
Citigroup Inc.	Baa1**)	Baa1**)	Baa1**)
Bank of America			
Bank of America	A3**)	-	-
Bank of America	A3**)	A3**)	Baaa1**)
Bank of America	A3**)	A3**)	Baaa1**)
Wells Fargo & Company			
Wells Fargo & Company	A2**)	A2**)	A2**)
Wells Fargo & Company	A2**)	A2**)	A2**)

*) Based on ratings issued by PT Pemeringkat Efek Indonesia (Pefindo)
**) Based on ratings issued by Moody's
***) Based on ratings issued by Fitch Ratings
****) Based on ratings issued by Standard & Poor

(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.2. Bonds (continued)

Information regarding interest rates, maturity dates and ratings are as follows (continued):

	Rating(*)		
	December 31, 2018	**December 31, 2017**	**December 31, 2016**
Available-for-sale (continued)			
Third parties (continued)			
Foreign currencies (continued)			
The Federal Home Loan			
Mortgage Corporation	AAA***)	AAA***)	Aaa****)
JP Morgan Chase Bank, N.A.			
JP Morgan Chase Bank, N.A.	A2**)	A3**)	-
JP Morgan Chase Bank, N.A.	A2**)	A3**)	-
Verizon			
Verizon	Baa1	Baa1	Baa1
Verizon	Baa1	Baa1	Baa1
Related parties (Note 44)			
Rupiah			
Lembaga Pembiayaan Ekspor Indonesia			
Berkelanjutan II Phase I Year 2014 Series D	idAAA	idAAA	idAAA
Berkelanjutan II Phase V Year 2015 Series C	idAAA	idAAA	idAAA
Berkelanjutan II Phase VI Year 2015 Series C	idAAA	idAAA	idAAA
Berkelanjutan II Phase VII Year 2016 Series B	idAAA	idAAA	idAAA
Berkelanjutan II Phase VII Year 2016 Series C	idAAA	idAAA	idAAA
Berkelanjutan III Phase I Year 2016 Series B	idAAA	idAAA	idAAA
Berkelanjutan III Phase I Year 2016 Series C	idAAA	idAAA	idAAA
Berkelanjutan III Phase II Year 2016 Series B	idAAA	idAAA	-
Berkelanjutan III Phase III Year 2016 Series B	idAAA	idAAA	-
Berkelanjutan III Phase III Year 2016 Series C	idAAA	idAAA	-
Berkelanjutan III Phase III Year 2016 Series D	idAAA	idAAA	idAAA
Berkelanjutan III Phase IV Year 2017 Series B	idAAA	idAAA	-
Berkelanjutan III Phase IV Year 2017 Series C	idAAA	idAAA	-
Berkelanjutan III Phase V Year 2017 Series B	idAAA	-	-
Berkelanjutan III Phase V Year 2017 Series C	idAAA	idAAA	-
Berkelanjutan III Phase VI Year 2018 Series B	idAAA	-	-
Berkelanjutan IV Phase II Year 2018 Series A	idAAA	-	-
Berkelanjutan IV Phase II Year 2018 Series B	idAAA	-	-
Berkelanjutan IV Phase II Year 2018 Series C	idAAA	-	-
Berkelanjutan IV Phase III Year 2018 Series A	idAAA	-	-
Sukuk *Mudharabah Berkelanjutan* I Phase II Year 2018 Series B	idAAA(sy)	-	-
PT Bank Tabungan Negara (Persero) Tbk			
Phase XIV Year 2010	idAA+	idAA+	idAA+
Phase XV Year 2011	idAA+	-	-
Berkelanjutan I Phase II Year 2013	idAA+	idAA+	idAA+
Berkelanjutan II Phase I Year 2015 Series B	idAA+	idAA+	idAA+
Berkelanjutan II Phase I Year 2015 Series C	idAA+	idAA+	idAA+
Berkelanjutan II Phase II Year 2016 Series A	idAA+	idAA+	idAA+
Berkelanjutan II Phase II Year 2016 Series B	idAA+	idAA+	idAA+
Berkelanjutan III Phase I Year 2017 Series A	idAA+	idAA+	-
Berkelanjutan III Phase I Year 2017 Series B	idAA+	idAA+	-

*) Based on ratings issued by PT Pemeringkat Efek Indonesia (Pefindo)
**) Based on ratings issued by Moody's
***) Based on ratings issued by Fitch Ratings
****) Based on ratings issued by Standard & Poor

(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.2. Bonds (continued)

Information regarding interest rates, maturity dates and ratings are as follows (continued):

	Rating(*)		
	December 31, 2018	**December 31, 2017**	**December 31, 2016**
Available-for-sale (continued)			
Related parties (Note 44) (continued)			
Rupiah (continued)			
PT Sarana Multigriya Finansial (Persero)			
Berkelanjutan III Phase IV Year 2016 Series B	idAAA	-	idAA+
Berkelanjutan III Phase V Year 2016 Series B	idAAA	-	idAA+
Berkelanjutan III Phase VI Year 2016	idAAA	idAAA	idAA+
Berkelanjutan III Phase VII Year 2017 Series B	idAAA	idAAA	-
Berkelanjutan IV Phase I Year 2017 Series B	idAAA	idAAA	-
Berkelanjutan IV Phase II Year 2017 Series B	idAAA	-	-
Berkelanjutan IV Phase III Year 2018 Series B	idAAA	-	-
Berkelanjutan IV Phase IV Year 2018 Series B	idAAA	-	-
Berkelanjutan IV Phase VI Year 2018 Series A	idAAA	-	-
PT Bank Mandiri (Persero) Tbk			
Berkelanjutan I Phase I Year 2016 Series A	idAAA	idAAA	idAAA
Berkelanjutan I Phase II Year 2017 Series A	idAAA	idAAA	-
Berkelanjutan I Phase II Year 2017 Series B	idAAA	idAAA	-
Berkelanjutan I Phase III Year 2018 Series A	idAAA	-	-
PT Bank Negara Indonesia (Persero) Tbk			
Berkelanjutan I Phase I Year 2017	idAAA	idAAA	-
PT Pegadaian (Persero)			
Berkelanjutan I Phase I Year 2011 Series C	idAAA	-	-
Berkelanjutan I Phase II Year 2012 Series D	idAAA	idAAA	idAA+
Berkelanjutan II Phase I Year 2013 Series D	idAAA	idAAA	idAA+
Berkelanjutan II Phase III Year 2015 Series C	idAAA	idAAA	idAA+
Berkelanjutan III Phase I Year 2017 Series B	idAAA	idAAA	-
Berkelanjutan III Phase I Year 2017 Series C	idAAA	idAAA	-
Berkelanjutan III Phase II Year 2018 Series B	-	idAAA	-
Berkelanjutan III Phase II Year 2018 Series C	idAAA	-	-
PT Perusahaan Listrik Negara (Persero)			
Phase XI Year 2010 Series B	-	-	idAAA
Phase XII Year 2010 Series B	idAAA	-	idAAA
Berkelanjutan I Phase I Year 2013 Series A	idAAA	-	idAAA
Berkelanjutan I Phase I Year 2013 Series B	idAAA	-	-
Berkelanjutan I Phase II Year 2013 Series B	idAAA	-	idAAA
Berkelanjutan II Phase II Year 2017 Series C	idAAA	idAAA	-
Berkelanjutan II Phase II Year 2017 Series D	idAAA	-	-
Berkelanjutan II Phase III Year 2018 Series C	idAAA	-	-
Berkelanjutan II Phase III Year 2018 Series E	idAAA	-	-
Berkelanjutan III Phase II Year 2018 Series B	idAAA	-	-
Sukuk *Ijarah Berkelanjutan* I Phase I Year 2013	idAAA(sy)	-	-
Sukuk *Ijarah Berkelanjutan* I Phase II Year 2013 Series B	idAAA(sy)	-	idAAA(sy)
Sukuk *Ijarah Berkelanjutan* II Phase I Year 2017 Series A	idAAA(sy)	-	-
Sukuk *Ijarah Berkelanjutan* II Phase III Year 2018 Series B	idAAA(sy)	-	-
PT Indonesia Power			
Eba Danareksa I Year 2017 Class A	idAAA	idAAA(sf)	-

*) Based on ratings issued by PT Pemeringkat Efek Indonesia (Pefindo)
**) Based on ratings issued by Moody's
***) Based on ratings issued by Fitch Ratings
****) Based on ratings issued by Standard & Poor

(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.2. Bonds (continued)

Information regarding interest rates, maturity dates and ratings are as follows (continued):

	Rating(*)		
	December 31, 2018	**December 31, 2017**	**December 31, 2016**
Available-for-sale (continued)			
Related parties (Note 44) (continued)			
Rupiah (continued)			
PT Waskita Karya (Persero) Tbk			
Berkelanjutan I Phase II Year 2015 Series B	idA-	-	-
Berkelanjutan II Phase I Year 2016	idA-	-	-
Berkelanjutan II Phase II Year 2016	idA-	-	-
Berkelanjutan II Phase III Year 2017 Series B	idA-	-	-
Berkelanjutan III Phase I Year 2017 Series A	idA-	-	-
Berkelanjutan III Phase I Year 2017 Series B	idA-	-	-
PT Mandiri Tunas Finance			
Berkelanjutan II Phase II Year 2016 Series A	idAA+	AA	idAA
Berkelanjutan II Phase II Year 2016 Series B	idAAA	AA+	idAA
Berkelanjutan III Phase I Year 2016 Series A	idAAA	-	-
Berkelanjutan III Phase II Year 2017 Series A	idA	AA+	-
Foreign currencies			
PT Perusahaan Listrik Negara (Persero)			
Year 2021	BBB***)	Baa3**)	BBB-***)
Year 2027	BBB***)	Baa3**)	-
Year 2028	BBB***)	-	-
PT Pertamina (Persero)			
Year 2021	Baa2*)	Baa3**)	Baa3**)
Year 2022	BBB-***)	Baa3**)	Baa3**)
Year 2023	BBB***)	Baa3**)	Baa3**)
PT Pelabuhan Indonesia III (Persero)			
Year 2023	BBB***)	-	-
Year 2024	BBB***)	Baa3**)	BB+****)
PT Perusahaan Gas Negara (Persero) Tbk			
Year 2024	Baa2	Baa3**)	Baa3**)
PT Pelabuhan Indonesia II (Persero)			
Year 2025	BBB***)	Baa3**)	B1**)
Held-to-maturity			
Third parties			
Rupiah			
PT Bank Pan Indonesia Tbk			
Berkelanjutan II Phase I Year 2016	A+	AA	idAA
Berkelanjutan II Phase II Year 2016	A+	AA	-
PT Bank Maybank Indonesia Tbk			
Sukuk *Mudharabah Berkelanjutan* I Phase II Year 2016	idAAA	idAAA(sy)	idAAA
PT Indosat Tbk			
Phase VIII Year 2012 Series B	idAAA	idAAA	idAAA
Sukuk *Ijarah* Indosat V Year 2012	idAAA(sy)	idAAA(sy)	idAAA(sy)
Sukuk *Ijarah Berkelanjutan* I Phase I Year 2014 Series C	idAAA(sy)	idAAA(sy)	idAAA(sy)
Sukuk *Ijarah Berkelanjutan* I Phase III Year 2015 Series B	idAAA(sy)	idAAA(sy)	AAA(idn)

*) Based on ratings issued by PT Pemeringkat Efek Indonesia (Pefindo)
**) Based on ratings issued by Moody's
***) Based on ratings issued by Fitch Ratings
****) Based on ratings issued by Standard & Poor

(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.2. Bonds (continued)

Information regarding interest rates, maturity dates and ratings are as follows (continued):

	Rating*)		
	December 31, 2018	**December 31, 2017**	**December 31, 2016**
Held-to-maturity (continued)			
Third parties (continued)			
Rupiah (continued)			
PT Bank OCBC NISP Tbk			
Berkelanjutan II Phase I Year 2016 Series B	idAAA	idAAA	idAAA
PT Indonesia Infrastructure Finance			
Phase I Year 2016 Series B	idAAA	idAAA	AAA(idn)
PT Bank UOB Indonesia			
Phase I Year 2015 Series C	AA**)	AAA***)	AAA***)
Berkelanjutan I Phase I Year 2016 Series B	AA+**)	AAA***)	AAA***)
PT Toyota Astra Financial Services			
Berkelanjutan II Phase I Year 2016 Series B	AAA***)	AAA***)	AAA***)
PT Global Mediacom Tbk			
Year 2017 Series A	A+**)	-	-
Phase II Year 2017	idA+	-	-
PT BPD Jawa Tengah			
Year 2017	idAA-(sy)	-	-
PT Astra Sedaya Finance			
Berkelanjutan III Phase I Year 2016 Series B	AAA***)	AAA***)	AAA***)
Related parties (Note 44)			
Rupiah			
PT Pupuk Indonesia (Persero)			
Berkelanjutan I Phase II Year 2017 Series A	AAA***)	AAA***)	-
Phase I Year 2014 Series B	AA***)	AAA***)	AAA***)
PT Bank Tabungan Negara (Persero) Tbk			
Phase XIV Year 2010	idAA+	idAA+	idAA+
Phase XV Year 2011	idAA+	idAA+	idAA+
Berkelanjutan I Phase I Year 2012	idAA+	idAA+	idAA+
Berkelanjutan I Phase II Year 2013	idAA+	idAA+	idAA+
Berkelanjutan II Phase I Year 2015 Series B	idAA+	idAA+	idAA+
Berkelanjutan II Phase I Year 2015 Series C	idAA+	idAA+	idAA+
Berkelanjutan II Phase II Year 2016 Series A	idAA+	idAA+	idAA+
Berkelanjutan II Phase II Year 2016 Series B	idAA+	idAA+	idAA+
Lembaga Pembiayaan Ekspor Indonesia			
Berkelanjutan II Phase III Year 2014 Series C	idAAA	idAAA	idAAA
Berkelanjutan II Phase VI Year 2015 Series C	idAAA	idAAA	idAAA
Berkelanjutan II Phase V Year 2015 Series C	idAAA	idAAA	idAAA
Berkelanjutan IV Phase III Year 2018 Series A	idAAA	-	-
Berkelanjutan IV Phase III Year 2018 Series B	idAAA	-	-
PT Pegadaian (Persero)			
Berkelanjutan I Phase II Year 2012 Series D	idAAA	idAAA	idAA+
Berkelanjutan I Phase I Year 2011 Series C	idAAA	idAAA	idAA+
Berkelanjutan II Phase II Year 2014 Series C	idAAA	idAAA	idAA+
Berkelanjutan II Phase III Year 2015 Series C	idAAA	idAAA	idAA+
Obligasi XIII Year 2009 Series C	idAAA	idAAA	idAA+

*) Based on ratings issued by PT Pemeringkat Efek Indonesia (Pefindo)
**) Based on ratings issued by Moody's
***) Based on ratings issued by Fitch Ratings
****) Based on ratings issued by Standard & Poor

(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.2. Bonds (continued)

Information regarding interest rates, maturity dates and ratings are as follows (continued):

	Rating(*)		
	December 31, 2018	**December 31, 2017**	**December 31, 2016**
Held-to-maturity (continued)			
Related parties (Note 44) (continued)			
Rupiah (continued)			
PT Telekomunikasi Indonesia (Persero) Tbk			
Berkelanjutan I Phase I Year 2015 Series A	idAAA	idAAA	idAAA
Berkelanjutan I Phase I Year 2015 Series D	idAAA	idAAA	idAAA
Obligasi II Year 2010 Series B	idAAA	idAAA	idAAA
PT Angkasa Pura I (Persero)			
Sukuk *Ijarah* Angkasa Pura I Year 2016 Series A	idAAA(sy)	idAAA(sy)	idAAA
PT Sarana Multigriya Finansial (Persero)			
Year 2017	idAAA	-	-
PT Jasa Marga (Persero) Tbk			
Phase XIV Series JM-10 Year 2010	idAA	-	-
Berkelanjutan I Phase II Year 2014 Series T	idAA	-	-
PT Jasa Marga (Persero) Tbk			
Berkelanjutan I Phase II Year 2014 Series T	AA	-	-
Phase XIV Year 2010 Series JM-10	AA	-	-
PT Aneka Tambang (Persero) Tbk			
Berkelanjutan I Year 2011 Series B	idA-	idBBB+	idBBB+
PT Perusahaan Listrik Negara (Persero)			
Berkelanjutan I Phase I Year 2013 Series B	idAAA	idAAA	idAAA
Phase VIII Year 2006 Series B	idAAA	idAAA	idAAA
Phase IX Year 2007 Series B	idAAA	idAAA	idAAA
Phase XI Year 2010 Series B	idAAA	idAAA	idAAA
Phase XII Year 2010 Series B	idAAA	idAAA	idAAA
Sukuk *Ijarah* Phase IV	idAAA(sy)	idAAA(sy)	idAAA(sy)
Sukuk *Ijarah* Phase V Year 2010 Series B	idAAA(sy)	idAAA(sy)	idAAA(sy)
Sukuk Ijarah *Berkelanjutan* I Phase I Year 2013	idAAA(sy)	idAAA(sy)	idAAA(sy)
Sukuk *Ijarah Berkelanjutan* I Phase II Year 2013 Series B	idAAA(sy)	idAAA(sy)	idAAA(sy)
Sukuk *Ijarah Berkelanjutan* II Phase I Year 2017 Series B	idAAA(sy)	idAAA(sy)	-
Sukuk *Ijarah Berkelanjutan* II Phase III Year 2018 Series A	idAAA(sy)	-	-
Sukuk *Ijarah Berkelanjutan* III Phase II Year 2018 Series B	idAAA(sy)	-	-
Foreign currencies			
PT Perusahaan Listrik Negara (Persero)			
Year 2020	BBB-	Baa3**)	Baa3**)
Year 2021	BBB-	Baa3**)	Baa3**)
Year 2029	BBB-	-	-
PT Perusahaan Gas Negara (Persero) Tbk			
Year 2024	BBB-	Baa3**)	Baa3**)
PT Pelabuhan Indonesia II (Persero)			
Year 2025	BBB	Baa3**)	Baa3**)
PT Pertamina (Persero)			
Year 2023	BBB	Baa3**)	Baa3**)
PT Pelabuhan Indonesia III (Persero)			
Year 2024	BBB	Baa3**)	Baa3**)

*) Based on ratings issued by PT Pemeringkat Efek Indonesia (Pefindo)
**) Based on ratings issued by Moody's
***) Based on ratings issued by Fitch Ratings
****) Based on ratings issued by Standard & Poor

(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.3. Mutual Funds

	December 31,		
	2018	2017	2016
Fair value through profit or loss			
Third parties			
Rupiah			
PT Schroder Investment Management Indonesia	1,111,354	678,836	135,961
PT Insight Investments Management	32,035	10,316	-
PT Trimegah Asset Management	29,732	32,761	29,558
PT Batavia Prosperindo Aset Manajemen	16,776	17,130	14,772
PT Sinarmas Asset Management	16,359	17,708	56,402
PT BNP Paribas Investment Partners	15,651	16,305	12,042
PT Manulife Aset Manajemen Indonesia	3,864	5,406	5,227
PT Mega Capital Investama	2,885	-	-
PT Maybank Asset Management	-	17,356	16,651
PT Ciptadana Asset Management	-	16,387	-
PT Kresna Asset Management	-	-	2,989
	1,228,656	812,205	273,602
United States Dollar			
PT Schroder Investment Management Indonesia	7,745	7,366	-
	1,236,401	819,571	273,602
Related parties (Note 44)			
Rupiah			
PT Danareksa Investment Management	8,957	15,356	14,255
PT PNM Investment Management	3,225	3,452	3,287
PT Mandiri Manajemen Investasi	1,261	1,253	1,194
PT Bahana TCW Investment Management	1,256	1,203	1,050
	14,699	21,264	19,786
United States Dollar			
PT Danareksa Investment Management	-	2,100	1,984
	14,699	23,364	21,770
	1,251,100	842,935	295,372
Available-for-sale			
Third parties			
Rupiah			
PT Trimegah Asset Management	456,620	24,748	48,643
PT Insight Investments Management	313,898	306,601	108,164
PT EMCO Asset Management	262,470	-	-
PT Samuel Aset Manajemen	192,217	33,861	-
PT Syailendra Capital	68,545	-	-
PT Ashmore Asset Management Indonesia	64,139	33,614	-
PT Mega Capital Investama	57,997	60,862	40,099
PT Manulife Aset Manajemen Indonesia	51,322	58,032	7,134
PT Panin Asset Management	46,866	49,614	4,227
PT Henan Putihrai Asset Management	42,039	29,362	-
PT Maybank Asset Management	40,413	113,613	61,425
PT Sinarmas Asset Management	24,186	145,908	103,965
PT RHB Asset Management Indonesia	13,094	115,364	4,902
PT Mega Asset Management	9,798	-	-
PT Majoris Asset Management	9,745	-	-
PT CIMB Principal Asset Management	7,293	7,788	8,040
PT BNP Paribas Investment Partners	5,253	18,341	15,790
PT Pratama Capital Assets Management	1,999	2,117	1,843

(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.3. Mutual Funds (continued)

	December 31, 2018	December 31, 2017	December 31, 2016
Available-for-sale (continued)			
Third parties (continued)			
Rupiah (continued)			
PT Schroder Investment Management Indonesia	1,308	1,341	98,189
PT Syailendra Asset Management	-	81,838	48,542
PT Ciptadana Asset Management	-	3,020	-
PT Indo Premier Sekuritas	-	566	-
PT MNC Asset Management	-	-	1,054
PT Indo Premier Investment Management	-	-	464
	1,669,202	1,086,590	552,481
Related parties (Note 44)			
Rupiah			
PT BNI Asset Management	75,337	75,291	50,105
PT Mandiri Manajemen Investasi	60,412	60,710	50,017
PT Danareksa Investment Management	10,147	276,548	268,100
PT Bahana TCW Investment Management	5,473	5,729	5,081
	151,369	418,278	373,303
	1,820,571	1,504,868	925,784
Total	**3,071,671**	**2,347,803**	**1,221,156**

d.4. Negotiable Certificates of Deposit (NCD)

Issuer	Nominal Value	Annual Interest Rate (%)	Maturity Date	Carrying Value December 31, 2018	Carrying Value December 31, 2017	Carrying Value December 31, 2016
Available-for-sale						
Third parties						
Rupiah						
PT Bank Commonwealth						
Phase I Year 2018 Series B	150,000	6.23	Apr 19, 2019	147,021	-	-
Phase II Year 2018	50,000	6.76	May 24, 2019	48,651	-	-
Phase III Year 2018	200,000	8.30	Oct 22, 2019	189,210	-	-
Phase I 2017	70,000	6.55	Aug 31, 2018	-	67,114	-
The Bank of Tokyo-Mitsubishi UFJ Ltd.						
Phase I Year 2018 Series B	100,000	6.07	May 14, 2019	97,483	-	-
Phase II Year 2018 Series C	100,000	8.00	May 22, 2019	97,334	-	-
Phase I Year 2017 Series A	35,000	7.10	Feb 23, 2018	-	39,659	-
Phase I Year 2017 Series B	40,000	7.20	May 29, 2018	-	38,979	-
PT Bank Sumitomo Mitsui Indonesia						
Phase II Year 2018 Series A	150,000	8.30	Apr 23, 2019	146,809	-	-
Phase I Year 2017 Series A	50,000	5.85	Apr 11, 2018	-	49,184	-
Phase I Year 2017 Series B	50,000	6.00	Jul 11, 2018	-	48,399	-
Phase I Year 2017 Series C	50,000	6.15	Oct 11, 2018	-	47,559	-
PT BPD Jawa Tengah						
Year 2018 Series A	100,000	8.50	May 21, 2019	97,353	-	-
PT BPD Jawa Barat dan Banten Tbk						
Phase III Year 2018 Series A	50,000	6.30	Apr 5, 2019	49,137	-	-
Phase I Year 2017 Series A	20,000	7.50	Mar 21, 2018	-	19,776	-
Phase I Year 2017 Series B	20,000	7.60	Jun 21, 2018	-	19,430	-
Phase II Year 2017 Series A	100,000	6.85	Oct 2, 2018	-	95,287	-
PT Bank Mizuho Indonesia						
Phase IV Year 2018	50,000	6.50	May 17, 2019	48,828	-	-
Phase III Year 2017	50,000	5.95	May 17, 2018	-	48,950	-
PT Bank KEB Hana Indonesia						
Year 2018	50,000	7.88	Sep 25, 2019	47,537	-	-

(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.4.Negotiable Certificates of Deposit (NCD) (continued)

Issuer	Nominal Value	Annual Interest Rate (%)	Maturity Date	Carrying Value December 31, 2018	Carrying Value December 31, 2017	Carrying Value December 31, 2016
Available-for-sale (continued)						
Third parties (continued)						
Rupiah (continued)						
PT Bank Woori Saudara Indonesia 1906 Tbk						
Phase I Year 2018	40,000	7.88	Oct 3, 2019	37,974	-	-
PT Bank Pembangunan Daerah Nusa Tenggara Timur						
Phase I 2017 Series A	20,000	7.50	Nov 13, 2018	-	18,899	-
PT Bank CIMB Niaga Tbk						
Phase III 2017 Series C	50,000	5.95	May 19, 2018	-	48,798	-
PT Bank KEB Hana Indonesia						
Phase III 2017 Series B	50,000	6.31	Mar 27, 2018	-	49,394	-
Phase III 2017 Series C	50,000	6.52	Sep 26, 2018	-	47,953	-
PT Bank Maybank Indonesia Tbk						
Phase IV 2017	50,000	6.15	Dec 12, 2018	-	46,973	-
				1,007,337	686,354	-
Related parties (Note 44)						
Rupiah						
PT Bank Tabungan Negara (Persero) Tbk						
Phase I Year 2018 Series B	100,000	6.20	Apr 2, 2019	98,324	-	-
Phase II Year 2018 Series A	105,000	7.60	Jan 15, 2019	104,713	-	-
Phase III Year 2018 Series A	300,000	8.30	May 7, 2019	293,083	-	-
Phase I 2017 Series B	50,000	7.43	Feb 16, 2018	-	49,629	-
Phase IV 2017 Series B	30,000	6.20	Dec 13, 2018	-	28,178	-
				496,120	77,807	-
Held-to-maturity						
Third parties						
Rupiah						
PT BPD Jawa Tengah						
Year 2018 Series A	10,000	8.50	May 21, 2019	9,678	-	-
PT Bank Mizuho Indonesia						
Phase III 2017	60,000	7.50	May 17, 2018	-	58,347	-
Phase II 2016	50,000	7.50	May 22, 2017	-	-	43,717
PT Bank CIMB Niaga Tbk						
Phase II 2016 Series B	50,000	7.60	Jan 13, 2017	-	-	49,869
Phase II 2016 Series C	50,000	8.25	Nov 3, 2021	-	48,621	49,233
PT Bank Sumitomo Mitsui Indonesia						
Phase II 2016 Series C	100,000	7.76	Sep 22, 2017	-	-	94,704
Phase II 2016 Series B	100,000	7.66	Jul 11, 2017	-	-	96,154
Phase II 2016 Series A	50,000	7.50	Mar 22, 2017	-	-	49,187
PT Bank Commonwealth						
Phase III 2016 Series B	100,000	7.60	Jul 14, 2017	-	-	96,132
Phase III 2016 Series C	100,000	7.60	Oct 13, 2017	-	-	94,358
Phase III 2016 Series A	50,000	7.44	Apr 13, 2017	-	-	48,974
PT Bank Tabungan Pensiunan Nasional Tbk						
Phase II 2016 Series A	10,000	7.30	May 8, 2017	-	-	9,750
Phase II 2016 Series B	30,000	8.25	Nov 8, 2017	-	-	28,165
				9,678	106,968	660,243

(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.4. Negotiable Certificates of Deposit (NCD) (continued)

Issuer	Nominal Value	Annual Interest Rate (%)	Maturity Date	Carrying Value December 31, 2018	Carrying Value December 31, 2017	Carrying Value December 31, 2016
Held-to-maturity (continued)						
Related parties (Note 44)						
Rupiah						
PT Bank Tabungan Negara (Persero) Tbk						
Phase III Year 2018 Series A	50,000	8.30	May 7, 2019	48,577	-	-
Phase III Year 2018 Series B	50,000	8.40	Aug 2, 2019	47,621	-	-
Phase III Year 2018 Series C	50,000	8.50	Nov 5, 2019	46,598	-	-
Phase IV Year 2018 Series B	50,000	8.40	Jun 11, 2019	48,179	-	-
Phase V Year 2016	500,000	7.55	Jul 3, 2017	-	-	481,000
Phase II Year 2016	100,000	7.50	Aug 10, 2017	-	-	95,547
Phase VI Year 2016	50,000	7.75	Mar 29, 2017	-	-	49,071
PT Bank Negara Indonesia (Persero) Tbk						
Year 2016 Series A	60,000	7.55	Mar 15, 2018	-	59,095	-
Year 2016 Series E	100,000	8.25	Jun 15, 2018	-	96,358	89,573
PT Bank Mandiri (Persero) Tbk						
Phase II Year 2016 Series A	100,000	7.65	Dec 21, 2017	-	-	93,091
				190,975	155,453	808,282
Total				**1,704,110**	**1,026,582**	**1,468,525**

d.5. Promissory Notes

Issuer	Carrying Value December 31, 2018	Carrying Value December 31, 2017	Carrying Value December 31, 2016
Held-to-maturity			
Third parties			
United States Dollar			
Morgan Stanley	-	-	26,945

Issuer	Annual Interest Rate (%)	Maturity Date	Rating December 31, 2018	Rating December 31, 2017	Rating December 31, 2016
Held-to-maturity					
Third parties					
United States Dollar					
Morgan Stanley	4.00	August 31, 2017	-	-	A-****)

****) Based on ratings issued by Standard & Poor

(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.6. Subordinated Bonds

Issuer	Carrying Value December 31, 2018	December 31, 2017	December 31, 2016
Fair value through profit or loss			
Third parties			
Rupiah			
PT Bank KEB Hana Indonesia			
Phase I Year 2016	30,936	33,115	30,956
PT Bank Central Asia Tbk			
Berkelanjutan I Phase I Year 2018 Series B	13,676	-	-
PT Bank Maybank Indonesia Tbk			
Berkelanjutan II Phase II Year 2016	7,915	8,433	7,786
PT Bank Pan Indonesia Tbk			
Berkelanjutan I Phase I Year 2012	2,012	2,065	2,014
Series III Year 2010	-	-	3,058
PT Bank CIMB Niaga Tbk			
Series II Year 2010	1,418	1,498	1,454
PT Bank Muamalat Indonesia Tbk			
Sukuk *Mudharabah Berkelanjutan* I Phase II Year 2013	-	5,252	-
PT Bank Permata Tbk			
Series II Year 2011	-	613	612
	55,957	50,976	45,880
Available-for-sale			
Third parties			
Rupiah			
PT Bank Permata Tbk			
Berkelanjutan I Phase I Year 2012	10,052	5,107	4,961
Berkelanjutan I Phase II Year 2012	187,051	151,752	124,008
Berkelanjutan II Phase I Year 2013	5,277	5,568	5,425
Berkelanjutan II Phase II Year 2014	36,833	39,173	42,814
Series II Year 2011	-	57,971	56,421
PT Bank Pan Indonesia Tbk			
Berkelanjutan I Phase I Year 2012	114,331	96,465	91,136
Berkelanjutan II Phase II Year 2017	39,370	30,248	-
Series III Year 2010	-	-	147,662
PT Bank CIMB Niaga Tbk			
Series II Year 2010	148,369	143,859	118,924
Series I Year 2010	-	-	8,084
PT Bank Maybank Indonesia Tbk			
Berkelanjutan I Phase II Year 2012	67,340	65,242	64,029
Berkelanjutan II Phase I Year 2014	31,375	33,032	31,657
Berkelanjutan II Phase II Year 2016	14,840	10,542	9,733
Phase I Year 2011	-	15,958	15,648
Phase II Year 2012	-	57,907	50,218
PT Bank UOB Indonesia			
Series I Year 2014	40,763	30,772	29,252
Berkelanjutan I Phase II Year 2017	19,278	20,706	-
PT Bank KEB Hana Indonesia			
Series I Year 2016	8,981	9,613	8,987
PT Bank Bukopin Tbk			
Berkelanjutan I Phase I Year 2012	-	10,078	989
Berkelanjutan II Phase II Year 2017	-	5,348	-
PT Bank Muamalat Indonesia Tbk			
Mudharabah Berkelanjutan I Year 2012	-	-	877
Mudharabah Berkelanjutan I Phase II Year 2013	-	7,640	1,824
	723,860	796,981	812,649

(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.6. Subordinated Bonds (continued)

Issuer	Carrying Value December 31, 2018	December 31, 2017	December 31, 2016
Held-to-maturity			
Third parties			
Rupiah			
PT BPD Jawa Tengah			
Phase I Year 2015	36,847	-	-
PT Bank Permata Tbk			
Berkelanjutan I Phase II Year 2012	20,000	20,000	20,000
PT Bank OCBC NISP Tbk			
Series III	-	-	40,000
	56,847	20,000	60,000
Total	**836,664**	**867,957**	**918,529**

Issuer	Annual Interest Rate (%)	Maturity Date	Rating*) December 31, 2018	December 31, 2017	December 31, 2016
Fair value through profit or loss					
Third parties					
Rupiah					
PT Bank KEB Hana Indonesia					
Phase I Year 2016	9.95	Dec 21, 2023	AA(idn)	AA(idn)	idAA
PT Bank Central Asia Tbk					
Phase I Year 2016	8.00	Jul 5, 2030	idAA	-	-
PT Bank Maybank Indonesia Tbk					
Berkelanjutan II Phase II Year 2016	9.63	Jun 10, 2023	AA(idn)	idAA	idAA
PT Bank Pan Indonesia Tbk					
Series III Year 2010	10.50	Nov 9, 2017	-	-	idAA-
Berkelanjutan I Phase I Year 2012	9.40	Dec 20, 2019	idAA-	idAA-	idAA-
PT Bank CIMB Niaga Tbk					
Series II Year 2010	10.85	Dec 23, 2020	AA(idn)	AA(idn)	idAA
PT Bank Muamalat Indonesia Tbk					
Sukuk *Mudharabah* *Berkelanjutan* I Phase II Year 2013	7.61	Mar 28, 2023	-	idA-(sy)	-
PT Bank Permata Tbk					
Series II Year 2011	11.00	Jun 28, 2018	-	idAA+	idAA+
Available-for-sale					
Third parties					
Rupiah					
PT Bank Permata Tbk					
Phase II Year 2012	9.40	Dec 19, 2019	idAA+	idAA+	idAA+
Series II Year 2011	11.00	Jun 28, 2018	-	idAA+	idAA+
Berkelanjutan I Phase I Year 2012	8.90	Jun 15, 2019	idAA+	idAA+	idAA+
Berkelanjutan II Phase I Year 2013	12.00	Dec 24, 2020	idAA+	idAA+	idAA+
Berkelanjutan II Phase II Year 2014	11.75	Oct 24, 2021	idAA	idAA	idAA
PT Bank Pan Indonesia Tbk					
Series III Year 2010	10.50	Nov 9, 2017	-	-	idAA-
Phase I Year 2012	9.40	Dec 20, 2019	idAA-	idAA-	idAA-
Phase II Year 2017	10.25	Mar 17, 2024	idA+	idA+	-

*) Based on ratings issued by PT Pemeringkat Efek Indonesia (Pefindo).

(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.6. Subordinated Bonds (continued)

Issuer	Annual Interest Rate (%)	Maturity Date	Rating*) December 31, 2018	December 31, 2017	December 31, 2016
Available-for-sale (continued)					
Third parties (continued)					
Rupiah (continued)					
PT Bank CIMB Niaga Tbk					
Series II Year 2010	10.85	Dec 23, 2020	AA(idn)	AA(idn)	idAA
Series I Year 2010	11.30	Jul 8, 2017	-	-	idAA
PT Bank Maybank Indonesia Tbk					
Phase I Year 2011	10.00	Dec 6, 2018	-	idAA+	idAA+
Phase II Year 2012	9.25	Oct 31, 2019	AA(idn)	idAA+	idAA+
Berkelanjutan I Phase II Year 2012	9.25	Dec 6, 2018	-	idAA+	idAA+
Berkelanjutan II Phase II Year 2014	11.35	Jul 8, 2021	AA(idn)	idAA	idAA
Berkelanjutan II Phase II Year 2016	9.63	Jun 10, 2023	AA(idn)	idAA	AA(idn)
PT Bank UOB Indonesia					
Series I Year 2014	11.35	May 28, 2021	AA(idn)	AA(idn)	idAA
Phase II Year 2017	9.25	Oct 17, 2024	AA(idn)	AA(idn)	AA(idn)
PT Bank KEB Hana Indonesia					
Phase I Year 2016	9.95	Dec 21, 2023	AA(idn)	AA(idn)	idAA
PT Bank Bukopin Tbk					
Berkelanjutan I Phase I Year 2012	9.25	Mar 6, 2019	-	idA	idA
Berkelanjutan II Phase II Year 2017	11.00	Feb 28, 2024	-	idA-	-
PT Bank Muamalat Indonesia Tbk					
Mudharabah Berkelanjutan I Year 2012	11.17	Jun 29, 2022	-	-	idA-(sy)
Mudharabah Berkelanjutan I Phase II Year 2013	9.60	Mar 28, 2023	-	idA-(sy)	idA-(sy)
Held-to-maturity					
Third parties					
Rupiah					
PT BPD Jawa Tengah					
Phase I Year 2015	12.25	Dec 18, 2022	idA	-	-
PT Bank Permata Tbk					
Phase II Year 2012	9.40	Dec 19, 2019	idAA+	idAA+	idAA+
PT Bank OCBC NISP Tbk					
Series III	11.35	Jun 30, 2017	-	-	idAAA

*) Based on ratings issued by PT Pemeringkat Efek Indonesia (Pefindo).

(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

d) By Type and Issuer (continued):

d.7. Medium-Term Notes (MTN)

Issuer	Nominal Value	Annual Interest Rate (%)	Maturity Date	Carrying Value December 31, 2018	Carrying Value December 31, 2017	Carrying Value December 31, 2016
Available-for-sale						
Third parties						
Rupiah						
PT Indonesia Infrastructure Finance						
Phase I Year 2018	15,000	8.35	Nov 10, 2019	14,163	-	-
PT Bank Bukopin Tbk						
Phase I Year 2016	40,000	10.00*)	Sep 4, 2017	-	-	40,000
				14,163	-	40,000
Related parties (Note 44)						
Rupiah						
PT Telekomunikasi Indonesia (Persero) Tbk						
Phase I Year 2018 Series A	50,000	7.25	Sep 14, 2019	50,450	-	-
Phase I Year 2018 Series B	50,000	8.00	Sep 4, 2020	50,450	-	-
Phase I Year 2018 Series C	50,000	8.35	Sep 4, 2021	50,350	-	-
PT Wijaya Karya (Persero) Tbk						
Phase I Year 2018	100,000	10.50*)	Dec 28, 2021	100,000	-	-
PT Kimia Farma (Persero) Tbk						
Phase I Year 2017	57,000	8.10*)	Sep 15, 2020	56,567	57,000	-
Phase II Year 2018	36,000	7.75*)	Mar 15, 2021	35,305	-	-
Perum Perumnas						
Phase III Series A Year 2018	60,000	10.75	Dec 10, 2021	58,992	-	-
PT Perkebunan Nusantara III (Persero)	150,000	10.00*)	Dec 21, 2018	-	150,000	155,074
				402,114	207,000	155,074
				416,277	207,000	195,074
Held-to-maturity						
Third parties						
Rupiah						
PT Indah Kiat Pulp & Paper Tbk						
Series VII Year 2018	50,000	10.25	Apr 20, 2021	50,000	-	-
PT Indonesia Infrastructure Finance						
Series I Year 2018	50,000	8.35	Nov 10, 2019	50,000	-	-
PT Bank Sumitomo Mitsui						
Indonesia I Year 2015	100,000	9.85	Feb 3, 2018	-	100,000	100,000
PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk						
Series I Year 2016	25,000	7.00*)	Apr 18, 2016	-	50,000	50,000
				100,000	150,000	150,000
Related parties (Note 44)						
Rupiah						
PT Wijaya Karya (Persero) Tbk						
Series II Year 2014	100,000	9.80*)	Dec 24, 2017	-	-	99,710
				-	-	99,710
				100,000	150,000	249,710
Total				**516,277**	**357,000**	**444,784**

*) Interest received every 3 (three) months

(Expressed in millions of Rupiah, unless otherwise stated)

7. SECURITIES (continued)

e) BRI assessed impairment losses on securities individually based on whether objective evidence of impairment existed.

Management believes that the allowance for impairment losses as of December 31, 2018, 2017 and 2016 is adequate.

f) The average interest rates:

	December 31,		
	2018	2017	2016
Rupiah	7.57%	8.04%	8.65%
United States Dollar	4.91	4.98	5.08
European Euro	2.77	2.77	2.87
Singaporean Dollar	2.03	2.13	2.12

g) BRI recognized net unrealized gain resulting from the changes in fair values of securities classified as "Fair Value through Profit or Loss" amounted to Rp338,097, Rp55,555 and Rp34,602 for the years ended December 31, 2018, 2017 and 2016, respectively, which are presented in the "Unrealized gain on changes in fair value of securities" in the consolidated statement of profit or loss and other comprehensive income.

h) BRI recognized net gain on sale of securities amounted to Rp534,952, Rp784,501 and Rp450,895 for the years ended December 31, 2018, 2017 and 2016, respectively, which are presented in the "Gain on sale of securities and Government Recapitalization Bonds - net" in the consolidated statements of profit or loss and other comprehensive income.

i) As of December 31, 2018, 2017 and 2016, securities with nominal value of Rp37,950,853, Rp13,064,976 and Rp7,935,345 were sold under agreement to repurchase (Note 24).

8. EXPORT BILLS AND NOTES RECEIVABLE

a) By Type and Currency:

	December 31, 2018		December 31, 2017		December 31, 2016	
	Notional amount foreign currency (Full amount)	Rupiah Equivalent	Notional amount foreign currency (Full amount)	Rupiah Equivalent	Notional amount foreign currency (Full amount)	Rupiah Equivalent
<u>Third parties</u>						
<u>Rupiah</u>						
Domestic Documentary Letters of Credit		6,972,662		3,435,946		6,112,978
Export Bills		4,009,507		1,534,057		649,730
Notes Receivable		2,795,744		2,283,330		1,094,511
		13,777,913		7,253,333		7,857,219
<u>Foreign currencies</u>						
Export Bills						
United States Dollar	219,507,845	3,156,523	41,649,765	565,083	47,917,829	645,573
Japanese Yen	17,993,921	2,350	32,343,467	3,898	513,619,647	59,100
Renminbi	297,628	622	31,642,266	65,932	823,503,667	1,596,930
European Euro	36,627	602	499,255	8,106	2,540,997	36,021
Great Britain Pound Sterling		-		-	267,500	4,428
		3,160,097		643,019		2,342,052

(Expressed in millions of Rupiah, unless otherwise stated)

8. EXPORT BILLS AND NOTES RECEIVABLE (continued)

a) By Type and Currency (continued):

	December 31, 2018		December 31, 2017		December 31, 2016	
	Notional amount foreign currency (Full amount)	Rupiah Equivalent	Notional amount foreign currency (Full amount)	Rupiah Equivalent	Notional amount foreign currency (Full amount)	Rupiah Equivalent
Third parties (continued)						
Foreign currencies (continued)						
Notes Receivable						
United States Dollar	214,185,325	3,079,985	97,280,457	1,319,853	43,465,143	585,584
Renminbi	258,459,000	540,327	229,784,941	478,789	57,778,825	112,044
Japanese Yen	165,385,979	21,603	167,901,713	20,235	4,061,239	467
European Euro	249,964	4,110	1,853,896	30,100	2,214,128	31,387
Great Britain Pound Sterling		-	851,548	15,605	916,017	15,165
		3,646,025		1,864,582		744,647
		6,806,122		2,507,601		3,086,699
		20,584,035		9,760,934		10,943,918
Related parties (Note 44)						
Rupiah						
Notes Receivable		4,812,064		881,432		384,908
Domestic Documentary Letters of Credit		1,360,666		3,150		77,494
Export Bills		650,624		6,427		-
		6,823,354		891,009		462,402
Foreign currencies						
Notes Receivable						
United States Dollar	2,390,196	34,371	95,224	1,292	789,521	10,637
Export Bills						
United States Dollar	64,649	930	82,425	1,118	12,114,895	163,218
		35,301		2,410		173,855
		6,858,655		893,419		636,257
Total		**27,442,690**		**10,654,353**		**11,580,175**

b) By Collectibility:

All export bills and notes receivable are classified as “Current” as of December 31, 2018, 2017 and 2016.

(Expressed in millions of Rupiah, unless otherwise stated)

8. EXPORT BILLS AND NOTES RECEIVABLE (continued)

c) By Time Period:

The classification of export bills and notes receivable based on their remaining period to maturity are as follows:

	December 31,		
	2018	**2017**	**2016**
Third parties			
≤ 1 month	3,467,751	1,491,539	2,741,638
> 1 month - 3 months	8,727,350	3,700,998	3,985,384
> 3 months - 1 year	8,388,934	4,568,397	4,216,896
	20,584,035	9,760,934	10,943,918
Related parties (Note 44)			
≤ 1 month	2,047,761	839,412	273,467
> 1 month - 3 months	2,246,497	23,349	166,316
> 3 months - 1 year	2,564,397	30,658	196,474
	6,858,655	893,419	636,257
Total	**27,442,690**	**10,654,353**	**11,580,175**

BRI assessed allowance for impairment losses on export bills and notes receivable individually based on whether objective evidence of impairment exists.

Management believes that no allowance for impairment losses is necessary as of December 31, 2018, 2017 and 2016, because management believes that export bills and notes receivable are fully collectible.

9. GOVERNMENT RECAPITALIZATION BONDS

This account represents bonds issued by the Government related to BRI's recapitalization program and Government Recapitalization Bonds purchased from the secondary market.

In connection with the recapitalization program, BRI received bonds issued by the Government at a nominal amount of Rp29,149,000 issued in 2 (two) tranches, at nominal amounts of Rp20,404,300 on July 25, 2000 and Rp8,744,700 on October 31, 2000, all of which are fixed rate interest bonds (Note 1b). In accordance with the Letter of the Minister of Finance of the Republic of Indonesia No. S-84/MK.01/ 2002 dated March 26, 2002 on "Conversion Implementation of Series FR Bonds into Series VR Bonds", on March 26, 2002 BRI partially redeemed fixed rate Government bonds with a variable interest rate Government bonds.

(Expressed in millions of Rupiah, unless otherwise stated)

9. GOVERNMENT RECAPITALIZATION BONDS (continued)

a) By Ownership Purpose and Remaining Period to Maturity:

	December 31,		
	2018	**2017**	**2016**
Available-for-sale			
≤ 1 month	30,273	717,840	718,434
Held-to-maturity			
≤ 1 year	375,000	1,125,000	-
> 1 year - 5 years	1,100,000	1,475,000	2,600,000
	1,475,000	2,600,000	2,600,000
Total	**1,505,273**	**3,317,840**	**3,318,434**

b) By Classification and Type:

			Fair Value/Carrying Value		
Series	**Annual Interest Rate (%)**	**Maturity Date**	**December 31, 2018**	**December 31, 2017**	**December 31, 2016**
Available-for-sale					
VR0031	3 months SPN	July 25, 2020	30,273	268,785	269,109
VR0027	3 months SPN	July 25, 2018	-	449,055	449,325
			30,273	717,840	718,434
Held-to-maturity					
VR0031	3 months SPN	July 25, 2020	1,100,000	1,100,000	1,100,000
VR0029	3 months SPN	August 25, 2019	375,000	375,000	375,000
VR0028	3 months SPN	August 25, 2018	-	375,000	375,000
VR0027	3 months SPN	July 25, 2018	-	375,000	375,000
VR0026	3 months SPN	January 25, 2018	-	375,000	375,000
			1,475,000	2,600,000	2,600,000
Total			**1,505,273**	**3,317,840**	**3,318,434**

c) Other Significant Information:

The schedule of interest payment for Government Recapitalization bonds is every 3 (three) months.

The market values of Government Recapitalization Bonds classified as “Available-for-sale” ranged from 99.87% to 99.87%, 99.55% to 99.79% and 99.67% to 99.85% of nominal amounts as of December 31, 2018, 2017 and 2016, respectively.

(Expressed in millions of Rupiah, unless otherwise stated)

10. SECURITIES PURCHASED UNDER AGREEMENT TO RESELL

Securities purchased under agreement to resell as of December 31, 2018, 2017 and 2016 consist of:

	December 31, 2018				
	Interest Rate (%)	**Date of Purchase**	**Date of Resale**	**Purchase Amount**	**Resale Amount-Net**
Third parties					
Rupiah					
Bank Indonesia					
Government Bonds					
FR0063	6.55	November 2, 2018	May 3, 2019	2,629,134	2,657,357
FR0063	6.35	November 9, 2018	February 8, 2019	1,784,336	1,800,702
FR0064	6.35	October 12, 2018	January 11, 2019	813,616	825,097
FR0063	6.20	August 24, 2018	February 22, 2019	441,274	451,078
FR0063	6.60	September 28, 2018	June 28, 2019	429,611	437,015
FR0064	5.85	July 27, 2018	January 25, 2019	255,678	262,201
FR0047	5.80	July 6, 2018	January 4, 2019	111,740	114,944
FR0064	6.00	July 27, 2018	January 25, 2019	85,226	87,456
FR0064	5.90	July 27, 2018	January 25, 2019	85,226	87,419
PT Bank Pembangunan Daerah Sulawesi Tengah					
Government Bonds					
FR0068	7.25	December 26, 2018	January 9, 2019	89,906	89,997
PT Bank Pembangunan Daerah Jawa Tengah					
Government Bonds					
FR0065	7.25	December 19, 2018	January 2, 2019	505,148	506,368
FR0059	7.30	December 20, 2018	January 3, 2019	504,225	505,350
FR0070	7.00	December 27, 2018	January 10, 2019	319,951	320,200
				8,055,071	8,145,184
Related parties (Note 44)					
Rupiah					
PT Bank Mandiri Taspen					
Government Bonds					
FR0061	7.40	October 3, 2018	January 3, 2019	100,377	102,213
PT Asuransi Jiwasraya					
Government Bonds					
FR0059	7.59	September 10, 2018	March 11, 2019	350,586	358,864
FR0074	7.59	September 14, 2018	March 13, 2019	244,307	249,869
FR0061	7.59	September 12, 2018	March 12, 2019	193,242	197,724
FR0065	7.59	September 14, 2018	March 13, 2019	45,385	46,419
FR0068	7.59	September 14, 2018	March 13, 2019	13,048	13,345
FR0063	7.59	September 19, 2018	March 12, 2019	8,053	8,228
FR0044	7.59	September 19, 2018	March 12, 2019	5,750	5,875
Bonds I Angkasa Pura I Year 2016 Series A	7.59	September 24, 2018	March 22, 2019	173,119	176,696
Bonds I Angkasa Pura II Year 2016 Series A	7.59	September 24, 2018	March 22, 2019	48,475	49,476
Bonds *Berkelanjutan* I Telkom					
Phase I Year 2015 Series A	7.59	September 24, 2018	March 22, 2019	12,124	12,375
Phase I Year 2015 Series B	7.59	September 24, 2018	March 22, 2019	6,116	6,243
Bonds *Berkelanjutan* III Sarana Multigriya Finansial					
Phase V Year 2016 Series B	7.59	September 24, 2018	March 22, 2019	8,977	9,162
Phase VII Year 2017 Series B	7.59	September 24, 2018	March 22, 2019	5,951	6,074
Bonds *Berkelanjutan* I BNI Phase I Year 2017	7.59	September 24, 2018	March 22, 2019	8,627	8,806
				1,224,137	1,251,369
Total				**9,279,208**	**9,396,553**

(Expressed in millions of Rupiah, unless otherwise stated)

10. SECURITIES PURCHASED UNDER AGREEMENT TO RESELL (continued)

Securities purchased under agreement to resell as of December 31, 2018, 2017 and 2016 consist of (continued):

	December 31, 2017				
	Interest Rate (%)	Date of Purchase	Date of Resale	Purchase Amount	Resale Amount-Net
Third parties					
Rupiah					
Bank Indonesia					
Government Bonds					
FR0066	4.77	October 13, 2017	January 12, 2018	97,113	98,130
FR0034	4.45	December 27, 2017	January 10, 2018	1,743,116	1,743,978
FR0052	4.60	December 27, 2017	January 24, 2018	955,856	956,344
FR0054	4.60	December 20, 2017	January 17, 2018	3,019,546	3,023,790
FR0065	4.55	December 6, 2017	January 3, 2018	271,414	272,271
FR0068	4.60	December 6, 2017	January 3, 2018	1,604,687	1,609,813
FR0068	4.60	December 13, 2017	January 10, 2018	2,554,503	2,560,354
FR0070	4.85	December 8, 2017	March 9, 2018	320,827	321,821
SPN12180809	4.80	November 10, 2017	February 9, 2018	273,786	275,648
SPN03180118	4.25	December 27, 2017	January 3, 2018	2,836,382	2,837,722
SPN12180412	4.45	December 20, 2017	January 3, 2018	2,333,619	2,336,792
SPN12180809	4.80	October 13, 2017	February 12, 2018	90,878	91,835
SPN12181004	4.84	November 10, 2017	February 9, 2018	451,835	454,933
PT Bank CIMB Niaga Tbk					
Government Bonds					
FR0061	5.10	December 12, 2017	January 12, 2018	280,249	281,004
Bank Indonesia Certificates					
IDSD240818364S	4.95	December 6, 2017	January 5, 2018	172,954	173,548
PT Bank CTBC Indonesia					
Government Bonds					
ORI012	5.10	December 12, 2017	January 12, 2018	139,182	139,556
PT Bank J Trust Indonesia Tbk					
Government Bonds					
FR0064	5.30	November 30, 2017	February 28, 2018	42,611	42,805
Bank Indonesia Deposit Certificates					
IDSD060418273S	5.30	November 30, 2017	February 28, 2018	132,192	132,795
IDSD040518182S	5.00	December 13, 2017	January 3, 2018	88,219	88,440
PT Bank Pembangunan Daerah Sulawesi Tengah					
Bank Indonesia Certificates					
IDSD110518182S	4.70	December 28, 2017	January 8, 2018	66,238	66,264
PT Bank Pan Indonesia Tbk					
Bank Indonesia Certificates					
IDSD090318182S	5.20	December 19, 2017	January 19, 2018	502,312	503,183
Total				**17,977,519**	**18,011,026**

	December 31, 2016				
	Interest Rate (%)	Date of Purchase	Date of Resale	Purchase Amount	Resale Amount-Net
Third parties					
Rupiah					
Bank Indonesia					
Government Bonds					
FR0066	5.60	December 30, 2016	March 31, 2017	924,996	925,140
PT Bank J Trust Indonesia Tbk					
Bank Indonesia Deposit Certificates					
IDSD130117182C	8.50	December 28, 2016	January 11, 2017	89,749	89,812
				1,014,745	1,014,952

(Expressed in millions of Rupiah, unless otherwise stated)

10. SECURITIES PURCHASED UNDER AGREEMENT TO RESELL (continued)

Securities purchased under agreement to resell as of December 31, 2018, 2017 and 2016 consist of (continued):

	December 31, 2016				
	Interest Rate (%)	Date of Purchase	Date of Resale	Purchase Amount	Resale Amount-Net
Third parties (continued)					
Foreign currencies					
PT Bank BNP Paribas Indonesia					
Government Bonds					
RI1023	6.15	December 19, 2016	January 26, 2017	58,835	58,955
RI0320	6.15	December 19, 2016	January 26, 2017	74,733	74,886
RI0237	6.15	December 19, 2016	January 26, 2017	111,868	112,097
RI0319	6.15	December 19, 2016	January 26, 2017	66,360	66,497
				311,796	312,435
				1,326,541	1,327,387
Related party (Note 44)					
Rupiah					
PT Bank Mandiri (Persero) Tbk					
Government Bonds					
FR0069	6.50	November 17, 2016	January 6, 2017	228,170	229,983
				228,170	229,983
Total				**1,554,711**	**1,557,370**

11. DERIVATIVES RECEIVABLE AND PAYABLE

The summary of the derivatives transactions are as follows:

	December 31, 2018	
Transaction	Derivatives receivable	Derivatives payable
Cross currency and interest rate swap	25,671	67,944
Interest rate swap	69,307	91,211
Currency option	23,951	20,774
Shares option	16,468	-
Foreign currency swap	276,071	56,195
Purchase and sale of foreign currency forward	72,275	94,922
Purchase and sale of foreign currency spot	2,067	1,297
Total	**485,810**	**332,343**

	December 31, 2017*)	
Transaction	Derivatives receivable	Derivatives payable
Cross currency and interest rate swap	64,708	115,981
Interest rate swap	60,475	54,261
Shares option	16,984	-
Currency option	10,218	11,341
Foreign currency swap	2,740	3,334
Purchase and sale of foreign currency forward	6,883	15,156
Purchase and sale of foreign currency spot	904	785
Total	**162,912**	**200,858**

*) As restated (Note 50)

(Expressed in millions of Rupiah, unless otherwise stated)

11. DERIVATIVES RECEIVABLE AND PAYABLE (continued)

The summary of the derivatives transactions are as follows (continued):

	December 31, 2016*)	
Transaction	**Derivatives receivable**	**Derivatives payable**
Cross currency and interest rate swap	32,204	179,286
Interest rate swap	59,443	53,780
Shares option	12,250	-
Purchase and sale of foreign currency spot	10	-
Foreign currency swap	-	112,160
Purchase and sale of foreign currency forward	-	1,991
Total	**103,907**	**347,217**

a. Cross Currency and Interest Rate Swap

As of December 31, 2018, BRI enters into cross currency interest rate swap contracts with several counterparties, whereby BRI agrees to exchange funds amounted to USD20,000,000 (full amount), USD60,000,000 (full amount), EUR45,000,000 (full amount), EUR50,000,000 (full amount), EUR57,000,000 (full amount) and CHF20,000,000 (full amount) equivalent to Rp279,500, RMB386,118,000 (full amount), Rp748,225, RMB392,725,000 (full amount), USD64,625,500 (full amount) and RMB137,650,000 (full amount) at the effective date of the respective contracts.

As of December 31, 2017, BRI enters into cross currency interest rate swap contracts with several counterparties, whereby BRI agrees to exchange funds amounted to RMB1,062,730,500 (full amount), RMB750,000,000 (full amount), USD64,625,500 (full amount), USD100,000,000 (full amount), USD10,000,000 (full amount), Rp1,288,440 and Rp269,400 equivalent to USD165,000,000 (full amount), Rp1,522,990, EUR57,000,000 (full amount), Rp1,328,250, RMB68,346,000 (full amount), EUR80,000,000 (full amount) and USD20,000,000 (full amount) at the effective date of the respective contracts.

As of December 31, 2016, BRI enters into cross currency interest rate swap contracts with several counterparties, whereby BRI agrees to exchange funds amounted to RMB2,065,304,000 (full amount), Rp541,400, USD53,167,500 (full amount) and USD159,483,894 (full amount) equivalent to USD315,000,000 (full amount), USD40,000,000 (full amount), EUR47,000,000 (full amount) and Rp2,101,181 at the effective date of the respective contracts.

The parties in the cross currency swap contracts are obliged to pay interest in accordance with the funds received. If the funds received are in USD, the beneficiary must pay interest with fixed rate or floating rate of six-month LIBOR plus a given margin. On the contrary, the beneficiary who receives Rupiah, Renminbi, or European Euro must pay interest with fixed rate.

b. Interest Rate Swap

As of December 31, 2018, 2017 and 2016, BRI enters into interest rate swap contract with several counterparties, whereby BRI and the counterparties agreed to swap foreign currencies at a fixed rate or floating rate with total contractual amount of USD474,901,309 (full amount), USD418,651,309 (full amount), and USD373,125,000 (full amount), respectively.

c. Shares Option

As of December 31, 2018, 2017 and 2016, Danareksa Sekuritas (subsidiary) has outstanding option to sell a number of shares of a public company at a certain price applicable until December 31, 2019, 2018 and 2017. The fair value of the option as of December 31, 2018, 2017 and 2016 amounted to Rp16,468, Rp16,984 and Rp12,250, respectively.

*) As restated (Note 50)

11. DERIVATIVES RECEIVABLE AND PAYABLE (continued)

c. Shares Option (continued)

As of December 31, 2018, 2017 and 2016, Danareksa Sekuritas (subsidiary) has outstanding option to sell a number of shares of a public company at a certain price applicable until December 31, 2019, 2018 and 2017. The fair value of the option as of December 31, 2018, 2017 and 2016 amounted to Rp16,468, Rp16,984 and Rp12,250, respectively.

d. Currency Option

As of December 31, 2018, BRI has outstanding call spread option purchase contracts with notional amount of USD187,358,879 (full amount) and contractual amount of Rp2,823,836 and call spread option sale contracts with notional amount of USD187,358,879 (full amount) and contractual amount of Rp2,785,165.

As of December 31, 2017, BRI has outstanding call spread option purchase contracts with notional amount of USD64,710,461 (full amount) and contractual amount of Rp548,082 and option sale contracts including call spread option with notional amount of USD149,710,461 (full amount) and contractual amount of Rp2,067,752.

e. Purchase and Sale of Foreign Currency Spots and Forward

As of December 31, 2018 BRI has outstanding foreign currency spot purchase contracts with notional amount of USD17,322,157 (full amount), USD1,000,000 (full amount), EUR12,500,000 (full amount), and GBP4,000,000 (full amount) and contractual amount of Rp249,838, JPY111,040,000 (full amount), USD14,275,000 (full amount), and USD5,080,000 (full amount), respectively and foreign currency spot sale contracts with notional amount of USD20,000,000 (full amount), USD1,000,000 (full amount), EUR10,500,000 (full amount), and GBP4,000,000 (full amount) and contractual amount of Rp289,094, JPY110,860,000 (full amount), USD12,015,000 (full amount) and USD5,080,000 (full amount), respectively. Furthermore, BRI also has outstanding foreign currency forward purchase contracts with notional amount of USD284,390,596 (full amount) and EUR12,561,688 (full amount) and contractual amount of Rp4,203,384 and USD14,568,260 (full amount), respectively and foreign currency forward sale contracts with notional amount of USD253,890,615 (full amount) and EUR12,506,492 (full amount) and contractual amount of Rp3,747,010 and Rp216,839, respectively.

As of December 31, 2017, BRI has outstanding foreign currency spot purchase contracts with notional amount of USD62,000,000 (full amount) and EUR5,000,000 (full amount) and contractual amount of Rp840,389 and Rp81,073, respectively and foreign currency spot sale contracts with notional amount of USD45,500,000 (full amount) and EUR5,000,000 (full amount) and contractual amount of Rp616,803 and Rp80,918, respectively. Furthermore, BRI also has outstanding foreign currency forward purchase contracts with notional amount of USD95,427,140 (full amount) and contractual amount of Rp1,299,745 and foreign currency forward sale contracts with notional amount of USD392,015,599 (full amount) and contractual amount of Rp5,338,694.

As of December 31, 2016, BRI has outstanding foreign currency spot purchase and sale contracts with notional amount of USD105,000,000 (full amount) and USD121,000,000 (full amount) and contractual amount of Rp1,414,887 and Rp1,630,457, respectively. Furthermore, BRI also has foreign currency forward purchase contracts with notional amount of USD117,700,000 (full amount) and EUR60,000,000 (full amount) and contractual amount of Rp1,588,919 and Rp845,491, respectively and foreign currency forward sale contracts with notional amount of USD381,682,492 (full amount) and contractual amount of Rp5,124,359.

(Expressed in millions of Rupiah, unless otherwise stated)

11. DERIVATIVES RECEIVABLE AND PAYABLE (continued)

f. Foreign Currency Swap

As of December 31, 2018, BRI has outstanding foreign currency swap purchase contracts with notional amount of USD782,858,750 (full amount), USD8,034,182 (full amount), USD20,138,961 (full amount), EUR61,694 (full amount), EUR40,000,000 (full amount), and GBP292,930 (full amount) and contractual amount of Rp11,546,038, SGD11,000,000 (full amount), CHF20,000,000 (full amount), USD70,000 (full amount), RMB313,966,020 (full amount) and Rp5,453, respectively and foreign currency swap sale contracts with notional amount of USD243,500,000 (full amount), USD22,513,595 (full amount), and EUR400,000,000 (full amount) and contractual amount of Rp3,559,731, SGD31,000,000 (full amount) and USD457,373,041 (full amount), respectively.

As of December 31, 2017, BRI has outstanding foreign currency swap purchase contracts with notional amount of USD68,000,000 (full amount) and RMB10,000,000 (full amount) and contractual amount of Rp922,295 and Rp20,680, respectively and foreign currency swap sale contracts with notional amount of USD365,000,000 (full amount) and contractual amount of Rp4,952,199.

As of December 31, 2016, BRI has outstanding foreign currency swap purchase contracts with notional amount of USD295,000,000 (full amount) and EUR310,000,000 (full amount) and contractual amount of Rp3,998,890 and Rp4,479,072, respectively and foreign currency swap sale contracts with notional amount of USD25,000,000 (full amount) and contractual amount of Rp333,740.

12. LOANS

a) By Type and Currency:

The details of loans by type are as follows:

	December 31,		
	2018	**2017**	**2016**
Third Parties			
Rupiah			
Kupedes	274,265,895	239,446,222	211,417,693
Working capital	155,123,610	137,253,555	123,647,784
Consumer	131,094,876	115,226,118	101,016,417
Investment	61,687,748	56,554,806	54,536,901
Program	19,794,242	15,132,136	10,547,008
Syndicated	483,441	376,908	1,136,189
	642,449,812	563,989,745	502,301,992
Foreign currencies			
Investment	40,467,186	35,517,455	27,477,766
Working capital	25,082,627	22,585,002	19,362,729
Syndicated	662,306	571,560	615,873
Consumer	561,112	82,785	-
	66,773,231	58,756,802	47,456,368
	709,223,043	622,746,547	549,758,360

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

a) By Type and Currency (continued):

The details of loans by type are as follows (continued):

	December 31, 2018	December 31, 2017	December 31, 2016
Related parties (Note 44)			
Rupiah			
Working capital	46,809,988	38,485,484	37,739,884
Investment	35,086,557	30,682,594	27,960,891
Syndicated	7,930,481	14,305,128	17,116,441
Key employees	34,092	38,457	43,174
Consumer	9,934	11,118	14,871
	89,871,052	83,522,781	82,875,261
Foreign currencies			
Working capital	17,502,447	8,482,183	5,573,961
Investment	2,752,795	3,418,191	4,286,304
Syndicated	660,820	812,966	977,089
	20,916,062	12,713,340	10,837,354
	110,787,114	96,236,121	93,712,615
Total	820,010,157	718,982,668	643,470,975
Less allowance for impairment losses	(35,017,982)	(29,423,380)	(22,184,296)
Net	**784,992,175**	**689,559,288**	**621,286,679**

The details of loans by currency are as follows:

	December 31, 2018		December 31, 2017		December 31, 2016	
	Notional amount foreign currency (Full Amount)	Rupiah Equivalent	Notional amount foreign currency (Full Amount)	Rupiah Equivalent	Notional amount foreign currency (Full Amount)	Rupiah Equivalent
Rupiah		732,320,864		647,512,526		585,177,253
Foreign currencies						
United States Dollar	5,993,964,948	86,193,216	5,198,485,778	70,530,456	4,265,605,843	57,468,374
European Euro	72,146,581	1,186,137	35,917,796	583,169	40,702,251	576,986
Singaporean Dollar	19,841,207	209,422	28,764,567	292,091	21,521,459	200,406
Great Britain Pound Sterling	3,930,218	71,968	2,507,085	45,943	2,090,463	34,608
Japanese Yen	103,593,998	13,531	117,832,413	14,201	90,820,000	10,450
Renminbi	4,457,638	9,319		-		-
Swiss Franc	390,517	5,700	308,006	4,282	205,338	2,712
Australian Dollar		-		-	19,099	186
		87,689,293		71,470,142		58,293,722
Total		820,010,157		718,982,668		643,470,975
Less allowance for impairment losses		(35,017,982)		(29,423,380)		(22,184,296)
Net		**784,992,175**		**689,559,288**		**621,286,679**

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

b) By Economic Sector:

	December 31,		
	2018	**2017**	**2016**
Third Parties			
Rupiah			
Trading, hotels and restaurants	256,219,193	226,186,153	201,932,238
Agriculture	77,912,574	67,543,304	61,298,365
Business services	31,464,535	25,831,990	21,669,972
Manufacturing	27,767,807	24,177,058	23,131,242
Construction	16,578,154	14,975,663	13,352,157
Transportation, warehousing and communications	10,992,513	9,364,498	7,411,834
Social services	9,475,464	5,885,751	4,570,127
Electricity, gas and water	3,562,846	1,574,646	1,235,411
Mining	2,550,965	2,115,257	2,223,852
Others	205,925,761	186,335,425	165,476,794
	642,449,812	563,989,745	502,301,992
Foreign Currencies			
Manufacturing	25,161,096	25,665,775	23,302,570
Agriculture	17,667,723	16,070,541	8,994,684
Electricity, gas and water	9,095,537	5,831,595	4,465,298
Mining	3,203,206	1,962,466	3,951,956
Trading, hotels and restaurants	3,170,984	2,432,355	1,742,852
Construction	2,742,913	1,529,935	1,669,253
Transportation, warehousing and communications	2,616,944	2,828,184	1,581,561
Business services	2,018,103	2,097,505	1,681,920
Social services	466,899	47,496	-
Others	629,826	290,950	66,274
	66,773,231	58,756,802	47,456,368
	709,223,043	622,746,547	549,758,360
Related Parties (Note 44)			
Rupiah			
Electricity, gas and water	23,631,348	26,866,643	27,396,425
Trading, hotels and restaurants	19,643,364	10,821,560	15,784,788
Construction	13,495,108	9,280,503	6,272,142
Manufacturing	9,408,455	8,667,951	9,804,224
Transportation, warehousing and communications	8,343,126	9,234,581	8,699,909
Agriculture	7,473,930	6,243,108	7,673,124
Business services	6,971,996	11,913,867	6,315,017
Mining	590,995	108,341	466,620
Social services	274,683	346,347	418,524
Others	38,047	39,880	44,488
	89,871,052	83,522,781	82,875,261
Foreign currencies			
Trading, hotels and restaurants	11,575,627	2,031,732	25,829
Manufacturing	5,811,609	5,681,336	4,979,352
Social services	2,544,738	3,007,495	3,707,071
Transportation, warehousing and communications	769,019	632,312	524,255
Business services	107,850	-	176,577
Construction	79,983	3,715	77,020
Mining	27,236	1,356,750	1,347,250
	20,916,062	12,713,340	10,837,354
	110,787,114	96,236,121	93,712,615
Total	820,010,157	718,982,668	643,470,975
Less allowance for impairment losses	(35,017,982)	(29,423,380)	(22,184,296)
Net	**784,992,175**	**689,559,288**	**621,286,679**

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

c) By Time Period:

The classification of loans based on the remaining period to maturity are as follows:

	December 31,		
	2018	2017	2016
Third parties			
Rupiah			
≤ 1 month	20,330,742	16,086,535	13,537,435
> 1 month - 3 months	29,348,601	23,003,072	18,772,288
> 3 months - 1 year	120,035,107	110,806,225	97,065,113
> 1 year - 2 years	89,107,704	86,191,035	80,029,683
> 2 years - 5 years	189,939,235	157,904,624	142,332,825
> 5 years	193,688,423	169,998,254	150,564,648
	642,449,812	563,989,745	502,301,992
Foreign currencies			
≤ 1 month	5,724,232	5,382,236	2,441,291
> 1 month - 3 months	1,546,241	2,244,541	1,521,131
> 3 months - 1 year	16,843,596	5,174,926	5,505,601
> 1 year - 2 years	3,762,848	11,410,051	5,977,606
> 2 years - 5 years	12,132,848	8,737,745	12,608,850
> 5 years	26,763,466	25,807,303	19,401,889
	66,773,231	58,756,802	47,456,368
	709,223,043	622,746,547	549,758,360
Related parties (Note 44)			
Rupiah			
≤ 1 month	8,337,635	11,019,644	1,890,341
> 1 month - 3 months	3,959,650	11,150,941	19,986,637
> 3 months - 1 year	10,058,371	17,130,693	16,731,440
> 1 year - 2 years	21,668,042	3,145,595	2,638,472
> 2 years - 5 years	9,772,338	5,891,373	7,727,466
> 5 years	36,075,016	35,184,535	33,900,905
	89,871,052	83,522,781	82,875,261
Foreign currencies			
≤ 1 month	1,315,772	2,000,424	242,395
> 1 month - 3 months	-	407,025	1,347,250
> 3 months - 1 year	16,701,061	5,862,809	2,736,744
> 1 year - 2 years	423,105	1,344,479	-
> 2 years - 5 years	2,476,124	2,999,687	4,967,027
> 5 years	-	98,916	1,543,938
	20,916,062	12,713,340	10,837,354
	110,787,114	96,236,121	93,712,615
Total	820,010,157	718,982,668	643,470,975
Less allowance for impairment losses	(35,017,982)	(29,423,380)	(22,184,296)
Net	**784,992,175**	**689,559,288**	**621,286,679**

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

d) By Collectibility:

	December 31,		
	2018	**2017**	**2016**
Individual	27,145,695	27,226,560	28,871,177
Collective			
Current	762,445,946	661,911,830	587,285,896
Special mention	20,787,067	21,928,300	20,523,521
Substandard	1,573,704	1,290,701	1,056,103
Doubtful	1,777,038	1,408,731	1,128,476
Loss	6,280,707	5,216,546	4,605,802
	792,864,462	691,756,108	614,599,798
Total	820,010,157	718,982,668	643,470,975
Less allowance for impairment losses:			
Individual	(16,780,413)	(13,013,036)	(7,510,899)
Collective	(18,237,569)	(16,410,344)	(14,673,397)
	(35,017,982)	(29,423,380)	(22,184,296)
Net	**784,992,175**	**689,559,288**	**621,286,679**

e) By Operating Segment:

	December 31,		
	2018	**2017**	**2016**
Third parties			
Rupiah			
Retail	311,654,641	274,283,085	241,315,169
Micro	291,615,908	252,850,654	221,802,205
Corporate	39,179,263	36,856,006	39,184,618
	642,449,812	563,989,745	502,301,992
Foreign currencies			
Corporate	52,255,050	47,520,666	37,452,816
Retail	14,518,181	11,236,136	10,003,552
	66,773,231	58,756,802	47,456,368
	709,223,043	622,746,547	549,758,360
Related parties (Note 44)			
Rupiah			
Corporate	85,459,930	81,742,983	81,332,459
Retail	4,411,122	1,779,798	1,542,802
	89,871,052	83,522,781	82,875,261
Foreign currencies			
Corporate	20,866,043	12,576,130	10,709,197
Retail	50,019	137,210	128,157
	20,916,062	12,713,340	10,837,354
	110,787,114	96,236,121	93,712,615
Total	820,010,157	718,982,668	643,470,975
Less allowance for impairment losses	(35,017,982)	(29,423,380)	(22,184,296)
Net	**784,992,175**	**689,559,288**	**621,286,679**

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

f) Other Significant Information:

1) Average annual interest rates:

	December 31,		
	2018	2017	2016
Contractual Rate			
Rupiah	11.19%	11.78%	11.91%
Foreign currencies	4.20	4.11	4.23
Effective Rate			
Rupiah	13.46%	14.14%	14.59%
Foreign currencies	4.30	4.20	4.38

2) Loans are generally secured by collateral bound by mortgages, power of attorneys to sell, demand deposits, saving deposits, time deposits or other guarantees generally accepted by banks (Notes 20, 21 and 22).

3) Working capital and investment loans are provided to debtors to meet their working capital needs and capital goods.

4) Consumer loans consist of loans to employees and retired employees, mortgage loans, motor vehicle loans and other consumer loans.

5) Program loans represent loan facilities channeled by BRI based on the instruction from the Government in order to support the development in Indonesia, especially the development of small and medium businesses and cooperatives.

6) Kupedes loans represent loan facilities channeled by BRI through BRI's Units. The target of these loans is micro businesses and fixed income employees that require additional funding, whereby the amount is in accordance with the maximum limit stated in the Kupedes regulation. The targeted economic sectors are agriculture, manufacturing, trading and others.

7) Syndicated loans represent loans provided to debtors under syndication agreements with other banks. The total of BRI's syndicated loans amounted to Rp52,765,949, Rp38,340,157 and Rp45,054,012 as of December 31, 2018, 2017 and 2016, respectively. BRI's participation as leader of the syndication ranged from 24.50% to 77.00%, from 22.65% to 63.65% and from 24.50% to 63.65%, while BRI's participation as member of the syndication ranged from 1% to 36%, 10.89% to 50.00% and 2.97% to 59.97% as of December 31, 2018, 2017 and 2016, respectively.

8) Employee loans are loans provided to employees with annual interest rate of 5.50% that intended for the acquisition of vehicles, houses and other necessities with a period ranging from 4 (four) to 20 (twenty) years maturity. Loan principal and interest payments were paid through monthly payroll deductions. The difference between employee loan's interest rate and Base Lending Rate (BLR) is deferred and recorded as deferred expense for employee loans in other assets. The deferred expense for employee loans amounted to Rp2,251,490, Rp617,834 and Rp565,480 as of December 31, 2018, 2017 and 2016, respectively (Note 18).

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

f) Other Significant Information (continued):

9) Loans provided by BRI to related parties, other than loans to key employees (Note 44) are as follows:

	December 31,		
	2018	**2017**	**2016**
PT Perusahaan Listrik Negara (Persero)	23,616,099	27,039,931	27,446,991
Perum BULOG	16,316,937	9,049,660	16,112,248
PT Pertamina (Persero)	11,575,627	1,760,382	-
PT Pupuk Kalimantan Timur	3,032,393	1,776,795	1,621,845
PT Garuda Indonesia (Persero) Tbk	2,897,733	2,375,195	1,968,132
PT Dirgantara Indonesia (Persero)	2,893,383	2,438,770	1,735,635
Kementerian Keuangan Republik Indonesia	2,804,944	3,450,797	4,307,997
PT Trans Jabar Tol	2,438,362	748,931	-
PT Kresna Kusuma Dyandra Marga	2,338,069	-	-
PT Petrokimia Gresik	2,222,289	1,428,976	980,595
Others	40,617,187	46,128,227	39,495,998
Total	**110,753,023**	**96,197,664**	**93,669,441**

10) Loans that have been restructured by BRI (Parent Entity) amounted to Rp49,102,800, Rp42,175,770 and Rp37,131,753 (unaudited) as of December 31, 2018, 2017 and 2016, respectively. The restructuring schemes generally consist of extension of the loan maturity date and rescheduling of interest payment in arrears.

11) In report on Legal Lending Limit to Bank Indonesia as of December 31, 2018, 2017 and 2016, BRI has no debtor either related party or third party, in accordance with Bank Indonesia regulation, that does not comply with or exceed the Legal Lending Limit.

12) The details of impaired loans by seconomic sector and the allowance for impairment losses are as follows:

	December 31,		
	2018	**2017**	**2016**
Trading, hotels and restaurants	9,614,317	9,898,334	9,589,255
Manufacturing	9,343,139	8,457,660	9,306,203
Agriculture	6,034,872	4,727,530	4,345,008
Construction	3,374,882	3,183,411	3,725,349
Business services	2,060,793	1,589,408	1,629,211
Mining	1,730,752	2,712,370	3,116,077
Transportation, warehousing and communications	1,677,441	1,671,117	1,653,314
Electricity, gas and water	743,514	707,437	723,688
Social services	506,673	676,383	135,594
Others	1,690,761	1,518,888	1,437,859
Total	36,777,144	35,142,538	35,661,558
Less allowance for impairment losses	(19,170,366)	(15,239,033)	(9,224,013)
Net	**17,606,778**	**19,903,505**	**26,437,545**

(Expressed in millions of Rupiah, unless otherwise stated)

12. LOANS (continued)

f) Other Significant Information (continued):

13) Ratios

a. The ratios of non-performing loans (NPL) based on Bank Indonesia Regulations are as follows:

(i) BRI (Parent Entity) and BRI Agro

	December 31,		
	2018	**2017**	**2016**
Total non-performing loans	17,680,729	15,147,081	13,117,282
Total loans	820,010,057	718,982,668	643,470,975
% Non-Performing Loans (NPL)	2.16%	2.11%	2.04%

(ii) BRI (Parent Entity)

	December 31,		
	2018	**2017**	**2016**
Total non-performing loans	17,232,672	14,862,646	12,882,913
Total loans	804,338,433	708,001,045	635,291,221
% Non-Performing Loans (NPL)	2.14%	2.10%	2.03%

b. The ratio of BRI's small business loans to total loans are 45.82%, 45.48% and 44.48% as of December 31, 2018, 2017 and 2016, respectively (unaudited).

The movements in the allowance for impairment losses on loans:

	December 31,		
	2018	**2017**	**2016**
Beginning balance	29,423,380	22,184,296	17,162,183
Provision for allowance for impairment losses (Note 34)	17,592,892	16,800,820	13,454,979
Loans written-off during the year	(12,243,478)	(9,548,619)	(8,473,450)
Foreign currency translation	245,188	(13,117)	40,584
Ending balance	**35,017,982**	**29,423,380**	**22,184,296**

BRI's (Parent Entity) allowance for impairment losses balance includes the allowance for impairment losses for areas that are still categorized as isaster prone areas or disaster-affected areas by the Government of the Republic of Indonesia amounted to Rp1,365,090, Rp926,267 and Rp857,060, as of December 31, 2018, 2017 and 2016, respectively (Note 2e).

The minimum allowance for impairment losses of BRI's (Parent Entity) loans, that must be provided based on Bank Indonesia regulation (Note 2e) amounted to Rp22,354,615, Rp18,507,786 and Rp15,652,514, as of December 31, 2018, 2017 and 2016, respectively.

As of December 31, 2018, 2017 and 2016, there are no loans that were transferred or used as collateral for debts.

Management believes that the allowance for impairment losses on loans is adequate.

(Expressed in millions of Rupiah, unless otherwise stated)

13. SHARIA RECEIVABLES AND FINANCING

a) Sharia receivables and financing based on collectibility are as follows:

	December 31, 2018	December 31, 2017	December 31, 2016
Third parties			
Current	15,494,736	14,285,886	14,553,293
Special mention	874,130	1,382,563	1,870,297
Substandard	331,900	505,223	160,261
Doubtful	213,122	89,184	178,264
Loss	826,082	604,915	479,990
	17,739,970	16,867,771	17,242,105
Related parties (Note 44)			
Current	2,430,525	996,779	506,483
Special mention	6,355	319	355
Doubtful	1,357	-	-
Loss	194	-	-
	2,438,431	997,098	506,838
Total	20,178,401	17,864,869	17,748,943
Less allowance for impairment losses	(497,141)	(577,257)	(492,156)
Net	**19,681,260**	**17,287,612**	**17,256,787**

b) Sharia receivables and financing based on the time period and currency are as follows:

	December 31, 2018	December 31, 2017	December 31, 2016
Third parties			
Rupiah			
≤ 1 month	804,824	530,569	282,806
> 1 month - 3 months	1,137,238	236,409	449,395
> 3 months - 1 year	1,706,078	2,421,838	1,399,649
> 1 year - 2 years	2,145,029	960,678	1,265,385
> 2 years - 5 years	6,390,455	7,331,402	2,728,868
> 5 years	5,556,346	5,386,875	11,116,002
	17,739,970	16,867,771	17,242,105
Related parties (Note 44)			
Rupiah			
≤ 1 month	250,516	-	6
> 1 month - 3 months	604,905	-	3,400
> 3 months - 1 year	99,570	4,004	328,777
> 1 year - 2 years	633,184	801,366	1,936
> 2 years - 5 years	364,348	100,938	41,675
> 5 years	485,908	90,790	131,044
	2,438,431	997,098	506,838
Total	20,178,401	17,864,869	17,748,943
Less allowance for impairment losses	(497,141)	(577,257)	(492,156)
Net	**19,681,260**	**17,287,612**	**17,256,787**

Sharia receivables and financing consist of *murabahah* receivables, *istishna* receivables, *qardh* borrowing, *mudharabah* financing and *musyarakah* financing.

(Expressed in millions of Rupiah, unless otherwise stated)

13. SHARIA RECEIVABLES AND FINANCING (continued)

Unrecognized *murabahah* receivables income as of December 31, 2018, 2017 and 2016 amounted to Rp4,436,203, Rp4,200,027 and Rp4,322,067, respectively.

The movements in the allowance for impairment losses on sharia receivables and financing:

	December 31,		
	2018	**2017**	**2016**
Beginning balance	577,257	492,156	352,252
Provision for allowance for impairment losses (Note 34)	186,998	202,008	244,267
Recovery from loans written-off	20,050	25,407	14,892
Written-off during the year	(287,164)	(142,314)	(119,255)
Ending balance	**497,141**	**577,257**	**492,156**

Management believes that the allowance for impairment losses on sharia receivables and financing is adequate.

The types of collateral submitted by the debtors for the sharia receivables and financing are land and buildings, Motor Vehicle Ownership Certificates and other properties.

As of December 31, 2018, 2017 and 2016, there are no sharia receivables and financing that were transferred or used as collateral for debts.

14. FINANCE LEASE RECEIVABLES

a) Finance lease receivables as of December 31, 2018, 2017 and 2016 consist of:

	December 31,		
	2018	**2017**	**2016**
Third parties			
Finance lease receivables – gross	3,944,313	2,828,510	2,465,843
Guaranteed residual values	1,972,808	1,656,302	1,750,061
Unearned finance lease income	(520,761)	(342,419)	(266,044)
Security deposits	(1,986,514)	(1,653,410)	(1,749,560)
Total	3,409,846	2,488,983	2,200,300
Less allowance for impairment losses	(88,000)	(103,500)	(130,000)
Net	**3,321,846**	**2,385,483**	**2,070,300**

b) Finance lease receivables in accordace to the maturity date:

	December 31,		
	2018	**2017**	**2016**
Third parties			
Rupiah			
≤ 1 year	286,955	217,083	192,212
> 1 year - 2 years	658,579	522,974	480,529
> 2 years - 5 years	2,333,899	1,234,645	929,023
	3,279,433	1,974,702	1,601,764

(Expressed in millions of Rupiah, unless otherwise stated)

14. FINANCE LEASE RECEIVABLES (continued)

b) Finance lease receivables in accordace to the maturity date: (continued)

	December 31, 2018	2017	2016
United States Dollar			
≤ 1 year	21,791	45,397	71,824
> 1 year - 2 years	66,407	45,663	179,561
> 2 years - 5 years	42,215	423,221	347,151
	130,413	514,281	598,536
Total	3,409,846	2,488,983	2,200,300
Less allowance for impairment losses	(88,000)	(103,500)	(130,000)
Net	**3,321,846**	**2,385,483**	**2,070,300**

The movement in the allowance for impairment losses on financial lease receivable:

	December 31, 2018	2017	2016
Beginning balance	103,500	130,000	128,000
Provision for (reversal of) allowance for impairment loss (Note 34)*)	12,803	(8,713)	16,669
Written-off during the year	(28,341)	(16,984)	(14,646)
Exchange rate differences	38	(803)	(23)
Ending balance	**88,000**	**103,500**	**130,000**

*) Provision for allowance of impairment losses for the period after acquisition on September 30, 2016 amounted to Rp995 (Note 34)

As of December 31, 2018, 2017 and 2016, there are no finance lease receivables that were transferred or used as collateral for debts.

Management believes that the allowance for impairment losses on finance lease receivables is adequate.

15. ACCEPTANCES RECEIVABLE AND PAYABLE

a) By Type and Currency:

	December 31, 2018		December 31, 2017		December 31, 2016	
	Notional amount foreign currency (Full amount)	Rupiah Equivalent	Notional amount foreign currency (Full amount)	Rupiah Equivalent	Notional amount foreign currency (Full amount)	Rupiah Equivalent
Third parties						
Rupiah						
Import Letters of Credit and Domestic Document Letters of Credit		7,105,174		2,739,683		3,192,249

(Expressed in millions of Rupiah, unless otherwise stated)

15. ACCEPTANCES RECEIVABLE AND PAYABLE (continued)

a) By Type and Currency (continued):

	December 31, 2018		December 31, 2017		December 31, 2016	
	Notional amount foreign currency (Full amount)	Rupiah Equivalent	Notional amount foreign currency (Full amount)	Rupiah Equivalent	Notional amount foreign currency (Full amount)	Rupiah Equivalent
Third parties (continued)						
Foreign currencies						
Import Letters of Credit and Domestic Document Letters of Credit						
United States Dollar	205,140,355	2,949,919	116,065,536	1,574,719	147,121,912	1,982,100
European Euro	6,532,906	107,405	2,157,759	35,034	1,406,631	19,940
Great Britain Pound Sterling	126,463	2,316		-		-
Japanese Yen	3,800,000	496	38,445,000	4,634	30,124,000	3,466
Singaporean Dollar		-	23,550	239	19,600	183
		3,060,136		1,614,626		2,005,689
		10,165,310		4,354,309		5,197,938
Related parties (Note 44)						
Rupiah						
Import Letters of Credit and Domestic Document Letters of Credit		335,085		427,335		363,963
Foreign currencies						
Import Letters of Credit and Domestic Document Letters of Credit						
United States Dollar	78,905,049	1,134,655	66,226,205	898,524	7,433,691	100,150
Japanese Yen	60,890,000	7,953		-		-
European Euro		-	816,480	13,257	2,153,788	30,532
		1,142,608		911,781		130,682
		1,477,693		1,339,116		494,645
Total		**11,643,003**		**5,693,425**		**5,692,583**

b) By Collectibility:

All acceptances receivable were classified as “Current” as of December 31, 2018, 2017 and 2016, respectively.

(Expressed in millions of Rupiah, unless otherwise stated)

15. ACCEPTANCES RECEIVABLE AND PAYABLE (continued)

c) By Time Period:

The classification of time period for acceptances receivable based on the remaining period until maturity are as follows:

	December 31, 2018	December 31, 2017	December 31, 2016
Third parties			
≤ 1 month	797,543	1,101,957	955,776
> 1 month - 3 months	2,477,018	1,593,129	1,935,035
> 3 months - 1 year	6,890,749	1,659,223	2,307,127
	10,165,310	4,354,309	5,197,938
Related parties (Note 44)			
≤ 1 month	193,709	792,676	89,867
> 1 month - 3 months	208,324	390,110	171,292
> 3 months - 1 year	1,075,660	156,330	233,486
	1,477,693	1,339,116	494,645
Total	**11,643,003**	**5,693,425**	**5,692,583**

BRI assessed the impairment of acceptances receivable individually based on whether objective evidence of impairment exists.

Management believes that no allowance for impairment losses is necessary as of December 31, 2018, 2017 and 2016, because management believes that acceptances receivable are fully collectible.

16. INVESTMENT IN ASSOCIATED ENTITIES

The details of investment in associated entities are as follows:

		December 31, 2018			
Company Name	Type of Business	Percentage of Ownership (%)	Acquisition Cost	Accumulated Net Earnings of Associated Entities	Carrying Value
Equity Method					
Related parties (Note 44)					
(Investments in associated entity)					
PT Bahana Artha Ventura	Venture capital	35.00	71,325	1,282	72,607
PT Danareksa Investment Management	Securities company	35.00	371,959	312	372,271
			443,284	1,594	444,878
Cost Method					
PT Pemeringkat Efek Indonesia	Credit rating agency	7.97			7,978
Lembaga Pembayaran Nasional	Financial	17.50			3,500
PT Kustodian Sentral Efek Indonesia	Central securities depository services	4.30			1,275
PT Kliring Berjangka Indonesia (Persero)	Clearing institution	2.00			1,000

(Expressed in millions of Rupiah, unless otherwise stated)

16. INVESTMENT IN ASSOCIATED ENTITIES (continued)

The details of investment in associated entities are as follows (continued):

		December 31, 2018			
Company Name	**Type of Business**	**Percentage of Ownership (%)**	**Acquisition Cost**	**Accumulated Net Earnings of Associated Entities**	**Carrying Value**
PT Sarana Bersama Pembiayaan Indonesia	Non-banking financial institution	8.00			536
PT Jakarta Kyoei Medical Center	Health services	1.68			220
PT Menara Proteksi Indonesia	Infrastructure	2.00			200
Bursa Efek Indonesia	Stock exchange	0.87			135
BPR Toelongredjo Dasa Nusantara	Banking	1.50			77
BPR Tjoekir Dasa Nusantara	Banking	3.00			77
BPR Toelangan Dasa Nusantara	Banking	1.50			66
PT Merapi Gelanggang Wisata	Sport facilities	0.64			50
PT Kendari Expressindo Bahari	Transportation	8.33			50
BPR Cinta Manis Agroloka	Banking	1.75			35
PT Sukapraja Estetika Padang Golf	Sport facilities	0.24			25
BPR Bungamayang Agroloka	Banking	1.13			23
PT Aplikanusa Lintasarta	Non-Bank	0.03			20
PT Danareksa Finance	Financial institution	0.01			1
					15,268
Total					460,146
Allowance for Impairment losses					(50)
Total - Net					**460,096**

		December 31, 2017*)			
Company Name	**Type of Business**	**Percentage of Ownership (%)**	**Acquisition Cost**	**Accumulated Net Earnings of Associated Entities**	**Carrying Value**
Equity Method					
Related party (Note 44) (Investment in associated entity)					
PT Bahana Artha Ventura	Venture capital	35.00	71,326	56	71,382
Cost Method					
PT Pemeringkat Efek Indonesia	Credit rating agency	7.97			7,978
PT Kustodian Sentral Efek Indonesia	Central securities depository services	4.30			1,275
PT Kliring Berjangka Indonesia	Clearing institution	2.00			1,000
PT Sarana Bersama Pembiayaan Indonesia	Non-banking financial institution	8.00			536
PT Jakarta Kyoei Medical Center	Health service	1.68			220

*) As restated (Note 50)

(Expressed in millions of Rupiah, unless otherwise stated)

16. INVESTMENT IN ASSOCIATED ENTITIES (continued)

The details of investment in associated entities are as follows (continued):

		December 31, 2017*)			
Company Name	**Type of Business**	**Percentage of Ownership (%)**	**Acquisition Cost**	**Accumulated Net Earnings of Associated Entities**	**Carrying Value**
Cost Method (continued)					
PT Menara Proteksi Indonesia	Infrastructure	2.00			200
Bursa Efek Indonesia	Stock exchange	0.50			135
BPR Toelongredjo Dasa Nusantara	Banking	1.50			77
BPR Tjoekir Dasa Nusantara	Banking	3.00			77
BPR Toelangan Dasa Nusantara	Banking	1.50			66
PT Merapi Gelanggang Wisata	Sport facilities	0.64			50
PT Kendari Expressindo Bahari	Transportation	8.33			50
BPR Cinta Manis Agroloka	Banking	1.75			35
PT Sukapraja Estetika Padang Golf	Sport facilities	0.24			25
BPR Bungamayang Agroloka	Banking	1.13			23
PT Aplikanusa Lintasarta	Non-Bank	0.03			20
PT Danareksa Finance	Financial institution	0.01			1
					11,768
Total					83,150
Allowance for Impairment losses					(50)
Total - Net					**83,100**

		December 31, 2016*)	
Company Name	**Type of Business**	**Percentage of Ownership (%)**	**Carrying Value**
Cost Method			
PT Kustodian Sentral Efek Indonesia	Central securities depository services	4.30	1,275
PT Sarana Bersama Pembiayaan Indonesia	Investment	8.00	536
PT Jakarta Kyoei Medical Center	Health service	1.68	220
PT Kliring Berjangka Indonesia	Clearing institution	2.00	1,000
PT Pemeringkat Efek Indonesia	Credit rating agency	7.97	7,978
PT Menara Proteksi Indonesia	Infrastructure	2.00	200
BPR Toelongredjo Dasa Nusantara	Banking	1.50	77
BPR Tjoekir Dasa Nusantara	Banking	3.00	77
BPR Toelangan Dasa Nusantara	Banking	1.50	66
PT Merapi Gelanggang Wisata	Sport facilities	0.64	50
PT Kendari Expressindo Bahari	Transportation	8.33	50
BPR Cinta Manis Agroloka	Banking	1.75	35
Bursa Efek Indonesia	Stock exchange	0.50	135
PT Sukapraja Estetika Padang Golf	Sport facilities	0.24	25
BPR Bungamayang Agroloka	Banking	1.13	23
PT Aplikanusa Lintasarta	Non-Bank	0.03	20
PT Danareksa Finance	Financial institution	0.03	1
Total			11,768
Allowance for impairment losses			(50)
Total - net			**11,718**

*) As restated (Note 50)

(Expressed in millions of Rupiah, unless otherwise stated)

16. INVESTMENT IN ASSOCIATED ENTITIES (continued)

BRI assessed impairment losses on investment in associated entities individually based on whether objective evidence of impairment exists.

As of December 31, 2018, 2017 and 2016, all investments are classified as “Current”, except for investment made by PT BRI Ventura Investama (subsidiary) in PT Kendari Expressindo Bahari.

In 2018, BRI received cash dividend from PT Sarana Bersama Pembiayaan Indonesia of Rp11,720, whereas in 2016, BRI received cash dividend from PT Sarana Bersama Pembiayaan Indonesia and PT Pemeringkat Efek Indonesia of Rp170 and Rp11, respectively.

In 2018, BRI Agro (subsidiary) received cash dividend from BPR Cinta Manis Agroloka, BPR Bungamayang Agroloka and PT Aplikanusa Lintasarta of Rp7, Rp6 and Rp25, in 2017, from BPR Cinta Manis Agroloka, BPR Bungamayang Agroloka and PT Aplikanusa Lintasarta of Rp8, Rp13 and Rp19 and in 2016, from BPR Cinta Manis Agroloka, BPR Bungamayang Agroloka and PT Aplikanusa Lintasarta of Rp7, Rp21 and Rp26, respectively.

In 2018, PT Danareksa Sekuritas (subsidiary) received cash dividend from PT Pemeringkat Efek Indonesia of Rp776.

As of December 31, 2018, 2017 and 2016, the allowance for impairment losses on investment in associated entities amounted to Rp50. Management believes that the allowance for impairment losses on investment in associated entities is adequate.

17. PREMISES AND EQUIPMENTS

Premises and equipments consist of:

	December 31, 2018			
Description	**Beginning Balance**	**Additions**	**Deductions**	**Ending balance**
Cost				
Landrights	16,134,127	1,167,827	1,365	17,300,589
Buildings	3,675,421	1,387,341	102,770	4,959,992
Motor vehicles	2,204,637	88,353	8,111	2,284,879
Computers and machineries	7,097,817	1,243,266	54,297	8,286,786
Furnitures and fixtures	1,593,957	248,210	34,025	1,808,142
Museum assets	184	-	-	184
Satellite	3,284,664	-	-	3,284,664
	33,990,807	4,134,997	200,568	37,925,236
Accumulated Depreciation				
Buildings	1,529,321	258,567	2,212	1,785,676
Motor vehicles	1,705,407	258,165	7,977	1,955,595
Computers and machineries	4,607,771	962,466	53,743	5,516,494
Furnitures and fixtures	1,268,536	167,141	29,780	1,405,897
Satellite	127,737	218,978	-	346,715
	9,238,772	1,865,317	93,712	11,010,377
Book value - net	**24,752,035**			**26,914,859**

(Expressed in millions of Rupiah, unless otherwise stated)

17. PREMISES AND EQUIPMENTS (continued)

Premises and equipments consist of (continued):

	December 31, 2017*)			
Description	**Beginning Balance**	**Additions**)**	**Deductions**	**Ending balance**
Cost				
Landrights	15,799,496	340,373	5,742	16,134,127
Buildings	3,160,913	617,484	102,976	3,675,421
Motor vehicles	2,153,644	84,034	33,041	2,204,637
Computers and machineries	6,407,952	750,309	60,444	7,097,817
Furnitures and fixtures	1,482,991	125,049	14,083	1,593,957
Museum assets	184	-	-	184
Satellite	-	3,284,664	-	3,284,664
Satellite in development	3,275,613	183,877	3,459,490	-
	32,280,793	5,385,790	3,675,776	33,990,807
Accumulated Depreciation				
Buildings	1,359,559	173,013	3,251	1,529,321
Motor vehicles	1,420,049	316,903	31,545	1,705,407
Computers and machineries	3,835,864	823,816	51,909	4,607,771
Furnitures and fixtures	1,141,188	141,282	13,934	1,268,536
Satellite	-	127,737	-	127,737
	7,756,660	1,582,751	100,639	9,238,772
Book value - net	**24,524,133**			**24,752,035**

	December 31, 2016*)			
Description	**Beginning Balance**	**Additions***)**	**Deductions**	**Ending balance**
Carrying Value				
Landrights	1,107,163	14,709,604	17,271	15,799,496
Buildings	2,900,001	455,660	194,748	3,160,913
Motor vehicles	1,943,674	245,530	35,560	2,153,644
Computers and machineries	5,065,582	1,426,345	83,975	6,407,952
Furnitures and fixtures	1,354,292	156,154	27,455	1,482,991
Museum assets	184	-	-	184
Satellite in development	2,316,572	959,041	-	3,275,613
	14,687,468	17,952,334	359,009	32,280,793
Accumulated Depreciation				
Buildings	1,220,467	141,656	2,564	1,359,559
Motor vehicles	1,123,409	331,979	35,339	1,420,049
Computers and machineries	3,276,548	637,723	78,407	3,835,864
Furnitures and fixtures	1,027,764	140,826	27,402	1,141,188
	6,648,188	1,252,184	143,712	7,756,660
Book value - net	8,**039,280**			**24,524,133**

*) As restated (Note 50)
**) Includes investment property of BRI Life (subsidiary) used by BRI and BRISyariah amounting to Rp94,779 as of December 31, 2017
***) Included in additions of premises and equipments are gain on revaluation of landrights amounting to Rp14,261,442 (after deducting the decrease in carrying amount caused by revaluation amounting to Rp54,085) and the beginning balance of subsidiaries acquired (Acquisition Cost amounting to Rp19,376, Accumulated Depreciation amounting to Rp16,901 and Depreciation Expense for the year amounting to Rp1,589).

17. PREMISES AND EQUIPMENTS (continued)

Depreciation expense of premises and equipments charged to the consolidated statement of profit or loss and other comprehensive income amounted to Rp1,865,317, Rp1,582,751 and Rp1,227,754 for the years ended December 31, 2018, 2017 and 2016, respectively (Note 36).

BRI has insured its premises and equipments (excluding landrights and satellite) to cover possible losses due to fire, theft, vandalism, force majeur and other risks to PT Asuransi Bringin Sejahtera Artamakmur (related party - Note 44) and PT Asuransi Purna Artanugraha with a total coverage amount of Rp13,174,911, Rp12,283,482 and Rp10,530,478 for the years ended December 31, 2018, 2017 and 2016, respectively.

BRI has insured its satellite to PT Asuransi Jasa Indonesia (Persero) (related party - Note 44) with a total coverage amount of USD224,000,000 (full amount) for the years ended December 31, 2018 and 2017.

Sales Value of Taxable Object (Nilai Jual Objek Pajak or NJOP) of buildings owned by BRI as of December 31, 2018, 2017 and 2016 amounted to Rp2,562,289, Rp2,196,353 and Rp2,038,098, respectively. NJOP of buildings is considered as the best estimate that reflects the buildings' fair values.

The gross carrying value of premises and equipments that have been fully depreciated but still used by BRI as of December 31, 2018, 2017 and 2016 are Rp6,157,653, Rp4,777,039 and Rp3,666,122, respectively.

As of December 31, 2018, 2017 and 2016, there are no premises and equipments owned by BRI which are pledged as collateral.

In 2017, satellite in development are ready to be used as business support in accordance with BRI's management intentions. Therefore, BRI reclassified satellite in development amounting to Rp3,459,490 to satellite amounting to Rp3,284,664, buildings amounting to Rp79,722, furnitures and fixtures amounting to Rp1,360, and computers and machineries amounting to Rp93,744.

For its satellite, BRI allocates the utilization of 144 MHz transponder capacity to several government agencies which has been evaluated and approved by the Ministry of Communication and Information of the Republic of Indonesia. The government agencies that can utilize these capacites are Tentara Nasional Indonesia (TNI), Badan Intelijen Negara (BIN), Badan Keamanan Laut (Bakamla), Kepolisian Negara Republik Indonesia (POLRI) and the Ministry of Finance.

In 2016, the manufacture of satellite (BRIsat) has been completed and has been successfully launched on June 19, 2016 from Kourou, French Guiana. BRIsat has reached the intended orbit and has been tested (in orbit test). Since August 3, 2016, "BRIsat operational handover" from SSL (as BRIsat manufacturer) had been carried out. Up to December 31, 2016, Final Acceptance for the ground device (gRCS) has been conducted to ensure that these devices can be used optimally by BRI. In accordance with the contract, the satellite's performance will continue to be monitored by SSL and BRI until the last milestone (satellite performance) is completed in mid 2017. The percentage of carrying amount satelites in development to the contract value is ± 96%.

On April 1, 2016, BRI performed revaluation of landrights for accounting and taxation purposes, as follows:

- Accounting purposes: BRI changed its accounting policy for landrights measurement from cost model to revaluation model.
- Taxation purposes: the increase in carrying value of landrights amounting to Rp14,315,527 has been approved by the Directorate General of Taxes in accordance with the Decree of the Directorate General of Taxes No. KEP-479/WPJ.19/2016 dated July 29, 2016.

(Expressed in millions of Rupiah, unless otherwise stated)

17. PREMISES AND EQUIPMENTS (continued)

The increase in the carrying amount arising from the revaluation is recorded as "Revaluation surplus arising from premises and equipments", and is presented in other comprehensive income amounting to Rp13,824,692 (net of final tax of Rp490,835). The decrease in the carrying amount arising from the revaluation amounted to Rp54,085 is recognized in the statement of profit or loss for the year. The fair value of landrights is included in the fair value hierarchy as level 2.

The valuation is performed based on the Indonesian Valuations Standards, determined based on the current market transactions and carried out under customary conditions. The valuation methods used are market data method, cost method and income method.

The valuation of landrights is performed by external independent appraiser KJPP Abdullah, Fitriantoro dan Rekan, KJPP Aditya, Iskandar dan Rekan, KJPP Aksa, Nelson dan Rekan, KJPP Immanuel, Johnny dan Rekan, KJPP Iwan Bachron dan Rekan, KJPP Nanang, Rahayu dan Rekan, KJPP Pung's Zulkarnain dan Rekan, KJPP Satria, Iskandar, Setiawan dan Rekan and KJPP Toha, Okky, Heru dan Rekan, on various valuation dates.

As of December 31, 2018, 2017 and 2016, if the landrights are measured using the cost model, the carrying value amounted to Rp2,939,298, Rp1,810,249 and Rp1,538,053, respectively.

Management believes that there is no impairment on premises and equipments and the amount of insurance coverage is adequate to cover the risk of possible losses on premises and equipments as of December 31, 2018, 2017 and 2016.

18. OTHER ASSETS

Other assets consist of:

	December 31,		
	2018	**2017*)**	**2016*)**
Rupiah			
Deferred expense for employee loans (Note 12f)	2,251,490	617,834	565,480
Receivables related to ATM and credit card transactions	1,843,475	2,100,850	1,726,840
Ijarah assets	1,676,682	1,146,920	286,181
Prepaid expenses	1,597,777	1,221,753	636,619
Prepaid tax (Note 38b)	1,371,867	927,453	-
Receivables for distributions of government social assistance	1,295,093	657,815	-
Receivables from government related to Generation II KUR disbursement	1,174,619	4,176,707	595,562
Interest receivable			
Securities	999,167	1,089,898	725,662
Government Recapitalization Bonds	393,271	389,617	417,562
Placements with Bank Indonesia and other banks	11,345	8,292	80,864
Others	60,496	52,042	76,757
Office, warehouse, and classroom rent	800,740	914,088	845,247
Internal advance	321,870	381,897	611,471
Reinsurance assets	311,677	269,007	232,332
Receivables from Perum BULOG	297,846	228,682	328,559
Office Supplies	273,496	235,827	296,038
Foreclosed collaterals	231,776	362,576	257,769
Estimated tax refund (Note 38b)	185,435	140,235	75,198

*) As restated (Note 50)

(Expressed in millions of Rupiah, unless otherwise stated)

18. OTHER ASSETS (continued)

Other assets consist of (continued):

	December 31,		
	2018	**2017*)**	**2016*)**
Penalty charges of loan principal and interest	79,543	68,864	68,009
Premium receivable	28,031	20,465	46,511
Accrued revenue based on Sharia principle	2,066	191,236	170,519
Others	5,519,091	4,276,706	3,626,133
	20,726,853	19,478,764	11,669,313
Foreign currencies			
Interest receivable			
Securities	569,610	547,626	535,611
Others	331,451	42,859	34,164
Claims of refinancing	271,121	817,573	115,386
Others	1,480,514	185,233	41,600
	2,652,696	1,593,291	726,761
Total	**23,379,549**	**21,072,055**	**12,396,074**

19. LIABILITIES DUE IMMEDIATELY

Liabilities due immediately consist of:

	December 31,		
	2018	**2017**	**2016**
Rupiah			
Advance payment deposits	2,276,993	2,127,026	1,492,074
Tax payment deposits	734,288	424,823	379,554
ATM and credit card deposits	499,165	300,175	460,036
Social grant deposits	353,128	66,937	559
Insurance deposits	178,005	162,907	152,213
Third party cooperation deposits	96,985	200,525	103,527
Channeling loan deposits	62,853	57,321	51,265
Clearing deposits	43,214	22,252	26,807
Money transfer deposits	24,774	26,587	35,703
Others	3,639,171	2,964,982	2,501,684
	7,908,576	6,353,535	5,203,422
Foreign currencies			
Advance payment deposits	71,752	61,720	56,120
ATM and credit card deposits	55,068	48,686	52,597
Tax payment deposits	35,757	15,867	12,273
Others	391,805	104,393	85,901
	554,382	230,666	206,891
Total	**8,462,958**	**6,584,201**	**5,410,313**

*) As restated (Note 50)

(Expressed in millions of Rupiah, unless otherwise stated)

20. DEMAND DEPOSITS

Demand deposits consist of:

	December 31, 2018		December 31, 2017		December 31, 2016	
	Notional Amount Foreign Currency (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Curreny (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency (Full Amount)	Rupiah Equivalent
Third parties						
Rupiah		103,332,732		81,525,195		79,314,862
Foreign currencies						
United States Dollar	1,373,765,240	19,754,744	1,362,520,346	18,485,995	1,153,376,172	15,538,860
European Euro	104,729,955	1,721,829	11,802,883	191,634	113,890,839	1,614,490
Singaporean Dollar	13,327,865	140,674	12,039,022	122,251	2,777,138	25,861
Renminbi	22,545,386	47,133	7,318,360	15,249	56,984,608	110,504
Great Britain Pound Sterling	1,810,762	33,158	2,679,707	49,107	3,764,194	62,316
Japanese Yen	142,213,970	18,576	79,572,861	9,590	223,500,953	25,717
Australian Dollar	258,082	2,623	3,039,571	32,202	21,415,159	208,222
Hong Kong Dollar	930,433	1,709	511,954	889	528,967	919
United Arab Emirates Dirham	6,250	24		-		-
Saudi Arabian Riyal	824	3	37,625	136	2,306,560	8,285
		21,720,473		18,907,053		17,595,174
		125,053,205		100,432,248		96,910,036
Related Parties (Note 44)						
Rupiah		34,903,376		29,089,518		29,618,921
Foreign Currencies						
United States Dollar	1,137,990,244	16,364,300	1,161,516,707	15,758,878	1,081,759,223	14,574,001
European Euro	95,725,282	1,573,786	14,932,009	242,439	22,240,029	315,269
Japanese Yen	1,556,534,512	203,314	50,489,759	6,085	6,890,431	793
		18,141,400		16,007,402		14,890,063
		53,044,776		45,096,920		44,508,984
Total		**178,097,981**		**145,529,168**		**141,419,020**

The average interest rates:

	December 31,		
	2018	2017	2016
Rupiah	2.44%	2.32%	2.33%
Foreign currencies	0.20	0.33	0.49

Demand deposits used as collateral for banking facilities granted by BRI and subsidiaries amounted to Rp344,799, Rp238,264 and Rp127,809 as of December 31, 2018, 2017 and 2016, respectively.

(Expressed in millions of Rupiah, unless otherwise stated)

21. SAVING DEPOSITS

Saving deposits consist of:

	December 31, 2018		December 31, 2017		December 31, 2016	
	Notional Amount Foreign Currency (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Curreny (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency (Full Amount)	Rupiah Equivalent
Third parties						
Rupiah						
Simpedes		229,394,411		205,658,448		183,909,412
Britama		134,397,305		126,653,884		108,269,980
Others		10,891,846		9,432,599		4,260,239
		374,683,562		341,744,931		296,439,631
Foreign currencies						
Britama						
United States Dollar	335,612,125	4,826,102	96,426,361	1,308,264	94,648,979	1,275,158
Singaporean Dollar	4,555,166	48,079	4,047,720	41,103	5,506,164	51,273
European Euro	2,241,412	36,850	4,319,864	70,138	15,504,444	219,787
Australian Dollar	761,405	7,738	497,747	5,273	807,929	7,856
Renminbi	2,019,925	4,223	684,461	1,426	672,164	1,304
Great Britain Pound Sterling	83,525	1,530	76,103	1,394	66	1
Japanese Yen	10,181,661	1,330	33,461,987	4,033	10,923,961	1,257
Hong Kong Dollar	19,556	36	29,476	51	12,547	22
Saudi Arabian Riyal	1,666	6	960	3	328	1
United Arab Emirates Dirham	306	1	147	1	365	1
		4,925,895		1,431,686		1,556,660
Others						
United States Dollar	588,483	8,462	324,787	4,407	195,196	2,630
		4,934,357		1,436,093		1,559,290
		379,617,919		343,181,024		297,998,921
Related parties (Note 44)						
Rupiah						
Britama		168,687		160,589		96,035
Simpedes		7,180		3,562		2,680
Others		106,037		54,560		6,476
		281,904		218,711		105,191
Foreign currencies						
Britama						
United States Dollar	1,307,242	18,798	1,538,170	20,869	466,872	6,290
European Euro	3,498	58	64	1		-
Singaporean Dollar	1,724	18	80	1	242	3
Saudi Arabian Riyal	1,564	6		-		-
Renminbi	814	2	357	1	607	1
Australian Dollar		-	195	2		-
Great Britain Pound Sterling		-	51	1		-
		18,882		20,875		6,294
Others						
United States Dollar		-	9,346	127		-
		18,882		21,002		6,294
		300,786		239,713		111,485
Total		**379,918,705**		**343,420,737**		**298,110,406**

(Expressed in millions of Rupiah, unless otherwise stated)

21. SAVING DEPOSITS (continued)

The average interest rates:

	December 31,		
	2018	2017	2016
Rupiah	0.84%	0.86%	1.14%
Foreign currencies	0.17	0.21	0.22

Saving deposits used as collateral for banking facilities granted by BRI and subsidiaries amounted to Rp99,506, Rp83,430 and Rp84,937 as of December 31, 2018, 2017 and 2016, respectively.

22. TIME DEPOSITS

Time deposits consist of:

	December 31, 2018		December 31, 2017		December 31, 2016	
	Notional Amount Foreign Currency (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Curreny (Full Amount)	Rupiah Equivalent	Notional Amount Foreign Currency (Full Amount)	Rupiah Equivalent
Third parties						
Rupiah		221,071,235		179,634,460		159,195,095
Foreign currencies						
United States Dollar	3,145,348,545	45,230,112	3,756,779,689	50,970,108	3,126,352,845	42,119,789
European Euro	164,662,217	2,707,154	2,983,283	48,437	803,857,776	11,395,299
Australian Dollar	26,740,800	271,749	6,452,966	68,364	4,553,424	44,273
Singaporean Dollar	23,203,837	244,914	20,713,546	210,337	17,812,319	165,867
Renminbi	6,188,661	12,938	9,277,833	19,332	50,220,204	97,387
Great Britain Pound Sterling	308,276	5,645	125,209	2,295	118,604	1,963
Japanese Yen	4,030,000	526	1,135,000	137	388,000	45
Saudi Arabian Riyal		-	5,258,518	19,024	5,258,518	18,888
		48,473,038		51,338,034		53,843,511
		269,544,273		230,972,494		213,038,606
Related parties (Note 44)						
Rupiah		63,111,013		68,918,906		60,898,562
Foreign currencies						
United States Dollar	1,681,439,370	24,179,098	1,912,908,304	25,953,383	1,376,645,507	18,546,856
Singaporean Dollar	44,511,414	469,815	44,162,297	448,449	43,793,922	407,806
European Euro	6,649,000	109,314	7,649,000	124,191	9,703,047	137,548
Australian Dollar		-	48,532	514		-
		24,758,227		26,526,537		19,092,210
		87,869,240		95,445,443		79,990,772
Total		**357,413,513**		**326,417,937**		**293,029,378**

(Expressed in millions of Rupiah, unless otherwise stated)

22. TIME DEPOSITS (continued)

Time deposits based on their contractual periods are as follows:

	December 31,		
	2018	**2017**	**2016**
Third parties			
Rupiah			
Deposits on call	7,579,408	7,846,255	9,577,885
Deposits			
1 month	132,937,328	71,521,847	66,562,883
3 months	67,086,988	73,908,929	59,117,884
6 months	9,649,807	19,467,302	17,829,486
12 months	2,961,301	6,123,449	5,647,297
More than 12 months	856,403	766,678	459,660
	221,071,235	179,634,460	159,195,095
Foreign currencies			
Deposits on call	2,457,146	3,858,989	3,823,613
Deposits			
1 month	23,008,396	12,810,631	6,845,138
3 months	8,233,970	5,859,042	5,329,468
6 months	2,727,620	13,393,642	26,618,525
12 months	12,034,915	15,411,619	10,607,111
More than 12 months	10,991	4,111	619,656
	48,473,038	51,338,034	53,843,511
	269,544,273	230,972,494	213,038,606
Related parties (Note 44)			
Rupiah			
Deposits on call	16,941,003	14,117,304	7,975,541
Deposits			
1 month	24,374,120	24,736,012	29,547,145
3 months	14,449,930	14,274,439	12,669,883
6 months	1,071,273	2,560,592	2,456,474
12 months	93,187	1,659,159	5,289,119
More than 12 months	6,181,500	11,571,400	2,960,400
	63,111,013	68,918,906	60,898,562
Foreign currencies			
Deposits on call	2,168,901	7,275,615	1,377,187
Deposits			
1 month	9,738,302	8,742,183	9,196,247
3 months	7,934,172	4,072,443	3,306,531
6 months	4,461,550	5,367,913	5,030,168
12 months	455,302	948,989	182,077
More than 12 months	-	119,394	-
	24,758,227	26,526,537	19,092,210
	87,869,240	95,445,443	79,990,772
Total	**357,413,513**	**326,417,937**	**293,029,378**

The average interest rates:

	December 31,		
	2018	**2017**	**2016**
Rupiah	6.17%	6.20%	7.49%
Foreign currencies	2.14	1.43	1.19

(Expressed in millions of Rupiah, unless otherwise stated)

22. TIME DEPOSITS (continued)

Time deposits used as collateral for banking facilities granted by BRI and subsidiaries amounted to Rp948,588, Rp334,019 and Rp257,410 as of December 31, 2018, 2017 and 2016, respectively.

23. DEPOSITS FROM OTHER BANKS AND FINANCIAL INSTITUTIONS

Deposits from other banks and financial institutions consist of:

	December 31, 2018		**December 31, 2017**		**December 31, 2016**	
	Notional Amount Foreign Currency (Full Amount)	**Rupiah Equivalent**	**Notional Amount Foreign Curreny (Full Amount)**	**Rupiah Equivalent**	**Notional Amount Foreign Currency (Full Amount)**	**Rupiah Equivalent**
Third Parties						
Rupiah						
Deposits on Call		4,981,000		3,473,000		810,000
Time Deposits		966,011		523,193		84,630
Demand Deposits		241,978		169,262		152.260
Saving Deposits		3,407		6,709		6,497
Inter-bank call money		-		-		536,729
		6,192,396		4,172,164		1,590,116
United States Dollar						
Inter-bank call money	3,500,000	2,236,090	6,000,000	81,405		-
Demand Deposits	7,038,414	101,213	13,272,017	180,068	6,387,630	86,057
Time Deposits	155,500,000	50,330	1,000,000	13,568	4,000,000	53,890
		2,387,633		275,041		139,947
		8,580,029		4,447,205		1,730,063
Related Parties (Note 44)						
Rupiah						
Inter-bank call money		550,000		-		20,000
Demand Deposits		1,129		2,621		689
Deposits on call		-		50,000		80,000
		551,129		52,621		100,689
United States Dollar						
Inter-bank call money		-	80,600,000	1,093,541	29,600,000	398,786
		551,129		1,146,162		499,475
Total		**9,131,158**		**5,593,367**		**2,229,538**

The average interest rates:

	Rupiah			**United States Dollar**		
	December 31,			**December 31,**		
	2018	**2017**	**2016**	**2018**	**2017**	**2016**
Demand Deposits	1.44%	1.31%	1.21%	0.07%	0.03%	0.05%
Saving Deposits	1.48	1.37	1.46	0.14	-	-
Deposits on call	5.88	5.23	5.97	-	-	-
Time Deposits	6.00	5.90	6.47	0.32	0.45	0.44
Inter-bank call money	7.40	-	4.74	0.02	0.92	0.46

(Expressed in millions of Rupiah, unless otherwise stated)

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

The classification of deposits from other banks and financial institutions based on their remaining period to maturity are as follows:

	December 31, 2018			
	≤ 1 month	> 1 - 3 months	> 3 months - 1 year	Total
Third Parties				
Rupiah				
Deposits on call	4,981,000	-	-	4,981,000
Time Deposits	915,350	50,661		966,011
Demand Deposits	241,978	-	-	241,978
Saving Deposits	3,407	-	-	3,407
	6,141,735	50,661	-	6,192,396
United States Dollar				
Inter-bank call money	2,236,090	-	-	2,236,090
Demand Deposits	101,213	-	-	101,213
Time Deposits	50,330	-	-	50,330
	2,387,633	-	-	2,387,633
	8,529,368	50,661	-	8,580,029
Related Parties (Note 44)				
Rupiah				
Inter-bank call money	550,000	-	-	550,000
Demand Deposits	1,129	-	-	1,129
	551,129	-	-	551,129
Total	**9,080,497**	**50,661**	**-**	**9,131,158**

	December 31, 2017			
	≤ 1 month	> 1 - 3 months	> 3 months - 1 year	Total
Third parties				
Rupiah				
Deposits on call	3,473,000	-	-	3,473,000
Time deposits	436,000	57,408	29,785	523,193
Demand deposits	169,262	-	-	169,262
Saving deposits	6,709	-	-	6,709
	4,084,971	57,408	29,785	4,172,164
United States Dollar				
Demand deposits	180,068	-	-	180,068
Inter-bank call money	81,405	-	-	81,405
Time deposits	13,568	-	-	13,568
	275,041	-	-	275,041
	4,360,012	57,408	29,785	4,447,205
Related parties (Note 44)				
Rupiah				
Deposits on call	50,000	-	-	50,000
Demand deposits	2,621	-	-	2,621
	52,621	-	-	52,621

(Expressed in millions of Rupiah, unless otherwise stated)

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

The classification of deposits from other banks and financial institutions based on their remaining period to maturity are as follows (continued):

	December 31, 2017			
	≤ 1 month	> 1 - 3 months	> 3 months - 1 year	Total
Related parties (Note 44) (continued)				
United States Dollar				
Inter-bank call money	1,093,541	-	-	1,093,541
	1,146,162	-	-	1,146,162
Total	**5,506,174**	**57,408**	**29,785**	**5,593,367**

	December 31, 2016			
	≤ 1 month	> 1 - 3 months	> 3 months - 1 year	Total
Third parties				
Rupiah				
Deposits on call	810,000	-	-	810,000
Inter-bank call money	536,729	-	-	536,729
Demand deposits	152,260	-	-	152,260
Time deposits	41,250	42,057	1,323	84,630
Saving deposits	6,497	-	-	6,497
	1,546,736	42,057	1,323	1,590,116
United States Dollar				
Demand deposits	86,057	-	-	86,057
Time deposits	53,890	-	-	53,890
	139,947	-	-	139,947
	1,686,683	42,057	1,323	1,730,063
Related parties (Note 44)				
Rupiah				
Deposits on call	80,000	-	-	80,000
Inter-bank call money	20,000	-	-	20,000
Demand deposits	689	-	-	689
	100,689	-	-	100,689
United States Dollar				
Inter-bank call money	398,786	-	-	398,786
	499,475	-	-	499,475
Total	**2,186,158**	**42,057**	**1,323**	**2,229,538**

(Expressed in millions of Rupiah, unless otherwise stated)

24. SECURITIES SOLD UNDER AGREEMENT TO REPURCHASE

Securities sold under agreement to repurchase consist of:

	December 31, 2018				
	Date of Sale	**Date of Repurchase**	**Nominal Amount**	**Sale Amount**	**Repurchase Amount-Net**
Third parties					
Rupiah					
Other Banks					
Government Bonds					
FR0063	December 21, 2018	January 18, 2019	5,000,000	4,344,620	4,353,056
FR0077	December 26, 2018	January 2, 2019	2,000,000	2,932,122	2,934,684
FR0069	December 12, 2018	January 9, 2019	1,500,000	2,806,512	2,816,866
FR0061	December 19, 2018	January 16, 2019	3,000,000	2,781,465	2,787,946
FR0069	May 18, 2015	April 15, 2019	571,000	500,047	500,047
FR0069	May 21, 2015	April 15, 2019	568,000	499,714	499,714
FR0069	September 9, 2016	April 15, 2019	540,000	498,000	498,000
FR0071	December 20, 2018	January 3, 2019	500,000	473,503	474,552
FR0077	December 19, 2018	January 21, 2019	500,000	455,098	456,236
FR0077	December 19, 2018	January 21, 2019	500,000	455,098	456,236
FR0077	December 18, 2018	January 18, 2019	500,000	454,309	455,539
FR0069	December 10, 2018	January 10, 2019	500,000	452,289	454,215
FR0069	December 13, 2018	January 14, 2019	500,000	452,089	453,739
FR0063	November 7, 2017	May 15, 2023	500,000	446,090	446,090
FR0053	September 6, 2016	July 15, 2021	450,000	437,025	437,025
FR0063	December 12, 2018	January 14, 2019	500,000	409,007	410,582
FR0063	December 12, 2018	January 14, 2019	500,000	409,007	410,582
FR0064	December 27, 2018	January 3, 2019	500,000	396,369	396,657
FR0053	September 9, 2016	July 15, 2021	416,000	390,000	390,000
FR0053	February 28, 2017	July 15, 2021	440,000	382,690	382,690
FR0034	September 6, 2016	June 15, 2021	300,000	344,315	344,315
FR0070	December 20, 2018	January 3, 2019	350,000	319,958	320,672
FR0061	February 28, 2017	May 13, 2022	362,000	304,722	304,722
FR0068	December 31, 2018	January 14, 2019	300,000	271,541	271,541
FR0068	December 31, 2018	January 15, 2019	300,000	271,541	271,541
FR0077	December 19, 2018	January 2, 2019	250,000	227,549	228,095
FR0059	December 28, 2018	January 11, 2019	250,000	210,308	210,431
FR0047	December 19, 2018	January 2, 2019	200,000	199,756	200,242
FR0064	December 27, 2018	January 3, 2019	250,000	198,185	198,329
FR0059	December 28, 2018	January 11, 2019	200,000	168,247	168,345
FR0061	December 27, 2018	May 12, 2022	150,000	147,093	147,093
FR0053	December 21, 2018	January 21, 2019	100,000	91,288	91,473
			22,497,000	22,729,557	22,771,255
Government Treasury Bills					
SPN12190314	December 7, 2018	January 4, 2019	2,000,000	2,800,439	2,813,491
SPN12190314	December 17, 2018	January 17, 2019	500,000	443,287	444,580
SPN12190606	December 10, 2018	January 10, 2019	500,000	436,200	438,058
SPN12190704	December 10, 2018	January 10, 2019	500,000	434,702	436,553
SPN12190704	December 10, 2018	January 10, 2019	500,000	434,702	436,553
SPN12190801	December 18, 2018	January 18, 2019	500,000	432,450	433,636
SPN12191010	December 17, 2018	January 16, 2019	350,000	298,420	299,278
SPN12190606	December 5, 2018	January 4, 2019	300,000	261,801	263,181
SPN12190606	December 5, 2018	January 7, 2019	300,000	261,801	263,181
SPN12190913	December 17, 2018	January 17, 2019	200,000	171,428	171,928
SPN12190411	December 17, 2018	January 17, 2019	170,000	149,980	150,411
SPN12190606	December 14, 2018	January 14, 2019	150,000	130,959	131,417
SPN12191010	December 13, 2018	January 14, 2019	150,000	127,798	128,264
SPN12190314	November 29, 2018	February 28, 2019	100,000	88,468	89,050
SPN12191010	December 12, 2018	January 11, 2019	100,000	85,186	85,515
			6,320,000	6,557,621	6,585,096
Bank Indonesia Certificates					
IDSD220319364S	November 30, 2018	March 1, 2019	300,000	265,605	267,297

(Expressed in millions of Rupiah, unless otherwise stated)

24. SECURITIES SOLD UNDER AGREEMENT TO REPURCHASE (continued)

Securities sold under agreement to repurchase consist of (continued):

	December 31, 2018				
	Date of Sale	Date of Repurchase	Nominal Amount	Sale Amount	Repurchase Amount-Net
Third parties (continued)					
United States Dollar					
Other Banks					
Government Bonds					
SNI19	June 6, 2018	March 6, 2019	1,217,986	1,006,600	1,023,757
SNI19	June 6, 2018	March 6, 2019	1,064,120	934,700	950,632
RI0521	November 9, 2018	May 9, 2019	872,147	719,000	722,116
RI0422	November 9, 2018	May 9, 2019	904,502	719,000	722,116
RI0521	May 16, 2018	February 14, 2019	656,030	575,200	585,994
RI0521	December 20, 2018	March 20, 2019	575,200	480,683	480,138
RI0521	May 17, 2018	February 11, 2019	522,181	431,405	439,465
RI0521	May 17, 2018	February 19, 2019	522,713	431,400	439,460
SNI19	June 6, 2018	March 6, 2019	221,452	215,700	219,314
RI0428	December 20, 2018	January 22, 2019	158,180	123,874	123,767
RI0320	December 20, 2018	March 20, 2019	139,342	114,517	114,387
			6,853,853	5,752,079	5,821,146
			35,970,853	35,304,862	35,444,794
Related party (Note 44)					
Rupiah					
Non Banks					
Government Bonds					
FR0069	March 20, 2015	April 15, 2019	1,000,000	972,093	997,688
FR0069	June 29, 2015	April 15, 2019	480,000	466,545	478,816
FR0070	December 20, 2018	January 3, 2019	500,000	457,083	458,096
			1,980,000	1,895,721	1,934,600
Total			**37,950,853**	**37,200,583**	**37,379,394**

	December 31, 2017				
	Date of Sale	Date of Repurchase	Nominal Amount	Sale Amount	Repurchase Amount-Net
Third parties					
Rupiah					
Other Banks					
Government Bonds					
FR0069	May 18, 2015	April 15, 2019	571,000	500,047	500,047
FR0069	May 21, 2015	April 15, 2019	568,000	499,714	499,714
FR0069	September 9, 2016	April 15, 2019	540,000	498,000	498,000
FR0061	February 28, 2017	May 15, 2022	362,000	304,722	304,722
FR0063	November 7, 2017	May 15, 2023	500,000	446,090	446,090
FR0066	September 13, 2016	May 15, 2018	539,000	489,000	489,000
FR0053	September 9, 2016	July 15, 2021	416,000	390,000	390,000
FR0053	September 6, 2016	July 15, 2021	450,000	437,025	437,025
FR0053	February 28, 2017	July 15, 2021	440,000	382,690	382,690
FR0034	September 6, 2016	June 15, 2021	300,000	344,315	344,315
FR0048	September 6, 2016	September 15, 2018	100,000	98,570	98,570
			4,786,000	4,390,173	4,390,173
Bank Indonesia Certificates					
IDSD240818364S	December 21, 2017	January 5, 2018	2,000,000	2,021,328	2,024,388
IDSD090318182S	December 5, 2017	February 5, 2018	500,000	443,495	445,161
IDSD160318182S	November 30, 2017	February 28, 2018	500,000	442,923	444,944
IDSD060418273S	November 5, 2017	March 5, 2018	500,000	440,638	442,325
IDSD290618277S	November 30, 2017	May 30, 2018	500,000	436,495	438,637
			4,000,000	3,784,879	3,795,455

(Expressed in millions of Rupiah, unless otherwise stated)

24. SECURITIES SOLD UNDER AGREEMENT TO REPURCHASE (continued)

Securities sold under agreement to repurchase consist of (continued):

	December 31, 2017				
	Date of Sale	**Date of Repurchase**	**Nominal Amount**	**Sale Amount**	**Repurchase Amount-Net**
Third parties (continued)					
United States Dollar					
Other Banks					
Government Bonds					
RI0126	December 6, 2017	June 6, 2018	474,863	444,804	445,966
RI0320	December 6, 2017	September 6, 2018	367,679	339,188	340,109
RI0319	December 6, 2017	September 6, 2018	349,363	339,188	340,109
RI0521	December 11, 2017	November 9, 2018	788,272	678,375	679,929
RI0422	December 11, 2017	November 9, 2018	818,799	678,375	679,929
			2,798,976	2,479,930	2,486,042
			11,584,976	10,654,982	10,671,670
Related parties (Note 44)					
Rupiah					
Non Banks					
Government Bonds					
FR0069	June 29, 2015	April 15, 2019	480,000	466,545	474,927
FR0069	March 20, 2015	April 15, 2019	1,000,000	972,093	990,087
			1,480,000	1,438,638	1,465,014
Total			**13,064,976**	**12,093,620**	**12,136,684**

	December 31, 2016				
	Date of Sale	**Date of Repurchase**	**Nominal Amount**	**Sale Amount**	**Repurchase Amount-Net**
Third parties					
Rupiah					
Other Banks					
Government Bonds					
FR0069	May 18, 2015	April 15, 2019	571,000	500,047	500,047
FR0069	May 21, 2015	April 15, 2019	568,000	499,714	499,714
FR0069	September 9, 2016	April 15, 2019	540,000	498,000	498,000
FR0060	September 15, 2016	April 15, 2017	615,000	574,000	574,000
ORI011	September 14, 2016	October 15, 2017	718,000	670,000	670,000
FR0066	September 13, 2016	May 15, 2018	539,000	489,000	489,000
FR0053	September 9, 2016	July 15, 2021	416,000	390,000	390,000
FR0053	September 6, 2016	July 15, 2021	450,000	437,025	437,025
FR0034	September 6, 2016	June 15, 2021	300,000	344,315	344,315
FR0048	September 6, 2016	September 15, 2018	100,000	98,570	98,570
			4,817,000	4,500,671	4,500,671
United States Dollar					
Other Banks					
Government Bonds					
FR0028	March 16, 2015	July 15, 2017	670,000	538,900	538,900
FR0028	March 26, 2015	July 15, 2017	166,000	134,725	134,725
FR0053 and FR0061	February 26, 2015	February 24, 2017	802,345	673,625	673,625
			1,638,345	1,347,250	1,347,250
			6,455,345	5,847,921	5,847,921
Related parties (Note 44)					
Rupiah					
Non Banks					
Government Bonds					
FR0069	June 29, 2015	April 15, 2019	480,000	466,545	471,361
FR0069	March 20, 2015	April 15, 2019	1,000,000	972,093	983,116
			1,480,000	1,438,638	1,454,477
Total			**7,935,345**	**7,286,559**	**7,302,398**

(Expressed in millions of Rupiah, unless otherwise stated)

25. MARKETABLE SECURITIES ISSUED

BRI and Subsidiaries issued marketable securities with details as follows:

	December 31,		
	2018	**2017**	**2016**
Rupiah			
BRI Shelf Registration Bonds I			
Phase I Year 2015 net of unamortized bond issuance cost amounted to Rp1,078, Rp2,091 and Rp3,358 as of December 31, 2018, 2017 and 2016, respectively	1,398,564	2,321,788	2,321,811
Phase II Year 2016 net of unamortized bond issuance cost amounted to Rp1,435, Rp2,125 and Rp2,430 as of December 31, 2018, 2017 and 2016, respectively	3,662,611	3,839,875	4,647,570
Phase III Year 2016 net of unamortized bond issuance cost amounted to Rp585, Rp1,372 and Rp2,508 as of December 31, 2018, 2017 and 2016, respectively	3,068,194	3,069,111	4,281,750
BRI Shelf Registration Bonds II			
Phase I Year 2016 net of unamortized bond issuance cost amounted to Rp3,411, Rp4,116 and Rp5,466 as of December 31, 2018, 2017 and 2016, respectively	3,932,181	3,927,592	4,544,019
Phase II Year 2017 net of unamortized bond issuance cost amounted to Rp1,786 and Rp2,579 as of December 31, 2018 and 2017, respectively	3,947,236	5,076,914	-
Phase III Year 2017 net of unamortized bond issuance cost amounted to Rp2,695 and Rp3.293 as of December 31, 2018 and 2017, respectively	5,128,304	5,126,187	-
Phase IV Year 2018 net of unamortized bond issuance cost amounted to Rp2,099 as of December 31, 2018	2,430,992	-	-
BRI Agro Bonds I Year 2017 net of unamortized bond issuance cost amounted to Rp1,397and Rp2,035 as of December 31, 2018 and 2017, respectively	479,194	477,808	-
Medium-Term Notes (MTN)			
Phase I Year 2014 net of unamortized issuance cost amounted to Rp191 as of December 31, 2016	-	-	359,809
Phase I Year 2016 net of unamortized issuance cost amounted to Rp992 as of December 31, 2016	-	-	1,924,008
	24,047,276	23,839,275	18,078,967
United States Dollar			
BRI Bonds net of discount and unamortized bond issuance cost amounted to Rp4,231 and Rp21,055 as of December 31, 2017 and 2016, respectively	-	6,780,383	6.721.814

(Expressed in millions of Rupiah, unless otherwise stated)

25. MARKETABLE SECURITIES ISSUED (continued)

BRI issued marketable securities with details as follows (continued):

	December 31,		
	2018	**2017**	**2016**
United States Dollar (continued)			
Senior Unsecured Notes Due 2023 (Global Bond BRI) net of discount and unamortized bond issuance cost amounted to Rp47,060 as of December 31, 2018	7,142,940	-	-
Total	**31,190,216**	**30,619,658**	**24,800,781**

The amortization of the issuance cost of marketable securities issued for the years ended December 31, 2018, 2017 and 2016 amounted to Rp14,041, Rp23,830 and Rp22,526, respectively.

The following are other key information related to marketable securities issued:

a) BRI Shelf Registration Bonds I

On June 25, 2015, BRI issued BRI Shelf Registration Bonds I Phase I Year 2015 with a principal value of Rp3,000,000 in 3 (three) series, as follows:

- Series A: Principal value amounted to Rp655,000 with a fixed interest rate of 8.40% per annum, for a period of 370 (three hundred and seventy) days and matured on July 7, 2016.
- Series B: Principal value amounted to Rp925,000 with a fixed interest rate of 9.20% per annum, for a period of 3 (three) years and matured on July 3, 2018
- Series C: Principal value amounted to Rp1,420,000 with a fixed interest rate of 9.50% per annum, for a period of 5 (five) years and will mature on July 3, 2020.

The interest of BRI Shelf Registration Bonds I Phase I Year 2015 is paid every 3 (three) months, starting from October 3, 2015. At the time of issuance, Pefindo gave these Shelf Registration Bonds an idAAA rating.

On January 19, 2016, BRI issued BRI Shelf Registration Bonds I Phase II Year 2016 with a principal value of Rp4,650,000 in 3 (three) series, as follows:

- Series A: Principal value amounted to Rp808,000 with a fixed interest rate of 8.50% per annum, for a period of 370 (three hundred and seventy) days and matured on February 8, 2017.
- Series B: Principal value amounted to Rp1,018,500 with a fixed interest rate of 9.25% per annum, for a period of 3 (three) years and will mature on February 4, 2019.
- Series C: Principal value amounted to Rp2,823,500 with a fixed interest rate of 9.60% per annum, for a period of 5 (five) years and will mature on February 4, 2021.

The interest of BRI Shelf Registration Bonds I Phase II Year 2016 is paid every 3 (three) months, starting from May 4, 2016. At the time of issuance, Pefindo gave these Shelf Registration Bonds an idAAA rating.

On May 4, 2016, BRI issued BRI Shelf Registration Bonds I Phase III Year 2016 with a principal value of Rp4,350,000 in 3 (three) series, as follows:

- Series A: Principal value amounted to Rp1,212,000 with a fixed interest rate of 7.50% per annum, for a period of 370 (three hundred and seventy) days and matured on May 30, 2017.
- Series B: Principal value amounted to Rp2,437,000 with a fixed interest rate of 8.20% per annum, for a period of 3 (three) years and will mature on May 25, 2019.
- Series C: Principal value amounted to Rp701,000 with a fixed interest rate of 8.70% per annum, for a period of 5 (five) years and will mature on May 25, 2021.

25. MARKETABLE SECURITIES ISSUED (continued)

The following are other key information related to marketable securities issued (continued):

a) BRI Shelf Registration Bonds I (continued)

The interest of BRI Shelf Registration Bonds I Phase III Year 2016 is paid every 3 (three) months, starting from August 25, 2016. At the time of issuance, Pefindo gave these Shelf Registration Bonds an idAAA rating.

As of December 31, 2018, 2017 and 2016, BRI Shelf Registration Bonds I obtained an idAAA rating from Pefindo.

The net proceeds from the issuance of these Shelf Registration Bonds are used for loan granting.

The important covenant stated in the agreement of Shelf Registration Bonds is that BRI shall not, without the written approval from the trustee, reduce the authorized, issued and paid-up capital, as well as perform merger, separation, consolidation and takeover of company.

Management believes all covenants/restrictions stipulated in the trustee agreement have been complied with.

BRI has settled its Shelf Registration Bonds I Phase I Series A, Shelf Registration Bonds I Phase I Series B, Shelf Registration Bonds I Phase II Series A, and Shelf Registration Bonds I Phase III Series A with nominal values of Rp655,000, Rp925,000, Rp808,000 and Rp1,212,000, respectively on the maturity dates.

b) BRI Shelf Registration Bonds II

On December 2, 2016, BRI issued Shelf Registration Bonds II Phase I Year 2016 with a principal value of Rp4,600,000 in 5 (five) series, as follows:

- Series A: Principal value amounted to Rp616,000 with a fixed interest rate of 7.25% per annum, for a period of 370 (three hundred and seventy) days and matured on December 6, 2017.
- Series B: Principal value amounted to Rp964,000 with a fixed interest rate of 8.00% per annum, for a period of 3 (three) years and will mature on December 1, 2019.
- Series C: Principal value amounting to Rp193,000 with a fixed interest rate of 8.20% per annum, for a period of 5 (five) years and will mature on December 1, 2021.
- Series D: Principal value amounting to Rp477,000 with a fixed interest rate of 8.65% per annum, for a period of 7 (seven) years and will mature on December 1, 2023.
- Series E: Principal value amounting to Rp2,350,000 with a fixed interest rate of 8.90% per annum, for a period of 10 (ten) years and will mature on December 1, 2026.

The interest of BRI Shelf Registration Bonds II Phase I Year 2016 is paid every 3 (three) months, starting from March 1, 2017. At the time of issuance, Pefindo gave these Shelf Registration Bonds an idAAA rating.

On April 12, 2017, BRI issued Shelf Registration Bonds II Phase II Year 2017 with a principal value of Rp5,100,000 in 4 (four) series, as follows:

- Series A: Principal value amounted to Rp1,131,000 with a fixed interest rate of 7.20% per annum, for a period of 370 (three hundreds and seventy) days and matured on April 16, 2018.
- Series B: Principal value amounted to Rp1,743,500 with a fixed interest rate of 8.10% per annum, for a period of 3 (three) years and will mature on April 11, 2020.
- Series C: Principal value amounted to Rp925,000 with a fixed interest rate of 8.30% per annum, for a period of 5 (five) years and will mature on April 11, 2022.
- Series D: Principal value amounted to Rp1,300,500 with a fixed interest rate of 8.80% per annum, for a period of 10 (ten) years and will mature on April 11, 2027.

25. MARKETABLE SECURITIES ISSUED (continued)

The following are other key information related to marketable securities issued (continued):

b) BRI Shelf Registration Bonds II (continued)

The interest of BRI Shelf Registration Bonds II Phase II Year 2017 is paid every 3 (three) months, starting from July 11, 2017. At the time of issuance, Pefindo gave these Shelf Registration Bonds an idAAA rating.

On August 25, 2017, BRI issued Shelf Registration Bonds II Phase III Year 2017 with a principal value of Rp5,150,000 in 3 (three) series, as follows:

- Series A: Principal value amounted to Rp980,500 with a fixed interest rate of 7.60% per annum, for a period of 3 (three) years and will mature on August 24, 2020.
- Series B: Principal value amounted to Rp1,652,500 with a fixed interest rate of 8.00% per annum, for a period of 5 (five) years and will mature on August 24, 2022.
- Series C: Principal value amounted to Rp2,517,000 with a fixed interest rate of 8.25% per annum, for a period of 7 (seven) years and will mature on August 24, 2024.

The interest of BRI Shelf Registration Bonds II Phase III Year 2017 is paid every 3 (three) months, starting from November 24, 2017. At the time of issuance, Pefindo gave these Shelf Registration Bonds an idAAA rating.

On February 22, 2018, BRI issued Shelf Registration Bonds II Phase IV Year 2018 with a principal value of Rp2,442,000 in 2 (two) series, as follows:

- Series A: Principal value amounted to Rp1,837,000 with a fixed interest rate of 6.65% per annum, for a period of 5 (five) years and will mature on February 21, 2023.
- Series B: Principal value amounted to Rp605,000 with a fixed interest rate of 6.90% per annum, for a period of 7 (seven) years and will mature on February 21, 2025.

The interest of BRI Shelf Registration Bonds II Phase IV Year 2018 is paid every 3 (three) months, starting from May 21, 2018. At the time of issuance, Pefindo gave these Shelf Registration Bonds an idAAA rating.

As of December 31, 2018, 2017 and 2016, BRI Shelf Registration Bonds II obtained an idAAA rating from Pefindo.

The net proceeds from the issuance of these Shelf Registration Bonds are used for loan granting.

The important covenant stated in the agreement of Shelf Registration Bonds is that BRI shall not, without the written approval from the trustee, reduce the authorized, issued and paid-up capital, as well as perform merger, separation, consolidation and takeover of company.

Management believes all covenants/restrictions stipulated in the trustee agreement have been complied with.

BRI has settled its Shelf Registration Bonds II Phase I Series A and Shelf Registration Bonds II Phase II Series A with nominal values of Rp616,000 and Rp1,131,000, respectively on the maturity dates.

25. MARKETABLE SECURITIES ISSUED (continued)

The following are other key information related to marketable securities issued (continued):

c) BRI Agro Bonds I

On July 7, 2017, after receiving the Notification Letter of Effective Registration Statement from OJK No. S-348/D.04/2017 dated June 22, 2017, BRI Agro issued BRI Agro Bonds I Year 2017 with a principal value of Rp500,000 in 2 (two) series as follows:

- Series A: Principal value amounted to Rp261,000 with a fixed interest rate of 8.25% per annum, for a period of 3 (three) years and will mature on July 7, 2020.
- Series B: Principal value amounted to Rp239,000 with a fixed interest rate of 8.50% per annum, for a period of 5 (five) years and will mature on July 7, 2022.

The interest of these bonds is paid every 3 (three) months, starting from October 7, 2017. At the time of issuance, Pefindo gave these Shelf Registration Bonds an idAA rating.

As of December 31, 2018 and 2017, BRI Agro Bonds I obtained an idAA rating from Pefindo. The net proceeds from the issuance of bonds are used for loan granting.

The important covenant stated in the agreement of BRI Agro Bonds I is that BRI Agro shall not, without the written approval from the trustee, reduce the authorized, issued and paid-up capital, as well as perform merger, separation, consolidation and takeover of company.

d) Medium-Term Notes (MTN)

MTN Year 2014

On October 10, 2014, BRI issued MTN Phase I Year 2014 with a principal value of Rp720,000 in 3 (three) series, as follows:

- Series A: Principal value amounted to Rp300,000 with a fixed interest rate of 8.75% per annum, for a period of 370 (three hundreds and seventy) days and matured on October 15, 2015.
- Series B: Principal value amounted to Rp60,000 with a fixed interest rate of 9.25% per annum, for a period of 24 (twenty four) months and matured on October 10, 2016.
- Series C: Principal value amounted to Rp360,000 with a fixed interest rate of 9.50% per annum, for a period of 36 (thirty six) months and matured on October 10, 2017.

The interest of MTN Phase I is paid every 3 (three) months, starting from January 10, 2015. At the time of issuance, Fitch gave this MTN AAA(idn) and F1+(idn) rating.

On December 24, 2014, BRI issued MTN Phase II Year 2014 with a principal value amounted to Rp520,000, with a fixed interest rate of 8.90% per annum, for a period of 370 (three hundred and seventy) days and matured on December 29, 2015. The interest of MTN Phase II was paid every 3 (three) months, starting from March 24, 2015. At the time of issuance, Fitch gave this MTN AAA(idn) and F1+(idn) rating.

As of December 31, 2016, BRI‘s MTN Phase I obtained an idAAA rating from Pefindo.

The net proceeds from the issuance of these MTN are used for loan granting.

The important covenant stated in the agreement of MTN is that BRI shall not, without the written approval from the supervisory agent, reduce the authorized, issued and paid-up capital, as well as perform merger, separation, consolidation and takeover of company.

Management believes all covenants/restrictions stipulated in the trustee agreement have been complied with.

25. MARKETABLE SECURITIES ISSUED (continued)

The following are other key information related to marketable securities issued (continued):

d) Medium-Term Notes (MTN) (continued)

MTN Year 2014 (continued)

BRI has settled its MTN Phase I Year 2014 and MTN Phase II Year 2014 with nominal values of Rp720,000 and Rp520,000, respectively, on the maturity dates.

MTN Year 2016

On September 16, 2016, BRI issued MTN Phase I Year 2016 with a nominal value amounted to Rp1,925,000, with a fixed interest rate of 7.40% per annum, for a period of 370 (three hundred and seventy) days, and matured on September 21, 2017. The interest of MTN Phase I was paid every 3 (three) months, starting from December 16, 2016. At the time of issuance, Pefindo gave this MTN AAA(idn) rating.

As of December 31, 2016, BRI's MTN Phase I Year 2016 obtained an AAA(idn) rating from Pefindo.

The net proceeds from the issuance of these MTN are used for loan granting.

The important covenant stated in the agreement of MTN is that BRI shall not, without the written approval from the supervisory agent, reduce the authorized, issued and paid-up capital, as well as perform merger, separation, consolidation and takeover of company.

Management believes all covenants/restrictions stipulated in the trustee agreement have been complied with.

BRI has settled its MTN Phase I Year 2016 with a nominal value of Rp1,925,000 on the maturity date.

e) BRI Bonds

On March 28, 2013, BRI issued and listed BRI Bonds Year 2013 with a nominal value of USD500,000,000 (full amount) on the Singapore Exchange Securities Trading Limited (SGX-ST), for a period of 5 (five) years, and matured on March 28, 2018, with a fixed interest rate of 2.95% per annum. The bonds were issued at 99.196%, which were equivalent to USD495,980,000 (full amount) and the interest of this bond was paid every 6 (six) months, starting from September 28, 2013. At the time of issuance, the bonds were rated Baa3 and BBB- by Moody's and Fitch, respectively.

The net proceeds from the issuance of BRI Bonds is used to strengthen BRI's general funding structure.

As of December 31, 2017 and 2016, BRI Bonds Year 2013 obtained a Baa3 and BBB- rating from Fitch and Moody's, respectively.

Management believes all covenants/restrictions stipulated in the agreement have been complied with.

BRI has settled its BRI Bonds Year 2013 with a nominal value of USD500,000,000 (full amount) on the maturity date.

(Expressed in millions of Rupiah, unless otherwise stated)

25. MARKETABLE SECURITIES ISSUED (continued)

The following are other key information related to marketable securities issued (continued):

f) Senior Unsecured Notes Due 2023 (BRI Global Bonds)

On July 16, 2018, BRI issued and listed BRI Global Bonds Year 2018 with a nominal value of USD500,000,000 (full amount) on Singapore Exchange Securities Trading Limited (SGX-ST), for a period of 5 (five) years, and will mature on July 20, 2023, with a fixed interest rate of 4.63% per annum. The bonds were issued at 99.696%, which were equivalent to USD498,400,000 (full amount) and the interest of this bonds is paid every 6 (six) months, starting from January 20, 2019. At the time of issuance, the bonds were rated Baa3 and BBB- by Moody's and Fitch, respectively.

The net proceeds from the issuance of BRI Bonds is used to strengthen BRI's general funding structure.

Management believes all covenants/restrictions stipulated in the agreement have been complied with.

As of December 31, 2018, Senior Unsecured Notes Due 2023 (BRI Global Bonds) year 2018 obtained a Baa3 and BBB- rating from Fitch and Moody's, respectively.

26. FUND BORROWINGS

Fund borrowings consist of:

	December 31,		
	2018	2017*)	2016*)
Third parties			
Rupiah			
Bank Indonesia			
Liquidity borrowings	15,910	15,890	15,890
Other borrowings	12,618	12,644	12,307
	28,528	28,534	28,197
Foreign currencies			
Borrowings from China Development Bank Corporation net of unamortized transaction cost	13,061,900	13,402,803	13,047,548
Syndicated Borrowings - Club Loan net of unamortized transaction cost	12,096,414	7,394,230	7,300,061
Bilateral Borrowings	1,800,666	684,214	417,508
Borrowings from BNP Paribas net of unamortized transaction cost	728,151	782,365	-
Syndicated Borrowings - Club Deal net of unamortized transaction cost	-	-	3,725,183
Other Borrowings	12,287,175	7,110,863	10,389,673
	39,974,306	29,374,475	34,879,973
	40,002,834	29,403,009	34,908,170
Related parties (Note 44)			
Rupiah			
Borrowings from PT Bank Negara Indonesia (Persero) Tbk	400,000	-	-
Borrowings from PT Bank Mandiri (Persero) Tbk	50,000	-	-
Borrowings from PT Bahana Artha Ventura	3,902	4,227	4,552

*) As restated (Note 50)

(Expressed in millions of Rupiah, unless otherwise stated)

26. FUND BORROWINGS (continued)

Fund borrowings consist of (continued):

	December 31,		
	2018	**2017*)**	**2016*)**
Related parties (Note 44) (continued)			
Rupiah (continued)			
Borrowings from			
PT Angkasa Pura II (Persero)	693	1,458	958
Borrowings from			
PT Sarana Multigriya Finansial (Persero)	-	-	100,000
	454,595	5,685	105,510
Total	**40,457,429**	**29,408,694**	**35,013,680**

The classification of fund borrowings based on their remaining periods until maturity are as follows:

	December 31,		
	2018	**2017*)**	**2016*)**
Third parties			
Rupiah			
≤ 1 month	85	85	-
> 1 month - 3 months	-	1,294	515
> 3 months - 1 year	6,381	6,545	7,573
> 1 year - 5 years	8,136	7,966	7,802
> 5 years	13,926	12,644	12,307
	28,528	28,534	28,197
Foreign currencies			
≤ 1 month	830,193	679,742	320,647
> 1 month - 3 months	3,637,058	743,333	6,201,529
> 3 months - 1 year	8,542,091	6,372,001	7,996,715
> 1 year - 5 years	13,174,913	7,394,230	7,313,534
> 5 years	13,790,051	14,185,169	13,047,548
	39,974,306	29,374,475	34,879,973
	40,002,834	29,403,009	34,908,170
Related parties (Note 44)			
Rupiah			
≤ 1 month	50,000	-	-
> 3 months - 1 year	400,000	-	100,000
> 1 year - 5 years	4,595	5,685	5,510
	454,595	5,685	105,510
Total	**40,457,429**	**29,408,694**	**35,013,680**

The following are other key information related to fund borrowings:

a) Borrowings from Bank Indonesia

Liquidity Borrowings

This account represents loan facilities obtained from Bank Indonesia that are channeled back to BRI's debtors, for the purposes of Investment Loans, Primary Cooperatives Loans for Sugar Cane Farmer Members, BULOG and Village Cooperative Units Loans, Permanent Working Capital Loans, Fertilizers and others.

*) As restated (Note 50)

26. FUND BORROWINGS (continued)

The following are other key information related to fund borrowings (continued):

a) Borrowings from Bank Indonesia (continued)

Liquidity Borrowings (continued)

The average interest rates are 0.02% for the years ended December 31, 2018, 2017 and 2016, respectively.

b) Borrowings from PT Sarana Multigriya Finansial (Persero)

Borrowings from PT Sarana Multigriya Finansial (Persero) represents *Mudharabah* financing facility which BRISyariah (subsidiary) obtained on December 14, 2012 for mortgage loan. The financing period is 5 (five) years until December 14, 2017 and has been paid off on the maturity date. The agreed *nisbah* portion is 63.46% for PT Sarana Multigriya Finansial (Persero) and 36.54% for BRISyariah, respectively.

c) Syndicated Borrowings - Club Deal

On September 12, 2014, BRI obtained a syndicated loan facility in the form of Club Deal amounted to USD370,000,000 (full amount). This loan is facilitated by BNP Paribas Singapore branch (agent) and divided into:

a. Facility A amounted to USD320,000,000 (full amount), with an interest rate of three-month LIBOR plus a given margin per annum. The participating banks for this loan are:
   - The Hongkong and Shanghai Banking Corporation Limited amounted to USD60,000,000,
   - Wells Fargo Bank, National Association amounted to USD60,000,000,
   - Australia and New Zealand Banking Group Limited amounted to USD50,000,000,
   - BNP Paribas amounted to USD50,000,000,
   - DBS Bank Ltd. amounted to USD50,000,000,
   - United Overseas Bank Limited amounted to USD50,000,000.

b. Facility B amounted to USD50,000,000 (full amount), with an interest rate of three-month LIBOR plus a given margin per annum. This facility is only financed by Commerzbank Aktiengesellschaft.

This syndicated borrowings was used to meet BRI's liquidity needs. The interest is paid every 3 (three) months, starting from 3rd (third) month since the signing date of the syndicated borrowings agreement.

This syndicated borrowings has a period of 36 (thirty six) months and matured on September 12, 2017. BRI does not provide any collateral for this borrowings.

BRI has made a partial payment amounted to USD80,000,000 (full amount) for Facility A and USD12,500,000 (full amount) for Facility B on September 30, 2015, respectively.

BRI has settled the remaining borrowings amounted to USD240,000,000 (full amount) for Facility A and USD37,500,000 (full amount) for Facility B on September 12, 2017, respectively.

The financial covenants in this syndicated borrowings agreement, among others, are maintaining the financial ratios as follows:
- Minimum Capital Adequacy Ratio (CAR) of 9%,
- Maximum Non-Performing Loan (NPL) ratio of 5%.

26. FUND BORROWINGS (continued)

The following are other key information related to fund borrowings (continued):

c) Syndicated Borrowings - Club Deal (continued)

As of December 31, 2018, 2017 and 2016, BRI has complied with the important covenants as required in this agreement.

d) Syndicated Borrowings - Club Loan

On September 30, 2015, BRI obtained a syndicated loan facility in the form of Club Loan amounted to USD550,000,000 (full amount). This loan is facilitated by The Hongkong and Shanghai Banking Corporation Limited (agent), which is divided into:

a. Facility A amounted to USD325,000,000 (full amount), with an interest rate of three-month LIBOR plus a given margin per annum. The loan periode is 42 (forty two) months since the date of the agreement (including grace period) and will mature on March 30, 2019. The participating banks for this loan are:
   - Bank of America N.A. amounted to USD50,000,000,
   - Citibank, N.A., Singapore branch amounted to USD30,000,000,
   - Citibank, N.A., Jakarta branch amounted to USD20,000,000,
   - The Hongkong and Shanghai Banking Corporation Limited amounted to USD50,000,000,
   - Sumitomo Mitsui Banking Corporation amounted to USD50,000,000,
   - Westpac Banking Corporation amounted to USD25,000,000,
   - Australia and New Zealand Banking Group Limited amounted to USD20,000,000,
   - BNP Paribas amounted to USD20,000,000,
   - CTBC Bank Co., Ltd. amounted to USD20,000,000,
   - DBS Bank Ltd., amounted to USD20,000,000,
   - United Overseas Bank Limited amounted to USD20,000,000.

b. Facility B amounted to USD155,000,000 (full amount), with an interest rate of three-month LIBOR plus a given margin per annum. The loan period is 48 (forty eight) months since the date of the agreement (including grace period) and will mature on September 30, 2019. The participating banks for this loan are:
   - Oversea-Chinese Banking Corporation Limited amounted to USD50,000,000,
   - BNP Paribas amounted to USD30,000,000,
   - Australia and New Zealand Banking Group Limited amounted to USD20,000,000,
   - DBS Bank Ltd., amounted to USD20,000,000,
   - United Overseas Bank Limited amounted to USD20,000,000,
   - Westpac Banking Corporation amounted to USD15,000,000.

c. Facility C amounted to USD70,000,000 (full amount), with an interest rate of three-month LIBOR plus a given margin per annum. The loan period is 60 (sixty) months since the date of the agreement (including grace period) and will mature on September 30, 2020. The participating banks for this loan are:
   - CTBC Bank Co., Ltd. amounted to USD30,000,000,
   - Australia and New Zealand Banking Group Limited amounted to USD10,000,000,
   - DBS Bank Ltd., amounted to USD10,000,000,
   - United Overseas Bank Limited amounted to USD10,000,000,
   - Westpac Banking Corporation amounted to USD10,000,000.

This syndicated borrowings is used to strengthen the long-term financing structure and maturity profile. The borrowings principal will be paid on the maturity date, while the loan interest is paid every 3 (three) months. BRI does not provide any collateral for this borrowings.

26. FUND BORROWINGS (continued)

The following are other key information related to fund borrowings (continued):

d) Syndicated Borrowings - Club Loan (continued)

The financial covenants in this syndicated borrowings agreement, among others, are maintaining the financial ratios as follows:

- Minimum Capital Adequacy Ratio (CAR) of 9%,
- Maximum Non-Performing Loan (NPL) ratio of 5%.

On December 19, 2018, BRI obtained a syndicated loan facility in the form of Club Loan amounted to USD700,000,000 (full amount). This loan is facilitated by MUFG Bank (agent), which is divided into:

a. Facility A amounted to USD200,000,000 (full amount), with interest rate of three-month LIBOR plus a given margin per annum. The loan period is 12 (twelve) months since the date of the agreement and will mature on December 13, 2019. The participating banks for this loan are:
   - Citibank, N.A., Jakarta branch amounted to USD20,000,000,
   - Commerzbank AG, amounted to USD20,000,000,
   - DBS Bank, Ltd., amounted to USD10,000,000,
   - PT Bank HSBC Indonesia, amounted to USD10,000,000,
   - Mizuho Bank, Ltd., Singapore branch, amounted to USD55,000,000,
   - MUFG Bank, Ltd., Singapore branch, amounted to USD10,000,000,
   - United Overseas Bank, Ltd., amounted to USD22,500,000,
   - Wells Fargo Bank, N.A., London branch amounted to USD52,500,000.

b. Facility B amounted to USD235,000,000 (full amount), with an interest rate of three-month LIBOR plus a given margin per annum. The loan period is 36 (thirty six) months since the date of the agreement and will mature on December 19, 2021. The participating banks for this loan are:
   - Cathay United Bank, amounted to USD30,000,000,
   - Citibank, N.A., Jakarta branch amounted to USD10,000,000,
   - Commerzbank AG, amounted to USD30,000,000,
   - CTBC Bank, Co., Ltd., amounted to USD30,000,000,
   - DBS Bank, Ltd., amounted to USD20,000,000,
   - The Hongkong and Shanghai Banking Corporation Ltd., Singapore branch amounted to USD20,000,000,
   - MUFG Bank, Ltd., Singapore branch, amounted to USD30,000,000,
   - Sumitomo Mitsui Banking Corporation, Singapore branch, amounted to USD32,500,000,
   - United Overseas Bank, Ltd., amounted to USD32,500,000.

c. Facility C amounted to USD265,000,000 (full amount), with an interest rate of three-month LIBOR plus a given margin per annum. The loan period is 48 (forty eight) months since the date of the agreement and will mature on December 19, 2022. The participating banks for this loan are:
   - Cathay United Bank, amounted to USD20,000,000,
   - Citibank, N.A., Hong Kong branch amounted to USD20,000,000,
   - CTBC Bank, Co., Ltd., amounted to USD36.000.000,
   - DBS Bank Ltd., amounted to USD20,000,000,
   - The Hongkong and Shanghai Banking Corporation Ltd., Singapore branch amounted to USD30,000,000,
   - MUFG Bank, Ltd., Singapore branch, amounted to USD30,000,000,
   - Standard Chartered Bank, Singapore branch USD63,500,000,
   - Sumitomo Mitsui Banking Corporation, Singapore branch, amounted to USD25,000,000,
   - United Overseas Bank, Ltd., amounted to USD20,500,000

26. FUND BORROWINGS (continued)

The following are other key information related to fund borrowings (continued):

d) Syndicated Borrowings - Club Loan (continued)

This syndicated borrowings is used to strengthen the long-term financing structure and maturity profile. The borrowings principal will be paid on maturity date, while the loan interest is paid every 3 (three) months. BRI does not provide any collateral for this borowings.

As of December 31, 2018, 2017 and 2016, BRI has complied with the important covenants as required in these agreements.

e) Borrowings from China Development Bank Corporation

On September 16, 2015, BRI signed a loan facility agreement with China Development Bank Corporation to finance long-term infrastructure and manufacturing projects in Indonesia and cross-border transactions between Indonesia and the People's Republic of China. This borrowings consists of 2 (two) facilities, which are:

- Tranche A facility amounted to USD700,000,000 (full amount), with an interest rate of six-month LIBOR plus a given margin per annum. BRI made the first drawdown on October 30, 2015 amounted to USD223,953,383 (full amount) and the second drawdown on November 6, 2015 amounted to USD476,046,617 (full amount).
- Tranche B facility amounted to RMB1,906,080,000 (equivalent to USD300,000,000) (full amount), with an interest rate of six-month SHIBOR plus a given margin per annum. NRI made the first drawdown on October 30, 2015 amounted to RMB609,818,661 (full amount) and the second drawdown on November 6, 2015 amounted to RMB1,296,261,339 (full amount).

This long term facility has a tenor of 10 (ten) years and will mature on September 16, 2025. The principal installments are paid every 6 (six) months along with interest payments. For Tranche A facility, the principal installments amounted to USD46,666,667 (full amount) will be paid starting from September 16, 2018 until maturity. For Tranche B facility, the principal installments amounted to RMB127,072,000 (full amount) is paid starting from September 16, 2018 until maturity. BRI does not provide any collateral for this borrowings.

The financial covenants in this borrowings agreement, among others, are maintaining the financial ratios as follows:

- Minimum Capital Adequacy Ratio (CAR) of 9%,
- Minimum Core Capital (Tier 1) ratio of 6%,
- Minimum Common Equity (Core Tier 1) ratio of 5%,
- Minimum Minimum Legal Reserve Requirements (GWM) of 6.5%,
- Maximum Non-Performing Loan (NPL) ratio of 5%,
- Minimum Return On Assets (ROA) ratio of 0.6%.

f) Borrowings from BNP Paribas

On June 7, 2016, BRI signed a loan facility agreement with BNP Paribas under the Export Credit Financing (ECA) scheme to finance the BRIsat components and launch services carried out by Arianespace France. This borrowings consist of 2 facilities, which are:

- Banque Publique d'Investissement (BPI) Tranche facility amounted to USD49,961,501 (full amount), with a given interest rate per annum. BRI conducted all borrowing drawdowns on August 31, 2017.
- Hermes Tranche facility amounted to USD9,901,309 (full amount), with an interest rate of six-month LIBOR plus a given margin per annum. BRI conducted all borrowing drawdowns on August 31, 2017.

26. FUND BORROWINGS (continued)

The following are other key information related to fund borrowings (continued):

f) Borrowings from BNP Paribas (continued)

This borrowing facility has a tenor of 7 (seven) years and 6 (six) months and will mature on February 3, 2025. The principal installments are paid every 6 (six) months along with interest payments. For the BPI Tranche facility, the principal installment amounted to USD3,330,766 (full amount) is paid starting from February 5, 2018 until maturity. For Hermes Tranche facility, the principal installments amounted to USD660,087 (full amount) is paid starting from February 5, 2018 until maturity. BRI does not provide any collateral for this borrowings.

The financial covenants in this borrowings agreement, among others, are maintaining the financial ratios as follows:
- Minimum Capital Adequacy Ratio (CAR) of 9%,
- Maximum Non-Performing Loan (NPL) ratio of 5%.

g) Bilateral Borrowings

Borrowings from The Bank of Tokyo-Mitsubishi UFJ, Ltd.

On February 24, 2015, which was amended on December 15, 2015, BRI and The Bank of Tokyo-Mitsubishi UFJ, Ltd. Signed a loan facility agreement to meet BRI's liquidity needs. This facility agreement has a maximum amount of USD100,000,000 (full amount) and has been fully withdrawn on December 17, 2015. This borrowing bears an interest rate of one-month ICE LIBOR plus a given margin per annum, paid monthly. This borrowing matured and was settled on January 19, 2016.

On June 19, 2015, BRI Finance (subsidiary) and The Bank of Tokyo-Mitsubishi UFJ, Ltd. signed a loan facility agreement amounted to USD1,000,000 (full amount) for Cross Currency Swap financing. This borrowing bears an interest rate of six-month LIBOR plus a 0.50% margin per annum, paid every 6 (six) months. This borrowing matured and was settled on June 21, 2017.

Borrowings from Emirates NBD Bank

On April 7, 2016, BRI (Singapore branch) and Emirates NBD Bank signed a loan facility agreement amounted to USD10,000,000 (full amount) to meet the liquidity needs of BRI Singapore branch. This borrowing bears a certain interest rate per annum, paid monthly. This borrowing matured and was settled on March 30, 2017.

On November 14, 2017, BRI (Singapore branch) and Emirates NBD Bank sgined a loan facility agreement amounted to USD50,000,000 (full amount) to meet the liquidity needs of BRI Singapore branch. This borrowing bears an interest rate of three-month LIBOR plus a given margin per annum, paid every 3 (three) months. This borrowing matured on August 10, 2018.

On August 28, 2018, BRI (Singapore branch) and Emirates NBD Bank signed a loan facility agreement amounted to USD50,000,000 (full amount) to meet the liquidity needs of BRI Singapore branch. This borrowing bears an interest rate of three-month LIBOR plus a given margin per annum, paid every 3 (three) months. This borrowing will mature on May 24, 2019.

On October 11, 2018, BRI (Singapore branch) and Emirates NBD Bank signed a loan facility agreement amounted to USD25,000,000 (full amount) to meet the liquidity needs of BRI Singapore branch. This borrowing bears interest rate of three-month LIBOR plus a given margin per annum, paid every 3 (three) months. This borrowing will mature on July 8, 2019.

(Expressed in millions of Rupiah, unless otherwise stated)

26. FUND BORROWINGS (continued)

The following are other key information related to fund borrowings (continued):

g) Bilateral Borrowings (continued)

Borrowing from United Overseas Bank

On December 12, 2016, BRI (Singapore branch) and United Overseas Bank signed a loan facility agreement amounted to USD20,000,000 (full amount) to meet the liquidity needs of BRI Singapore branch. This borrowing bears interest rate of three-month LIBOR plus a given margin per annum, paid every 3 (three) months. This borrowing matured and was settled on March 13, 2017.

Borrowing from Bank of America

On December 2, 2018, BRI (Singapore branch) and Bank of America signed a loan facility agreement amounted to USD50,000,000 (full amount) to meet the liquidity needs of BRI Singapore branch. This borrowing bears interest rate of three-month LIBOR plus a given margin per annum, paid every 3 (three) months. This borrowing will mature on November 23, 2019.

h) Other Borrowings

	December 31, 2018		December 31, 2017		December 31, 2016	
	Notional amount foreign currencies (Full amount)	Rupiah Equivalent	Notional amount foreign currencies (Full amount)	Rupiah Equivalent	Notional amount foreign currencies (Full amount)	Rupiah Equivalent
Third parties						
Rupiah						
Bank Indonesia		12,618		12,644		12,307
Foreign currencies						
United States Dollar						
Bank of Montreal	325,000,000	4,673,500	220,000,000	2,984,850	210,000,000	2,829,225
Bank of America, N.A.	150,000,000	2,157,000	75,000,000	1,017,562	36,875,880	496,810
Wells Fargo Bank, N.A.	100,000,000	1,438,000	25,999,776	339,188		-
United Overseas Bank Limited	75,000,000	1,078,500		-		-
Citibank, N.A	50,000,000	719,000	75,000,000	1,017,562	75,000,000	1,010,437
CoBank	50,000,000	719,000		-		-
Oversea-Chinese Banking Corporation Limited	32,732,486	470,693	24,511,666	332,562	76,004,562	1,023,971
The Bank of New York Mellon	25,000,000	359,500	65,000,000	881,888	90,000,000	1,212,525
PT Bank Sumitomo Mitsui Indonesia	22,658,032	325,823	10,000,000	135,600		-
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	21,147,497	304,101		-	21,900,810	295,059
Standard Chartered Bank		-	25,000,000	339,188	100,000,000	1,347,250
Commerzbank, A.G.		-		-	60,000,000	808,350
The Hong Kong and Shanghai Banking Corporation		-		-	50,000,000	673,625
National Bank of Abu Dhabi		-		-	25,000,000	336,813
PT Bank BNP Paribas Indonesia		-		-	19,982,976	269,221
		12,245,117		7,048,400		10,303,286

(Expressed in millions of Rupiah, unless otherwise stated)

26. FUND BORROWINGS (continued)

The following are other key information related to fund borrowings (continued):

h) Other Borrowings (continued)

	December 31, 2018		December 31, 2017		December 31, 2016	
	Notional amount foreign currencies (Full amount)	Rupiah Equivalent	Notional amount foreign currencies (Full amount)	Rupiah Equivalent	Notional amount foreign currencies (Full amount)	Rupiah Equivalent
Third parties (continued)						
Foreign currencies (continued)						
European Euro						
CTBC Bank Co., Ltd.	2,558,176	42,058	2,864,858	46,514	3,104,913	44,015
Commerzbank, A.G.		-	982,320	15,949	2,989,067	42,372
		42,058		62,463		86,387
		12,287,175		7,110,863		10,389,673
Total		**12,299,793**		**7,123,507**		**10,401,980**

Other borrowing facilities in foreign currencies are short-term borrowings from several banks with periods ranging from 1 (one) month up to 1 (one) year with interest rates at LIBOR or EURIBOR plus given margins, including refinancing borrowing facilities which are collateralized by letters of credit issued by BRI.

As of December 31, 2018, 2017 and 2016, BRI and Subsidiaries have complied with the important covenants as required in these agreements.

27. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES

a) The details of Estimated Losses on Commitments and Contingencies which bear credit risk:

	December 31,		
	2018	2017	2016
Rupiah			
Guarantees issued	1,222	2,134	895

b) The movements in Estimated Losses on Commitments and Contingencies:

	December 31,		
	2018	2017	2016
Rupiah			
Beginning balance	2,134	895	1,242
(Reversal of)/provision for estimated losses during the year	(912)	1,239	(347)
Ending balance	1,222	2,134	895

BRI assessed commitment and contingency transactions which bear credit risk individually based on whether objective evidence of impairment exist.

(Expressed in millions of Rupiah, unless otherwise stated)

27. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES (continued)

b) The movements in Estimated Losses on Commitments and Contingencies (continued):

The minimum estimated losses on commitments and contingencies that must be provided in accordance with Bank Indonesia Regulations amounted to Rp1,222, Rp2,143 and Rp895 as of December 31, 2018, 2017 and 2016, respectively. Management believes that the amount is adequate.

c) The collectibility of Bank Guarantees issued and the irrevocable L/C in the Administrative Accounts is categorized as "Current" (Notes 2ao and 43):

	December 31, 2018		December 31, 2017		December 31, 2016	
	Notional amount foreign currencies (Full amount)	Rupiah Equivalent	Notional amount foreign currencies (Full amount)	Rupiah Equivalent	Notional amount foreign currencies (Full amount)	Rupiah Equivalent
Third parties						
Rupiah						
Guarantees Issued		11,344,155		5,622,512		4,342,053
Irrevocable L/C		1,149,214		719,945		514,596
		12,493,369		6,342,457		4,856,649
Foreign currencies						
Guarantees Issued						
United States Dollar	871,820,691	12,536,782	783,830,900	10,634,626	440,361,405	5,932,769
European Euro	17,613,512	289,578	15,756,226	255,821	16,835,180	238,652
Australian Dollar	50,909	517		-	676,419	6,577
Saudi Arabian Riyal		-		-	1,000,000	3,592
		12,826,877		10,890,447		6,181,590
Irrevocable L/C						
United States Dollar	122,061,543	1,755,245	155,008,887	2,103,083	107,112,073	1,443,067
European Euro	32,483,692	534,053	20,769,936	337,225	7,789,354	110,420
Renminbi	60,910,689	127,338	2,400,000	5,001	2,646,926	5,133
Japanese Yen	138,769,250	18,126	57,180,643	6,891	45,373,091	5,221
Great Britain Pound Sterling	827,200	15,147	511,882	9,381	342,912	5,677
Singaporean Dollar	532,684	5,622	588,866	5,980	313,839	2,922
Australian Dollar	198,000	2,012		-		-
Swiss Franc	55,140	805	18,380	255		-
		2,458,348		2,467,816		1,572,440
		15,285,225		13,358,263		7,754,030
		27,778,594		19,700,720		12,610,679
Related Parties (Note 44)						
Rupiah						
Guarantees issued		8,266,656		10,411,205		7,637,064
Irrevocable L/C		1,204,545		919,438		571,900
		9,471,201		11,330,643		8,208,964

(Expressed in millions of Rupiah, unless otherwise stated)

27. ESTIMATED LOSSES ON COMMITMENTS AND CONTINGENCIES (continued)

c) The collectibility of Bank Guarantees issued and the irrevocable L/C in the Administrative Accounts is categorized as "Current" (Notes 2ao and 43) (continued):

	December 31, 2018		December 31, 2017		December 31, 2016	
	Notional amount foreign currencies (Full amount)	Rupiah Equivalent	Notional amount foreign currencies (Full amount)	Rupiah Equivalent	Notional amount foreign currencies (Full amount)	Rupiah Equivalent
Related Parties (Note 44) (continued)						
Foreign Currencies						
Guarantees issued						
United States Dollar	800,687,150	11,513,881	479,169,690	6,501,135	394,079,942	5,309,242
Japanese Yen	3,160,126,352	412,776	324,000,000	39,047	74,828,897	8,610
Malaysian Ringgit	87,500,000	304,219	8,500,000	28,493	8,500,000	25,527
Thailand Baht	348,208,000	154,472		-		-
European Euro	3,036,383	49,920	32,281,032	524,122	71,004,683	1,006,546
Canadian Dollar	1,240,000	13,095	1,240,000	13,419	1,240,000	12,383
		12,448,363		7,106,216		6,362,308
Irrevocable L/C						
United States Dollar	162,569,130	2,337,744	239,833,977	3,253,948	334,073,051	4,500,799
European Euro	77,746,394	1,278,202	89,256,297	1,449,185	63,038,569	893,620
Great Britain Pound Sterling	7,603,524	139,232	6,038,100	110,652	5,307,740	87,870
Japanese Yen	943,002,510	123,175	374,485,163	45,131	3,406,896,610	392,015
Singaporean Dollar	155,840	1,645	182,613	1,854	266,951	2,486
Renminbi	400,000	836		-	2,798,000	5,426
Swiss Franc	51,374	750		-		-
Australian Dollar		-	1,199,000	12,702		-
		3,881,584		4,873,472		5,882,216
		16,329,947		11,979,688		12,244,524
		25,801,148		23,310,331		20,453,488
Total		**53,579,742**		**43,011,051**		**33,064,167**

(Expressed in millions of Rupiah, unless otherwise stated)

28. LIABILITIES FOR EMPLOYEE BENEFITS

Liabilities for employee benefits consist of:

	December 31,		
	2018	**2017*)**	**2016*)**
Bonuses and incentives	7,405,332	7,962,072	5,889,022
Provision for grand leaves (Note 42e)	1,849,533	1,563,223	1,352,409
Provision for work separation scheme (Note 42d)	1,404,235	1,349,689	1,283,544
Provision for gratuity for services (Note 42e)	1,130,266	1,076,018	954,955
Provision for post employment BPJS health program (Note 42e)	-	243,259	-
Total	**11,789,366**	**12,194,261**	**9,479,930**

29. OTHER LIABILITIES

Other liabilities consist of:

	December 31,		
	2018	**2017*)**	**2016*)**
Third parties			
Rupiah			
Future policy benefit liabilties	5,233,977	4,823,808	3,764,582
Kemenpupera subsidy funds	1,908,918	1,291,497	692,560
Interest payables	1,540,041	1,311,391	1,025,594
Investment contract liabilities	1,122,086	699,564	401,903
Allowance for litigation liabilities (Note 45b)	1,060,301	971,354	613,720
Credit card liabilities	335,634	151,406	88,063
Unearned income	334,630	64,590	92,768
Allowance for timely interest payment (Note 2z)	291,935	669,194	758,697
Unearned premiums	151,125	136,658	98,374
Estimated claim liabilities	87,315	91,697	91,135
Temporary syirkah funds	78,673	63,967	52,550
Accrued profit sharing	57,896	35,683	34,991
Reinsurance payable	31,687	20,481	9,761
Provision for simpedes gift tax	25,052	24,222	21,756
Guarantee deposits	17,628	18,476	14,343
Others	2,111,304	2,468,099	2,011,747
	14,388,202	12,842,087	9,772,544
Foreign currencies			
Interest payable	473,606	327,659	249,908
Unearned income	202,451	164,541	148,591
Others	275,528	460,226	327,761
	951,585	952,426	726,260
Total	**15,339,787**	**13,794,513**	**10,498,804**

*) As restated (Note 50)

(Expressed in millions of Rupiah, unless otherwise stated)

30. SUBORDINATED LOANS AND MARKETABLE SECURITIES

BRI obtained subordinated loans and marketable securities with details as follows:

	December 31,		
	2018	**2017**	**2016**
Rupiah			
Subordinated Sukuk *Mudharabah* I	973,717	972,065	973,039
Two-step loan	3,609	14,385	35,471
Subordinated Bonds III	496,189	-	-
	1,473,515	**986,450**	**1,008,510**

a. Subordinated Sukuk *Mudharabah* I

On November 17, 2016, BRISyariah issued Subordinated Sukuk *Mudharabah* I Year 2016 amounted to Rp1,000,000 with profit-sharing income and was issued at 100.00% of its nominal value. The amount of Sukuk holder's *nisbah* is 80.2013%, calculated from cash gross revenue, which is indicated at 11.8452%. Profit sharing is paid every 3 (three) months and will mature on November 16, 2023. At the time of issuance, this Subordinated Sukuk *Mudharabah* I was rated A+(idn) by Fitch.

The proceeds from the issuance of the Subordinated Sukuk *Mudharabah* I is used to strengthen the capital structure in order to support business development activities through financing distributions.

This Subordinated Sukuk *Mudharabah* I is not guaranteed by special collateral nor guaranteed by the Republic of Indonesia or other third parties and not included in the bank guarantee program implemented by the Deposit Insurance Institute (Lembaga Penjamin Simpanan/LPS) or other insurance institutes.

As of December 31, 2018, 2017 and 2016, the Subordinated Sukuk *Mudharabah* I obtained an A+(idn) rating from Fitch. Acting as trustee for the Subordinated Sukuk *Mudharabah* I is PT Bank Negara Indonesia (Persero) Tbk.

BRISyariah's restrictions and obligations are, without written approval from the trustee, to not conduct the following:

- Issuing another Sukuk or MTN with higher ranking and priority in payment over Subordinated Sukuk *Mudharabah*.
- Changing its main business.
- Reducing the authorized, issued and paid-up capital.
- Conducting merger, consolidation, acquisition with other companies that caused dissolution of BRISyariah, or would have negative impact on business continuity.
- Selling or transfering premises and equipments of BRISyariah to other parties, either all or most (over 50%) of BRISyariah's premises and equipments based on the latest audited financial statement.
- Conducting transactions with affiliated parties, unless the transaction is performed under favorable terms for BRISyariah or at least equal to the requirements obtained by BRISyariah from non-affiliated third parties in customary transactions.
- Providing financing or investment in shares to other parties.

(Expressed in millions of Rupiah, unless otherwise stated)

30. SUBORDINATED LOANS AND MARKETABLE SECURITIES (continued)

b. Two-step loan

The two-step loans in Rupiah represent the loans from the Government which were funded by the Asian Development Bank (ADB), International Bank for Reconstruction and Development (IBRD), International Fund for Agricultural Development (IFAD), United States Agency for International Development (USAID) and Islamic Development Bank (IDB). The interest rates of these loans vary according to the respective agreements with periods ranging from 15 (fifteen) to 40 (forty) years. The average interest rates for this subordinated loan are 2.47%, 4.06%, and 4.27%, for the years ended December 31, 2018, 2017 and 2016, respectively. These loans will mature on various dates up to 2027.

c. Subordinated Bonds III Year 2018

On June 27, 2018, BRI issued Subordinated Bonds III Year 2018 with a nominal value of Rp500,000 with an interest of 7.70% per annum, for a period of 5 (five) years and will mature on June 26, 2023. The interest of Subordinated Bonds III Year 2018 is paid every 3 (three) months, starting from June 26, 2018. At the time of issuance, the Subordinated Bonds III Year 2018 were rated AA by Pefindo.

As of December 31, 2018, Subordinated Bonds III year 2018 obtained an AA rating from Pefindo.

Management believes that all covenants/restrictions stipulated in the trustee agreements have been complied with.

The classification of subordinated loans and marketable securities based on their remaining period until maturity are as follows:

	December 31,		
	2018	**2017**	**2016**
Rupiah			
> 3 months - 1 year	-	10,312	-
> 1 year - 5 years	-	-	30,935
> 5 years	1,473,515	976,138	977,575
Total	**1,473,515**	**986,450**	**1,008,510**

31. EQUITY

a. Capital stock

The details of authorized, issued and fully paid capital stock of BRI as of December 31, 2018, 2017 and 2016, are as follows:

	December 31, 2018			
	Number of Shares	**Nominal Value Per Share (Full Rupiah)**	**Total Share Value (Full Rupiah)**	**Percentage of Ownership**
Authorized Capital Stock				
Series A Dwiwarna Share	1	50	50	0.00%
Series B Common Shares	299,999,999,999	50	14,999,999,999,950	100.00
Total	300,000,000,000		**15,000,000,000,000**	**100.00%**

(Expressed in millions of Rupiah, unless otherwise stated)

31. EQUITY (continued)

a. Capital stock (continued)

The details of authorized, issued and fully paid capital stock of BRI as of December 31, 2018, 2017 and 2016, are as follows (continued):

	December 31, 2018			
	Number of Shares	**Nominal Value Per Share (Full Rupiah)**	**Total Share Value (Full Rupiah)**	**Percentage of Ownership**
Issued and Fully Paid Capital Stock				
Series A Dwiwarna Share				
Republic of Indonesia	1	50	50	0.00%
Series B Common Shares				
Republic of Indonesia	69,999,999,999	50	3,499,999,999,950	56.75
Directors:				
- Sis Apik Wijayanto	1,328,700	50	66,435,000	0.00
- Mohammad Irfan	698,700	50	34,935,000	0.00
- Ahmad Solichin Lutfiyanto	585,000	50	29,250,000	0.00
- Kuswiyoto	528,700	50	26,435,000	0.00
- Haru Koesmahargyo	528,700	50	26,435,000	0.00
- Priyastomo	528,700	50	26,435,000	0.00
- Suprajarto	466,100	50	23,305,000	0.00
- Indra Utoyo	419,500	50	20,975,000	0.00
- Osbal Saragi Rumahorbo	410,500	50	20,525,000	0.00
- R. Sophia Alizsa	142,100	50	7,105,000	0.00
- Handayani	106,600	50	5,330,000	0.00
Public	52,231,476,700	50	2,611,573,835,000	42.35
	122,237,220,000		**6,111,861,000,000**	
Treasury stock (Note 1d)	1,108,590,000		55,429,500,000	0.90
Total	**123,345,810,000**		**6,167,290,500,000**	**100.00%**

	December 31, 2017			
	Number of Shares	**Nominal Value Per Share (Full Rupiah)**	**Total Share Value (Full Rupiah)**	**Percentage of Ownership**
Authorized Capital Stock				
Series A Dwiwarna Share	1	50	50	0.00%
Series B Common Shares	299,999,999,999	50	14,999,999,999,950	100.00
Total	300,000,000,000		**15,000,000,000,000**	**100.00%**
Issued and Fully Paid Capital Stock				
Series A Dwiwarna Share				
Republic of Indonesia	1	50	50	0.00%
Series B Common Shares				
Republic of Indonesia	69,999,999,999	50	3,499,999,999,950	56.75
Directors:				
- Susy Liestiowaty	2,900,000	50	145,000,000	0.00
- Sis Apik Wijayanto	700,000	50	35,000,000	0.00
- Mohammad Irfan	170,000	50	8,500,000	0.00
- Donsuwan Simatupang	142,500	50	7,125,000	0.00
- R. Sophia Alizsa	25,000	50	1,250,000	0.00
Public	52,233,282,500	50	2,611,664,125,000	42.35
	122,237,220,000		**6,111,861,000,000**	
Treasury stocks (Note 1d)	1,108,590,000		55,429,500,000	0.90
Total	**123,345,810,000**		**6,167,290,500,000**	**100.00%**

(Expressed in millions of Rupiah, unless otherwise stated)

31. EQUITY (continued)

a. Capital stock (continued)

The details of authorized, issued and fully paid capital stock of BRI as of December 31, 2018, 2017 and 2016, are as follows (continued):

	December 31, 2016			
	Number of Shares	Nominal Value Per Share (Full Rupiah)	Total Share Value (Full Rupiah)	Percentage of Ownership
Authorized Capital Stock				
Series A Dwiwarna Share	1	250	250	0.00%
Series B Common Shares	59,999,999,999	250	14,999,999,999,750	100.00
Total	**60,000,000,000**		**15,000,000,000,000**	**100.00%**
Issued and Fully Paid Capital Stock				
Series A Dwiwarna Share				
Republic of Indonesia	1	250	250	0.00%
Series B Common Shares				
Republic of Indonesia	13,999,999,999	250	3,499,999,999,750	56.75
Directors:				
- Randi Anto	661,000	250	165,250,000	0.00
- Susy Liestiowaty	580,000	250	145,000,000	0.00
- Sis Apik Wijayanto	140,000	250	35,000,000	0.00
- Mohammad Irfan	34,000	250	8,500,000	0.00
- Donsuwan Simatupang	28,500	250	7,125,000	0.00
Public	10,446,000,500	250	2,611,500,125,000	42.35
	24,447,444,000		**6,111,861,000,000**	
Treasury stocks (Note 1d)	221,718,000		55,429,500,000	0.90
Total	**24,669,162,000**		**6,167,290,500,000**	**100.00%**

Series A Dwiwarna share is the share that gives the shareholder preferential rights to approve the appointment and dismissal of Board of Commissioners and Directors, amendments in the articles of association, approval on BRI's merger, dissolution, acquisition and separation, as well as submission of BRI's bankruptcy and liquidation declaration request.

Series B shares are common shares that can be owned by the public.

b. Additional Paid-in Capital

The details of additional paid-in capital are as follows:

Additional capital by the Government related to the recapitalization program	1,092,144
Remaining balance of paid-up capital by the Government	5
Additional paid-in capital from IPO	589,762
Exercise of stock options	
Year 2004	49,514
Year 2005	184,859
Year 2006	619,376
Year 2007	140,960
Year 2008	29,013
Year 2009	14,367
Year 2010	43,062
Stock Option MSOP Stage-I which is already expired	504
Stock Option MSOP Stage-II which is already expired	1,845
Stock Option MSOP Stage-III which is already expired	8,447
Acquisition of merging entities in 2018	(81,195)
Total	**2,692,663**

(Expressed in millions of Rupiah, unless otherwise stated)

31. EQUITY (continued)

b. Additional Paid-in Capital (continued)

In line with the realization of the Recapitalization Program for Commercial Banks in accordance with Government Regulation No. 52 Year 1999 regarding the “Increase in Investment by the Republic of Indonesia in State-Owned Banks”, the Government determined that the recapitalization requirement amount of BRI to achieve Capital Adequacy Ratio (CAR) of 4% was Rp29,063,531. Up to June 30, 2003, the authorized and issued capital stock of BRI has not yet been increased by additional capital from the above recapitalization program, therefore, the paid-up capital from the Government of Rp29,063,531 was recorded temporarily in “Additional Paid-in Capital” CCOUNT together with the previous balance of paid-up capital of Rp5 from the Government.

Based on the Decision Letter of the Minister of Finance No. 427/KMK.02/2003 dated September 30, 2003, the final recapitalization requirement of BRI amounted to Rp29,063,531. The amount of Rp3,272,000 was converted to paid-up capital and the remaining balance of Rp25,791,531 was recorded as additional paid-in capital. Furthermore, with the implementation of the quasi-reorganization by BRI, the accumulated losses before quasi-reorganization as of June 30, 2003 amounted to Rp24,699,387 was eliminated against additional paid-in capital, resulting in additional paid-in capital amounting to Rp1,092,149 as of June 30, 2003.

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

Total new Series B Common shares issued to the public under the IPO (shares) (Note 1c)	1,764,705,000
Additional paid-in capital per share (full Rupiah)	375
Total additional paid-in capital - before discount	661,764
Less:	
- 3% discount given to BRI customers	(2,961)
- Cost of IPO	(69,041)
Additional paid-in capital from IPO	**589,762**

In accordance with the Extraordinary General Meeting of Shareholders on October 3, 2003, as disclosed in the Deed No. 6 of Notary Imas Fatimah, S.H., the shareholders approved the issuance of stock options to be implemented in 3 (three) phases. The stock options are granted to Directors and employees in certain positions and appointments who have fulfilled the stipulated requirements (Management Stock Option Plan (MSOP)).

The compensation cost of the MSOP is recognized as stock options which is part of equity.

BRI employees have exercised their stock options for MSOP I starting from November 10, 2004, MSOP II starting from November 10, 2005 and MSOP III starting from November 15, 2006. MSOP I, II and III stock options that have been exercised from 2004 to 2010 amounted to 569,876,000 shares where there were 4,728,500 shares in 2010, 4,553,000 shares in 2009, 7,499,000 shares in 2008, 31,379,000 shares in 2007, 250,721,000 shares in 2006, 185,610,000 shares in 2005 and 85,385,500 shares in 2004. The additional paid-in capital arising from the exercise of stock options amounted to Rp43,062 in 2010, Rp14,367 in 2009, Rp29,013 in 2008, Rp140,960 in 2007, Rp619,376 in 2006, Rp184,859 in 2005 and Rp49,514 in 2004.

(Expressed in millions of Rupiah, unless otherwise stated)

31. EQUITY (continued)

b. Additional Paid-in Capital (continued)

Entities under common control transaction.

Based on the Deed Sale and Purchase of Shares No. 70 dated December 20, 2018, of Ashoya Ratam, S.H., M.Kn, PT Bahana Artha Ventura transferred 15,874 shares of BRI Ventura to BRI (Note 1f). Based on the Deed of Shares Takeover No. 53 dated December 21, 2018, of Notary M. Nova Faisal, S.H., M.Kn, PT Danareksa (Persero) sold 335,000,000 shares of Danareksa Sekuritas to BRI (Note 1f).

These sale and purchase transactions constitute a business combination of entities under common control where the ultimate shareholder of BRI, PT Danareksa (Persero) and PT Bahana Artha Ventura is the Government of the Republic of Indonesia. Therefore, the transactions are treated based on the pooling of interests method in accordance with the SFAS No. 38 (Revised 2012), "Business Combination of Entities Under Common Control".

The difference between the amount of the considerations transferred and the carrying amount of the investment obtained from this transaction is recorded in the "additional paid-in capital" account in equity, with details as follows:

	Considerations transferred	Investment carrying amount	Additional paid-in capital
Danareksa Sekuritas	446,888	366,359	80,529
BRI Ventura	3,090	2,424	666
Total	449,978	368,783	81,195

c. Differences Arising from Translation of Foreign Currency Financial Statements

This account represents the exchange rate differences arising from the translation of the financial statements of BRI overseas branches/representative offices (Cayman Islands, New York, Hong Kong, Singapore and Timor Leste) and subsidiaries with functional currencies of United States Dollar, Hong Kong Dollar and Singaporean Dollar into Rupiah (Note 2aj). Assets and liabilities as well as commitments and contingencies denominated in other foreign currencies were translated into Rupiah using the Reuters spot rates at 4.00 p.m. WIB (Western Indonesian time) on the statements of financial position date. The consolidated statements of profit or loss and other comprehensive income for the year ended as of December 31, 2018, 2017 and 2016 is the sum of monthly consolidated statements of profit or loss and other comprehensive income which are translated into Rupiah using the average mid-rate of currency exchange for the respective month.

d. Distribution of Net Income

In the Annual General Meetings of BRI's Shareholders held on March 22, 2018, March 15, 2017 and March 23, 2016, the Shareholders agreed to distribute dividend from net income for the years ended December 31, 2017, 2016 and 2015 as follows:

	Income for the year		
	2017	2016	2015
Dividend	13,048,441	10,478,309	7,619,322

(Expressed in millions of Rupiah, unless otherwise stated)

31. EQUITY (continued)

e. Reclassification of Appropriated Retained Earnings

In order to maintain its capital structure, BRI has reclassified its appropriated retained earnings into unappropriated retained earnings amounted to Rp15,093,056. This is in accordance with the implementation of the Financial Services Authority Regulation (POJK) No. 34/POJK.03/2016 dated September 26, 2016 regarding "Amendment to POJK No. 11/POJK.03/2016 regarding Minimum Capital Adequacy Requirement for Commercial Banks".

f. Bonus Shares Program

Taking into account the development of BRI's business performance and in order to increase the employee's sense of belonging to the company and provide long-term incentives for employees to achieve the determined targets, the BRI's Board of Directors decided to provide a share ownership bonus program for management and employees (Management and Employee Stock Ownership Program or MESOP). The allocation of shares is given to each worker based on the individual and company performance.

The MESOP will be completed no later than March 31, 2020 and will be paid with shares.

The fair value of the MESOP at the time of granting (January 1, 2018) amounted to Rp541,925. The fair value of MESOP is amortized over the vesting period and is recognized in profit and loss and other comprehensive income, while the accumulated cost allocation over the vesting period is recognized in equity.

32. INTEREST AND SHARIA INCOME

Interest income are derived from:

	Year Ended December 31,		
	2018	2017*)	2016*)
Rupiah			
Loans			
Micro	47,356,385	42,392,633	40,946,075
Retail	38,440,746	34,069,909	29,804,038
Corporate	7,669,723	9,134,968	8,428,432
Securities			
Fair value through profit or loss			
Government bonds	65,336	60,522	18,472
Bonds	1,675	1,309	11,983
Bank Indonesia Deposit Certificates	-	-	58,206
Bank Indonesia Certificates	-	-	12,635
Available-for-sale			
Government bonds	3,466,583	2,613,410	2,153,086
Bank Indonesia Deposit Certificates	907,717	1,025,495	384,725
Bonds	676,706	492,943	134,390
Bank Indonesia Certificates	364,142	219,361	424,375
Negotiable Certificates of Deposit	63,055	16,726	-
Medium-Term Notes	13,111	18,648	26,617
Mutual Fund	2,393	-	-
Held-to-maturity			
Government bonds	1,665,214	2,506,018	2,558,389
Bonds	250,938	282,125	235,228
Bank Indonesia Deposit Certificates	3,294	-	11,425
Negotiable Certificates of Deposit	9,645	89,962	34,660
Medium-Term Notes	4,255	23,959	18,008
Bank Indonesia Certificates	-	9,350	87,678

*) As restated (Note 50)

(Expressed in millions of Rupiah, unless otherwise stated)

32. INTEREST AND SHARIA INCOME (continued)

Interest income are derived from (continued):

	Year Ended December 31,		
	2018	**2017*)**	**2016*)**
Rupiah (continued)			
Government Recapitalization Bonds			
Held-to-maturity	84,520	65,394	173,129
Available-for-sale	15,844	12,626	28,112
Placements with Bank Indonesia and other banks			
Deposit Facility/Term Deposit	320,230	643,369	460,282
Others	235,160	37,231	183,915
Inter-bank call money	231,157	159,434	155,010
Current accounts with Bank Indonesia	100,677	158,770	158,570
Others	1,607,031	1,282,183	914,898
	103,555,537	95,316,345	87,422,338
Foreign currencies			
Loans			
Corporate	2,111,936	2,246,515	1,347,607
Retail	646,151	264,091	531,801
Securities			
Fair value through profit or loss			
Government bonds	3,368	32,300	724
Bank Indonesia Certificates	-	205	-
Available-for-sale			
Government bonds	817,529	693,803	629,431
Bank Indonesia Certificates	58,068	72,824	40,105
Bonds	20,836	29,677	26,162
Held-to-maturity			
Government bonds	652,009	674,298	647,443
Bonds	37,038	38,129	23,347
Promissory Notes	-	1,374	57,082
Credit Link Notes	-	-	7,628
Bank Indonesia Certificates	-	11,517	7,992
Placements with Bank Indonesia and other banks			
Inter-bank call money	132,779	68,768	45,424
Deposit Facility/Term Deposit	74,445	158,401	62,019
Others	119,832	77,659	75,637
Others	228,830	407,427	454,577
	4,902,821	4,776,988	3,956,979
	108,458,358	100,093,333	91,379,317
Sharia income are derived from:			
Murabahah	1,480,934	1,507,098	1,533,339
Musyarakah	640,468	528,286	526,506
Others	1,003,044	783,658	576,832
Total Sharia income	3,124,446	2,819,042	2,636,677
Total	**111,582,804**	**102,912,375**	**94,015,994**

*) As restated (Note 50)

(Expressed in millions of Rupiah, unless otherwise stated)

33. INTEREST AND SHARIA EXPENSE

This account represents interest expense on:

	Year Ended December 31,		
	2018	**2017*)**	**2016*)**
Rupiah			
Time deposits	16,558,159	15,394,210	16,429,029
Saving deposits	3,010,436	2,700,285	2,880,441
Demand deposits	2,528,625	2,021,036	1,572,976
Marketable securities issued	2,167,787	1,989,118	1,015,247
Securities sold under agreement to repurchase	887,657	509,300	356,224
Deposits from other banks and financial institutions	482,089	400,517	496,936
Fund borrowings	354,594	1,989,118	1,015,247
Others	2,772,149	868,754	1,437,076
	28,761,496	25,872,338	25,203,176
Foreign Currencies			
Time deposits	1,399,085	1,035,328	685,944
Fund borrowings	1,215,528	1,050,731	1,091,202
Marketable securities issued	210,547	237,413	114,238
Deposits from other banks and financial institutions	332,275	176,402	141,315
Securities sold under agreement to repurchase	169,382	24,685	22,006
Demand deposits	108,120	80,974	88,276
Saving deposits	3,801	3,166	5,717
Others	341,161	171,654	189,428
	3,779,899	2,780,353	2,338,126
	32,541,395	28,652,691	27,541,302
Sharia expense consist of:			
Mudharabah deposits	1,202,503	1,077,056	990,710
Others	173,134	164,534	44,792
Total Sharia expense	1,375,637	1,241,590	1,035,502
Total	**33,917,032**	**29,894,281**	**28,576,804**

34. PROVISION FOR ALLOWANCE FOR IMPAIRMENT LOSSES ON FINANCIAL ASSETS - NET

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

	Year Ended December 31,		
	2018	**2017**	**2016**
Loans (Note 12)	17,592,892	16,800,820	13,454,979
Sharia receivables and financing (Note 13)	186,998	202,008	244,267
Finance lease receivables (Note 14)	12,803	(8,713)	995
Total	**17,792,693**	**16,994,115**	**13,700,241**

*) As restated (Note 50)

(Expressed in millions of Rupiah, unless otherwise stated)

35. SALARIES AND EMPLOYEE BENEFITS

The details of this account are as follows:

	Year Ended December 31,		
	2018	**2017*)**	**2016*)**
Salaries, wages and allowances	11,787,842	10,455,636	9,293,453
Bonuses, incentives and *tantiem*	5,881,638	6,441,267	5,904,569
Defined benefit pension (Note 42a)	848,359	246,012	513,384
Jamsostek contribution	695,893	623,454	525,477
Training and development	633,758	557,236	593,654
Grand leaves (Note 42e)	463,478	306,843	317,957
Medical allowances	425,894	397,363	368,137
Work separation scheme (Note 42d)	348,502	342,567	189,899
Defined contribution pension (Note 42c)	292,444	257,441	231,801
Post employment BPJS health program (Note 42e)	141,390	243,259	-
Gratuity for services (Note 42e)	131,063	157,013	152,480
Others	773,010	412,867	503,165
Total	**22.423.271**	**20.440.958**	**18.593.976**

For the years ended December 31, 2018, 2017 and 2016, total salaries and allowances of the Board of Directors amounted to Rp362,081, Rp92,556 and Rp74,062, respectively, and total salaries and allowances of the Board of Commissioners amounted to Rp128,603, Rp29,863 and Rp27,543, respectively (Note 44). Bonuses, incentives and *tantiem* of BRI's Boards of Directors, Commissioners and key employees amounted to Rp407,604, Rp433,539 and Rp404,642 for the years ended December 31, 2018, 2017 and 2016, respectively (Note 44).

36. GENERAL AND ADMINISTRATIVE EXPENSES

The details of this account are as follows:

	Year Ended December 31,		
	2018	**2017*)**	**2016*)**
Outsourcing service	3,128,971	3,247,488	2,918,089
Depreciation of premises and equipments (Note 17)	1,865,317	1,582,751	1,227,754
Rent	1,712,520	1,589,032	1,764,788
Repairs and maintenance	1,189,443	1,176,969	965,726
Transportation	869,560	833,997	465,264
Electricity and water	612,098	601,279	580,366
Office supplies	316,782	302,473	298,711
Printing and postage	330,999	379,085	306,174
Communications	155,343	173,226	182,397
Professional fees	267,230	163,839	142,640
Computer installations	54,453	70,705	67,588
Research and product development	24,105	20,600	21,367
Others	3,837,457	3,057,987	3,103,043
Total	**14,364,278**	**13,199,431**	**12,043,907**

*) As restated (Note 50)

(Expressed in millions of Rupiah, unless otherwise stated)

37. NON OPERATING INCOME - NET

The details of this account are as follows:

	Year Ended December 31,		
	2018	**2017*)**	**2016*)**
Gain on sale of premises and equipments	5,741	13,419	7,934
Rent income	7,118	9,502	9,833
Cash distribution from the liquidation of BRI Finance Limited, Hong Kong	-	-	1,656
Others - net	14,958	193,474	(17,709)
Total	**27,817**	**216,395**	**1,714**

38. TAXATION

a) Taxes Payable

As of December 31, 2018, 2017 and 2016, the details of taxes payable are as follows:

	December 31,		
	2018	**2017*)**	**2016*)**
BRI (Parent Entity)			
Income tax			
Article 29	3,499	470,272	881,207
Subsidiaries			
Income tax and other tax			
Article 21	17,579	14,155	11,598
Article 22	53	51	116
Article 23	3,276	1,565	1,146
Article 25	-	677	6,162
Article 26	-	-	157
Article 29	88,530	50,485	28,085
Article 4 (2)	37,213	27,317	23,604
Value-added tax	3,683	4,494	4,478
	150,334	98,744	75,346
Total	**153,833**	**569,016**	**956,553**

b) Tax Expense

	Year Ended December 31,		
	2018	**2017*)**	**2016*)**
BRI (Parent Entity)			
Current tax expense of:			
Current year	9,120,880	8,983,257	8,165,498
Prior year tax assessment	724,829	81,393	466,188
Deferred income tax (benefit) expense	(749,620)	(1,183,155)	(943,499)
	9,096,089	7,881,495	7,688,187

*) As restated (Note 50)

(Expressed in millions of Rupiah, unless otherwise stated)

38. TAXATION (continued)

b) Tax Expense (continued)

	Year Ended December 31,		
	2018	**2017*)**	**2016*)**
Subsidiaries			
Current tax expense of:			
Current year	218,841	198,254	151,088
Prior year tax assessment	12,180	5,091	672
Deferred income tax expense (benefit)	8,098	(106,653)	(78,163)
	239,119	96,692	73,597
Total	**9,335,208**	**7,978,187**	**7,761,784**

The reconciliation between income before tax expense as presented in the consolidated statement of profit or loss and other comprehensive income and estimated taxable income are as follows:

	Year Ended December 31,		
	2018	**2017*)**	**2016*)**
Income before tax expense as presented in the consolidated statement of profit or loss and other comprehensive income	41,753,694	37,023,236	34,047,035
Income of subsidiaries	(955,630)	(672,506)	(605,392)
Income before tax expense of BRI (Parent Entity)	40,798,064	36,350,730	33,441,643
Temporary differences:			
Allowance for impairment losses on loans	1,660,792	4,262,620	3,154,390
Provision for employee expenses	731,940	535,764	651,210
Bonus shares	425,334	-	-
Depreciation of premises and equipments	178,752	(62,549)	(24,727)
Unrealized gains(losses) of securities and Government Recapitalization Bonds measured at fair value through profit or loss	1,664	(3,217)	(6,879)
	2,998,482	4,732,618	3,773,994
Permanent differences:			
Public relations	301,784	233,789	298,147
Representations and donations	180,567	177,116	159,361
Physical and spiritual development	52,800	48,825	46,622
Income subjected to final tax	(1,905)	(6,316)	(7,302)
Income of associated entities	(1,482)	(56)	(18,564)
Others	1,276,093	3,379,578	3,133,588
	1,807,857	3,832,936	3,611,852
Estimated taxable income	**45,604,403**	**44,916,284**	**40,827,489**
Parent Entity			
Income tax expense - current	(9,120,880)	(8,983,257)	(8,165,498)
Income tax installment payments during the year	9,094,487	8,487,061	7,263,072
Foreign tax credit	22,894	25,924	21,219
Estimated income tax payable - Article 29	(3,499)	(470,272)	(881,207)

*) As restated (Note 50)

(Expressed in millions of Rupiah, unless otherwise stated)

38. TAXATION (continued)

b) Tax Expense (continued)

The reconciliation between income before tax expense as presented in the consolidated statement of profit or loss and other comprehensive income and estimated taxable income are as follows (continued):

	Year Ended December 31,		
	2018	2017*)	2016*)
Parent Entity (continued)			
Installment payment for income tax Article 25 for fiscal year 2018 for the period January and February 2019 and fiscal year 2017 for the period January and February 2018 (Note 18)	1,371,867	927,453	-
Subsidiaries			
Income tax expense - current	(218,841)	(198,254)	(146,475)
Income tax installment payments during the year	257,211	182,608	181,560
Income tax refund (payable) - Article 29)**	**38,370**	**(15,646)**	**35,085**

**) As of December 31, 2018, included tax payable amounted to Rp88,530, as of December 31, 2017, included income tax refund amounted to Rp34,839, while as of December 31, 2016 included income tax payable amounted to Rp28,085.

According to Head of Tax Office Letter No. PBK-00002/I/WPJ.19/KP.0403/2019 and No. PBK-00003/I/WPJ.19/KP.0403/2019 dated January 8, 2019, as requested by BRI, the overbooking of Income Tax Article 25 installments for fiscal period December 2018 amounting to Rp614,804 and Rp757,062 to fiscal period January and February 2019 has been approved.

According to Head of Tax Office Letter No. PBK-00005/I/WPJ.19/KP.0403/2018, No. PBK-00006/I/WPJ.19/KP.0403/2018, and No. PBK-00004/I/WPJ.19/KP.0403/2018 dated January 5, 2018, as requested by BRI, the overbooking of Income Tax Article 25 installments for fiscal period January 2017 and February 2017 amounting to Rp618,302 to fiscal period January 2018 and the overbooking of Income Tax Article 25 installments for fiscal period March 2017 amounting to Rp309,151 to fiscal period February 2018 has been approved.

The reconciliation of income tax expense by multiplying the income before tax expense and the applicable tax rate are as follows:

	Year Ended December 31,		
	2018	2017*)	2016*)
Income before tax expense as presented in the consolidated statement of profit or loss and other comprehensive income	41,753,694	37,023,236	34,047,035
Income of Subsidiaries	(955,630)	(672,506)	(605,392)
Income before tax expense of BRI (Parent Entity)	40,798,064	36,350,730	33,441,643
Tax expense with 20% tax rate	8,159,613	7,270,146	6,688,329
Tax effect on permanent differences	361,571	766,587	722,370
Impact of difference in tax rate usage in deferred tax calculation	(149,924)	(236,631)	(188,700)
Correction of previous year income tax assessment	724,829	81,393	466,188
Tax expense - Parent Entity	9,096,089	7,881,495	7,688,187
Tax expense - Subsidiaries	239,119	96,692	73,597
	9,335,208	**7,978,187**	**7,761,784**

*) As restated (Note 50)

38. TAXATION (continued)

b) Tax Expense (continued)

Estimated taxable income in 2017 and 2016 are in accordance with the Annual Tax Return (SPT) for Corporate Income Tax reported by BRI to the Tax Office (KPP). Up to January 30, 2019, BRI has not yet reported its SPT for fiscal year 2018 to the Tax Office. However, the base for reporting the SPT for fiscal year 2018 will be in accordance with the estimated taxable income stated above.

Assessment for fiscal year 2010

The Directorate General of Taxes based on Tax Assessment Letter No. 00003/206/10/093/12 dated November 28, 2012, stipulated the underpayment of Income Tax amounted to Rp1,484,041 which had been approved by BRI amounted to Rp34,529. Management believes that the treatment of the tax underpayment not yet approved by BRI is already in accordance with the applicable tax regulations.

On February 27, 2013, BRI submitted an objection to the Tax Underpayment Assessment Letter of Income Tax No. 00003/206/10/093/12 dated November 28, 2012. To fulfill the requirement for filing an objection, BRI has paid deposit amounted to Rp1,449,512 to the State Treasury on February 28, 2013. According to the decree of the Directorate General of Taxes No. KEP-229/WPJ.19/2014 dated February 18, 2014, the submission was rejected, then on May 12, 2014, BRI submitted an appeal to the Tax Court.

Based on the trial facts that have taken place on November 17, 2014 and December 8, 2014, where BRI had a better opportunity to resolve the tax dispute at the appeals level, BRI's management believes that the provision made for possible losses of the appeal process until the appeal decision amounted to Rp724,756, which was already charged in 2013 amounted to Rp483,171 and in 2014 amounted to Rp241,585, and the remaining provision amounted to Rp724,756 was still recorded in the other asset account - prepaid tax (Note 18).

Based on the Tax Court Decision No. PUT-63381/PP/M.XVA/15/2015 stated by the panel of judges in the Open Trial to the public on August 24, 2015, the Tax Court granted BRI's appeal on the decree of the the Directorate General of Taxes No. KEP-229/WPJ.19/2014 dated February 18, 2014 regarding the objection to the Tax Underpayment Assessment Letter of Income Tax No. 00003/206/10/093/12 dated November 28, 2012.

Based on the decree of the Directorate General of Taxes No. KEP-00003.PPH/WPJ.19/KP.0403/2016 dated January 8, 2016 and the Disbursement of Refund Claim Letter No. 80006/093-0006-2016 dated January 8, 2016, BRI has received the refund of the overpayment of income tax amounted to Rp1,448,498 after calculating BRI's outstanding tax payable amounted to Rp1,013, as of February 24, 2016.

Tax on evaluation of premises and equipments

BRI through the letter No. 830-DIR/AMK/11/2015 on November 30, 2015 submitted the "Application for Revaluation of premises and equipments for taxation purposes in 2015 by tax payers that have not yet revalued the premises and equipments" to the Head of Regional Tax Office of the Directorate General of Taxes (DGT) for Large Taxpayer Tax Office.

38. TAXATION (continued)

b) Tax Expense (continued)

Tax on revaluation of premises and equipments (continued)

Based on the Minister of Finance Regulation (PMK) No. 191/PMK.010/2015 dated October 15, 2015 which was amended by PMK No. 233/PMK.03/2015 dated December 21, 2015, the application submitted until December 31, 2015, will receive special treatment in the form of a reduction in the final income tax rate to 3%. With regards to this, BRI estimates the fair value of premises and equipments in the form of lands and buildings, and for the increase in fair values of premises and equipments compared to the book values of the existing premises and equipments, BRI has made tax payment amounted to Rp245,357 on December 2, 2015, even though the revaluation is still not approved by the Directorate General of Taxes.

On April 1, 2016, BRI revaluated its lands which resulted in the increase in its carrying value amounted to Rp14,315,527 and was subject to final tax amounted to Rp490,835. the Directorate General of Taxes through its Decree No. KEP-479/WPJ.19/2016 dated July 29, 2016 has given its approval over this matter.

Assessment for fiscal year 2011

The Directorate General of Taxes through Tax Assessment Letter No. 00025/207/11/093/16 dated June 2, 2016, stipulates the underpayment of Value-Added Tax for goods and services amounted to Rp3,284 and its penalty amounting to Rp443 that has been billed through Tax Collection Letter No. 00025/107/11/093/16 dated June 2, 2016 and has been approved by BRI.

The Directorate General of Taxes through Tax Assessment Letter No. 00003/201/11/093/16 dated May 30, 2016, stipulates the underpayment of Income Tax Article 21 amounted to Rp49,656 and has been approved by BRI.

The Directorate General of Taxes through Tax Assessment Letter No. 00005/203/11/093/16 dated June 1, 2016, stipulates the of Income Tax Article 23 amounted to Rp8,015 and has been approved by BRI.

The Directorate General of Taxes through Tax Assessment Letter No. 00005/206/11/093/16 dated May 30, 2016, stipulates the underpayment of income tax amounted to Rp466,188 and has been approved by BRI.

Income Tax Collection Letter for fiscal year 2014

The Directorate General of Taxes based on Tax Collection Letter No.90002/106/14/093/15 dated December 29, 2015, stipulates the underpayment of Income Tax for fiscal year 2014 amounted to Rp1,603,100 and administrative sanction amounted to Rp256,496, with regards to the correction of provision of Bank Indonesia's minimum balance of allowance for earning assets.

Management believes that Tax Collection Letter is inappropriate and BRI's treatment is already in accordance with the applicable regulation.

On January 13, 2016, BRI submitted a request for the Tax Collection Letter cancellation. To meet the requirement for submitting the Tax Collection Letter cancellation, on December 30, 2015, BRI has paid deposit amounted to Rp1,603,100.

Based on the Directorate General of Taxes Decree No. KEP-90001/NKEB/WPJ.19/2016 dated February 1, 2016, "Regarding the Tax Assessment Cancellation on Tax Collection Letter", all BRI's requests were granted.

38. TAXATION (continued)

b) Tax Expense (continued)

Income Tax Collection Letter for fiscal year 2014 (continued)

On February 4, 2016, BRI submitted a requested so the cancellation of the Tax Collection Letter amounted to Rp1,603,100 could be compensated to the installment payment of Income Tax Article 25 for fiscal period January and February 2016 amounted to Rp800,000 and Rp803,100, respectively.

Based on the Tax Refund Decree No. KEP-00019.PPH/WPJ.19/KP.0403/2016 dated February 15, 2016 and the Disbursement of Refund Claim Letter No. 80095/093-0095-2016 dated February 15, 2016, the Directorate General of Taxes approved the petition for compensation request submitted by BRI.

Assessment for fiscal year 2014

The Directorate General of Taxes based on Tax Underpaymennt Assessment Letter for Income Tax No. 00009/206/14/093/17 dated December 19, 2017, stipulates the underpayment amounted to Rp54,995 and administrative sanction amounted to Rp26,398 and has been approved by BRI.

The Directorate General of Taxes based on Tax Assessment Letter No. 00009/201/14/093/17 dated December 19, 2017, stipulates the underpayment of Income Tax Article 21 amounted to Rp32,159 and administrative sanction amounted to Rp15,436 and has been approved by BRI.

The Directorate General of Taxes based on Tax Assessment Letter No. 00011/203/14/093/17 dated December 19, 2017, stipulates the underpayment of Income Tax Article 23 amounted to Rp10,313 and administrative sanction amounted to Rp4,950 and has been approved by BRI.

The Directorate General of Taxes based on Tax Assessment Letter No. 00002/204/14/093/17 dated December 19, 2017, stipulates the underpayment of Income Tax Article 26 amounted to Rp2,839 and administrative sanction amounted to Rp1,363 and has been approved by BRI.

The Directorate General of Taxes based on Tax Assessment Letter No. 00081/207/14/093/17 dated December 19, 2017, stipulates the underpayment of Value-Added Tax for Goods and Services amounted to Rp109 and administrative sanction amounted to Rp52 and has been approved by BRI.

The Directorate General of Taxes based on Tax Collection Letter No. 00077/107/14/093/17 dated December 19, 2017, stipulates the underpayment of Value-Added Tax for Goods and Services amounted to Rp21 and has been approved by BRI.

The Directorate General of Taxes based on Tax Assessment Letter No. 00020/277/14/093/17 dated December 19, 2017, stipulates the underpayment of Value-Added Tax for Goods and Services for the Utilization of Taxable Services from Outside Customs Area amounted to Rp448 and administrative sanction amounted to Rp215 and has been approved by BRI.

Assessment for fiscal year 2015

The Directorate General of Taxes based on Tax Underpayment Assessment Letter for Income Tax No. 00006/206/15/093/18 dated December 17, 2018, stipulates the underpayment amounted to Rp489,749 and administrative sanction amounted to Rp235,080 and has been approved by BRI.

The Directorate General of Taxes based on Tax Assessment Letter No. 00003/201/15/093/18 and 00003/243/15/093/18 dated December 17, 2018, stipulates the underpayment of Income Tax Article 21 amounted to Rp26,353 and Rp1,167 and administrative sanction amounted to Rp12,650 and Rp560 and has been approved by BRI.

(Expressed in millions of Rupiah, unless otherwise stated)

38. TAXATION (continued)

b) Tax Expense (continued)

Assessment for fiscal year 2015 (continued)

The Directorate General of Taxes based on Tax Assessment Letter No. 00013/203/15/093/18 dated December 17, 2018, stipulates the underpayment of Income Tax Article 23 amounted to Rp7,783 and administrative sanction amounted to Rp3,736 and has been approved by BRI.

The Directorate General of Taxes based on Tax Assessment Letter No. 00002/204/15/093/18 dated December 17, 2018, stipulates the underpayment of Income Tax Article 26 amounted to Rp534 and administrative sanction amounted to Rp256 and has been approved by BRI.

The Directorate General of Taxes based on Tax Assessment Letter No. 00066/207/15/093/18, 00067/207/15/093/18, 00068/207/15/093/18, 00069/207/15/093/18, 00070/207/15/093/18, 00071/207/15/093/18, 00072/207/15/093/18, 00073/207/15/093/18, 00074/207/15/093/18, 00075/207/15/093/18, 00076/207/15/093/18 and 00077/207/15/093/18 dated December 17, 2018, stipulates the underpayment of Value-Added Tax for Goods and Services amounted to Rp160 and administrative sanction amounted to Rp77 each and has been approved by BRI.

The Directorate General of Taxes based on Tax Collection Letter No. 00041/107/15/093/18, 00042/107/15/093/18, 00043/107/15/093/18, 00044/107/15/093/18, 00045/107/15/093/18, 00046/107/15/093/18, 00047/107/15/093/18, 00048/107/15/093/18, 00049/107/15/093/18, 00050/107/15/093/18, 00051/107/15/093/18 and 00052/107/15/093/18 dated December 17, 2018, stipulates the underpayment of Value-Added Tax amounted to Rp66, Rp46, Rp86, Rp55, Rp73, Rp70, Rp51, Rp67, Rp55, Rp54, Rp43 and Rp108, respectively, and has been approved by BRI.

The Directorate General of Taxes based on Tax Assessment Letter No. 00003/277/15/093/18 dated December 17, 2018, stipulates the underpayment of Value-Added Tax for Goods and Services for the Utilization of Taxable Services from Outside Customs Area amounted to Rp1,121 and administrative sanction amounted to Rp538 and has been approved by BRI.

b) Deferred Tax Assets

The calculations of deferred income tax (expense) benefit BRI are as follow:

	Year Ended December 31,		
	2018	**2017*)**	**2016*)**
Parent Entity			
Reversal of allowance for possible losses on earning assets	415,198	1,065,655	788,598
Reversal of provision for employee expense	182,985	133,941	162,803
Unrealized gains/(losses) on securities and Government Recapitalization Bonds measured at fair value through profit or loss	416	(804)	(1,720)
Bonus shares	106,333	-	-
Depreciation on premises and equipments	44,688	(15,637)	(6,182)
	749,620	1,183,155	943,499
Subsidiaries	(8,098)	106,653	78,163
Total	**741,522**	**1,289,808**	**1,021,662**

*) As restated (Note 50)

(Expressed in millions of Rupiah, unless otherwise stated)

38. TAXATION (continued)

b) Deferred Tax Assets (continued)

The tax effects of significant temporary differences between commercial and tax reporting (recorded in the "Deferred Tax Assets" account) are as follows:

	December 31,		
	2018	**2017*)**	**2016*)**
Parent Entity			
Allowance for possible losses on earning assets	3,097,640	2,682,442	1,616,787
Provision for employee expense	1,426,783	1,243,798	1,109,857
Depreciation on premises and equipments	(116,220)	(160,908)	(145,271)
Remeasurement of defined benefit programs	(381,118)	(235,040)	(218,213)
Unrealized gains/(losses) on securities and Government Recapitalization Bonds measured at fair value through profit or loss	(388)	(804)	-
Bonus shares	106,333	-	-
Unrealized gains/(losses) on available-for-sale securities and Government Recapitalization Bonds	639,829	(540,422)	(34,630)
	4,772,859	2,989,066	2,328,530
Subsidiaries	341,794	297,666	211,183
Total	**5,114,653**	**3,286,732**	**2,539,713**

Based on Article 17 Paragraph 2 of Law No. 7 year 1983 regarding "Income Tax" which has been amended for the fourth time by Law No. 36 year 2008, the Corporate Income Tax rate is 25%.

However, based on Law No. 36 year 2008 dated September 23, 2008, Government Regulation No. 81 year 2007 dated December 28, 2007 regarding "Reduction of the Income Tax Rate for Resident Corporate Tax Payers in the Form of Public Companies" and the Minister of Finance Regulation No. 238/PMK.03/2008 dated December 30, 2008 regarding "The Guidelines on the Implementation and Supervision on the Rate Reduction for Resident Corporate Tax Payers in the Form of Public Companies" stipulates that the resident Public Companies in Indonesia can obtain the reduced Income Tax rate facility by 5% lower than the highest existing Income Tax rate, by fulfilling the prescribed criteria, specifically the public companies with at least 40% of their paid-up shares traded on Indonesia Stock Exchange and these shares are owned by at least 300 (three hundred) parties with each party owning less than 5% of the total paid-up shares. This criteria should be fulfilled by the Public Companies for a minimum period of 6 (six) months in 1 (one) fiscal year.

Based on Notification Letter No. DE/I/2019-0140 dated January 4, 2019 and the monthly share ownership report (Form No. X.H.I-2 dated January 3, 2019 from the Securities Administration Bureau, Datindo Entrycom, on the ownership of BRI's shares during 2018)), all of the above mentioned criteria to obtain the tax rate reduction facility for BRI's consolidated financial statements for the year ended December 31, 2018 has been fulfilled.

Based on Notification Letter No. DE/I/2018-0155 dated January 5, 2018 and the monthly share ownership report (Form No. X.H.I-2 dated January 5, 2018 from the Securities Administration Bureau, Datindo Entrycom, on the ownership of BRI's shares during 2017), all of the above mentioned criteria to obtain the tax rate reduction facility for BRI's consolidated financial statements for the year ended December 31, 2017 has been fulfilled.

*) As restated (Note 50)

38. TAXATION (continued)

b) Deferred Tax Assets (continued)

Based on Notification Letter No. DE/I/17-0128 dated January 5, 2017 and the monthly share ownership report (Form No. X.H.I-2 dated January 5, 2017 from the Securities Administration Bureau, Datindo Entrycom, on the ownership of BRI's shares during 2016), all of the above mentioned criteria to obtain the tax rate reduction facility for BRI's consolidated financial statements for the year ended December 31, 2016 has been fulfilled.

39. RISK MANAGEMENT

BRI's business activities are always faced with risks related to its function as a financial intermediary institution. Rapid developments in the bank's external and internal environments also leads to increasingly complex bank's business activity risks. Therefore, in order to be able to adapt in the business environment, BRI is required to manage risks in an integrated and systematic manner, specifically management of credit risk, liquidity risk, operational risk, market risk, strategic risk, compliance risk, reputation risk, and legal risk.

The principles of integrated and systematic risk management by BRI are outlined in several policies and procedures, among others, the Risk Management General Policy (KUMR). KUMR is the highest guiding policy for the implementation of risk management in all BRI business activities, starting from general policies, strategies, organizations, information systems for risk management, process and implementation of risk management, to internal control systems. The implementation of risk management is governed by the derivative policies according to the type of risks.

Board of Commissioners ("BOC") and Board of Directors ("BOD") are responsible for the effectiveness of risk management implementiation in BRI and have an important role in supporting and overseeing the implementation of risk management in all business units.

BOC evaluates the risk management policies and implementation carried out by the BOD. Evaluation is carried out in order to ensure that BOD manages BRI's activities and risk effectively. In carrying out its active supervision, BOC were assisted by the Risk Management Oversight Committee (KPMR).

BOD dermine the direction and strategy of risk management policices in a comprehensive manner and their implementation. Moreover, BOD ensures that all material risks and their impacts have been addressed and that corrective measures have been taken to remedy the problems and irregularities found in BRI's business activities. BOD appoints Special Director, in this case, Director of Risk Management, to implement the process of monitoring and controlling the risks bank-wide.

BOD is assisted by individual Risk Management Committee (RMC) and integrated RMC (consolidated with the subsidiaries) as the committee in BRI's risk management system which are assigned to provide recommendations to the President Director in formulating policies, enhancing policy implementation and evaluating the development and conditions of risk profiles as well as providing advises corrective actions.

In order to address the bank operational issues the require immediate decisions, the ORMC (Operational Risk Management Committee) meeting is conducted to discuss issues related to operational risks.

(Expressed in millions of Rupiah, unless otherwise stated)

39. RISK MANAGEMENT (continued)

Credit Risk Management

Credit risk is a risk due to failure of debtors and/or other party to fulfill their obligations to BRI including settlement failure. BRI identifies and measures the risk level of each prospective debtor using Internal Risk Rating. BRI monitors loan quality as part of the early identification of loan deterioration. Credit risk management is carried out through a comprehensive and integrated risk management policies. BRI prepares credit risk management policies including governance, managing limit on acceptable level for risk exposure, managing limit on geographical boundaries and managing concentration limit of each industry. The credit risk rating is updated periodically to estimate potential loss as a risk due to loan expansion and determination of corrective actions.

Credit risk management is implemented not only to comply with the current prevailing regulation but also a necessity in order to implement a credit risk management system at the optimum level of risk and return, and in accordance with banking industry practices. The implementation of credit risk management is expected to be able to drive BRI’s business activities but still pay attention to its prudent principle.

Loan granting, carried out by the business units has considered and paid attention to credit risk, from the time of loan disbursement to repayment. The loan ratings are monitored periodically to prevent the occurrence of Non-Performing Loan (NPL).

Through the implementation of Early Warning System (EWS) to the debtor’s developments of the debtor's business condition, then effective credit risk management can minimize the risk of losses and optimize the use of capital to earn maximum income.

BRI’s credit risk management is is intended to minimize the possible losses due to loans default and/or default on other financial contracts, either at the individual level or overall level as credit portfolios. The credit risk management is also carried out by BRI as an effort to fulfill the regulatory requirements.

BRI continues to improve its credit risk assessment methodology in order to improve the accuracy of credit risk management, especially in the process of identifying, measuring, monitoring and controlling risks.

1. Analysis of the maximum exposure to credit risks after considering the value of collaterals and other credit risks mitigations.

   The carrying value of BRI’s financial assets, other than loans and securities purchased under agreement to resell describes the maximum exposure to credit risk.

   In order to discuss the bank’s operational issues that require immediate decisions, Operational Risk Management Committee (ORMC) meeting would be held to discuss the issues related to the operational risk.

   The tables below show the net maximum exposure to credit risk for securities purchased under the agreement to resell as of December 31, 2018, 2017 and 2016:

	December 31, 2018		
	Maximum Exposure	Collateral	Net Exposure
Securities purchased under agreement to resell	9,396,553	9,279,208	117,345

(Expressed in millions of Rupiah, unless otherwise stated)

39. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

1. Analysis of the maximum exposure to credit risks after considering the value of collaterals and other mitigations of credit risks (continued)

The tables below show the net maximum exposure to credit risk for securities purchased under the agreement to resell as of December 31, 2018, 2017 and 2016 (continued):

	December 31, 2017		
	Maximum Exposure	Collateral	Net Exposure
Securities purchased under agreement to resell	18,011,026	17,443,973	567,053

	December 31, 2016		
	Maximum Exposure	Collateral	Net Exposure
Securities purchased under agreement to resell	1,557,370	1,576,958	-

For loans, BRI uses collaterals to minimize the credit risks. Based on the classification, BRI's loans can be classified into 2 (two) major categories, which are:

1. Secured loans
2. Unsecured loans

For secured loans, BRI determines the type and value of collaterals according to the loan scheme. The types of collateral consist of:

a. Physical collateral, in the form of lands and buildings, Certificate of Vehicles Ownership (BPKB) and properties.
b. Financial collateral, in the form of deposits (time deposits, saving deposits and demand deposits), securities and gold.
c. Others, in the form of guarantees, government guarantees and guarantor institutions.

In the event of default, BRI will use the collaterals as the last resort to fulfill the counterparty's obligations.

Unsecured loans consist of fully unsecured loans such as credit cards and partially secured loans such as loans for fixed income employees, loans for retirees, and other consumer loans. The repayment of partially secured loans is generally carried out through automatic payroll deduction.

Thus, although partially secured loans are included in the unsecured loans category, the risk level of partially secured loans is lower than their carrying value. Whereas for fully unsecured loans, the risk level is equal to the loan's carrying value.

Credit risk mitigation for partially secured loans consist of employee appointment decision letter and certificate of retirement.

(Expressed in millions of Rupiah, unless otherwise stated)

39. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

2. Risk concentration analysis

a. Geographical sectors

The following tables describes the detail of the risk concentration of consolidated financial assets with credit exposures at carrying value, categorized according to their geographical regions as of December 31, 2018, 2017 and 2016. Geographical sectors are based on BRI's business operational locations which also illustrate the business potentials of each region:

	December 31, 2018							
	Jakarta	West Java	Central Java and Yogyakarta	East Java	Sumatera	Central and East Indonesia	Others	Total
Assets								
Current accounts with Bank Indonesia	71,120,304	1,922	192	7,431	1,668	3,457	24,468	71,159,442
Current accounts with other banks	10,781,543	1,650	65,200	52,116	320,188	576,506	880,152	12,677,355
Placements with Bank Indonesia and other banks	84,963,140	-	-	-	-	-	2,054,911	87,018,051
Securities								
Fair value through profit or loss	3,762,256	-	-	-	-	-	-	3,762,256
Available-for-sale	127,854,025	-	-	-	-	-	2,096,783	129,950,808
Held-to-maturity	50,141,326	-	-	-	-	-	430,420	50,571,746
Export bills and notes receivable	23,075,870	17,636	483,019	484,924	544,278	1,855,247	981,716	27,442,690
Government Recapitalization Bonds								
Available-for-sale	30,273	-	-	-	-	-	-	30,273
Held-to-maturity	1,475,000	-	-	-	-	-	-	1,475,000
Securities purchased under agreement to resell	9,396,553	-	-	-	-	-	-	9,396,553
Derivatives receivable	485,810	-	-	-	-	-	-	485,810
Loan								
Micro	23,894,433	27,951,167	47,404,873	38,505,902	60,949,420	92,910,113	-	291,615,908
Retail	90,791,700	24,112,655	34,851,642	39,769,259	56,360,320	84,182,426	565,961	330,633,963
Corporate	146,587,491	8,978,283	2,219,943	5,772,684	16,525,026	9,232,656	8,444,203	197,760,286
Sharia receivables and financing	6,722,287	3,232,084	2,109,215	1,982,097	3,025,149	3,107,569	-	20,178,401
Finance lease receivables	1,611,880	779,147	79,890	349,894	273,015	316,020	-	3,409,846
Acceptances receivable	10,527,697	800,627	74,814	137,690	87,234	14,941	-	11,643,003
Investment in associated entities*)	15,268	-	-	-	-	-	-	15,268
Other assets**)	4,580,779	1,219,163	338,060	285,825	383,039	1,364,417	603,230	8,774,513
Total	**667,817,635**	**67,094,334**	**87,626,848**	**87,347,822**	**138,469,337**	**193,563,352**	**16,081,844**	**1,258,001,172**
Less: Allowance for impairment losses								(35,603,931)
Net								**1,222,397,241**
Administrative Accounts								
Irrevocable L/C	3,797,245	3,166,172	17,088	865,149	450,131	397,906	-	8,693,691
Gurantees issued	37,305,912	3,597,330	417,968	516,451	1,767,018	1,281,372	-	44,886,051
Total	**41,103,157**	**6,763,502**	**435,056**	**1,381,600**	**2,217,149**	**1,679,278**	**-**	**53,579,742**

*) Investment in associated entities with no significant influence.
**) Other assets consist of interest receivables, other receivables, and accrued income based on sharia principles.

(Expressed in millions of Rupiah, unless otherwise stated)

39. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

2. Risk concentration analysis (continued)

   a. Geographical sectors (continued)

The following tables describes the detail of the risk concentration of consolidated financial assets with credit exposures at carrying value, categorized according to their geographical regions as of December 31, 2018, 2017 and 2016. Geographical sectors are based on BRI's business operational locations which also illustrate the business potentials of each region (continued):

	December 31, 2017*)							
	Jakarta	**West Java**	**Central Java and Yogyakarta**	**East Java**	**Sumatera**	**Central and East Indonesia**	**Others**	**Total**
Current accounts with Bank Indonesia	58,155,479	-	-	-	-	-	-	58,155,479
Current accounts with other banks	5,339,375	59	137	1,891	234	8,583	782,233	6,132,512
Placements with Bank Indonesia and other banks	53,140,678	6,587	544	-	-	1,075	2,007,878	55,156,762
Securities								
Fair value through profit or loss	1,764,033	-	-	-	-	-	-	1,764,033
Available-for-sale	129,095,450	-	-	-	-	-	1,850,233	130,945,683
Held-to-maturity	53,994,290	-	-	-	-	-	235,590	54,229,880
Export bills and notes receivable	8,791,888	518,211	279,121	293,157	459,860	208,924	103,192	10,654,353
Government Recapitalization Bonds								
Available-for-sale	717,840	-	-	-	-	-	-	717,840
Held-to-maturity	2,600,000	-	-	-	-	-	-	2,600,000
Securities purchased under agreement to resell	18,011,026	-	-	-	-	-	-	18,011,026
Derivatives receivable	162,912	-	-	-	-	-	-	162,912
Loan								
Micro	20,361,828	24,638,871	40,371,919	33,385,745	53,269,609	80,822,682	-	252,850,654
Retail	72,811,460	21,195,987	29,623,872	37,429,335	50,867,566	75,420,193	87,816	287,436,229
Corporate	130,600,725	11,953,348	2,286,366	4,118,838	13,609,258	8,215,230	7,912,020	178,695,785
Sharia receivables and financing	5,758,078	2,874,036	2,093,955	1,765,856	2,625,028	2,747,916	-	17,864,869
Finance lease receivables	1,410,880	435,594	7,486	278,529	244,868	111,626	-	2,488,983
Acceptances receivable	4,757,849	542,649	134,108	156,304	102,515	-	-	5,693,425
Investment in associated entities**)	11,718	-	-	-	-	50	-	11,768
Other assets***)	4,140,508	40,924	31,442	43,516	122,054	351,011	789,667	5,519,122
Total	**571,626,017**	**62,206,266**	**74,828,950**	**77,473,171**	**121,300,992**	**167,887,290**	**13,768,629**	**1,089,091,315**
Less: Allowance for impairment losses								(30,104,945)
Net								**1,058,986,370**
Administrative Accounts								
Irrevocable L/C	5,188,328	2,091,479	103,479	403,997	1,093,134	99,502	752	8,980,671
Gurantees issued	29,483,331	1,929,418	322,367	411,173	1,099,907	784,184	-	34,030,380
Total	**34,671,659**	**4,020,897**	**425,846**	**815,170**	**2,193,041**	**883,686**	**752**	**43,011,051**

*) As restated (Note 50)
**) Investment in associated entities with no significant influence.
***) Other assets consist of interest receivables, other receivables, and accrued income based on sharia principles.

(Expressed in millions of Rupiah, unless otherwise stated)

39. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

2. Risk concentration analysis (continued)

a. Geographical sectors (continued)

The following tables describes the detail of the risk concentration of consolidated financial assets with credit exposures at carrying value, categorized according to their geographical regions as of December 31, 2018, 2017 and 2016. Geographical sectors are based on BRI's business operational locations which also illustrate the business potentials of each region (continued):

	December 31, 2016*)							
	Jakarta	West Java	Central Java and Yogyakarta	East Java	Sumatera	Central and East Indonesia	Others	Total
Assets								
Current accounts with Bank Indonesia	55,635,946	-	-	-	-	-	-	55,635,946
Current accounts with other banks	10,509,038	6,593	1,066	294	262	46,414	717,128	11,280,795
Placements with Bank Indonesia and other banks	77,234,959	-	-	-	-	3,080	1,010,794	78,248,833
Securities								
Fair value through profit or loss	492,008	-	-	-	-	-	184,224	676,232
Available-for-sale	67,833,912	-	-	-	-	-	1,679,744	69,513,656
Held-to-maturity	61,286,147	-	-	-	-	-	610,723	61,896,870
Export bills and notes receivable	9,556,450	198,567	147,953	960,666	710,207	6,332	-	11,580,175
Government Recapitalization Bonds								
Available-for-sale	718,434	-	-	-	-	-	-	718,434
Held-to-maturity	2,600,000	-	-	-	-	-	-	2,600,000
Securities purchased under agreement to resell	1,557,370	-	-	-	-	-	-	1,557,370
Derivatives receivable	103,907	-	-	-	-	-	-	103,907
Loans								
Micro	17,333,003	21,577,469	35,655,855	28,925,252	47,381,058	70,929,568	-	221,802,205
Retail	61,738,137	18,263,167	27,318,709	32,540,023	46,571,908	66,557,034	702	252,989,680
Corporate	124,221,578	9,842,962	2,157,765	4,257,485	12,058,423	8,262,540	7,878,337	168,679,090
Sharia receivables and financing	5,562,328	3,096,990	1,967,988	1,838,606	2,558,727	2,724,304	-	17,748,943
Finance lease receivables	1,107,160	415,637	-	314,227	273,494	89,782	-	2,200,300
Acceptances receivable	4,939,982	114,705	78,217	557,509	632	1,538	-	5,692,583
Investment in associated entities**)	11,718	-	-	-	-	50	-	11,768
Other assets***)	2,771,617	39,280	29,707	33,947	57,933	98,637	275,066	3,306,187
Total	**505,213,694**	**53,555,370**	**67,357,260**	**69,428,009**	**109,612,644**	**148,719,279**	**12,356,718**	**966,242,974**
Less allowance for impairment losses								(22,807,260)
Net								**943,435,714**
Administrative Accounts								
Irrevocable L/C	6,313,266	1,303,388	57,293	381,770	463,165	22,270	-	8,541,152
Guarantees issued	20,227,433	2,244,394	341,443	573,537	737,002	395,993	3,213	24,523,015
Total	**26,540,699**	**3,547,782**	**398,736**	**955,307**	**1,200,167**	**418,263**	**3,213**	**33,064,167**

*) As restated (Note 50)
**) Investment in associated entities with no significant influence.
***) Other assets consist of interest receivables, other receivables, and accrued income based on sharia principles.

(Expressed in millions of Rupiah, unless otherwise stated)

39. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

2. Risk concentration analysis (continued)

   b. Industrial sectors

The following tables describe the detail of credit exposure at carrying value, categorized according to industrial sectors as of December 31, 2018, 2017 and 2016:

	December 31, 2018							
	Government (Including BI)	Banks and other financial institutions	Agriculture	Industry	Trading, hotels and restaurant	Business Services	Others	Total
Assets								
Current accounts with Bank Indonesia	71,159,442	-	-	-	-	-	-	71,159,442
Current accounts with other banks	-	12,677,355	-	-	-	-	-	12,677,355
Placements with Bank Indonesia and other banks	68,341,900	18,676,151	-	-	-	-	-	87,018,051
Securities								
Fair value through profit or loss	2,122,778	1,404,983	-	9,176	-	21,667	203,650	3,762,254
Available-for-sale	113,872,520	12,496,819	-	1,991,375	-	1,437,131	152,964	129,950,809
Held-to-maturity	45,785,025	2,891,134	-	1,152,895	-	740,805	1,888	50,571,747
Export bills and notes receivable	990,406	-	-	1,869,269	49,654	10,549,548	13,983,813	27,442,690
Government Recapitalization Bonds								
Available-for-sale	30,273	-	-	-	-	-	-	30,273
Held-to-maturity	1,475,000	-	-	-	-	-	-	1,475,000
Securities purchased under agreement to resell	6,723,269	2,673,284	-	-	-	-	-	9,396,553
Derivatives receivable	-	485,810	-	-	-	-	-	485,810
Loans								
Micro	-	-	43,637,386	9,557,768	133,762,059	18,812,359	85,846,336	291,615,908
Retail	-	3,723,543	20,708,920	20,298,614	121,146,436	11,083,004	153,673,446	330,633,963
Corporate	260,206	794,892	38,704,505	38,026,558	35,599,579	6,298,657	78,075,889	197,760,286
Sharia receivables and financing	1,255	947,488	-	2,567,746	-	118,899	16,543,013	20,178,401
Finance lease receivables	-	39,299	96,353	646,133	688,317	811,393	1,128,351	3,409,846
Acceptances receivables	1,045,015	-	-	176,210	2,968	16,515	10,402,295	11,643,003
Investment in associated entities**)	-	278	-	-	-	14,990	-	15,268
Other Assets***)	1,855,818	554,185	-	-	-	219,291	6,145,219	8,774,513
Total	**313,662,907**	**57,365,221**	**103,147,164**	**76,295,744**	**291,249,013**	**50,124,259**	**366,156,864**	**1,258,001,172**
Less: Allowance for impairment losses								(35,603,931)
Net								**1,222,397,241**
Administrative Accounts								
Irrevocable L/C	4,493,172	-	-	265,371	5,009	30,421	3,899,718	8,693,691
Guarantees issued	21,071,088	1,281	562,020	1,609,874	1,355,784	77,354	20,208,650	44,886,051
Total	**25,564,260**	**1,281**	**562,020**	**1,875,245**	**1,360,793**	**107,775**	**24,108,368**	**53,579,742**

	December 31, 2017*)							
	Government (Including BI)	Banks and other financial institutions	Agriculture	Industry	Trading, hotels and restaurant	Business Services	Others	Total
Assets								
Current accounts with Bank Indonesia	58,155,479	-	-	-	-	-	-	58,155,479
Current accounts with other banks	-	6,132,512	-	-	-	-	-	6,132,512
Placements with Bank Indonesia and other banks	45,045,953	10,110,809	-	-	-	-	-	55,156,762

*) As restated (Note 50)
**) Investment in associated entities with no significant influence.
***) Other assets consist of interest receivables, other receivables, and accrued income based on sharia principles.

(Expressed in millions of Rupiah, unless otherwise stated)

39. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

2. Risk concentration analysis (continued)

    b. Industrial sector (continued)

    The following tables describe the detail of credit exposure at carrying value, categorized according to industrial sectors as of December 31, 2018, 2017 and 2016 (continued):

	December 31, 2017*)							
	Government (Including BI)	Banks and other financial institutions	Agriculture	Industry	Trading, hotels and restaurant	Business Services	Others	Total
Assets (continued)								
Securities								
Fair value through profit or loss	579,868	541,586	30,633	-	-	393,071	218,876	1,764,034
Available-for-sale	117,209,900	10,393,823	-	1,346,737	-	1,792,656	202,566	130,945,682
Held-to-maturity	48,884,507	2,618,577	-	2,018,980	-	511,908	195,908	54,229,880
Export bills and notes receivable	18,420	-	-	2,128,717	110,129	28,725	8,368,362	10,654,353
Government Recapitalization Bonds								
Available-for-sale	717,840	-	-	-	-	-	-	717,840
Held-to-maturity	2,600,000	-	-	-	-	-	-	2,600,000
Securities purchased under agreement to resell	16,583,431	1,427,595	-	-	-	-	-	18,011,026
Derivatives receivable	-	145,928	-	-	-	-	16,984	162,912
Loan								
Micro	-	-	37,841,570	7,475,754	115,976,898	13,849,550	77,706,882	252,850,654
Retail	258,751	256,146	15,465,399	18,434,337	107,772,072	10,854,136	134,395,388	287,436,229
Corporate	443,302	9,833,219	36,276,635	37,863,665	17,498,159	6,142,339	70,638,466	178,695,785
Sharia receivables and financing	404,574	500,946	-	7,016,107	9,511,713	337,966	93,563	17,864,869
Finance lease receivables	-	-	8,454	729,517	375,209	281,491	1,094,312	2,488,983
Acceptances receivable	1,030,279	-	-	338,662	21,868	-	4,302,616	5,693,425
Investment in associated entities**)	-	1,034	-	-	-	975	9,759	11,768
Other Assets***)	1,930,438	1,056,167	-	-	-	257,640	2,274,878	5,519,123
Total	**293,862,742**	**43,018,342**	**89,622,691**	**77,352,476**	**251,266,048**	**34,450,457**	**299,518,559**	**1,089,091,315**
Less: Allowance for impairment losses								(30,104,945)
Net								**1,058,986,370**
Administrative Accounts								
Irrevocable L/C	4,696,968	-	-	354,114	19,077	-	3,910,512	8,980,671
Guarantees issued	16,195,739	640	543,925	245,615	265,164	146,452	16,632,845	34,030,380
Total	**20,892,707**	**640**	**543,925**	**599,729**	**284,241**	**146,452**	**20,543,357**	**43,011,051**

	December 31, 2016							
	Government (Including BI)	Banks and other financial institutions	Agriculture	Industry	Trading, hotels and restaurant	Business Services	Others	Total
Assets								
Current accounts with Bank Indonesia	55,635,946	-	-	-	-	-	-	55,635,946
Current accounts with other banks	-	11,280,795	-	-	-	-	-	11,280,795
Placements with Bank Indonesia and other banks	72,792,533	5,456,300	-	-	-	-	-	78,248,833
Securities								
Fair value through profit or loss	84,746	329,944	-	-	-	18,029	243,513	676,232
Available-for-sale	60,612,578	4,627,494	-	2,293,191	-	1,633,416	346,977	69,513,656
Held-to-maturity	54,759,343	4,674,843	-	1,446,121	-	746,500	270,063	61,896,870

*) As restated (Note 50)
**) Investment in associated entities with no significant influence.
***) Other assets consist of interest receivables, other receivables, and accrued income based on sharia principles.

(Expressed in millions of Rupiah, unless otherwise stated)

39. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

2. Risk concentration analysis (continued)

   b. Industrial sector (continued)

   The following tables describe the detail of credit exposure at carrying value, categorized according to industrial sectors as of December 31, 2018, 2017 and 2016 (continued):

	December 31, 2016*)							
	Government (Including BI)	**Banks and other financial institutions**	**Agriculture**	**Industry**	**Trading, hotels and restaurant**	**Business Services**	**Others**	**Total**
Asset (continued)								
Export bills and notes receivable	272,507	-	-	3,102,788	174,899	22,825	8,007,156	11,580,175
Government Recapitalization Bonds								
Available-for-sale	718,434	-	-	-	-	-	-	718,434
Held-to-maturity	2,600,000	-	-	-	-	-	-	2,600,000
Securities purchased under agreement to resell	925,140	632,230	-	-	-	-	-	1,557,370
Derivatives receivable	-	91,657	-	-	-	-	12,250	103,907
Loan								
Micro	-	-	32,354,043	6,532,381	101,384,386	11,236,469	70,294,926	221,802,205
Retail	348,026	1,270,563	10,146,991	18,459,090	96,606,690	8,672,342	117,485,978	252,989,680
Corporate	600,926	4,650,036	35,089,990	35,621,255	21,279,907	4,590,913	66,846,063	168,679,090
Sharia receivables and financing	-	1,455,136	398,661	2,443,509	4,812,794	757,641	7,881,202	17,748,943
Finance lease receivables	-	4,607	2,362	1,105,236	-	866,959	221,136	2,200,300
Acceptances receivable	428,155	89,740	-	301,789	5,127	632	4,867,140	5,692,583
Investment in associated entities**)	-	1,034	-	-	-	975	9,759	11,768
Other Assets***)	1,501,389	393,192	-	-	-	314,152	1,097,454	3,306,187
Total	**251,279,723**	**34,957,571**	**77,992,047**	**71,305,360**	**224,263,803**	**28,860,853**	**277,583,617**	**966,242,974**
Less: Allowance for impairment losses								(22,807,260)
Net								**943,435,714**
Administrative Accounts								
Irrevocable L/C	5,505,442	-	377	226,337	20,707	-	2,788,289	8,541,152
Guarantees issued	12,990,267	737	443,271	907,353	195,202	92,565	9,893,620	24,523,015
Total	**18,495,709**	**737**	**443,648**	**1,133,690**	**215,909**	**92,565**	**12,681,909**	**33,064,167**

*) As restated (Note 50)
**) Investment in associated entities with no significant influence.
***) Other assets consist of interest receivables, other receivables, and accrued income based on sharia principles.

3. Impairment of financial assets as of December 31, 2018, 2017 and 2016

   a. Current accounts with other banks

   As of December 31, 2018, 2017 and 2016, this financial asset is neither individually nor collectively impaired.

   a. Placements with Bank Indonesia and other banks

   As of December 31, 2018, 2017 and 2016, this financial asset is neither individually nor collectively impaired.

   c. Securities

   As of December 31, 2018, 2017 and 2016, all securities are classified as “Current”, except Bonds I Year 2003 issued by PT Great River International is classified as “Loss”, which is held by BRI Life (subsidiary), that has already matured on October 13, 2008, amounting to Rp758.

(Expressed in millions of Rupiah, unless otherwise stated)

39. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

3. Impairment of financial assets as of December 31, 2018, 2017 and 2016 (continued)

d. Finance lease receivables

As of December 31, 2018, 2017 and 2016, this financial asset is impaired as follow:

	December 31, 2018	December 31, 2017	December 31, 2016
Impaired	96,854	103,445	217,115
Past due but not impaired	49,938	110,585	221,851
Neither past due nor impaired	3,263,054	2,274,953	1,761,334
	3,409,846	**2,488,983**	**2,200,300**
Less allowance for impairment losses	(88,000)	(103,500)	(130,000)
Impairment losses	**3,321,846**	**2,385,483**	**2,070,300**

e. Loans, sharia receivables and financing

As of December 31, 2018, 2017 and 2016, these financial assets are individually and collectively impaired, with the following details:

	December 31, 2018				
	Neither Past Due Nor Impaired				
	High Grade	Standard Grade	Past Due But Not Impaired	Impaired	Total
Rupiah					
Trading, hotels and restaurant	243,698,940	12,333,709	11,652,571	9,640,398	277,325,618
Agriculture	76,946,221	1,155,680	2,162,279	6,069,755	86,333,935
Manufacturing	36,324,097	940,481	1,210,062	2,116,775	40,591,415
Business services	31,212,507	612,823	795,653	4,689,141	37,310,124
Electricity, gas and water	27,917,041	27,468	55,044	86,307	28,085,860
Construction	30,280,757	354,463	544,635	2,431,610	33,611,465
Transportation, warehousing and communications	20,294,647	339,506	444,159	1,651,908	22,730,220
Social sevices	8,679,905	341,862	251,239	507,449	9,780,455
Mining	3,448,521	194,851	84,995	1,054,770	4,783,137
Others	201,845,650	3,568,705	4,422,858	2,109,823	211,947,036
	680,648,286	19,869,548	21,623,495	30,357,936	752,499,265
Foreign currencies					
Manufacturing	26,305,394	11,874	-	4,655,438	30,972,706
Agriculture	17,667,723	-	-	-	17,667,723
Trading, hotels and restaurant	8,372,659	-	-	722,878	9,095,537
Electricity, gas and water	14,588,147	7,615	42,331	108,517	14,746,610
Social sevices	3,161,915	-	-	224,048	3,385,963
Transportation, warehousing and communications	2,491,811	-	-	738,631	3,230,442
Mining	3,011,637	-	-	-	3,011,637
Business services	2,108,698	-	-	17,255	2,125,953
Construction	1,429,101	66,974	1,726	1,325,096	2,822,897
Others	629,825	-	-	-	629,825
	79,766,910	86,463	44,057	7,791,863	87,689,293
Total	**760,415,196**	**19,956,011**	**21,667,552**	**38,149,799**	**840,188,558**
Less: Allowance for Impairment losses					(35,515,123)
Net					**804,673,435**

(Expressed in millions of Rupiah, unless otherwise stated)

39. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

3. Impairment of financial assets as of December 31, 2018, 2017 and 2016 (continued)

e. Loans, sharia receivables and financing (continued)

As of December 31, 2018, 2017 and 2016, these financial assets are individually and collectively impaired, with the following details (continued):

	December 31, 2017				
	Neither Past Due Nor Impaired				
	High Grade	Standard Grade	Past Due But Not Impaired	Impaired	Total
Rupiah					
Trading, hotels and restaurant	208,941,190	9,219,724	13,130,011	9,840,619	241,131,544
Agriculture	66,580,203	1,630,968	1,978,945	4,776,126	74,966,242
Business services	35,806,525	658,828	1,404,509	1,290,482	39,160,344
Manufacturing	30,027,023	477,416	866,830	4,217,950	35,589,219
Electricity, gas and water	28,500,509	8,438	24,373	25,402	28,558,722
Construction	23,493,510	354,850	245,389	1,972,233	26,065,982
Transportation, warehousing and communications	17,310,995	281,006	672,142	1,263,900	19,528,043
Social sevices	5,763,160	182,779	278,949	707,128	6,932,016
Mining	1,024,116	56,059	60,801	1,103,730	2,244,706
Others	183,835,359	949,376	4,616,378	1,799,464	191,200,577
	601,282,590	13,819,444	23,278,327	26,997,034	665,377,395
Foreign currencies					
Manufacturing	26,665,130	11,873	-	4,670,108	31,347,111
Agriculture	16,070,541	-	-	-	16,070,541
Electricity, gas and water	5,148,785	-	-	682,810	5,831,595
Trading, hotels and restaurant	4,043,006	7,199	22,149	391,733	4,464,087
Transportation, warehousing and communications	3,044,175	-	-	416,321	3,460,496
Mining	1,706,282	3,193	-	1,609,741	3,319,216
Social sevices	3,054,991	-	-	-	3,054,991
Business services	1,735,827	-	10,706	350,972	2,097,505
Construction	310,509	-	-	1,223,141	1,533,650
Others	290,950	-	-	-	290,950
	62,070,196	22,265	32,855	9,344,826	71,470,142
Total	**663,352,786**	**13,841,709**	**23,311,182**	**36,341,860**	**736,847,537**
Less: Allowance for Impairment losses					(30,000,637)
Net					**706,846,900**

	December 31, 2016				
	Neither Past Due Nor Impaired				
	High Grade	Standard Grade	Past Due But Not Impaired	Impaired	Total
Rupiah					
Trading, hotels and restaurant	194,421,942	6,713,103	12,197,071	9,197,709	222,529,825
Agriculture	62,778,609	948,799	2,061,115	4,321,466	70,109,989
Manufacturing	29,205,165	345,519	1,130,893	4,697,397	35,378,974
Business services	27,111,516	649,859	1,129,198	1,307,191	30,197,764
Electricity, gas and water	28,677,845	10,184	23,344	32,519	28,743,892
Construction	17,552,083	204,414	242,271	2,473,659	20,472,427
Transportation, warehousing and communications	14,927,759	217,035	649,998	1,270,357	17,065,149
Social services	8,712,795	150,190	550,859	273,676	9,687,520
Mining	1,397,823	38,171	41,345	1,297,754	2,775,093
Others	159,567,402	705,909	4,186,671	1,505,581	165,965,563
	544,352,939	9,983,183	22,212,765	26,377,309	602,926,196

(Expressed in millions of Rupiah, unless otherwise stated)

39. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

3. Impairment of financial assets as of December 31, 2018, 2017 and 2016 (continued)

e. Loans, sharia receivables and financing (continued)

As of December 31, 2018, 2017 and 2016, these financial assets are individually and collectively impaired, with the following details (continued):

	December 31, 2016				
	Neither Past Due Nor Impaired				
	High Grade	Standard Grade	Past Due But Not Impaired	Impaired	Total
Foreign currencies					
Manufacturing	23,536,391	-	-	4,745,531	28,281,922
Agriculture	8,789,899	-	177,628	27,157	8,994,684
Mining	3,474,378	-	3,434	1,821,394	5,299,206
Electricity, gas and water	3,773,707	-	-	691,591	4,465,298
Social sevices	3,707,071	-	-	-	3,707,071
Transportation, warehousing and communications	1,681,947	-	-	423,869	2,105,816
Business services	1,406,898	1,347	-	450,252	1,858,497
Construction	484,670	-	-	1,261,603	1,746,273
Trading, hotels and restaurant	1,080,091	6,877	346	681,367	1,768,681
Others	66,274	-	-	-	66,274
	48,001,326	8,224	181,408	10,102,764	58,293,722
Total	**592,354,265**	**9,991,407**	**22,394,173**	**36,480,073**	**661,219,918**
Less: Allowance for Impairment losses					(22,676,452)
Net					**638,543,466**

f. Export bills and notes receivables

As of December 31, 2018, 2017 and 2016, this financial asset is neither individually nor collectively impaired.

g. Acceptances receivable

As of December 31, 2018, 2017 and 2016, this financial asset is neither individually nor collectively impaired.

h. Other Assets

As of December 31, 2018, 2017 and 2016, this financial asset is neither individually nor collectively impaired.

(Expressed in millions of Rupiah, unless otherwise stated)

39. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

3. Impairment of financial assets as of December 31, 2018, 2017 and 2016 (continued)

   i. Administrative accounts

   As of December 31, 2018, 2017 and 2016, these administrative accounts are impaired with the following details:

	December 31, 2018	December 31, 2017	December 31, 2016
Rupiah			
Guarantees issued	19,610,811	16,033,717	11,979,117
Irrevocable L/C	2,353,758	1,639,383	1,086,496
	21,964,569	17,673,100	13,065,613
Foreign Currencies			
Guarantees issued	25,275,240	17,996,663	12,543,898
Irrevocable L/C	6,339,932	7,341,288	7,454,656
	31,615,172	25,337,951	19,998,554
	53,579,741	43,011,051	33,064,167
Less allowance for impairment losses	(1,221)	(2,134)	(895)
Total	**53,578,520**	**43,008,917**	**33,063,272**

4. Quality of financial assets

   The following tables show the quality of financial assets based on asset classes for all financial assets with credit risk, amounts presented at gross.

	December 31, 2018				
	Neither Past Due Nor Impaired		Past Due But Not Impaired	Impaired	Total
	High Grade	Standard Grade			
Assets					
Current accounts with Bank Indonesia	71,159,442	-	-	-	71,159,442
Current accounts with other banks	12,575,906	101,449	-	-	12,677,355
Placements with Bank Indonesia and other banks	87,018,051	-	-	-	87,018,051
Securities					
Fair value through profit or loss	3,762,254	-	-	-	3,762,254
Available-for-sale	128,909,408	1,041,401	-	-	129,950,809
Held-to-maturity	50,201,832	369,915	-	-	50,571,747
Export bills and notes receivable	27,442,690	-	-	-	27,442,690
Government Recapitalization Bonds					
Available-for-sale	30,273	-	-	-	30,273
Held-to-maturity	1,475,000	-	-	-	1,475,000
Securities purchased under agreement to resell	9,396,553	-	-	-	9,396,553
Derivatives Receivable	485,810	-	-	-	485,810

(Expressed in millions of Rupiah, unless otherwise stated)

39. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

4. Quality of financial assets (continued)

The following tables show the quality of financial assets based on asset classes for all financial assets with credit risk, amounts presented at gross (continued).

	December 31, 2018				
	Neither Past Due Nor Impaired				
	High Grade	Standard Grade	Past Due But Not Impaired	Impaired	Total
Assets (continued)					
Loans					
Micro	271,488,534	7,038,815	10,137,656	2,950,903	291,615,908
Retail	295,110,821	12,413,639	10,438,190	12,671,313	330,633,963
Corporate	176,327,164	66,973	211,221	21,154,928	197,760,286
Sharia receivables and financing	17,488,677	436,584	880,485	1,372,655	20,178,401
Finance lease receivables	3,263,054	-	49,938	96,854	3,409,846
Acceptances receivable	11,583,506	59,497	-	-	11,643,003
Investment in associated entities*)	15,268	-	-	-	15,268
Other Assets**)	8,710,014	64,499	-	-	8,774,513
Total	**1,176,444,257**	**21,592,772**	**21,717,490**	**38,246,653**	**1,258,001,172**

	December 31, 2017*)				
	Neither Past Due Nor Impaired				
	High Grade	Standard Grade	Past Due But Not Impaired	Impaired	Total
Assets					
Current accounts with Bank Indonesia	58,155,479	-	-	-	58,155,479
Current accounts with other banks	5,925,713	206,799	-	-	6,132,512
Placements with Bank Indonesia and other banks	55,106,762	50,000	-	-	55,156,762
Securities					
Fair value through profit or loss	1,762,263	1,771	-	-	1,764,034
Available-for-sale	127,515,291	3,430,391	-	-	130,945,682
Held-to-maturity	53,461,707	768,173	-	-	54,229,880
Export bills and notes receivable	10,654,353	-	-	-	10,654,353
Government Recapitalization Bonds					
Available-for-sale	717,840	-	-	-	717,840
Held-to-maturity	2,600,000	-	-	-	2,600,000
Securities purchased under agreement to resell	18,011,026	-	-	-	18,011,026
Derivatives Receivable	145,928	16,984	-	-	162,912
Loans					
Micro	236,294,763	3,482,707	10,226,251	2,846,933	252,850,654
Retail	254,805,588	9,653,287	11,593,072	11,384,282	287,436,229
Corporate	157,675,485	-	108,977	20,911,323	178,695,785
Sharia receivables and financing	14,576,950	705,715	1,382,882	1,199,322	17,864,869
Finance lease receivables	2,274,953	-	110,585	103,445	2,488,983
Acceptances receivable	5,693,425	-	-	-	5,693,425
Investment in associated entities**)	2,439	9,279	-	50	11,768
Other Assets***)	5,490,267	28,855	-	-	5,519,122
Total	**1,010,870,232**	**18,353,961**	**23,421,767**	**36,445,355**	**1,089,091,315**

*) As restated (Note 50)
**) Investment in associated entities with no significant influence.
***) Other assets consist of interest receivables, other receivables, and accrued income based on sharia principles.

(Expressed in millions of Rupiah, unless otherwise stated)

39. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

4. Quality of financial assets (continued)

The following tables show the quality of financial assets based on asset classes for all financial assets with credit risk, amounts presented at gross (continued).

	December 31, 2016*)				
	Neither Past Due Nor Impaired		Past Due But Not Impaired	Impaired	Total
	High Grade	Standard Grade			
Assets					
Current accounts with Bank Indonesia	55,635,946	-	-	-	55,635,946
Current accounts with other banks	10,998,783	282,012	-	-	11,280,795
Placements with Bank					
Indonesia and other banks	78,145,833	103,000	-	-	78,248,833
Securities					
Fair value through profit or loss	674,966	1,266	-	-	676,232
Available-for-sale	67,702,626	1,811,030	-	-	69,513,656
Held-to-maturity	61,028,620	868,250	-	-	61,896,870
Export bills and notes receivable	11,580,175	-	-	-	11,580,175
Government Recapitalization Bonds					
Available-for-sale	718,434	-	-	-	718,434
Held-to-maturity	2,600,000	-	-	-	2,600,000
Securities purchased					
under agreement to resell	1,557,370	-	-	-	1,557,370
Derivatives Receivable	91,657	12,250	-	-	103,907
Loans					
Micro	206,999,682	2,496,361	9,958,341	2,347,821	221,802,205
Retail	225,594,155	6,880,476	10,484,935	10,030,114	252,989,680
Corporate	145,315,222	-	80,245	23,283,623	168,679,090
Sharia receivables and financing	14,445,206	614,570	1,870,652	818,515	17,748,943
Finance lease receivables	1,761,334	-	221,851	217,115	2,200,300
Acceptances receivable	5,692,583	-	-	-	5,692,583
Investment in associated entities**)	2,439	9,279	-	50	11,768
Other Assets***)	3,295,316	10,871	-	-	3,306,187
Total	**893,840,347**	**13,089,365**	**22,616,024**	**36,697,238**	**966,242,974**

*) As restated (Note 50)
**) Investment in associated entities with no significant influence.
***) Other assets consist of interest receivables, other receivables, and accrued income based on sharia principles.

Credit quality is defined as follows:

1. High Grade

a) Current accounts with Bank Indonesia, current accounts with other banks, placements with Bank Indonesia and other banks are current accounts or placements in Government institutions and transactions with banks listed on the Exchange.
b) Loans and sharia receivables and financing, are loans to third parties that are neither past due nor impaired, and have never been restructured.
c) Export bills and notes receivable as well as acceptances receivable, are third party receivables that are not past due and have strong financial capacity in terms of repaying all obligations in a timely manner.
d) Securities and Government Bonds are securities issued by Governments, investment grade securities and bonds with a minimum rating of idA- (Pefindo), A- (Fitch), A- (Standard & Poor's), or A3 (Moody's).
e) Investment in associated entities, are investments in entities which are listed on the Exchange and have an overall good performance level.

(Expressed in millions of Rupiah, unless otherwise stated)

39. RISK MANAGEMENT (continued)

Credit Risk Management (continued)

4. Quality of financial assets (continued)

   Credit quality is defined as follows (continued):

   2. Standard Grade

      a) Current accounts with other banks, placements with Bank Indonesia and other banks are current accounts or placements with banks not listed on the Exchange.
      b) Loans and sharia receivables and financing, are loans to third parties that are neither past due nor impaired, but have been restructured.
      c) Export bills and notes receivable as well as acceptances receivable, are third party receivables that are not past due and have adequate financial capacity in terms of repaying all obligations in a timely manner.
      d) Securities and Government Bonds are securities and bonds with a rating between idBBB+ and idBBB- (Pefindo), BBB+ and BBB- (Fitch), BBB+ and BBB- (Standard & Poor's) or Baa1 and Baa3 (Moody's).
      e) Investment in associated entities, are investment in entities which are not listed on the Exchange and have an overall good performance level.

5. According to SFAS No. 60, past due financial assets are determined when debtors fail to meet their obligations in a timely manner. The following tables show the aging analysis of loans, sharia receivables and financing and finance lease receivables which are past due but not impaired.

	December 31, 2018			
	≤ 30 days	**> 30 – 60 days**	**> 60 – 90 days**	**Total**
Loans				
Micro	4,330,615	2,525,918	3,281,123	10,137,656
Retail	5,022,322	2,418,228	2,997,640	10,438,190
Corporate	211,221	-	-	211,221
Sharia receivables and financing	407,770	177,920	294,795	880,485
Finance lease receivables	40,092	3,184	6,662	49,938
Total	**10,012,020**	**5,125,250**	**6,580,220**	**21,717,490**

	December 31, 2017			
	≤ 30 days	**> 30 – 60 days**	**> 60 – 90 days**	**Total**
Loans				
Micro	4,613,769	2,481,527	3,130,955	10,226,251
Retail	5,666,894	2,673,799	3,252,379	11,593,072
Corporate	108,977	-	-	108,977
Sharia receivables and financing	905,650	187,999	289,233	1,382,882
Finance lease receivables	83,351	5,216	22,018	110,585
Total	**11,378,641**	**5,348,541**	**6,694,585**	**23,421,767**

	December 31, 2016			
	≤ 30 hari	**> 30 – 60 hari**	**> 60 – 90 hari**	**Total**
Loans				
Micro	4,548,784	2,399,345	3,010,212	9,958,341
Retail	5,463,764	2,229,201	2,791,970	10,484,935
Corporate	80,245	-	-	80,245
Sharia receivables and financing	1,471,901	176,717	222,034	1,870,652
Finance lease receivables	179,860	18,679	23,312	221,851
Total	**11,744,554**	**4,823,942**	**6,047,528**	**22,616,024**

(Expressed in millions of Rupiah, unless otherwise stated)

39. RISK MANAGEMENT (continued)

Liquidity Risk Management

Liquidity Risk is a risk due to BRI's inability to meet the maturity obligations of cash flow funding sources and/or of high quality liquid assets that can be pledged so as not to disrupt BRI's activities and financial conditions.

BRI manages liquidity risks in order to meet every financial obligations that has been agreed upon in a timely manner and to maintain adequate and optimal liquidity level. In order to support liquidity management, BRI has established Guidelines for Implementation of Liquidity Risk Management (PPPMRL) which includes liquidity management, projected cash flows, maturity gap, net stable funding ratio and liquidity coverage ratio, the adequacy policies and guidelines for determination of liquidity risk limit, liquidity risk stress test, contingency funding plan, and information system of liquidity risk.

The purpose of these guidelines is to ensure the adequacy of daily liquidity risk management in meeting its obligations in normal or crisis conditions in a timely manner from various available sources of funds, including ensuring the availability of high quality liquid assets and having a healthy and sustainable structure of deposits collected from customer.

BRI also stimulates stress testing on a quarterly basis which is submitted to the BRI's Board of Commissioners and Directors through Risk Management Committee (RMC). The purpose of stress testing is to measure the resistance or ability to meet liquidity needs during crisis (stress). Moreover, stress test is also used as reference for developing or improving contingency funding plan and liquidity risk limits.

Analysis of Financial Asset and Liability According to Remaining Contractual Maturity

Potential liquidity risks which BRI will encounter in the future are measured through Liquidity Gap Analysis, which is a projection of liquidity mismatch based on the maturity of assets and liabilities, after taking into account the business expansion needs. This information is also considered when planning and managing liquidity, including the business expansion needs. By implementating the effective liquidity management, it is expected that liquidity risks can be minimized while simultaneously increasing the overall banking system stability.

The tables below present information on the mapping of financial assets and liabilities within a certain time scale (maturity buckets) based on their remaining maturity as of December 31, 2018, 2017 and 2016:

December 31, 2018

Description	Total	Up to 1 month	More than 1 month up to 3 months	More than 3 months up to 1 year	More than 1 year	Others without maturity
Assets						
Cash	27,421,625	-	-	-	-	27,421,625
Current Account with Bank Indonesia	71,159,442	71,159,442	-	-	-	-
Current Account with Other Bank	12,677,355	12,575,906	-	-	-	101,449
Placements with Bank Indonesia and other banks	87,018,051	85,083,644	1,712,207	222,200	-	-
Securities	184,284,810	133,772,828	7,468,990	8,017,543	35,025,449	-
Allowance for impairment losses	(758)	-	-	-	-	(758)
Exports bills and notes receivable	27,442,690	5,515,512	10,973,847	10,953,331	-	-
Government Recapitalization Bonds	1,505,273	30,273	-	375,000	1,100,000	-
Securities purchased under agreement to resell	9,396,553	2,901,245	3,400,936	3,094,372	-	-

(Expressed in millions of Rupiah, unless otherwise stated)

39. RISK MANAGEMENT (continued)

Liquidity Risk Management (continued)

Analysis of Financial Asset and Liability According to Remaining Contractual Maturity (continued)

The tables below present information on the mapping of financial assets and liabilities within a certain time scale (maturity buckets) based on their remaining maturity as of December 31, 2018, 2017 and 2016 (continued):

December 31, 2018						
Description	**Total**	**Up to 1 month**	**More than 1 month up to 3 months**	**More than 3 months up to 1 year**	**More than 1 year**	**Others without maturity**
Assets (continued)						
Derivatives receivable	485,810	214,804	71,734	108,126	91,146	-
Loan						
Micro	291,615,908	3,013,111	6,271,320	35,184,332	247,147,145	-
Retail	330,633,963	21,068,739	22,779,770	91,452,047	195,333,407	-
Corporate	197,760,286	11,626,529	5,803,401	37,001,755	143,328,601	-
Allowance for Impairment losses	(35,017,982)	-	-	-	-	(35,017,982)
Sharia receivables and financing	20,178,401	1,055,340	1,742,143	1,805,648	15,575,270	-
Allowance for impairments losses	(497,141)	-	-	-	-	(497,141)
Finance lease receivables	3,409,846	-	-	308,746	3,101,100	-
Allowance for impairment losses	(88,000)	-	-	-	-	(88,000)
Acceptances receivable	11,643,003	991,252	2,685,342	7,966,409	-	-
Investment in associated*)	15,268	-	-	-	-	15,268
Other assets**)	8,774,513	611,446	1,619,843	954,377	22,009	5,566,838
	1,249,818,916	**349,620,071**	**64,529,533**	**197,443,886**	**640,724,127**	**(2,498,701)**
Liabilities						
Liabilities due immediately	8,462,958	8,462,958	-	-	-	-
Deposits from customers						
Demand deposits	178,097,981	178,097,981	-	-	-	-
Wadiah demand deposits	2,277,850	2,277,850	-	-	-	-
Mudharabah demand deposits	293,264	293,264	-	-	-	-
Saving deposits	379,918,705	379,918,705	-	-	-	-
Wadiah saving deposits	5,601,811	5,601,811	-	-	-	-
Mudharabah saving Deposits	1,659,109	1,659,109	-	-	-	-
Time deposits	357,413,513	29,146,459	287,763,205	33,454,955	7,048,894	-
Mudharabah time deposits	19,006,504	16,585,766	2,264,111	156,627	-	-
Deposits from other Banks and financial Institutions	9,131,158	9,080,497	50,661	-	-	-
Securities sold under agreement to repurchase	37,379,394	25,995,013	4,650,068	4,282,376	2,451,937	-
Derivatives payable	332,343	52,612	49,879	114,327	115,525	-
Acceptances payable	11,643,003	991,253	2,685,341	7,966,409	-	-
Marketable securities issued	31,190,216	-	-	2,436,706	28,753,510	-
Fund borrowings	40,457,429	880,278	3,637,058	8,948,472	26,991,621	-
Subordinated loans and marketable securities	1,473,515	-	-	-	1,473,515	-
Other liabilities ***)	3,324,974	1,123,697	562,360	519,200	1,111,962	7,755
	1,087,663,727	**660,167,253**	**301,662,683**	**57,879,072**	**67,946,964**	**7,755**
Maturity gap	**162,155,189**	**(310,547,182)**	**(237,133,150)**	**139,564,814**	**572,777,163**	**(2,506,456)**

*) Investment in associated entities with no significant influence.

**) Other assets consist of interest receivables, other receivables, and unearned income based on sharia principle.

***) Other liabilities consist of interest payables, guarantee deposits, investment contract liabilities, co-insurance payable, reinsurance payable and classified as available-for-sale, *tabarru'* fund and temporary *syirkah* funds.

(Expressed in millions of Rupiah, unless otherwise stated)

39. RISK MANAGEMENT (continued)

Liquidity Risk Management (continued)

Analysis of Financial Asset and Liability According to Remaining Contractual Maturity (continued)

The tables below present information on the mapping of financial assets and liabilities within a certain time scale (maturity buckets) based on their remaining maturity as of December 31, 2018, 2017 and 2016 (continued):

			December 31, 2017*)			
Description	**Total**	**Up to 1 month**	**More than 1 month up to 3 months**	**More than 3 months up to 1 year**	**More than 1 year**	**Others without maturity**
Assets						
Cash	24,798,037	-	-	-	-	24,798,037
Current Account with Bank Indonesia	58,155,479	58,155,479	-	-	-	-
Current Accounts with other banks	6,132,512	6,132,512	-	-	-	-
Placements with Bank Indonesia and other banks	55,156,762	53,644,287	1,173,288	339,187	-	-
Securities	186,939,596	134,676,377	5,546,579	5,833,275	40,883,365	-
Allowance for impairment losses	(758)	-	-	-	-	(758)
Export bills and notes receivable	10,654,352	2,330,950	3,724,347	4,599,055	-	-
Government Recapitalization Bonds	3,317,840	717,840	375,000	750,000	1,475,000	-
Securities purchased under agreement to resell	18,011,026	16,691,189	1,319,837	-	-	-
Derivatives receivable	162,912	24,766	33,611	44,734	59,801	-
Loans						
Micro	252,850,654	2,291,479	5,218,530	32,882,324	212,458,321	-
Retail	287,436,229	12,058,635	17,288,925	77,933,581	180,155,088	-
Corporate	178,695,785	20,138,725	14,298,124	28,158,748	116,100,188	-
Allowance for impairment losses	(29,423,380)	-	-	-	-	(29,423,380)
Sharia receivables and financing	17,864,869	530,569	236,409	2,425,842	14,672,049	-
Allowance for impairment losses	(577,257)	-	-	-	-	(577,257)
Finance leases receivable	2,488,983	106,308	16,802	139,370	2,226,503	-
Allowance for impairment losses	(103,500)	-	-	-	-	(103,500)
Acceptances receivable	5,693,425	1,894,633	1,983,239	1,815,553	-	-
Investment in associated entities **)	11,768	-	-	-	-	11,768
Other assets ***)	5,519,123	569,472	2,202,645	889,598	15,050	1,842,358
	1,083,784,457	**309,963,221**	**53,417,336**	**155,811,267**	**568,045,365**	**(3,452,732)**
Liabilities						
Liabilities due immediately	6,584,201	6,584,201	-	-	-	-
Deposits from customers						
Demand deposits	145,529,168	145,529,168	-	-	-	-
Wadiah demand deposits	1,766,901	1,766,901	-	-	-	-
Mudharabah demand deposits	139,535	139,535	-	-	-	-
Saving deposits	343,420,737	343,420,737	-	-	-	-
Wadiah Saving deposits	4,749,652	4,749,652	-	-	-	-
Mudharabah saving deposits	1,270,484	1,270,484	-	-	-	-
Time deposits	326,417,937	178,534,567	96,297,623	40,992,107	10,593,640	-
Mudharabah time deposits	18,362,036	14,272,754	3,949,195	140,087	-	-

*) As restated (Note 50)
**) Investment in associated entities with no significant influence.
***) Other assets consist of interest receivables, other receivables, and unearned income based on sharia principle.

(Expressed in millions of Rupiah, unless otherwise stated)

39. RISK MANAGEMENT (continued)

Liquidity Risk Management (continued)

Analysis of Financial Asset and Liability According to Remaining Contractual Maturity (continued)

The tables below present information on the mapping of financial assets and liabilities within a certain time scale (maturity buckets) based on their remaining maturity as of December 31, 2018, 2017 and 2016 (continued):

December 31, 2017*)

Description	Total	Up to 1 month	More than 1 month up to 3 months	More than 3 months up to 1 year	More than 1 year	Others without maturity
Liabilities (continued)						
Deposits from other Banks and financial Institutions	5,593,367	5,506,174	57,408	29,785	-	-
Securities sold under agreement to repurchase	12,136,684	2,024,388	1,332,430	3,512,249	5,267,617	-
Derivatives payable	200,858	8,472	9,903	58,219	124,264	-
Acceptances payable	5,693,425	1,894,633	1,983,239	1,815,553	-	-
Marketable securities Issued	30,619,658	-	7,588,383	3,267,391	19,763,884	-
Fund borrowings	29,408,694	679,827	744,627	6,378,546	21,605,694	-
Subordinated loans and marketable securities	986,450	-	-	10,312	976,138	-
Other liabilities ***)	2,461,869	792,645	531,439	353,778	-	784,007
	935,341,656	**707,174,138**	**112,494,247**	**56,558,027**	**58,331,237**	**784,007**
Maturity gap	**148,442,801**	**(397,210,917)**	**(59,076,911)**	**99,253,240**	**509,714,128**	**(4,236,739)**

December 31, 2016*)

Description	Total	Up to 1 month	More than 1 month up to 3 months	More than 3 months up to 1 year	More than 1 year	Others without maturity
Assets						
Cash	25,212,226	-	-	-	-	25,212,226
Current Account with Bank Indonesia	55,635,946	55,635,946	-	-	-	-
Current accounts with other banks	11,280,795	11,280,795	-	-	-	-
Placements with Bank Indonesia and other banks	78,248,833	78,115,753	133,080	-	-	-
Securities	132,086,758	71,599,997	5,232,606	9,190,425	46,063,730	-
Allowance for impairment losses	(758)	-	-	-	-	(758)
Export bills and notes receivable	11,580,175	3,015,105	4,151,700	4,413,370	-	-
Government Recapitalization Bonds	3,318,434	718,434	-	-	2,600,000	-
Securities purchased under agreement to resell	1,557,370	632,230	925,140	-	-	-
Derivatives receivable	103,907	44,464	-	489	58,954	-

*) As restated (Note 50)

***) Other liabilities consist of interest payables, guarantee deposits, investment contract liabilities, co-insurance payable, reinsurance payable and classified as available-for-sale, *tabarru'* fund and temporary *syirkah* funds.

(Expressed in millions of Rupiah, unless otherwise stated)

39. RISK MANAGEMENT (continued)

Liquidity Risk Management (continued)

Analysis of Financial Asset and Liability According to Remaining Contractual Maturity (continued)

The tables below present information on the mapping of financial assets and liabilities within a certain time scale (maturity buckets) based on their remaining maturity as of December 31, 2018, 2017 and 2016 (continued):

December 31, 2016*)

Description	Total	Up to 1 month	More than 1 month up to 3 months	More than 3 months up to 1 year	More than 1 year	Others without maturity
Assets (continued)						
Loans						
Micro	221,802,205	1,942,248	4,449,159	30,293,610	185,117,188	-
Retail	252,989,680	10,772,881	13,610,761	65,274,471	163,331,567	-
Corporate	168,679,090	5,396,333	23,567,386	26,470,817	113,244,554	-
Allowance for impairment losses	(22,184,296)	-	-	-	-	(22,184,296)
Sharia receivables and financing	17,748,943	282,812	452,795	1,728,426	15,284,910	-
Allowance for impairment losses	(492,156)	-	-	-	-	(492,156)
Finance leases receivable	2,200,300	-	-	264,036	1,936,264	-
Allowance for impairment losses	(130,000)	-	-	-	-	(130,000)
Acceptances receivable	5,692,583	1,045,643	2,106,327	2,540,613	-	-
Investment in associated entities**)	11,768	-	-	-	-	11,768
Other Assets***)	3,306,187	335,747	1,199,076	954,797	478	816,089
	968,647,990	**240,818,388**	**55,828,030**	**141,131,054**	**527,637,645**	**3,232,873**
Liabilities						
Liabilities due immediately	5,410,313	5,410,313	-	-	-	-
Deposits from customers						
Demand deposits	141,419,020	141,419,020	-	-	-	-
Wadiah demand deposits	1,127,843	1,127,843	-	-	-	-
Saving deposits	298,110,406	298,110,406	-	-	-	-
Wadiah saving deposits	4,176,761	4,176,761	-	-	-	-
Mudharabah saving deposits	983,121	983,121	-	-	-	-
Time deposits	293,029,378	239,316,486	37,907,214	13,639,996	2,165,682	-
Mudharabah time deposits	15,679,845	13,791,599	1,670,222	214,638	3,386	-
Deposits from other banks and financial institutions	2,229,538	2,186,158	42,057	1,323	-	-
Securities sold under agreement to repurchase	7,302,398	-	673,625	1,917,625	4,711,148	-
Derivatives payable	347,217	-	114,152	-	233,065	-
Acceptances payable	5,692,583	1,045,643	2,106,327	2,540,613	-	-
Marketable securities issued	24,800,781	-	807,927	4,110,712	19,882,142	-
Fund borrowings	35,013,680	320,647	6,202,044	8,104,288	20,386,701	-
Subordinated loans and marketable securities	1,008,510	-	-	-	1,008,510	-
Other liabilities ****)	1,861,763	1,064,120	73,376	241,664	-	482,603
	838,193,157	**708,952,117**	**49,596,944**	**30,770,859**	**48,390,634**	**482,603**
Maturity gap	**130,454,833**	**(468,133,729)**	**6,231,086**	**110,360,195**	**479,247,011**	**2,750,270**

*) As restated (Note 50)
**) Investment in associated entities with no significant influence.
***) Other assets consist of interest receivables, other receivables, and unearned income based on sharia principle.
****) Other liabilities consist of interest payables, guarantee deposits, investment contract liabilities, co-insurance liabilities, reinsurance and classified as available-for-sale, *tabarru'* fund and temporary *syirkah* funds.

(Expressed in millions of Rupiah, unless otherwise stated)

39. RISK MANAGEMENT (continued)

Market Risk Management

Market risk arises because of the movement of market factors which include interest rates and exchange rates that are against the BRI's positions, both positions in the statements of financial position or in the administrative accounts. These positions are those which exist in trading book and banking book.

BRI has implemented treasury and market risk application system (GUAVA), an integrated system used by the front, middle and back office functions. The Middle Office can measure market risks using an internal model (Value-at-Risk (VaR)) that is integrated with the daily transaction process. Other than monitoring the instruments' risk exposures, the Middle Office also monitors market risk limits and transaction limits including dealer transaction nominal limits, cut loss limits, stop loss limits and VaR limits. Monitoring is carried out daily so as to accelerate the provision of updated information, supporting timely decision-making by officials and managements, especially for instruments which are classified as trading.

1. Value-at-Risk (VaR): Purpose and Limitation of the Method

BRI uses an internal model approach to measure VaR potential loss due to changes in market price of trading portfolio based on historical data. The VaR potential loss that arise from market risks is measured using the assumptions that the change in risk factors follow normal distribution pattern. BRI uses VaR to calculate exchange rate risk for trading and banking book positions and interest rate risks for trading book positions.

2. Value-at-Risk (VaR) Assumptions

VaR potential loss is calculated based on an estimated value with a 99% confidence level and market risk position that is unchanged within 1 (one) day (holding period). This shows that the potential loss which might exceed VaR value under normal market conditions, in average, may occur once every one hundred days. The method used in VaR measurement is Delta Gamma.

The following tables present information on VaR value starting from January 1, 2018, 2017 and 2016 until December 31, 2018, 2017 and 2016 (unaudited).

	2018	
	Exchange Rate*)	**Interest Rate**
Daily Average	51,671.99	5,893.22
Highest	79,747.46	24,908.51
Lowest	13,449.78	90.95

	2017	
	Exchange Rate*)	**Interest Rate**
Daily Average	39,407.73	3,293.16
Highest	67,226.24	8,366.41
Lowest	26,745.25	468.63

	2016	
	Exchange Rate*)	**Interest Rate**
Daily average	58,421.11	851.78
Highest	134,093.77	4,153.38
Lowest	20,170.30	7.00

*) Including trading and banking book

(Expressed in millions of Rupiah, unless otherwise stated)

39. RISK MANAGEMENT (continued)

Market Risk Management (continued)

3. Back Testing

The purpose of implementing back testing is to ensure that the result of the internal model calculation for interest rate risk and exchange rate risk is appropriate. When performing back testing, BRI compares estimated daily VaR with realization price changes.

Based on the back testing procedures for exchange rate risk and interest rate risk, the actual loss results throughout the year is significantly consistent with the VaR forecast model.

4. Market Risk Outside of Trading Book

a. Interest Rate Risk

Interest rate based financial instruments have risks because of potential changes in interest rates that will have an impact on future cash flows.

Board of Directors and Management are responsible for determining, managing and controlling interest rate by weighing the bank's risk appetite and financial performance target. The review of interest rate determination is conducted at least once in a month in the Asset and Liability Committee (ALCO) forum.

The following tables present information regarding the average interest rates for financial assets and liabilities position for the years ended December 31, 2018, 2017 and 2016:

	December 31,					
	2018		2017		2016	
	Rupiah (%)	Foreign Currencies (%)	Rupiah (%)	Foreign Currencies (%)	Rupiah (%)	Foreign Currencies (%)
Asset						
Placements with Bank Indonesia and other banks	6.31	2.36	3.63	1.05	5.46	0.53
Securities	7.57	3.24	8.04	3.30	8.65	3.36
Loans	11.19	4.20	11.78	4.11	11.91	4.23
Government recapitalization Bonds	6.71	-	6.72	-	6.63	-
Finance lease receivables	14.61	6.73	13.62	6.38	13.43	5.93
Liabilities						
Deposits from customers						
Demand deposits	2.44	0.20	2.32	0.33	2.33	0.49
Saving deposits	0.84	0.17	0.86	0.21	1.14	0.22
Time deposits	6.17	2.14	6.20	1.43	7.49	1.19
Deposits from other banks and financial institutions	4.44	0.14	3.45	0.47	3.97	0.32
Fund borrowings	0.02	3.34	3.79	2.51	4.04	2.35
Subordinated loans and marketable securities	5.56	-	4.06	-	4.27	-
Marketable securities issued	8.51	4.63	8.44	2.95	8.56	2.95

(Expressed in millions of Rupiah, unless otherwise stated)

39. RISK MANAGEMENT (continued)

Market Risk Management (continued)

4. Market Risk Outside of Trading Book (continued)

a. Interest Rate Risk (continued)

The following table presents the sensitivity of BRI's statement of profit or loss and other comprehensive income towards possible changes in the interest rate of banking book (unaudited), with all other variables held constant.

2018

Changes in Percentage	Impact on Profit or Loss and Other Comprehensive Income
+/-1 %	+/- 1,687,437

2017

Changes in Percentage	Impact on Profit or Loss and Other Comprehensive Income
+/-1 %	+/- 1,703,685

2016

Changes in Percentage	Impact on Profit or Loss and Other Comprehensive Income
+/-1 %	+/- (1,103,509)

The sensitivity level is used to analyze possible changes in interest rates that have an impact on the gain and loss of the banking book portfolio. In the above sensitivity analysis, the assumption of changes in interest rate for the banking book is one basis point (1%).

The tables below summarize the exposure of financial assets and liabilities to interest rate risks (gross) (unaudited):

December 31, 2018

	Floating interest rate					
Description	Not more than 3 months	More than 3 months but less than 1 year	More than 1 year	Fixed interest rate	Non-interest bearing	Total
Asset						
Cash	-	-	-	-	27,421,625	27,421,625
Current accounts with Bank Indonesia	71,159,442	-	-	-	-	71,159,442
Current accounts with other banks	12,575,906	-	-	-	101,449	12,677,355
Placements with Bank Indonesia and other banks	85,122,844	1,895,207	-	-	-	87,018,051
Securities						
Fair value through profit or loss	-	-	-	3,762,254	-	3,762,254
Available-for-sale	-	-	-	129,950,809	-	129,950,809
Held-to-maturity	-	-	-	50,571,747	-	50,571,747
Export bills and notes receivable	27,442,690	-	-	-	-	27,442,690
Government Recapitalization Bonds						
Available-for-sale	30,273	-	-	-	-	30,273
Held-to-maturity	1,475,000	-	-	-	-	1,475,000
Securities purchased under agreement to resell	-	-	-	9,396,553	-	9,396,553

(Expressed in millions of Rupiah, unless otherwise stated)

39. RISK MANAGEMENT (continued)

Market Risk Management (continued)

4. Market Risk Outside of Trading Book (continued)

a. Interest Rate Risk (continued)

The tables below summarize the exposure of financial assets and liabilities to interest rate risks (gross) (unaudited) (continued):

December 31, 2018

Description	Floating interest rate: Not more than 3 months	Floating interest rate: More than 3 months but less than 1 year	Floating interest rate: More than 1 year	Fixed interest rate	Non-interest bearing	Total
Asset (continued)						
Derivatives receivable	-	-	-	-	485,810	485,810
Loans						
Micro	9,284,431	51,315,957	-	231,015,520	-	291,615,908
Retail	43,848,509	153,138,746	37,768,887	95,877,821	-	330,633,963
Corporate	17,429,932	180,330,354	-	-	-	197,760,286
Sharia receivables and financing	-	-	-	-	20,178,401	20,178,401
Finance leases receivable	9,393	51,011	1,184,662	2,164,780	-	3,409,846
Acceptances receivable	-	-	-	-	11,643,003	11,643,003
Investment in associated entities*)	-	-	-	-	15,268	15,268
Other assets**)	-	-	-	-	8,774,513	8,774,513
	268,378,420	**386,731,275**	**38,953,549**	**522,739,484**	**68,620,069**	**1,285,422,797**
Liabilities						
Liabilities due immediately	-	-	-	-	8,462,958	8,462,958
Deposits from customers						
Demand deposits	125,213,788	-	-	52,884,193	-	178,097,981
Wadiah demand deposits	-	-	-	-	2,277,850	2,277,850
Mudharabah demand deposits	-	-	-	-	293,264	293,264
Saving deposits	180,877,412	-	-	199,041,293	-	379,918,705
Mudharabah saving deposits	-	-	-	-	1,659,109	1,659,109
Wadiah saving deposits	-	-	-	-	5,601,811	5,601,811
Time deposits	316,909,665	33,454,955	7,048,894	-	-	357,413,514
Mudharabah time deposits	-	-	-	-	19,006,504	19,006,504
Deposits from other banks and financial institution	9,131,158	-	-	-	-	9,131,158
Securities sold under agreement to repurchase	4,513,036	1,308,110	-	31,558,248	-	37,379,394
Derivatives payable	-	-	-	-	332,343	332,343
Acceptances payable	-	-	-	-	11,643,003	11,643,003
Marketable securities issued	-	2,436,706	28,753,510	-	-	31,190,216
Fund borrowings	4,517,336	8,948,472	26,991,621	-	-	40,457,429
Subordinated loans and marketable securities	-	-	-	499,798	973,717	1,473,515
Other liabilities***)	-	-	-	-	3,324,974	3,324,974
	641,162,395	**46,148,243**	**62,794,025**	**283,983,532**	**53,575,533**	**1,087,663,728**
Interest rate repricing gap between financial assets and liabilities	**(372,783,975)**	**340,583,032**	**(23,840,476)**	**238,755,952**	**15,044,536**	**197,759,069**

**) Investment in associated entities with no significant influence.

***) Other assets consist of interest receivables, other receivables, and unearned income based on sharia principle.

****) Other liabilities consist of interest payables, guarantee deposits, investment contract liabilities, co-insurance liabilities, reinsurance and classified as available-for-sale, *tabarru'* fund and temporary *syirkah* funds.

(Expressed in millions of Rupiah, unless otherwise stated)

39. RISK MANAGEMENT (continued)

Market Risk Management (continued)

4. Market Risk Outside of Trading Book (continued)

a. Interest Rate Risk (continued)

The tables below summarize the exposure of financial assets and liabilities to interest rate risks (gross) (unaudited) (continued):

December 31, 2017*)

Description	Floating interest rate: Not more than 3 months	Floating interest rate: More than 3 months but less than 1 year	Floating interest rate: More than 1 year	Fixed interest rate	Non-interest bearing	Total
Asset						
Cash	-	-	-	-	24,798,037	24,798,037
Current accounts with Bank Indonesia	58,155,479	-	-	-	-	58,155,479
Current accounts with other banks	5,925,713	-	-	206,799	-	6,132,512
Placements with Bank Indonesia and other banks	55,156,762	-	-	-	-	55,156,762
Securities						
Fair value through profit or loss	-	-	-	1,762,263	1,771	1,764,034
Available-for-sale	-	-	-	130,927,293	18,389	130,945,682
Held-to-maturity	-	-	-	54,229,880	-	54,229,880
Export bills and notes receivable	10,654,353	-	-	-	-	10,654,353
Government Recapitalization Bonds						
Available-for-sale	717,840	-	-	-	-	717,840
Held-to-maturity	2,600,000	-	-	-	-	2,600,000
Securities purchased under agreement to resell	-	-	-	18,011,026	-	18,011,026
Derivatives receivable	-	-	-	-	162,912	162,912
Loans						
Micro	7,510,009	45,099,796	-	200,240,849	-	252,850,654
Retail	29,347,560	141,940,025	29,309,168	86,839,476	-	287,436,229
Corporate	34,436,851	144,258,934	-	-	-	178,695,785
Sharia receivables and financing	-	-	-	-	17,864,869	17,864,869
Finance leases receivable	19,744	141,583	770,715	1,556,941	-	2,488,983
Acceptances receivable	-	-	-	-	5,693,425	5,693,425
Investment in associated entities**)	-	-	-	-	11,768	11,768
Other assets***)	-	-	-	-	5,519,123	5,519,123
	204,524,311	**331,440,338**	**30,079,883**	**493,774,527**	**54,070,294**	**1,113,889,353**
Liabilities						
Liabilities due immediately	-	-	-	-	6,584,201	6,584,201
Deposits from customers						
Demand deposits	96,798,129	-	-	48,731,039	-	145,529,168
Wadiah demand deposits	-	-	-	-	1,766,901	1,766,901
Mudharabah demand deposits	-	-	-	-	139,535	139,535
Saving deposits	171,075,330	-	-	172,345,407	-	343,420,737
Wadiah saving deposits	-	-	-	-	4,749,652	4,749,652
Mudharabah saving deposits	-	-	-	-	1,270,484	1,270,484
Time deposits	274,832,190	40,992,107	10,593,640	-	-	326,417,937
Mudharabah time deposits	-	-	-	-	18,362,036	18,362,036

*) As restated (Note 50)
**) Investment in associated entities with no significant influence.
***) Other assets consist of interest receivables, other receivables, and unearned income based on sharia principle.

(Expressed in millions of Rupiah, unless otherwise stated)

39. RISK MANAGEMENT (continued)

Market Risk Management (continued)

4. Market Risk Outside of Trading Book (continued)

a. Interest Rate Risk (continued)

The tables below summarize the exposure of financial assets and liabilities to interest rate risks (gross) (unaudited) (continued):

December 31, 2017*)

Description	Floating interest rate - Not more than 3 months	Floating interest rate - More than 3 months but less than 1 year	Floating interest rate - More than 1 year	Fixed interest rate	Non-interest bearing	Total
Liabilities (continued)						
Deposits from other banks and financial institution	5,563,581	29,786	-	-	-	5,593,367
Securities sold under agreement to repurchase	-	2,486,042	-	-	9,650,642	12,136,684
Derivatives payable	-	-	-	-	200,858	200,858
Acceptances payable	-	-	-	-	5,693,425	5,693,425
Marketable securities issued	-	-	-	30,619,658	-	30,619,658
Fund borrowings	1,423,160	6,378,546	21,606,989	-	-	29,408,695
Subordinated loans and marketable securities	-	-	-	14,385	972,065	986,450
Other liabilities****)	-	-	-	-	2,461,869	2,461,869
	549,692,390	**49,886,481**	**32,200,629**	**251,710,489**	**51,851,668**	**935,341,657**
Interest rate repricing gap between financial assets and liabilities	**(345,168,079)**	**281,553,857**	**(2,120,746)**	**242,064,038**	**2,218,626**	**178,547,696**

December 31, 2016*)

Description	Floating interest rate - Not more than 3 months	Floating interest rate - More than 3 months but less than 1 year	Floating interest rate - More than 1 year	Fixed interest rate	Non-interest bearing	Total
Asset						
Cash	-	-	-	-	25,212,226	25,212,226
Current accounts with Bank Indonesia	55,635,946	-	-	-	-	55,635,946
Current accounts with other banks	11,022,749	-	-	258,046	-	11,280,795
Placements with Bank Indonesia and other banks	78,248,833	-	-	-	-	78,248,833
Securities						
Fair value through profit or loss	-	-	-	676,232	-	676,232
Available-for-sale	-	-	-	69,513,656	-	69,513,656
Held-to-maturity	-	-	-	61,896,870	-	61,896,870
Export bills and notes receivable	11,580,175	-	-	-	-	11,580,175

*) As restated (Note 50)
****) Other liabilities consist of interest payables, guarantee deposits, investment contract liabilities, co-insurance liabilities, reinsurance and classified as available-for-sale, *tabarru'* fund and temporary *syirkah* funds.

(Expressed in millions of Rupiah, unless otherwise stated)

39. RISK MANAGEMENT (continued)

Market Risk Management (continued)

4. Market Risk Outside of Trading Book (continued)

a. Interest Rate Risk (continued)

The tables below summarize the exposure of financial assets and liabilities to interest rate risks (gross) (unaudited) (continued):

December 31, 2016*)

Description	Floating interest rate: Not more than 3 months	Floating interest rate: More than 3 months but less than 1 year	Floating interest rate: More than 1 year	Fixed interest rate	Non-interest bearing	Total
Asset (continued)						
Government Recapitalization bonds						
Available-for-sale	718,434	-	-	-	-	718,434
Held-to-maturity	2,600,000	-	-	-	-	2,600,000
Securities purchased under agreement to resell	-	-	-	1,557,370	-	1,557,370
Derivatives receivable	-	-	-	-	103,907	103,907
Loans						
Micro	6,391,407	39,348,602	-	176,062,196	-	221,802,205
Retail	24,383,642	127,623,404	23,750,225	77,232,409	-	252,989,680
Corporate	28,963,719	139,715,371	-	-	-	168,679,090
Sharia receivables and financing	-	-	-	-	17,748,943	17,748,943
Finance leases receivable	31,206	155,746	935,350	1,077,998	-	2,200,300
Acceptances receivable	-	-	-	-	5,692,583	5,692,583
Investment in associated entities**)	-	-	-	-	11,768	11,768
Other assets***)	-	-	-	-	3,306,187	3,306,187
	219,576,111	**306,843,123**	**24,685,575**	**388,274,777**	**52,075,614**	**991,455,200**
Liabilities						
Liabilities due immediately	-	-	-	-	5,410,313	5,410,313
Deposits from customers						
Demand deposits	97,490,396	-	-	43,928,624	-	141,419,020
Wadiah demand deposits	-	-	-	-	1,127,843	1,127,843
Saving deposits	155,940,955	-	-	142,169,451	-	298,110,406
Wadiah saving deposits	-	-	-	-	4,176,761	4,176,761
Mudharabah saving deposits	-	-	-	-	983,121	983,121
Time deposits	215,329,405	51,934,654	25,765,319	-	-	293,029,378
Mudharabah time deposits	-	-	-	-	15,679,845	15,679,845
Deposits from other banks and financial institution	2,186,158	42,057	1,323	-	-	2,229,538
Securities sold under agreement to repurchase	673,625	673,625	-	5,955,148	-	7,302,398
Derivatives payable	-	-	-	-	347,217	347,217
Acceptances payable	-	-	-	-	5,692,583	5,692,583

*) As restated (Note 50)
**) Investment in associated entities with no significant influence.
***) Other assets consist of interest receivables, other receivables, and unearned income based on sharia principle.

(Expressed in millions of Rupiah, unless otherwise stated)

39. RISK MANAGEMENT (continued)

Market Risk Management (continued)

4. Market Risk Outside of Trading Book (continued)

a. Interest Rate Risk (continued)

The tables below summarize the exposure of financial assets and liabilities to interest rate risks (gross) (unaudited) (continued):

December 31, 2016*)

Description	Floating interest rate: Not more than 3 months	Floating interest rate: More than 3 months but less than 1 year	Floating interest rate: More than 1 year	Fixed interest rate	Non-interest bearing	Total
Liabilities (continued)						
Marketable securities issued	-	-	-	24,800,781	-	24,800,781
Fund borrowings	320,647	14,304,899	20,288,134	-	100,000	35,013,680
Subordinated loans and Marketable securities	-	-	-	35,471	973,039	1,008,510
Other liabilities****)	-	-	-	-	1,861,763	1,861,763
	471,941,186	**66,955,235**	**46,054,776**	**216,889,475**	**36,352,485**	**838,193,157**
Interest rate repricing gap between financial assets and liabilities	**(252,365,075)**	**239,887,888**	**(21,369,201)**	**171,385,302**	**15,723,129**	**153,262,043**

*) As restated (Note 50)
****) Other liabilities consist of interest payables, guarantee deposits, investment contract liabilities, co-insurance liabilities, reinsurance and classified as available-for-sale, *tabarru'* fund and temporary *syirkah* funds.

b. Exchange Rate Risk

Exchange rate risk is a risk arising from foreign exchange rate fluctuations against Rupiah of foreign exchange the positions held by BRI. Included in the foreign exchange positions are trading book positions held to generate profit both from foreign exchange transactions in the short term and banking book positions held to control the Net Open Position (NOP).

According to Bank Indonesia Regulation (PBI) No. 17/5/PBI/2015 dated May 29, 2015, regarding the fourth amendment to PBI No. 5/13/PBI/2003 regarding Net Open Position for Commercial Banks dated July 1, 2010, NOP is set to a maximum of 20% of capital.

NOP is the sum of the absolute values of the net difference between assets and liabilities in the statement of financial position for each foreign currency and the net difference of commitment and contingent receivables and liabilities in the administrative accounts for each foreign currency, which are all stated in Rupiah.

(Expressed in millions of Rupiah, unless otherwise stated)

39. RISK MANAGEMENT (continued)

Market Risk Management (continued)

4. Market Risk Outside of Trading Book (continued)

b. Exchange Rate Risk (continued)

The following tables are NOP (BRI only) as of December 31, 2018, 2017 and 2016, by currency, respectively, as follows:

	December 31, 2018		
Currencies	**Assets**	**Liabilities**	**NOP**
Statement of Financial Position and Administrative Accounts			
United States Dollar	202,779,020	198,605,581	4,173,439
Singaporean Dollar	6,669,876	5,910,615	759,261
Japanese Yen	471,610	253,175	218,435
Great Britain Pound Sterling	229,202	128,721	100,481
Australian Dollar	359,154	284,098	75,056
European Euro	10,329,347	9,810,831	518,516
Renminbi	3,871,986	3,921,420	49,434
Canadian Dollar	10,435	88	10,347
Others	926,258	333,078	593,180
			6,498,149
Capital (Note 48a)			173,831,121
NOP Ratio			**3.74%**

	December 31, 2017		
Currencies	**Assets**	**Liabilities**	**NOP**
Statement of Financial Position and Administrative Accounts			
United States Dollar	154,683,931	151,009,523	3,674,408
Renminbi	4,974,959	4,185,484	789,475
European Euro	2,657,026	3,109,627	452,601
Singaporean Dollar	1,367,530	711,167	656,363
Japanese Yen	368,820	29,103	339,717
Great Britain Pound Sterling	123,919	53,640	70,279
Australian Dollar	145,894	107,965	37,929
Canadian Dollar	7,196	62	7,134
Others	899,315	98,105	801,210
			6,829,116
Capital (Note 48a)			161,751,939
NOP Ratio			**4.22%**

(Expressed in millions of Rupiah, unless otherwise stated)

39. RISK MANAGEMENT (continued)

Market Risk Management (continued)

4. Market Risk Outside of Trading Book (continued)

b. Exchange Rate Risk (continued)

The following tables are NOP (BRI only) as of December 31, 2018, 2017 and 2016, by currency, respectively, as follows (continued):

	December 31, 2016		
Currencies	**Asset**	**Liabilities**	**NOP**
Statement of Financial Position and Administrative Accounts			
United States Dollar	138,725,987	137,134,766	1,591,221
Renminbi	6,598,517	4,678,412	1,920,105
European Euro	10,065,634	14,520,265	4,454,631
Australian Dollar	185,862	262,620	76,758
Singaporean Dollar	1,377,990	574,284	803,706
Japanese Yen	315,709	301,684	14,025
Great Britain Pound Sterling	212,224	66,595	145,629
Canadian Dollar	12,211	116	12,095
Others	564,675	47,416	517,259
			9,535,429
Capital (Note 48a)			142,910,432
NOP Ratio			**6.67%**

5. BRI Agro Sensitivity Analysis

The following tables present sensitivity (unaudited) the possibility of changes in interest rate and exchange rate of BRI Agro against the profit or loss and other comprehensive income with all other variables held constant.

	December 31, 2018		December 31, 2017		December 31, 2016	
	Percentage change	Impact to statement of profit or loss and other comprehensive income	Percentage change	Impact to statement of profit or loss and other comprehensive income	Percentage change	Impact to statement of profit or loss and other comprehensive income
Interest rate risk	+/- 1%	+/-73,399	+/- 1%	+/-49,012	+/- 1%	+/- 33,410
Foreign exchange rate risk	+/- 1%	+/-83	+/- 1%	+/-70	+/- 1%	+/-23

Operational Risk Management

Implementation of Operational Risk Management is carried out according to Financial Services Authority Regulation (POJK) No. 18/POJK.03/2016 dated March 22, 2016 regarding Risk Management Implementation for Commercial Banks, which requires the risk management implementation to cover the pillars of monitoring from the Board of Commissioners and Directors, adequacy of policies, limit procedure and determination, adequacy of identification, measurement, monitoring and management of risk process adequacy as well as information system of risk management and internal control system.

39. RISK MANAGEMENT (continued)

Operational Risk Management (continued)

The implementation of operational risk management is intended to manage operational risk exposure caused by internal and external factors that can disrupt business and operational activities, such as inadequate human resources, internal processes, Information Technology system failures, natural disasters and external party's crimes against the bank that potentially cause financial and non-financial losses. Operational risk exposure management includes management of legal, reputational, compliance and strategic risk exposures that occur every in business process and operational activity.

Each of BRI's operational business units is responsible for the implementation of risk management process in the business and operational activities of each business unit through the internal control system. This is done starting from the phase of identification, measurement, monitoring and risk control. BRI's Board of Directors established a risk management function in every business unit starting from the level of Head Office (Division/Desk), Regional Offices, Special Branch Office, Branch Offices which cover operations, marketing and micro businesses as well as Sub-Branch Offices, BRI Priority Service Centers and Overseas Business Units.

Risk management of the Head Office and Regional Office has the duty and responsibility in preparing the guidelines for the implementation of operational risk management, development and implementation of policies/procedures and methodologies, monitoring, reviewing and controlling operational risk management process. On the other hand, risk management is also involved in the preparation and monitoring of BRI's risk profile, assessing the risk management adequacy of a new product and/or activity, and supporting the operational business units/risk owners in developing risk awareness culture, implementing anti-fraud strategies and compliance towards the risk management principles. In the context of discussing operational risk management and risk control improvement, the Risk Management Division coordinated the Operational Risk Management Committee (ORMC) held quarterly with the related Division/ Desk/business unit.

Internal audit as the third line of defense including the Head Office Audit and BRI's Inspectorate Office throughout Indonesia is responsible for monitoring and validating the internal control adequacy of business and operational activities in every operational business unit and the consistency of bankwide operational risk management implementation in BRI.

BRI's operational risk management implementation is facilitated by operational risk management tools in the form of BRI Operational Risk Assessor (BRI OPRA), which includes the Risk and Control Self-Assessment (RCSA) module, Key Risk Indicator (KRI), Incident Management (IM), Risk Management and Maturity Forum. Operational Risk Management Tools Policy has been updated in the Decree of BRI's Board of Directors No. S.17-DIR/DMR/02.2016.

In order to improve understanding on risk management, BRI focused on improving the risk awareness culture and continuing risk management socialization/training to all BRI's employees and also improving the risk control quality in each of BRI's operational activities.

1. Risk Control and Self-Assesment (RCSA)

RCSA is a qualitative and predictive risk management tool which is used to identify and measure the impact and likelihood of risks. RCSA has been implemented in BRI's Head Office (Desk/Division), Regional Offices, Special Branch Office, Branch Offices which also represents BRI Units, Sub Branch Offices and Priority Service Centres.

RCSA is intended to assist the operational business unit in identifying and measuring operational risk in every business and operational activites independently, including monitoring and determining corrective actions or the future action plans.

39. RISK MANAGEMENT (continued)

Operational Risk Management (continued)

1. Risk Control and Self-Assesment (RCSA) (continued)

The risk issue in RCSA is updated by considering BRI's business development which include the new product and or activity implementation, new market segment and business competition, change in internal/external regulation and other changes that affect BRI's risk exposure. These assessment is carried out by considering Incident Management (IM)/Loss Event Database (LED) data, Key Risk Indicator (KRI) and Audit Result report (LHAK). RCSA is performed quarterly and the frequency will be increased if there is a significant change in risk exposure.

The RCSA consolidation report is reported regularly to the Board of Directors in Risk Management Committee (RMC) held quarterly.

2. Incident Management (IM) and Loss Event Database (LED)

Incident Management (IM) is BRI's Loss Event Database (LED) which includes data documentation process of loss events for all types of loss, financial and non-financial loss, which includes actual loss, potential loss and near misses, since occurrence up to settlement, including corrective actions and incident handling conducted.

Based on loss event data in IM module, loss event analysis can be performed based on causes, functional activities, event types and business lines of BRI. The information system can be used to determine the preventive actions in risk controls , based on the documentation process of incident handling or settlement for the non financial loss, financial loss, loss recovery and litigation process.

BRI's operational loss event data has been documented consistently and systematically since 2007 in loss event database matrix which is classified into 8 (eight) business lines and 7 (seven) event types/categories based on the loss/severity and frequency.

In order to calculate operational capital charge and Risk Weighted Assets (RWA), according to regulator policy, BRI used Basic Indicator Approach (BIA) method since it has been implemented in 2010. However, BRI has prepared the implementation of The Standardised Approach (TSA) and Advanced Measurement Approach (AMA). BRI's LED also has been used to calculate the simulation of operational risk capital charge with the Advanced Measurement Approach (AMA) method, based on Extreme Value Theory (EVT) and Loss Distribution Approach (LDA). In order to do more advanced calculation of operational risk capital charge, BRI has prepared a gap analysis related to the implementation of TSA and AMA.

3. Key Risk Indicator (KRI)

KRI is a tool to detect risks/favorable risk trends increase and/or decrease, both leading/futuristic or historical. Risk trend prediction is used to determine action plans in order to mitigate operational risk before it causes the financial or non-financial loss.

BRI has identified key risk indicators for all risks type and determined the risks threshold or limit which portrays the acceptable condition and risk appetite of BRI. Identifiaction of main risk indicator and KRI threshold determination is established using the best judgement, considering BRI risk exposures and risk appetite. Threshold determination involved internal auditor, risk owner and other related business units. BRI's KRI are reflected on its Bank-Wide Risk Profile and Regional Risk Profile Report which are monitored and reported monthly to the management.

4. Risk Management Forum

Risk Management Forum is a risk management tool to hold a meeting/forum among the head of BRI's operational business units with the lower level employees and staffs to discuss inherent risks in the daily business or operational activities that might be the constraint in achieving the business target or standard business performance. Risk management forum, which are held in each business unit, are expected to support the growth of BRI's risk awareness culture.

39. RISK MANAGEMENT (continued)

Operational Risk Management (continued)

5. Maturity

Maturity is a self-assessment process on the establishment level of risk management implementation in each of BRI business unit. Maturity assessment is performed at every end of year by each business unit head using certain parameters. By performing maturity assessment, it is expected that each business unit will be able to evaluate the risk management implementation, in order to compose future improvement plan.

6. Business Continuity Management (BCM)

The possibility of disruption/disaster caused by nature, human or technology pose a threat to BRI's business continuity, as BRI has business units spread across Indonesia. Therefore, the Board of Directors are developing and implementing Business Continuity Management (BCM) Policies in order to ensure the employees, customers and stakeholders in the vicinity of BRI business unit environment's safety and security (Emergency Response Plan) and maintain the continuity of critical businesses and operational activities, protect BRI's assets and provide sufficient response during disruption or disaster conditions (Business Continuity Plan). BCM policies are stipulated through BRI Circular Letter No. S.26-DIR/DMR/12/2016.

BCM implementation covers all business units and is done through Crisis Management Team, Call Tree arrangement and alternate sites determination. In order to deal with the disruption/disaster in each of business units, BRI business units have already estimated the Disaster and Threat Risk Assessment to identify necessary resources. BCM test runs are done annually and prioritized to the business units in disaster prone areas, including Head Offices BRI 1 and 2 Building, IT Building and BRI Corporate University Building as well as Student Dormitory in Ragunan.

The readiness of BRI organization to ensure the implementation of business continuity procedures has been tested during disaster conditions in several business units, whereas in third and fourth quarter of 2018 earthquakes occurred in Lombok with the force of 7 SR and earthquakes in Palu and Donggala with the force of 7.4 SR which have affected operations and business in Lombok, Palu and surrounding BRI business units.

7. New Product and/or Activity Launching

In order to launch each BRI's new product and/or activity, it involves risk management process that covers risk assessment done by product owner on every possible risk types from the launch of new product and/or activity, including control determination to mitigate the risks that might appear.

Risk Management Division are responsible to asses the risk mitigation adequacy and recommend the assessment result for the approval of the Risk Management Director. New Product and/or Activity Launching is stipulated through BRI Circular Letter No. S.89-DIR/MOP/11/2017.

8. Anti-Fraud Strategy Implementation

Anti-Fraud Strategy has been implemented in accordance with BRI internal policy and procedure in which special concern on fraud cases settlement are given in order to show the management intolerance to fraud (zero fraud tolerance). Anti-fraud strategy establishment and implementation is a part of risk management implementation, in order to prevent and manage fraud incident in BRI. Anti-Fraud Strategy covers 4 (four) pillars which are prevention pillar, detection pillar, investigation, report and sanction pillar, and evaluation, monitoring and follow-up pillar.

Statement of anti-fraud commitment are signed by Board of Commissioners and Directors, management and all BRI employees as a part of employee awareness improvement and fraud prevention. Anti-Fraud Strategy Policy is stipulated through BRI Decision Letter No. S.25-DIR/DMR/12/2016.

(Expressed in millions of Rupiah, unless otherwise stated)

40. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The tables below present the comparison of the carrying values and fair values of financial assets and liabilities. The fair values disclosed below are based on relevant information available as of December 31, 2018, 2017 and 2016 and are not updated to reflect changes in market conditions which have occurred subsequently.

	December 31, 2018		December 31, 2017		December 31, 2016	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
ASSETS						
Cash	27,421,625	27,421,625	24,798,037	24,798,037	25,212,226	25,212,226
Current account with Bank Indonesia	71,159,442	71,159,442	58,155,479	58,155,479	55,635,946	55,635,946
Current account with other banks	12,677,355	12,677,355	6,132,512	6,132,512	11,280,795	11,280,795
Placements with Bank Indonesia and other banks	87,018,051	87,018,051	55,156,762	55,156,762	78,248,833	78,248,833
Securities						
Fair value through profit or loss	3,762,256	3,762,256	1,762,263	1,762,263	674,966	674,966
Available-for-sale	129,981,081	129,981,081	130,927,293	130,927,293	69,492,266	69,492,266
Held-to-maturity	50,540,715	50,608,601	54,229,122	56,701,981	61,896,112	62,452,483
Export bills and notes receivables	27,442,690	27,442,690	10,654,353	10,654,353	11,580,175	11,580,175
Government Recapitalization Bonds						
Available-for-sale	30,273	30,273	717,840	717,840	718,434	718,434
Held-to-maturity	1,475,000	1,468,395	2,600,000	2,575,239	2,600,000	2,592,245
Securities purchased under agreement to resell	9,396,553	9,396,553	18,011,026	18,011,026	1,557,370	1,557,370
Derivatives receivable	485,810	485,810	162,912	162,912	103,907	103,907
Loans, sharia receivables and financing	804,673,435	744,066,835	706,846,900	667,849,222	638,543,466	601,402,821
Finance lease receivables	3,321,846	3,223,990	2,385,483	2,405,495	2,070,300	2,059,460
Acceptances receivable	11,643,003	11,643,003	5,693,425	5,693,425	5,692,583	5,692,583
Investment in associated entities*)	15,218	15,218	11,718	11,718	11,718	11,718
Other assets**)	8,774,513	8,774,513	5,484,806	5,484,806	3,291,918	3,291,918
Total	**1,249,818,866**	**1,189,175,691**	**1,083,729,931**	**1,047,200,363**	**968,611,015**	**932,008,146**
LIABILITIES						
Immediate liabilities	8,462,958	8,462,958	6,584,201	6,584,201	5,410,313	5,410,313
Deposits from customers***)						
Demand deposits	180,669,095	180,669,095	147,435,604	147,435,604	142,546,863	142,546,863
Saving deposits	387,179,625	387,179,625	349,440,873	349,440,873	303,270,288	303,270,288
Time deposits	376,420,017	376,420,017	344,779,973	344,779,973	308,709,223	308,709,223
Deposits from other banks and financial institutions						
Demand deposits	344,319	344,419	351,951	351,951	239,006	239,006
Saving deposits	3,407	3,407	6,709	6,709	6,497	6,497
Time deposits and deposits on call	5,997,341	5,997,341	4,059,761	4,059,761	1,028,520	1,028,520
Inter-bank call money	2,786,091	2,786,091	1,174,946	1,174,946	955,515	955,515
Securities sold under Agreement to repurchase	37,379,394	37,379,394	12,136,684	12,136,684	7,302,398	7,302,398
Derivatives payable	332,343	332,343	200,858	200,858	347,217	347,217
Acceptances payable	11,643,003	11,643,003	5,693,425	5,693,425	5,692,583	5,692,583
Marketable securities issued	31,190,216	30,749,094	30,619,658	31,472,743	24,800,781	25,123,300
Fund borrowings	40,457,429	40,457,429	29,408,694	29,408,694	35,013,680	35,013,680
Subordinated loans and Marketable securities	1,473,515	1,473,575	986,450	986,450	1,008,510	1,007,148
Other liabilities****)	3,324,974	3,324,974	2,454,031	2,454,031	1,851,087	1,851,087
Total	**1,087,663,727**	**1,087,222,765**	**935,333,818**	**936,186,903**	**838,182,481**	**838,503,638**

*) Investment in associated entities with no significant influence.
**) Other assets consist of interest receivable, other receivable and accrued income based on sharia principles.
***) Including deposits based on sharia principles.
****) Other liabilities consist of interest payables, guarantee deposits, investment contract liabilities, co-insurance liabilities, reinsurance and classified as available-for-sale, *tabarru'* funds and temporary *syirkah* funds.

40. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

Methods and assumptions used to estimate fair value are as follows:

a) The fair values of certain financial assets and liabilities, except for securities and Government Recapitalization Bonds classified as held-to-maturity, loans, sharia receivables and financing, finance lease receivables, derivatives receivable and payable, fund borrowings, marketable securities issued and subordinated loans and marketable securities approximate their carrying values due to their short-term maturities.

   The estimated fair values of certain financial assets are determined based on discounted cash flows using money market interest rates for debts with similar credit risk and remaining maturities.

   The estimated fair values of certain financial liabilities which are not quoted in an active market are determined based on discounted cash flows using interest rates of a new debt with similar remaining maturities.

b) Securities and Government Recapitalization Bonds

   The fair values of securities and Government Recapitalization Bonds classified as held-to-maturity are determined based on market prices or quoted price of intermediary (broker)/securities traders (dealers). If this information is not available, the fair values are estimated by using quoted market price of securities with similar credit characteristics, maturities and yields.

c) Loans and sharia receivables and financing

   BRI's loan portfolio generally consists of loans with floating and fixed interest rates. Loans are stated at the carrying amount. The fair value of loans represents the discounted value of estimates future cash flows expected to be received by BRI. The estimated future cash flow is discounted using market interest rate to determine the fair value.

   Sharia receivables and financing portfolio generally has a floating margin and short-term sharia receivables and financing has a fixed margin.

d) Finance lease receivables

   The fair values are calculated based on the discounted cash flow models using market interest rates.

e) Derivatives receivable and payable

   The fair values of derivatives instrument are assesed using valuation techniques that use components which can be observed in the market, primarily are interest rate swaps, currency swaps and currency exchange contracts. The most widely used valuation techniques include forward and swap valuation models using present value calculation. The models incorporate various components which include the credit quality of the counterparty, spot value and future contracts as well as interest rate curve.

f) Fund borrowings, marketable securities issued and subordinated loans and marketable securities

   The fair values are calculated based on the discounted cash flow models using market rates for the remaining maturity period.

(Expressed in millions of Rupiah, unless otherwise stated)

40. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

The following tables present financial instruments recognized at fair value based on the hierarchy used by BRI to determine and disclose the fair value of financial instruments (Note 2c):

	December 31, 2018			
	Fair Value	**Level 1**	**Level 2**	**Level 3**
Financial Assets				
Fair value through profit or loss				
Government bonds	1,454,489	1,454,489	-	-
Mutual funds	1,251,100	1,251,100	-	-
Bank Indonesia Certificates	569,017	569,017	-	-
Derivatives receivable	485,810	-	485,810	-
Bonds	128,769	128,769	-	-
Bank Indonesia Deposit Certificates	99,272	99,272	-	-
Subordinated bonds	55,957	55,957	-	-
Others	203,652	203,652	-	-
	4,248,066	3,762,256	485,810	-
Available-for-Sale				
Government bonds	95,661,891	95,661,891	-	-
Bank Indonesia Certificates	13,454,716	13,454,716	-	-
Bonds	11,239,956	11,239,956	-	-
Bank Indonesia Deposit Certificates	3,557,671	3,557,671	-	-
Mutual funds	1,820,571	1,820,571	-	-
Negotiable Certificates of Deposit	1,503,457	1,503,457	-	-
MAS Bills	737,315	737,315	-	-
Subordinated bonds	723,860	723,860	-	-
Medium-Term Note	416,277	416,277	-	-
U.S. Treasury Bonds	269,313	269,313	-	-
Singapore Government Securities	191,615	191,615	-	-
Government Recapitalization Bonds	30,273	30,273	-	-
Others	374,166	374,166	-	-
	129,981,081	129,981,081	-	-
Held-to-maturity				
Government bonds	44,652,472	44,652,472	-	-
Bonds	3,846,529	3,846,529	-	-
Government Recapitalization Bonds	1,468,395	1,468,395	-	-
Sharia Bank Indonesia Certificates	1,200,000	1,200,000	-	-
Negotiable Certificates of Deposit	200,653	200,653	-	-
Bank Indonesia Sukuk	100,000	100,000	-	-
Medium-Term Note	100,000	100,000	-	-
Subordinated bonds	56,847	56,847	-	-
Bank Indonesia Deposit Certificates	21,679	21,679	-	-
Others	430,421	430,421	-	-
	52,076,996	52,076,996	-	-
Loans and receivables				
Loans, sharia receivables and financing	744,066,835	-	733,498,500	10,568,335
Finance lease receivables	3,223,990	-	-	3,223,990
	747,290,825	-	733,498,500	13,792,325
Total Financial Assets	**933,596,968**	**185,820,333**	**733,984,310**	**13,792,325**
Financial Liabilities				
Fair value through profit or loss				
Derivatives payable	332,343	-	332,343	-
Other liabilities				
Marketable securities issued	30,749,094	30,749,094	-	-
Subordinated loans and marketable securities	1,437,575	1,437,575	-	-
	32,186,669	32,186,669	-	-
Total Financial Liabilities	**32,519,012**	**32,186,669**	**332,343**	**-**

(Expressed in millions of Rupiah, unless otherwise stated)

40. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

The following tables present financial instruments recognized at fair value based on the hierarchy used by BRI to determine and disclose the fair value of financial instruments (Note 2c) (continued):

	December 31, 2017			
	Fair Value	Level 1	Level 2	Level 3
Financial Assets				
Fair value through profit or loss				
Mutual Funds	842,935	842,935	-	-
Bank Indonesia Deposit Certificates	385,040	385,040	-	-
Government Bonds	196,415	196,415	-	-
Derivatives receivable	162,912	-	162,912	-
Bonds	71,378	71,378	-	-
Subordinated bonds	50,976	50,976	-	-
Others	217,289	217,289	-	-
	1,926,945	1,764,033	162,912	-
Available-for-Sale				
Government Bonds	74,830,836	74,830,836	-	-
Bank Indonesia Deposit Certificates	35,482,251	35,482,251	-	-
Bonds	10,238,591	10,238,591	-	-
Bank Indonesia Certificates	6,046,221	6,046,221	-	-
Mutual Funds	1,504,868	1,504,868	-	-
Subordinated bonds	796,981	796,981	-	-
Negotiable Certificates of Deposit	764,161	764,161	-	-
Government Recapitalization Bonds	717,840	717,840	-	-
MAS Bills	431,165	431,165	-	-
U.S. Treasury Bonds	234,941	234,941	-	-
Medium-Term Notes	207,000	207,000	-	-
Singapore Government Securities	184,486	184,486	-	-
Others	224,182	224,182	-	-
	131,663,523	131,663,523	-	-
Held-to-maturity				
Government Bonds	50,457,329	50,457,329	-	-
Bonds	4,453,319	4,453,319	-	-
Government Recapitalization Bonds	2,575,239	2,575,239	-	-
Bank Indonesia Deposit Certificates	597,605	597,605	-	-
Negotiable Certificates of Deposit	265,083	265,083	-	-
Sharia Bank Indonesia Certificates	250,000	250,000	-	-
Medium-Term Notes	150,360	150,360	-	-
Subordinated bonds	20,000	20,000	-	-
Others	508,285	508,285	-	-
	59,277,220	59,277,220	-	-
Loans and receivables				
Loans, sharia receivables and financing	667,849,222	-	653,265,720	14,583,502
Finance lease receivables	2,405,495	-	-	2,405,495
	670,254,717	-	653,265,720	16,988,997
Total Financial Assets	**863,122,405**	**192,704,776**	**653,428,632**	**16,988,997**
Financial Liabilities				
Fair value through profit or loss				
Derivatives payable	200,858	-	200,858	-
Other liabilities				
Marketable securities issued	31,472,743	31,472,743	-	-
Subordinated loans and marketable securities	986,450	986,450	-	-
	32,459,193	32,459,193	-	-
Total Financial Liabilities	**32,660,051**	**32,459,193**	**200,858**	**-**

(Expressed in millions of Rupiah, unless otherwise stated)

40. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

The following tables present financial instruments recognized at fair value based on the hierarchy used by BRI to determine and disclose the fair value of financial instruments (Note 2c) (continued):

	December 31, 2016			
	Fair Value	**Level 1**	**Level 2**	**Level 3**
Financial Assets				
Fair value through profit or loss				
Mutual funds	295,372	295,372	-	-
Derivatives receivable	103,907	-	103,907	-
Government Bonds	85,722	85,722	-	-
Bonds	64,745	64,745	-	-
Subordinated bonds	45,880	45,880	-	-
Others	184,513	184,513	-	-
	780,139	676,232	103,907	-
Available-for-Sale				
Government Bonds	41,098,626	41,098,626	-	-
Bank Indonesia Certificates	12,617,484	12,617,484	-	-
Bonds	6,785,877	6,785,877	-	-
Bank Indonesia Deposit Certificates	6,023,957	6,023,957	-	-
Mutual Funds	925,784	925,784	-	-
Subordinated bonds	812,649	812,649	-	-
Government Recapitalization Bonds	718,434	718,434	-	-
U.S. Treasury Bonds	347,887	347,887	-	-
MAS Bills	325,918	325,918	-	-
Singapore Government Securities	198,706	198,706	-	-
Medium-Term Notes	195,074	195,074	-	-
Others	181,694	181,694	-	-
	70,232,090	70,232,090	-	-
Held-to-maturity				
Government Bonds	51,737,965	51,737,965	-	-
Bonds	4,663,814	4,663,814	-	-
Government Recapitalization Bonds	2,592,245	2,592,245	-	-
Bank Indonesia Certificates	2,009,884	2,009,884	-	-
Sharia Bank Indonesia Certificates	1,650,000	1,650,000	-	-
Negotiable Certificates of Deposit	1,468,526	1,468,526	-	-
Medium-Term Notes	254,022	254,022	-	-
Subordinated bonds	60,549	60,549	-	-
Promissory Notes	26,945	26,945	-	-
Others	580,778	580,778	-	-
	65,044,728	65,044,728	-	-
Loans and receivables				
Loans, sharia receivables and financing	601,402,821	-	579,128,986	22,273,835
Finance lease receivables	2,059,460	-	-	2,059,460
	603,462,281	-	579,128,986	24,333,295
Total Financial Assets	**739,519,238**	**135,953,050**	**579,232,893**	**24,333,295**
Financial Liabilities				
Fair value through profit or loss				
Derivatives payable	347,217	-	347,217	-
Other liabilities				
Marketable securities issued	25,123,300	25,123,300	-	-
Subordinated loans and marketable securities	1,007,148	1,007,148	-	-
	26,130,448	26,130,448	-	-
Total Financial Liabilities	**26,477,665**	**26,130,448**	**347,217**	**-**

(Expressed in millions of Rupiah, unless otherwise stated)

41. SEGMENT INFORMATION

The following are certain information of BRI and Subsidiaries:

a. Company Name / Business FIeld

Company Name	Business FIeld
PT Bank Rakyat Indonesia (Persero) Tbk	Conventional Banking
PT Bank BRIsyariah Tbk	Sharia Banking
PT Bank Rakyat Indonesia Agroniaga Tbk	Conventional Banking
BRI Remittance Co. Limited Hong Kong	Financial Service
PT Asuransi BRI Life	Life Insurance
PT BRI Multifinance Indonesia	Financing Company
PT Danareksa Sekuritas	Securities Company
PT BRI Ventura Investama	Venture Capital Company

b. Operating Segment

For management purposes, BRI is organized into 5 (five) operating segments based on products, as follows:

- Micro Segment
- Retail Segment
- Corporate Segment
- Other Segments
- Subsidiaries

The following are information on the operating segment of BRI and Subsidiaries (unaudited):

	As of December 31, 2018 and for the Year Then Ended					
Description	**Micro**	**Retail**	**Corporate**	**Others**	**Subsidiaries**	**Total**
Interest and premium income - net	39,104,644	26,914,595	6,304,292	2,584,829	3,703,134	78,611,494
Other operating income	8,090,685	10,098,711	1,631,316	2,956,094	652,432	23,429,238
Total income	47,195,329	37,013,306	7,935,608	5,540,923	4,355,566	102,040,732
Other operating expenses	(17,223,314)	(17,338,436)	(3,443,732)	(1,460,548)	(2,528,062)	(41,994,092)
Provision for impairment losses	(7,920,968)	(6,011,336)	(3,509,445)	-	(879,014)	(18,320,763)
Total expense	(25,144,282)	(23,349,772)	(6,953,177)	(1,460,548)	(3,407,076)	(60,314,855)
Non operating income - net	50,956	9,316	5,055	(44,650)	7,140	27,817
Income before tax expense	22,102,003	13,672,850	987,486	4,035,725	955,630	41,753,694
Tax expense	(4,927,729)	(3,048,416)	(220,164)	(899,780)	(239,119)	(9,335,208)
Income for the year	**17,174,274**	**10,624,434**	**767,322**	**3,135,945**	**716,511**	**32,418,486**
Segment assets						
Loans	291,615,907	320,045,884	192,676,641	-	39,259,972	843,598,404
Allowance for impairment losses	(13,835,533)	(4,894,052)	(15,840,295)	-	(1,033,243)	(35,603,123)
Non-loans	-	-	-	459,658,630	24,129,728	483,788,358
	277,780,374	**315,151,832**	**176,836,346**	**459,658,630**	**62,356,457**	**1,291,783,639**
Segment liabilities						
Funding	271,646,940	341,329,004	285,056,620	-	46,236,173	944,268,737
Non-funding	-	-	-	155,148,895	12,205,329	167,354,224
	271,646,940	**341,329,004**	**285,056,620**	**155,148,895**	**58,441,502**	**1,111,622,961**

(Expressed in millions of Rupiah, unless otherwise stated)

41. SEGMENT INFORMATION (continued)

b. Operating Segment (continued)

The following are information on the operating segment of BRI and Subsidiaries (unaudited) (continued):

As of December 31, 2017 and for the Year Then Ended

Description	Micro	Retail	Corporate	Others	Subsidiaries	Total
Interest and premium income - net	36,447,777	23,067,911	6,857,906	4,054,952	2,974,962	73,403,508
Other operating income	6,453,398	8,985,018	899,231	2,355,189	578,450	19,271,286
Total income	42,901,175	32,052,929	7,757,137	6,410,141	3,553,412	92,674,794
Other operating expenses	(15,371,678)	(15,048,835)	(3,541,484)	(2,350,602)	(2,301,477)	(38,614,076)
Provision for impairment losses	(7,642,460)	(5,738,482)	(3,278,755)	-	(594,181)	(17,253,878)
Total expenses	(23,014,138)	(20,787,317)	(6,820,239)	(2,350,602)	(2,895,658)	(55,867,954)
Non operating income - net	88,970	185,381	327	(73,034)	14,751	216,395
Income before tax expense	19,976,007	11,450,993	937,225	3,986,505	672,505	37,023,235
Tax expense	(4,331,159)	(2,482,782)	(203,207)	(864,347)	(96,692)	(7,978,187)
Income for the year	**15,644,848**	**8,968,211**	**734,018**	**3,122,158**	**575,813**	**29,045,048**
Segment assets						
Loans	252,850,653	270,601,420	184,548,972	-	31,335,475	739,336,520
Allowance for impairment losses	(11,827,384)	(3,202,568)	(14,032,310)	-	(1,041,875)	(30,104,137)
Non-loans	-	-	-	394,510,217	20,418,157	414,928,374
	241,023,269	**267,398,852**	**170,516,662**	**394,510,217**	**50,711,757**	**1,124,160,757**
Segment liabilities						
Funding	243,794,632	304,439,989	255,091,949	-	38,329,880	841,656,450
Non-funding	-	-	-	108,064,289	9,718,972	117,783,261
	243,794,632	**304,439,989**	**255,091,949**	**108,064,289**	**48,048,852**	**959,439,711**

As of December 31, 2016 and for the Year Then Ended

Description	Micro	Retail	Corporate	Others	Subsidiaries	Total
Interest and premium income - net	34,477,951	19,488,591	6,006,200	3,122,328	2,622,830	65,717,900
Other operating income	6,517,052	7,674,882	972,169	1,515,107	608,647	17,287,857
Total income	40,995,003	27,163,473	6,978,369	4,637,435	3,231,477	83,005,757
Other operating expenses	(14,921,582)	(13,814,825)	(2,994,735)	(1,296,931)	(2,128,764)	(35,156,837)
Provision for impairment losses	(6,624,372)	(3,355,030)	(3,340,361)	-	(483,836)	(13,803,599)
Total expenses	(21,545,954)	(17,169,855)	(6,335,096)	(1,296,931)	(2,612,600)	(48,960,436)
Non operating income - net	123,338	232,923	292,580	(633,642)	(13,485)	1,714
Income before tax expense	19,572,387	10,226,541	935,853	2,706,862	605,392	34,047,035
Tax expense	(4,499,665)	(2,351,067)	(215,151)	(622,304)	(73,597)	(7,761,784)
Income for the year	**15,072,722**	**7,875,474**	**720,702**	**2,084,558**	**531,795**	**26,285,251**
Segment assets						
Loans	221,802,205	237,808,490	175,680,526	-	28,128,997	663,420,218
Allowance for impairment losses	(10,556,250)	(2,920,658)	(8,467,463)	-	(862,081)	(22,806,452)
Non-loans	-	-	-	348,325,310	13,322,884	361,648,194
	211,245,955	**234,887,832**	**167,213,063**	**348,325,310**	**40,589,800**	**1,002,261,960**
Segment liabilities						
Funding	213,208,779	285,574,629	225,062,050	-	30,680,916	754,526,374
Non-funding	-	-	-	94,697,514	155,577,785	250,275,299
	213,208,779	**285,574,629**	**225,062,050**	**94,697,514**	**186,258,701**	**1,004,801,673**

(Expressed in millions of Rupiah, unless otherwise stated)

41. SEGMENT INFORMATION (continued)

c. Geographical Segment

The following are information on the geographical segment of BRI and Subsidiaries (unaudited):

	Total Income		
	Year Ended December 31,		
Description	**2018**	**2017**	**2016**
Indonesia	101,556,169	92,115,998	82,478,838
United States of America	416,697	500,743	473,146
Hong Kong	7,037	5,653	4,452
Singapore	12,222	47,246	49,321
Timor Leste	48,606	5,155	-
Total	**102,040,731**	**92,674,795**	**83,005,757**

	Income before tax expense		
	Year Ended December 31,		
Description	**2018**	**2017**	**2016**
Indonesia	41,592,245	36,660,678	33,682,912
United States of America	315,385	365,318	346,335
Hong Kong	298	199	167
Singapore	(174,233)	4,964	17,621
Timor Leste	19,999	(7,924)	-
Total	**41,753,694**	**37,023,235**	**34,047,035**

	Total assets		
Description	**December 31, 2018**	**December 31, 2017**	**December 31, 2016**
Indonesia	1,269,539,970	1,105,560,539	985,395,191
United States of America	15,912,076	14,847,364	14,065,978
Singapore	5,526,456	3,365,196	2,794,839
Timor Leste	798,272	379,288	-
Hong Kong	6,865	8,370	5,952
Total	**1,291,783,639**	**1,124,160,757**	**1,002,261,960**

	Total liabilities		
Description	**December 31, 2018**	**December 31, 2017**	**December 31, 2016**
Indonesia	1,089,462,564	941,356,592	840,812,030
United States of America	15,690,108	14,330,575	13,656,808
Singapore	5,682,716	3,362,659	2,798,400
Timor Leste	787,151	387,328	-
Hong Kong	422	2,557	338
Total	**1,111,622,961**	**959,439,711**	**857,267,576**

(Expressed in millions of Rupiah, unless otherwise stated)

42. EMPLOYEES PROGRAM

a. Defined Benefit Pension Plan

Effective on January 1, 2007, all newly appointed permanent employees are not included in this program and the right for pension benefits is given based on the established requirements stated in the regulations by considering the annual gratuity factor over the working period and income on the pension fund. BRI's pension plan is managed by Dana Pensiun BRI (DPBRI). According to the provisions stipulated in BRI Board of Directors' Decree , BRI employee's contribution for pension contribution amounted to 7% of the employee's pension-based salary and for the remaining amount required to be funded by DPBRI represents the contribution by BRI, amounted to 26.65% (previously 25.02%) since October 1, 2017.

The actuarial calculation of BRI's pension costs as of December 31, 2018, 2017 and 2016 was prepared by PT Bestama Aktuaria, an independent actuary, in its reports dated January 3, 2019, January 4, 2018 and January 5, 2017, respectively, which were prepared in accordance with SFAS No. 24 (Revised 2013) using the Projected Unit Credit method and considering the following assumptions:

	December 31,		
	2018	2017	2016
Discount rate	8.40%	7.60%	8.10%
Basic pension salary growth rate	7.50	7.50	7.50
Pension benefit growth rate	4.00	4.00	4.00
Mortality rate	TMI 2011	CSO 1958	CSO 1958
Disability rate	10.00% from TMI 2011	10.00% from CSO 1958	10.00% from CSO 1958
Normal retirement age	56 years	56 years	56 years

The assets of DPBRI mainly consist of saving deposits, time deposits, securities, mutual fund units, securities with collateral assets and long-term investments in the form of shares of stocks and property.

Movements in present value of defined benefit pension liabiliteis as of December 31, 2018, 2017 and 2016 are as follows:

	December 31,		
	2018	2017	2016
Present value of defined benefit pension - beginning balance	16,749,997	15,032,520	13,221,843
Interest expense	1,252,182	1,191,806	1,151,483
Current service cost	310,856	316,354	286,216
Past service cost	505,778	-	300,295
Benefits paid	(858,680)	(954,113)	(853,894)
Actuarial (gain)/loss	(876,882)	1,163,430	926,577
Curtailment	(1,539,054)	-	-
Present value of defined benefit pension liabilities - ending balance	**15,544,197**	**16,749,997**	**15,032,520**

Movements in the fair value of program assets as of December 31, 2018, 2017 and 2016, respectively, are as follows:

	December 31,		
	2018	2017	2016
Fair value of program assets - beginning balance	17,665,697	16,230,759	14,287,884
Real development results	75,221	2,068,135	2,469,674
Contributions paid - employer	273,725	250,759	255,787
Contributions paid - participants	70,845	70,157	71,308
Benefits paid	(858,680)	(954,113)	(853,894)
Settlement	(1,642,904)	-	-
Program assets - ending balance	**15,583,904**	**17,665,697**	**16,230,759**

(Expressed in millions of Rupiah, unless otherwise stated)

42. EMPLOYEES PROGRAM (continued)

a. Defined Benefit Pension Plan (continued)

Movements in the defined benefit pension liabilities as of December 31, 2018, 2017 and 2016 are as follows:

	December 31,		
	2018	**2017**	**2016**
Beginning balance	-	-	-
Defined benefit pension expense - net (Note 35)	848,359	246,012	513,384
Contributions paid - current period	(273,725)	(250,759)	(255,787)
Remeasurement of liabilities (assets) for defined pension benefit- net	(574,634)	4,747	(257,597)
Ending balance	**-**	**-**	**-**

Remeasurement of liablities (assets) for defined benefit pension as of December 31, 2018, 2017 and 2016, respectively, are as follows:

	December 31,		
	2018	**2017**	**2016**
Beginning balance	(1,042,811)	(1,047,558)	(789,961)
Actuarial (gain)/loss	(876,882)	1,163,430	926,577
Yields on program assets	1,247,835	(779,088)	(1,221,494)
Changes in impact of assets other than net interest liabilities/(assets)	(945,587)	(379,595)	37,320
Total remeasurement of assets for defined pension benefit - net	**(1,617,445)**	**(1,042,811)**	**(1,047,558)**

Pension benefit expense for the years ended December 31, 2018, 2017 and 2016, respectively, in accordance with the actuarial calculation is as follows:

	Year Ended December 31,		
	2018	**2017**	**2016**
Current service cost	310,856	316,354	286,216
Contributions paid - participants	(70,845)	(70,157)	(71,308)
Interest expense - net	(1,280)	(185)	(1,819)
Past service cost	505,778	-	300,295
Actuarial (gain) loss	103,850	-	-
Defined benefit pension expense (Note 35)	**848,359**	**246,012**	**513,384**

b. Old-Age Benefits Plan

BRI’s employees are also given old-age benefits (THT) in accordance with the provisions stipulated in the Decree of the Board of Directors of BRI. BRI’s old-age benefits plan is managed by BRI Employee Welfare Foundation.

Old-age benefit contributions consist of contributions from the employees and BRI in accordance with the provisions stipulated in the Decree of BRI’s Board of Directors.

(Expressed in millions of Rupiah, unless otherwise stated)

42. EMPLOYEES PROGRAM (continued)

b. Old-Age Benefits Plan (continued)

Based on the actuarial calculation of BRI's old-age benefits as of December 31, 2018, 2017 and 2016, which was prepared by PT Bestama Aktuaria, an independent actuary, in its reports dated January 3, 2019, January 4, 2018 and January 5, 2017, respectively, in accordance with SFAS No. 24 (Revised 2013) using the Projected Unit Credit method and considering the following assumptions:

	December 31,		
	2018	**2017**	**2016**
Discount rate	8.80%	7.70%	8.30%
Salary growth rate	7.50	7.50	7.50
Mortality rate	TMI 2011	CSO 1958	CSO 1958
Disability rate	10.00% from TMI 2011	10.00% from CSO 1958	10.00% from CSO 1958

The status of the Old-Age Benefits as of December 31, 2018, 2017 and 2016, respectively, in accordance with the actuarial calculation is as follows:

	December 31,		
	2018	**2017**	**2016**
Fair value of assets	4,024,261	3,696,006	3,286,981
Present value of old-age benefits liabilities	(1,977,557)	(1,927,967)	(1,374,984)
Surplus	**2,046,704**	**1,768,039**	**1,911,997**

Movements of the Old-Age Benefits liabilities as of December 31, 2018, 2017 and 2016, respectively, are as follows:

	December 31,		
	2018	**2017**	**2016**
Beginning balance	-	-	-
Old-age benefits expense	108,534	59,067	16,809
Remeasurement of old-age benefits liabilities - net	53,959	37,473	74,546
Contributions paid in current period	(162,493)	(96,540)	(91,355)
Liabilities - ending balance	**-**	**-**	**-**

Remeasurement of Old-Age Benefits liabilities as of December 31, 2018, 2017 and 2016, respectively, are as follows:

	December 31,		
	2018	**2017**	**2016**
Beginning balance	239,574	202,101	127,555
Actuarial (gain)/loss	(76,313)	478,657	335,918
Yields on program (assets)/liabilities	(12,253)	(138,530)	150,663
Changes on impact of assets other than interest - net	142,525	(302,654)	(412,035)
Remeasurement of old-age benefits liabilities - net	**293,533**	**239,574**	**202,101**

(Expressed in millions of Rupiah, unless otherwise stated)

42. EMPLOYEES PROGRAM (continued)

b. Old-Age Benefits Plan (continued)

Old-Age Benefits expense calculation for the years ended December 31, 2018, 2017 and 2016, in accordance with the actuarial calculation is as follows:

	Year Ended December 31,		
	2018	**2017**	**2016**
Current service cost	154,721	106,604	63,621
Contributions paid - participants	(49,838)	(46,043)	(43,571)
Interest expense - net	3,651	(1,494)	(3,241)
Old-age benefits expense	**108,534**	**59,067**	**16,809**

As of December 31, 2018, 2017 and 2016, BRI did not recognize the prepaid Old-Age Benefits and the income of Old-Age Benefits as BRI management has no benefits on those assets and BRI also has no plans to reduce its contributions in the future.

c. Defined Contribution Pension Plan

(i) BRI (Parent Entity)

The employees of BRI are also included in the defined contribution pension plan in accordance with BRI Board of Directors' decree which was effective since October 2000. BRI's contributions to this plan which are reported in the consolidated statement of profit or loss and other comprehensive income amounted to Rp291,569, Rp256,675 and Rp231,105 for the years ended December 31, 2018, 2017 and 2016, respectively (Note 35). This defined contribution pension plan is managed by DPBRI.

(ii) BRI Agro (Subsidiary)

BRI Agro conducted defined contribution pension plans for all of its permanent employees which is managed by Dana Pensiun Lembaga Keuangan (Financial Institutions Pension Fund) PT Bank Negara Indonesia (Persero) Tbk. BRI Agro's total contribution for the pension funds amounted to 87.8% of the contributions that have been determined based on the level of each employee which are reported in the consolidated statement of profit or loss and other comprehensive income amounted to Rp875, Rp766 and Rp696 for the year ended December 31, 2018, 2017 and 2016, respectively (Note 35).

d. Work Separation Scheme

(i) BRI (Parent Entity)

The calculation of Work Pension Scheme uses actuarial valuation assumption for BRI's liabilities related to allowance for severance, gratuity for services and compensation benefits which were prepared based on Labor Law No. 13/2003 dated March 25, 2003, as of December 31, 2018, 2017 and 2016, performed by PT Bestama Aktuaria, an independent actuary, in its reports dated January 3, 2019, January 4, 2018 and January 5, 2017, respectively, using the Projected Unit Credit method and considering the following assumptions:

(Expressed in millions of Rupiah, unless otherwise stated)

42. EMPLOYEES PROGRAM (continued)

d. Work Separation Scheme (continued)

(i) BRI (Parent Entity) (continued)

	December 31,		
	2018	**2017**	**2016**
Discount rate	8.70%	7.70%	8.30%
Salary growth rate	7.50	7.50	7.50
Mortality rate	TMI 2011	CSO 1958	CSO 1958
Disability rate	10.00% from TMI 2011	10.00% from CSO 1958	10.00% from CSO 1958

Movements in the work separation scheme liabilities as of December 31, 2018, 2017 and 2016, respectively, are as follows:

	December 31,		
	2018	**2017**	**2016**
Beginning balance	1,212,209	1,109,732	997,669
Work separation scheme expense (Note 35)	309,403	304,706	153,280
Actual benefits paid by BRI	(87,447)	(92,705)	(61,297)
Remeasurement of work separation scheme liabilities/(assets) - net	(155,727)	(109,524)	20,080
Ending balance (Note 28)	**1,278,438**	**1,212,209**	**1,109,732**

Remeasurement of liabilities/(assets) for defined Work Separation Scheme as of December 31, 2018, 2017 and 2016, respectively, are as follows:

	December 31,		
	2018	**2017**	**2016**
Beginning balance	(136,918)	(27,394)	(47,474)
Actuarial (gain)/loss	(155,727)	(109,524)	20,080
Remeasurement of work separation scheme liabilities/(assets) - net	**(292,645)**	**(136,918)**	**(27,394)**

The calculation of Work Separation Scheme expense for the years ended December 31, 2018, 2017 and 2016 in accordance with the actuarial calculation are as follows:

	Year Ended December 31,		
	2018	**2017**	**2016**
Current service cost	210,632	207,821	144,737
Interest expense	98,771	96,885	93,544
Past service cost	-	-	(85,001)
Work separation scheme expense (Note 35)	**309,403**	**304,706**	**153,280**

(ii) BRISyariah (Subsidiary)

The Subsidiary provides Work Separation Scheme in accordance with Labor Law No. 13/2003 dated March 25, 2003.

(Expressed in millions of Rupiah, unless otherwise stated)

42. EMPLOYEES PROGRAM (continued)

d. Work Separation Scheme (continued)

(ii) BRISyariah (Subsidiary) (continued)

The actuarial calculation for Work Pension Scheme as of December 31, 2018, 2017 and 2016 are in accordance with the calculation of PT Bestama Aktuaria, an independent actuary, in its reports dated January 2, 2019, January 4, 2018 and January 4, 2017, respectively, using the Projected Unit Credit method and considering the following assumptions:

	December 31,		
	2018	**2017**	**2016**
Discount rate	8.10%	7.10%	8.10%
Salary growth rate	5.00	5.00	5.00
Mortality rate	TMI III 2011	TMI III 2011	TMI III 2011

Movements in the work separation scheme liability as of December 31, 2018, 2017 and 2016, respectively, are as follows:

	December 31,		
	2018	**2017**	**2016**
Beginning balance	12,829	58,108	46,966
Work separation scheme expense (Note 35)	12,190	13,214	12,599
Actual benefits paid by BRISyariah	(24,333)	(68,254)	(2,723)
Remeasurement of (assets)/ liabilites for work separation scheme - net	(686)	9,761	1,266
Ending balance (Note 28)	**-**	**12,829**	**58,108**

Remeasurement of (assets)/liabilities for Work Separation Scheme as of December 31, 2018, 2017 and 2016, respectively, are as follows:

	December 31,		
	2018	**2017**	**2016**
Beginning balance	(4,602)	(14,363)	(15,629)
Actuarial (gain)/loss	(686)	9,761	1,266
Remeasurement of assets for work separation scheme - net	**(5,288)**	**(4,602)**	**(14,363)**

The calculation of Work Separation Scheme expense for the years ended December 31, 2018, 2017 and 2016 in accordance wtih the actuarial calculation are as follows:

	Year Ended December 31,		
	2018	**2017**	**2016**
Current service cost	12,440	9,528	8,034
Interest expense	(250)	3,686	4,565
Work separation scheme expense (Note 35)	**12,190**	**13,214**	**12,599**

(Expressed in millions of Rupiah, unless otherwise stated)

42. EMPLOYEES PROGRAM (continued)

d. Work Separation Scheme (continued)

(iii) BRI Agro (Subsidiary)

The Subsidiary provides Work Separation Scheme in accordance with Labor Law No. 13/2003 dated March 25, 2003.

The actuarial calculation for Work Pension Scheme as of December 31, 2018, 2017 and 2016 are in accordance with the calculation of PT Bestama Aktuaria, an independent actuary, in its reports dated January 3, 2019, January 4, 2018 and January 5, 2017, respectively, using the Projected Unit Credit method and considering the following assumptions:

	December 31,		
	2018	**2017**	**2016**
Discount rate	8.20%	7.50%	8.30%
Salary growth rate	7.00	7.00	8.00
Mortality rate	TMI 2011	TMI 2011	TMI 2011
Disability rate	10.00% from TMI 2011	10.00% from TMI 2011	10.00% from TMI 2011

Movements in the Work Separation Scheme liability as of December 31, 2018, 2017 and 2016, respectively, are as follows:

	December 31,		
	2018	**2017**	**2016**
Beginning balance	39,057	35,519	27,420
Work separation scheme expense (Note 35)	7,401	8,052	10,245
Actual benefits paid by BRI Agro	(881)	(2,245)	(1,540)
Remeasurement on liabilites (assets) for work separation scheme - net	(4,611)	(2,269)	(606)
Ending balance (Note 28)	**40,966**	**39,057**	**35,519**

Remeasurement of liabilities/(assets) for defined Work Separation Scheme as of December 31, 2018, 2017 and 2016, respectively, are as follows:

	December 31,		
	2018	**2017**	**2016**
Beginning balance	(1,827)	442	1,048
Actuarial (gain)/loss	(4,611)	(2,269)	(606)
Remeasurement on (assets)/liabilities for work separation scheme - net	**(6,438)**	**(1,827)**	**442**

(Expressed in millions of Rupiah, unless otherwise stated)

42. EMPLOYEES PROGRAM (continued)

d. Work Separation Scheme (continued)

(iii) BRI Agro (Subsidiary) (continued)

The calculation of Work Separation Scheme expense for the years ended December 31, 2018, 2017 and 2016 in accordance with the actuarial calculation are as follows:

	Year Ended December 31,		
	2018	**2017**	**2016**
Current service cost	5,991	4,991	3,212
Interest expense	3,072	3,061	2,542
Past service cost	(1,662)	-	4,491
Work separation scheme expense (Note 35)	**7,401**	**8,052**	**10,245**

(iv) BRI Life (Subsidiary)

The Subsidiary provides Work Separation Scheme in accordance with Labor Law No. 13/2003 dated March 25, 2003.

The actuarial calculation for Work Pension Scheme as of December 31, 2018, 2017 and 2016 are in accordance with the calculation of PT Padma Radya Aktuaria, an independent actuary, in its reports dated January 2, 2019, January 4, 2018 and January 6, 2017, respectively, using the Projected Unit Credit method and considering the following assumptions:

	December 31,		
	2018	**2017**	**2016**
Discount rate	8.25%	7.00%	8.25%
Salary growth rate	7.00	7.00	7.00
Mortality rate	TMI III 2011	TMI III 2011	TMI III 2011
Disability rate	10.00% from TMI III 2011	10.00% from TMI III 2011	10.00% from TMI III 2011

Movements in the Work Separation Scheme liability as of December 31, 2018, 2017 and 2016 are as follows:

	December 31,		
	2018	**2017**	**2016**
Beginning balance	60,706	48,692	41,044
Work separation scheme expense (Note 35)	9,972	8,098	4,711
Actual benefits paid by BRI Life	(2,555)	(44)	(760)
Remeasurement on (assets)/liabilites for work separation scheme - net	(4,194)	3,960	3,697
Ending balance (Note 28)	**63,929**	**60,706**	**48,692**

(Expressed in millions of Rupiah, unless otherwise stated)

42. EMPLOYEES PROGRAM (continued)

d. Work Separation Scheme (continued)

(iv) BRI Life (Subsidiary) (continued)

Remeasurement of liabilities/(assets) for defined Work Separation Scheme as of December 31, 2018, 2017 and 2016 are as follows:

	December 31,		
	2018	**2017**	**2016**
Beginning balance	10,558	6,598	2,901
Actuarial (gain)/loss	(4,194)	3,960	3,697
Remeasurement on liabilities for work separation scheme - net	**6,364**	**10,558**	**6,598**

The calculation of Work Separation Scheme expense for the years ended December 31, 2018, 2017 and 2016 in accordance with the actuarial calculation are as follows:

	Year Ended December 31,		
	2018	**2017**	**2016**
Current service cost	5,520	4,124	2,798
Interest expense	4,452	3,974	3,682
Past service cost	-	-	(1,769)
Work separations scheme expense (Note 35)	**9,972**	**8,098**	**4,711**

(v) BRI Finance (Subsidiary)

The Subsidiary provides Work Separation Scheme in accordance with Labor Law No. 13/2003 dated March 25, 2003.

The actuarial calculation for Work Pension Scheme as of December 31, 2018, 2017 and 2016 are in accordance with the calculation of PT Jasa Aktuaria Praptasentosa Gunajasa, an independent actuary, in its reports dated January 4, 2019, January 2, 2018 and January 5, 2017, respectively, using the Projected Unit Credit method and considering the following assumptions:

	December 31,		
	2018	**2017**	**2016**
Discount rate	7.00%	7.00%	8.00%
Salary growth rate	7.00	7.00	7.00
Mortality rate	TMI 2011	TMI 2011	TMI 2011
Disability rate	5.00% from TMI 2011	5.00% from TMI 2011	5.00% from TMI 2011

(Expressed in millions of Rupiah, unless otherwise stated)

42. EMPLOYEES PROGRAM (continued)

d. Work Separation Scheme (continued)

(v) BRI Finance (Subsidiary) (continued)

Movements in the Work Separation Scheme liability as of December 31, 2018, 2017 and 2016 are as follows:

	December 31,		
	2018	2017	2016
Beginning balance	10,676	9,168	16,055
Work separation scheme expense (Note 35)	3,096	1,871	2,490
Actual benefits paid by BRI Finance	(2,024)	(971)	(5,074)
Remeasurement on (assets)/ liabilites for work separation scheme - net	(1,438)	608	(4,303)
Ending balance (Note 28)	**10,310**	**10,676**	**9,168**

Remeasurement of (assets)/liabilities for defined Work Separation Scheme as of December 31, 2018, 2017 and 2016 are as follows:

	December 31,		
	2018	2017	2016
Beginning balance	(5,134)	(5,742)	(1,439)
Actuarial (gain)/loss	(1,438)	608	(4,303)
Remeasurement on (assets)/liabilities for work separation scheme - net	**(6,572)**	**(5,134)**	**(5,742)**

The calculation of Work Separation Scheme expense for the years ended December 31, 2018, 2017 and 2016 in accordance with the actuarial calculation are as follows:

	Year Ended December 31,		
	2018	2017	2016
Current service cost	1,326	1,133	1,061
Interest expense	1,673	733	1,429
Past service cost	97	5	-
Work separations scheme expense (Note 35)	**3,096**	**1,871**	**2,490**

(vi) Danareksa Sekuritas (Subsidiary)

The Subsidiary provides Work Separation Scheme in accordance with Labor Law No. 13/2003 dated March 25, 2003.

(Expressed in millions of Rupiah, unless otherwise stated)

42. EMPLOYEES PROGRAM (continued)

d. Work Separation Scheme (continued)

(vi) Danareksa Sekuritas (Subsidiary) (continued)

The actuarial calculation for Work Pension Scheme as of December 31, 2018, 2017 and 2016 are in accordance with the calculation of PT Jasa Aktuaria Praptasentosa Gunajasa, an independent actuary, in its reports dated January 17, 2019, February 9, 2018 and February 23, 2017, respectively, using the Projected Unit Credit method and considering the following assumptions:

	December 31,		
	2018	**2017**	**2016**
Discount rate	8.50%	7.00%	8.00%
Salary growth rate	10.00	10.00	10.00
Mortality rate	TMI II 1999	TMI II 1999	TMI II 1999
Disability rate	1.00% from TMI II 1999	1.00% from TMI II 1999	1.00% from TMI II 1999

Movements in the Work Separation Scheme liability as of December 31, 2018, 2017 and 2016 are as follows:

	December 31,		
	2018	**2017**	**2016**
Beginning balance	14,212	22,325	12,505
Work separation scheme expense (Note 35)	6,440	6,626	8,441
Contributions paid	(6,411)	(4,786)	(3,737)
Remeasurement on (assets)/liabilites for work separation scheme - net	(2,346)	(7,670)	6,045
Actual benefits paid by Danareksa Sekuritas	(1,303)	(2,283)	(929)
Ending balance (Note 28)	**10,592**	**14,212**	**22,325**

Remeasurement of (assets)/liabilities for defined Work Separation Scheme as of December 31, 2018, 2017 and 2016 are as follows:

	December 31,		
	2018	**2017**	**2016**
Beginning balance	2,884	(4,786)	1,259
Actuarial loss/(gain)	2,346	7,670	(6,045)
Remeasurement on liabilities (assets) for work separation scheme - net	**5,230**	**2,884**	**(4,786)**

(Expressed in millions of Rupiah, unless otherwise stated)

42. EMPLOYEES PROGRAM (continued)

d. Work Separation Scheme (continued)

(vi) Danareksa Sekuritas (Subsidiary) (continued)

The calculation of work separation scheme expense for the years ended December 31, 2018, 2017 and 2016 in accordance with the actuarial calculation are as follows:

	Year Ended December 31,		
	2018	**2017**	**2016**
Current service cost	5,423	5,189	7,549
Interest expense	996	1,401	889
Past service cost	21	36	3
Work separation scheme expense (Note 35)	**6,440**	**6,626**	**8,441**

e. Other Long-term Employee Benefits

BRI employees also have long-term employee benefits, such as gratuity for services, grand leaves, post employment BPJS health program and other benefit program of additional benefit fund.

(i) Allowance for gratuity for services

i. BRI (Parent Entity)

The actuarial calculation on gratuity for services as of December 31, 2018, 2017 and 2016 was prepared by PT Bestama Aktuaria, an independent actuary, in its reports dated January 3, 2019, January 4, 2018 and January 5, 2017, respectively, using the Projected Unit Credit method and considering the following assumptions:

	December 31,		
	2018	**2017**	**2016**
Discount rate	8.70%	7.70%	8.30%
Salary growth rate	7.50	7.50	7.50
Gold price growth rate	10.00	10.00	10.00
Mortality rate	TMI 2011	CSO 1958	CSO 1958
Disability rate	10.00% from TMI 2011	10.00% from CSO 1958	10.00% from CSO 1958

The present value of liability for gratuity for services based on the actuarial calculation amounted to Rp1,115,960, Rp1,061,952 and Rp940,341 as of December 31, 2018, 2017 and 2016, respectively.

Movements in the liability for gratuity for services as of December 31, 2018, 2017 and 2016 are as follows:

	December 31,		
	2018	**2017**	**2016**
Beginning balance of liability	1,061,952	940,341	833,576
Gratuity for services expense (Note 35)	129,290	155,894	150,349
Benefits paid by BRI	(75,282)	(34,283)	(43,584)
Gratuity for services liability (Note 28)	**1,115,960**	**1,061,952**	**940,341**

(Expressed in millions of Rupiah, unless otherwise stated)

42. EMPLOYEES PROGRAM (continued)

e. Other Long-term Employee Benefits (continued)

(i) Allowance for gratuity for services (continued)

i. BRI (Parent Entity) (continued)

The gratuity for services expense for the years ended December 31, 2018, 2017 and 2016 based on the actuarial calculation are as follows:

	Year Ended December 31,		
	2018	**2017**	**2016**
Current service cost	96,549	83,175	72,442
Interest expense	81,762	86,831	76,320
Recognized actuarial (gain)/loss	(49,021)	(14,112)	1,587
Gratuity for services expense (Note 35)	**129,290**	**155,894**	**150,349**

ii. BRI Agro (Subsidiary)

The Subsidiary also provides gratuity for services program to its employees as one of their benefits.

The actuarial calculation on gratuity for services as of December 31, 2018 and 2017 was prepared by PT Bestama Aktuaria, an independent actuary, in its reports dated January 3, 2019 and January 4, 2018, using the Projected Unit Credit method and considering the following assumptions:

	December 31,	
	2018	**2017**
Discount rate	8.00%	7.00%
Salary growth rate	7.00	7.50
Gold price growth rate	5.00	5.00
Mortality rate	TMI III 2011	TMI III 2011
Disability rate	10% from TMI III 2011	10.00% from TMI III 2011

The present value of liability for gratuity for services based on the actuarial calculation amounted to Rp390 and Rp719 as of December 31, 2018 and 2017.

Movements in the liability for gratuity for services as of December 31, 2018 and 2017 are as follows:

	December 31,	
	2018	**2017**
Beginning balance of liability	297	-
Gratuity for services expense (Note 35)	194	719
Actual benefits paid by BRI Agro	(101)	(422)
Gratuity for services liability (Note 28)	**390**	**297**

(Expressed in millions of Rupiah, unless otherwise stated)

42. EMPLOYEES PROGRAM (continued)

e. Other Long-term Employee Benefits (continued)

(i) Allowance for gratuity for services (continued)

ii. BRI Agro (Subsidiary) (continued)

The gratuity for services expense for the years ended December 31, 2018 and 2017 based on the actuarial calculation are as follows:

	Year Ended December 31,	
	2018	**2017**
Current service cost	148	274
Interest expense	22	-
Recognized actuarial loss	24	25
Past service cost	-	420
Gratuity for services expense (Note 35)	**194**	**719**

iii. BRI Life (Subsidiary)

The Subsidiary also provides gratuity for services program to its employees as one of their benefits.

The actuarial calculation on gratuity for services as of December 31, 2018 and 2017 was prepared by PT Padma Radya Aktuaria, an independent actuary, in its reports dated January 2, 2019, January 4, 2018 and January 6, 2017, respectively, using the Projected Unit Credit method and considering the following assumptions:

	December 31,		
	2018	**2017**	**2016**
Discount rate	8.25%	7.00%	8.25%
Salary growth rate	7.00	7.00	7.00
Mortality rate	TMI III 2011	TMI III 2011	TMI III 2011
Disability rate	10% from TMI III 2011	10% from TMI III 2011	10% from TMI III 2011

The present value of liability for gratuity for services based on the actuarial calculation amounted to Rp10,733, Rp10,289 and Rp10,623 as of December 31, 2018, 2017 and 2016, respectively.

Movements in the liability for gratuity for services as of December 31, 2018, 2017 and 2016 are as follows:

	December 31,		
	2018	**2017**	**2016**
Beginning balance of liability	10,289	10,623	9,764
Gratuity for services expense (Note 35)	1,101	(51)	2,131
Actual benefits paid by BRI Life	(657)	(283)	(1,272)
Gratuity for services liability (Note 28)	**10,733**	**10,289**	**10,623**

(Expressed in millions of Rupiah, unless otherwise stated)

42. EMPLOYEES PROGRAM (continued)

e. Other Long-term Employee Benefits (continued)

(i) Allowance for gratuity for services (continued)

iii. BRI Life (Subsidiary) (continued)

The gratuity for services expense for the years ended December 31, 2018, 2017 and 2016 based on the actuarial calculation are as follows:

	Year Ended December 31,		
	2018	**2017**	**2016**
Current service cost	1,210	935	729
Interest expense	728	765	602
Recognized actuarial (gain)/loss	(837)	(1,305)	1,709
Past service cost	-	(446)	(909)
Gratuity for services expense/ (income) (Note 35)	**1,101**	**(51)**	**2,131**

iv. BRI Finance (Subsidiary)

The Subsidiary also provides gratuity for services program to its employees as one of their benefits.

The actuarial calculation on gratuity for services of the Subsidiary recorded in the consolidated statements of profit or loss and other comprehensive income and recognized in the consolidated statements of financial position as of December 31, 2018, 2017 and 2016, was prepared by PT Jasa Aktuaria Praptasentosa Gunajasa, an independent actuary, in its reports dated January 4, 2019, January 2, 2018 and January 5, 2017, respectively, using the Projected Unit Credit method and considering the following assumptions:

	December 31,		
	2018	**2017**	**2016**
Gold price (full Rupiah)	618,311	568,320	502,750
Average age below retirement age	36	37	36
Average age above retirement age	58	-	-
Average years of service	7.90	8.63	7.71

The present value of liability for gratuity for services based on the actuarial calculation amounted to Rp711, Rp264 and Rp244 as of December 31, 2018, 2017 and 2016, respectively.

Movements in the liability for gratuity for services as of December 31, 2018, 2017 and 2016 are as follows:

	December 31,		
	2018	**2017**	**2016**
Beginning balance of liability	264	244	356
Gratuity for services expense/ (income) (Note 35)	478	26	(65)
Actual benefits paid by BRI Finance	(31)	(6)	(47)
Gratuity for services liability (Note 28)	**711**	**264**	**244**

(Expressed in millions of Rupiah, unless otherwise stated)

42. EMPLOYEES PROGRAM (continued)

e. Other Long-term Employee Benefits (continued)

(i) Allowance for gratuity for services (continued)

iv. BRI Finance (Subsidiary) (continued)

The gratuity for services expense for the years ended December 31, 2018, 2017 and 2016 based on the actuarial calculation are as follows:

	Year Ended December 31,		
	2018	**2017**	**2016**
Current service cost	55	25	26
Interest expense	18	20	(122)
Recognized actuarial loss/(gain)	405	(19)	31
Gratuity for services expense/ (income) (Note 35)	**478**	**26**	**(65)**

v. Danareksa Sekuritas (Subsidiary)

The Subsidiary also provides gratuity for services program to its employees as one of their benefits.

The actuarial calculation on gratuity for services recorded of the Subsidiary in the consolidated statements of profit or loss and other comprehensive income and recognized in the consolidated statements of financial position as of December 31, 2018, 2017 and 2016 was prepared by PT Jasa Aktuaria Praptasentosa Gunajasa, an independent actuary, in its reports dated January 17, 2019, February 9, 2018 and February 23, 2017, respectively, using the Projected Unit Credit method and considering the following assumptions:

	December 31,		
	2018	**2017**	**2016**
Discount rate	8.50%	7.00%	8.00%
Salary growth rate	10.00	10.00	10.00
Mortality rate	TMI II 1999	TMI II 1999	TMI II 1999
Disability rate	1.00% from TMI II 1999	1.00% from TMI II 1999	1.00% from TMI II 1999

The present value of liability for gratuity for services based on the actuarial calculation amounted to Rp2,471, Rp3,216 and Rp3,747 as of December 31, 2018, 2017 and 2016, respectively.

Movements in the liability for gratuity for services as of December 31, 2018, 2017 and 2016 are as follows:

	December 31,		
	2018	**2017**	**2016**
Beginning balance of liability	3,216	3,747	5,017
Gratuity for services (income)/ expense (Note 35)	(201)	374	(248)
Actual benefits paid	(543)	(905)	(1,022)
Gratuity for services liability (Note 28)	**2,472**	**3,216**	**3,747**

(Expressed in millions of Rupiah, unless otherwise stated)

42. EMPLOYEES PROGRAM (continued)

e. Other Long-term Employee Benefits (continued)

(i) Allowance for gratuity for services (continued)

v. Danareksa Sekuritas (Subsidiary) (continued)

The gratuity for services expense for the years ended December 31, 2018, 2017 and 2016 based on the actuarial calculation are as follows:

	Year Ended December 31,		
	2018	**2017**	**2016**
Current service cost	316	358	385
Interest expense	225	300	451
Recognized actuarial (gain)/loss	(742)	(284)	(1,084)
Gratuity for services (income)/ expense (Note 35)	**(201)**	**374**	**(248)**

(ii) Grand leaves

i. BRI (Parent Entity)

The actuarial calculation on grand leaves as of December 31, 2018, 2017 and 2016 was prepared by PT Bestama Aktuaria, an independent actuary, in its reports dated January 3, 2019, January 4, 2018 and January 5, 2017, respectively, using the Projected Unit Credit method and considering the following assumptions:

	December 31,		
	2018	**2017**	**2016**
Discount rate	8.70%	7.70%	8.30%
Salary growth rate	7.50	7.50	7.50
Mortality rate	TMI 2011	CSO 1958	CSO 1958
Disability rate	10.00% from TMI 2011	10.00% from CSO 1958	10.00% from CSO 1958

The present value of liability of allowance for grand leaves based on actuarial calculations amounted to Rp1,788,260, Rp1,517,614 and Rp1,314,399 as of December 31, 2018, 2017 and 2016, respectively.

Movements in the liability for grand leaves December 31, 2018, 2017 and 2016, respectively, are as follows:

	December 31,		
	2018	**2017**	**2016**
Beginning balance of liability	1,517,614	1,314,399	1,119,535
Grand leaves expense (Note 35)	442,565	292,476	308,428
Actual benefits paid by BRI	(171,919)	(89,261)	(113,564)
Grand leaves liability (Note 28)	**1,788,260**	**1,517,614**	**1,314,399**

(Expressed in millions of Rupiah, unless otherwise stated)

42. EMPLOYEES PROGRAM (continued)

e. Other Long-term Employee Benefits (continued)

(ii) Grand leaves (continued)

i. BRI (Parent Entity) (continued)

The grand leaves expense for the years ended December 31, 2018, 2017 and 2016 based on the actuarial calculation are as follows:

	Year Ended December 31,		
	2018	**2017**	**2016**
Current service cost	195,947	217,623	187,174
Interest expense	118,591	114,422	104,070
Recognized actuarial loss/(gain)	128,027	(39,569)	17,184
Grand leaves expense (Note 35)	**442,565**	**292,476**	**308,428**

ii. BRISyariah (Subsidiary)

The Subsidiary also provides grand leaves program to its employees as one of their benefits.

The actuarial calculation on grand leaves as of December 31, 2018, 2017 and 2016, was prepared by PT Bestama Aktuaria, an independent actuary, in its reports dated January 2, 2019, January 4, 2018 and January 4, 2017, respectively, using the Projected Unit Credit method and considering the following assumptions:

	December 31,		
	2018	**2017**	**2016**
Discount rate	8.10%	7.10%	8.10%
Salary growth rate	5.00	5.00	5.00
Mortality rate	TMI III 2011	TMI III 2011	TMI III 2011
Disability rate	10.00% from TMI III 2011	10.00% from TMI III 2011	10.00% from TMI III 2011

The present value of liability for grand leaves of the Subsidiary based on the actuarial calculation amounted to Rp44,466, Rp30,304 and Rp25,294 as of December 31, 2018, 2017 and 2016, respectively.

Movements in the liability for grand leaves December 31, 2018, 2017 and 2016, respectively, are as follows:

	December 31,		
	2018	**2017**	**2016**
Beginning balance of liability	30,304	25,294	32,828
Grand leaves expense (Note 35)	15,493	10,046	985
Actual benefits paid by BRISyariah	(1,331)	(5,036)	(8,519)
Grand leaves liability (Note 28)	**44,466**	**30,304**	**25,294**

(Expressed in millions of Rupiah, unless otherwise stated)

42. EMPLOYEES PROGRAM (continued)

e. Other Long-term Employee Benefits (continued)

(ii) Grand leaves (continued)

ii. BRISyariah (Subsidiary) (continued)

The grand leaves expense of the Subsidiary for the years ended December 31, 2018, 2017 and 2016 based on the actuarial calculation are as follows:

	Year Ended December 31,		
	2018	2017	2016
Current service cost	7,379	5,372	6,485
Interest expense	2,366	1,721	2,927
Recognized actuarial loss/(gain)	5,748	2,953	(8,427)
Grand leaves expense (Note 35)	**15,493**	**10,046**	**985**

iii. BRI Agro (Subsidiary)

The Subsidiary also provides grand leaves program to its employees as one of their benefits.

The actuarial calculation on grand leaves of the Subsidiary as of December 31, 2018, 2017 and 2016, was prepared by PT Bestama Aktuaria, an independent actuary, in its reports dated January 3, 2019, January 4, 2018 and January 5, 2017, respectively, using the Projected Unit Credit method and considering the following assumptions:

	December 31,		
	2018	2017	2016
Discount rate	7.70%	6.00%	7.50%
Salary growth rate	7.00	6.50	8.00
Mortality rate	TMI 2011	TMI 2011	TMI 2011
Disability rate	10.00% from TMI 2011	10.00% from TMI 2011	10.00% from TMI 2011

The present value of liability for grand leaves of the Subsidiary based on the actuarial calculation amounted to Rp3,501, Rp3,026 and Rp2,202 as of December 31, 2018, 2017 and 2016, respectively.

Movements in the liability for grand leaves as of December 31, 2018, 2017 and 2016, respectively, are as follows:

	December 31,		
	2018	2017	2016
Beginning balance of liability	3,026	2,202	1,957
Grand leaves expense (Note 35)	961	1,304	1,046
Actual benefits paid by BRI Agro	(486)	(480)	(801)
Grand leaves liability (Note 28)	**3,501**	**3,026**	**2,202**

(Expressed in millions of Rupiah, unless otherwise stated)

42. EMPLOYEES PROGRAM (continued)

e. Other Long-term Employee Benefits (continued)

(ii) Grand leaves (continued)

iii. BRI Agro (Subsidiary) (continued)

The grand leaves expense of the Subsidiary for the years ended December 31, 2018, 2017 and 2016 based on the actuarial calculation are as follows:

	Year Ended December 31,		
	2018	**2017**	**2016**
Current service cost	1,046	1,081	844
Interest expense	182	188	172
Recognized actuarial (gain)/loss	(267)	35	30
Grand leaves expense (Note 35)	**961**	**1,304**	**1,046**

iv. BRI Life (Subsidiary)

The Subsidiary also provides grand leaves program to its employees as one of their benefits.

The actuarial calculation on grand leaves recorded in the consolidated statements of profit or loss and other comprehensive income and recognized in the consolidated statements of financial position as of December 31, 2018, 2017 and 2016, was prepared by PT Padma Radya Aktuaria, an independent actuary, in its reports dated January 2, 2019, January 4, 2018 and January 6, 2017, respectively, using the Projected Unit Credit method and considering the following assumptions:

	December 31,		
	2018	**2017**	**2016**
Discount rate	8.25%	7.00%	8.25%
Salary growth rate	7.00	7.00	7.00
Mortality rate	TMI III 2011	TMI III 2011	TMI III 2011
Disability rate	10% from TMI III 2011	10% from TMI III 2011	10% from TMI III 2011

The present value of liability for grand leaves of the Subsidiary based on the actuarial calculation amounted to Rp10,131, Rp9,050 and Rp7,542 as of December 31, 2018, 2017 and 2016, respectively.

Movements in the liability for grand leaves as of December 31, 2018, 2017 and 2016 are as follows:

	December 31,		
	2018	**2017**	**2016**
Beginning balance of liability	9,050	7,542	2,221
Grand leaves expense (Note 35)	3,895	2,086	6,161
Actual benefits paid	(2,814)	(578)	(840)
Grand leaves liability (Note 28)	**10,131**	**9,050**	**7,542**

(Expressed in millions of Rupiah, unless otherwise stated)

42. EMPLOYEES PROGRAM (continued)

e. Other Long-term Employee Benefits (continued)

(ii) Grand leaves (continued)

iv. BRI Life (Subsidiary) (continued)

The grand leave expenses of the Subsidiary for the years ended December 31, 2018, 2017 and 2016, based on the actuarial calculation are as follows:

	Year Ended December 31,		
	2018	**2017**	**2016**
Current service cost	3,030	2,619	1,990
Past service cost	-	-	2,678
Interest expense	536	533	412
Recognized actuarial (gain)/loss	329	(1,066)	1,081
Grand leaves expense (Note 35)	**3,895**	**2,086**	**6,161**

v. BRI Finance (Subsidiary)

The Subsidiary also provides grand leaves program to its employees as one of their benefits.

The actuarial calculation on grand leaves recorded in the consolidated statements of profit or loss and other comprehensive income and recognized in the consolidated statements of financial position as of December 31, 2018, 2017 and 2016, was prepared by PT Jasa Aktuaria Praptasentosa Gunajasa, an independent actuary, in its report dated January 4, 2019, January 2, 2018 and January 5, 2017, respectively, using the Projected Unit Credit method and considering the following assumptions:

	December 31,		
	2018	**2017**	**2016**
Discount rate	7.00%	7.00%	8.00%
Salary growth rate	7.00	7.00	7.00
Mortality rate	TMI 2011	TMI 2011	TMI 2011
Disability rate	5.00% from TMI 2011	5.00% from TMI 2011	5.00% from TMI 2011

Movements in the liability for grand leaves as of December 31, 2018, 2017 and 2016 are as follows:

	December 31,		
	2018	**2017**	**2016**
Beginning balance of liability	654	317	485
Grand leaves expense (Note 35)	153	385	181
Actual benefits paid by BRI Finance	(150)	(48)	(349)
Grand leaves liability (Note 28)	**657**	**654**	**317**

(Expressed in millions of Rupiah, unless otherwise stated)

42. EMPLOYEES PROGRAM (continued)

e. Other Long-term Employee Benefits (continued)

(ii) Grand leaves (continued)

v. BRI Finance (Subsidiary) (continued)

The grand leave expenses of the Subsidiary for the years ended December 31, 2018, 2017 and 2016, based on the actuarial calculation are as follows:

	Year Ended December 31,		
	2018	**2017**	**2016**
Current service cost	93	83	48
Interest expense	46	25	43
Recognized actuarial (gain)/loss	14	277	90
Grand leaves expense (Note 35)	**153**	**385**	**181**

vi. Danareksa Sekuritas (Subsidiary)

The Subsidiary also provides grand leaves program to its employees as one of their benefits.

The actuarial calculation on grand leaves recorded in the consolidated statements of profit or loss and other comprehensive income and recognized in the consolidated statements of financial position as of December 31, 2018, 2017 and 2016, was prepared by PT Jasa Aktuaria Praptasentosa Gunajasa, an independent actuary, in its report dated January 17, 2019, February 9, 2018 and February 23, 2017, respectively, using the Projected Unit Credit method and considering the following assumptions:

	December 31,		
	2018	**2017**	**2016**
Discount rate	8.50%	7.00%	8.00%
Salary growth rate	10.00	10.00	10.00
Mortality rate	TMI II 1999	TMI II 1999	TMI II 1999
Disability rate	1.00% from TMI II 1999	1.00% from TMI II 1999	1.00% from TMI II 1999

Movements in the liability for grand leaves as of December 31, 2018, 2017 and 2016 are as follows:

	December 31,		
	2018	**2017**	**2016**
Beginning balance of liability	2,575	2,655	2,157
Grand leaves expense (Note 35)	411	546	1,292
Actual benefits paid	(468)	(626)	(794)
Grand leaves liability (Note 28)	**2,518**	**2,575**	**2,655**

(Expressed in millions of Rupiah, unless otherwise stated)

42. EMPLOYEES PROGRAM (continued)

e. Other Long-term Employee Benefits (continued)

(ii) Grand leaves (continued)

vi. Danareksa Sekuritas (Subsidiary) (continued)

The grand leaves expense for the years ended December 31, 2018, 2017 and 2016 based on the actuarial calculation are as follows:

	Year Ended December 31,		
	2018	**2017**	**2016**
Current service cost	406	403	413
Interest expense	181	213	193
Recognized actuarial (gain)/loss	(176)	(70)	686
Grand leaves expense (Note 35)	**411**	**546**	**1,292**

(iii) Post Employment BPJS Health Program

i. BRI (Parent Entity)

The actuarial calculation on Post Employment BPJS Health Program as of December 31, 2018 and 2017 was prepared by PT Bestama Aktuaria, an independent actuary, in its report dated January 3, 2019 and January 4, 2018, using the Projected Unit Credit method and considering the following assumptions:

	December 31,	
	2018	**2017**
Discount rate	8.70%	7.60%
BPJS conribution growth rate	4.88	4.00
Mortality rate	TMI 2011	CSO 1958
Disability rate	10.00% from TMI 2011	10.00% from CSO 1958

Post Employment BPJS Health Program status in accordance with the actuarial valuation as of December 31, 2018 and 2017 are as follows:

	December 31,	
	2018	**2017**
Present value of post employment BPJS health program liability	795,084	790,946
Fair value of asset	(917,435)	(547,687)
(Deficit)/Surplus	**(122,351)**	**243,259**

(Expressed in millions of Rupiah, unless otherwise stated)

42. EMPLOYEES PROGRAM (continued)

e. Other Long-term Employee Benefits (continued)

(iii) Post Employment BPJS Health Program (continued)

i. BRI (Parent Entity) (continued)

Movements in the liability for Post Employment BPJS Health Program as of December 31, 2018 and 2017 are as follows:

	December 31,	
	2018	**2017**
Beginning balance of liability	243,259	-
Post employment BPJS health program expense (Note 35)	141,390	243,259
Contributions paid in the current period	(372,884)	-
Remeasurement of post employment BPJS health program liability	(11,765)	-
Post employment BPJS health program liability (Note 28)	**-**	**243,259**

Remeasurement of liabilities (assets) for Post Employment BPJS Health Program as of December 31, 2018 and 2017, respectively, are as follows:

	December 31,	
	2018	**2017**
Beginning balance	-	-
Actuarial (gain)/loss	(174,249)	-
Yields on program assets	40,133	-
Changes on impact of assets other than net interest liabilities	122,351	-
Remeasurement on defined benefit asset – net	**(11,765)**	**-**

The Post Employment BPJS Health Program expenses for the years ended December 31, 2018 and 2017 based on the actuarial calculation are as follows:

	Year Ended December 31,	
	2018	**2017**
Current service cost	29,959	2,450
Interest expense - net	5,456	-
Past service cost	105,975	240,809
Post Employment BPJS Health Program expense (Note 35)	**141,390**	**243,259**

(Expressed in millions of Rupiah, unless otherwise stated)

42. EMPLOYEES PROGRAM (continued)

e. Other Long-term Employee Benefits (continued)

(iv) Other benefit program of additional benefit fund

i. BRI (Parent Entity)

The actuarial calculation on BRI's pension expense as of December 31, 2018 was prepared by PT Bestama Aktuaria, an independent actuary, in its report dated January 3, 2019, which was prepared in accordance with SFAS No. 24 (Revised 2013), using the the Projected Unit Credit method and considering the following assumptions:

	December 31, 2018
Discount rate	8.40%
Basi pension salary growth rate	7.50
Pension benefit growth rate	4.00
Mortality rate	TMI 2011
Disability rate	10.00% from TMI 2011
Normal retirement age	56 years

The assets of DPBRI mainly consist of saving deposits, time deposits, securities, mutual fund units, securities with collateral assets and long-term investments in the form of shares of stocks and property.

Movement in the present value of defined benefit pension liability as of December 31, 2018 is as follows:

	December 31, 2018
Present value of defined benefit pension liability at the beginning of the year	
Past service cost	1,696,462
Benefits paid	(157,408)
Present value of defined benefit pension liability at the end of the year	**1,539,054**

Movement in the fair value of program assets as of December 31, 2018 is as follows:

	December 31, 2018
Fair value of program assets at the beginning of the year	-
Benefits paid	(157,408)
Settlement	1,800,312
Program assets at the end of the year	**1,642,904**

Movement in the defined benefit pension liabilities as of December 31, 2018 is as follows:

	December 31, 2018
Beginning balance	-
Defined benefit pension plan income - net	(103,850)
Remeasurement of liabilities/(assets) for defined benefit pension - net	103,850
Ending balance	**-**

(Expressed in millions of Rupiah, unless otherwise stated)

42. EMPLOYEES PROGRAM (continued)

e. Other Long-term Employee Benefits (continued)

(iv) Other benefit program additional benefit fund (continued)

i. BRI (Parent Entity) (continued)

Remeasurement of liabilities/(assets) for defined benefit pension as of December 31, 2018 is as follows:

	December 31, 2018
Beginning balance	-
Changes on impact of assets other than net interest liabilities/(assets)	103,850
Remeasurement of liabilities/(assets) for defined pension benefit - net	**103,850**

Defined benefit pension expense for the year ended December 31, 2018, based on the actuarial calculation is as follows:

	Year Ended December 31, 2018
Past service cost	1,696,462
Actuarial (gain)/loss	(1,800,312)
Defined benefit pension income	**(103,850)**

43. INFORMATION ON COMMITMENTS AND CONTINGENCIES

	December 31,		
	2018	2017	2016
Commitments			
Commitments receivable			
Purchase of foreign currencies spot and futures	16,316,902	4,038,459	12,219,746
Commitment liabilities			
Unused loan facilities granted to debtors	130,854,091	107,073,032	120,916,072
Irrevocable Letters of Credit (Note 27c)	8,693,691	8,980,671	8,541,152
Purchase of foreign currencies spot and futures	18,476,485	13,000,508	7,109,202
Unused financing facilities granted to debtors	65,330	105,497	254,649
	158,089,597	129,159,708	136,821,075
Commitments - net	**(141,772,695)**	**(125,121,249)**	**(124,601,329)**
Contingencies			
Contingencies receivable			
Interest receivable in progress	112,273	70,905	45,208
Contingent liabilities			
Guarantees issued (Note 27c) in the form of:			
Standby Letters of Credit	13,535,519	10,841,726	3,838,190
Bank guarantees	31,350,532	23,188,654	20,684,825
	44,886,051	34,030,380	24,523,015
Contingencies - net	**(44,773,778)**	**(33,959,475)**	**(24,477,807)**

44. TRANSACTIONS WITH RELATED PARTIES

In the normal course of business, BRI engages in transactions with related parties due to ownership and/or management relationship. All transactions with related parties have been carried out according to the mutually agreed policies and terms.

Balances and transactions with related parties are as follows:

Related parties	Type of Relationship	Element of related party transactions
Ministry of Finance of the Republic of Indonesia	Ownership relationship through the Government of the Republic of Indonesia	Loans
Ministry of Defense	Ownership relationship through the Government of the Republic of Indonesia	Irrecovable L/C
Key employees	Control Relationship on company's activities	Loans, Sharia receivables and financing
Lembaga Pembiayaan Ekspor Indonesia	Ownership relationship through the Government of the Republic of Indonesia	Placements with Bank Indonesia and other banks, Securities
Government of the Republic of Indonesia (RI)	Ownership of majority shares through the Ministry of Finance of the Republic of Indonesia	Securities, Government Recapitalization Bonds
Perum BULOG	Ownership relationship through the Government of the Republic of Indonesia	Loans
PT Adhimix Precast Indonesia	Ownership relationship through the Government of the Republic of Indonesia	Sharia receivables and financing
PT Aerotrans Services Indonesia	Ownership relationship through the Government of the Republic of Indonesia	Export bills and notes receivable
PT Aneka Tambang (Persero) Tbk	Ownership relationship through the Government of the Republic of Indonesia	Acceptances receivable
PT Angkasa Pura I (Persero)	Ownership relationship through the Government of the Republic of Indonesia	Export bills and notes receivable, Sharia receivables and financing
PT Asuransi Jiwasraya	Ownership relationship through the Government of the Republic of Indonesia	Securities purchased under agreement to resell
PT Asuransi Jasa Indonesia	Ownership relationship through the Government of the Republic of Indonesia	Premises and Equipments
PT Asuransi Bringin Sejahtera Artamakmur	Ownership relationship through the Government of the Republic of Indonesia	Premises and Equipments
PT Bahana Artha Ventura	Ownership relationship through the Government of the Republic of Indonesia	Investment in associated entities
PT Bank BNI Syariah	Ownership relationship through the Government of the Republic of Indonesia	Current account with other banks, Placements with Bank Indonesia and other banks

44. TRANSACTIONS WITH RELATED PARTIES (continued)

Balances and transactions with related parties are as follows (continued):

Related parties	Type of Relationship	Element of related party transactions
PT Bank Mandiri (Persero) Tbk	Ownership relationship through the Government of the Republic of Indonesia	Current account with other banks, Placements with Bank Indonesia and other banks, Securities, Securities purchased under agreement to resell
PT Bank Mandiri Taspen	Ownership relationship through the Government of the Republic of Indonesia	Securities purchased under agreement to resell
PT Bank Negara Indonesia (Persero) Tbk	Ownership relationship through the Government of the Republic of Indonesia	Current account with other banks, Placements with Bank Indonesia and other banks, Securities
PT Bank Syariah Mandiri	Ownership relationship through the Government of the Republic of Indonesia	Current account with other banks, Placements with Bank Indonesia and other banks
PT Bank Tabungan Negara (Persero) Tbk	Ownership relationship through the Government of the Republic of Indonesia	Current account with other banks, Placements with Bank Indonesia and other banks, Securities
PT BTN Syariah	Ownership relationship through the Government of the Republic of Indonesia	Placements with Bank Indonesia and other banks
PT BNI Multifinance	Ownership relationship through the Government of the Republic of Indonesia	Placements with Bank Indonesia and other banks
PT Citra Waspphutowa	Ownership relationship through the Government of the Republic of Indonesia	Sharia receivables and financing
PT Danareksa Investment Management	Ownership relationship through the Government of the Republic of Indonesia	Investment in associated entities
PT Dirgantara Indonesia (Persero)	Ownership relationship through the Government of the Republic of Indonesia	Guarantees issued, Loans, Acceptances receivable, Irrevocable L/C
PT Garuda Indonesia (Persero) Tbk	Ownership relationship through the Government of the Republic of Indonesia	Export bills and notes receivables, Loans, Guarantees issued
PT Garuda Maintenance Facility Aero Asia Tbk	Ownership relationship through the Government of the Republic of Indonesia	Export bills and notes receivables, Acceptances receivable
PT Kereta Api Indonesia (Persero)	Ownership relationship through the Government of the Republic of Indonesia	Irrevocable L/C
PT Kimia Farma (Persero)	Ownership relationship through the Government of the Republic of Indonesia	Sharia receivables and financing

44. TRANSACTIONS WITH RELATED PARTIES (continued)

Balances and transactions with related parties are as follows (continued):

Related parties	Relationship	Element of transactions
PT Kimia Farma Trading dan Distribusi	Ownership relationship through the Government of the Republic of Indonesia	Sharia receivables and financing
PT Koperasi Karyawan BRISyariah	Management relationship	Sharia receivables and financing
PT Krakatau Steel (Persero) Tbk	Ownership relationship through the Government of the Republic of Indonesia	Acceptances receivable
PT Kresna Kusuma Dyandra Marga	Ownership relationship through the Government of the Republic of Indonesia	Loans
PT Len Industri (Persero)	Ownership relationship through the Government of the Republic of Indonesia	Acceptances receivable
PT Len Railways System	Ownership relationship through the Government of the Republic of Indonesia	Acceptances receivable
PT Mandiri Utama Finance	Ownership relationship through the Government of the Republic of Indonesia	Placements with Bank Indonesia and other banks
PT Pegadaian (Persero)	Ownership relationship through the Government of the Republic of Indonesia	Securities, Sharia receivables and financing
PT Pembangunan Perumahan (Persero) Tbk	Ownership relationship through the Government of the Republic of Indonesia	Guarantees issued, Acceptances receivable
PT Pertamina (Persero)	Ownership relationship through the Government of the Republic of Indonesia	Guarantees issued, Loans Acceptances receivable Irrevocable L/C, Export bills and notes receivables
PT Pertamina Hulu Rokan	Ownership relationship through the Government of the Republic of Indonesia	Guarantees issued
PT Pertamina Patraniaga	Ownership relationship through the Government of the Republic of Indonesia	Acceptances receivable
PT Perusahaan Listrik Negara (Persero)	Ownership relationship through the Government of the Republic of Indonesia	Securities, Loans Guarantees issued Irrevocable L/C, Export bills and notes receivables
PT Perusahaan Gas Negara (Persero) Tbk	Ownership relationship through the Government of the Republic of Indonesia	Guarantees issued
PT Petrokimia Gresik	Ownership relationship through the Government of the Republic of Indonesia	Loans, Irrevocable L/C
PT Pindad (Persero)	Ownership relationship through the Government of the Republic of Indonesia	Irrevocable L/C

44. TRANSACTIONS WITH RELATED PARTIES (continued)

Balances and transactions with related parties are as follows (continued):

Related parties	Type of Relationship	Element of related party transactions
PT Perkebunan Nusantara XI	Ownership relationship through the Government of the Republic of Indonesia	Irrevocable L/C
PT Pembangkitan Jawa-Bali	Ownership relationship through the Government of the Republic of Indonesia	Irrevocable L/C
PT Prima Armada Raya	Ownership relationship through the Government of the Republic of Indonesia	Sharia receivables and financing
PT Pupuk Indonesia (Persero)	Ownership relationship through the Government of the Republic of Indonesia	Securities
PT Pupuk Kalimantan Timur	Ownership relationship through the Government of the Republic of Indonesia	Loans, Irrevocable L/C
PT Sarana Multigriya Finansial (Persero)	Ownership relationship through the Government of the Republic of Indonesia	Placements with Bank Indonesia and other banks, Securities
PT Trans Jabar Tol	Ownership relationship through the Government of the Republic of Indonesia	Loans
PT Telekomunikasi Indonesia (Persero) Tbk	Ownership relationship through the Government of the Republic of Indonesia	Securities
PT Telekomunikasi Selular Tbk	Ownership relationship through the Government of the Republic of Indonesia	Guarantees issued
PT Waskita Karya (Persero) Tbk	Ownership relationship through the Government of the Republic of Indonesia	Export bills and notes receivable, Guarantees issued
PT Waskita Beton Precast Tbk	Ownership relationship through the Government of the Republic of Indonesia	Export bills and notes receivable, Sharia receivables and financing
PT Wijaya Karya (Persero) Tbk	Ownership relationship through the Government of the Republic of Indonesia	Guarantees issued, Export bills and notes receivable
PT Wijaya Karya Beton Tbk	Ownership relationship through the Government of the Republic of Indonesia	Export bills and notes receivable
PT Wijaya Karya Bangunan Gedung	Ownership relationship through the Government of the Republic of Indonesia	Acceptances receivable
Yayasan Pendidikan Telkom	Ownership relationship through the Government of the Republic of Indonesia	Sharia receivables and financing

(Expressed in millions of Rupiah, unless otherwise stated)

44. TRANSACTIONS WITH RELATED PARTIES (continued)

	December 31,		
	2018	2017	2016
Assets			
Current account with other banks (Note 5)			
PT Bank Mandiri (Persero) Tbk	62,270	95,995	146,848
PT Bank Negara Indonesia (Persero) Tbk	26,291	17,429	16,553
PT Bank Tabungan Negara (Persero) Tbk	3,809	3,982	5
PT Bank Syariah Mandiri	44	33	74
PT Bank BNI Syariah	3	79	74
	92,417	117,518	163,554
Placements with Bank Indonesia and other banks (Note 6)			
Lembaga Pembiayaan Ekspor Indonesia	1,200,000	135,675	200,000
PT Bank Mandiri (Persero) Tbk	650,200	43,400	58,400
PT Mandiri Utama Finance	200,000	-	-
PT BNI Multifinance	100,000	-	-
PT Sarana Multigriya Finansial	100,000	-	-
PT Bank Syariah Mandiri	36,000	-	-
PT BTN Syariah	30,200	8,550	4,000
PT Bank Tabungan Negara (Persero) Tbk	29,500	7,200	8,220
PT Bank BNI Syariah	2,000	2,000	2,000
PT Bank Negara Indonesia (Persero) Tbk	2,000	135,675	200,000
	2,349,900	332,500	472,620
Securities (Note 7)			
Government of the Republic of Indonesia	141,668,852	123,064,282	92,284,499
PT Bank Tabungan Negara (Persero) Tbk	1,905,291	1,367,453	1,481,711
Lembaga Pembiayaan Ekspor Indonesia	1,685,747	1,386,317	843,790
PT Pupuk Indonesia (Persero)	990,581	990,729	116,011
PT Perusahaan Listrik Negara (Persero)	982,849	645,144	460,620
PT Sarana Multigriya Finansial (Persero)	912,628	480,181	296,580
PT Bank Mandiri (Persero) Tbk	707,878	682,133	142,070
PT Pegadaian (Persero)	634,129	627,632	569,660
PT Bank Negara Indonesia (Persero) Tbk	426,530	617,343	89,573
PT Telekomunikasi Indonesia (Persero) Tbk	388,149	237,256	231,282
Others	3,717,873	4,089,882	4,532,365
	154,020,507	134,188,352	101,048,161
Export bills and notes receivable (Note 8)			
PT Pertamina (Persero)	2,429,223	799,827	932
PT Waskita Karya (Persero) Tbk	2,000,000	-	-
PT Wijaya Karya (Persero) Tbk	801,173	18,267	190,513
PT Perusahaan Listrik Negara (Persero)	665,197	-	-
PT Garuda Indonesia (Persero) Tbk	497,832	-	-
PT Garuda Maintenance Facility Aero Asia Tbk	122,201	3,134	-
PT Waskita Beton Precast Tbk	69,447	7,797	167,995
PT Angkasa Pura I (Persero)	58,105	-	-
PT Wijaya Karya Beton Tbk	51,060	14,134	30,455
PT Aerotrans Services Indonesia	39,009	4,719	-
Others	125,408	45,541	246,362
	6,858,655	893,419	636,257
Government Recapitalization Bonds (Note 9)			
Government of the Republic of Indonesia	1,505,273	3,317,840	3,318,434

(Expressed in millions of Rupiah, unless otherwise stated)

44. TRANSACTIONS WITH RELATED PARTIES (continued)

	December 31,		
	2018	**2017**	**2016**
Assets (continued)			
Securities purchased under agreement to resell (Note 10)			
PT Asuransi Jiwasraya	1,149,156	-	-
PT Bank Mandiri Taspen	102,213	-	-
PT Bank Mandiri (Persero) Tbk	-	-	229,983
	1,251,369	-	229,983
Loans (Note 12)			
PT Perusahaan Listrik Negara (Persero)	23,616,099	27,039,931	27,446,991
Perum BULOG	16,316,937	9,049,660	16,112,248
PT Pertamina (Persero)	11,575,627	1,760,382	-
PT Pupuk Kalimantan Timur	3,032,393	1,776,795	1,621,845
PT Garuda Indonesia (Persero) Tbk	2,897,733	2,375,195	1,968,132
PT Dirgantara Indonesia (Persero)	2,893,383	2,438,770	1,735,635
Kementerian Keuangan Republik Indonesia	2,804,944	3,450,797	4,307,997
PT Trans Jabar Tol	2,438,362	748,931	-
PT Kresna Kusuma Dyandra Marga	2,338,069	-	-
PT Petrokimia Gresik	2,222,289	1,428,976	980,595
Others	40,651,278	46,166,684	39,539,172
	110,787,114	96,236,121	93,712,615
Sharia receivables and financing (Note 13)			
PT Waskita Beton Precast Tbk	512,000	400,000	-
PT Pegadaian (Persero)	400,000	400,000	300,000
PT Adhimix Precast Indonesia	314,043	-	-
PT Angkasa Pura I (Persero)	229,824	-	-
PT Citra Waspphutowa	213,515	-	-
PT Kimia Farma (Persero)	110,000	-	-
PT Kimia Farma Trading and Distribusi	100,000	-	-
PT Koperasi Karyawan BRISyariah	92,410	105,436	112,576
PT Prima Armada Raya	85,798	-	-
Yayasan Pendidikan Telkom	85,370	-	-
Key employees	9,946	17,180	13,346
Others	285,525	74,482	80,916
	2,438,431	997,098	506,838
Acceptances receivable (Note 15)			
PT Dirgantara Indonesia (Persero)	716,140	-	-
PT Garuda Maintenance Facility Aero Asia Tbk	421,000	274,365	66,490
PT Krakatau Steel (Persero) Tbk	173,595	136,471	-
PT Pertamina (Persero)	57,812	607,723	-
PT Pembangunan Perumahan (Persero) Tbk	51,003	189,270	119,260
PT Wijaya Karya Bangunan Gedung	12,031	-	-
PT Pertamina Patra Niaga	11,326	-	23,759
PT Len Industri (Persero)	7,975	2,379	6,459
PT Aneka Tambang (Persero) Tbk	7,953	241	-
PT Len Railways System	7,593	2,131	-
Others	11,265	126,536	278,677
	1,477,693	1,339,116	494,645
Investment in associated entities (Note 16)			
PT Danareksa Investment Management	372,271	-	-
PT Bahana Artha Ventura	72,607	71,382	-
	444,878	71,382	-
Total assets from related parties	**281,226,237**	**237,493,346**	**200,583,107**
Total consolidated assets	**1,296,898,292**	**1,127,447,489**	**1,004,801,673**
Percentage of total assets from related parties to total consolidated assets	**21.68%**	**21.06%**	**19.96%**

(Expressed in millions of Rupiah, unless otherwise stated)

44. TRANSACTIONS WITH RELATED PARTIES (continued)

	December 31,		
	2018	**2017**	**2016**
Liabilities			
Demand deposits (Note 20)			
Government Entities and Institutions	53,016,669	45,075,744	44,484,819
Key employees	26,672	1,547	632
Others	1,435	19,629	23,533
	53,044,776	45,096,920	44,508,984
Saving deposits (Note 21)			
Government Entities and Institutions	89,093	80,414	18,806
Key employees	167,112	147,366	86,529
Others	44,581	11,933	6,150
	300,786	239,713	111,485
Time deposits (Note 22)			
Government Entities and Institutions	85,832,772	93,732,744	79,043,913
Key employees	157,555	120,479	118,601
Others	1,878,913	1,592,220	828,258
	87,869,240	95,445,443	79,990,772
Deposits from other banks and financial institutions (Note 23)			
Government Entities and Institutions	551,129	1,146,162	499,475
Securities sold under agreement to repurchase (Note 24)			
Government Entities and Institutions	1,934,600	1,465,014	1,454,477
Acceptances payable (Note 15)			
Government Entities and Institutions	1,477,693	1,339,116	494,645
Fund borrowings (Note 26)			
Government Entities and Institutions	454,595	5,685	105,510
Compensation to key employees management (Note 42)			
Present value of defined benefit pension liability	366,707	275,514	369,514
Present value of work separation scheme liability	129,433	61,379	80,094
Present value of old-age benefits liability	92,444	61,989	68,082
Present value of grand leaves liability	54,069	37,813	42,531
Present value of gratuity for services liability	42,492	29,720	37,807
Present value of other benefit program of defined benefit payment liability	11,523	-	-
	696,668	466,415	598,028
Total liabilities to related parties	**146,329,487**	**145,204,468**	**127,763,376**
Total consolidated liabilities	**1,111,622,961**	**959,439,711**	**857,267,576**
Percentage of liabilities to related parties to total consolidated liabilities	**13.16%**	**15.13%**	**14.90%**

(Expressed in millions of Rupiah, unless otherwise stated)

44. TRANSACTIONS WITH RELATED PARTIES (continued)

	Year ended December 31,		
	2018	**2017**	**2016**
Commitments and contingencies in the administrative accounts			
Guarantees issued (Note 27c)			
PT Wijaya Karya (Persero) Tbk	3,479,242	2,516,028	2,348,096
PT Perusahaan Gas Negara (Persero) Tbk	2,361,314	2,316,148	2,457,968
PT Pembangunan Perumahan (Persero) Tbk	2,333,382	714,859	225,841
PT Pertamina (Persero)	1,922,168	1,428,608	141,439
PT Dirgantara Indonesia (Persero)	1,254,834	1,252,015	1,507,044
PT Garuda Indonesia (Persero) Tbk	1,178,058	407,897	298,690
PT Perusahaan Listrik Negara (Persero)	1,003,360	572,200	640,776
PT Waskita Karya (Persero) Tbk	882,663	1,897,681	2,310,583
PT Pertamina Hulu Rokan	719,000	-	-
PT Telekomunikasi Selular Tbk	519,702	492,264	463,357
Others	5,061,296	5,919,721	3,605,578
	20,715,019	17,517,421	13,999,372
Irrevocable L/C (Note 27c)			
PT Dirgantara Indonesia (Persero)	1,263,630	1,512,405	947,591
PT Kereta Api Indonesia (Persero)	748,692	-	270,468
PT Pindad (Persero)	542,655	514,038	62,824
PT Perusahaan Listrik Negara (Persero)	426,691	248,777	1,477,564
Kementerian Pertahanan	409,729	93,905	541,153
PT Pupuk Kalimantan Timur	260,822	53,504	-
PT Pertamina (Persero)	196,051	756,452	835,210
PT Perkebunan Nusantara XI	190,210	4,344	-
PT Petrokimia Gresik	168,222	38,430	86,325
PT Pembangkitan Jawa-Bali	123,510	107,853	103,498
Others	755,917	2,463,202	2,129,483
	5,086,129	5,792,910	6,454,116

	Year ended December 31,		
	2018	**2017**	**2016**
Salaries and allowance for the Board of Commissioners and Directors (Note 35)			
Salaries and allowances for the Board of Directors	362,081	92,556	74,062
Salaries and allowances for the Board of Commissioners	128,603	29,863	27,543
Total	**490,684**	**122,419**	**101,605**
***Tantiem*, bonuses and incentives for the Board of Commissioners, Directors and key employees (Note 35)**			
Tantiem for the Board of Directors	268,226	239,461	217,443
Tantiem for the Board of Commissioners	99,290	99,622	84,028
Bonuses and incentives for key employees	40,088	94,456	103,171
Total	**407,604**	**433,539**	**404,642**

(Expressed in millions of Rupiah, unless otherwise stated)

44. TRANSACTIONS WITH RELATED PARTIES (continued)

Percentage of transactions with related parties to total consolidated assets and liabilities of BRI and Subsidiaries are as follows:

	December 31,		
	2018	**2017**	**2016**
Assets			
Current accounts with other banks	0.007%	0.010%	0.016%
Placements with Bank Indonesia and other banks	0.181	0.029	0.047
Securities	11.876	11.902	10.057
Export bills and notes receivable	0.529	0.079	0.063
Government Recapitalization Bonds	0.116	0.294	0.330
Securities purchased under agreement to resell	0.096	-	0.023
Loans	8.542	8.536	9.326
Sharia receivables and financing	0.188	0.088	0.050
Acceptances receivable	0.114	0.119	0.049
Investment in associated entities	0.034	0.006	-
Total	**21.683%**	**21.063%**	**19.961%**
Liabilities			
Demand deposits	4.772%	4.700%	5.192%
Saving deposits	0.027	0.025	0.013
Time deposits	7.905	9.948	9.331
Deposits from other banks and financial institutions	0.049	0.119	0.058
Securities sold under agreement to repurchase	0.174	0.153	0.170
Acceptances payable	0.133	0.139	0.058
Fund borrowings	0.041	0.001	0.012
Compensation to key employees management	0.063	0.049	0.070
Total	**13.164%**	**15.134%**	**14.904%**

45. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES

a. Significant Agreements

On December 29, 2018, BRI entered into an agreement with PT PP (Persero) in connection with the construction of BRI Gatot Subroto Tower Building Package 2 (two) for a period of 720 (seven hundred twenty) calendar days with a contract value of Rp845,950.

On October 12, 2018, BRI entered into an agreement with PT Satkomindo Mediyasa in connection with the procurement of 600 (six hundred) CRM (Cash Recycling Machine) units for BRI's RBB year 2018 for a period of 3 (three) months with a contract value of Rp92,400.

On October 12, 2018, BRI entered into an agreement with PT Telekomunikasi Indonesia (Persero) in connection with the procurement of upgrades for 230 (two hundred thirty) server unit in DC GTI and Tabanan for a period of 19 (nineteen) weeks with contract value of Rp69,027.

On February 14, 2018, BRI entered into an agreement with PT PP (Persero) in connection with the procurement of the contractor services for BRI Gatot Subroto Tower Building Package 1 (one) for a period of 380 (three hundred eighty) calendar days with a contract value of Rp112,900.

45. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

a. Significant Agreements (continued)

On January 24, 2018, BRI entered into an agreement with PT Telekomunikasi Indonesia (Persero) in connection with the procurement of communication channels rental for credit line officer as a supporting facilities for BRISPOT and MYBRI application for a period of 24 (twenty four) months with a contract value of Rp275,895.

On November 15, 2017, BRI entered into an agreement with PT Asaba Computer Centre in connection with the procurement of 780 (seven hundred and eighty) units of CRM for BRI's RBB year 2017 for a period of 3 (three) years with a contract value of Rp100,558.

On September 13, 2017, BRI entered into an agreement with PT Bringin Gigantara in connection with the procurement of maintenance agreement service for 2 (two) units of IBM AS400 Power8 E880 machine for the period from 2017 to 2020 with a contract value of Rp80,000.

On May 17, 2017, BRI entered into an agreement with PT Anabatic Technologies Tbk in connection with the procurement of 2 (two) units of Z13S N10 mainframe machine for a period of 1 (one) year with a contract value of Rp69,000.

On May 9, 2017, BRI entered into an agreement with PT Patra Telekomunikasi Indonesia in connection with the procurement of Hub and Remote VSAT Phase-1 BRIsat Integration instruments lease for 2,278 (two thousand two hundred and seventy eight) locations for a period of 3 (three) years with a contract value of Rp67,994.

On April 13, 2017, BRI entered into an agreement with PT Ingenico International Indonesia in connection with the procurement of 45,750 (forty five thousand seven hundred and fifty) EDC units for a period of 3 (three) years with a contract value of Rp74,572.

On December 23, 2016, BRI entered into an agreement with PT Satkomindo Mediyasa in connection with the procurement of Hub and Remote VSAT Phase-1 BRIsat Integration instruments lease for 6,836 (six thousand eight hundred and thirty six) locations for a period of 3 (three) years with a contract value of Rp210,549.

On June 9, 2016, BRI entered into an agreement with PT Bringin Gigantara in connection with the procurement of 2 (two) units of AS/400 Power-8 (E880) machine for a period of 1 (one) year with a contract value of Rp220,000.

On June 1, 2016, BRI entered into an agreement with Koperasi Swakarya BRI in connection with the procurement of 3,000 (three thousand) ATM units for a period of 3 (three) years with a contract value of Rp250,805.

On June 1, 2016, BRI entered into agreement with PT Titan Sarana Niaga in connection with the procurement of 2,250 (two thousand two hundred and fifty) ATM units for a period of 3 (three) years with a contract value of Rp188,073.

On June 1, 2016, BRI entered into agreement with PT Asaba Computer Center in connection with the procurement of 1,500 (one thousand five hundred) ATM units for a period of 3 (three) years with a contract value of Rp125,382.

b. Contingent Liabilities

In conducting its business, BRI faces various legal cases and lawsuit, in which BRI is the defendant, mainly regarding the compliance with contracts. Although there is no clear certainty, BRI believes that based on existing information and the ultimate resolution of these cases, these legal cases and lawsuits will not likely have a material effect on the operations, financial position or liquidity level of BRI.

45. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENCIES (continued)

b. Contingent Liabilities (continued)

As of December 31, 2018 2017 and 2016, BRI has provided an allowance (presented in "Other Liabilities" account) for several pending lawsuits filed against BRI amounting to Rp1,060,301, Rp971,354 and Rp613,720, respectively (Note 29). Management believes that the allowance formed is adequate to cover possible losses arising from pending lawsuits currently in progress.

46. GOVERNMENT GUARANTEE ON OBLIGATIONS OF COMMERCIAL BANKS

Based on the Presidential Decree No. 26 Year 1998 as implemented through the Minister of Finance Decree dated January 28, 1998 and the Joint Decrees No. 30/270/KEP/DIR and No. 1/BPPN/1998 dated March 6, 1998, of the Board of Directors of Bank Indonesia and Chairman of Indonesian Bank Restructuring Agency (IBRA), the Government provided a guarantee on certain obligations for all commercial banks incorporated in Indonesia. Based on the latest amendment under the Decree of the Minister of Finance No. 179/KMK.017/2000 dated May 26, 2000, this guarantee is valid from January 26, 1998 up to January 31, 2001 and can be renewed automatically every 6 (six) months continuously, unless if within 6 (six) months before the maturity of the Guarantee Program period or its extension period, the Minister of Finance announces the termination and/or amendment of the Guarantee Program to the public. For this guarantee, the Government charges premium which is calculated based on a certain percentage in accordance with the prevailing regulations.

In accordance with Minister of Finance Regulation No. 17/PMK.05/2005 dated March 3, 2005, starting from April 18, 2005, the types of commercial bank obligations guaranteed under the Government Guarantee Program include demand deposits, saving deposits, time deposits and borrowings from other banks in the form of inter-bank money market transactions.

The Government Guarantee Program through UP3 ended on September 22, 2005 as stated in the Minister of Finance Regulation No. 68/PMK.05/2005 dated August 10, 2005 regarding the "Calculation and Payment of Premium on Government Guarantee Program on the Payment of Obligations of Commercial Banks" for the period from July 1 to September 21, 2005. As the substitute for UP3, The Government established an independent institution, the Deposit Insurance Corporation (LPS), based on Law No. 24 Year 2004 dated September 22, 2004 regarding "Deposit Insurance Corporation", in order to provide guarantees on public funds including funds from other banks in the form of demand deposits, time deposits, deposit certificates, saving deposits and/or other similar forms.

Based on Government Regulation No. 66 Year 2008, dated October 13, 2008 regarding "The Amount of Deposit Value Guaranteed by the Deposit Insurance Corporation" amended through LPS Regulation No. 2/PLPS/2010 dated November 25, 2010 regarding the Deposit Insurance Program, Article 29 which stated the guaranteed balance for each customer in each bank is at most Rp2,000,000,000 (full Rupiah).

LPS guarantee interest rate as of December 31, 2018, 2017 and 2016 were 6.75%, 5.75% and 6.25%, respectively, for deposits in Rupiah, while for deposits in foreign currencies as of December 31, 2018, 2017 and 2016 were 2.00%, 0.75%, and 0.75%, respectively.

47. ISSUED AND REVISED STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS (SFAS) AND INTERPRETATION OF FINANCIAL ACCOUNTING STANDARDS (IFAS)

The following summarizes the SFAS and IFAS which were issued by the Financial Accounting Standards Board (FASB) and Sharia Accounting Standards Board (SASB) and are relevant to BRI and Subsidiaries, but not yet effective for the consolidated financial statements as of December 31, 2018:

Effective on or after January 1, 2019:

a. IFAS No. 33, ”Foreign Currency Transactions and Advance Consideration”, clarifies the use of transaction date to determine the exchange rate used in the initial recognition of assets, expenses or corresponding revenues when the entity has received or paid advance considerations in foreign currencies.

b. IFAS No. 34, "Uncertainty over the Income Tax Treatments", clarifies and provides guidance in reflecting the uncertainty over income tax treatments in financial statements.

c. SFAS No. 24 (2018 Amendment), "Employee Benefits on Plan Amendments, Curtailments or Settlements", provides clearer guidance for entities in recognizing past service costs, settlement gains and losses, current service costs and net interest after Plan amendments, curtailments or settlements caused by changes to the latest actuarial assumptions (previously using actuarial assumptions at the beginning of annual reporting period). In addition, the Amendment to SFAS No. 24 also clarifies how the accounting requirements for program amendments, curtailments or settlements can affect the involved assets’ ceiling limit requirements in reducing surpluses which causes the impact on the assets to change.

Effective on or after January 1, 2020:

a. SFAS No. 62 (2017 Amendment), ”Insurance Contract”, this amendment allows insurer which meets certain criterias to apply a temporary exemption from SFAS No. 71 (deferral approach) or choose to apply the overlay approach.

b. SFAS No. 71, ”Financial Instrument”, stipulates the classifications and measurements of financial instruments based on the characteristics of the contractual cash flow and the entity’s business model; expected credit loss method for impairment resulting in more timely, relevant and understandable information for users of financial statements; accounting for hedges that reflects better entity risk management by introducing more general requirements based on management considerations.

c. SFAS No. 72, ”Revenue from contracts with customers”, adopted from IFRS 15, is the single standard for the revenue recognition resulting from a successful joint project between International Accounting Standards Board and Financial Accounting Standards Board, and stipulates revenue recognition model from contracts with customers, therefore entities are expected to conduct an analysis before recognizing revenue.

d. SFAS No. 73, ”Leases”, determines the principles of recognizing, measuring, presenting and disclosing leases by introducing a single accounting model that requires the recognition of right-of-use assets and lease liabilities. There are 2 optional exceptions in the recognition of lease assets and liabilities, which are for: (1) short-term leases and (2) leases where the underlying assets have low values.

e. SFAS No. 15 (2017 Amendment), “Investments in Associated Entities and Joint Ventures”, stipulates that the entity also applies SFAS No. 71 on financial instruments of associated entities and joint ventures where the equity method is not applied. This includes long-term interests that substantially form part of the net investments in the associated entities or joint ventures as referred in SFAS No. 15 paragraph 38.

Currently, BRI and Subsidiaries are evaluating and have not yet determined the impact of the revised SFAS on the consolidated financial statements.

(Expressed in millions of Rupiah, unless otherwise stated)

48. OTHER DISCLOSURES

a. Capital Adequacy Ratio (CAR)

BRI actively manages its capital in accordance with the applicable regulations. The primary objective is to ensure that BRI, at any time, can maintain adequate its capital adequacy to cover inherent risks to its banking activities without reducing the optimization of shareholder's value.

CAR as of December 31, 2018, 2017 and 2016 was calculated based on the Financial Services Authority Regulation (POJK) No. 34/POJK.03/2016 regarding the amendment to POJK No. 11/POJK.03/2016 regarding the Minimum Capital Requirement for Commercial Banks.

Based on POJK No. 34/POJK.03/2016, PBI No. 17/22/PBI/2015 regarding the Mandatory Formation of Countercyclical Buffer and POJK No. 46/POJK.03/2015 regarding the Determination of Systemically Important Banks and Capital Surcharges, in addition to the minimum capital requirement in accordance with the risk profile, BRI is required to form additional capital (buffer), in the form of Capital Conservation Buffer, Countercyclical Buffer, and Capital Surcharge, which must be formed gradually since January 1, 2016.

As of December 31, 2018, the formation of buffer capital in the form of Capital Conservation Buffer, Countercyclical Buffer and Capital Surcharge, which shall be established based on a certain percentage of RWA of 1.875%, 0.000% and 1.875%, respectively.

Based on the BRI's risk profile as of June 30, 2018, 2017 and 2016, which are satisfactory, the minimum CAR as of December 31, 2018, 2017 and 2016 is set at 9% up to less than 10%.

The determination of BRI's compliance applicable regulations and ratios is based on the practical accounting regulations that differ from the Indonesian Financial Accounting Standards in several respects. As of December 31, 2018, 2017 and 2016, BRI has fulfilled the ratio as required by Bank Indonesia (BI) and Financial Service Authority for the capital adequacy ratio.

CAR of BRI (Parent Entity) as of December 31, 2018, 2017 and 2016 are calculated as follows:

	December 31,		
	2018	**2017**	**2016**
Core Capital (Tier 1)			
Common Equity (CET 1)	164,924,546	154,668,699	136,670,139
Supplementary Capital (Tier 2)	8,693,875	7,083,240	6,240,293
Total Capital	**173,618,421**	**161,751,939**	**142,910,432**
Risk Weighted Asset (RWA)			
RWA for Credit Risk *)	659,319,661	566,659,194	502,423,401
RWA for Market Risk **)	11,078,731	6,889,063	9,535,428
RWA for Operational Risk ***)	148,209,848	130,967,728	111,898,899
Total RWA	**818,608,240**	**704,515,985**	**623,857,728**
CAR			
CET 1 Ratio	20.15%	21.95%	21.91%
Tier 1 Ratio	20.15	21.95	21.91
Tier 2 Ratio	1.06	1.01	1.00
Total Ratio	21.21	22.96	22.91
Tier 1 Minimum Ratio	6.00%	6.00%	6.00%
CET 1 Minimum Ratio	4.50	4.50	4.50
Minimum CAR Based on Risk Profile	9.00	9.00	9.00

*) Credit risk is calculated based on SE OJK No. 42/SEOJK.03/2016 dated September 28, 2016.
**) Market risk is calculated based on SE OJK No. 38/SEOJK.03/2016 dated September 8, 2016.
***) Operational risk is calculated based on SE OJK No. 24/SEOJK.03/2016 dated July 14, 2016.

(Expressed in millions of Rupiah, unless otherwise stated)

48. OTHER DISCLOSURES (continued)

b. Non-Performing Loans (NPL) Ratio

As of December 31, 2018, 2017 and 2016, the NPL ratio of BRI are as follows:

(i) Consolidated (including Sharia receivables and financing)

	December 31,		
	2018	**2017**	**2016**
NPL ratio - gross	2.27%	2.22%	2.11%
NPL ratio - net	1.04	0.98	1.15

(ii) BRI (Parent Entity)

	December 31,		
	2018	**2017**	**2016**
NPL ratio - gross	2.14%	2.10%	2.03%
NPL ratio - net	0.92	0.88	1.09

NPL ratio - net is calculated based on NPL less the minimum allowance for impairment losses in accordance with Bank Indonesia Regulations divided by the total loans.

c. Custodian Service Activities

BRI conducted custodian services (custodian bank) since 1996 based on its operating license through Bapepam's Chairman Decree No. 91/PM/1996 dated April 11, 1996 and was appointed as the Sub-Registry in conducting Government bonds transactions and administration of Scriptless Bank Indonesia Certificates by Bank Indonesia.

These custodian services are part of the Investment Services Division Activities, which include the following services:

- Safekeeping services and portfolio valuation;
- Settlement handling services;
- Income collection services, including the related tax payments;
- Corporate actions and proxy services;
- Information and reporting services;
- Custody Unit Link and DPLK services;
- Custodian services for asset securitization; and
- Global custodian services for securities issued abroad.

BRI has 287 (two hundred and eighty seven), 258 (two hundred and fifty eight) and 210 (two hundred and ten) customers (unaudited) as of December 31, 2018, 2017 and 2016, respectively, which mainly consist of pension funds, financial institutions, insurance institutions and companies, securities companies, mutual funds and other institutions.

The customers' assets deposited in BRI's Custodian (unaudited) amounted to Rp363,679,331, Rp298,786,806 and Rp320,285,896 as of December 31, 2018, 2017 and 2016, respectively.

48. OTHER DISCLOSURES (continued)

d. Trustee Activities

BRI conducted trustee service activities since 1996. BRI's operating license as trustee was granted by the Minister of Finance based on its Decree No. 1554/KMK.013/1990 dated December 6, 1990 and registered in OJK in accordance with its Registered Certificate as Trustee No. 08/STTD-WA/PM/1996 dated June 11, 1996.

This trustee services are part of the Investment Services Division activities, which include the following services:

- Trustee
- Guarantee agent
- Monitoring agent

BRI has 35 (thirty five), 31 (thirty one) and 26 (twenty six) customers (unaudited) as of December 31, 2018, 2017 and 2016. The total value of bonds and trusted by BRI (unaudited) amounted to Rp78,155,596, Rp69,044,870 and Rp66,099,135 as of December 31, 2018, 2017 and 2016, respectively.

e. Trust Services

BRI's Trust Service is a deposit services for customers' assets in the form of financial assets for and on behalf of customers. BRI is the first bank in Indonesia to obtain a license from Bank Indonesia to perform Trust Services in Indonesia through Bank Indonesia letter No. 15/19/DPB1/PB1-3 dated February 12, 2013 and Bank Indonesia confirmation letter No. 15/30/DPB1/PB1-3 dated March 19, 2013.

The scope of BRI's Trust Services includes:

- Paying agent services
- Lending agent services
- Investment agent services
- Other agency services, such as Reception Agent and Guarantees Agent

Currently, BRI has been provided Trust Services for financial transactions involving oil and gas projects, carried out by members of the Cooperation Contract Contractors (K3S) under the auspices of SKK Migas and non K3S projects.

In addition to providing Trust Services, BRI also provides services for Paying Agent and Reception Agent (non-Trust) for other sectors, such as infrastructure, energy, trading and chemical industries. Beside service to direct customers, BRI's Trust Services also participate in supporting BRI's financing business unit in the financing transaction of infrastructure, energy and syndicated financing transactions activities.

The project value under the management of BRI's Trust Services (unaudited) amounted to Rp89,623,809, Rp67,285,809 and Rp37,515,581 for the years ended December 31, 2018, 2017 and 2016, respectively.

f. Syndicated Agent

BRI currently provides Syndicated Agent Services for syndicated loan from several sectors/industries including agribusiness sector, infrastructure such as toll roads, ports, airports, power plants, oil and gas, textiles, property and manufacturing involving government projects (BUMN) and private projects.

(Expressed in millions of Rupiah, unless otherwise stated)

48. OTHER DISCLOSURES (continued)

f. Syndication Agent (continued)

This syndicated agent services is part of the Trust and Corporate Service activities, which include the following services:

- Arranger
- Facility agent
- Guarantee agent
- Reception agent

BRI's Syndicated Agent Services has managed various syndication projects with total project value (unaudited) amounted to Rp235,100,303, Rp142,304,126 and Rp141,670,733, for the years ended December 31, 2018, 2017 and 2016, respectively.

49. EARNINGS PER SHARE

The calculation of basic earnings per share (EPS) for the year are as follows:

	December 31, 2018		
	Income for the Year	**Weighted average outstanding common shares**	**Earning per share (Full Rupiah)**
Basic earnings per share attributable to equity holders of the parent entity	32,351,133	122,237,220,000	264.66

	December 31, 2017		
	Income for the Year	**Weighted average outstanding common shares**	**Earning per share (Full Rupiah)**
Basic earnings per share attributable to equity holders of the parent entity	28,997,141	122,386,510,666	236.93

	December 31, 2016		
	Income for the Year	**Weighted average outstanding common shares**	**Earning per share (Full Rupiah)**
Basic earnings per share attributable to equity holders of the parent entity	26,234,256	122,387,068,383	214.07

The amount of outstanding common shares before stock split, where the common shares issued to the existing shareholders without any additional compensation are adjusted to the changes as if the event occurred at the beginning of the earliest serving period.

(Expressed in millions of Rupiah, unless otherwise stated)

50. CONSOLIDATED FINANCIAL STATEMENT RESTATEMENT

Based on the Deed Sale and Purchase of Shares No. 70 dated December 20, 2018, of Ashoya Ratam, S.H., M.Kn, PT Bahana Artha Ventura transferred 15,874 shares of BRI Ventura to BRI (Note 1f). Based on the Deed of Shares Takeover No. 53 dated December 21, 2018, of Notary M. Nova Faisal, S.H., M.Kn, PT Danareksa (Persero) sold 335,000,000 shares of Danareksa Sekuritas to BRI (Note 1f).

These sale and purchase transactions constitute a business combination of entities under common control where the ultimate shareholder of BRI, PT Danareksa (Persero) and PT Bahana Artha Ventura is the Government of the Republic of Indonesia. Therefore, the transactions are treated based on the pooling of interests method in accordance with the SFAS No. 38 (Revised 2012), "Business Combination of Entities Under Common Control". For the presentation of business combination of entities under common control transactions based on the pooling of interests method, the financial statements as of December 31, 2017 and for the year then ended and the financial statements as of December 31, 2016 and for the year then ended are presented as if the business combination occurrs from the beginning of the period the entity is under common control.

The difference between the amount of the considerations transferred and the carrying amount of the investment obtained from this transaction is recorded in the "additional paid-in capital" account in equity. The equities of Danareksa Sekuritas and BRI Ventura before the combination date are presented as "merging entities' equity" in equity. The details of the amount of considerations transferred and the carrying amount obtained are as follows:

	Considerations transferred	Investment carrying amount	Additional paid-in capital
Danareksa Sekuritas	446,888	366,359	80,529
BRI Ventura	3,090	2,424	666
Total	449,978	368,783	81,195

The impact of restatement in the financial statements as of December 31, 2017 and 2016 and for the years then ended are as follows:

	December 31, 2017		
	Before Restatement	Restatement	After Restatement
Consolidated Statement of Financial Position			
Assets			
Cash	24,797,782	255	24,798,037
Current Accounts with Other Banks	5,925,684	206,828	6,132,512
Placements with Bank Indonesia and Other Banks	55,105,687	51,075	55,156,762
Securities	186,919,436	20,160	186,939,596
Derivatives Receivable	145,928	16,984	162,912
Investment in Associated Entities	73,821	9,329	83,150
Allowance for impairment losses	-	(50)	(50)
Premises and Equipments			
Cost	33,972,363	18,444	33,990,807
Accumulated depreciation	(9,226,057)	(12,715)	(9,238,772)
Deferred Tax Assets - net	3,270,231	16,501	3,286,732
Other Assets - net	20,199,819	872,236	21,072,055
Liabilities			
Taxes Payable	564,798	4,218	569,016
Fund Borrowings	29,403,009	5,685	29,408,694
Other Liabilities	13,285,656	508,857	13,794,513
Liabilities for Employee Benefits	12,174,258	20,003	12,194,261

(Expressed in millions of Rupiah, unless otherwise stated)

50. CONSOLIDATED FINANCIAL STATEMENT RESTATEMENT (continued)

The impact of restatement in the financial statements as of December 31, 2017 and 2016 and for the years then ended are as follows (continued):

	December 31, 2017		
	Before Restatement	**Restatement**	**After Restatement**
Consolidated Statement of Financial Position (continued)			
Equities			
Merging Entities' Equity	-	443,016	443,016
Non-controlling Interests	598,677	217,268	815,945
Consolidated Statement of Profit or Loss and Other Comprehensive Income			
Interest Income	100,080,250	13,083	100,093,333
Interest Expense	(28,652,214)	(477)	(28,652,691)
Other Operating Income			
Other fees and commissions	10,442,240	171	10,442,411
Recovery of assets written-off	5,050,713	4	5,050,717
Gain on sale of securities and Government Recapitalization Bonds - net	784,667	(166)	784,501
Gain on foreign exchange - net	183,974	103	184,077
Others	2,578,558	175,468	2,754,026
Provision for allowance for impairment losses on non-financial assets - net	(239,132)	(19,392)	(258,524)
Other Operating Expenses			
Salaries and employee benefits	(20,352,004)	(88,954)	(20,440,958)
General and administrative	(13,146,944)	(52,487)	(13,199,431)
Others	(4,942,700)	(30,987)	(4,973,687)
Non Operating Income - net	216,323	72	216,395
Tax Expense	(7,977,823)	(364)	(7,978,187)
Other comprehensive income			
Remeasurement of defined benefit plans	53,985	7,670	61,655
Income tax related to item not to be reclassified to profit or loss	(13,496)	(1,918)	(15,414)
Unrealized (loss) gain on available-for-sale securities and Government Recapitalization Bonds	2,289,836	(3,586)	2,286,250
Income tax related to items to be reclassified to profit or loss	(528,353)	894	(527,459)
Consolidated Statement of Cash Flows			
Cash Flows from Operation Activities			
Other operating income	13,745,727	(25,064)	13,720,663
Other operating expenses	(32,263,843)	(45,201)	(32,309,044)
Changes in operating assets and liabilities			
Placements with Bank Indonesia and other banks	(339,187)	(51,075)	(390,262)
Securities and Government Recapitalization Bonds at fair value through profit or loss	(720,255)	17,494	(702,761)
Other assets	(8,932,144)	(222,722)	(9,154,866)
Other liabilities	2,418,063	112,811	2,530,874
Cash Flows from Financing Activities			
Proceeds from (payments of) fund borrowings	(5,663,258)	175	(5,663,083)

(Expressed in millions of Rupiah, unless otherwise stated)

50. CONSOLIDATED FINANCIAL STATEMENT RESTATEMENT (continued)

The impact of restatement in the financial statements as of December 31, 2017 and 2016 and for the years then ended are as follows (continued):

	December 31, 2016		
	Before Restatement	Restatement	After Restatement
Consolidated Statement of Financial Position			
Assets			
Cash	25,212,024	202	25,212,226
Current Accounts with Other Banks	11,022,715	258,080	11,280,795
Placements with Bank Indonesia and Other Banks	78,142,754	106,079	78,248,833
Securities	132,064,102	22,656	132,086,758
Derivatives Receivable	91,657	12,250	103,907
Investment in Associated Entities	2,439	9,329	11,768
Allowance for impairment losses	-	(50)	(50)
Premises and Equipments			
Cost	32,262,349	18,444	32,280,793
Accumulated depreciation	(7,747,290)	(9,370)	(7,756,660)
Deferred Tax Assets - net	2,520,930	18,783	2,539,713
Other Assets - net	11,675,230	720,844	12,396,074
Liabilities			
Taxes Payable	942,401	14,152	956,553
Fund Borrowings	35,008,170	5,510	35,013,680
Other Liabilities	10,111,453	387,351	10,498,804
Liabilities for Employee Benefits	9,451,203	28,727	9,479,930
Equities			
Merging Entities' Equity	-	483,908	483,908
Non-controlling Interests	391,248	237,599	628,847
Consolidated Statement of Profit or Loss and Other Comprehensive Income			
Interest Income	91,358,338	20,979	91,379,317
Interest Expense	(27,541,214)	(88)	(27,541,302)
Other Operating Income			
Other fees and commissions	9,222,558	3,518	9,226,076
Recovery of assets written-off	4,496,825	13	4,496,838
Gain on sale of securities and Government Recapitalization Bonds - net	447,580	3,315	450,895
Others	2,800,801	278,645	3,079,446
Provision for allowance for impairment losses on non-financial assets - net	(90,757)	(12,948)	(103,705)
Other Operating Expenses			
Salaries and employee benefits	(18,485,014)	(108,962)	(18,593,976)
General and administrative	(11,975,745)	(68,162)	(12,043,907)
Others	(4,206,014)	(38,831)	(4,244,845)
Non Operating Income - net	9,228	(7,514)	1,714
Tax Expense	(7,745,779)	(16,005)	(7,761,784)

(Expressed in millions of Rupiah, unless otherwise stated)

50. CONSOLIDATED FINANCIAL STATEMENT RESTATEMENT (continued)

The impact of restatement in the financial statements as of December 31, 2017 and 2016 and for the years then ended are as follows (continued):

	December 31, 2016		
	Before Restatement	Restatement	After Restatement
Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)			
Other comprehensive income			
Remeasurement of defined benefit plans	165,615	(6,046)	159,569
Income tax related to item not to be reclassified to profit or loss	(532,239)	1,512	(530,727)
Unrealized gain on available-for-sale securities and Government Recapitalization Bonds	1,641,313	17,383	1,658,696
Income tax related to items to be reclassified to profit or loss	(412,621)	(4,345)	(416,966)
Consolidated Statement of Cash Flows			
Cash Flows from Operation Activities			
Other operating income	9,333,633	455,900	9,789,533
Other operating expenses	(35,311,295)	279,424	(35,031,871)
Changes in operating assets and liabilities			
Securities and Government Recapitalization Bonds at fair value through profit or loss	254,367	(22,656)	231,711
Other assets	986,421	(720,841)	265,580
Other liabilities	3,216,527	416,078	3,632,605
Cash Flows from Investing Activities			
Acquisition of premises and equipments	(3,653,072)	(1,268)	(3,654,340)
Cash Flows from Financing Activities			
Proceeds from (payments of) fund borrowings	(647,350)	(5,510)	(652,860)

51. CHANGES IN FINANCING ACTIVITIES

		Cash Flows			
	December 31, 2017	Receipts	Disbursements	Non-cash changes	December 31, 2018
Fund borrowings	29,408,694	11,251,381	(421,988)	219,342	40,457,429
Subordinated loans and marketable securities	986,450	497,377	(10,312)	-	1,473,515
Marketable securities issued	30,619,658	9,600,185	(8,939,750)	(89,877)	31,190,216
Total	**61,014,802**	**21,348,943**	**(9,372,050)**	**129,465**	**73,121,160**

(Expressed in millions of Rupiah, unless otherwise stated)

51. CHANGES IN FINANCING ACTIVITIES (continued)

	December 31, 2016	Cash Flows: Receipts	Cash Flows: Disbursements	Non-cash changes	December 31, 2017
Fund borrowings	35,013,680	1,801,080	(187,889)	(7,218,177)	29,408,694
Subordinated loans and marketable securities	1,008,510	141	(22,399)	198	986,450
Marketable securities issued	24,800,781	10,242,963	(4,921,000)	496,914	30,619,658
Total	**60,822,971**	**12,044,184**	**(5,131,288)**	**(6,721,065)**	**61,014,802**

	December 31, 2015	Cash Flows: Receipts	Cash Flows: Disbursements	Non-cash changes	December 31, 2016
Fund borrowings	35,480,358	7,718,818	(5,680,867)	(2,504,629)	35,013,680
Subordinated loans and marketable securities	56,468	973,038	(35,843)	14,847	1,008,510
Marketable securities issued	10,521,103	15,510,825	(980,000)	(251,147)	24,800,781
Total	**46,057,929**	**24,202,681**	**(6,696,710)**	**(2,740,929)**	**60,822,971**

52. EVENTS AFTER THE REPORTING PERIOD DATE

Changes in BRI Management

Based on the Extraordinary General Meeting of Shareholders of BRI (parent entity) on January 3, 2019, the shareholders approved the changes in management, as follows:

a. Authorized the honorable dismissal of Jeffry J. Wurangian as Commissioner, starting from September 20, 2018.
b. Honorably dismissed Kuswiyoto as Director of Corporate Banking, starting from the closing of the Extraordinary General Meeting of Shareholders.
c. Appointed Sunarso as Vice President Director.

53. PURPOSE OF PREPARATION AND ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements have been prepared solely for inclusion in the offering document in connection with the proposed offering of the debt securities of BRI outside of the United States of America in reliance on Regulation S under the United States Securities Act of 1933.

54. COMPLETION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The management of BRI is fully responsible for the preparation of the accompanying consolidated financial statements which were completed and approved to be issued on March 13, 2019.

PT BANK RAKYAT INDONESIA (PERSERO) Tbk
STATEMENT OF FINANCIAL POSITION - PARENT ENTITY
As of December 31, 2018, 2017 and 2016
(Expressed in millions of Rupiah, unless otherwise stated)

	December 31,		
	2018	**2017**	**2016**
ASSETS			
Cash	27,170,584	24,437,571	24,865,133
Current Accounts with Bank Indonesia	68,617,459	55,598,024	53,398,240
Current Accounts with Other Banks	11,277,405	5,803,057	10,792,581
Placements with Bank Indonesia and Other Banks	82,681,600	53,384,610	77,574,246
Securities	164,490,940	171,079,651	120,083,644
Export Bills and Notes Receivable	27,442,690	10,654,353	11,580,175
Government Recapitalization Bonds	1,505,273	3,317,840	3,318,434
Securities Purchased Under Agreement to Resell	9,396,553	16,496,292	1,557,370
Derivatives Receivable	469,342	145,928	93,649
Loans	804,338,432	708,001,045	635,291,221
Allowance for impairment losses	(34,569,880)	(29,062,262)	(21,944,371)
	769,768,552	678,938,783	613,346,850
Acceptances Receivable	11,583,506	5,637,833	5,602,843
Investment in Associated Entities	9,721,187	6,727,814	5,783,220
Premises and Equipments			
Cost	36,448,565	32,692,513	31,232,047
Accumulated depreciation	(10,383,777)	(8,674,305)	(7,255,098)
Book value - net	26,064,788	24,018,208	23,976,949
Deferred Tax Assets - net	4,772,859	2,989,066	2,328,530
Other Assets - net	19,237,301	17,209,036	9,698,826
TOTAL ASSETS	**1,234,200,039**	**1,076,438,066**	**964,000,690**

Appendix 1

PT BANK RAKYAT INDONESIA (PERSERO) Tbk
STATEMENT OF FINANCIAL POSITION - PARENT ENTITY (continued)
As of December 31, 2018, 2017 and 2016
(Expressed in millions of Rupiah, unless otherwise stated)

	December 31,		
	2018	**2017**	**2016**
LIABILITIES AND EQUITY			
LIABILITIES			
Liabilities Due Immediately	8,332,783	6,472,759	5,328,446
Deposits from Customers			
Demand Deposits	176,404,505	144,432,274	140,764,079
Saving Deposits	378,908,837	342,759,191	297,649,283
Time Deposits	342,719,222	316,135,105	285,432,096
Total Deposits from Customers	898,032,564	803,326,570	723,845,458
Deposits From Other Banks and Financial Institutions	9,104,374	5,752,420	1,784,932
Securities Sold Under Agreement to Repurchase	37,379,394	12,136,684	7,302,398
Derivatives Payable	327,892	197,633	344,865
Acceptances Payable	11,583,506	5,637,833	5,602,843
Taxes Payable	3,499	470,272	881,207
Marketable Securities Issued	31,074,676	30,323,802	24,936,730
Fund Borrowings	39,372,910	29,267,409	34,599,638
Liabilities for Employee Benefits	11,492,362	11,888,794	9,181,163
Other Liabilities	5,977,701	5,902,298	4,699,821
Subordinated Loans and Marketable Securities	499,798	14,385	35,471
TOTAL LIABILITIES	**1,053,181,459**	**911,390,859**	**818,542,972**

Appendix 1

PT BANK RAKYAT INDONESIA (PERSERO) Tbk
STATEMENT OF FINANCIAL POSITION - PARENT ENTITY (continued)
As of December 31, 2018, 2017 and 2016
(Expressed in millions of Rupiah, unless otherwise stated)

	December 31,		
	2018	**2017**	**2016**
LIABILITIES AND EQUITY (continued)			
EQUITY			
Capital Stock - par value Rp50 (full Rupiah) per share as of December 31, 2018 and 2017, Rp250 (full Rupiah) per share as of December 31, 2016 Authorized capital - 300,000,000,000 share shares (consisting of 1 Series A Dwiwarna shares and 299,999,999,999 Series B shares) as of December 31, 2018 and 2017 and 60,000,000,000 shares (consisting of 1 Series A Dwiwarna and 59,999,999,999 Series B shares) as of December 31, 2016 Issued and fully paid capital - 123,345,810,000 shares (consisting of 1 Series A Dwiwarna shares and 123,345,809,999 Series B shares) as of December 31, 2018 and 2017 and 24,669,162,000 shares (consisting of 1 Series A Dwiwarna and 24,669,161,999 Series B shares) as of December 31, 2016	6,167,291	6,167,291	6,167,291
Additional paid-in capital	2,773,858	2,773,858	2,773,858
Revaluation surplus arising from premises and equipments - net of tax	13,824,692	13,824,692	13,824,692
Differences arising from the translation of foreign currency financial statements	49,220	54,199	23,490
Unrealized (loss) gain on available-for-sale securities and Government Recapitalization Bonds - net of deferred tax	(1,919,488)	1,621,265	103,891
Gain on remeasurement of defined benefit plans - net of deferred tax	1,143,354	705,117	654,637
Treasury Stock	(2,418,948)	(2,418,948)	(2,418,948)
Provision for Bonus Shares Compensation	425,334	-	-
Retained Earnings			
Appropriated	3,022,685	3,022,685	3,022,685
Unappropriated	157,950,582	139,297,048	121,306,122
Total Retained Earnings	160,973,267	142,319,733	124,328,807
TOTAL EQUITY	**181,018,580**	**165,047,207**	**145,457,718**
TOTAL LIABILITIES AND EQUITY	**1,234,200,039**	**1,076,438,066**	**964,000,690**

Appendix 1

PT BANK RAKYAT INDONESIA (PERSERO) Tbk
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - PARENT ENTITY
For the Years Ended December 31, 2018, 2017 and 2016
(Expressed in millions of Rupiah, unless otherwise stated)

	Year Ended December 31,		
	2018	**2017**	**2016**
INCOME AND EXPENSES FROM OPERATIONS			
Interest Income	106,336,827	98,253,779	90,015,450
Interest Expense	(31,428,467)	(27,825,233)	(26,920,380)
Interest Income - net	74,908,360	70,428,546	63,095,070
Other Operating Income			
Other fees and commissions	11,900,466	10,303,072	9,209,654
Recovery of assets written-off	6,200,141	5,044,147	4,461,473
Gain on foreign exchange - net	932,449	175,531	-
Gain on sale of securities and Government Recapitalization Bonds - net	575,500	705,361	373,720
Unrealized gain on changes in fair value of securities	1,554	3,217	-
Others	3,166,696	2,461,508	2,634,363
Total Other Operating Income	22,776,806	18,692,836	16,679,210
Provision for allowance for impairment losses on financial assets - net	(17,441,749)	(16,659,697)	(13,319,763)
Other Operating Expenses			
Salaries and employee benefits	(21,356,381)	(19,436,502)	(17,648,351)
General and administrative	(13,602,246)	(12,468,540)	(11,324,949)
Loss on foreign exchange - net	-	-	(271,661)
Others	(4,507,403)	(4,407,557)	(3,783,112)
Total Other Operating Expenses	(39,466,030)	(36,312,599)	(33,028,073)
OPERATING INCOME	**40,777,387**	**36,149,086**	**33,426,444**
NON OPERATING INCOME - NET	**20,677**	**201,644**	**15,199**
INCOME BEFORE TAX EXPENSE	**40,798,064**	**36,350,730**	**33,441,643**
TAX EXPENSE	**(9,096,089)**	**(7,881,495)**	**(7,688,187)**
INCOME FOR THE YEAR	**31,701,975**	**28,469,235**	**25,753,456**

Appendix 2

PT BANK RAKYAT INDONESIA (PERSERO) Tbk
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - PARENT ENTITY (continued)
For the Years Ended December 31, 2018, 2017 and 2016
(Expressed in millions of Rupiah, unless otherwise stated)

	Year Ended December 31,		
	2018	**2017**	**2016**
Other comprehensive income:			
Items not to be reclassified to profit or loss			
Remeasurement of defined benefit plans	584,314	67,307	162,970
Income tax related to item not to be reclassified to profit or loss	(146,078)	(16,827)	(531,578)
Revaluation surplus arising from premises and equipments	-	-	14,315,527
Items to be reclassified to profit or los			
Differences arising from the translation of foreign currency financial statements	(4,979)	30,709	(25,579)
Unrealized (loss) gain on available-for-sale securities and Government Recapitalization Bonds	(4,721,004)	2,023,166	1,524,025
Income tax related to items to be reclassified to profit or loss	1,180,251	(505,792)	(381,006)
Other Comprehensive Income For the Year - After Tax	**(3,107,496)**	**1,598,563**	**15,064,359**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**28,594,479**	**30,067,798**	**40,817,815**
BASIC EARNINGS PER SHARE FOR THE YEAR (full Rupiah)	**259,35**	**232,62**	**210,45**

Appendix 2

PT BANK RAKYAT INDONESIA (PERSERO) Tbk
STATEMENT OF CHANGES IN EQUITY - PARENT ENTITY
For the Years Ended December 31, 2018, 2017 and 2016
(Expressed in millions of Rupiah, unless otherwise stated)

	Issued and Fully Paid Capital	Additional Paid-in Capital	Differences Arising from the Translation of Foreign Currency Financial Statements	Unrealized (Loss) Gain on Available-for-Sale Securities and Government Recapitalization Bonds - Net of Deferred Tax	Gain on Remeasurement of Defined Benefit Plans - Net of Deferred Tax	Treasury Stock	Revaluation Surplus Arising from Premises and Equipments - Net of Tax	Retained Earnings		Total Equity - Parent Entity
								Appropriated	Unappropriated	
Balance as of December 31, 2015	**6,167,291**	**2,773,858**	**49,069**	**(1,039,128)**	**532,410**	**(2,286,375)**	**-**	**18,115,741**	**88,078,932**	**112,391,798**
Income for the year	-	-	-	-	-	-	-	-	25,753,456	25,753,456
Other comprehensive income	-	-	(25,579)	1,143,019	122,227	-	13,824,692	-	-	15,064,359
Total comprehensive income for the year	-	-	(25,579)	1,143,019	122,227	-	13,824,692	-	25,753,456	40,817,815
Distribution of income Dividends	-	-	-	-	-	-	-	-	(7,619,322)	(7,619,322)
Reclassification of appropriated Retained earnings	-	-	-	-	-	-	-	(15,093,056)	15,093,056	-
Treasury stock	-	-	-	-	-	(132,573)	-	-	-	(132,573)
Balance as of December 31, 2016	**6,167,291**	**2,773,858**	**23,490**	**103,891**	**654,637**	**(2,418,948)**	**13,824,692**	**3,022,685**	**121,306,122**	**145,457,718**

Appendix 3

PT BANK RAKYAT INDONESIA (PERSERO) Tbk
STATEMENT OF CHANGES IN EQUITY - PARENT ENTITY (continued)
For the Years Ended December 31, 2018, 2017 and 2016
(Expressed in millions of Rupiah, unless otherwise stated)

	Issued and Fully Paid Capital	Additional Paid-in Capital	Differences Arising from the Translation of Foreign Currency Financial Statements	Unrealized (Loss) Gain on Available-for-Sale Securities and Government Recapitalization Bonds - Net of Deferred Tax	Gain on Remeasurement of Defined Benefit Plans - Net of Deferred Tax	Treasury Stock	Revaluation Surplus Arising from Premises and Equipments - Net of Tax	Retained Earnings		Total Equity - Parent Entity
								Appropriated	Unappropriated	
Balance as of December 31, 2016	**6,167,291**	**2,773,858**	**23,490**	**103,891**	**654,637**	**(2,418,948)**	**13,824,692**	**3,022,685**	**121,306,122**	**145,457,718**
Income for the year	-	-	-	-	-	-	-	-	28,469,235	28,469,235
Other comprehensive income	-	-	30,709	1,517,374	50,480	-	-	-	-	1,598,563
Total comprehensive income for the year	-	-	30,709	1,517,374	50,480	-	-	-	28,469,235	30,067,798
Distribution of income										
Dividends	-	-	-	-	-	-	-	-	(10,478,309)	(10,478,309)
Balance as of December 31, 2017	**6,167,291**	**2,773,858**	**54,199**	**1,621,265**	**705,117**	**(2,418,948)**	**13,824,692**	**3,022,685**	**139,297,048**	**165,047,207**

Appendix 3

PT BANK RAKYAT INDONESIA (PERSERO) Tbk
STATEMENT OF CHANGES IN EQUITY - PARENT ENTITY (continued)
For the Years Ended December 31, 2018, 2017 and 2016
(Expressed in millions of Rupiah, unless otherwise stated)

	Issued and Fully Paid Capital	Additional Paid-in Capital	Differences Arising from the Translation of Foreign Currency Financial Statements	Unrealized (Loss) Gain on Available-for-Sale Securities and Government Recapitalization Bonds - Net of Deferred Tax	Gain on Remeasurement of Defined Benefit Plans - Net of Deferred Tax	Treasury Stock	Provision for Bonus Shares Compensation	Revaluation Surplus Arising from Premises and Equipments - Net of Tax	Retained Earnings		Total Equity - Parent Entity
									Appropriated	Unappropriated	
Balance as of December 31, 2017	**6,167,291**	**2,773,858**	**54,199**	**1,621,265**	**705,117**	**(2,418,948)**	**-**	**13,824,692**	**3,022,685**	**139,297,048**	**165,047,207**
Income for the year	-	-	-	-	-	-	-	-	-	31,701,975	31,701,975
Other comprehensive income	-	-	(4,979)	(3,540,753)	438,237	-	-	-	-	-	(3,107,495)
Total comprehensive income for the year	-	-	(4,979)	(3,540,753)	438,237	-	-	-	-	31,701,975	28,594,480
Distribution of income Dividend	-	-	-	-	-	-	-	-	-	(13,048,441)	(13,048,441)
Bonus Shares	-	-	-	-	-	-	425,334	-	-	-	425,334
Balance as of December 31, 2018	**6,167,291**	**2,773,858**	**49,220**	**(1,919,488)**	**1,143,354**	**(2,418,948)**	**425,334**	**13,824,692**	**3,022,685**	**157,950,582**	**181,018,580**

Appendix 3

PT BANK RAKYAT INDONESIA (PERSERO) Tbk
STATEMENT OF CASH FLOWS - PARENT ENTITY
For the Years Ended December 31, 2018, 2017 and 2016
(Expressed in millions of Rupiah, unless otherwise stated)

	Year Ended December 31,		
	2018	**2017**	**2016**
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received	100,072,121	98,344,933	90,236,423
Interest paid	(31,074,638)	(27,509,119)	(25,499,702)
Recoveries of assets written-off	6,200,141	5,044,147	4,461,473
Other operating income	14,790,574	13,096,801	8,545,173
Other operating expenses	(39,094,811)	(31,549,214)	(33,435,736)
Non operating income - net	20,676	201,646	6,450
Payment of corporate income tax	(10,734,001)	(8,897,996)	(6,012,928)
Cash flows before changes in operating assets and liabilities	**40,180,062**	**48,731,198**	**38,301,153**
Changes in operating assets and liabilities:			
Decrease (increase) in operating assets:			
Placements with Bank Indonesia and other banks	641,463	(1,205,159)	100,000
Securities and Government Recapitalization Bonds at fair value through profit or loss	(1,194,222)	(116,427)	273,714
Export bills and notes receivable	(16,788,337)	925,824	(3,713,520)
Securities purchased under agreement to resell	7,099,739	(14,938,922)	(712,245)
Loans	(108,516,793)	(82,238,513)	(85,301,450)
Other assets	4,259,649	(7,850,128)	1,629,757
Increase (decrease) in operating liabilities:			
Liabilities due immediately	1,860,024	1,123,584	320,350
Deposits:			
Demand deposits	31,972,231	3,668,195	27,775,358
Saving deposits	36,149,646	45,109,908	30,042,245
Time deposits	26,584,117	30,703,009	23,253,851
Deposits from other banks and financial institutions	3,351,954	3,967,488	(8,580,300)
Securities sold under agreement to repurchase	25,242,710	4,834,286	(4,075,560)
Other liabilities	1,222,209	457,053	1,850,135
Net Cash Provided by Operating Activities	**52,064,452**	**33,171,396**	**21,163,488**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from dividend	207,412	41,903	27,290
Investment in Associated Entities	(2,169,955)	(944,539)	(814,668)
Acquisition of premises and equipments	(1,475,229)	(1,460,466)	(3,339,807)
Increase in available-for-sale and held-to-maturity securities and Government Recapitalization Bonds	(19,619,963)	(25,583,756)	3,750,731
Net Cash Used in Investing Activities	**(23,057,735)**	**(27,946,858)**	**(376,454)**

Appendix 4

PT BANK RAKYAT INDONESIA (PERSERO) Tbk
STATEMENT OF CASH FLOWS - PARENT ENTITY (continued)
For the Years Ended December 31, 2018, 2017 and 2016
(Expressed in millions of Rupiah, unless otherwise stated)

	Year Ended December 31,		
	2018	**2017**	**2016**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from (payments of) fund borrowings	9,886,159	(5,390,326)	(955,882)
Repurchase of treasury stock	-	-	(132,573)
Dividends paid	(13,048,441)	(10,478,309)	(7,619,322)
Payments of subordinated loans and marketable securities	485,413	(21,086)	(20,997)
Proceeds from marketable securities issued	9,600,184	10,242,963	15,510,825
Payments of marketable securities due	(8,939,750)	(4,921,000)	(980,000)
Net Cash (Used in) Provided by Financing Activities	**(2,016,435)**	**(10,567,758)**	**5,802,051**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	26,990,282	(5,343,220)	26,589,085
EFFECT OF EXCHANGE RATE CHANGES ON FOREIGN CURRENCIES	(57,870)	3,195	5,012
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	179,931,615	185,271,640	158,677,543
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	**206,864,027**	**179,931,615**	**185,271,640**
Cash and cash equivalents at the end of year consist of:			
Cash	27,170,584	24,437,571	24,865,133
Current accounts with Bank Indonesia	68,617,459	55,598,024	53,398,240
Current accounts with other banks	11,277,405	5,803,057	10,792,581
Placements with Bank Indonesia and other banks - maturing within three months or less since the acquisition date	82,117,904	52,179,451	77,574,246
Bank Indonesia Certificates and Bank Indonesia Deposit Certificates - maturing within three months or less since the acquisition date	17,680,675	41,913,512	18,641,440
Total Cash and Cash Equivalents	**206,864,027**	**179,931,615**	**185,271,640**

Appendix 4

(Expressed in millions of Rupiah, unless otherwise stated)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basis for preparing separate financial statements of the parent entity

The separate financial statements of the parent entity was prepared in accordance with the Statement of Financial Accounting Standards (”SFAS”) No. 4 (Revised 2013), “Separate Financial Statements”.

SFAS No. 4 (Revised 2013) stipulates, in the even the entity presents separate financial statements, the report can only be presented as additional information in the consolidated financial statements. The separate financial statements are the financial statements presented by the parent entity which recorded investments in subsidiaries, associated and joint controlled entities using the acquisition cost method.

The accounting policies applied in the preparation of separate financial statements of the parent entity are the same with the accounting policies applied in the preparation of the consolidated financial statements as disclosed in Note 2 to the consolidated financial statements, except for investments in subsidiaries.

2. INVESTMENTS IN SUBSIDIARIES

Information related to subsidiaries owned by BRI is disclosed in Note 1f to the consolidated financial statements.

As of December 31, 2018, 2017 and 2016, the parent entity has investment in subsidiaries as follows:

	December 31, 2018		December 31, 2017		December 31, 2016	
	Acquisition Cost	Percentage of Ownership	Acquisition Cost	Percentage of Ownership	Acquisition Cost	Percentage of Ownership
PT Bank BRIsyariah Tbk	3,004,375	73.00%	2,004,375	99.99%	2,004,375	99.99
PT Bank Rakyat Indonesia Agroniaga Tbk	3,467,706	87.10	2,397,751	86.82	1,524,538	87.23
BRI Remittance Co. Limited	2,289	100.00	2,289	100.00	2,289	100.00
PT Asuransi BRI life	1,626,643	91.00	1,626,643	91.00	1,626,643	91.00
PT BRI Multifinance Indonesia	760,003	99.00	660,003	99.00	660,003	99.00
PT Danareksa Sekuritas	446,888	67.00	-	-	-	-
PT BRI Ventura Investama	3,090	97.61	-	-	-	-

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